

## Quarterly Activities Report - 30 September 2017

**Calima Energy Limited**  
**ABN: 17 117 227 086**

**ASX Code: CE1**

**Securities on Issue as at  
31 October 2017:**

490,440,656 fully paid ordinary  
shares (quoted)

20,029,226 Performance  
Shares, refer to Prospectus

66,223,163 Performance Rights,  
refer to Prospectus

10,000,000 options exercisable  
at \$0.09 on or before 25/08/2022

10,000,000 options exercisable  
at \$0.12 on or before 25/08/2022

10,000,000 options exercisable  
at \$0.045 expiring 25/08/2020

### **Directors**

Glenn Whiddon  
(Executive Chairman)

Alan Stein  
(Managing Director)

Jonathan Taylor  
(Technical Director)

Neil Hackett  
(Non-Executive Director)

### **Joint Company Secretary**

Neil Hackett  
James Bahen

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**Calima is a public company listed on the ASX (ASX:CE1). The principal activity of Calima is investing in oil and gas exploration and production projects internationally. Calima's core asset lies within a liquids-rich sweet-spot of the Montney Play in Northeast British Columbia.**

Calima Energy Limited (**ASX: CE1**) (**Calima** or the **Company**) is pleased to provide shareholders with the following summary of its activities during the September quarter.

## Key Activities and Highlights

### **Corporate**

On 31 August 2017, Calima commenced trading on the ASX. This coincided with the completion of farm-in arrangements to the liquids-rich Montney play in Northeast British Columbia, the acquisition of certain assets (Bahari Resources Limited and SADR) from Havoc Partners LLP ("Havoc") and importantly the addition of the Havoc team as shareholders and management of Calima Energy Limited.

The Farm-in Agreement gives Calima the right to acquire a working interest of up to 55% in the Montney Project and Operatorship.

To date, Calima have funded approximately CAD\$3.5M of the CAD\$5M stage 1 farm-in expenditure requirements.

### **Operations**

Calima's Q3 operations focused on the Company's core Montney Play project in Northeast British Columbia:

- Calima strengthened its position as a significant player in the Montney Play in Northeast British Columbia, being awarded 16,452 acres of drilling rights in the July, August and September 2017 Government auctions.
- The awards represent a 32% increase in Calima's acreage holding during Q3 2017.
- By the end of the quarter the Company held 67,907 acres of drilling rights (Figure 1).
- The area over which the Company holds drilling rights (Calima Lands) is interpreted to be a liquids-rich sweet spot in the Montney Play.
- During the quarter, Calima received verification from Independent Geologists, McDaniel & Associated (McDaniel), confirming the prospectivity of the Montney Formation in the Calima Lands. The McDaniel report endorsed the Company's view that the Upper and Middle Montney reservoirs in the Calima Lands compare favourably to the developments currently underway immediately to the south where Saguaro Resources Limited have invested more than C\$400 million.

- Calima supplemented its extensive regional well database with new wells released by the Government during the quarter. The database includes more than 60 wells that fall within 35 km of the Calima Lands.
- 60 km<sup>2</sup> of 3D seismic data were licensed over the core of Calima Lands.
- Calima continued with its technical studies, integrating the new seismic and well data into the working project. The sub-surface evaluation is well advanced.
- Well planning studies were initiated with a view to drilling during the winter of 2018/19. The studies included a reconnaissance team travelling to the Calima Lands to investigate and understand infrastructure and surface logistics and requirements ahead of drilling activities (Figures 2 & 3).
- To supplement operational capacity in country, the Company has engaged a highly-regarded local consultancy with access to a full-suite of oil-field services, leveraging local knowledge and expertise.

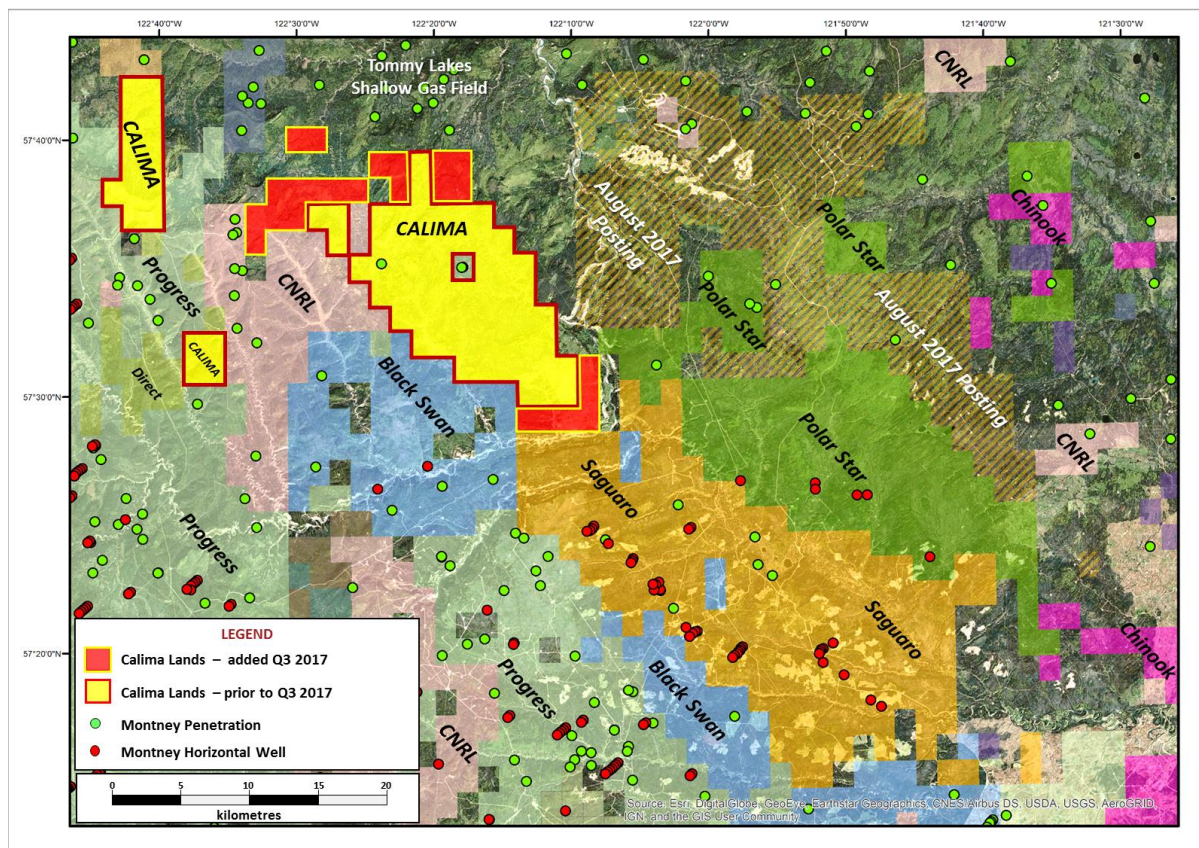


Figure 1 – Montney Drilling Rights with Operators annotated. The Calima Lands cover 67,907 acres. The Calima Land position prior to Q3 2017 is shown in yellow with Q3 2017 acreage awards shown in red.





Figure 2. Calima Management team during reconnaissance trip.



Figure 3. Neighbouring operations

For further information visit [www.calimaenergy.com](http://www.calimaenergy.com) or contact:

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## About Calima Energy

**Calima Energy Limited** (ASX:CE1) is an international oil and gas company with interests in an area of British Columbia that is considered to be highly prospective for the Montney Formation.

The Montney play covers an extensive area (130,000 km<sup>2</sup>) of British Columbia and Alberta. The National Energy Board of Canada has the estimated remaining resource potential in the unconventional play to be 449 trillion cubic feet of gas, 14.4 billion barrels of condensate and 1.1 billion barrels of oil<sup>(1)</sup>.

Wood Mackenzie recently estimated that the industry would invest more than C\$5 billion in the Montney play during 2017, rising to more than C\$7.5 billion by 2022. Daily production of 4.9 billion cubic feet of gas and 247,000 barrels of condensate and other liquids per day is predicted to double by 2022<sup>(2)</sup>.

From a cashflow perspective breakeven costs in the liquids rich window of the Montney are around US\$1.70/mcfe, **which is amongst the most competitive in North America** delivering excellent returns at current prices.

(1) The Ultimate Potential for Unconventional Petroleum from the Montney Formation of British Columbia and Alberta, National Energy Board, November 2013.

(2) Wood Mackenzie Unconventional Service. Montney Key Play April 2017.