

## Quarterly Activities Report - 31 December 2017

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

**ASX Code:** CE1

**Securities on Issue as at  
31 January 2018:**

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 December 2017 quarter.

## Key Activities and Highlights

### **Operations**

Calima's Q4 operations focused on the Company's acreage position in Northeast British Columbia considered to be prospective for the Montney Formation:

Calima continued to strengthen its position as a significant player in the Montney with a further 4,107 acres of drilling rights awarded during the quarter. The increase represented a ~6% growth in Calima's acreage holding (the Calima Lands). The additional acreage is located immediately adjacent to the core area of the Calima Lands which, at the end of 2017, covered an area of 72,014 acres (Figure 1).

This most recent award of drilling rights essentially completes the Company's land acquisition strategy and is a significant milestone for the project. Additional opportunities to grow the acreage position through acquisitions and/or swaps will be considered however the focus of the Company's activities in the Calima Lands will now switch towards operational activities in anticipation of a drilling programme.

McDaniel & Associates Ltd (McDaniel), a leading independent geological consulting firm with extensive experience and knowledge of the Montney Formation, completed an independent geological audit and review of the Calima Lands. The McDaniel Report (ASX release; 30 June 2017) confirmed the prospectivity of the Montney Formation with the reservoirs comparing favourably to the acreage immediately to the south where Saguaro Resources Limited has invested approximately C\$500 million developing the Montney Formation.

Saguaro reported 2017 year-end production in-excess of 16,000 boepd. Around 60% of Saguaro's revenue is derived from condensate and other natural gas liquids. With condensate prices currently averaging more than C\$70 bbl, industry investment is increasingly being focussed towards the liquid rich parts of the play. Condensate production from the Montney in British Columbia has doubled over the last two years to more than 45 mbb/d. In making a favourable comparison to the Saguaro acreage the review and audit by McDaniel confirms the view that the Calima Lands should be liquid rich.

The Company has recently completed an extensive geoscience evaluation incorporating 3D and 2D seismic as well as data from more than 30 recent well penetrations into the Montney Formation adjacent to the Calima Lands. This builds upon the original mapping by the project originators which highlighted the liquids rich potential of the Calima Lands and provides the framework to enable the Company to quantify the resource potential. In October the company commissioned McDaniel to undertake an independent resource assessment of the Montney Formation in the Calima Lands. This evaluation will be based on their own experience and the sub-surface work conducted by the Company. The results of this work will be released during Q1 2018.

The Company followed up on its scouting and reconnaissance trip during the previous quarter with survey work (Figures 2 and 3) to determine optimal road access routes and to identify potential drilling locations in the areas high-graded by the geoscience evaluation. This has resulted in the lodgement of various applications and submissions to the regulatory authorities. Progress with the various applications will be reported as necessary

### **Corporate**

During the quarter, the Company held its first Question and Answer Investor Webinar session with Managing Director Mr Alan Stein. A recording of the Investor Webinar can be viewed at the Company's website.

<http://www.calimaenergy.com/liquids-rich-montney-play-canada-investor-webinar/>

The Company also advised that two research reports were prepared and issued in relation to the Company. These can both be found on the Company's website:

<http://www.calimaenergy.com/euroz-limited-analysts-report/>

<http://www.calimaenergy.com/independent-investment-research-analysts-report/>

The Company has also entered into a Controlled Placement Agreement (**CPA**) with Acuity Capital. The CPA provides Calima with up to \$3 million of standby equity capital over the coming 23-month period. Importantly, Calima remains in full control of all aspects of the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of the shares and the timing of each placement tranche (if any). There are no requirements on Calima to utilise the CPA and Calima can terminate the CPA at any time, without cost or penalty. Acuity Capital and the CPA do not place any restrictions at any time on Calima raising capital through other methods. Under the CPA Calima will issue 24,000,000 shares to Acuity Capital as collateral for Acuity Capital's obligations under the CPA. If Calima does decide to utilise the CPA (which it can do at any time during the term of the CPA), Calima must give an exercise notice to Acuity Capital advising: the amount of the placement facility it wishes to use; the floor price (at Calima's sole discretion) for the placement; and setting an exercise period (at its election) up to 20 business days after which Acuity Capital can elect to participate in the placement. During the notice exercise period Acuity Capital may use the collateral shares to hedge its obligations to subscribe for shares under the exercise notice (should it elect to do so) including selling the collateral shares (under the terms of the CPA Acuity Capital is not permitted to use or trade the collateral shares for any other purpose). If Acuity Capital elects (at its discretion) to participate in the placement proposed in the exercise notice by Calima the final issue price for the placement will be calculated as the greater of that floor price set by Calima and a 10% discount to the Value Weighted Average Price (VWAP) of shares traded by Acuity Capital

during the notice exercise period. The CPA contains provisions that on termination of the CPA the full number of the collateral shares must be returned to Calima for no consideration by Acuity Capital or otherwise sold by Acuity Capital and the proceeds paid at the direction of Calima.

An appendix 3B and further details in relation to the CPA will follow shortly.

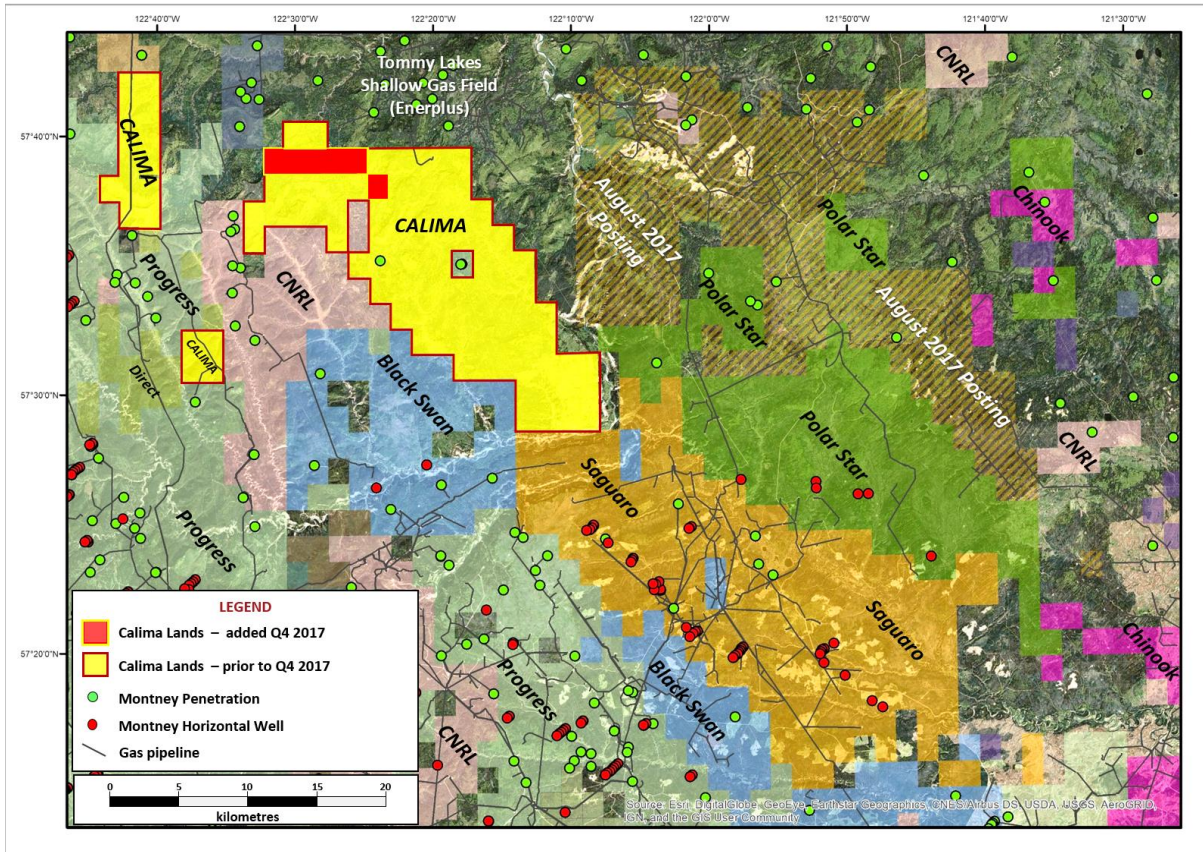


Figure 1 – Montney Drilling Rights with Operators annotated. The Calima Lands cover 72,014 acres. The Calima Land position prior to Q4 2017 is shown in yellow with Q4 2017 acreage awards shown in red.



*Figure 2 – Calima survey team scouting road access into the Calima Lands.*



*Figure 3 – Aerial view of a pre-existing track within the Calima Lands that could provide road access.*



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.