
CALIMA ENERGY LIMITED
ACN 117 227 086
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00 am (WST)
DATE: 14 October 2024
PLACE: Level 14, QV1
250 St Georges Terrace
PERTH WA 6000

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00 am WST on 12 October 2024.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF EQUAL ACCESS SCHEME BUY-BACK

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

"That, pursuant to and in accordance with section 257C(1) of the Corporations Act and for all other purposes, Shareholders approve the equal access scheme buy-back of up to 316,718,010 Shares (representing up to 51% of the Company's issued share capital as at the date of this Notice) on the terms and conditions in the Explanatory Statement."

2. RESOLUTION 2 – DISPOSAL OF MAIN UNDERTAKING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, under and for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the sale by the Company of 100% of the shares in Calima Energy Inc. to Aldon Oils Ltd, on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 3 – REMOVAL OF THE COMPANY FROM THE OFFICIAL LIST OF THE ASX

To consider, and if thought fit, to pass the following resolution as a special resolution:

"That, for the purposes of Listing Rule 17.11, and for all other purposes, the Company be removed from the Official List on a date to be decided by the ASX and the Directors be authorised to do all things reasonably necessary to give effect to the removal of the Company from the Official List."

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 2 – Disposal of Main Undertaking

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Aldon Oils Ltd (or any of its associates) or any other person who will obtain a material benefit as a result of the Disposal (except a benefit solely by reason of being a Shareholder) (each, an **Excluded Party**). However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of an Excluded Party excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 8 6500 3270.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – APPROVAL OF EQUAL ACCESS SCHEME BUY-BACK

1.1 Overview of Buy-Back

Under a buy-back, a company buys back its own shares from its shareholders who elect to participate in the buy-back offer. Any shares bought back must then be cancelled in accordance with the Corporations Act, with the result that the total number of the company's shares on issue is reduced by the number of shares bought back from participating shareholders.

An equal access scheme is a type of buy-back. Section 257B of the Corporations Act prescribes that, in an equal access scheme:

- (a) the offers under the equal access scheme must relate only to ordinary shares;
- (b) the offers must be made to every person who holds ordinary shares to buy-back the same percentage of their ordinary shares;
- (c) all of those persons must have a reasonable opportunity to accept offers made to them;
- (d) buy-back agreements must not be entered into until a specified time for acceptances of offers has closed; and
- (e) the terms of the offers must be the same.

The buy-back proposed by the Company pursuant to Resolution 1 is an equal access scheme for the purposes of the Corporations Act (**Buy-Back**).

As announced on 2 September 2024, the Company has also completed a minimum holding buy-back for Shareholders who hold less than a marketable parcels of shares (**UMP Buy-Back**). The Company bought back and cancelled a total of 14,365,781 Shares under the UMP Buy-Back. For more details in respect of the minimum holding buy-back, refer to the announcements released on 12 July 2024 and 2 September 2024.

The Company is prepared to purchase up to a further 363,627,306 Shares, which (when you include the number of Shares bought back under the UMP Buy-Back) is approximately 61% of the total Shares on issue across the following buy-backs:

- (a) up to 46,909,296 Shares (being 10% of the smallest number of Shares it has had on issue over the 12 months preceding such buy-back, less the Shares that were bought back and cancelled under the UMP Buy-Back) (**First Buy-Back**); and
- (b) subject to Shareholder approval pursuant to Resolution 1, up to a further 316,718,010 Shares (being an additional 51% of the total Shares on issue as at the date of the Buy-Back Offer Booklet, as that term is defined below) under the Buy-Back.

Further details in respect of the First Buy-Back are set out in the offer document (**Buy-Back Offer Booklet**) which was dispatched to Shareholders on 21 August 2024.

The Corporations Act allows a company to buy-back up to 10% of the minimum number of shares on issue at any time during the last 12 months without seeking approval of its shareholders. If a company wishes to buy-back a greater number of shares by way of an equal access buy-back, it must seek shareholder approval.

Section 257C(1) of the Corporations Act requires that the terms of the buy-back agreement be approved by an ordinary resolution passed at a general meeting of the company before the agreement is entered into or the agreement must be conditional on obtaining such an approval.

Accordingly, Resolution 1 has been proposed for this purpose and will be approved if more than 50% of the total number of votes that are validly cast on Resolution 1 are in favour of it.

It is important to note that a Shareholder who votes in favour of Resolution 1 does not have to participate in the Buy-Back. Participation in the Buy-Back is voluntary and at the discretion of Shareholders.

The Chair intends to exercise all available proxies in favour of Resolution 1.

1.2 Funding the Buy-Back and corporate strategy

The Buy-Back will be funded from the Company's available cash reserves.

Section 257A(a) of the Corporations Act provides that a buy-back must not materially prejudice a company's ability to pay its creditors.

The Directors are satisfied that the Company's ability pay its creditors will not be materially prejudiced by the Buy-Back. The Directors have also satisfied themselves as to the solvency of the Company following the Buy-Back.

1.3 Details of the Buy-Back

A summary of the details of the Buy-Back is set out below.

Further details of the Buy-Back, and how to participate in it, are contained in a Buy-Back Offer Booklet which was dispatched to Shareholders, together with a Buy-Back Form for Shareholders to participate in the Buy-Back.

(a) Eligibility to Participate

The Buy-Back is open to all Shareholders who hold Shares on the Record Date.

(b) Number of Shares on issue and number of Shares to be bought back

There are 619,070,238 Shares on issue as at the date of this Notice.

The maximum number of Shares the Company will buy-back will be 316,718,010 Shares (representing approximately 51% of the Company's issued share capital as at the date of this Notice). The final size of the Buy-Back will depend on the level of participation by Shareholders.

(c) Offer Price

The Buy-Back offer price is \$0.0083373 per Share (**Offer Price**).

(d) Options available to Shareholders

If the Buy-Back is approved by Shareholders, Shareholders will be able to sell some or all of their Shares back to the Company at the Offer Price. All Shares bought back would be cancelled. Participation in the Buy-Back is voluntary and Shareholders can elect whether to sell some, all or none of their Shares under the Buy-Back. Further details of the Buy-Back are contained in the Buy-Back Offer Booklet despatched to Shareholders.

A Shareholder who does not wish to participate in the Buy-Back does not need to do anything. If a Shareholder does not participate in the Buy-Back the number of Shares that they will hold will remain the same but their percentage shareholding in the Company will increase if other Shareholders elect to participate in the Buy-Back.

(e) **Buy-Back Procedure**

If the Buy-Back is approved by Shareholders, the Buy-Back will be implemented as follows:

- (i) The Buy-Back will be open to Shareholders from the Opening Date until the Closing Date (**Buy-Back Period**). The Company may extend the Buy-Back Period, but does not presently intend to do so. If the Closing Date is changed, Shareholders will be notified accordingly.
- (ii) At any time during the Buy-Back Period, a Shareholder can submit an Application Form to accept the Buy-Back in respect of some or all of the Shares held by them as at the Record Date. Trustees or nominees who hold a parcel of Shares on account of more than one beneficial holder will be able to accept the Buy-Back on behalf of all relevant beneficial owners.
- (iii) Notwithstanding the submission of an Application Form prior to the Closing Date, no agreement to buy back Shares under the Buy-Back is formed and Applications are conditional in all respects until Shareholders approve the Buy-Back and the Company accepts the Application made under a valid Application Form.
- (iv) Subject to Shareholder approval of the Buy-Back and the Company accepting Applications under the Buy-Back:
 - (A) all Shares for which a valid Buy-Back Form has been received and accepted by the Company before the Closing Date will be cancelled on the Buy-Back Date; and
 - (B) proceeds of the Buy-Back are expected to be distributed to participants on the Payment Date.

(f) **Rationale for the Buy-Back**

The purpose of the Buy-Back is to provide Shareholders with the opportunity to sell their Shares, if they wish, prior to delisting. Further details in respect of the delisting and Share trading in general is set out in Section 4.10. The Buy-Back is also intended to provide Shareholders with the opportunity to realise some or all of their investment in the Company in an otherwise illiquid market. The reasons to vote in favour or against the Buy-Back are detailed in section 1.3(h).

(g) **Timetable**

The indicative timetable for the Buy-Back is set out below. While the Company does not anticipate any changes to these dates and times, it reserves the right to vary them by announcement to that effect.

EVENT	DAY
General meeting of Shareholders to approve the Buy-Back and lodgement of Appendix 3C	14 October 2024
Ex Date	17 October 2024
Record Date – Record date for determining Shareholders eligible to participate in the Buy-Back	18 October 2024
Opening Date – Company sends personalised Application Forms to holders of Shares as at the Record Date and the Buy-Back offer opens	23 October 2024
Last day to extend the offer under the Buy-Back	1 November 2024
Closing Date – Closing date for receiving of Application Forms under the Buy-Back	5.00pm (AWST) on 8 November 2024
Final Notice Date - Date on which the Company	9 November 2024

EVENT	DAY
lodges the final Appendix 3C with respect to the Buy-Back	
Buy-Back Date and lodgement of Appendix 3H – Date on which Shares accepted under the Buy-Back are cancelled	18 November 2024
Payment Date – Date on which the proceeds of the Buy-Back are proposed to be distributed to participants	25 November 2024

(h) **Advantages or reasons to vote in favour of the Buy-Back**

- (i) Shareholders have the opportunity to exit all or part of their investment in the Company for a fixed cash price, providing greater certainty of value to Shareholders, compared to alternative options available.
- (ii) All Shareholders will have an equal opportunity to participate and also have flexibility to tailor the level of their participation to suit their individual circumstances.
- (iii) Participating Shareholders will not have to pay brokerage or appoint a stockbroker to sell their Shares pursuant to the Buy-Back.
- (iv) The Buy-Back should enable Shareholders to sell a significant volume of Shares which may otherwise be difficult to do as the Company has an illiquid market for Shares.
- (v) Implementation of an equal access scheme buy-back is simple and cost effective.

(i) **Disadvantages or reasons to vote against the Buy-Back**

- (i) Participating Shareholders will have their Shares bought back and cancelled and, if they hold no Shares, they will cease to have any rights as a member of the Company, including the right to participate in the future financial performance of the Company.
- (ii) the Buy-Back would, if approved and to the extent that Shareholders participate in it, reduce the capital base of the Company and result in the cancellation of Shares and therefore impact on the control of the Company. If there is significant participation in the Buy-Back, this will lead to an increase in the voting power of any substantial Shareholders who elect not to participate in the Buy-Back. The potential effect of the Buy-Back on the control of the Company is set out in Section 1.4(c).
- (iii) Participating in the Buy-Back may trigger taxation consequences for Shareholders, such as the realisation of a capital gain or a capital loss. Shareholders should consult their own tax advisor for specific taxation advice in connection with the participation in the Buy-Back in order to assess the impact on their own particular circumstances.

(j) **Intentions of major shareholder and effect on control**

At the date of this Notice, the Company's major shareholders have not confirmed their intentions or otherwise to participate in the Buy-Back or the extent of any potential participation and have not indicated that they intend to vote in favour of the Buy-Back. Consequently, it is not possible for the Company to definitively determine the control outcomes of the Buy-Back. The potential control impact of the Buy-Back depending on the level of participation of Shareholders is set out in Section 1.4(c).

(k) **Intention of directors**

As at the date of this Notice, the Directors of the Company, either directly or indirectly, have an interest in the following shares:

DIRECTOR	NUMBER OF SHARES
Glenn Whiddon ¹	27,534,984
Mark Freeman ²	3,276,492
Karl DeMong	740,000

Notes:

1. 3,875,842 held directly by Mr Whiddon, 7,291,549 Shares held by Getmeoutofhere Pty Ltd (of which Mr Whiddon is a beneficiary) and 16,367,593 held indirectly by entities controlled by Jane Whiddon (Mr Whiddon's spouse) of whom Mr Whiddon is not a beneficiary.
2. Held indirectly by Mark Freeman Family Trust (of which Mr Freeman is trustee and a beneficiary).

No director will receive any payment or benefit of any kind as a consequence of the Equal Access Buy-Back other than in their capacity as a Shareholder.

The Company has been informed that it is the current intention of the Directors (and their related parties) not to participate in the Buy-Back. The Directors (and their related parties) in total own 31,551,476 shares.

The Company notes that it has applied to ASX to delist from the Official List (see Section 4). Notwithstanding this, the Directors have elected to not participate in the Buy-Back as they wish to retain their Shares to maintain their interest in the Company following the delisting to continue to further align their interests with other Shareholders.

(l) **Cancellation of buy-back shares**

Section 257H of the Corporations Act requires that a company must not dispose of the shares it buys back, and that immediately after the registration of the transfer of bought-back shares to the company, the shares are cancelled. The Shares purchased under the Buy-Back are proposed to be cancelled within 5 business days of the Closing Date.

1.4 **Effect of the Buy-Back on the Company**

(a) **Effect of the Buy-Back on the Company's capital structure**

There are 619,070,238 Shares on issue as at the date of this Notice.

If the Buy-Back proceeds, the Company will, under the Buy-Back, offer to buy-back up to 316,718,010 Shares (representing approximately 51% of the Company's issued share capital as at the date of this Notice). Shares that are bought back will be cancelled.

The Buy-Back may therefore reduce the number of Shares on issue from 619,070,238 Shares to 302,352,228 Shares. However, the precise number of Shares which are cancelled as part of the Buy-Back will depend on the level of Shareholder participation.

(b) **Effect on the assets and liabilities of the Company**

The Company's assets will decrease to the extent that Shareholders elect to participate in the Buy-Back. The maximum decrease in the Company's assets (assuming 100% take up of the Equal Access Buy-Back) would be \$2,640,573.

The pro-forma balance sheet of the Company as at 31 December 2023 as adjusted for the Buy-Back and other assumptions is provided in Schedule 1 to assist Shareholders to understand the effect of the Buy-Back relative to the Company's most recent financial position.

The pro-forma balance sheet has not been audited and does not include all of the disclosures required by Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act. The pro-forma balance sheet is intended to be illustrative only and will not reflect the actual position of the Company as at the implementation of the Buy-Back.

The Company has assessed the impact of the Buy-Back on its ability to pay its creditors. That review concluded that the payment to Shareholders of an amount equal to the maximum amount payable under the Buy-Back (being \$2,640,573) would not materially prejudice the Company's ability to pay its creditors and the Company will have sufficient cash reserves to pay its creditors (including current and reasonably foreseeable claimants) following completion of the Buy-Back. Refer to Section 1.2 for further details.

(c) **Effect of the Buy-Back on control of the Company**

The Company's Shareholders with voting power of 5% or more are detailed in the table below, along with their respective Shareholdings and voting power prior to the Buy-Back as at the date of this Notice.

The table below illustrates the potential shareholding and voting power of each of these substantial Shareholders after completion of the Buy-Back, based on different levels of participation by Shareholders and assuming in each case that the substantial Shareholders do not participate.

SUBSTANTIAL SHAREHOLDER	BEFORE BUY-BACK		AFTER BUY-BACK					
	SHARES	VOTING POWER	50% PARTICIPATION*		80% PARTICIPATION*		100% PARTICIPATION*	
			SHARES	VOTING POWER	SHARES	VOTING POWER	SHARES	VOTING POWER
Robert Brown & Joan Brown	35,075,770	5.67%	35,075,770	7.61%	35,075,770	9.59%	35,075,770	11.60%
Daniel John Bahen	52,375,508	8.46%	52,375,508	11.37%	52,375,508	14.32%	52,375,508	17.32%
Thomas Clement Bahen	34,803,814	5.62%	34,803,814	7.55%	34,803,814	9.52%	34,803,814	11.51%
Fred Bart Group	36,584,321	5.91%	36,584,321	7.94%	36,584,321	10.00%	36,584,321	12.10%
Jav Evan Dale Hughes	63,000,000	10.18%	63,000,000	13.67%	63,000,000	17.23%	63,000,000	20.84%
Total	221,839,413	35.84%	221,839,413	48.15%	221,839,413	60.66%	221,839,413	73.37%

*Excluding participation by the substantial shareholders listed in the table. Given the maximum number of Shares that the Company will buy-back will be 316,718,010 Shares, the Company will need to scale back Shareholders under a 100% participation scenario. The minimum number of shares issue will be nil, following implementation of the Buy-Back. The effect of the First Buy-Back or the UMP Buy-Back are not contemplated in the above table.

(d) **Tax implications for the Company**

No adverse tax consequences are expected to arise for the Company from implementing the Buy-Back.

1.5 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 1.

2. BACKGROUND TO DISPOSAL OF THE MAIN UNDERTAKING

2.1 Share Purchase Agreement

On 10 September 2024, the Company announced that it had entered into a definitive share purchase agreement (**Definitive Agreement**) with Aldon Oils Ltd (**Aldon Oils**) pursuant to which Aldon Oils agreed to purchase, and the Company agreed to sell its wholly owned subsidiary, Calima Energy Inc, for cash consideration of ~A\$1.3 million (C\$1.2 million) subject to customary working capital adjustments.

Calima Energy Inc. owns a 100% interest in a portion of lease 65101 (**Lease**), petroleum and natural gas rights to petroleum substances removed from the Lease, the Paradise Well which is located on the Lease, and all associated facilities, equipment and workings.

The sale of Calima Energy Inc., the subject of the Definitive Agreement, constitutes a disposal of the Company's main undertaking (**Disposal**).

A summary of the material terms and conditions precedent of the Definitive Agreement is set out in Schedule 3 to this Notice.

Resolution 2 seeks Shareholder approval for the Disposal in accordance with Listing Rule 11.2 and, more generally, to provide Shareholders with an opportunity to vote in favour or against the Disposal.

Shareholders should refer to Section 3.2 for a summary of Listing Rule 11.2 and the implications for the Company if Shareholder approval for the Disposal is not obtained.

2.2 General Background on Company and reason for Proposed Disposal

The Company is an Australian public company limited by shares, listed on the ASX (ASX: CE1) and OTC (OTC: CLMEF). The Company owns 100% of Calima Energy Inc.

Further details of the Company's recent activities involving Calima Energy Inc. and other business operations are available on the Company's ASX platform (ASX:CE1).

The Company's decision to undertake the sale of Calima Energy Inc. was made after thorough and diligent evaluation from the Company's board as to the merits of the sale or retention of Calima Energy Inc., with the Company's primary aims being to preserve value for Shareholders.

2.3 Calima Energy Inc.

For further information with respect to Calima Energy Inc., and/or the financial position of the Company, please refer to the Company's ASX platform (ASX:CE1), specifically the ASX Announcements dated 30 April 2024, 2 April 2024, 28 March 2024, 31 January 2024 and 31 October 2023. The Company confirms that it is not aware of any new information or data that materially affects the information included in its previous announcements with respect to Calima Energy Inc.

2.4 Financial effect, advantages and disadvantages of the Disposal

(a) Financial effect and use of proceeds

The impact of the Disposal on the Company is set out in the pro forma balance sheet contained in Schedule 2.

The proceeds received under the Disposal will be applied to funding the Company's current 60% buyback program and to fund the Company's future acquisitions and working capital. No cash proceeds are intended to flow to Calima Energy Inc. as a result of the Disposal. As such, no additional cash will be raised as a result of the Disposal. Upon completion of the Disposal, the Company will have disposed of all of its tangible assets. As a result, the Company's ongoing operations would be minimal.

The Company's assets and liabilities proposed to be sold (based on 31 December 2023 audited accounts) under the Definitive Agreement are as follows:

ASSETS HELD FOR SALE	VALUE (\$'000)
Cash and cash equivalent*	\$3,329
Trade and other receivables	\$70
Other assets	\$618
Property, plant and equipment	\$230
Total	\$4,247

* **Note:** The majority of cash in Calima Energy Inc. has been transferred to the Company with \$418,902 remaining at 30 June 2024.

These above assets represent 3.46% of the total assets of the Company as at 31 December 2023.

LIABILITIES HELD FOR SALE	VALUE (\$'000)
Trade and other payable	\$139
Restoration provisions	\$205
Total	\$344

* **Note:** Further financial information in relation to the Company and Calima Energy Inc. is set out in the annual report released on 2 April 2024.

The entity's equity interests would remain unchanged as a result of the Disposal.

(b) **Advantages**

As a result of the Disposal, the Company's total net assets would increase by approximately \$635,000, representing a circa 0.76% increase based on 31 December 2023 accounts and 9.53% of current total net assets.

A Summary of the Calima Energy Inc's Profit and Loss for the period 1 January 2024 to 30 June 2024 is set out below:

For the six months ended (A\$)	30-Jun-24	Proforma
Revenue		
Oil and natural gas sales	274,650	-
Royalties expense	(15,580)	-
	259,070	-
Expenses		
Operating	74,959	-
Transportation	43,159	-
Depletion and depreciation	2,727	-
General and administrative	206,478	15,000
Financing and interest	42,554	
Accretion expense	3,069	
Loss on sale of Inventory	257,171	
	630,117	(15,000)
Net income	(371,047)	(15,000)

The Directors believe that the Disposal is in the best interests of Shareholders and the Company collectively and the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Disposal:

- (i) the Company believes that the Paradise field is immaterial with the development being limited and with no current expectation of commercial scale production being possible;
- (ii) the Company will not have the operational costs or contingent liabilities associated with Calima Energy Inc. following the settlement of the Disposal;
- (iii) the proposed Disposal will unlock value and eliminate the Company's operating costs in Canada;
- (iv) the Company will be able to focus on its strategies to find better opportunities for value for Shareholders (as set out in Section 2.5(a));

- (v) the capital structure of the Company will not be affected by the Disposal; and
- (vi) all revenue and expenditure associated with the Paradise well and the Company's operating costs in Canada will be reduced to nil. The net operating loss for Calima Energy Inc for the period 1 January to 30 June 2024 was ~\$371,047. The Disposal will unlock ~A\$1.3 million (C\$1.2 million) in cash proceeds, subject to customary working capital adjustments.

(c) **Disadvantages**

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Disposal:

- (i) the Company will be disposing of its main undertaking in Calima Energy Inc., which may not be consistent with the investment objectives of all Shareholders;
- (ii) the Company's tangible asset base will be reduced to nil tangible asset base and its operating activities will cease as a result of the Disposal;
- (iii) potential operating revenue attributable to Calima Energy Inc. will not be able to be realised by the Company if the Disposal occurs (notwithstanding there is limited scale to increase production); and
- (iv) the Company will not be able to realise any other potential competing bid for Calima Energy Inc. in the event such an offer was to arise following completion of the Disposal.

2.5 The Company's intentions post-settlement

(a) **Direction and business model**

The Company confirms that it intends to investigate and pursue further opportunities that may enhance shareholder value.

(b) **Group structure**

Upon completion of the Disposal, the corporate structure of the Company will change to the extent that the Company will no longer have any active subsidiaries.

(c) **Proposed changes to the Company's board and management**

There will be no changes to the Company's Board nor to senior management personnel of the Company as a result of the Disposal.

(d) **Use of funds**

As was referred to in Section 2.4(a), the proceeds received under the Disposal will be applied to funding the Company's current 60% buyback program (refer to Section 1) and to fund the Company's future acquisitions and working capital. No cash proceeds are intended to flow to Calima Energy Inc. as a result of the Disposal. As such, no additional cash will be raised as a result of the Disposal. Upon completion of the Disposal, the Company will have disposed of all of its tangible assets. As a result, the Company's ongoing operations would be minimal.

2.6 Indicative timetable

Subject to the ASX Listing Rules and Corporations Act requirements, the Company anticipates completion of the Disposal will be in accordance with the following timetable:

EVENT	DATE*
Execution of Definitive Agreement	10 September 2024
Notice of Meeting for the Disposal sent to Shareholders	16 September 2024
Shareholder Meeting to approve the Disposal	14 October 2024
Settlement of Disposal	31 October 2024

*Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

3. RESOLUTION 2 – DISPOSAL OF MAIN UNDERTAKING

3.1 General

This Notice of Meeting has been prepared to seek Shareholder approval for the matters required to complete the Disposal for the purposes of ASX Listing Rule 11.2. The ASX takes no responsibility for the contents of the Notice.

3.2 ASX Listing Rule 11.2

Subject to Resolution 2 passing, the Company is proposing to proceed with the Disposal.

ASX Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders to a disposal of its main undertaking. The Disposal is a disposal of the Company's main undertaking for these purposes.

Resolution 2 seeks the required Shareholder approval to the Disposal on the terms of the Definitive Agreement under, and for the purposes of, ASX Listing Rule 11.2.

If Resolution 2 is passed, the Company will be able to proceed with the Disposal, with the consequential effects on the Company outlined in Section 2.4.

If Resolution 2 is not passed, the Company will not be able to proceed with the Disposal which may result in the Company being unable to pursue strategies to find better opportunities for value for Shareholders.

All items required to be disclosed to Shareholders to obtain approval under ASX Listing Rule 11.2 is set out in this Notice. The Directors are not aware of any other commercial information that is material to the question of whether Shareholders should approve the Resolution.

For the reasons set out above, the Directors recommend that Shareholders vote in favour of the Resolution.

Aldon Oils is not a related party of the Company, and Shareholder approval for the Disposal is not required for the purposes of ASX Listing Rule 10.1.

4. RESOLUTION 3 – REMOVAL OF THE COMPANY FROM THE OFFICIAL LIST OF THE ASX

4.1 Background

As announced on 12 September 2024, the Company has applied to ASX to be removed from the Official List pursuant to Listing Rule 17.11 (**Delisting**).

As is its usual practice, ASX has imposed a requirement under Listing Rule 17.11 and Guidance Note 33 *Removal of Entities from the ASX Official List*, that the Delisting be approved by a special resolution of Shareholders (**Delisting Approval**).

ASX advised the Company that its removal from the Official List is also subject to compliance with the following conditions:

- (a) the notice of meeting seeking Shareholder approval for the Company's removal from the Official List must include:
 - (i) the time and date at which the Company will be removed from ASX if that approval is given; and
 - (ii) include, to ASX's satisfaction, the information prescribed in section 2.11 of Guidance Note 33; and
- (b) the Company releasing the full terms of ASX's in-principle advice decision to the market upon the Company making this formal application to ASX to remove the Company from the Official List,

(together with the Delisting Approval, the **Delisting Conditions**).

The Board considers that it is in the best interests of the Company and its security holders for the Company to be removed from the Official List of ASX for the reasons set out in Section 4.3 of this Explanatory Statement.

The Delisting may be perceived to have some disadvantages for security holders. Potential disadvantages are summarised in Section 4.5 below.

Resolution 3 seeks the required Shareholder approval to the Delisting under and for the purposes of the Listing Rules.

4.2 Listing Rule 17.11

Listing Rule 17.11 provides that the ASX may at any time remove an entity from the Official List at the request of the entity. The ASX is not required to act on the entity's request or may require conditions to be satisfied before it will act on the request. The ASX has approved the Company's request for Delisting, subject to the satisfaction of the Delisting Conditions set out in Section 4.1.

4.3 Reasons for seeking Delisting

The primary reasons the Board has decided to remove the Company from the Official List are as follows:

(a) Lack of liquidity

The Company's securities have been suspended from trading on ASX since 2 July 2024 (**Suspension**).

Given the Company will not be able to re-comply with Chapters 1 and 2 of the Listing Rules in the foreseeable future, the Company's lack of liquidity will not change.

(b) Lack of assets

On 27 February 2024, the Company announced completion of the sale of its wholly owned subsidiary Blackspur Oil Corp., which held the Company's Blackspur Assets, comprising the Brooks Asset and Thorsby Asset, to Astara Energy Corp. The Company intends, subject to obtaining shareholder approval to Listing Rule 11.2, to sell 100% of the issued capital of its remaining wholly owned subsidiary, Calima Energy Inc. Following the sale of Calima Energy Inc., the Company will not hold any assets (other than cash).

(c) Listing Costs

The Board estimates that costs attributable to the Company's ASX listing are approximately \$200,000 per annum. In addition, there are indirect costs associated with the need to devote management time attending to matters relating to the ASX listing and other ongoing administrative and compliance obligations. The Board believes that the funds used to maintain the Company's ASX listing, together with management time, could be directed toward the ongoing focus and development of new project acquisitions if the Company is

delisted from the ASX, in particular where the Company sees little tangible benefit from being a listed company at present.

(d) **Minority shareholders**

Delisting of the Company will not result in any substantial diminution of the protection for minority shareholders provided by the Corporations Act given that the Company's shareholders do not presently have the benefit of liquidity in their shares.

4.4 Advantages of Delisting

Following completion of the Disposal (the subject of Resolution 2), the benefit of the Company being a listed entity will be outweighed by the costs, as the Company will not have any ongoing business operations. In the opinion of the Board, it would not be appropriate for the Company, having no operations or plans to enter into any new business activity, to maintain its listing on ASX.

As referred to in Section 4.3(c), the Delisting will also reduce the ASX listing costs associated with the Company's business, which provides opportunity for capital to be directed elsewhere in the Company.

In addition, as noted in Section 4.3(d), the rights of the Company's security holders, including minority Shareholders, will not be affected by the Delisting.

4.5 Potential disadvantages of Delisting

The potential disadvantages of Delisting include:

(a) **Shareholders will no longer have the ability to sell their securities on ASX**

After the Company is removed from the Official List of ASX, its Shares will no longer be quoted on ASX and will no longer be traded on the ASX. Shareholders will only be able to sell the Shares via off-market private transactions in accordance with the Company's Constitution. Security holders who wish to sell their securities after the Company is delisted will need to find a buyer for their securities and complete a standard off-market transfer form and provide it to the Company's share registry for processing. However, as noted above, Shareholders have been unable to sell their securities on ASX since 2 July 2024. After the Delisting, the Directors will continue to assess appropriate measures to enable Shareholders to realise the value of their investment in the Company.

(b) **The Company will not be able to raise capital from public listed equity capital markets**

After the Company is removed from the Official List of ASX, it will be unable to raise capital from public listed equity capital markets (assuming that the Company does not seek or achieve an alternative listing). Unlike a listed public company, an unlisted public company generally does not have the ability to raise capital from the issue of securities in reliance on a limited disclosure fundraising document because its shares are not quoted on a prescribed financial market. If the Company wishes to raise capital following its removal from the Official List of ASX, this will be by way of an offer of securities pursuant to a prospectus or a privately negotiated investment transaction and issuance of ordinary shares or other securities to the investor(s). Any placement made by the Company as an unlisted company may involve certain restrictions on selling those shares after they have been issued. However, as noted above, since its Suspension, the Company has not benefited from being a listed entity in this sense and balanced against these considerations is the fact that the Company presently has sufficient capital and is not proposing any fundraisings.

(c) **The Listing Rules will no longer apply**

The Listing Rules will no longer apply to the Company and shareholder protections contained in the Listing Rules will no longer apply, including certain restrictions on the issue of Shares by the Company, certain restrictions in relation to transactions with persons in a position of influence and the requirement to

address the ASX Corporate Governance Principles and Recommendations on an annual basis.

4.6 Consequences of the Delisting

The consequences of the Delisting include the following:

- (a) the Company's securities will no longer be quoted on ASX and will no longer be traded on the ASX. However, security holders have been unable to sell their securities on ASX since 2 July 2024 as the Company's securities are suspended from quotation and are not trading;
- (b) Shareholders will have their CHESS holdings converted to the certificated sub-register on the Company's share register. No action will be required by Shareholders to affect this conversion;
- (c) security holders seeking to sell their securities following the Delisting will be entitled to transfer their holdings off-market to a willing third-party purchaser in accordance with the Company's constitution;
- (d) for so long as the Company continues to have more than 100 Shareholders post Delisting, the Company will be an 'unlisted disclosing entity'. As such, the Company will continue to be subject to continuous disclosure obligations under the Corporations Act. The Company will still provide disclosure to Shareholders of material matters in accordance with the Corporations Act on the Company's website. The Company will also continue to lodge annual and interim financial statements (audited or auditor-reviewed, respectively) in accordance with the Corporations Act;
- (e) there will no longer be a readily available indicator of market price for the Company's securities (noting that security holders have been unable to sell their securities on ASX since 2 July 2024 as the Company's securities are suspended from quotation and are not trading), securities will be less liquid and security holders will need to find a purchaser for their securities at an agreed price;
- (f) as an unlisted public company, the Company will no longer have the ability to raise capital from the issue of securities to the public in reliance on a limited disclosure fundraising document. Should the Company seek to raise capital following the Delisting, it will be required to offer securities pursuant to a full prospectus or by way of a placement to sophisticated and institutional investors (to whom such disclosure is not required); and
- (g) the Constitution and, therefore, Shareholders' rights will remain unchanged following the Delisting, such that Shareholders will continue to have the right to:
 - (i) receive notices of meetings and other notices issued by the Company;
 - (ii) exercise voting rights attached to Shares; and
 - (iii) entitlement to receive dividends declared and payable by the Company from time to time.

4.7 Special majority Resolution

Resolution 3 is being put to Shareholders as a special majority resolution and will therefore be passed only if at least 75% of the votes cast on a poll by Shareholders at the Meeting who are entitled to vote on Resolution 3 are cast in favour of the Resolution.

4.8 Indicative timetable

If Resolution 3 is passed, the Company will be able to proceed with the Delisting and will be removed from the Official List on a date to be decided by the ASX in consultation with the Company (**Delisting Date**).

The indicative timetable for the removal of the Company from the Official List (and assuming the special resolution is passed by Shareholders at the Meeting) is:

EVENT	DATE
Announcement of proposed Delisting	12 September 2024
Meeting to approve Delisting	14 October 2024
Delisting Date (prior to commencement of trading)	25 November 2024

*The dates above are indicative only and subject to change by the Company or ASX. The Company will inform security holders of any changes to the indicative timetable referred to above by announcement made via the ASX market announcements platform.

4.9 Shareholder remedies available

In circumstances where a security holder considers the Delisting to be contrary to the interests of security holders as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a security holder or group of security holders, that security holder may apply to the Court for an order under Part 2F.1 of the Corporations Act. Under section 233 of the Corporations Act, the Court can make any order that it considers appropriate in relation to the Company, including an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future.

In circumstances where a security holder considers the Delisting involves 'unacceptable circumstances', that security holder may apply to the Takeovers Panel for a declaration of unacceptable circumstances and other orders under Part 6.10 Division 2 Subdivision B of the Corporations Act. Under section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable, it may make any order that it thinks appropriate to protect the rights or interests of any person or group of persons, where the Takeovers Panel is satisfied that those rights or interests are being affected, or will be or are likely to be affected, by the circumstances.

4.10 Share trading

Shareholders are not currently able to dispose of their Shareholding in the Company on ASX as the Company has been suspended since 2 July 2024. However, the Company recently completed the UMP Buy-Back and is prepared to purchase up to approximately 61% of the total Shares on issue (subject to Shareholder approval in respect of the Buy-Back, the subject of Resolution 1). The Company will seek out opportunities to provide liquidity for Shareholders following the Delisting.

4.11 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the Delisting.

If Resolution 3 is not passed, the Company will not be able to proceed with the Delisting and will remain suspended. If Resolution 2 to approve the Disposal is approved, but Resolution 3 to approve the Delisting is not approved, then the Company will remain listed on ASX but the Company will not have any ongoing business operations. In these circumstances, the Company would ultimately be delisted from ASX on 2 July 2026, being the date which is 2 years from the date the Company's securities were suspended from trading.

4.12 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3.

GLOSSARY

\$ means Australian dollars.

Aldon Oils means Aldon Oils Ltd.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Buy-Back has the meaning given in Section 1.1.

Buy-Back Offer Booklet has the meaning given in Section 1.1.

Buy-Back Period has the meaning given in Section 1.1.

Chair means the chair of the Meeting.

Company means Calima Energy Limited (ACN 117 227 086).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Definitive Agreement has the meaning given in Section 2.1.

Delisting has the meaning given in Section 4.1.

Delisting Approval has the meaning given in Section 4.1.

Delisting Conditions has the meaning given in Section 4.1.

Delisting Date has the meaning given in Section 4.8.

Directors means the current directors of the Company.

Disposal has the meaning given in Section 2.1.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Lease has the meaning given in Section 2.1.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Offer Price has the meaning given in Section 1.1.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Suspension has the meaning given in Section 4.3.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – PRO FORMA BALANCE SHEET – BUY-BACK

	AUDITED 31 DEC 2023 A\$'000	PRO FORMA CHANGES A\$'000	PRO-FORMA 31 DEC 2023 A\$'000
Assets			
Current assets			
Cash and cash equivalents	3,958	106	4,064
Accounts receivable	104	(51)	53
Deposits and prepaid expenses	91	(80)	11
Assets classified as held for sale	117,855	(116,555)	1,300
Total current assets	122,008	(116,580)	5,428
Non-current assets			
Oil and natural gas assets	230	(230)	-
Long-term deposits	618	(334)	284
Total Assets	122,856	(117,144)	5,712
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	372	1,443	1,815
Liabilities classified as held for sale	38,874	(38,490)	384
Total current liabilities	39,246	(37,047)	2,199
Non-Current liabilities			
Restoration provisions	205	(205)	-
Total Liabilities	39,451	(37,252)	2,199
Shareholders' equity			
Share capital	358,676	(83,151)	275,525
Contributed surplus	22,136	104	22,240
Foreign currency translations	8,329	(8,329)	-
Accumulated losses	(305,736)	11,484	(294,252)
Total equity	83,405	(79,892)	3,531
Total	122,856	(117,144)	5,712

Notes:

Pro forma changes include:

1. Sale of Blackspur;
2. \$80m return of capital;
3. \$3.151m buy-back of Shares; and
4. Running costs of business for ~6 months (including audit provisions).

SCHEDULE 2 – PRO FORMA BALANCE SHEET – DISPOSAL & BUY-BACK

	AUDITED 31 DEC 2023 A\$'000	PRO FORMA CHANGES A\$'000	PRO-FORMA 31 DEC 2023 A\$'000
Assets			
Current assets			
Cash and cash equivalents	3,958	1,655	5,613
Accounts receivable	104	(51)	53
Deposits and prepaid expenses	91	(80)	11
Assets classified as held for sale	117,855	(177,855)	-
Total current assets	122,008	(116,331)	5,677
Non-current assets			
Oil and natural gas assets	230	(230)	-
Long-term deposits	618	(334)	284
Total Assets	122,856	(116,895)	5,961
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	372	1,443	1,815
Liabilities classified as held for sale	38,874	(38,874)	-
Total current liabilities	39,246	(37,431)	1,815
Non-Current liabilities			
Restoration provisions	205	(205)	-
Total Liabilities	39,451	(37,636)	1,815
Shareholders' equity			
Share capital	358,676	(83,151)	275,525
Contributed surplus	22,136	104	22,240
Foreign currency translations	8,329	(8,329)	-
Accumulated losses	(305,736)	12,117	(293,619)
Total equity	83,405	(79,259)	4,146
Total	122,856	(116,895)	5,961

Notes:

Pro forma changes include:

1. Sale of Blackspur, \$80m return of capital;
2. \$3.151m buy-back of shares;
3. Sale of Calima Energy Inc; and
4. Running costs of business for ~6 months (including audit provisions).

SCHEDULE 3 – SUMMARY OF DEFINITIVE AGREEMENT

A summary of the terms and conditions of the Definitive Agreement is set out below.

Acquisition	<p>Aldon Oils agreed to acquire, and the Company agreed to sell:</p> <ul style="list-style-type: none"> (a) 100% of the issued capital of Calima Energy Inc. (Calima Shares); and (b) the non-interest-bearing demand promissory note issued by Calima Energy Inc. in favour of the Company with a principal amount of \$1,500,000 (CEI Note), <p>(the Acquisition).</p>
Consideration	<ul style="list-style-type: none"> (a) In consideration for the Acquisition, and subject to adjustment, Aldon Oils agreed to pay the Company: <ul style="list-style-type: none"> (i) \$50,000 for the Calima Shares (Share Consideration); and (ii) \$1,500,000 for the CEI Note (Note Consideration), <p>(together, the Consideration).</p> (c) The Share Consideration will be increased, on a dollar-for-dollar basis, by the amount equal to the dollar value by which the Estimated Working Capital is greater than \$0.00 (Target Amount). (d) The Note Consideration will be decreased, on a dollar-for-dollar basis, by the amount equal to the dollar value by which the Estimated Working Capital is less than the Target Amount. <p>For the purposes of this section, the Estimated Working Capital means the agreed estimate of the Calima Energy Inc.'s closing working capital as at 15 August 2024.</p>
Adjustment	<p>If the amount by which the actual closing working capital is more or less than (Post Closing Adjustment Amount):</p> <ul style="list-style-type: none"> (a) is a number less than \$25,000, no adjustments to the Consideration shall be made; (b) is a number greater than \$25,000, Aldon Oils shall pay the Post Closing Adjustment Amount to the Company as an increase to the Consideration; (c) is a negative number greater than \$25,000, the Company shall pay the Post Closing Adjustment Amount to Aldon Oils and the amount shall be deemed to be a decrease to the Consideration. <p>The Company or Aldon Oils, as the case may be, shall pay the Post Closing Adjustment Amount within five (5) days of the final determination of the Post-Closing Adjustment Amount.</p>
Representations and Warranties	<p>The Definitive Agreement includes customary representations and warranties given by the Company (as vendor) and, separately, Aldon Oils (as purchaser) for a transaction of this type.</p>