

BotsGas Pty Ltd
Unit 2, 22 Mounts Bay Rd,
Crawley, WA 6009

15 July 2020

Dear Fellow Shareholder

Following is an update of progress we have made since my previous letter of 23 April 2020.

1. Fund raising: \$675,000 was raised from 21 investors, bringing total cash in the bank to around \$770,000. I am hopeful that several promised investments will still eventuate. My contribution was \$240,000 and Kris Martinick's \$22,750.

In compliance with the farmin agreement with Strata-X Energy Ltd ("Strata-X"), BotsGas Pty Ltd ("BotsGas") completed a A\$300,000 share placement in Strata-X at 6 cents per share and received one 2-year option at an exercise price of 7 cents for every 2 shares purchased. The placement provides some security to all shareholders at 5 cents, as BotsGas will distribute the Strata-X shares on a pro-rata basis to shareholders should, for whatever reason, BotsGas not proceed to drilling.

A further \$300,000 was transferred to Strata-X as part of our farmin to earn a 49% interest in the Strata-X Serowe coal bed methane (CBM) project in Botswana. This money will be used mainly to drill and appraise the next well in the Strata-X leases. Further funds will be required for subsequent drilling, hopefully raised at a higher price on the back of encouraging results.

2. Additional regional data: BotsGas delivered to Strata-X considerable regional CBM data for integration into Strata-X's database. Early indications are that a high-grade fairway ("sweet spot") for CBM has been identified and increased Strata-X's prospective resource estimate for the Serowe project.

Strata-X had selected an experienced Botswana based drilling contractor with the intention of commencing drilling and testing operations around June 2020; Covid-19 has delayed this until international travel restrictions have been removed. The current focus is on further data evaluation and general compliance with licence conditions; this work is being funded by Strata-X to preserve BotsGas' funds for drilling.

3. The various Prospecting Licences held by Strata-X are in good standing but several of the leases require additional work to ensure their renewal into the next exploration period. This is being carried out and funded by Strata-X. Verbal advice from the Department of Mines suggests that they will be renewed, and work programmes will be transferred into the renewal period. Discussions continue with the Botswana authorities re licence renewals, exploration, drilling and pandemic restrictions. Exploration in Botswana is considered an essential service and is permitted but is difficult to undertake because support services from neighbouring South Africa must overcome rigorous travel restrictions because of the pandemic.

4. We have a good work relationship with Strata-X and have regular management and technical meetings. At the request of Strata-X, Kris Martinick was appointed Chief Executive Officer of the BotsGas/Strata-X Joint Venture. Tim Hoops and David Hettich of Strata-X are the Joint Venture's Chief Operation Officer and Chief Financial Officer, respectively. Tim and David are based in Denver, Colorado. Modisana Botsile is the Joint Venture's Country Manager based in Perth.
5. Decreasing Botswana's energy dependency on South Africa remains an important Government objective. This was recently highlighted when the price of electricity imported from South Africa to Botswana was increased by 22% and diesel rationing was introduced because of supply difficulties from South Africa. In addition, the Morupule coal-fired power station in Botswana is currently undergoing major repairs. It is unlikely to reach nameplate supply for several years. This strongly suggests that we will have no difficulties in obtaining Gas Sales Agreements and selling Compressed Natural Gas within Botswana.
6. I am pleased to note that our website is up and running: <https://www.botsgas.com.au>

Please call me or Kris Martinick (M: 0421 322 737; Email: kris.martinick@botsgas.com) if you have any queries or require additional information.

Kindest regards and stay safe.



Wolf

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