

16 February 2021

Dear Fellow Shareholder,

Following on from our well-attended Annual General Meeting of 26 November, please find an operational and financial update, which includes our Half-Year Report to 31 December 2020.

1. Project update

BotsGas assumed the role of Operator of the Serowe Coal Bed Methane (CBM) Project on 1 January 2021. Since then, we have focussed on team building and project management; establishing business processes and procedures; budgets; finalising the drilling programme; determining a licence renewal and obligations programme; and reviewing the BotsGas corporate strategy.

Covid restrictions delayed our proposed drilling which will now hopefully proceed in late March/early April once Tim Hoops (General Manager Operations) has been vaccinated and is able to travel from Denver (US) to Botswana to supervise the drilling and evaluation. Initially, our focus was entirely on flowing gas and increasing the resource base. Now, due to continued Covid issues we must consider a broader exploration programme to also satisfy licence retention obligations.

For our forthcoming drilling campaign, we have selected six widely separated drill sites and aim to drill at least four, subject to drilling results and our subsequent cash position. The exact location of each site will be finalised following a site-specific geophysical survey that is currently underway to identify faults and dykes not identified by a large-scale regional aeromagnetic survey.

We have appointed an experienced Botswana drilling contractor and are in the process of acquiring and transporting drill pipes and other items, which will be stored near the drill sites. We are attending to necessary consultations with relevant stakeholders, especially landowners.

Three Prospecting Licences were renewed, one was relinquished and an application for a new one was lodged.

We have prepared Environmental, Occupational Health and Safety policies and are currently preparing AIDS/HIV and Covid-19 management programmes.

2. Financial.

Several shareholders recently increased their shareholdings in BotsGas, and some promised to take a further placement shortly, all at 5 cents. Thank you. If you wish to increase your shareholding before we commence drilling, then please contact us.

Our drilling contractor confirmed his willingness to take \$200,000 in shares at 5 cents in lieu of a cash payment subject to drilling at least four wells.

I will also increase my investment by at least a further \$500,000 to bring my total investment in BotsGas to about \$740,000. The total money raised is around \$1.86 million, of which we invested \$300,000 in Strata-X Energy Limited (Strata-X).

Our current cash position is about \$1.3 million plus our investment in Strata-X which has increased in value to about \$1.6 million based on the current share price. This increase is mainly due to Real Energy's (the ASX listed company with which Strata-X is about to merge to form Pure Hydrogen) increased share price following announcements to become a significant producer and distributor of hydrogen-fuel in Eastern Australia. We hope that Strata-X's share price will continue to increase on the back of promising drill results on its Venus CBM project in Queensland and development of their hydrogen ambitions.

At the end of the drilling campaign, we will need to raise additional money to fund a follow-up campaign, hopefully at a substantially higher price based on good results. I hope that subsequent work can be partly funded by the sale of our Strata-X shares and that from then onwards we can secure debt funding.

3. Covid-19 issues

The second covid infection wave experienced by South Africa has spread to neighbouring countries, including Botswana which has strict pandemic procedures. Border crossings to South Africa have reopened.

Exploration and mining are considered essential activities in Botswana and drilling is permitted subject to an approved Covid-19 management programme. We are in the process of developing a Covid-19 Programme that will have to be followed strictly by all our contractors, especially our drilling contractor and his entire crew.

4. Development Strategy

We are reviewing our corporate vision to ensure it reflects prevailing values, trends, and investment guidelines with respect to energy needs and carbon emissions.

To ensure we remain a sustainable and investor attractive business we must appeal to our younger and up and coming generation of investors and their values with respect to renewables, sustainability, and ethics. Thus, we need to make our CBM *green*.

We have amended our vision to *becoming a sustainable, reliable producer of carbon-neutral energy, especially hydrogen, through the development of clean fuels enabled by the advancement of a CBM industry in Botswana.*

Our current strategy is to develop an energy hub (Serowe Energy Hub) close to the drill field from a combination of solar, battery, and sufficient CBM to provide sustainability, with the remaining CBM being converted to hydrogen in a modular pyrolysis plant that can be readily increased in capacity. Pyrolysis of CBM (methane, CH₄) produces hydrogen (H₂) and carbon (C) and no carbon dioxide (CO₂). Hence, it should enable BotsGas to become an energy supplier with a valuable Carbon Neutral Certificate. The carbon by-product, carbon black, has commercial value and considerable potential for value adding, especially graphene.

The Serowe Project has sufficient methane to allow BotsGas to become a substantial regional hydrogen producer and distributor in Botswana and neighbouring countries of South Africa, Namibia, Zambia and Zimbabwe.

The focus on hydrogen would complement our focus on Compressed Natural Gas.

In my update of 1 September 2020, I mentioned that we aimed to produce *CBM to facilitate the transformation to renewable energy*. Our focus on hydrogen production by pyrolysis would allow BotsGas to qualify becoming a *Green Energy* company and to appeal more readily to African Development funds, *ethical* funds and investors, and a wider section of the younger community. Most importantly, apart from being environmentally friendly, it makes great commercial sense.

Please contact me or Kris Martinick (0421 322 737; kris.martinick@botsgas.com), if you have any questions or suggestions.

Regards



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