



Honourable Minister's Visit : Francistown Depot Expansion Tour

The Minister of Minerals and Energy, Hon. Lefoko Moagi, along with the Acting Permanent Secretary, Dr. Obolokile Obakeng, the Director of Energy Mr Midas Sekgabo, the Botswana Oil Board Chairman Mr. Martin Makgathe and Board of Directors, the BOL Chief Executive Officer Mr. Meshack Tshekedi and the Executive Management team, visited the BOL Francistown Depot to appreciate the progress of the Francistown Depot Expansion Project. When delivering his welcome remarks, the Botswana Oil Board Chairman Mr Martin Makgathe highlighted that the expansion of the Francistown Government Reserve Storage will increase the capacity from 38million litres with an additional 60million litres of petroleum products intended to achieve 30 days cover from the current 12 days cover for the North Eastern Envelope of Botswana. This will ensure that even in situations of fuel supply disruptions, the economic activities in the region consisting mainly of Mining, Tourism and Agricultural production continues. When providing the project preview, the Chief Executive Officer of Botswana Oil Mr. Tshekedi indicated that the construction of the Francistown Depot expansion commenced in October 2022. The development of the facility entails construction of a 6 bay road loading and offloading gantries, rail loading and offloading gantry, a tank farm, depot administration building and security buildings, a product additive doping system, laboratory and workshop building, firefighting systems (and Integration with the existing) and a truck staging center.

During a project update, the General Manager - Operations, Mr. Otto Keitumetse, explained that the project comprises two phases. The first phase involved the reconstruction of the bund wall in the existing tank farm while the second phase featured several new developments as mentioned by the CEO. When reporting on the status of the project, Mr. Keitumetse indicated that Phases 1 and 2 are running simultaneously, with Phase 1 almost 90% complete. This includes the replacement of the old bund wall, bulk earthworks, and loading and offloading road gantry together with the security entrance and exit buildings. Phase 2 includes construction of the additional 60 million litre storage tanks, the rail loading and offloading, an administrative building, and a truck staging area. He also indicated the socio economic benefits of the project in terms of employment creation and reported that to date the project has employed 255 citizens both skilled and unskilled labour of which 223 are males and 32 are females. Mr Keitumetse reiterated that at the peak of construction, the project will hire a total of 400 citizens.

In his remarks, the Honourable Minister Lefoko Maxwell Moagi, commended BOL Board and its Management for their enormous contribution to the development of Government strategic infrastructure projects. The Minister also indicated that he has confidence in Botswana Oil's capacity to deliver on the 90% Import Mandate as per the issued license. He highlighted that the completion of the Francistown Depot project will be instrumental in ensuring that the Northern part of the country has reliable source of petroleum to drive economic activity and service provision in the area. The Minister applauded BOL for contracting of citizen owned companies and joint ventures which facilitate capacity building for the citizen contractors. In addition, he urged the local and international contractors to build capacity, and hire engineers who are qualified with the relevant expertise at the right market rates for efficient delivery of the projects. The Honourable Minister emphasised the importance of delivering the project in time and on budget. One of the areas the Minister commended Botswana Oil was on compliance and adherence to the Health, Safety, Security, Environment and Quality (HSSEQ) standards and practice at the site office and on the project site as guided by the Francistown Depot Manager Mr. Gosekwang Reetsang.



SITE TOUR: Botswana Oil Limited CEO Meshack Tshekedi, Honourable Minister Lefoko Moagi & BOL Staff

He further encouraged Botswana Oil to expedite construction of the Ghanzi Depot project which will provide 60 million litres once complete, the Tshele Hills project which will be delivered through a Public Private Partnership with a storage capacity of 187 million litres. A combination of these storage facilities will increase the days cover of Botswana to 90 days as per the international standards reinforcing the security of fuel supply for Botswana.

The Acting Permanent Secretary Dr Obakeng praised Botswana Oil for the remarkable work and progress made on the project when delivering the vote of thanks after the tour of the facility which was led by Mr Kabelo Lanka, the Senior Projects Manager in the Project Management Office. Dr Obakeng pledged Government support for Botswana Oil and acknowledged the Botswana Oil Board of Directors, Management and team for their dedication and commitment to deliver on Government key strategic infrastructure projects. Dr Obakeng reinforced the Honourable Minister's request for Botswana Oil to fast track delivery of other projects and provided assurance that the Government is ready to support BOL to complete the projects to the right quality and standards. He highlighted the importance of completion of the projects to facilitate the 90% Import Mandate which started on 1st April 2024. To date, the implementation of the import mandate has progressed well with Botswana Oil reasonably meeting customer demand on the backdrop of constrained logistics as BOL managed the change process of logistics from previous importers.

Another challenge experienced has been the ongoing supply constraints in the region, particularly on the ULP93. While the 90% import mandate is still on its infancy stages, BOL has been building capacity prior to the implementation and continues to engage various stakeholders in the value chain of the industry locally, regionally and internationally to ensure security of fuel supply. Botswana Oil

developed an interim sourcing and logistics strategy to manage the transition into the 90% importation quota and will gradually implement a long-term strategy effective October 2024 that will see more enhancements to security of fuel supply. The BOL interim strategy hinges on ramping up volumes with existing suppliers out of these routes, having about three suppliers per route to ensure security of fuel supply. This is in line with the Security of supply strategy which includes diversified sources of supply in terms of suppliers as well as diversified routes in terms of countries with ports (South Africa, Mozambique and Namibia).

Botswana is divided into three consumption envelopes, being the southern (57%), northern (35%) and western consumption (8%) envelopes. Each of these consumption envelopes are aligned to one of the major routes of supply. Southern envelope is aligned to South Africa; Northern to Mozambique and the Western to Namibia. In addition, each of these consumptions' envelopes as per infrastructure development strategy have a storage facility developed, under expansion or under construction.

One of the major infrastructure projects that Botswana Oil will embark on is the IXTL project for the development of a Coal-to-Liquids (CTL) Facility using the Botswana coal as a feedstock. On behalf of the Government of Botswana, the Project is procured and facilitated by Botswana Oil Limited tasked to sign the PPP Agreement with the Private Sector Partner. The Project is procured as a Public Private Partnership (PPP) project, using the Design, Build, Finance, Operate, Maintain and Transfer (DBFOMT) PPP model.

The Facility will produce ultra-low sulphur petroleum products (diesel and gasoline), primarily for sale to the local market. In addition, it will produce co-products and enable other downstream opportunities such as the manufacturing of chemicals, fertilisers, explosives, sulphur, Liquefied Petroleum Gas (LPG), naphtha and many other products. In terms of the quality of products, Botswana is aligned to South African (SA) fuel specifications, and together with the other countries using SA specifications, will be moving to Clean Fuels II Specification in the near future and align with applicable European Specifications in the medium term.

In line with the Botswana Oil Limited Goal Zero strategic initiative, the Company is focused on environmental friendly initiatives to reduce emissions through its operations. Therefore the planned Coal to Liquid Facility will be a clean and controlled environmentally safe process where the all the gases will be captured and cleaned. The Sulphur will be extracted in elemental form, for sale or further processing to ensure that there are no Nitrogen Oxides and Sulphur Oxides emissions produced to reduce the risk of air pollution.

The diesel and gasoline produced from the facility will be clean, burning Zero sulphur, very low aromatics and particulates. A key requirement for this Facility will be the inclusion of Carbon Capture, Utilisation and Storage (CCUS) capability in the Project. Work carried out by the World Bank in 2012 indicated that there was potential for carbon dioxide (CO2) sequestration in coal fields in Botswana, which is still to be confirmed. As a result, production of Coal-Bed Methane (CBM) is being explored in central Botswana and injection of CO2 could be used to enhance the CBM recovery for cleaner energy source of natural gas. Overall, this is a project of national importance and regional significance as it will contribute to improving the fuel security in Botswana to meet the demand of 1.2 billion litres per annum which continues to grow. There will be significant social and economic benefit to the environment within which they will be produced and for the country as a whole.

The benefits include the creation of new jobs supporting higher disposable income from direct employment in the Facility, supporting employment through fuel distribution, security, catering and maintenance services. Further downstream employment will be generated through the production of chemicals, fertilizers, explosives, and other products. Other opportunities will be created through indirect employment in the hospitality industry, housing, education and many other services that will be provided around the Facility. In the long-term, it will substantially boost the Science, Technology, Engineering and Maths (STEM) employment and capability in the country.

Once complete, the Coal to Liquid project will significantly change the balance of payments in the country, with fuel typically amounting to 10-15% of imports by value and contribution to GDP, together with substitution of other imports. There is great opportunity for new greenfield industrialization and diversification of the economy beyond diamonds, tourism, beef and retail, through the establishment and development of a Petrochemical Hub (power, fuel, petrochemicals, fertilizers, explosives and others). The production of fertilizers will lead to improved food security, there will be increased in-country value addition to local resources which is currently largely exported.

As part of its strategic focus areas, Botswana Oil has developed a comprehensive Citizen Economic Empowerment Framework aimed to enable Botswana to generate income and wealth through a sustainable, resilient and diversified economy. The Framework is designed in line with the Botswana Citizen Economic Empowerment Policy (CEEPP), and the Economic Inclusion Act of 2021 to accelerate meaningful citizen empowerment, business ownership and community

development. The successful implementation of the Framework will be measured against the active participation of Citizen Owned Companies (COCs) in areas including Transportation of Petroleum Products; Infrastructure Development; and Management, Citizen Ownership and Compliance to Industry Best Practices.

BOL will facilitate COCs in procurement, capacity development and building in the oil and gas industry, Supplier Development, Value Chain Development, Entrepreneurship and Enterprise Development Programmes and Supplier Performance Management System. The Botswana Oil CEEP Framework will be applied across all projects across the country to provide an opportunity to deliver inclusive growth through the delivery of meaningful economic and social impact for communities.

As part of its CEEP initiative, four citizen transporters have been supported for accreditation to contract to lift product out of Sasol's facilities in South Africa. This is a major achievement for the Company showcasing the level of commitment Botswana Oil has dedicated to capacitating citizen transporters to acquire internationally recognised credentials. More transporters are being supported to acquire the same accreditation and will be onboarded once they have met the requisite requirements and standards. To date BOL has facilitated growth in citizen and local transporters leading to an increase from less than twenty trucks to more than 80 citizen owned trucks to date and we continue to onboard, train and coach more transporters to meet industry best practice standards for the transportation of fuel.

Botswana Oil limited is committed to delivery of high quality projects in collaboration with the Government, the industry local and internationally across the oil and gas value chain. The company is dedicated to its Goal Zero plan and will continue to work with various stakeholders to deliver on green energy solutions for the growth and sustainability of the oil and gas industry in Botswana.



DEPOT TOUR UPDATES: Botswana Oil Limited CEO Meshack Tshekedi & BOL Board Chair Mr. Martin Makgathe



PHOTO: Honourable Minister, Board Members, CEO and Staff

  Botswana Oil Limited

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