



ASX Code: CE1

Market Announcements Platform
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

15 May 2018

Calima Energy Limited – Lodgement of TMK Montney Ltd Bidder's Statement

The Board of **Calima Energy Limited (ASX:CE1)** ("Calima" or the "Company") advises that a copy of the Company's Bidder's Statement is attached in relation to the Company's off-market takeover bid to acquire 100% of the issued voting shares in TMK Montney Ltd that it does not already own, which was announced to the market on 2 May 2018.

The Bidder's Statement was lodged with ASIC earlier today.

ENDS

For and on behalf of the Board of Calima Energy Limited

Alan Stein,

Managing Director

For further information visit www.calimaenergy.com or contact:

Calima Energy Limited

Alan Stein

Managing Director

E: astein@calimaenergy.com

T: +61 8 6500 3270

Jonathan Taylor

Technical Director

E: jtaylor@calimaenergy.com

T+ 44 77391 77805

Glenn Whiddon

Chairman

E: glenn@lagral.com

T: +61 0 410 612 920

THIS IS AN IMPORTANT DOCUMENT WHICH YOU SHOULD READ CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

**Calima Energy Limited
(ACN 117 227 086)**

Bidder's Statement

**in relation to the Offer by Calima to acquire
ALL of your Ordinary Shares in
TMK Montney Ltd (ACN 607 112 710)**

Consideration offered is 2.1 Calima Shares for every one TMKM Share you own.

The Offer is dated 21 May 2018 and will close at 5.00pm (WST) on 22 June 2018, unless extended or withdrawn

The directors of TMKM have publicly announced that they *unanimously recommend* you accept the Offer (in the absence of a Superior Proposal)

Important Information

Bidder's Statement

This document (**Bidder's Statement**), dated 15 May 2018, is issued by Calima Energy Limited (ACN 117 227 086) under Part 6.5 of the Corporations Act in relation to an off-market takeover offer by Calima to acquire all TMKM Shares (other than the TMKM Shares already held by Calima) and sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 15 May 2018. ASIC takes no responsibility for the contents of this Bidder's Statement.

Investments Risks

There are a number of risks that may have a material impact on the value of the Offer, the future performance of the Merged Entity and the value of Calima Securities. These are described in Section 10 of this Bidder's Statement.

Foreign Jurisdictions

The distribution of this document and the making of the Offer may be restricted by the laws or regulations of foreign jurisdictions. Persons who come into possession of this Bidder's Statement should seek advice and observe these restrictions.

The Offer is not being made, directly or indirectly, in or into, and will not be capable of acceptance from within, any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction.

No action has been taken to register or qualify Calima or to otherwise permit the offering of Calima Shares outside Australia. See Section 11.18 for further information.

This Bidder's Statement has been prepared having regard to Australian disclosure requirements. These disclosure requirements may differ from those of other countries.

The entitlements of TMKM Shareholders who are located in jurisdictions outside Australia are set out in Sections 1 and 8 of Annexure A.

Disclosure Regarding Forward Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on Calima's current expectations and predictions about future events, including Calima's intentions (which include those set out in Section 8). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Calima, TMKM and the Merged Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 10.

None of Calima, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty that (express or implied) any forward looking statements will occur. The forward looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

Disclaimer Regarding TMKM and the Merged Entity Information

In preparing the information relating to TMKM and the Merged Entity contained in this Bidder's Statement, Calima has relied on publicly available information relating to TMKM and information provided by TMKM management which has not been independently verified by Calima or its Directors. Risks may exist in relation to TMKM (which will affect the Merged Entity) of which Calima is unaware. If any material risks are known to the directors of TMKM, they must be disclosed in the target's statement to be issued by TMKM.

Accordingly, subject to any applicable law, Calima makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

Further information on TMKM may be included in the target's statement which TMKM is required to provide to all TMKM Shareholders in response to this Bidder's Statement.

Value of Calima Shares

The implied value of the Offer will vary with the market price of Calima Shares. Further information on the implied value of the Offer is contained in this document. Before accepting the Offer, TMKM Shareholders should obtain current quotes for Calima Shares from their financial or other professional adviser.

In addition, all references to the implied value of the Offer is subject to the effects of rounding.

Investment Advice

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each TMKM Shareholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Privacy

Calima has collected your information from the register of TMKM for the purposes of making the Offer and administering your acceptance over your TMKM Shares. Calima and its share registry may use your personal information in the course of making and implementing the Offer. Calima and its share registry may also disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by Calima, please contact Calima at the address set out in the Key Contacts Section.

Defined Terms

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 13.

Internet Sites

Calima and TMKM each maintain internet sites. The URL location for Calima is www.calimaenergy.com and for TMKM is www.tmk.com.au. Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. All references to these sites in this Bidder's Statement are for information purposes only.

Estimates and Assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by Calima management. Management estimates reflect, and are based on, views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

Effect of Rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

In this Bidder's Statement, references to "Australian dollars", "AUD", "\$", "A\$" or "cents" are to the lawful currency of Australia.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Calima or TMKM in respect of which different exchange rates may have been, or may be, used.

Maps and Diagrams

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

Director's Letter

15 May 2018

Dear TMKM Shareholders

On behalf of the Directors of Calima Energy Limited (**Calima**), I am pleased to enclose an offer to acquire all of Your Shares in TMK Montney Ltd (**TMKM**).

By accepting Calima's offer you will receive, subject to the terms and conditions of the Offer, 2.1 Calima Shares for every one TMKM Share you own (**Offer**).

As a reminder, you received 1 TMKM Share for every 10 Tamaska Oil and Gas Ltd shares you held on 21 September 2015 (being the demerger record date), so the Offer equates to 0.21 Calima Shares for each original Tamaska Oil and Gas Ltd share held.

The Board of TMKM has publicly recommended all TMKM Shareholders accept the Offer, in the absence of a Superior Proposal being received. TMKM's Directors have publicly stated that they will accept, or procure the acceptance of, the Offer in respect of any TMKM Shares they or their associates own or control.

Calima currently owns the Montney Project together with the Joint Venture Partners (Calima, TMKM and TSVM). Currently Calima owns a 20% working interest in the Montney Project pursuant to the Montney JV and has rights to earn up to a total working interest of 55% by funding the balance of the C\$20million earn-in expenditure under the Farm-in Agreement. TMKM and TSVM, the other Joint Venture Partners, respectively holding 32% and 48% working interests in the Montney Project pursuant to the Montney JV, are subject to dilution by the Farm-in Agreement.

In order to consolidate 100% of the Joint Venture Partners (Calima, TMKM and TSVM) interests in the Montney Project, Calima is making the Offer (a takeover bid to acquire all of the issued capital of TMKM (that it does not already own)) and a separate takeover bid to acquire all of the issued capital of TSVM under the TSVM Acquisition with the consideration for both takeovers being Calima Shares. Contemporaneous with the Offer and the takeover for TSVM, Calima also proposes to acquire all of the TMKM Options and TSVM Options on issue by way of private treaty with the consideration being the issue of Calima Shares.

For more information on Calima please see Section 3 of the Bidder's Statement. The Directors of Calima believe that the creation of the Merged Entity will provide a wider pathway for value creation through a well-funded company that is listed on the ASX.

The Directors consider that the rationale for the creation of the Merged Entity is compelling and has the potential to create additional value for shareholders of both companies. Some of the important reasons for recommending the Offer are that consolidation of the interests in the Montney Project is likely to attract greater market interest in the project, the Merged Entity will have greater access to additional capital to fund the forward work programme on the project, and the Merged Entity can provide ASX share trading liquidity to the security holders of TMKM. Further reasons to accept the Offer are set out in Section 2.

I encourage you to read this important document carefully. The Offer is open for acceptance until 5.00 pm (WST) on 22 June 2018, unless extended. If you wish to accept the Offer, you should follow the instructions on the Acceptance Form enclosed.

If you have any questions about the Offer, please contact Calima on +61 8 6500 3270, or your professional financial adviser.

Yours sincerely



Alan Stein
Managing Director

Key Dates

Announcement of Offer	2 May 2018
Date of this Bidder's Statement	15 May 2018
Date this Bidder's Statement is lodged with ASIC	15 May 2018
Record Date	15 May 2018
Date of Offer	21 May 2018
Date for giving notice of status of conditions	12 June 2018
Offer Close (unless otherwise extended)	5.00pm (WST) 22 June 2018

Key Contacts

Share registrar for the Offer:

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
Phone (within Australia): 1300 850 505
Phone (outside Australia): +61 3 9415 4000

Calima Energy Limited:

1A, 1 Alvan Street,
Subiaco WA 6008
Phone (within Australia): 08 6500 3270
Phone (outside Australia): +61 8 6500 3270

Corporate Adviser for the Offer:

Euroz Securities Limited
Level 18 Alluvion
58 Mounts Bay Road
Perth WA 6000

Lawyers:

GTP Legal
68 Aberdeen Street
Northbridge WA 6003

Table of Contents

1.	Investment Overview	1
2.	Why You Should Accept the Offer	8
3.	Profile of Calima	10
4.	Information about Calima Securities	23
5.	Profile of TMKM	28
6.	Profile of TSVM.....	32
7.	Merged Entity	37
8.	Intentions of Calima	45
9.	Australian and Canadian Tax Considerations	50
10.	Risk Factors.....	56
11.	Additional Information	65
12.	Directors Authorisation.....	74
13.	Definitions and Interpretation.....	75
	Annexure A – Terms of Offer.....	83
	Annexure B – Calima's ASX Announcements	94

1. Investment Overview

The information in this Section 1 is intended to provide an overview of Calima, the Offer that Calima is making for your TMKM Shares and the risks you should consider.

The information in this Section 1 is not intended to be comprehensive and should be read in conjunction with the detailed information contained in this Bidder's Statement.

You should read this Bidder's Statement in its entirety, and the separate target's statement which will be sent to you directly by TMKM, before deciding how to deal with your TMKM Shares. The detailed terms of the Offer are set out in Annexure A.

The information in this Section 1 is set out by way of response to a series of questions. Calima believes this is the most informative way to provide the information. Each answer has, where appropriate, cross-references to other questions in this Investment Overview and other parts of this Bidder's Statement, including the Annexures, that contain more information that you might find useful or relevant.

Part A of this Investment Overview deals with the Offer. Part B deals with Calima, its business and assets and Calima Securities. Part C deals with risks relating to Calima, TMKM, the Offer and the Merged Entity. Part D deals with other relevant questions.

If you have any questions about the Offer, please contact Calima on +61 8 6500 3270, or your professional financial adviser.

Part A – Overview of the Offer

No.	Question	Answer	Further Information
1.	What is Calima offering to buy?	Calima is offering to buy all TMKM Shares (other than the TMKM Shares already held by Calima) under the Offer, including TMKM Shares that are issued during the Offer Period due to the conversion of TMKM Options, on the terms set out in this Bidder's Statement. You may only accept the Offer in respect of all (not part) of the TMKM Shares held by you.	Annexure A contains the full terms of the Offer and the Conditions. The answers to questions 2 to 4 and 17 to 29 explain other aspects of the Offer.
2.	How long will the Offer remain open?	The Offer opens on 21 May 2018. Unless withdrawn or extended in accordance with the Corporations Act, the Offer is scheduled to close at 5:00 pm (WST) on 22 June 2018.	
3.	What will you receive if you accept the Offer?	If you accept the Offer, subject to satisfaction of the Conditions of the Offer, you will receive 2.1 Calima Shares for every one TMKM Share held by you. If you accept the Offer and you are an Ineligible Foreign Shareholder, you will not be entitled to receive Calima Shares as consideration for your TMKM Shares. In these circumstances, the Calima Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Calima Shares. The sale proceeds (less any transaction costs) will then be remitted to you by cheque in Australian dollars. See Section 11.18 for further details.	Annexure A contains full terms of the Offer and the Conditions. The answer to question 26 summarises the Conditions.

No.	Question	Answer	Further Information
4.	What is the value of the Offer?	<p>The implied value of the offer is A\$0.1134 per TMKM Share based on Calima's closing share price on 1 May 2018 (being the last day Calima Shares traded on ASX prior to the Announcement Date) of A\$0.054.</p> <p>The value of the Offer may change as a consequence of changes in the market price of Calima Shares.</p>	<p>Section 4.2 of this Bidder's Statement provides further information in respect of the implied value of the Offer.</p> <p>The answers to questions 5 to 10, and Sections 3, 4 and 10 of this Bidder's Statement contain more information about Calima, its business and assets and the risks that may apply to Calima.</p> <p>Section 2 of this Bidder's Statement contains the view of Calima as to why it believes you should accept the Offer.</p>

Part B – Overview of Calima

No.	Question	Answer	Further Information
5.	Who is Calima?	<p>Calima is an Australian incorporated company listed on the Official List of the ASX (ASX Code: CE1).</p> <p>Please refer to Sections 3, 4 and 10 for further information on Calima.</p>	<p>Sections 3, 4 and 10 of this Bidder's Statement contain more information about Calima's assets, financial position, details of Calima Securities currently on issue and the risks that may apply to Calima.</p>
6.	Will my new Calima Shares be listed on ASX?	<p>Within 7 days of the date of this Bidder's Statement, Calima will apply to ASX for quotation of the new Calima Shares on ASX and the Offer is conditional on quotation being granted. Quotation of the new Calima Shares depends on ASX exercising its discretion to admit them to quotation on ASX.</p> <p>Calima is already admitted to the Official List of ASX and Calima Shares in the same class as the new Calima Shares being offered are already quoted.</p>	<p>Section 4.3 of this Bidder's Statement contains more information in relation to the admission of Calima Shares to the Official List of ASX.</p>
7.	What rights and liabilities will attach to my new Calima Shares?	<p>The new Calima Shares issued under the Offer will be issued fully paid and will from the time of issue rank equally with existing Calima Shares.</p>	<p>Section 4.4 of this Bidder's Statement contains more information about the rights and liabilities attaching to Calima Shares.</p>

No.	Question	Answer	Further Information
8.	Who are the Calima Directors and what experience do they have?	<p>The current Directors of Calima are:</p> <p>(a) Alan Stein – Managing Director;</p> <p>(b) Jonathan Taylor – Technical Director;</p> <p>(c) Glenn Whiddon – Non-Executive Chairman; and</p> <p>(d) Neil Hackett - Non-Executive Director.</p> <p>The Directors of Calima have a variety of significant experience in the international oil and gas industry, natural resources and capital markets.</p> <p>In addition, the bid implementation agreement between TSVM and Calima provides that Calima will appoint a nominee, to be agreed by Calima and TSVM, to the Board of Calima with effect as soon as practicable from the date of the TSVM Acquisition becoming unconditional and in any event prior to any change in the Board of TSVM by Calima</p>	Section 3.2 of this Bidder's Statement contains further information in relation to the Calima Directors and their experience.
9.	Do the Directors of Calima have any securities in TMKM?	<p>Yes, 2,400,000 TMKM Options are currently held by Havoc Partners. Havoc Partners is a limited liability partnership which is owned by five members, being Directors Alan Stein and Jonathan Taylor and three other members of the Company's management team. The consideration payable to Havoc Partners for the acquisition of its TMKM Options will be the issue of a total of 2,160,000 Calima Shares. Havoc Partners proposes to distribute the consideration received to its members at completion of the Offer. Of the Calima Shares proposed to be issued in respect of the TMKM Options held by Havoc Partners, Mr Stein and Mr Taylor will each be issued 675,000 Calima Shares as Havoc Partner members with the balance being issued to the other Havoc members.</p>	Section 11.12 of this Bidder's Statement contains further information in relation to the shareholdings and other interests in TMKM.
10.	Do the Calima Directors have any interest in Calima Securities?	<p>Yes, all of the Calima Directors have securities in Calima.</p> <p>The interests held by the Directors are disclosed in Section 11.12 of this Bidder's Statement.</p>	Sections 11.12 and 11.13 of this Bidder's Statement contain further information in relation to the shareholdings and other interests in Calima, and the remuneration, of the Calima Directors.
11.	Do the Directors of Calima have any securities in TSVM?	No, none of the Calima Directors have securities in TSVM.	Section 11.12 of this Bidder's Statement contains further information in relation to the shareholdings and other interests in TSVM.

Part C – Overview of Risks

No.	Question	Answer	Further Information
12.	Are there risks if I accept the Offer?	<p>Yes. If you accept an Offer, and it becomes Unconditional, you will be issued new Calima Shares and Calima will acquire an interest in TMKM. There are risks in holding Calima Shares. You are already exposed to some of these risks, to varying degrees, as a result of your TMKM Shares.</p> <p>The financial and operational performance of Calima's business, and the value and trading prices for Calima Shares will be influenced by a range of risks. Many of these risks are beyond the control of Calima's Board and management.</p> <p>Section 10 of this Bidder's Statement provides a detailed explanation of these risks. Specifically it deals with:</p> <ul style="list-style-type: none">(a) risks relating to the Offer;(b) risks that are specific to Calima and TMKM as the Merged Entity; and(c) general and industry risks relating to Calima and TMKM as the Merged Entity.	See Section 10 of this Bidder's Statement which contains full details in respect of each of the risks.

Part D – Other Relevant Questions

No.	Question	Answer	Further Information
13.	Who is TSVM?	Calima, TMKM and TSVM are the Joint Venture Partners in the Montney Project.	See Sections 3.1 and 7.3 for further information.
14.	What is the TSVM Acquisition?	At the same time as making the Offer, Calima is also conducting the TSVM Acquisition to acquire all of the issued capital of TSVM. Successful completion of the Offer and the TSVM Acquisition will consolidate 100% of the Joint Venture Partners' working interests in the Montney Project.	See Sections 3.1 and 7.3 for further information.
15.	Are the Offer and the TSVM Acquisition conditional on each other?	<p>No, successful completion of the TSVM Acquisition is not a condition of the Offer. Accordingly, if the Offer is successful, Calima will proceed with the Offer regardless of the outcome of the TSVM Acquisition.</p> <p>Similarly, successful completion of the Offer is not a condition of the TSVM Acquisition.</p>	See Section 3.1 for further information.
16.	Does the TMKM Board recommend the Offer?	The TMKM Board unanimously recommends that TMKM Shareholders accept the Offer, in the absence of a Superior Proposal.	

No.	Question	Answer	Further Information
17.	Is there an offer in respect of TMKM Options?	<p>Calima intends to enter into private treaty arrangements with TMKM Optionholders to acquire their TMKM Options.</p> <p>It is a Condition of the Offer that all TMKM Optionholders accept an offer by the Calima to acquire their TMKM Options.</p>	See Section 11.6 of this Bidder's Statement for further information.
18.	Can the Offer Period be extended?	The Offer Period can be extended at Calima's election in accordance with the Corporations Act.	See Section 2 of Annexure A which contains further information as to the circumstances in which the Offer Period can be extended.
19.	What choices do I have as a TMKM Shareholder?	<p>The TMKM Board recommends that you accept the Offer in the absence of a Superior Proposal. However, as a TMKM Shareholder, you have the following choices in respect of your TMKM Shares:</p> <ul style="list-style-type: none"> (a) accept the Offer; (b) sell all or some your TMKM Shares outside of the Offer, but as TMKM Shares are not listed on any securities exchange, this may be difficult for you to do; or (c) do nothing. 	
20.	How do I accept the Offer?	<p>Below is a summary of the ways in which you can accept the Offer. Full details regarding acceptance of the Offer is set out in Section 4 of Annexure A.</p> <p>You may only accept the Offer in respect of all (and not part) of your TMKM Shares.</p> <p>To accept the Offer, you must complete the accompanying Acceptance Form and return it, together with any other documents required, to the address on the form so that it is received before the date the Offer closes.</p>	See your Acceptance Form enclosed with this Bidder's Statement and Annexure A for further information.
21.	Can I accept an Offer for part of my holding?	No, you must accept the Offer for all of your holding.	
22.	If I accept the Offer can I withdraw my acceptance?	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Offer, Calima varies the Offer in a way that postpones for more than one month the time that Calima has to meet its obligations under the Offer (for example, if Calima extends the Offer for more than one month while the Offer remains subject to any of the Conditions).	Annexure A of this Bidder's Statement contains more information as to the limited circumstances in which you may be able to revoke or withdraw your acceptance of the Offer.

No.	Question	Answer	Further Information
23.	When will I receive my consideration?	<p>If you accept the Offer and it becomes Unconditional, subject to you providing any other documents required, Calima will issue your Calima Shares as consideration for your TMKM Shares on or before the earlier of:</p> <p>(a) one month after you have validly accepted the Offer or the contract resulting from its acceptance becomes Unconditional (whichever is later); and</p> <p>(b) 21 days after the end of the Offer Period, provided that the Offer has become Unconditional.</p> <p>If you accept the Offer and you are an Ineligible Foreign Shareholder, you will not be entitled to receive Calima Shares as consideration for your TMKM Shares. In these circumstances, the Calima Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Calima Shares. The sale proceeds (less any transaction costs) will be remitted to you by cheque in Australian dollars.</p>	Annexure A of this Bidder's Statement contains more information as to when your new Calima Shares will be issued to you under the Offer.
24.	Will I need to pay any transaction costs if I accept the Offer?	<p>You will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.</p> <p>If you are an Ineligible Foreign Shareholder, the proceeds you will receive from the sale of your Calima Shares will be net of any costs including brokerage charges.</p>	Annexure A of this Bidder's Statement contains the full terms of the Offer and Conditions. See also the instructions on the Acceptance Form enclosed with this Bidder's Statement.
25.	What happens if I do not accept the Offer?	<p>Subject to the explanation below, you will remain a TMKM Shareholder and will not receive the Offer Consideration.</p> <p>If you do not accept the Offer or sell your TMKM Shares and Calima acquires a Relevant Interest in at least 90% of TMKM Shares and the other conditions of the Offer are satisfied or waived, Calima intends to proceed to compulsorily acquire your outstanding TMKM Shares. You will be invited to claim the Offer Consideration. Therefore, accepting the Offer will result in you receiving your Offer Consideration sooner if you accept the Offer, rather than having your TMKM Shares compulsorily acquired.</p> <p>If the Offer becomes or is declared Unconditional but Calima does not become entitled to compulsorily acquire your TMKM Shares under the Corporations Act, unless you sell your TMKM Shares, you will remain a TMKM Shareholder. In these circumstances and, depending on the number of TMKM Shares acquired by Calima, you may be a</p>	<p>Section 8.4 of this Bidder's Statement provides more information regarding Calima's intentions if it acquires a Relevant Interest in at least 90% of the TMKM Shares.</p> <p>Section 8.5 of this Bidder's Statement provide more information regarding Calima's intentions if it acquires a Relevant Interest in less than 90% of the TMKM Shares.</p>

No.	Question	Answer	Further Information
		minority TMKM Shareholder in what may be an even less liquid stock.	
26.	Are there conditions to the Offer?	<p>The Offer is subject to the Conditions set out in Section 9 of Annexure A and which include:</p> <ul style="list-style-type: none"> (a) at the end of the Offer Period, Calima having a Relevant Interest in at least 90% of the TMKM Shares on issue; (b) no Prescribed Occurrence for TMKM or TMKM Material Adverse Change occurring prior to the end of the Offer Period; (c) all TMKM Optionholders accepting a Private Treaty Offer in respect of their TMKM Options; (d) a condition relating to decisions, actions and investigations by, and applications to, Government Agencies which may adversely affect the Offer; and (e) a condition relating to any approvals or consents required as a result of the Offer, being obtained. 	Section 9 of Annexure A to this Bidder's Statement sets out the Conditions to the Offer in full.
27.	What if the Conditions are not satisfied or waived?	If the Offer closes and the Conditions are not satisfied or waived, the Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your TMKM Shares (unless you otherwise sell them). Calima will announce whether the Conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.	<p>Annexure A to this Bidder's Statement sets out further information in relation to the Offer.</p> <p>Section 11.1 sets out further details of the Bid Implementation Agreement.</p>
28.	What happens if Calima improves the Offer Consideration?	If Calima improves the Offer Consideration of the Offer, all the TMKM Shareholders who accept that Offer (whether or not they have accepted the Offer before or after such improvement) will be entitled to the benefit of the improved Offer Consideration, should that Offer become or be declared Unconditional.	Annexure A to this Bidder's Statement sets out further information in relation to the Offer.
29.	What are the tax implications of accepting the Offer?	A general summary of the Australian and Canadian tax consequences for TMKM Shareholders who accept the Offer are set out in Section 9. The summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. TMKM Shareholders should seek their own taxation advice in relation to the Offer.	Section 9 of this Bidder's Statement sets out further information.

2. Why You Should Accept the Offer

Calima believes you should **ACCEPT** the Offer for the following reasons:

1. You will receive the Offer Consideration for your TMKM Shares

The implied value of the offer is A\$0.1134 per TMKM Share based on Calima's closing share price on 1 May 2018 (being the last day Calima Shares traded on ASX prior to the Announcement Date) of A\$0.054. The value of the Offer may change as a consequence of changes in the market price of Calima Shares.

2. You will gain ASX share trading liquidity

Since Calima is listed on ASX and Calima is offering to issue Calima Shares as consideration for your TMKM Shares, you will, if you accept the Offer, gain the ability to trade on ASX the Calima Shares that you receive as Offer Consideration should the Offer be successful (subject to any trading restrictions that may apply to your Calima Shares).

3. You will become a shareholder in a larger capitalised company with improved access to capital

By accepting the Offer and it becoming unconditional, you will become a shareholder of a company with an enhanced balance sheet and improved access to capital for funding the forward work programme for the Montney Project given its ASX listing. This alleviates the funding risk that TMKM currently faces as a public unlisted company.

4. Consolidation of the interests in the Montney Project will make the project more attractive

The Montney Project is currently owned by the Joint Venture Partners (Calima, TMKM and TSVM). In order to consolidate 100% of the Joint Venture Partners' interests in the Montney Project, at the same time as making the Offer, Calima is also making the TSVM Acquisition to acquire all of the issued capital of TSVM.

If the Offer and the TSVM Acquisition are successful, the interests in the Montney Project, currently held by the Joint Venture Partners, will be consolidated into a wholly owned entity, which is likely to attract greater market interest in the project.

5. Consolidation of the interests in the Montney Project will remove misalignments of separate joint venture interests and create synergies

The Joint Venture Partners each have their own interests to consider in relation to the Montney Project. If the Offer and the TSVM Acquisition are successful, and the interests in the Montney Project are consolidated, any impediments or misalignments between the Joint Venture Partners will be removed.

In addition, consolidation of the interests in the Montney Project will create synergies including the removal of duplicated technical and administrative costs.

The Merged Entity will benefit from a simplified ownership and management structure with a strong Board and management team. The Calima Board and senior management comprise a highly successful and experienced team with a history of generating shareholder value.

The points above are expected to allow for the acceleration of the exploration and development of the Montney Project.

6. The TMKM Board unanimously recommends that you accept the Offer

The TMKM Board unanimously recommends that TMKM Shareholders accept the Offer, in the absence of a Superior Proposal. This unanimous recommendation is contained in the target's statement to be issued by TMKM.

The members of the TMKM Board have also indicated that they will accept, or procure the acceptance of, the Offer in respect of all TMKM Shares they control.

7. Support from major TMKM Shareholder

Calima has entered into a pre-bid acceptance agreement with TMKM Shareholder, Mr Charles Morgan, in respect of 8.60% of TMKM Shares. A summary of the Pre-bid Acceptance Agreement is set out in Section 11.8.

Under the terms of the Pre-bid Acceptance Agreement, Mr Morgan has agreed to accept the Offer in respect of 6,140,000 TMKM Shares, subject to certain termination rights, within five Business Days after the commencement of the Offer Period. See Section 11.9 for further details.

The commitment by Mr Morgan (in respect of 8.60% of the TMKM Shares) clearly supports the view of the Directors as to the merits of a merger with TMKM. This commitment also improves the prospects of the merger between Calima and TMKM being consummated in a timely manner.

As a result of Calima's entry into the Pre-bid Acceptance Agreement, Calima has a Relevant Interest in 8.60% of the TMKM Shares as at the date of this Bidder's Statement. In addition, Calima holds 11.2% of the TMKM Shares and accordingly as at the date of this Bidder's Statement, Calima has a Relevant Interest in 19.80% of the TMKM Shares.

In addition, TMKM has procured several TMKM Shareholders, holding in aggregate 39.08% of the TMKM Shares, to state they intend to accept the Offer in the absence of a Superior Proposal. A list of the TMKM Shareholders that have indicated that they intend to accept the Offer, in the absence of a Superior Proposal, is set out in Section 11.9.

8. No duty or brokerage

There will be no brokerage or Australian duty payable by you in respect of the sale of your TMKM Shares to Calima.

If you are an Ineligible Foreign Shareholder, the proceeds you will receive from the sale of your Calima Shares will be net of any costs including brokerage charges.

9. No Superior Proposal has emerged

Calima is not aware of any other party intending to make an offer for TMKM Shares which is superior to the Offer and TMKM has not made Calima aware of any party having made an intention to make such a proposal.

10. Implications of remaining as a minority shareholder of TMKM

You will be/remain a minority shareholder in TMKM in circumstances where:

- (a) Calima receives acceptances under the Offer that result in it having a Relevant Interest in less than 90% of TMKM Shares. A condition of the Offer is that at the end of the Offer Period, Calima must have a Relevant Interest in at least 90% of the TMKM Shares on issue. However Calima reserves the right to free the Offer from the Minimum Acceptance Condition;
- (b) the Offer Period closes and the Offer is unconditional; and
- (c) you do not accept the Offer in respect of your TMKM Shares.

In the above circumstances you will be a minority shareholder in a company that is controlled by Calima and it will be likely that the market for TMKM Shares may become less liquid or active affecting your ability to dispose of TMKM Shares should you wish to do so.

It is possible that, even if Calima is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently acquire further TMKM Shares in reliance on the Corporations Act either from existing TMKM Shareholders or from issues of new TMKM Shares (including entitlements issues and in reliance on the '3% creep' exception in item 9 of Section 611 of the Corporations Act).

If you wish to accept the Offer, you must return the signed Acceptance Form by 5:00 pm (WST) on 22 June 2018.

3. Profile of Calima

3.1 Overview of Calima

Calima is an Australian public company that was admitted to the Official List of ASX on 28 July 2006.

Since its incorporation, Calima has been involved in the exploration of several oil and gas projects.

Calima completed a re-compliance and was reinstated to trading on the ASX on 31 August 2017.

Calima, through its wholly owned Canadian subsidiary, has entered into the Farm-in Agreement in relation to oil and gas licences prospective for the Montney formation in British Columbia, Canada (**Montney Project**).

The Montney Project is comprised of approximately 72,000 gross acres prospective for the Montney formation in British Columbia, Canada. The Montney formation is a pervasive hydrocarbon system over 100km wide that is rapidly emerging as one of North America's premier resource plays.

Under the Farm-in Agreement, Calima has the right to earn up to a 55% interest in the Montney Project by spending up to C\$25million. Calima's farm-in rights are in three stages as follows:

Stage	Cumulative Expenditure Commitment	Working Interest earned (cumulative)	Latest Date
1	C\$5 million	20% (20%)	Completed
2	C\$7 million	17.5% (37.5%)	28 Feb 2019
3	C\$13 million	17.5% (55%)	28 Feb 2020

As announced by Calima on 7 March 2018, Calima has completed Stage One of the farm-in to earn a 20% working interest in the Montney Project. Calima may elect to cease making further Stage Two farm-in contributions at any time prior to 1 August 2018.

The remaining working interests in the Montney Project are owned by TMKM and TSVM, through their wholly owned Canadian subsidiaries. TMKM currently owns a 32% interest and TSVM currently owns a 48% interest in the Montney Project with such working interests being subject to pro rata dilution by the Farm-in Agreement.

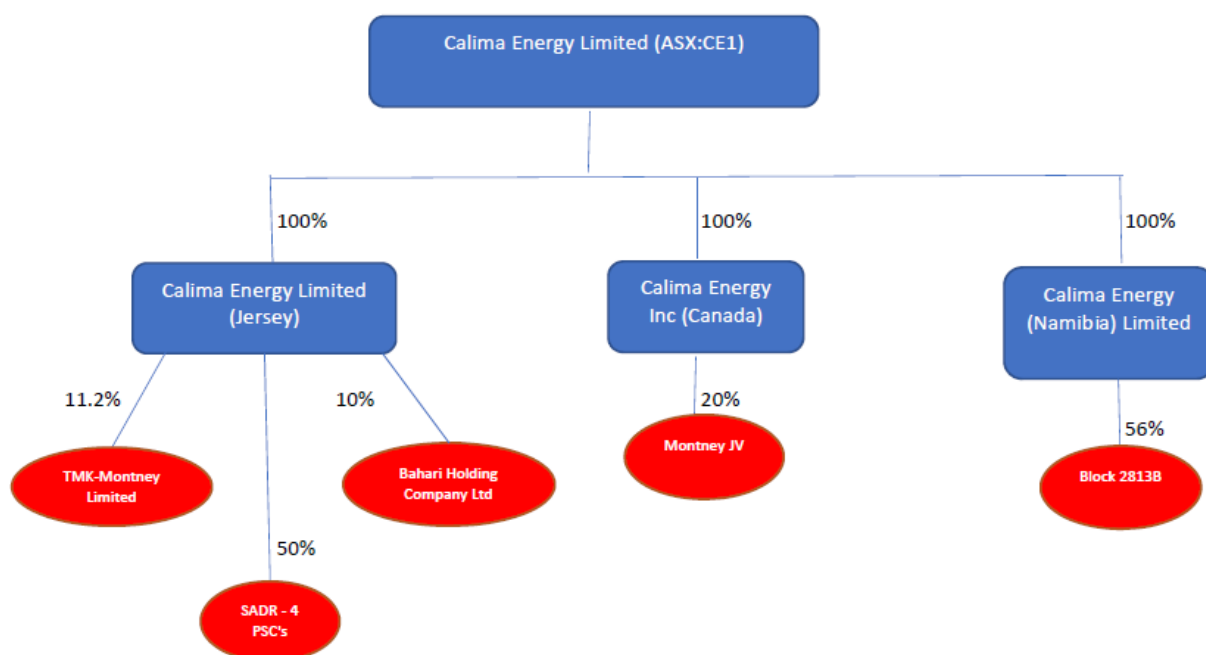
In order to consolidate 100% of the Joint Venture Partners' (Calima, TMKM and TSVM) interests in the Montney Project, Calima is making the Offer (a takeover bid to acquire all of the issued capital of TMKM (that it does not already own)) and a separate takeover bid to acquire all of the issued capital of TSVM under the TSVM Acquisition with the consideration for both takeovers being Calima Shares. Contemporaneous with the Offer and the takeover for TSVM, Calima also proposes to acquire all of the TMKM Options and TSVM Options on issue by way of private treaty with the consideration being the issue of Calima Shares.

The primary assets of Calima are its interests in the Montney Project (20% interest, operator and further earn-in rights under the Farm-in Agreement) and its cash and cash equivalents of approximately \$4.67 million (as at 31 March 2018). Details of the other assets of Calima are detailed in Section 3.3.

The primary assets of TMKM and TSVM are their interests in the Montney Project (TMKM currently owns a 32% interest and TSVM currently owns a 48% interest in the Montney Project).

As at 1 May 2018 (being the last trading day before the Announcement Date), Calima had a market capitalisation of approximately \$29,937,450.

The corporate structure of Calima is shown in the diagram below.



3.2 Directors and key personnel of Calima

A brief summary of the Calima Board and key personnel, as at the date of this Bidder's Statement, is set out below.

Alan Stein – Managing Director (appointed 25 August 2017)

Alan has more than 30 years' experience in the international oil and gas industry. He was one of the founding partners of the geoscience consultancy IKODA Limited based in London and Perth and was the founding Managing Director of Fusion Oil & Gas plc and Ophir Energy plc. Fusion was listed on the UK AIM market in 2000 and made several discoveries offshore Mauritania before being sold in 2003. Most of the team at Fusion moved on together to create Ophir Energy plc and Alan was appointed as its Managing Director upon inception. Ophir was involved in several discoveries offshore Equatorial Guinea and Tanzania discovering more than 18Tcf of gas.

When Ophir listed in London on the London Stock Exchange in 2011 it was one of the largest ever listings of an E&P company in the UK and it became a constituent of the FTSE-250 index. When Alan resigned from the Board in 2012 to pursue his own business interests Ophir had a market capitalisation of approximately £2 billion.

Alan, together with four of his colleagues from both Fusion and Ophir (including Director, Jonathan Taylor), established Havoc Partners in 2014 as a natural resource investment partnership. Havoc Partners has various interests involved in the exploration for oil and gas, rare gases, precious and base metals.

Alan is currently the Non-Executive Chairman of Hanno Resources Ltd and Sea Captaur Limited and is a Non-Executive Director of Bahari.

Jonathan Taylor – Technical Director (appointed 25 August 2017)

Jon has more than 30 years' experience in the international oil and gas industry. He started his career with Amerada Hess in the UK before moving to Clyde Petroleum plc where he was involved in international exploration including postings to Yemen and Myanmar. He relocated to Perth in 1998 to take up the role of Technical Director at Fusion Oil & Gas plc which built an extensive portfolio focused on Northwest and West Africa. Fusion was listed on the UK AIM market in 2000 and made several discoveries offshore Mauritania before being sold in 2003. Most of the team at Fusion moved on together to create Ophir Energy plc and Jon once again took up the role of Technical Director. Ophir was involved in several discoveries offshore Equatorial Guinea and Tanzania ultimately discovering more than 18Tcf of gas.

When Ophir listed in London on the London Stock Exchange in 2011 it was one of the largest ever listings of an E&P company in the UK and it became a constituent of the FTSE-250 index. Jon resigned from the Board of Ophir in 2014 and, together with four of his colleagues from both Fusion and Ophir (including Director, Alan Stein), established Havoc Partners in 2014 as a natural resource investment partnership. Havoc Partners has various interests involved in the exploration for oil and gas, rare gases, precious and base metals.

Jon is currently a non-executive director of Helium One Limited, Citra Partners Ltd and Octant Energy Plc.

Glenn Whiddon – Non-Executive Chairman (appointed 2 June 2015)

Glenn is based in Australia and is a significant Shareholder in Calima. Glenn has an extensive background in equity capital markets, banking and corporate advisory, with a specific focus on natural resources. Glenn holds a degree in Economics and has extensive corporate and management experience. He is currently Director of a number of Australian and international public listed companies.

Glenn is currently a director of Auroch Minerals Limited, Statesman Resources Limited, HearMeOut Limited and Fraser Range Metals Group Limited.

Neil Hackett – Non-Executive Director and Joint Company Secretary (appointed 26 March 2012)

Neil holds a Bachelor of Economics from the University of Western Australia, post-graduate qualifications in Applied Finance and Investment, and is a Graduate (Order of Merit) with the Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australia. Neil is currently Non-executive Chairman of ASX listed company Ardiden Limited and is the company secretary of Metalicity Ltd and Steel Blue Footwear. Neil is also Non-executive Director of non-listed company Westcycle Inc.

Proposed Director

The bid implementation agreement between Calima and TSVM provides that Calima will appoint a nominee, to be agreed by Calima and TSVM, to the Board of Calima with effect as soon as practicable from the date of the TSVM Acquisition becoming unconditional and in any event prior to any change in the Board of TSVM by Calima.

3.3 Overview of Calima's projects

Canada – The Montney Formation Unconventional Play

(a) Introduction

As noted in Section 3.1 above, Calima, through its wholly owned Canadian subsidiary, has entered into the Farm-in Agreement in relation to the Montney Project, comprised of oil and gas licences prospective for the Montney Formation in British Columbia, Canada. The Montney Formation is a pervasive hydrocarbon system more than 100km-wide and is rapidly emerging as one of North America's premier resource plays.

As at the date of this Bidder's Statement, the Montney JV had invested approximately C\$16.26 million resulting in the acquisition of drilling licences covering 80,969 acres (119 sections) of land in British Columbia, in the Caribou, Pocketknife and Fort St John areas, which are considered to be highly prospective for the Montney Formation (Figure 1). Some of the Fort St John licences have since expired and the JV currently has licences covering 73,946 acres (108 sections), of which the majority are located in the Caribou and Pocketknife areas (referred to as "the Greater Caribou area"), where there are 72,014 acres (105 sections) licensed. A more detailed map showing the location of the Montney JV's land holdings in the Greater Caribou area, as at the date of this Bidder's Statement, is shown in Figure 2.

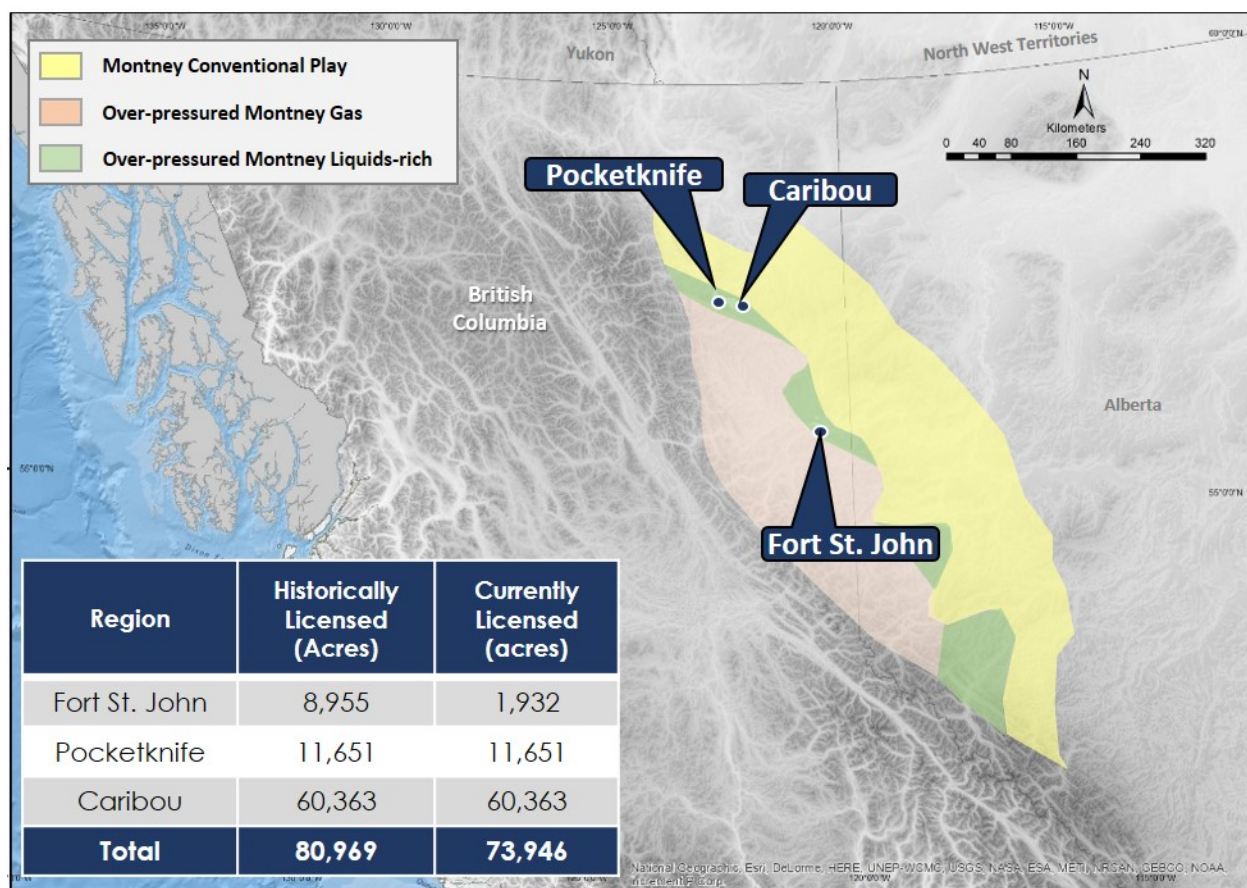


Figure 1 - The Montney JV invested C\$16.26 million resulting in the acquisition of 119 sections of land in the Caribou, Pocketknife (together comprising the Greater Caribou area) and Fort St John areas of British Columbia (some of the Fort St John licences expired in mid-2017).

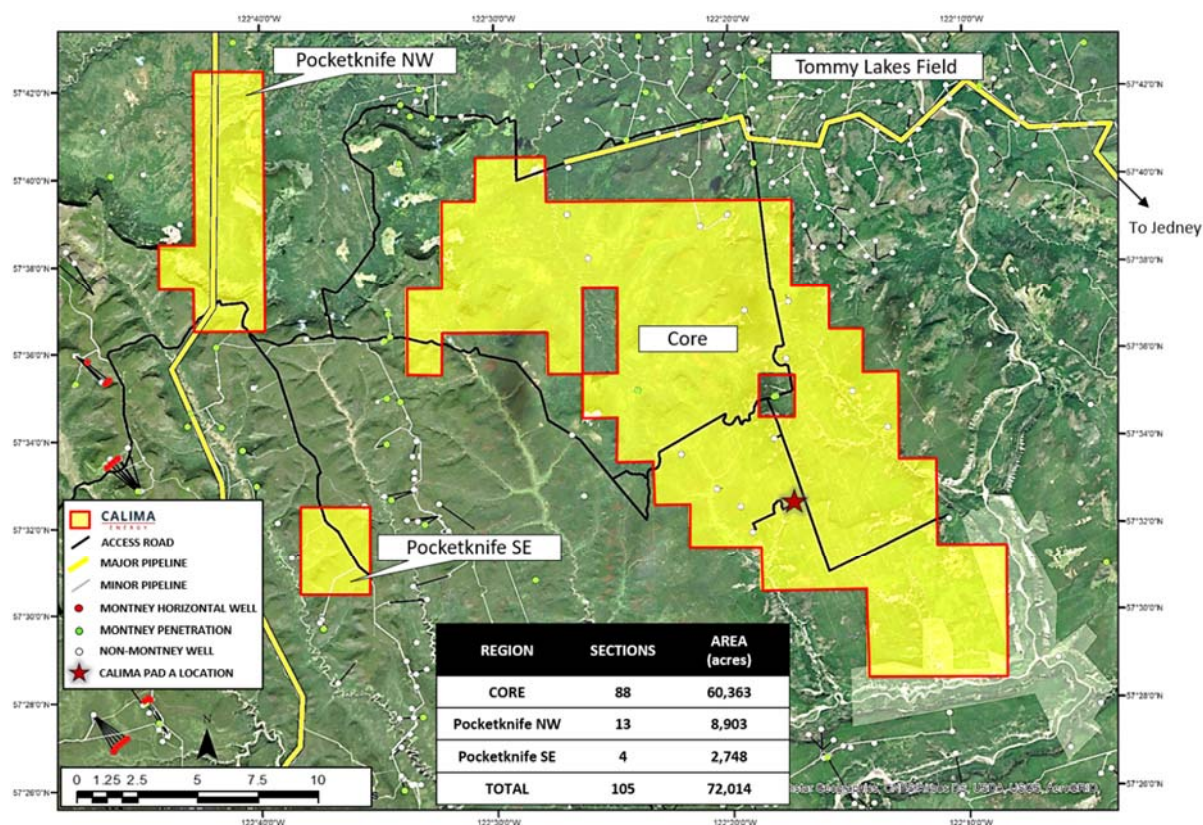


Figure 2 – Montney JV licensed sections in the Caribou and Pocketknife areas as at the date of this Bidder's Statement.

On 7 March 2018, Calima completed Stage 1 of the farm-in to earn a 20% working interest in the Montney Project. Calima may elect to cease making further Stage 2 farm-in contributions at any time prior to 1 August 2018. The remaining working interest in the Montney Project is owned by TMKM and TSVM, through their wholly owned Canadian subsidiaries. TMKM currently owns a 32% working interest in the Montney Project and TSVM currently owns the remaining 48% working interest in the Montney Project. TMKM and TSVM's working interest in the Montney JV will be diluted pro rata as Calima proceeds with future stages of the Farm-in Agreement.

In order to consolidate 100% of the Joint Venture Partners (Calima, TMKM and TSVM) working interests in the Montney Project, Calima is making takeover bids to acquire all of the issued capital of each of TMKM (that it does not already own), under the Offer, and TSVM, under the TSVM Acquisition. The Offer and the TSVM Acquisition are not conditional on each other. Contemporaneous with the Offer and the takeover for TSVM, Calima also proposes to acquire all of the TMKM Options and TSVM Options on issue by way of private treaty with the consideration being the issue of Calima Shares.

The only material assets of TMKM and TSVM are their interests in the Montney Project.

(b) The Montney Formation

The Montney Formation is an Early Triassic aged formation in the Western Canadian Sedimentary Basin extending over 180,000 square kilometres from north-east British Columbia to north-west Alberta (Figure 1). The siltstones of the Montney Formation form part of the Western Canada 'Deep Basin' system, a pervasive hydrocarbon system of organic rich shales and siltstones where tight reservoirs exist in close proximity to matured hydrocarbon-expelling source rocks.

Like the Eagle Ford, Utica Shale and other unconventional plays in North America, the Montney Formation has dry gas, liquids-rich gas, and oil windows. As the generated hydrocarbons are in-situ, or in very close proximity to the mature source rocks, the system becomes 'inverted' from the conventional sense so that water sits above the oil window, which in turn sits above increasingly dryer gas with depth (Figure 3).

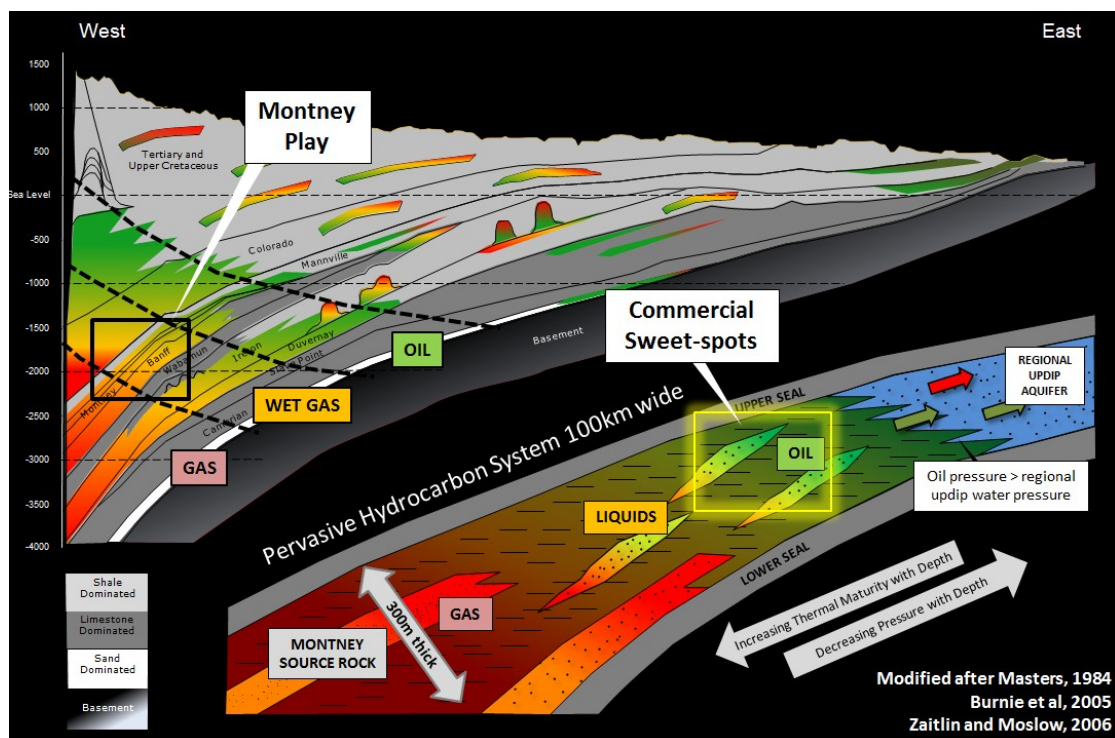


Figure 3 – Representative cross section across the Western Canadian Sedimentary Basin illustrating the 'Deep Basin' hydrocarbon system

(c) Liquids-Rich Montney Play

The Montney JV has been particularly focused on areas in the Montney Formation which Management have determined, based on the results of nearby drilling and in-house mapping, are rich in liquid hydrocarbons. The

“liquids-rich” parts of the Montney Formation in north-east British Columbia emerged and began to be developed in late 2013 and 2014. Following some exceptional results in liquids-rich areas, the Montney Formation was thrust on to the scene as one of the most commercially attractive and compelling unconventional prospects in North America. A rush to find where new liquid-rich sweet-spots might emerge along the play ensued as existing and aspiring Montney Formation companies started assessing new areas for land acquisition.

Using an extensive digital well-log dataset of more than 1,400 existing public domain wells, the Montney JV aimed to identify potential new liquids sweet-spots in the play using a regional data layering methodology which is sometimes referred to as Common Risk Segment Mapping.

Recognition of critical play elements within the hydrocarbon system were ‘stacked’ to identify potential sweet-spots. Through calibration to existing production, Common Risk Segment Maps were used to create detailed interpretations across the play.

(d) Targeted acreage

Following the detailed regional play fairway analysis and sweet-spot mapping, several areas were high-graded for targeted land acquisition. As at the date of this Bidder’s Statement, the Montney JV had developed an acreage position of 105 land sections (approx. 72,000 gross acres) in the Greater Caribou area, interpreted to be prospective for the Montney Formation.

The Montney JV previously also held some licences in the Fort St John area but there was not enough vacant acreage available to build a meaningful project (of sufficient scale) to be developed independently and so this area was considered to have lower priority than Caribou. Some of the Montney JV’s licences in the Fort St John area expired in July and August 2017.

(e) Adjacent Production Provides an Analogue

Saguaro Resources Ltd (**Saguaro**) is a private Canadian company founded in 2012 that has secured a strong footprint immediately to the southeast of the Caribou acreage held by the Montney JV with a focus on the emerging Montney liquids-rich play (Figure 4).

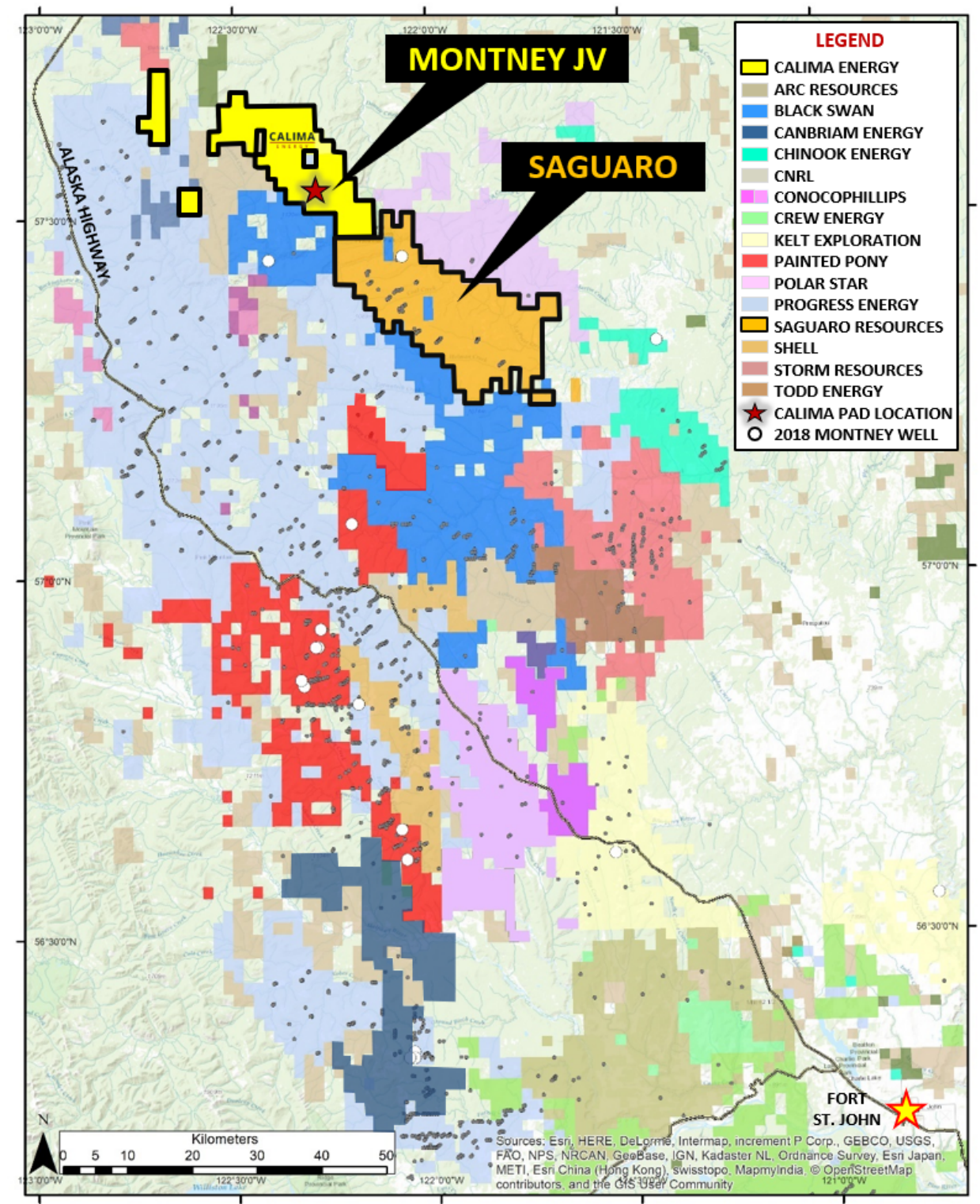


Figure 4 – The Saguaro acreage position is along trend from the Montney JV land position.

As at 21 March 2018, Saguaro had drilled 62 wells, with 60 wells onstream. Saguaro's 2017 exit production exceeded 16,600 boed from these 60 horizontal wells, with average liquids yield since the commencement of production (all wells) being 51 bbl/MMcf, consisting of ~70% condensate.

Saguaro's 2017 average drilling and completion costs were \$5.2 million per well, with horizontal sections ranging between 2,000 and 2,500m. Saguaro forecast their 2018 wells will average 2,500m horizontal sections with drilling costs of \$4.9 million.

Based on vertical well penetrations of the Montney Formation in legacy wells the data layering methodology (Common Risk Segment Mapping) predicts that the Montney JV lands will be analogous to the Saguaro lands in

terms of productivity and liquids yield. Accordingly, Calima believes the proposed work programme under the Farm-in Agreement should result in a substantial oil & gas resource estimate for the Montney JV acreage.

(f) Total un-risked prospective resources

McDaniel & Associates (**McDaniel**), a leading independent geological consulting firm with extensive experience of the Montney Formation, was commissioned to prepare an evaluation of the crude oil, natural gas and natural gas products prospective resources of the Montney JV lands.

McDaniel's best estimates of total un-risked prospective resources within the Montney JV lands are summarised in Table 1.

Table 1 – Best estimate of total un-risked prospective resources of the Calima Lands as estimated by McDaniel & Associates, effective 31 December 2017.

		Unrisked Prospective Resource	
		JV 100% W.I. ⁴	Calima 55% W.I. ^{4,5}
Natural Gas (MMcf)	Gross	2,168,188	1,192,504
	Net after Royalties	1,689,323	929,127
Condensate (Mbbl)	Gross	54,205	29,813
	Net after Royalties	45,327	24,930
Natural Gas Liquids¹ (Mbbl)	Gross	60,227	33,125
	Net after Royalties	49,879	27,433
TOTAL LIQUIDS² (Mbbl)	Gross	114,432	62,938
	Net after Royalties	95,206	53,363
TOTAL MMBOE³	Gross	475,797	261,688
	Net after Royalties	376,760	207,218

Notes:

- (1) Natural Gas Liquids (propane and butane) volumes do not include Condensate.
- (2) Sum of Condensate and Natural Gas Liquids. Based on public domain data and the results of wells drilled on adjacent land McDaniel estimate that the average condensate to gas ratio for wells in the Calima Lands would be 23 bbl/MMcf (wellhead condensate/gas ratio). Additional liquids would be stripped from the gas upon processing. The adjacent Operator, Saguaro, recovers more than 50 bbl/MMcf after processing and obtains more than 50% of its revenue from condensate and other natural gas liquids. (Saguaro Resources Ltd. Investor Presentation, January 2018).
- (3) Barrels of Oil Equivalent based on 6:1 for Natural Gas, 1:1 for Condensate and C5+, 1:1 for Ethane, 1:1 for Propane, 1:1 for Butanes. BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
- (4) Prospective resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discover and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The prospective resources have also been classified using a deterministic method of petroleum reserves estimation having an evaluation date of 31 December 2017.
- (5) Calima has the right to acquire up to 55% of the Calima Lands pursuant to the Farm-in Agreement. Details of the Farm-in Agreement were announced in the Calima's Prospectus dated 30 June 2017.

The prospective resource estimates have been prepared and presented in accordance with the Canadian standards set out in the Canadian Oil and Gas Evaluation Handbook (COGEH) and National Instrument 51-101 (NI 51-101) and have been classified in accordance with the Society of Petroleum Engineers' Petroleum Resources Management System (SPE-PRMS) and reported in the most specific resource class in which the prospective resource can be classified under SPE-PRMS.

In accordance with the applicable guidelines the volumes presented in the McDaniel's report were risked for the chance of commerciality. The chance of commerciality is the product of the chance of discovery and the chance of development. The chance of discovery in an unconventional resource such as the Montney is associated with the likelihood that commercially viable concentrations of hydrocarbon within a given region exist (i.e. sufficient thickness and porosity), and not necessarily whether hydrocarbons of any concentration will be found. The presence of hydrocarbons within the Montney resource is considered broadly mappable; however, area specific

thicknesses and differences in reservoir quality will ultimately determine commercial viability. The chance of discovery factor is assessed to be 75% given the limited data points within the Calima Lands at this time and a chance of development factor was assessed to be 70% as Calima is in a relatively early stage of development.

(g) Drilling Licences and Petroleum and Natural Gas Leases

The drilling licences held by the Montney JV provide the right to explore for petroleum and natural gas by drilling. The key licences are located in the Caribou and Pocketknife areas and consist of 25 drilling licences representing 105 land sections (approx. 72,000 acres) as at the date of this Bidder's Statement, with a primary term of 4 years.

Montney Sections in a drilling licence can be converted to Petroleum and Natural Gas Leases (Leases) with the right to explore and produce petroleum and natural gas after drilling an earning well. By drilling the well, it earns the right to extend the exploration term and the right to produce.

Drilling licences in the Greater Caribou area can be converted to Leases at the rate of up to 13 Gas Spacing Areas (equivalent to 13 land sections) per horizontal well (with a wellbore length greater than 3,001 metres).

Leases in these areas have a primary term of 10 years.

Geology is the primary driver for well locations, however, the Montney JV planned well locations will ensure the maximum capture of production Leases from the drilling of the first three wells.

Other Assets

In addition to the above, Calima also owns:

- (a) a 50% interest in four production sharing contracts (Daora, Haouza, Mahbes and Mijek) (**SADR PSCs**) within the Saharwai Arab Democratic Republic (**SADR**) The SADR PSCs are supplemented by Assurance Agreements executed by the SADR Government, which provide that the SADR PCSs are effective from, and commence upon, recognition of the sovereign status of the SADR by the United Nations and the SADR Government passing necessary tax and petroleum titles legislation (the **Assurance Agreements**);
- (b) a shareholding of 8,000,000 TMKM Shares (approximately 11.2% of the issued shares of TMKM);
- (c) a shareholding of approximately 10% of the issued shares in Bahari which owns exploration rights in the Republic of the Comoros, East Africa off the coast of Tanzania; and
- (d) a 56% interest in, and operatorship of, a petroleum agreement (Block 2813B) in the Orange River Basin in Namibia.

Further details of these assets are set out in Calima's re-compliance prospectus dated 30 June 2017 and Calima's ASX announcements on 28 March 2018 and 10 May 2018.

Qualified petroleum reserves and resources evaluator statement

The petroleum resources information in this Bidder's Statement is based on, and fairly represents, information and supporting documentation in a report compiled by technical employees of McDaniel and Associates Ltd, a leading independent Canadian petroleum consulting firm registered with the Association of Professional Engineers and Geoscientists of Alberta, and was subsequently reviewed by Mr Mark Sofield, a consultant to Calima. Mr Sofield holds a BSc. Geology (Hons), is a Geologist with over 20 years of experience in petroleum geology, geophysics, prospect generation and evaluations, prospect and project level resource and risk estimation and is a member of the American Association of Petroleum Geologists. Mr Sofield has consented to the inclusion of the petroleum resources information in this Bidder's Statement in the form and context in which it appears.

3.4 Financial Performance

- (a) The historical consolidated statement of financial position of Calima is set out below and has been extracted from the audited consolidated statement of financial position as at the end of the financial year ended 31 December 2017, being the last audited consolidated statement of financial position prior to the date of this Bidder's Statement.

	Consolidated FY 2017
	\$
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	2,394,364
Trade and other receivables	334,169
TOTAL CURRENT ASSETS	2,728,533
NON-CURRENT ASSETS	
Plant and equipment	16,721
Exploration and evaluation expenditure	4,663,926
Investments	1,308,517
TOTAL NON-CURRENT ASSETS	5,989,164
TOTAL ASSETS	8,717,697
CURRENT LIABILITIES	
Trade and other payables	253,927
TOTAL CURRENT LIABILITIES	253,927
TOTAL LIABILITIES	253,927
	8,463,770
NET ASSETS	
SHAREHOLDERS' EQUITY	
Issued capital	236,983,645
Reserves	15,542,726
Accumulated losses	(244,062,601)
TOTAL SHAREHOLDERS' EQUITY	8,463,770

- (b) The historical consolidated statements of financial performance of Calima are set out below and have been extracted from the audited consolidated statements of financial performance for the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017, being the last three audited consolidated statements of financial performance prior to the date of this Bidder's Statement.

	Consolidated FY 2017 \$	Consolidated FY 2016 \$	Consolidated FY 2015 \$
Revenue	118,957	103,254	1,665,990
Employee benefits and Directors fees	(204,117)	(482,956)	(3,813,460)
Share based payment	(678,681)	(108,259)	(1,490,549)
Administration expenses	(1,278,919)	(808,047)	(2,796,280)
Impairment of joint venture	-	-	(31,075,108)
Impairment of property, plant and equipment	-	-	(196,771)
Consideration of the sale of non-current assets	-	-	1,662,266
Foreign currency translation recycled to the Profit and Loss	-	(10,333)	8,530,360
Gain on settlement of liabilities	-	-	345,658
Gain on sale of fixed assets	-	-	195,752
Share of loss of a joint venture	-	-	(336,967)
Depreciation and amortisation expense	-	-	(182,076)
Foreign exchange (loss)/gain	(407,172)	(33,696)	301,654
Loss before income tax	(2,449,932)	(1,272,645)	(27,189,531)
Income tax expense	-	(1,639)	30,474
Loss for the year	(2,449,932)	(1,274,284)	(27,159,057)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation (net of tax)	(4,954)	(10,333)	74,747
Recycled to the Profit and Loss on disposal of Subsidiaries	-	10,333	(8,530,360)
Share of joint venture reserves	-	-	1,987,331
Total comprehensive loss for the year	(2,454,886)	(1,274,284)	(33,627,339)
Basic and diluted loss per share (cents per Share)	(0.58)	(0.33)	(2.34)

- (c) The historical consolidated statements of cash flows of Calima are set out below and have been extracted from the audited consolidated statements of cash flows for the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017, being the last three audited consolidated statements of cash flows prior to the date of this Bidder's Statement.

	31 Dec 2017 \$	31 Dec 2016 \$	31 Dec 2015 \$
Cash flows from operating activities			
Receipts from customers	-	34,385	4,147,898
Payments to suppliers and employees	(1,712,699)	(1,335,068)	(10,079,290)
Interest received	142,223	45,021	10,160
Interest paid	(72)	-	-
Income tax (paid)/recovered	-	6,591	(45,480)
Net cash flows used in operating activities	(1,570,548)	(1,249,071)	(5,966,712)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	-	-	211,258
Proceeds from sale of interest in joint venture	-	-	6,023,209
Payments for purchase of property, plant and equipment	(16,721)	-	-
Payments for exploration, evaluation and development expenditure	(4,376,267)	-	-
Payments for investments	(67,006)	-	-
Net cash flows from investing activities	(4,459,994)	-	6,234,467
Cash flows from financing activities			
Proceeds from issue of shares	2,650,095	27,280	-
Payments of Capital Raising costs	(243,584)	-	-
Net cash flows from financing activities	2,406,511	27,280	-
Net increase (decrease) in cash and cash equivalents	(3,624,031)	(1,221,791)	267,755
Net foreign exchange differences	(397,800)	6,217	343,316
Cash and cash equivalents at the beginning of the financial year	6,416,195	7,631,769	7,020,698
Cash and cash equivalents at end of the financial year	2,394,364	6,416,195	7,631,769

3.5 Relationship with TMKM and TSVM

As noted above, Calima, TMKM and TSVM are the Joint Venture Partners in the Montney JV (Calima holds a 20% working interest, TMKM holds a 32% working interest and TSVM holds a 48% working interest in the Montney Project with the working interests of TMKM and TSVM being diluted pro rata by the expenditure of Calima under the Farm-in Agreement).

Calima currently holds 8,000,000 TMKM Shares (approximately 11.2% of the issued shares in TMKM).

As at the date of this Bidder's Statement, no Director has an interest in TMKM Shares or TSVM Shares. 2,400,000 TMKM Options are currently held by Havoc Partners. Havoc Partners is a limited liability partnership which is owned by five members, being Directors Alan Stein and Jonathan Taylor and three other members of the Company's management team. The consideration payable to Havoc Partners for the acquisition of its TMKM Options will be the issue of a total of 2,160,000 Calima Shares. Havoc Partners proposes to distribute the consideration received to its members at completion of the Offer. Of the Calima Shares proposed to be issued in respect of the TMKM Options held by Havoc Partners, Mr Stein and Mr Taylor will each be issued 675,000 shares as Havoc Partner members with the balance being issued to the other Havoc Partner members.

3.6 Corporate Governance

The Calima Board seeks to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles for Good Corporate Governance and Best Practice Recommendations.

Details on Calima's corporate governance procedures, policies and practices can be obtained at Calima's website www.calimaenergy.com.

3.7 Publicly available information about Calima

Calima is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Calima is subject to the ASX Listing Rules which require continuous disclosure of any information Calima has concerning itself that a reasonable person would expect to have a material effect on the price or value of its securities.

Calima is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Calima may be obtained from, or inspected at, an ASIC office.

On request to Calima and free of charge, TMKM Shareholders may obtain a copy of:

- (a) the annual financial report of Calima for the year ended 31 December 2017 lodged by Calima with the ASX on 29 March 2018 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC); and
- (b) any continuous disclosure notice given to ASX by Calima since the lodgement with ASIC of the Annual Financial Report for Calima referred to above and before lodgement of this Bidder's Statement with ASIC.

A list of the announcements Calima has lodged with ASX since 29 March 2018 (being the date of lodgement of the annual financial report referred to in paragraph (a)) is set out in Annexure B to this Bidder's Statement.

A substantial amount of information about Calima is available in electronic form from www.calimaenergy.com and on the ASX website.

Other than information contained in this Bidder's Statement, there is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules, and which is required to be set out in this Bidder's Statement.

4. Information about Calima Securities

4.1 Capital structure

As at the date of this Bidder's Statement, Calima has the following securities on issue:

Class of Security	Number
Calima Shares currently on issue ⁽¹⁾	555,397,476 ⁽²⁾
Calima Performance Shares currently on issue	20,029,226 ⁽³⁾
Calima Performance Rights currently on issue	19,450,000 ⁽³⁾
Calima Options currently on issue	30,000,000 ⁽³⁾

Notes:

- (1) The rights attaching to the Calima Shares are summarised in Section 4.4 of this Bidder's Statement.
- (2) 51,842,834 of the Calima Shares are escrowed until 31 August 2019.
- (3) See Section 4.5 for further detail of these Calima Securities.

4.2 Recent performance of Calima Shares

Set out below is a table showing relevant trading prices of Calima Shares on ASX:

Comparative Trading Period	Price of Calima Shares
Highest trading price in the four months prior to the date this Bidder's Statement was lodged with ASIC	\$0.073
Lowest trading price in the four months prior to the date this Bidder's Statement was lodged with ASIC	\$0.047
Closing trading price on the last trading day (being 1 May 2018) before the Announcement Date	\$0.054
Last available closing sale price) prior to the date this Bidder's Statement was lodged with ASIC	\$0.053
5 day volume weighted average price before the date this Bidder's Statement was lodged with ASIC	\$0.052
30 day volume weighted average price before the date this Bidder's Statement was lodged with ASIC	\$0.051

The implied value of the Offer will be dependent on the market price of Calima Shares. The implied value of the Offer will change as a consequence of changes in the market price of Calima Shares from time to time.

The implied value of the offer is A\$0.1134 per TMKM Share based on Calima's closing share price on 1 May 2018 (being the last day Calima Shares traded on ASX prior to the Announcement Date) of A\$0.054.

4.3 Quotation of Offer Consideration

Calima Shares are admitted to trading on the Official List of ASX. Calima will lodge an application for admission to quotation of the Calima Shares comprising the Offer Consideration to trading on ASX within seven days of the start of the Offer Period. The Offer is conditional on a statutory condition that admission to quotation is granted no later than seven days after the end of the Offer Period. Quotation will not be automatic and will depend upon ASX exercising its discretion. Nothing in this Bidder's Statement is to be taken to state or imply that the Calima Shares to be issued as Offer Consideration will be quoted on ASX. However, quotation is expected in the ordinary course as Calima is already admitted to the Official List of ASX.

As Calima is listed on ASX, Calima's actions and activities are subject to the ASX Listing Rules.

4.4 Rights and liabilities of Calima Shares

The Calima Shares offered to TMKM Shareholders under the Offer are fully paid ordinary shares in the capital of Calima, and from the date of their issue will rank equally with existing Calima Shares and will have the same rights and liabilities attaching to them. The rights and liabilities attaching to Calima Shares are governed by the Constitution of Calima, the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and the general law of Australia.

Set out below is a summary of the rights and liabilities attaching to Calima Shares. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of Calima. Shareholders should seek their own advice when trying to establish their rights in specific circumstances. Full details of the rights attaching to Calima Shares are set out in the Constitution, a copy of which is available for inspection at Calima's registered office during normal business hours.

The rights, privileges and restrictions attaching to Calima Shares can be summarised as follows:

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the ASX Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company, every holder of fully paid ordinary shares present in person or by an attorney; representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) Issues of further Calima Shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, ASX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Variation of Rights

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) Transfer of Calima Shares

Subject to the Constitution, the Corporations Act and ASX Listing Rules, Calima Shares are freely transferable.

The Calima Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Calima Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Calima Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the ASX Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 Business Days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Calima Shares when required by law, by the ASX Listing Rules or by the ASX Settlement Operating Rules.

(f) Partly paid shares

The Directors may, subject to compliance with the Constitution, the Corporations Act and ASX Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) Dividends

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (excluding any amount paid in advance of calls) bears to the total issue price of the share.

(h) Winding up

Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid-up or credited as paid up on the shares when the winding up begins.

(i) Dividend reinvestment and Calima Share plans

Subject to the requirements in the Corporations Act and the ASX Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

(j) Directors

The Constitution states that the minimum number of Directors is three and the maximum number is nine.

(k) Powers of the Board

Except as otherwise required by the Corporations Act, any other law, the ASX Listing Rules or the Constitution, the Directors have the power to manage the business of the Company and may exercise every right, power or capacity of the Company.

(l) Calima Share buy backs

Subject to the provisions of the Corporations Act and the ASX Listing Rules, the Company may buy back shares in itself on the terms and at times determined by the Directors.

(m) Unmarketable parcels

The Company's constitution permits the Board to sell the Calima Shares held by a Calima Shareholder if they comprise less than a marketable parcel within the meaning of ASX Business Rules. The procedure may only be invoked once in any 12 month period and requires the Company to give the Calima Shareholder notice of the intended sale.

If a Calima Shareholder does not want his Calima Shares sold, he may notify the Company accordingly.

(n) Capitalisation of profits

The Company may capitalise profits. Subject to the Constitution and the terms of the issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(o) Capital reduction

Subject to the Corporations Act and ASX Listing Rules, the Company may reduce its share capital.

(p) Preference Shares

The Company may issue preference shares, including preference shares that are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company's members.

4.5 Rights attaching to Calima Performance Shares, Calima Performance Rights and Calima Options

Calima has issued 20,029,226 Calima Performance Shares (comprising 1,461,988 Class A Performance Shares, 3,947,360 Class B Performance Shares and 14,619,878 Class C Performance Shares) which convert into Calima Shares on a one for one basis upon satisfaction of various performance milestones related to Calima's interest in the Montney Project, the SADR PSCs or Bahari by 31 December 2020.

Calima has issued 19,450,000 Performance Rights which vest and may be exercised into Calima Shares upon meeting a service condition and satisfaction of performance milestones related to Calima's VWAP, market capitalisation and future capital raisings by 29 August 2022.

Calima has granted 30,000,000 options (comprising 20,000,000 Options (50% exercisable at \$0.09 per Option and 50% exercisable at \$0.12 per Option all expiring on 29 August 2022 subject to various vesting conditions and 10,000,000 Options each exercisable at \$0.045 expiring on 29 August 2020). None of the Calima Options are listed on the ASX. Each Calima Option entitles the holder to subscribe for one Calima Share at the respective exercise prices and at any time prior to the corresponding expiry dates set out above.

Full terms of the Calima Performance Shares, Calima Performance Rights and Calima Options are set out in Calima's re-compliance prospectus dated 30 June 2017.

4.6 Shareholders of Calima

There are approximately 1,100 Calima Shareholders.

As at 19 April 2018, the top 20 direct Shareholders of Calima were as follows:

Rank	Calima Shareholder	Number of Calima Shares	% of Calima Issued Share Capital
1	HSBC Custody Nominees <Australia> Limited	46,611,250	8.41
2	Pacific World Energy Ltd	33,500,000	6.04
3	6466 Investments Pty Ltd	23,881,793	4.31
4	JP Morgan Nominees Australia Limited	23,074,037	4.16
5	Mr Alan Stein	22,390,837	4.04
6	Mr Jay Evan Dale Hughes <Inkese Family A/C>	17,000,000	3.07
7	Mr Glen Bull	13,166,666	2.37
8	Mr Jonathan Taylor	12,455,016	2.25

Rank	Calima Shareholder	Number of Calima Shares	% of Calima Issued Share Capital
9	Citicorp Nominees Pty Limited	11,744,167	2.12
10	Nero Resource Fund Pty Ltd <Nero Resource Fund A/C>	10,324,377	1.86
11	Jutland Nominees Pty Ltd <Robert Brown Family A/C>	10,303,030	1.86
12	Arredo Pty Ltd	10,166,666	1.83
13	CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	10,134,574	1.83
14	Rohama Pty Ltd <The Stein Family A/C>	10,000,375	1.80
15	Mr Jay Hughes + Mrs Linda Hughes <Inkese Super A/C>	10,000,000	1.80
16	Mr Glenn Ross Whiddon	9,389,189	1.69
17	Nautical Holdings WA Pty Ltd <Abandon Ship S/F A/C>	9,000,000	1.62
18	Inkese Pty Ltd	7,500,000	1.35
19	Floteck Consultants Limited	6,640,456	1.20
20	Occasio Holdings Pty Ltd <Occasio Unit A/C>	6,500,000	1.17
		303,782,433	54.78

The Calima Directors have a Relevant Interest in 66,390,611 Calima Shares, being approximately 11.95% of the total number of Calima Shares on issue. Refer to Section 11.12 for further details of the interests of the Calima Directors in Calima Securities.

4.7 Substantial shareholders of Calima

Those Shareholders holding a Relevant Interest in 5% or more of the Calima Shares on issue as at the date of this Bidder's Statement, so far as is known to Calima based on the substantial shareholder notices lodged with Calima, are set out in the table below.

Calima Substantial Shareholder	Disclosed number of Calima Shares held	Disclosed voting power (%)
Pacific World Energy Ltd	33,500,000	6.04%

Notes:

- (1) Based on the number of Calima Shares held as stated in the relevant notices lodged with ASX.
- (2) Actual voting power may differ from that shown above as there is no obligation to publicly disclose changes in voting power of less than 1%.

4.8 Dividend history and policy

Calima has not previously and does not currently pay dividends. Calima does not expect to pay dividends in the near future as its focus will primarily be on using cash reserves to further exploration on the Montney Project.

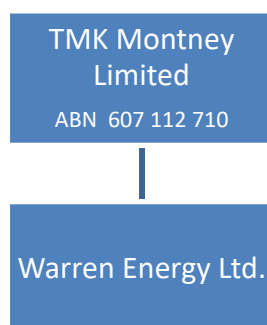
5. Profile of TMKM

5.1 Disclaimer

This overview of TMKM and all financial information concerning TMKM contained in this Bidder's Statement has been prepared by Calima using publicly available information and information provided by TMKM management.

The information in this Bidder's Statement concerning TMKM has not been independently verified. Calima does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on TMKM is not considered to be comprehensive.

5.2 TMKM Group structure



5.3 TMKM board of directors

As at the date of this Bidder's Statement, the directors of TMKM are:

- (a) Brett Lawrence - Managing Director
- (b) Alexander Parks - Director
- (c) Logan Robertson - Director

5.4 Information about TMKM Securities

According to documents provided by TMKM to ASIC and from information made available by TMKM management, as at the date of this Bidder's Statement, TMKM's issued securities on issue consisted of the securities set out in the following table:

Class of security	Number
TMKM Shares	71,399,990
TMKM Options	18,000,000 ⁽¹⁾

Notes:

- (1) Options each exercisable at \$0.09 on or before 31 March 2019.

TMKM has one class of voting share on issue, being the TMKM Shares.

5.5 Disclosure of Interests of TMKM Directors

Director	TMKM Shares	TMKM Options ⁽¹⁾
Brett Lawrence	Nil	2,000,000
Alexander Parks	530,800	2,400,000

Director	TMKM Shares	TMKM Options ⁽¹⁾
Logan Robertson	Nil	Nil

Notes:

(1) Options each exercisable at \$0.09 on or before 31 March 2019.

5.6 Overview of TMKM's activities and projects

TMKM's primary asset is its 32% working interest in the Montney Project through its wholly owned Canadian subsidiary which interest is subject to dilution under the Farm-in Agreement. See Section 3.3 for a detailed overview of the Montney Project.

As noted above, the Montney Project is currently sole funded by Calima pursuant to the Farm-in Agreement.

5.7 TMKM financial information

- (a) The historical consolidated statement of financial position of TMKM is set out below and has been extracted from the audited consolidated statement of financial position as at the end of the financial year 31 December 2017, being the last audited consolidated statement of financial position prior to the date of this Bidder's Statement.

	Consolidated for the period 31 Dec 2017 \$
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	42,533
Trade and other receivables	315,775
TOTAL CURRENT ASSETS	358,308
NON-CURRENT ASSETS	
Capitalised exploration expenditure	3,214,011
TOTAL NON-CURRENT ASSETS	3,214,011
TOTAL ASSETS	3,572,319
LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	18,324
TOTAL CURRENT LIABILITIES	18,324
TOTAL LIABILITIES	18,324
NET ASSETS	3,553,995
EQUITY	
Contributed equity	4,855,200
Reserves	(325,927)
Accumulated losses	(975,278)
TOTAL EQUITY	3,553,995

- (b) TMKM was incorporated on 16 July 2015 for the purpose of effecting the demerger of the Canadian assets of Tamaska Oil and Gas Ltd through the transfer of 100% of the shares of Warren Energy Ltd (Tamaska Oil and Gas Ltd's subsidiary) to TMKM and in-specie distribution of TMKM Shares to Tamaska Oil and Gas Ltd shareholders. The historical consolidated statements of comprehensive income of TMKM are set out below and have been extracted from the audited consolidated statements of comprehensive income for the period from incorporation through to 31 December 2016 and for the financial year ended 31 December 2017, being the last two audited consolidated statements of financial performance prior to the date of this Bidder's Statement.

	31 Dec 2017	31 Dec 2016*
	\$	\$
Other Income	-	174,685
Expenses		
Employee benefits expense	(58,121)	(123,123)
Professional and statutory fees	(18,985)	(82,147)
Corporate office expenses	-	(153,527)
Impairment of Assets held for sale	-	(502,330)
Impairment of capitalised oil and gas expenditure	(1)	(3,882)
Foreign exchange gain/(loss)	(6,315)	3,885
Other	(63,334)	(142,083)
Loss before income tax	(146,756)	(828,522)
Income tax benefit/(expense)	-	-
Loss for the year	(146,756)	(828,522)
Other comprehensive income		
Amounts that may be reclassified to profit or loss		
Exchange differences on translation of foreign entities	(33,698)	(191,294)
Total comprehensive loss for the year	(180,454)	(1,019,816)

*TMKM's first financial year was from incorporation on 16 July 2015 to 31 December 2016.

- (c) The historical consolidated statements of cash flows of TMKM are set out below and have been extracted from the audited consolidated statements of cash flows for the period from incorporation through to 31 December 2016 and for the financial year ended 31 December 2017, being the last two audited consolidated statements of cash flows prior to the date of this Bidder's Statement.

	31 Dec 2017 \$	31 Dec 2016* \$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(170,440)	(343,179)
Tax Refund	-	174,685
Net cash inflow/(outflow) from operating activities	<u>(170,440)</u>	<u>(168,494)</u>
Cash Flows from Investing Activities		
Proceeds from demerger	-	223,455
Proceeds on sale of assets held for sale	-	695,817
Payment for exploration and evaluation	(156,807)	(120,218)
Net cash inflow/(outflow) from investing activities	<u>(156,807)</u>	<u>809,053</u>
Cash flows from financing activities		
Joint Venture Cash	(265,855)	-
Net Cash Inflows from financing activities	<u>(265,855)</u>	<u>-</u>
Net increase/(decrease) in cash held	(593,102)	640,559
Cash and cash equivalents held at beginning of financial year	636,677	-
Effect of exchange rate changes on cash and cash equivalents	(1,042)	(3,882)
Cash and cash equivalents at end of the year	<u>42,533</u>	<u>636,677</u>

*TMKM's first financial year was from incorporation on 16 July 2015 to 31 December 2016.

5.8 TMKM website

TMKM maintains a website, www.tmkm.com.au, which contains further information about TMKM and its operations.

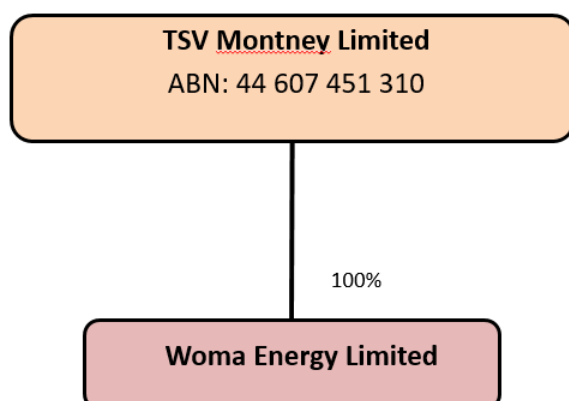
6. Profile of TSVM

6.1 Disclaimer

This overview of TSVM and all financial information concerning TSVM contained in this Bidder's Statement has been prepared by Calima using publicly available information and information provided by TSVM management.

The information in this Bidder's Statement concerning TSVM has not been independently verified. Calima does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on TSVM is not considered to be comprehensive.

6.2 TSVM Group structure



6.3 TSVM board of directors

As at the date of this Bidder's Statement, the directors of TSVM are:

- (a) Craig Burton - Executive Chairman
- (b) Ian Cockerill - Managing Director
- (c) Stephen Keenihan - Director
- (d) Mark Freeman - Executive Director

6.4 Information about TSVM Securities

According to documents provided by TSVM to ASIC and from information made available by TSVM management, as at the date of this Bidder's Statement, TSVM's issued securities on issue consisted of the securities set out in the following table:

Class of security	Number
TSVM Shares	80,681,731
TSVM Options	2,800,000 ⁽¹⁾

Notes:

- (1) Options each exercisable at \$0.21 on or before 31 March 2019.

TSVM has one class of voting share on issue, being the TSVM Shares.

6.5 Disclosure of Interests of TSVM Directors

Director	TSVM Shares	TSVM Options ⁽¹⁾
Craig Burton	10,071,111	Nil
Ian Cockerill	Nil	2,400,000
Stephen Keenihan	7,294,733	Nil
Mark Freeman	Nil	Nil

Notes:

(1) Options each exercisable at \$0.21 on or before 31 March 2019.

6.6 Overview of TSVM's activities and projects

TSVM's primary asset is its 48% working interest in the Montney Project through its wholly owned Canadian subsidiary which interest is subject to dilution under the Farm-in Agreement. See Section 3.3 for a detailed overview of the Montney Project.

As noted above, the Montney Project is currently sole funded by Calima pursuant to the Farm-in Agreement.

In addition, TSVM has a 50% working interest in a section in the Paradise area of British Columbia. A well in this section (100/11 1-86-15W6) produces oil from the Boundary Lake interval. Production from this well was relatively constant at 15-20 bopd (gross) for the 4 years prior to being shut in by the BC regulator (see below). While the potential of this well is difficult to predict due to a lack of decline, TSVM estimates it could yield a further 35,000 – 70,000 barrels of oil (gross).

The operator of the well, Sun Oil Fund Ltd (**Operator**), received a non-compliance order to cease production from the Paradise well from the BC Oil and Gas Commission (**BCOGC**) on 5 August 2016. The Operator, with TSVM's assistance, has been working to restore administrative breaches with the BCOGC since this time. However, it has yet to resolve these matters. The breaches unfortunately include a deficit of the Operator's sinking fund obligations towards their orphan well exposure on its entire lease position. This limits the assistance that TSVM can provide to help resolve the matter. However, TSVM is hoping that it will have a resolution to the breaches within the next three months.

6.7 TSVM financial information

- (a) The historical consolidated statement of financial position of TSVM is set out below and has been extracted from the audited consolidated statement of financial position as at the end of the financial year 31

December 2017, being the last audited consolidated statement of financial position prior to the date of this Bidder's Statement.

	31 Dec 2017
	\$
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	1,750,664
Trade and other receivables	112,829
Prepayments	-
Assets held for sale	-
TOTAL CURRENT ASSETS	1,863,493
NON-CURRENT ASSETS	
Exploration expenditure	4,220,010
Oil and gas properties	167,545
TOTAL NON-CURRENT ASSETS	4,389,555
TOTAL ASSETS	6,253,048
LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	16,640
Other payables	265,854
TOTAL CURRENT LIABILITIES	282,494
NON-CURRENT LIABILITIES	
Restoration provisions	43,075
TOTAL NON-CURRENT LIABILITIES	43,075
TOTAL LIABILITIES	325,569
NET ASSETS	5,927,479
EQUITY	
Contributed equity	14,522,033
Reserves	(345,646)
Accumulated losses	(8,248,908)
TOTAL EQUITY	5,927,479

- (b) TSVM was incorporated on 4 August 2015 for the purpose of effecting the demerger of the Canadian assets of Whitebark Energy Limited (formerly Transerv Energy Limited) through the transfer of 100% of the shares of Woma Energy Ltd (Whitebark Energy Limited's subsidiary) to TSVM and in-specie distribution of TSVM Shares to Whitebark Energy Limited shareholders. The historical consolidated statements of comprehensive income of TSVM are set out below and have been extracted from the audited consolidated statements of comprehensive income for the period from incorporation through to 31 December 2016 and for the

financial year ended 31 December 2017, being the last two audited consolidated statements of financial performance prior to the date of this Bidder's Statement.

	31 Dec 2017 \$	31 Dec 2016* \$
Revenue	-	127,709
Cost of sales	(1,454)	(63,291)
Amortisation of oil and gas properties	-	(43,652)
Gross profit	(1,454)	20,766
Other Income	100,332	583,010
Interest Expense	-	(9)
Employee benefits expense	(91,288)	(153,067)
Restoration Provision	-	836
Professional and statutory fees	(66,353)	(103,959)
Corporate office expenses	(55,509)	(316,398)
Impairment of capitalised oil and gas expenditure	-	(7,877,777)
Foreign exchange gain/(loss)	-	(17,474)
Fair value loss on shares	-	(201,079)
Other Expenses	(2,120)	(4,794)
Bad debt written-off	-	(62,571)
Loss before income tax	(116,392)	(8,132,516)
Income tax benefit/(expense)	-	-
Loss for the year	(116,392)	(8,132,516)
Other comprehensive income		
Exchange differences on translation of foreign entities	(37,622)	(308,024)
Total comprehensive loss for the year	(154,014)	(8,440,540)

*TSVM's first financial year was from incorporation on 4 August 2015 to 31 December 2016.

- (c) The historical consolidated statements of cash flows of TSVM are set out below and have been extracted from the audited consolidated statements of cash flows for the period from incorporation through to 31 December 2016 and for the financial year ended 31 December 2017, being the last two audited consolidated statements of cash flows prior to the date of this Bidder's Statement.

	31 Dec 2017 \$	31 Dec 2016* \$
Cash Flows from Operating Activities		
Proceeds from sales	-	127,709
Interest Paid	-	(9)
Payments to suppliers and employees	(272,354)	(325,632)
Production costs	(1,454)	(63,291)
Tax Refund	-	552,613
Other income	-	30,397
Net cash inflows/(outflows) from operating activities	<u>(273,789)</u>	<u>321,787</u>
Cash Flows from Investing Activities		
Payments from exploration and development	(219,985)	(41,338)
Proceeds from Point Loma Shares	377,227	1,088,703
Proceeds from demerger	-	255,061
Net cash inflow from investing activities	<u>157,242</u>	<u>1,302,426</u>
Cash flows from financing activities		
Warren Payable JV Montney Project	265,854	-
Net Cash Inflows from financing activities	<u>265,854</u>	<u>-</u>
Net increase in cash held	149,228	1,624,213
Cash and cash equivalents held at beginning of financial year	1,606,739	-
Effect of exchange rate changes on cash and cash equivalents	(5,363)	(17,474)
Cash and cash equivalents at end of the year	<u>1,750,664</u>	<u>1,606,739</u>

*TSVM's first financial year was from incorporation on 4 August 2015 to 31 December 2016.

6.8 TSVM website

TSVM maintains a website, www.tsvm.com.au, which contains further information about TSVM and its operations.

7. Merged Entity

7.1 Approach

This Section 7 provides an overview of Calima and its subsidiaries in the event of the acquisition by Calima of all, or a majority of the TMKM Securities on issue and all, or a majority of the TSVM Securities on issue, in the various scenarios following the Offer and the TSVM Acquisition and the effect of the Offer and the TSVM Acquisition on Calima, TMKM and TSVM.

7.2 Disclaimer regarding TMKM, TSVM and the Merged Entity information

In preparing the information, including financial information, relating to TMKM, TSVM and the Merged Entity contained in this Bidder's Statement, Calima has relied on publicly available information and information provided by TMKM management relating to TMKM and TSVM management relating to TSVM and this has not been independently verified by Calima or its Directors. Risks may exist in relation to TMKM and/or TSVM (which may affect the Merged Entity) of which Calima is unaware. If any material risks are known to the directors of TMKM or TSVM, they must be disclosed in the target's statements to be issued by TMKM and TSVM respectively.

Accordingly, subject to any applicable laws, Calima makes no representations or warranties (express or implied) as to the accuracy and completeness of such information. The information on TMKM and TSVM is not considered to be comprehensive.

7.3 Merged Entity

Calima owns the Montney Project together with the Joint Venture Partners (Calima, TMKM and TSVM). Currently Calima owns a 20% working interest in the Montney Project pursuant to the Montney JV and has rights to earn up to a total working interest of 55% by funding the balance of the C\$20million earn-in expenditure under the Farm-in Agreement. TMKM and TSVM, the other Joint Venture Partners, respectively holding 32% and 48% working interests in the Montney Project pursuant to the Montney JV which working interests are subject to dilution by the Farm-in Agreement.

In order to consolidate 100% of the Joint Venture Partners' interests in the Montney Project, Calima is making the Offer (a takeover bid to acquire all of the issued capital of TMKM (that it does not already own)) and a separate takeover bid to acquire all of the issued capital of TSVM under the TSVM Acquisition with the consideration being the issue of 2.1 Calima Shares for every TMKM share and 3.33 Calima Shares for every TSVM Share.

Contemporaneous with the Offer and the takeover for TSVM, Calima also proposes to acquire all of the TMKM Options and TSVM Options on issue by way of private treaty with the consideration being the issue of 0.9 Calima Shares for every TMKM Option and 1 Calima Share for every TSVM Option. If both takeovers are successful and the private treaties with all TMKM Optionholders and TSVM Optionholders complete, Calima will issue a total of 420,810,143 Calima Shares (149,339,979 Calima Shares to TMKM Security holders and 271,470,164 Calima Shares to TSVM Security holders).

The Offer and the TSVM Acquisition are not inter-conditional. Accordingly, if the Offer is successful, Calima will proceed with the Offer regardless of the outcome of the TSVM Acquisition.

If both the Offer and the TSVM Acquisition are successful, then Calima, TMKM and TSVM and their respective Subsidiaries will form the Combined Merger.

However, if the Offer is successful but the TSVM Acquisition is not successful then Calima and TMKM and their respective Subsidiaries will form the Single Merger.

7.4 Profile of the Merged Entity

To the extent:

- (a) the Offer is successful and Calima obtains effective control of TMKM; and
- (b) the TSVM Acquisition is successful and Calima obtains effective control of TSVM,

all of Calima's shareholders (including TMKM Security holders who have accepted Calima Shares pursuant to the Offer and the Private Treaty Offer and TSVM Security holders who have accepted Calima Shares pursuant to the TSVM Acquisition) will be shareholders in the Combined Merger.

7.5 Effect of completion of the Offer and the TSVM Acquisition

Calima plans to continue with the exploration and development of the Montney Project.

The Merged Entity will lead to a strengthening and simplification of the current management arrangements and should achieve cost savings by reducing corporate overheads.

Should Calima be successful in acquiring all of the TMKM Securities and TSVM Securities, TMKM, TSVM and Calima existing shareholders will be exposed to the benefits of the Merged Entity and the upside inherent in 100% ownership of the Montney Project.

Should Calima acquire all, or some, of the TMKM Securities and some, or none of the TSVM Securities then the Merged Entity will be exposed to the benefits of the Merged Entity and the upside inherent in increased ownership (to the extent of success) in the Montney Project.

7.6 Effect on the assets and operations of the Merged Entity

The Merged Entity will provide a simplified single ownership structure and operational management of the Montney Project currently owned by the Joint Venture Partners.

Other than as referred to elsewhere in this Bidder's Statement, the acquisition of TMKM and TSVM is not expected to have a material effect on the other existing assets and operations of Calima.

If Calima acquires all TMKM Securities and all TSVM Securities on issue, the merger will consolidate TMKM, TSVM and Calima's assets under a single entity listed on ASX, creating a stronger platform to promote the Merged Entity to investors and key stakeholders.

The Merged Entity will have a stronger financial position with an unaudited pro forma net cash position of approximately \$7,294,700 (based on the unaudited pro forma net cash position held at 31 December 2017) and 100% ownership of the Montney JV thereby giving greater access to funding to fund the forward work program on the Montney Project.

7.7 Effect on capital structure of Merged Entity

(a) Effect on completion of the Offer

The effect of the Offer and the Private Treaty Offer on the capital structure of the Single Merger is shown in the table below.

Ordinary Shares	Number
Calima Shares on issue at date of Bidder's Statement	555,397,476
Calima Shares to be issued to TMKM Shareholders under the Offer	133,139,979
Calima Shares to be issued to TMKM Optionholders under the Private Treaty Offer	16,200,000
Calima Shares to be issued to Euroz (or its nominees)	1,500,000 ⁽¹⁾
Total Calima Shares on issue at completion of the Offer and Private Treaty Offer	706,237,455

Notes:

- (1) The issue of 1,500,000 Shares to Euroz are contingent on Calima acquiring a beneficial interest in 90% or more of the TMKM Shares. See Section 11.15 for further details regards the Euroz Mandate.

The number of Performance Shares, Performance Rights and Options on issue in Calima will not change (refer to Section 4.1 for further details in relation to Calima's current capital structure).

(b) Effect on completion of the Offer and the TSVM Acquisition

The effect of the Offer, the Private Treaty Offer, and the TSVM Acquisition on the capital structure of the Combined Merger is shown in the table below.

Ordinary Shares	Number
Calima Shares on issue at date of Bidder's Statement	555,397,476
Calima Shares to be issued under the Offer and Private Treaty Offer	149,339,979
Calima Shares to be issued under the TSVM Acquisition	271,470,164
Calima Shares to be issued to Euroz (or its nominees)	3,500,000 ⁽¹⁾
Total Calima Shares on issue at completion of the Offer, Private Treaty Offer and TSVM Acquisition	979,707,619

Notes:

- (1) The issue of 3,500,000 Shares to Euroz are contingent on Calima acquiring a beneficial interest in 90% or more of the TMKM Shares and 90% or more of the TSVM Shares. See Section 11.15 for further details regards the Euroz Mandate.

The number of Performance Shares, Performance Rights and Options on issue in Calima will not change (refer to Section 4.1 for further details in relation to Calima's current capital structure).

7.8 Effect on the substantial shareholders of the Merged Entity

- (a) If the Offer and TSVM Acquisition are successful and Calima acquires all TMKM Securities and all TSVM Securities the following party is expected to be a substantial shareholder in Calima:

Substantial Shareholder	Number of Calima Shares Held	Voting Power (%)
Mr Craig Ian Burton	81,116,800	8.28%

- (b) If the Offer is successful and Calima acquires all TMKM Securities but the TSVM Acquisition is not successful the following party is expected to be a substantial shareholder in Calima:

Substantial Shareholder	Number of Calima Shares Held	Voting Power (%)
Mr Craig Ian Burton	47,580,000	6.74%

7.9 Corporate structure of the Merged Entity

- (a) Corporate Structure of Combined Merger

If the Offer and the TSVM Acquisition are successful and Calima acquires all TMKM Securities on issue and all TSVM Securities on issue, then TMKM and TSVM and their respective entities will become wholly owned Subsidiaries within the Calima Group. In this case post completion of the Offer and the TSVM Acquisition, Calima may restructure Subsidiaries and ownership of the interests in the Montney Project, subject to appropriate advice, to achieve tax and financial efficiencies whilst maintaining 100% ownership of the Montney Project.

If the Offer and the TSVM Acquisition are successful and Calima acquires control of TMKM and TSVM but does not acquire all TMKM Securities on issue or all TSVM Securities on issue, then to the extent it does not acquire 100% of TMKM and TSVM, as applicable, then the entities within such group will become Subsidiaries of Calima but not 100% owned.

7.10 Financial Information of the Merged Entity

(a) Value of the purchase consideration

Under the Offer, accepting TMKM Shareholders will receive 2.1 Calima Shares for every TMKM Share held.

The implied value of the Offer is A\$0.1134 per TMKM Share based on Calima's closing share price on 1 May 2018 (being the last day Calima Shares traded on ASX prior to the Announcement Date) of A\$0.054. The value of the Offer may change as a consequence of changes in the market price of Calima Shares.

(b) Overview for Single Merger

This Section contains an unaudited pro forma consolidated statement of financial position that has been prepared in connection with the proposed acquisition of TMKM by Calima. The unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and gives effect to the acquisition by Calima pursuant to the assumptions described in the notes to the pro forma consolidated statement of financial position as if it had occurred as of 31 December 2017. It also accounts for the effect of an equity raise by Calima that finalised on 27 March 2018.

The unaudited pro forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been achieved if the transaction had been completed on the dates or for the periods presented, nor does it purport to project the results of operations or financial position of the consolidated entities for any future period or as of any future date. The audited pro forma consolidated statement of financial position does not reflect any special items such as integration costs or operating synergies that may be incurred or achieved as a result of the transaction.

The unaudited pro forma consolidated statement of financial position has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS).

In preparing the audited pro forma consolidated statement of financial position in accordance with IFRS, the following historical information was used:

- (i) the audited accounts of Calima as of 31 December 2017; and
- (ii) the audited accounts of TMKM as of 31 December 2017.

In preparing the pro forma consolidated statement of financial position no alignment has been made between the accounting policies of Calima and TMKM.

The unaudited pro forma consolidated statement of financial position should be read in conjunction with the historical financial statements of both Calima and TMKM.

	Calima Audited 31 Dec 2017 \$	TMKM Audited 31 Dec 2017 \$	Pro forma adjustments \$	Calima Unaudited pro forma 31 Dec 2017 \$
Current Assets				
Cash and cash equivalents	2,394,364	42,533	3,251,517	5,688,414
Trade and other receivables	334,169	315,775		649,944
Other current assets	-			-
Total Current Assets	2,728,533	358,308		6,338,358
Non-Current Assets				
Plant and equipment	16,721	-		16,721
Exploration and evaluation	4,663,926	3,214,011	4,318,491	12,196,428
Investments	1,308,517	-		1,308,517
Oil and gas properties	-	-		-
Total Non-Current Assets	5,989,164	3,214,011		13,521,666
TOTAL ASSETS	8,717,697	3,572,319		19,860,024
Current Liabilities				
Trade and other payables	253,927	18,324		272,251
Total Current Liabilities	253,927	18,324	-	272,251
Non-Current Liabilities				
Borrowings	-	-		-
Restoration provisions	-	-		-
Total Non-Current Liabilities	-	-	-	-
TOTAL LIABILITIES	253,927	18,324	-	272,251
NET ASSETS	8,463,770	3,553,995	-	19,587,773
EQUITY				
Contributed equity	236,983,645	4,855,200	6,667,411	248,506,256
Reserves	15,542,726	(325,927)	325,927	15,542,726
Accumulated losses	(244,062,601)	(975,278)	576,670	(244,461,209)
Total Equity	8,463,770	3,553,995	7,570,008	19,587,773

Notes:

- The Cash and cash equivalents balance does not account for movements in either Calima or TMKM since 31 December 2017, except for a capital raising in Calima that completed on 27 March 2018. \$3,517,625 (before costs) was raised through an over-subscribed private placement. Costs of the capital raising include share issue costs of \$160,469.
- The purchase consideration comprises 149,339,979 Calima shares issued to TMKM Security holders. At a valuation of \$0.053 per Calima Share (the closing price of Calima Shares on 30 April 2018), less TMKM's cash holdings of \$42,533, equates to a total consideration of \$7,872,486. The excess of the fair value of the consideration over the net assets acquired is allocated to the Exploration and Evaluation asset.
- Pro-forma adjustments to contributed equity are as follows:
 - Elimination of TMKM share capital of \$4,855,200;
 - Value of Calima Shares issued as consideration of \$7,872,486 as described in Note 2; and
 - 2,500,000 Calima Shares issued to Euroz as a cost of the Offer which amounted to \$132,500 30 (valued at \$0.053 per Calima Share, being the closing price of Calima Shares on 30 April 2018).
- Pro-forma adjustments to the other reserves relate to the elimination of TMKM reserves.
- Pro-forma adjustments to accumulated losses include the elimination of TMKM accumulated losses, and other charges to Profit and Loss:
 - elimination of TMKM accumulated losses of \$975,278;
 - costs relating to Calima's capital raising in March 2018 of \$160,469;

- c. costs relating to the issue of 2,500,000 Calima Shares to Euroz for services rendered in respect of the Offer (as described in Note 3); and
- d. other costs relating to the Offer of \$105,639.

(c) Overview for Combined Merger

This Section contains an unaudited pro forma consolidated statement of financial position that has been prepared in connection with the proposed acquisition of TMKM and TSVM by Calima. The unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and gives effect to the acquisition by Calima pursuant to the assumptions described in the notes to the pro forma consolidated statement of financial position as if it had occurred as of 31 December 2017. It also accounts for the effect of an equity raise by Calima that finalised on 27 March 2018.

The unaudited pro forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been achieved if the transaction had been completed on the dates or for the periods presented, nor does it purport to project the results of operations or financial position of the consolidated entities for any future period or as of any future date. The audited pro forma consolidated statement of financial position does not reflect any special items such as integration costs or operating synergies that may be incurred or achieved as a result of the transaction.

The unaudited pro forma consolidated statement of financial position has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (**IFRS**).

In preparing the audited pro forma consolidated statement of financial position in accordance with IFRS, the following historical information was used:

- (i) the audited accounts of Calima as of 31 December 2017;
- (ii) the audited accounts of TMKM as of 31 December 2017; and
- (iii) the audited accounts of TSVM as at 31 December 2017.

In preparing the pro forma consolidated statement of financial position no alignment has been made between the accounting policies of Calima, TMKM and TSVM.

The unaudited pro forma consolidated statement of financial position should be read in conjunction with the historical financial statements of both Calima, TMKM and TSVM.

	Calima Audited 31 Dec 2017 \$	TSVM Audited 31 Dec 2017 \$	TMKM Audited 31 Dec 2017 \$	Pro forma adjustments \$	Calima Unaudited pro forma 31 Dec 2017 \$
Current Assets					
Cash and cash equivalents	2,394,364	1,750,664	42,533	3,137,204	7,324,765
Trade and other	334,169	112,829	315,775		762,773
Total Current Assets	2,728,533	1,863,493	358,308	3,137,204	8,087,538
Non-Current Assets					
Plant and equipment	16,721	-	-		16,721
Exploration and evaluation	4,663,926	4,222,010	3,214,011	11,028,267	23,128,214
Investments	1,308,517	-	-		1,308,517
Oil and gas properties	-	167,545	-		167,545
Total Non-Current Assets	5,989,164	4,389,555	3,214,011	11,028,267	24,620,997
TOTAL ASSETS	8,717,697	6,253,048	3,572,319	14,165,470	32,708,534
Current Liabilities					
Trade and other payables	253,927	282,494	18,324	-	554,745
Total Current Liabilities	253,927	282,494	18,324	-	554,745
Non-Current Liabilities					
Borrowing	-	-	-	-	-
Restoration provisions	-	43,075	-	-	43,075
Total Non-Current	-	43,075	-	-	43,075
TOTAL LIABILITIES	253,927	325,569	18,324	-	597,820
NET ASSETS	8,463,770	5,927,479	3,553,995	14,165,470	32,110,714
EQUITY					
Contributed equity	236,983,645	14,522,033	4,855,200	4,835,633	261,196,511
Reserves	15,542,726	(345,646)	(325,927)	671,573	15,542,726
Accumulated losses	(244,062,601)	(8,248,908)	(975,278)	8,658,265	(244,628,522)
Total Equity	8,463,770	5,927,479	3,553,995	14,165,470	32,110,714

Notes:

- The Cash and cash equivalents balance does not account for movements in either Calima, TSVM or TMKM since 31 December 2017, except for a capital raising in Calima that completed on 27 March 2018. \$3,517,625 (before costs) was raised through an over-subscribed private placement. Costs of the capital raising include share issue costs of \$160,469.
- The purchase consideration comprises 271,470,164 Calima shares issued to TSVM Security holders and 149,339,979 Calima Shares to TMKM Security holders for a total of 420,810,143 Calima shares. At a valuation of \$0.053 per share (the closing price of Calima Shares on 30 April 2018), less TSVM and TMKM's combined cash holdings of \$1,793,197, equates to a total consideration of \$20,509,741. The excess of the fair value of the consideration over the net assets acquired is allocated to the Exploration and Evaluation asset.
- Pro-forma adjustments to contributed equity are as follows:
 - Elimination of TSVM and TMKM share capital of \$19,377,233;
 - Value of Calima Shares issued as consideration of \$20,509,741 as described in Note 2;
 - 4,500,000 Calima Shares issued to Euroz as a cost of the Offer which amounted to \$238,500 (valued at \$0.053 per Calima Share, being the closing price of Calima Shares on 30 April 2018).
- Pro-forma adjustments to the other reserves relate to the elimination of TMKM reserves of \$325,927 and TSVM reserves of \$345,646.
- Pro-forma adjustments to accumulated losses include the elimination of TMKM and TSVM accumulated losses, and other charges to Profit and Loss:
 - elimination of TSVM accumulated losses of \$8,248,908;
 - elimination of TMKM accumulated losses of \$975,278;

- c. costs relating to Calima's capital raising in March 2018 of \$160,469;
- d. costs relating to the issue of 4,500,000 Calima Shares to Euroz for services rendered in respect of the Offer (as described in Note 3); and
- e. other costs relating to the Offer of \$219,952.

7.11 Outlook for the Merged Entity

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to Calima, TMKM, TSVM or the Merged Entity, because there are significant uncertainties associated with forecasting future revenues and expenses of Calima, TMKM and the Merged Entity. In light of these matters Calima's performance in any future period cannot be reliably estimated. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Merged Entity cannot be prepared and accordingly have not included financial forecasts in this Bidder's Statement.

8. Intentions of Calima

8.1 Disclosure regarding forward-looking statements

This Bidder's Statement includes forward-looking statements that have been based on Calima's current expectations and predictions about future events including Calima's intentions (which include those set out in this Section 8). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Calima, TMKM, TSVM and the Merged Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in this Bidder's Statement.

None of Calima, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this Bidder's Statement.

8.2 Rationale for the Offer

Calima believes there are a number of key strategic and financial benefits that will arise from the successful acquisition of TMKM and TSVM by Calima. These include:

- (i) Consolidation of interests in the Montney Project is likely to attract greater market interest in the Montney Project.
- (ii) The Merged Entity will have greater access to funding to fund the forward work program on the Montney Project.
- (iii) Consolidation of interests in the Montney Project will reduce or remove any impediments or misalignments of separate joint venture interests and create synergies including the removal of duplicated technical and administrative costs.
- (iv) The Merged Entity will benefit from a simplified ownership and management structure.

8.3 Calima's intentions regarding TMKM

(a) Overview

Other than as set out in this Section 8, it is the present intention of Calima, on the basis of the information concerning TMKM which is known to Calima and the existing circumstances affecting the business of TMKM, that:

- (i) the business of TMKM will otherwise be continued in substantially the same manner as it is presently being conducted;
- (ii) no other major changes will be made to the business of TMKM;
- (iii) there will not be any redeployment of the fixed assets of TMKM; and
- (iv) the contracts with the present employees and contractors of TMKM will likely be terminated.

These intentions apply equally to Calima's current intentions in relation to TSVM if the TSVM Acquisition is successful.

The current intentions of Calima may change in light of material facts and circumstances at the relevant time.

(b) Approach

Sections 8.3, 8.4, 8.5 and 8.6 set out the intentions of Calima on the basis of facts and information concerning TMKM which are known to Calima at the time of preparation of this Bidder's Statement. However, Calima will only reach final decisions in light of material facts and circumstances at the relevant time. Accordingly, the statements set out in Sections 8.3, 8.4, 8.5 and 8.6 are statements of current intentions only which may vary as new information becomes available or circumstances change.

8.4 Intentions upon acquisition of 90% or more of TMKM

This Section 8.4 describes Calima's intentions if Calima acquires a Relevant Interest in 90% or more of TMKM Shares under the Offer and so becomes entitled to proceed to compulsory acquisition of outstanding TMKM Shares in accordance with Part 6A.1 of the Corporations Act.

(a) Development of Montney Project and Farm-in Agreement

Calima intends to use funds of the Combined Merger of approximately \$7,294,700 (see the unaudited Pro Forma Statement of Financial Position in Section 7.10 for further details) to progress exploration of the Montney Project and for general working capital. Calima will need to raise further funds to fund the proposed 2018 drilling campaign. Calima believes it will be in a better position to raise these funds as a result of the Montney Project being 100% owned. Refer to Section 10.3(a)(i) for risks relating to Calima requiring additional funding.

There will be no need for Calima to exercise its rights under the Farm-in Agreement as the Montney Project will be 100% owned and accordingly it will no longer be relevant.

(b) Composition of the Board

Calima intends to replace members of the TMKM Board with nominees of Calima.

The proposed Calima Board structure of the Merged Entity will be the current Calima Board at the date of this Bidder's Statement and potentially one nominee of TSVM (the bid implementation agreement between Calima and TSVM provides for the appointment of one TSVM nominee director as soon as is reasonably practicable after the TSVM Acquisition becomes Unconditional). See Section 3.2 for further details regards the current board of Calima.

(c) Corporate Matters

Calima intends to:

- (i) proceed with the compulsory acquisition of any TMKM Securities not acquired under the Offer in accordance with Part 6A.1 of the Corporations Act; and
- (ii) change TMKM's status from a limited liability public company to a limited liability proprietary company in order to reduce administrative costs associated with its current status as a public company.

(d) Operational review

After the end of the Offer Period, Calima intends to conduct an immediate broad based review of TMKM's operations on both a strategic and financial level to determine mechanisms for improving performance and to realise any potential operational and financial synergies.

In the course of this review, Calima intends to focus on a number of key specific areas including (but not limited to):

- (i) closing TMKM's current head office and principle place of business and relocating all head office functions to Calima's head office located in Subiaco, Western Australia;
- (ii) continuing to progress exploration activities required for the development of the Montney Project; and
- (iii) eliminating duplications of functions, systems or processes where it is economical to do so.

TMKM is understood to operate with a very small number of employees and consultants. Given Calima is currently the operator of the Montney Project it is unlikely that Calima will require the services of the existing employees and consultants of TMKM as such services are currently provide by Calima's own employees and consultants. Accordingly, Calima currently intends to terminate all employment and consulting arrangements with the existing TMKM personnel. However as a Merged Entity, the business may require additional resources with specific skills which will be assessed against future requirements.

8.5 Intentions upon gaining control but less than 90% of TMKM

This Section 8.5 describes Calima's intentions if Calima acquires a Relevant Interest in TMKM Shares and TMKM becomes a controlled entity of Calima, but Calima is not entitled to proceed to compulsory acquisition of TMKM Securities in accordance with Part 6A.1 of the Corporations Act.

The Offer is conditional upon Calima acquiring a Relevant Interest in at least 90% of the TMKM Shares on issue. If Calima waives that condition, it may, as a result of its Offer, acquire less than 90% of TMKM.

Calima reserves its right to declare the Offer free from the Minimum Acceptance Condition (or any other Condition) to the Offer.

On completion of the Offer, Calima may hold a sufficient number of TMKM Shares to exercise control over the management and operations of TMKM but may not be entitled to compulsorily acquire all outstanding TMKM Shares. Calima's intentions in those circumstances are as follows:

(a) General

Calima intends to, to the extent possible and economically feasible, implement the intentions detailed in Section 8.4 and this Section where they are consistent with TMKM being a controlled entity of (but not wholly owned by) Calima and are considered to be in the best interests of TMKM Shareholders as a whole, including the rights of minority shareholders. These intentions specifically include those in respect of strategic review, corporate matters, corporate office and employees and general business integration.

(b) Development of the Montney Project and Farm-in Agreement

Calima has completed Stage 1 of the work programme under the Farm-in Agreement to earn a 20% working interest in the Montney Project and has until 1 August 2018 to elect whether to continue with Stage Two of the work programme. The balance of the Montney Project is currently owned by TMKM (32% working interest) and TSVM (48% working interest).

If Calima gains control of TMKM but a Relevant Interest in less than 90% of TMKM Shares on issue, Calima is likely to elect not to proceed with Stage Two of the work programme under the Farm-in Agreement in which case it will be entitled to retain its 20% working interest earned under the Farm-in Agreement and the Joint Venture Partners will be required to contribute to Montney Project expenditure on a pro rata basis to their working interests. As at 31 December 2017 TMKM had cash of \$42,533 but will have to raise additional capital to fund its portion of the expenditure to complete the 2018 drilling program and further work programs thereafter. This being the case, and subject to compliance with applicable laws, Calima would likely seek to procure that TMKM fund any future capital requirements of TMKM by equity raising, likely pro rata to all TMKM Shareholders (including potential underwriting by Calima), which would ensure that TMKM is adequately funded to participate in future work programs under the Montney JV. To the extent that Calima participates in such equity financing and other TMKM Shareholders elect not to then the capital raising will be dilutive to non-participating TMKM Shareholders and may allow Calima to acquire further TMKM Shares. See Section 8.5(e) for further details.

(c) Composition of the Board

If Calima gains control of TMKM, Calima will review the TMKM Board. At that time, Calima may take steps to reconstitute the TMKM Board so that it is comprised of Calima nominees. Calima may elect to have one or more independent directors on the TMKM board but no decision regards this has been made nor should TMKM Shareholders rely on there being any independent directors. Replacement TMKM directors have not yet been identified by Calima and their identity will depend on the circumstances at the relevant time.

(d) Elimination of Duplication

To the extent that activities and functions, including management, presently carried out by Calima and TMKM will be duplicated, such duplication will be eliminated where it is economically efficient to do so.

(e) Remaining TMKM Shareholders

If Calima acquires less than 90% of the TMKM Shares on issue, then TMKM Shareholders should be aware that if they do not accept the Offer they may become a "locked-in" minority after the end of the offer period for the

Offer (i.e. if Calima holds a majority of TMKM Shares but is not entitled to compulsorily acquire the remaining TMKM Shares).

It is possible that, even if Calima is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6D.2 of the Corporations Act (for example, as a result of acquisitions of TMKM Shares in reliance on the '3% creep' exception in item 9, the rights issue exception in item 10 or the underwriting exception in item 13 of Section 611 of the Corporations Act). If so, it intends to exercise those rights.

8.6 Intentions if Calima does not acquire effective control of TMKM

Calima reserves its right to declare the Offer free from the Minimum Acceptance Condition (or any other Condition) to the Offer.

This Section sets out Calima's intentions if it were to declare the Offer free of the Conditions and the Offer closes and Calima does not gain effective control of TMKM. In that circumstance:

- (a) Calima does not expect to be in a position to give effect to the intentions set out in Sections 8.4 or 8.5 of this Bidder's Statement;
- (b) Calima would have regard to the circumstances at the time and consider the appropriate courses of action that are in the best interests of Calima Shareholders. Such courses of action might include, but not be limited to, disposing of its shareholding in TMKM, acquiring further TMKM Shares as permitted by law, seeking representation on the TMKM Board and exercising its voting rights as a major shareholder as it deems fit; and
- (c) Calima reserves its decision as to whether it would continue with Stage Two of the work programme under the Farm-in Agreement. If Calima does not elect to proceed with Stages Two of the Farm-in, it will be entitled to retain the working interest earned under Stage 1 of the Farm-in, and the Joint Venture Partners will then contribute to project expenditure on a pro rata basis (refer to Section 8.5(b) for further details).

8.7 Intentions regards TSVM Acquisition

Calima is also undertaking the TSVM Acquisition in addition to the Offer.

If Calima acquires a Relevant interest in 90% or more of TSVM Shares under the TSVM Acquisition and so becomes entitled to proceed to compulsory acquisition of outstanding TSVM Shares in accordance with Part 6A.1 of the Corporations Act, the intentions set out in Sections 8.3 and 8.4 in respect of TSVM also apply in relation to TSVM.

If Calima acquires a Relevant Interest TSVM Shares and TSVM becomes a controlled entity of Calima, but Calima is not entitled to proceed to compulsory acquisition of TSVM Securities in accordance with Part 6A.1 of the Corporations Act, the intentions set out in Sections 8.3 and 8.5 in respect of TSVM also apply in relation to TSVM.

Calima reserves its right to declare the offer free from the minimum acceptance condition (or any other condition) to the TSVM Acquisition. If it were to declare the TSVM Acquisition free of the conditions and the TSVM Acquisition closes and Calima does not gain effective control of TSVM, the intentions set out in Sections 8.3 and 8.6 in respect of TSVM also apply in relation to TSVM.

The above sets out the intentions of Calima on the basis of facts and information concerning TSVM which are known to Calima at the time of preparation of this Bidder's Statement. However, Calima will only reach final decisions in light of material facts and circumstances at the relevant time. Accordingly, the statements set out above are statements of current intentions only which may vary as new information becomes available or circumstances change.

8.8 Limitations in giving effect to Intentions

There may be limitations to Calima's intentions as outlined in this Section 8 due to the legal and other obligations. The extent to which Calima will be able to implement these intentions will be subject to:

- (a) the Corporations Act and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interests;

-
- (b) the legal obligation of the directors of TMKM and TSVM to act for proper purposes and in the best interests of TMKM Shareholders and TSVM Shareholders (as applicable) as a whole; and
 - (c) the level of control that Calima will eventually be able to exert over the operations and strategy of TMKM and TSVM.

9. Australian and Canadian Tax Considerations

9.1 Introduction - Australia

The following summary is a general description of the Australian income tax and CGT consequences for TMKM Shareholders who accept the Offer and dispose of their TMKM Shares to Calima in accordance with the Offer.

The summary is based on taxation law and practice in effect at the date of the Offer. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia, nor does it consider any specific facts or circumstances that may apply to particular shareholders. Further, it does not deal with the taxation consequences of disposing of TMKM Shares or other securities which may have been issued under an employee share scheme, which may be subject to specific tax provisions.

The Australian tax consequences for TMKM Shareholders of disposing of their TMKM Shares will depend on a number of factors including:

- (a) whether they are an Australian resident or non-resident for tax purposes;
- (b) whether they hold their TMKM Shares on capital account, revenue account or as trading stock;
- (c) when they acquired their TMKM Shares;
- (d) whether they are an individual, a company or a trustee of a complying superannuation entity; and
- (e) whether scrip for scrip rollover relief is available – see Section 9.3 below.

Given the complexity of the taxation legislation, TMKM Shareholders should seek independent taxation advice regarding the tax consequences of disposing of TMKM Shares given the particular circumstances which apply to them.

9.2 Taxation consequences for TMKM Shareholders in Australia

- (a) Shareholders holding TMKM Shares as trading stock

The Australian tax treatment will depend on the source of the gain from the disposal of the TMKM Shares. Where the gain is considered Australian sourced, TMKM Shareholders who hold their TMKM Shares as trading stock (e.g., as a share trader) will be required to include the value of the consideration from the disposal of their TMKM Shares in their assessable income. If the gain from the disposal is not considered Australian sourced, the Australian tax treatment will depend on whether a double tax agreement exists between the source country and Australia to allocate taxing rights. A credit for foreign taxes paid may also be available to provide relief from double taxation.

- (b) Shareholders holding TMKM Shares on Revenue Account

The Australian tax treatment will depend on the source of the gain on disposal of the TMKM Shares. Where the gain is considered Australian sourced, TMKM Shareholders who hold their TMKM Shares on revenue account and who accept the Offer will be able to include the amount received (the market value of the Offer Consideration) over the cost of acquisition of the TMKM Shares as ordinary assessable income. Where the market value of the Offer Consideration is less than the cost of TMKM Shares the loss may be claimed as a tax deduction. If the gain on disposal is not considered Australian sourced, the Australian tax treatment will depend on whether a double tax agreement exists between the source country and Australia to either limit the amount taxable in Australia to allocate taxing rights. A credit for foreign taxes paid may also be available to provide relief from double taxation.

- (c) Non-resident shareholders holding TMKM Shares as trading stock or on revenue account

TMKM Shareholders who are a non-resident of Australia and whose TMKM Shares were acquired as trading stock or otherwise on revenue account, should seek their own professional advice. The Australian tax treatment will depend on the source of any gain or loss and whether a double tax agreement exists between their country of residence and Australia to either limit the amount taxable in Australia or provide a tax credit for tax paid.

(d) Non-resident TMKM Shareholders holding TMKM Shares on Capital Account

The Australian tax treatment will depend on whether the shares are taxable Australian property (**TAP**). Where the shares are TAP, any gain derived on the disposal of the shares may be subject to capital gains tax. Whether the non-resident shareholder will be able to access the CGT discount (to reduce any part of the taxable gain) will depend on:

- (i) the type of shareholder they are;
- (ii) how long they have held the shares for; and
- (iii) when the shares were acquired. Non-resident shareholders are unable to apply the CGT discount to reduce capital gains derived after 8 May 2012. However, the CGT discount may still apply to the portion of the capital gain accrued up to 8 May 2012 using the 'default' approach or 'market value' approach.

Where the shares are not TAP, it is unlikely that any capital gain will be subject to tax in Australia. As these rules are complex in their application, we recommend non-resident shareholders seek independent advice in order to determine if any gain would be taxable to them in Australia.

(e) Australian resident TMKM Shareholders holding TMKM Shares on Capital Account

In broad terms, the Australian tax consequences for Australian resident TMKM Shareholders who hold their TMKM Shares on capital account and who accept the Offer will depend on whether or not 'scrip for scrip' capital gains tax rollover relief is available and, if available, is elected. The following discussion considers the general Australian tax consequences for Australian resident TMKM Shareholders where:

- (i) rollover relief is not available or is not elected; and
- (ii) rollover relief is available and is elected.

9.3 Acceptance of the Offer where rollover relief is available and is elected in Australia

Australian-resident TMKM Shareholders may be entitled to 'scrip for scrip' CGT rollover relief in respect of the consideration referable to Calima Shares where the exchange of the shares would otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain qualifying conditions are satisfied.

In broad terms, these qualifying conditions include the requirement that Calima must make an offer to all shareholders in TMKM to acquire their voting shares on substantially the same terms and Calima must become the owner of at least 80% of the voting shares in TMKM as a consequence of the Offer.

If the qualifying conditions are satisfied and a TMKM Shareholder elects for rollover relief to apply, the rollover relief is available.

The effect of the rollover relief is that the TMKM Shareholder's total capital gain will be deferred until the Calima Shares are disposed of.

The CGT cost base of the new Calima Shares acquired in the exchange is determined by reasonably attributing to it the CGT cost base of the TMKM Shares for which a rollover was obtained. For example, the CGT cost base for one TMKM Share will be apportioned to the Calima Shares received for each TMKM Share. Further, the TMKM Shareholders will be taken to acquire their Calima Shares at the time they originally acquired their TMKM Shares (for the purpose of determining any entitlement to a discount on an otherwise assessable capital gain in relation to a subsequent dealing in their new Calima Shares).

As discussed above, rollover relief will only be available if the qualifying conditions are satisfied and TMKM Shareholders elect to apply for it. Further, rollover relief is not available if TMKM Shareholders realise a capital loss on the disposal of their TMKM Shares.

Scrip for scrip rollover relief does not apply automatically and must be elected. The election to utilise scrip for scrip rollover relief is evidenced by the manner in which the tax return for the relevant income year is prepared although it may be prudent to keep a written record of that election with your tax records.

Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, TMKM Shareholders should seek independent taxation advice regarding their particular circumstances.

Non-resident TMKM Shareholders could only obtain rollover relief in very limited circumstances. It is imperative that non-residents seek independent tax advice to confirm their Australian tax position.

9.4 Acceptance of the Offer where rollover relief is not available or is not elected in Australia

Acceptance of the Offer is likely to involve a disposal by a TMKM Shareholder of their TMKM Shares for CGT purposes.

An Australian-resident TMKM Shareholder may make a capital gain or capital loss, depending on whether their capital proceeds from the exchange are more than the cost base of their TMKM Shares, or whether those capital proceeds are less than the cost base of those shares.

TMKM Shareholders who are not resident in Australia for tax purposes will generally be subject to Australian CGT on the disposal of TMKM Shares if:

- (a) together with their Associates, they directly or indirectly own at least 10% or more (by value) of the shares in TMKM:
 - (i) at the time of the disposal; or
 - (ii) throughout a 12 month period beginning no earlier than 24 months before the time of the disposal and ending no later than the time of the disposal; and
- (b) if more than 50% of the value of TMKM's assets is attributable to taxable Australian real property,

subject to the terms of any applicable double tax agreement. It is imperative that non-residents independently confirm their Australian tax position.

The capital proceeds that a TMKM Shareholder will be taken to have received in respect of the disposal of their TMKM Shares will generally be the market value of Calima Shares on the date of implementation of the Offer.

The cost base of TMKM Shares will generally be the cost at which they were acquired including any incidental costs of acquisition.

Where the amount of capital proceeds received by a TMKM Shareholder in respect of the disposal of their TMKM Shares is greater than the cost base of those TMKM Shares, then the shareholder should realise a capital gain for Australian CGT purposes.

Where the amount of capital proceeds received by a TMKM Shareholder in respect of the disposal of their TMKM Shares is less than the reduced cost base of those TMKM Shares, then the TMKM Shareholder should realise a capital loss for Australian CGT purposes. Where it is expected that a capital gain will result, if a TMKM Shareholder does not elect for rollover relief, or that relief is not available, then partial tax relief may be available in the form of the CGT discount.

Specifically, where TMKM Shares have been held for at least 12 months before their disposal, a shareholder who is an individual, a complying superannuation entity, or the trustee of a trust, should be able to reduce the capital gain arising from the disposal of TMKM Shares by the CGT discount (see below).

The CGT discount will be available if the relevant TMKM Shares have been held for at least 12 months.

Subject to the TMKM Shareholder having any capital losses or net capital losses from previous income years, where the CGT discount is available, eligible TMKM Shareholders which are individuals or trustees of trusts will reduce the capital gain arising on the disposal of TMKM Shares by one-half. For individuals, this reduced gain should be assessed at the shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

Subject to the TMKM Shareholder having any capital losses or net capital losses from previous income years, where TMKM Shares are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any capital losses or net capital losses from previous income years. TMKM Shareholders having any capital losses or net capital losses from previous income years should seek independent advice in relation to the potential availability of the CGT discount.

9.5 TMKM Shareholders who are companies will not be entitled to the CGT Discount in Australia

Companies are not entitled to the CGT discount. The capital gain or capital loss will be calculated with reference to the capital proceeds less the cost base or reduced cost base of the shares. Where a company realises a capital gain, it may be eligible to reduce that gain with capital losses from previous income years. We recommend that companies seek advice from their professional tax adviser in relation to the availability and deductibility of capital losses.

9.6 GST – Australia

GST should not apply to the disposal of TMKM Shares under the Offer, the issue of Calima Shares under the Offer, or any subsequent disposal of Calima Shares.

TMKM Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in Calima or TMKM. TMKM Shareholders should seek their own tax advice in this respect.

9.7 Introduction - Canada

The following summary is a general description of the Canadian income and capital gain tax consequences for TMKM Shareholders who accept the Offer and dispose of their TMKM Shares to Calima in accordance with the Offer.

The summary is based on taxation law and practice in effect at the date of the Offer. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Canada, nor does it consider any specific facts or circumstances that may apply to particular shareholders. Further, it does not deal with the taxation consequences of disposing of TMKM Shares or other securities which may have been issued under an employee share scheme, which may be subject to specific tax provisions.

The Canadian tax consequences for TMKM Shareholders of disposing of their TMKM Shares will depend on a number of factors including:

- (a) whether they are a Canadian resident or non-resident for tax purposes;
- (b) whether they hold their TMKM Shares on capital account, revenue account or as trading stock;
- (c) when they acquired their TMKM Shares;
- (d) whether they are an individual, a company or a trustee; and
- (e) whether scrip for scrip rollover relief is available – see Section 9.9 below.

Given the complexity of the taxation legislation, TMKM Shareholders should seek independent taxation advice regarding the tax consequences of disposing of TMKM Shares given the particular circumstances which apply to them.

9.8 Taxation consequences for TMKM Shareholders in Canada

- (a) Shareholders holding TMKM Shares as trading stock

The Canadian tax treatment will depend on the source of the gain from the disposal of the TMKM Shares. Where the gain is considered Canadian sourced (which is likely), TMKM Shareholders who hold their TMKM Shares as trading stock (e.g., as a share trader) will be required to include the value of the consideration from the disposal of their TMKM Shares in their assessable income. A credit for foreign taxes paid may also be available to provide relief from double taxation where a double tax agreement exists between your resident country and Canada or is permissible under the domestic tax laws of your country of residency.

- (b) Shareholders holding TMKM Shares on Revenue Account

The Canadian tax treatment will depend on the source of the gain on disposal of the TMKM Shares. Where the gain is considered Canadian sourced (which is likely), TMKM Shareholders who hold their TMKM Shares on revenue account and who accept the Offer will be able to include the amount received (the market value of the Offer Consideration) over the cost of acquisition of the TMKM Shares as ordinary assessable income. Where the market value of the Offer Consideration is less than the cost of TMKM Shares the loss may be claimed as a tax deduction. A credit for foreign taxes paid may also be available to provide relief from double taxation where a double tax agreement exists between your resident country and Canada or is permissible under the domestic tax laws of your country of residency.

(c) Non-resident TMKM Shareholders holding TMKM Shares on Capital Account

The Canadian tax treatment will depend on whether the shares are taxable Canadian property (**TCP**). Given the only assets of TMKM are the working interests in the Montney Project it is likely that the shares are TCP. Where the shares are TCP, any gain derived on the disposal of the shares may be subject to capital gains tax. Typically non-resident shareholder will be able to access the capital gain discount (to reduce any part of the taxable gain by 50% of the gain).

As these rules are complex in their application, we recommend non-resident shareholders seek independent advice in order to determine if any gain would be taxable to them in Canada.

(d) Australian resident TMKM Shareholders holding TMKM Shares on Capital Account

In broad terms, the Canadian tax consequences for Australian resident TMKM Shareholders who hold their TMKM Shares on capital account and who accept the Offer will depend on whether or not 'scrip for scrip' capital gains tax rollover relief is available and, if available, is elected. The following discussion considers the general Canadian tax consequences for Australian resident TMKM Shareholders where:

- (i) rollover relief is not available or is not elected; and
- (ii) rollover relief is available and is elected.

9.9 Acceptance of the Offer where rollover relief is available in Canada

Non Canadian-resident TMKM Shareholders may be entitled to 'scrip for scrip' rollover relief in respect of the consideration referable to Calima Shares where the exchange of the shares would otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain qualifying conditions are satisfied.

In broad terms, these qualifying conditions include the requirement that Calima must make an offer to all shareholders in TMKM to acquire their voting shares on substantially the same terms and Calima must become the owner of at least 100% of the voting shares in TMKM as a consequence of the Offer.

If the qualifying conditions are satisfied, a TMKM Shareholder automatically receives rollover relief. The effect of the rollover relief is that the TMKM Shareholder's total capital gain will be deferred until the Calima Shares are disposed of.

The cost base of the new Calima Shares acquired in the exchange is determined by reasonably attributing to it the cost base of the TMKM Shares for which a rollover was obtained. For example, the capital gain cost base for one TMKM Share will be apportioned to the Calima Shares received for each TMKM Share. Further, the TMKM Shareholders will be taken to acquire their Calima Shares at the time they originally acquired their TMKM Shares.

As discussed above, rollover relief will only be available if the qualifying conditions are satisfied.

Scrip for scrip rollover relief applies automatically. TMKM Shareholders may elect to not be provided roll over relief.

Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, TMKM Shareholders should seek independent taxation advice regarding their particular circumstances.

Non-resident Canadian TMKM Shareholders could only obtain rollover relief in very limited circumstances. It is imperative that non-residents seek independent tax advice to confirm their Canadian tax position.

9.10 Acceptance of the Offer where rollover relief is not available or is not elected in Canada

Acceptance of the Offer is likely to involve a disposal by a TMKM Shareholder of their TMKM Shares for Canadian Tax purposes.

A Non-Canadian resident TMKM Shareholder may make a capital gain or capital loss, depending on whether their capital proceeds from the exchange are more than the cost base of their TMKM Shares, or whether those capital proceeds are less than the cost base of those shares.

TMKM Shareholders who are not resident in Canada for tax purposes will generally be subject to Canadian Tax based on 50% of the gain made on the disposal. It is imperative that non-residents independently confirm their Canadian tax position. Non Canadian Residents may be entitled to a tax credit against any tax owing in their residency from this disposal subject to the subject to the domestic tax law of your country of residency and terms of any applicable double tax agreement.

The capital proceeds that a TMKM Shareholder will be taken to have received in respect of the disposal of their TMKM Shares will generally be the market value of Calima Shares on the date of implementation of the Offer.

The cost base of TMKM Shares will generally be the cost at which they were acquired including any incidental costs of acquisition.

Where the amount of capital proceeds received by a TMKM Shareholder in respect of the disposal of their TMKM Shares is greater than the cost base of those TMKM Shares, then the shareholder should realise a capital gain for Canadian tax purposes. Where the amount of capital proceeds received by a TMKM Shareholder in respect of the disposal of their TMKM Shares is less than the cost base of those TMKM Shares, then the TMKM Shareholder should realise a capital loss for Canadian tax purposes.

9.11 Notification in Canada

Under section 116, non- Canadian resident TMKM Shareholders who dispose of their TMKM shares have to request a "certificate of compliance" using a T2062 Form from the Canada Revenue Agency (**CRA**) 30 days prior to disposition. This certificate of compliance needs to be provided to Calima prior to the settlement to avoid a 25% withholding of the proceeds of the disposition as a tax withholding on your behalf. Calima or TMKM may be able to make an application to the Canadian Revenue Agency to waive the need for each shareholder to provide a certificate of compliance.

The need for a certificate of compliance may not be necessary where roll over relief is available.

9.12 Canadian Non-Resident withholding

Despite any other provision of this clause 9 or the terms of the Offer set out in Annexure A, if Calima reasonably believes on the basis of professional advice that a liability to foreign resident CGT withholding tax will arise, in respect of the disposal of TMKM Shares by a particular shareholder, then Calima will withhold an amount, on account of and to satisfy this liability, from Your TMKM Shares. The TMKM Shareholder will only receive the net proceeds after deduction of this amount (and payment of the reduced amount shall be taken to be full payment for the purposes of this Offer), which amount will be paid by Calima to the relevant tax authority.

An TMKM Shareholder who believes the disposal of their TMKM Shares may trigger a foreign resident CGT withholding tax liability should obtain independent advice, and consider contacting Calima. Calima, in the course of its communications with the relevant TMKM Shareholder, request that the TMKM Shareholder sign and return a Form T2062C, in order to ensure that the shareholder's status is correctly reflected and to prevent withholding tax being deducted from the Offer consideration. In those circumstances, a copy of Form T2062C would be provided to the relevant TMKM Shareholder.

9.13 GST - Canada

GST should not apply to the disposal of TMKM Shares under the Offer, the issue of Calima Shares under the Offer, or any subsequent disposal of Calima Shares.

TMKM Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in Calima or TMKM. TMKM Shareholders should seek their own tax advice in this respect.

10. Risk Factors

10.1 Overview

If the Offer becomes Unconditional, TMKM Shareholders who accept the Offer will become Calima Shareholders. In those circumstances, TMKM Shareholders will:

- (a) continue to be exposed to the risks associated to the investment in TMKM as a result of their indirect interest in TMKM through Calima;
- (b) be exposed to the risks which are specific to an investment in Calima;
- (c) if the TSVM Acquisition is also successful, be exposed to the risks which are specific to an investment in TSVM; and
- (d) be exposed to additional risks relating to the Offer and the Merged Entity, be it the Combined Merger or the Single Merger.

These risks are explained below. TMKM Shareholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Offer. By accepting the Offer, TMKM Shareholders will be investing in Calima and potentially TSVM (depending on whether the TSVM Acquisition is also successful).

The business activities of Calima are subject to various risks that may impact on the future performance of Calima. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Calima and cannot be mitigated.

Accordingly, an investment in Calima carries no guarantee with respect to the payment of dividends, return of capital or price at which Calima Shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following.

10.2 Risks relating to the Offer

- (a) Issue of Calima Shares as consideration

TMKM Shareholders are being offered specific quantities of Calima Shares as consideration under the Offer. As a result, the value of the consideration will fluctuate depending upon the market value of Calima Shares at any given time. Accordingly, the market value of the Calima Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer.

- (b) Rollover Relief

If Calima does not acquire a Relevant Interest in at least 80% of TMKM Shares, scrip-for-scrip CGT rollover relief in Australia will not be available to TMKM Shareholders.

If Calima does not acquire a Relevant Interest in at least 100% of TMKM Shares, scrip-for-scrip CGT rollover relief in Canada will not be available to TMKM Shareholders.

- (c) Sale of Calima Shares

Under the Offer, Calima will issue a significant number of new Calima Shares. Some holders of TMKM Shares may not intend to continue to hold their Calima Shares and may wish to sell them (subject to any applicable escrow period). There is a risk that this may adversely impact on the price of, and demand for, Calima Shares.

- (d) Acquisition of Less than 90% of TMKM Shares

It is possible that Calima could acquire a Relevant Interest of less than 90% of TMKM Shares on issue under the Offer. The existence of a minority interest in TMKM may have an impact on the operations of the Merged Entity, although this impact will depend upon the ultimate level of TMKM ownership acquired by Calima.

(e) Merger Integration

If Calima acquires a substantial interest in TMKM pursuant to the Offer, integrating Calima and TMKM may create some risks, including the integration of management, information systems and work practices. Furthermore, there is no guarantee that any synergy benefits or costs savings will be achieved on time or at all.

(f) Forward Looking Information

Certain information in this Bidder's Statement constitutes forward looking information that is subject to risks and uncertainties and a number of assumptions, which may cause the actual expenditure of the Merged Entity to be different from the expectations expressed or implied in this Bidder's Statement

(g) TMKM Information

In preparing the information relating to TMKM contained in this Bidder's Statement, Calima has relied on publicly available information relating to TMKM and information provided by TMKM management. Risks may exist in relation to TMKM (which will affect the Merged Entity) of which Calima is unaware. If any material risks are known to the directors of TMKM, they must be disclosed in the target's statement to be issued by TMKM.

10.3 Risks Relating to the Merged Entity

This Section 10.3 sets out risks that are specific to Calima and TMKM as the Merged Entity. This Section 10.3 also sets out general and industry risks relating to Calima and TMKM as the Merged Entity.

(a) Specific risks relating to Calima and TMKM as the Merged Entity

(i) Additional requirements for capital

The Joint Venture Partners are proposing to conduct a drilling programme in late 2018-early 2019 which will have a significant cost, in excess of the reserves of the Merged Entity. The Directors believe that consolidation of the interests in the Montney Project puts the Merged Entity in a better position to fund this expenditure. However, if the Company is unable to obtain additional funding when required, the proposed drilling programme may not proceed or will be deferred which may have a negative effect on the development of the Montney Project and consequently the price of Calima Shares.

There can be no assurance that additional finance will be available when needed for the current proposed drilling program and following that more generally. Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may be on terms that are not favourable to Calima or involve restrictive covenants, which limit the Company's operations and business strategy. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and/or indefinite postponement of the Company's activities and potential development programs.

(ii) Commodity price volatility risk

It is anticipated that any future revenues of the Company, other than sales of assets, will be derived from the sale of oil and/or natural gas. The demand for, and price of, oil and natural gas is dependent on a variety of factors beyond the control of the Company, including supply levels of the product, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

The market price of hydrocarbon products is volatile and outside the control of the Company. Oil and gas prices have fluctuated widely in recent years. If the price of hydrocarbons should drop significantly and remain depressed, the economic prospects of the projects which Calima has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if significant quantities of hydrocarbon products are discovered, a profitable market may exist for their sale.

The marketability of hydrocarbons is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of oil and gas and petroleum products, the effect of which cannot be accurately predicted. Restrictions on the Company's ability to market production from projects that Calima has an interest in may have a material adverse effect on the Company's overall financial performance.

(iii) Permit grant and maintenance risk

The Company's exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents. The grant or maintenance of licences and obtaining renewals often depends on Calima being successful in obtaining the required regulatory approvals for its proposed activities.

There can be no assurances that Calima will be successful in obtaining renewals of existing acreage in the future.

The lease, licences or permits might also contain conditions relating to operations including, but not limited to, environmental management issues, occupational health and safety, operating procedures and plant and equipment design specifications. Such conditions or regulations might be subject to change from time to time and might impact the cost base and hence profitability of a particular project.

The Montney Project JV's drilling licences require the holder to meet certain drilling targets to retain the licences and/or convert them into production leases. Calima (as operator of the Montney Project JV) may be prevented from achieving these drilling targets for unforeseen reasons outside the control of the Company. If this were to occur, the applicable licences may expire before Calima is able to renew or convert them into production leases, which may have a material adverse effect on the Company's overall financial performance.

(iv) Exploration and development risks

Oil and gas exploration involves significant risks, including the risk that drilling will result in dry holes or not result in commercially feasible oil or natural gas productions. Selecting a drilling location is influenced by the interpretation of geological, geophysical and seismic data, which is a subjective science and has varying degrees of success. Other factors, including land ownership and regulatory rules, may impact the Company's decisions with respect to well locations. Further, no known technologies provide conclusive evidence prior to drilling a well that oil or natural gas is present or may be produced economically. New wells drilled may not be productive or may not recover all or any portion of the Company's investment in such wells. Decisions to purchase, explore, develop or otherwise exploit prospects or properties will depend, in part, on the evaluation of production data, engineering studies, and geological and geophysical analyses, the results of which are typically inconclusive or subject to varying interpretations. The costs of drilling, completing, equipping and operating wells is typically uncertain before drilling commences.

Montney Project JV and the petroleum licences that Calima owns or has the rights to exploit are at various stages of exploration. There can be no assurance that exploration of these licences, or any other licences that may be acquired in the future, will result in the discovery of an economic oil and gas deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

The value of the Company's Securities will likely be affected by the results obtained by other companies conducting exploration activities within close proximity of its projects. If the results obtained by other companies are positive then this will likely increase the value of the Company's Securities. Conversely, if the results obtained by other companies are negative then this will likely decrease the value of the Company's Securities.

Further, the Montney Project is an unconventional project that relies on horizontal well and fracture stimulation technologies to make hydrocarbons flow. There are complexities and additional risks with the development of these types of project which do not exist with conventional oil and gas

plays. These complexities can affect the flow rates achieved from operations and the costs of conducting such operations and thereby effect the viability or profitability of such operations.

(v) Drilling Risks

Oil and gas drilling activities are subject to numerous risks, many of which are beyond the Company's control. The Company's drilling operations may be curtailed, delayed or cancelled due to a number of factors including weather conditions, mechanical difficulties, shortage or delays in the availability or delivery of rigs and/or other equipment and compliance with governmental requirements. Hazards incident to the exploration and development of oil and gas properties such as unusual or unexpected formations, pressures or other factors are inherent in drilling and operating wells and may be encountered by the Company.

Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. While drilling may yield some hydrocarbons, there can be no guarantee that the discovery will be sufficiently productive to justify commercial development or cover operating costs.

(vi) Hydraulic fracturing

Public debate exists regarding the potential sub surface and surface impact of hydraulic fracturing, including concern about the impacts of hydraulic fracturing on drinking water. In addition, there are many regulatory requirements to be adhered to. Additionally, hydraulic fracturing requires large volumes of water (the availability and regulation of which may change over time) and there are costs associated with water disposal that may be required should Calima produce water in its wells. As more impacts of hydraulic fracturing are fully understood, it may be subject to additional regulations or restrictions from governmental authorities, resulting in increased compliance costs. Any modification to the current requirements may adversely impact the value of the Company's assets and future financial performance.

(vii) Commercialisation of Discoveries

It may not always be possible for Calima to participate in the exploitation of successful discoveries made in any areas in which Calima has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. Such further work may require Calima to meet or commit to financing obligations for which it may not have planned.

(viii) Exchange rate fluctuation risk

The Company's oil and gas projects are currently located in Canada, Namibia and in SADR. As a result, the majority of cash flows, expenses, capital expenditure and commitments will be denominated in Canadian dollars and various currencies used in SADR and Namibia. To the extent Calima may become involved in petroleum production, the revenue derived through the sale of commodities will expose the potential income of Calima to commodity price and exchange rate risks through the translation or repatriation of foreign currencies to Australian Dollars.

(ix) Environmental risks

The Company's operations will be subject to environmental laws and regulations, including but not limited to, those governing the management of waste, the protection of water and air quality, the discharge of materials into the environment, and the preservation of natural resources which may impact and influence the Company's operations. The government and other authorities that administer and enforce environmental laws and regulations determine these requirements. The cost and complexity of complying with the applicable environmental laws and regulations may prevent Calima from being able to develop potentially economically viable petroleum reserves.

If Calima fails to comply with environmental laws and regulations regarding the discharge of oil, gas, or other materials into the air, soil or water it may be subject to liabilities to the government and third parties, including civil and criminal penalties. Calima may also become liable for environmental damage caused by any previous owners of licence areas Calima will have an interest in.

Further, Calima may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment, including production activities. There is no assurance that such approvals will be obtained. Calima is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

Calima is unable to predict the effect of any new environmental laws, regulations or stricter enforcement policies, once implemented, including whether any such laws or regulations would increase the Company's cost of doing business or affect its operations in any area.

(x) SADR non-sovereign status

Under the Assurance Agreements, the SADR PSCs are effective from and commence upon recognition of the sovereign status of the SADR by the United Nations, and the SADR Government passing necessary tax and petroleum titles legislation. The SADR is the entity created by the indigenous people of Western Sahara following a unilateral declaration of independence in 1976. At present the territory of Western Sahara is regarded by the UN as being a Non-Self Governing Territory awaiting a process of decolonisation. Western Sahara was formerly a Spanish colony. Following Spain's withdrawal, Morocco invaded in 1975 and has since occupied the western part of the territory. In the same year, the International Court of Justice found that there were no ties of territorial sovereignty between Morocco and Western Sahara. No country in the world has ever recognised Morocco's claims over Western Sahara.

A 16-year armed conflict between Morocco and the Frente POLISARIO (the armed resistance of the indigenous Saharawi people of Western Sahara) ensued until the UN brokered a ceasefire in 1990. The terms of the ceasefire included an agreement to establish a UN Mission for the Referendum in Western Sahara (MINURSO) to: (i) organize and supervise a self-determination referendum to allow the Saharawi people to choose between independence and integration with Morocco; and (ii) to monitor the ceasefire.

However, the UN has since been unable to make the necessary arrangements for the holding of a referendum. It has been mandated by the UN Security Council to bring the parties together to negotiate a solution to the conflict "which will provide for the self-determination of the people of Western Sahara." Unfortunately, little progress has been made with Morocco maintaining an intransigent position proposing only autonomy for the territory whilst the Government of the SADR advocates a referendum with all options of self-determination.

There are currently overlapping claims to oil and gas exploration rights in both the onshore and offshore areas of occupied territories; that is, competing licence areas which have been issued by the SADR and Moroccan governments.

The UN has issued advice that "if further exploration and exploitation activities were to proceed in disregard to the interests and wishes of the people of Western Sahara, they would be in violation of the principles of international law applicable to mineral resource activities in Non-Self Governing Territories".

Calima will continue to monitor progress towards a political solution regarding the sovereign status of SADR. Until such time as there is a resolution of the political situation regarding sovereignty, Calima's interest in the SADR PSCs should be regarded as highly speculative.

(xi) Potential acquisitions

As part of its business strategy, Calima may make acquisitions of, or significant investments in, companies or assets. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

There are a number of uncertainties with the acquisition of interests in properties including, the amount of recoverable reserves, development and operating costs and potential environmental and other liabilities. Even with careful due diligence, it may be impossible to ascertain certain environmental or structural problems such as pipeline corrosion or hazardous spills. This risk could have a negative effect on future operations and the Company's financial position.

(xii) Hydrocarbon reserve estimates

Hydrocarbon reserve estimates are expressions of judgment based on knowledge, experience, interpretation and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. Should Calima encounter oil and/or gas deposits or formations different from those predicted by past drilling, sampling and similar examinations, then reserve estimates may have to be adjusted and production plans may have to be altered in a way which could adversely affect the Company's operations. Where possible, Calima will seek to have any such estimates verified or produced by an independent party with sufficient expertise in their chosen field.

(xiii) Reliance on key personnel

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

(xiv) JV partners and contractors

Oil and gas ventures are typically operated under joint venture arrangements, such as the Company's Farm-in Agreement in relation to the Montney Project. These arrangements include provisions that often require certain decisions relating to the projects to be passed with unanimous or majority approval of all participants. Where a venture partner does not act in the best commercial interest of the project, it could have a material adverse effect on the interests of the Company.

Calima is unable to predict the risk of:

- financial failure, non-compliance with obligations or default by a participant in any venture to which Calima is, or may become, a party; or
- insolvency or other managerial failure by any of the contractors used by Calima in any of its activities; or
- insolvency or other managerial failure by any of the other service providers used by Calima for any activity,

all of which could have a material adverse effect on the operations and financial performance of the Company.

(xv) Regulation - General

There are a number of Canadian federal and state policies and regulations that, if changed, may have a material impact on the financial and operational performance of the Company.

The risks relating to these policies and regulations to the Company's business include:

- changes to the nature and extent of the regulation or licensing systems could result in a change in industry structure, which could adversely impact the growth opportunities for and profitability of the Company's business;
- changes to federal or state taxes or royalty structure, such as a change to the Royalty Rebate Schemes;
- changes to the state government legislation about drilling, fracking, or environmental approvals.

In addition, Calima may become subject to other regulations in Canada, Namibia or SADR, if Calima's Assurance Agreements convert into the SADR PSCs, which could increase its regulatory and compliance obligations. Any new regulatory restrictions or changes in government attitudes or policies in relation to any or all of the existing regulatory areas may adversely impact on the financial performance and position, and future prospects of the Company.

(xvi) Regulation- Exploration and Production

Oil and natural gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal, state and local agencies. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases the cost of doing business and affects profitability. Because such rules and regulations are frequently amended or reinterpreted, Calima is unable to predict the future cost or impact of complying with such laws.

Permits are required in some of the areas in which Calima operates for drilling operations, drilling bonds and the filing of reports concerning operations and other requirements are imposed relating to the exploration and production of oil and gas. Calima will be required to comply with various federal and state regulations regarding plugging and abandonment of oil and natural gas wells, which will impose a substantial rehabilitation obligation on the Company, which may have a material adverse effect on the Company's financial performance.

(xvii) Insurance

Exploration, development and production operations on oil and gas properties involve a number of risks and hazards which are beyond the control of Calima including unexpected or unusual geological conditions, environmental hazards, technical and equipment failures, extended interruptions due to inclement or hazardous weather or other physical conditions, unavailability of drilling equipment, unexpected shortages of key personnel, labour, consumables or parts and equipment, fire, explosions and other incidents. It is not always possible to insure against all such risks or Calima may decide not to insure against certain risks because of high premiums or other reasons. Although Calima will have insurance in place at levels considered appropriate for its operations and in accordance with industry practice, in certain circumstances the Company's insurance may not cover, or be adequate to cover, the consequence of such events which could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company's Shares.

(xviii) Claims by Indigenous Inhabitants

The oil and gas assets of Calima may be subject to land claims by First Nations or indigenous people. Should this occur and be successful, the Company's ability to conduct exploration and/or development and production activities may be affected, which may have a material adverse effect on the Company's financial performance and the price at which its Securities trade.

The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties leased or owned by Calima cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties leased or purchased by the Corporation are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, Calima may at some

point be required to negotiate with First Nations or other indigenous people in order to facilitate exploration and development work on the properties leased or owned by the Company.

Some of the Montney JV lands overlap Crown lands within the area claimed by the Treaty 8 First Nations. The Dene Tha' First Nation and Prophet River First Nation have advised that such areas are used for practising their treaty rights. Practically speaking, this means that pre-engagement with those First Nations (letter of introduction outlining development plans) should occur prior to developing the lands to ensure that any concerns they may have are taken into account.

Other than as noted above, Calima is not currently aware of any land claims or potential claims by indigenous people in respect of its proposed exploration activities that could affect licence tenure or any future production operations.

(xix) Competition

Calima operates in a competitive and dynamic market. Calima will compete with other companies, including major oil and gas companies. Some of these companies have greater financial and other resources than Calima and, as a result, may be in a better position to compete for future business opportunities and respond to the introduction of new technologies or technological advancements relating to drilling or other relevant operations (common in the oil and gas industry).

Many of the Company's competitors not only explore for and produce oil and gas, but also carry out refining operations and market petroleum and other products on a worldwide basis. There can be no assurance that Calima will compete effectively with these companies and other industry participants and thereby be successful in acquiring additional oil and gas properties on reasonable commercial terms.

(xx) Substitution of oil and gas products as energy sources

There are a number of alternative energy sources to energy sources from oil and gas products. These include renewable energy (ie wind, solar or hydroelectric), nuclear energy, geothermal and biomass. If the costs and commercial prices of such alternative energy sources fall or there is a significant shift in consumer sentiment towards such sources, this may have a significant effect upon the Company's overall financial performance and ability to operate in the oil and gas industry.

(xxi) Liquidity risk

A number of the Company's Shares are classified by ASX as restricted securities and/or are subject to voluntary escrow and are held in escrow. In addition, certain TMKM Shareholders and TSVM Shareholders have agreed to voluntary escrow over the Calima Shares they will be issued pursuant to the Offer and the TSVM Acquisition (if successful) until 30 April 2019 (see section 11.10 for further details). During the period in which these Shares are escrowed, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner. Further, trading in Shares has recently been relatively illiquid and may continue to be so. There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly, there is a risk that, should the market for the Shares continue to be illiquid or become less liquid, Shareholders will be unable to realise their investment in the Company.

(b) General risks relating to Calima and TMKM as the Merged Entity

(i) Economic and government risks

The future viability of Calima is also dependent on a number of other factors affecting performance of all industries and not just the oil and gas industry including, but not limited to, the following:

- general economic conditions in jurisdictions in which Calima operates;
- changes in government policies, taxation and other laws in jurisdictions in which Calima operates;

- the interpretation of taxation laws by the relevant taxation authority differing from the Company's interpretation;
- the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the oil and gas industry;
- movement in, or outlook on, interest rates and inflation rates in jurisdictions in which Calima operates; and
- natural disasters, social upheaval or war in jurisdictions in which Calima operates.

(ii) Financial markets risks

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions may be affected by many factors including, but not limited to, the following:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- commodity price fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general, and oil and gas securities in particular. Neither the Company, nor the directors warrant the future performance of Calima or any return on an investment in the Company.

(iii) Risk of litigation, claims and disputes

Calima is exposed to the risk of actual or threatened litigation or legal disputes in the form of claims by joint venture partners, personal injury and property damage claims, environmental and indemnity claims, employee claims and other litigation and disputes. There is a risk that such litigation, claims and disputes could materially and adversely affect the Company's operating and financial performance due to the cost of defending and/or settling such claims, and could affect the Company's reputation.

(iv) Investment risk

An investment in the Calima Shares to be issued pursuant to the Offer should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Calima Shares. The prices at which an investor may be able to trade the Securities may be above or below the implied value of the Calima Shares. While the Directors recommend TMKM Shareholders accept the Offer, prospective investors must make their own assessment of the likely risks and determine whether an investment in Calima is appropriate to their own circumstances.

11. Additional Information

11.1 Bid Implementation Agreement

As announced on 2 May 2018, Calima and TMKM have entered into the Bid Implementation Agreement pursuant to which Calima has agreed to make the Offer. A copy of the Bid Implementation Agreement was released to the ASX on 2 May 2018.

The key terms of the Bid Implementation Agreement are:

- (a) Calima agrees to make the Offer, subject to the Conditions. The agreed consideration is the Offer Consideration.
- (b) TMKM has represented that the directors of TMKM have advised TMKM that they will:
 - (i) unanimously recommend that TMKM Shareholders accept the Offer in the absence of a Superior Proposal; and
 - (ii) accept, or procure the acceptance of, the Offer in respect of any TMKM Shares they or their associates own or control.
- (c) Calima may use a subsidiary to make the Offer, provided that the securities to be issued to the TMKM Shareholders under the Offer are Calima Shares.
- (d) Calima agrees to make a Private Treaty Offer to each TMKM Optionholder.
- (e) In the absence of a Superior Proposal for TMKM, TMKM will procure that its board of directors will participate in efforts reasonably required by Calima to promote the merits of the Offer including meeting with key TMKM Shareholders, analysts, management, customers and press but only to the extent that those directors consider that they may do so without breaching any of their statutory or fiduciary duties.
- (f) Each party agrees to use all reasonable endeavours to satisfy the Conditions as soon as practicable after the date of the Bid Implementation Agreement provided that TMKM is not required to comply with this obligation if it would require TMKM to take any action which in the reasonable opinion of the TMKM Board would constitute a breach of the TMKM directors' statutory or fiduciary duties.
- (g) The Bid Implementation Agreement provides for TMKM to:
 - (i) provide all necessary information about the register of TMKM Shareholders and Optionholders to assist Calima to solicit acceptances of the Offer and direct its share registry to provide all information reasonably requested by Calima in relation such registers;
 - (ii) undertake regular beneficial shareholder analysis and exercise its powers under the Corporations Act to trace beneficial ownership of shareholdings if requested by Calima; and
 - (iii) conduct, and procure that its Subsidiaries conduct, their respective businesses in the ordinary course of business and preserve and maintain the value of their business and assets.
- (h) The Bid Implementation Agreement contains representations and warranties that are customary for an agreement of this nature.
- (i) The Bid Implementation Agreement may be terminated in the following circumstances:
 - (i) By either Calima or TMKM if at any time before the end of the Offer Period:
 - (A) the TMKM Board changes its recommendation in relation to the Offer as a result of the Board determining that it has received a Superior Proposal;

- (B) the other party is in material breach of the Bid Implementation Agreement and to the extent that the breach can be rectified, the breach has not been rectified within five Business Days of receiving notice;
 - (C) a representation or warranty given by the other party is or becomes untrue in any material respect and the breach of the representation or warranty is of such a kind that, had it been disclosed to the first party before entry into the BIA, could reasonably have been expected to have resulted in the first party either not entering into the BIA or entering into it on materially different terms;
 - (D) any Court or Public Authority has issued an order, decree or ruling or taken any other action that permanently restrains or prohibits the Offer; or
 - (E) Calima withdraws the Offer or the Offer lapses for any reason, including non-satisfaction of a Condition; and
- (ii) By TMKM if before the end of the Offer Period a Calima Material Adverse Change occurs.
- (j) If the Bid Implementation Agreement is terminated, the parties will have no further obligations to each other under the Bid Implementation Agreement (except in relation to specified general provisions) and neither party will have any liability or obligation to the other party for any damages or loss of any kind other than in respect of past breaches.

11.2 Calima's interest in TMKM Shares

As announced on 2 May 2018, a major TMKM Shareholder holding 6,140,000 TMKM Shares (8.60% of the TMKM Shares) has entered into a pre-bid acceptance agreement with Calima agreeing to accept the Offer. See Section 11.8 for further details.

In addition as at the date of this Bidder's Statement and the date immediately before the date of the Offer, Calima holds 8,000,000 TMKM Share (11.2% of the TMKM Shares).

Accordingly as at the date:

- (a) of this Bidder's Statement Calima had a Relevant Interest in 14,140,000 TMKM Shares and Calima's voting power in TMKM was 19.80%. As at the date of this Bidder's Statement, Calima did not have a Relevant Interest in any TMKM Options.
- (b) immediately before the date of the Offer, Calima had a Relevant Interest in 14,140,000 TMKM Shares and Calima's voting power in TMKM was 19.80%. As at the date immediately before the date of the Offer, Calima did not have a Relevant Interest in any TMKM Options.

11.3 Acquisitions of TMKM Shares by Calima and its Associates

- (a) Previous 4 months

Neither Calima nor any Associate of Calima has provided, or agreed to provide, consideration for TMKM Shares under any purchase or agreement (other than the Bid Implementation Agreement and the Pre-Bid Acceptance Agreement) during the period beginning 4 months before the date of this Bidder's Statement and ending on the day immediately before the date of this Bidder's Statement.

- (b) Period before Offer

Neither Calima nor any Associate of Calima has provided, or agreed to provide, consideration for TMKM Shares under any purchase or agreement (other than the Bid Implementation Agreement and the Pre-Bid Acceptance Agreement) during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

11.4 No escalation agreements

Neither Calima nor any Associate of Calima has entered into any escalation agreement that is prohibited by Section 622 of the Corporations Act.

11.5 Collateral benefits

(a) Previous 4 months

During the period beginning 4 months before the date of this Bidder's Statement and ending on the day immediately before the date of this Bidder's Statement, neither Calima nor any Associate of Calima gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Offer; or
- (ii) dispose of their TMKM Shares,

and which is not offered to all holders of TMKM Shares under the Offer.

(b) Period before Offer

During the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer, neither Calima nor any Associate of Calima gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Offer; or
- (ii) dispose of their TMKM Shares,

and which is not offered to all holders of TMKM Shares under the Offer.

11.6 TMKM Options

Should any TMKM Options be exercised after the Record Date and prior to the close of the Offer, then the Offer will extend to any person who becomes registered or entitled to be registered as the holder of TMKM Shares before the close of the Offer. It is however noted, that at the date of this Bidders Statement each of the TMKM Optionholders have entered into an agreement under the Private Treaty Offer which provides for the purchase of their TMKM Options and also contains a provision prohibiting the exercise of the same.

The Private Treaty Offer is conditional on the Offer being declared unconditional and in respect of the Private Treaty Offer to Havoc Partners, Shareholders approving the issue of Calima Shares to Havoc Partners under the Private Treaty Offer.

It is a Condition of the Offer that all TMKM Optionholders accept the Private Treaty Offer in respect of their TMKM Options.

Calima is seeking Shareholder approval at its Annual General Meeting to be held on 31 May 2018 for the issue of the Calima Shares to TMKM Optionholders under the Private Treaty Offer and TSVM Optionholders under the private treaty arrangements with such Optionholders pursuant to Listing Rule 7.1 and Listing Rule 10.11 in respect of the Calima Shares to be issued to Mr Stein and Mr Taylor in respect of the TMKM Options held by Havoc Partners.

11.7 Disclosure of information

Due to the fact that Calima is offering Calima Shares as consideration for the acquisition of TMKM Shares under the Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Calima Shares under Sections 710 to 713 of the Corporations Act.

As a company whose shares are quoted on ASX, Calima is subject to regular disclosure requirements. In particular, Calima is required to disclose information concerning its finances, activities and performance. This disclosure is available on Calima's website as well as on the ASX website (ASX Code: CE1).

Please refer to Section 3.7 for further details in relation to Calima's continuous disclosure obligations and the availability of public information in respect of Calima.

11.8 Pre-bid Acceptance Agreements

As announced on 2 May 2018, Calima has entered into a pre-bid acceptance agreement with TMKM Shareholder, Mr Charles Morgan in respect of 6,140,000 TMKM Shares. Mr Morgan has agreed to accept the Offer in respect of such TMKM Shares (which equates to voting power in TMKM of 8.60%).

Mr Morgan has agreed to accept the Offer in respect of the above TMKM Shares within five Business Days after the commencement of the Offer Period.

The Pre-bid Acceptance Agreement will automatically terminate if:

- (a) Calima withdraws the Offer in accordance with the provisions of the Corporations Act;
- (b) the Offer closes having not, prior to or on the date of closing, been freed of all defeating Conditions; or
- (c) the Offer does not close before the end of the exclusivity period commencing on the date of the Bid Implementation Agreement (being 1 May 2018) and ending on 31 July 2018).

Under the terms of the Pre-bid Acceptance Agreement, Mr Morgan is not permitted to dispose of, or encumber any of his TMKM Shares set out above.

11.9 TMKM Shareholders' intention to accept the Offer

As announced on 2 May 2018, TMKM has been provided with letters of intention to accept the Offer, in the absence of a superior proposal, from:

- (a) Craig Burton <CI Burton Family a/c> in respect of 10,000,000 TMKM Shares;
- (b) Aviemore Capital Pty Ltd in respect of 9,700,000 TMKM Shares; and
- (c) Hoperidge Enterprises Pty Ltd in respect of 8,200,000 TMKM Shares,

representing in aggregate 39.08% of TMKM Shares (27,900,000 TMKM Shares in total). These TMKM Shareholders have consented to the disclosure of the letter of intention in this Bidder's Statement and have not withdrawn that consent before the date of this Bidder's Statement.

11.10 Voluntary Escrow

Calima has entered into voluntary escrow deeds with various TMKM Shareholders and TSVM Shareholders, who collectively will receive 149,569,486 Calima Shares, pursuant to which such parties have agreed to voluntary escrow of the Calima Shares to be issued to them until 30 April 2019.

11.11 Interests and benefits relating to the Offer

- (a) Interests

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (i) director or proposed director of Calima;
- (ii) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;

- (iii) promoter of Calima; or
- (iv) a financial services licensee named in this Bidder's Statement as being involved in the issue of Calima Shares,

(together, the **Interested Persons**) has, or had within 2 years before the date of this Bidder's Statement, any interest in:

- (i) the formation or promotion of Calima;
- (ii) any property acquired or proposed to be acquired by Calima in connection with its formation or promotion or in connection with the offer of Calima Shares under the Offer; or
- (iii) the offer of Calima Shares under the Offer.

(b) **Disclosure of Fees and Benefits Received by Certain Persons**

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (i) to a director or proposed director of Calima to induce them to become, or to qualify as, a director of Calima; or
- (ii) for services provided by an Interested Person in connection with the formation or promotion of Calima or the offer of Calima Shares under the Offer.

The fees paid in connection with the preparation and distribution of this Bidder's Statement and for services provided in connection with the Offer, including legal and registry fees, are expected to total approximately \$83,500 (excluding GST).

11.12 Disclosure of interests of directors

The Directors have the following interests in Calima Securities (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Bidder's Statement. The Directors do not have any interests in TSVM Securities (either directly, held by entities controlled by them or held by entities of which they are directors). In respect of the TMKM Securities, 2,400,000 TMKM Options are currently held by Havoc Partners. Havoc Partners is a limited liability partnership which is owned by five members, being Directors Alan Stein and Jonathan Taylor and three other members of the Company's management team. The consideration payable to Havoc Partners for the acquisition of its TMKM Options will be the issue of a total of 2,160,000 Calima Shares. Havoc Partners proposes to distribute the consideration received to its members at completion of the Offer. Of the Calima Shares proposed to be issued in respect of the TMKM Options held by Havoc Partners, Mr Stein and Mr Taylor will each be issued 675,000 shares as Havoc Partner members with the balance being issued to the other Havoc Partners members.

Director	Calima Shares	Calima Performance Shares	Calima Performance Rights	Calima Options
Alan Stein	32,757,878	16,145,826	2,700,000	6,600,000
Glenn Whiddon	20,222,523 ⁽¹⁾	-	-	-
Jonathan Taylor	12,674,654	1,525,948	8,250,000	6,600,000
Neil Hackett	735,556	-	-	-

Notes:

- (1) 6466 Investments Pty Ltd holds 23,881,793 Calima Shares. Calima Shares held by 6466 Investments Pty Ltd are only included here for good corporate governance purposes. 6466 Investments Pty Ltd is controlled by

Jane Whiddon, the spouse of Glenn Whiddon, independently of Mr Whiddon. Mr Whiddon has no relevant interest in the Calima Shares held by 6466 Investments Pty Ltd.

11.13 Fees and Benefits of Directors

The Constitution of Calima provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by Calima in general meeting.

The annual remuneration of the Directors for the last two financial years is as follows:

Director		Salary and Fees \$	Other \$	Total \$
Alan Stein	FY2017	86,786	5,664	92,450
	FY2016	-	-	-
Glenn Whiddon	FY2017	213,371	-	213,371
	FY2016	186,364	-	186,364
Jonathan Taylor	FY2017	86,786	11,317	98,103
	FY2016	-	-	-
Neil Hackett	FY2017	36,000	29,650	65,650
	FY2016	44,000	30,830	74,830

Directors, companies associated with the Directors or their Associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of Calima and other miscellaneous expenses.

The remuneration of Directors is reviewed annually by Calima.

Deeds of indemnity, insurance and access

Calima has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, Calima agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of Calima. Calima is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

11.14 Exclusivity

Under the Bid Implementation Agreement, Calima and TMKM have agreed to an exclusivity period commencing on the date of the Bid Implementation Agreement (being 1 May 2018) and ending on 31 July 2018 (subject to earlier completion of the Offer or termination of the Bid Implementation Agreement) during which neither party may solicit other proposals without the other party's consent and must notify each other if a Competing Proposal is received. In the event that a Competing Proposal is received by TMKM which is superior to the Offer, Calima will have an opportunity to vary the terms of the Offer to match or better such a Superior Proposal.

11.15 Euroz Mandate

Calima has entered into a mandate for Euroz to act as corporate adviser to Calima in relation to the Offer and the TSVM Acquisition. The Company has agreed to issue up to 4,500,000 Shares to Euroz (or its nominees) for acting in this role which have been, or will be, issued as follows:

- (a) 1,000,000 Calima Shares issued which were issued following announcement of the Offer;

- (b) 2,000,000 Calima Shares to be issued upon Calima acquiring a beneficial interest in 90% or more of the TSVM Shares; and
- (c) 1,500,000 Calima Shares to be issued upon Calima acquiring a beneficial interest in 90% or more of the TMKM Shares

The mandate contains covenants, warranties, representations and indemnities that are customary for an agreement of this nature.

11.16 Expenses of the Offer

The total amount of cash that Calima may become obliged to pay to satisfy all expenses incurred by Calima and relating to the Offer will be provided from Calima's existing cash balances.

Calima estimates it will incur the following fees for services provided in connection with the Offer:

	\$
ASX quotation fee for new Calima Shares	18,739
ASIC Fee	2,400
Legal, accounting and due diligence expenses	80,000
Printing, mailing, share registry and other expenses	3,500
Other	1,000
Total	\$105,639

11.17 Material litigation

To the knowledge of the Directors, as at the date of this Bidders Statement, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against Calima.

11.18 Ineligible Foreign Shareholders

TMKM Shareholders who are Ineligible Foreign Shareholders will not be entitled to receive Calima Shares as consideration for their TMKM Shares pursuant to the Offer.

A TMKM Shareholder is an Ineligible Foreign Shareholder for the purposes of the Offer if their address as shown in the register of members of TMKM is in a jurisdiction other than Australia. However, such a person will not be an Ineligible Foreign Shareholder if Calima is satisfied that it is not legally or practically constrained from making the Offer to a TMKM Shareholder in the relevant jurisdiction and to issue Calima Shares to such a shareholder on acceptance of the Offer, and that it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, Calima is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The Calima Shares which would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to the Sale Nominee who will sell these shares. The proceeds of the sale (less any transaction costs) of such shares will then be remitted to the relevant Ineligible Foreign Shareholders. See Section 8 of Annexure A for further details.

11.19 Status of conditions

The conditions of the Offer are set out in Section 9 of Annexure A.

Calima will use all reasonable endeavours to ensure the Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

As at the date of this Bidder's Statement, Calima is not aware of any events which would result in a breach or inability to satisfy the Conditions.

Calima will give a notice of the status of the Conditions in accordance with the Corporations Act on 12 June 2018 (subject to extension if the Offer Period is extended).

11.20 Consents

Each of the parties referred to in this Section 11.20:

- (a) makes no representation regarding, and to the maximum extent permitted by law expressly disclaims and takes no responsibility for, any statements in or omissions from any part of this Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this Section 11.20 (if any); and
- (b) has not caused or authorised the issue of this Bidder's Statement or the making of the Offer.

Each of the following has consented to being named in this Bidder's Statement in the form and context as noted below and have not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC:

- (a) GTP Legal to be named as legal adviser to Calima in relation to the Offer;
- (b) Euroz to be named as corporate adviser to Calima in relation to the Offer; and
- (c) Computershare to be named as the share registry of Calima.

11.21 Other material information

There is no other information material to the making of a decision by a holder of TMKM Shares whether or not to accept the Offer, being information that is known to Calima and which has not previously been disclosed to holders of TMKM Shares other than as is contained elsewhere in this Bidder's Statement.

11.22 Early despatch

The directors of TMKM have agreed that Calima may send this Bidder's Statement to TMKM Shareholders earlier than would otherwise be permitted under the Corporations Act.

11.23 Expiry date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement, being the expiry date of this Bidder's Statement.

11.24 Date for determining holders

For the purposes of Section 633 of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Record Date.

11.25 ASIC modifications and exemptions, ASX waivers

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Calima, in relation to the operation of Chapter 6 of the Corporations Act. Calima may rely on this "Class Order" relief.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or the ASX. Under ASIC Class Order 13/521 "Takeover Bids" persons making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. In

particular, the information about the Montney Project and the total unrisks prospective resources within the Montney JV lands in Section 3.3 of this Bidder's Statement was taken from Calima's ASX announcement dated 14 March 2018. Calima will make available a copy of these documents (or relevant extracts of these documents), free of charge to TMKM Shareholders who request them during the Offer Period. To obtain a copy of these documents, please contact Calima on +61 8 6500 3270.

As permitted by ASIC Corporations (Consent to Statements) Instrument 2016/72, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication, as well as ASX share price trading information sourced from ASX without its consent.

Further, Calima has not been granted any waivers from ASX in relation to the Offer.

12. Directors Authorisation

This Bidder's Statement is dated 15 May 2018 and was approved pursuant to a unanimous resolution passed by the directors of Calima.



Signed for and on behalf of
Calima Energy Limited
Alan Stein
Managing Director

13. Definitions and Interpretation

13.1 Definitions

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

\$ or Dollar means Australian dollars.

Acceptance Form means the form of acceptance for the Offer accompanying this Bidder's Statement or alternatively any acceptance form sent to a TMKM Shareholder by Calima's share registry in relation to the Offer, as the context requires.

Announcement Date means 2 May 2018, being the date the Offer was announced on ASX.

Associate has the meaning given in chapter 6 of the Corporations Act.

ASIC means the Australian Securities and Investments Commission.

ASX Settlement Operating Rules means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHESS subregisters.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as the context requires).

ASX Listing Rules means the official listing rules of ASX, as amended from time to time.

Bahari means Bahari Holding Company Limited.

Bid Implementation Agreement or **BIA** means the bid implementation agreement between Calima and TMKM.

Bid Period has the meaning given to that term in the Corporations Act.

Bidder's Statement means this document including the Annexures.

Board or **Calima Board** means the board of directors of Calima.

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Perth, Western Australia.

C\$ means Canadian dollars.

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

Calima Energy Inc. means Calima Energy Inc., a wholly owned subsidiary of Calima being a body corporate having an office in the City of Calgary, in the Province of Alberta.

Calima Group means Calima and its related bodies corporate.

Calima Material Adverse Change means:

- (i) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (ii) information is disclosed or announced by Calima concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (iii) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to TMKM (whether or not becoming public),

(each of (i), (ii) and (iii) a **Calima Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (iv) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Calima Group taken as a whole; or
- (v) without limiting the generality of paragraph (iv) above, the effect of a diminution in the value of the consolidated net assets of the Calima Group, taken as a whole, by at least \$3,000,000 against what it would reasonably have been expected to have been but for such Calima Specified Event,

other than:

- (vi) an election by Calima under the Farm-in Agreement not to continue with the Stage Two farm-in;
- (vii) an event, matter, change or circumstance caused, or materially contributed to, by TMKM;
- (viii) anything required or permitted to be done or not done under the BIA or otherwise required to be done in connection with the legal obligations for the implementation of the Offer;
- (ix) any event, matter, change or circumstance:
 - (A) fairly disclosed by Calima to TMKM or any Related Person of Calima;
 - (B) disclosed in public filings by Calima to ASX or ASIC; or
 - (C) otherwise known by TMKM or any Related Person of TMKM,at any time prior to the date of the BIA;
- (x) an event, matter, change or circumstance in or relating to:
 - (A) economic, business, regulatory or political conditions in general;
 - (B) credit, financial or currency markets in general, or the state of securities markets in general (including any reduction in market indices);
 - (C) any change affecting the oil and gas industry in which Calima operates generally;
- (xi) the portion of any event, matter, change or circumstances which is as a consequence of losses, expenses, damages or other costs covered by insurance which Calima's insurers have agreed to pay; or
- (xii) anything done with the prior written consent of TMKM.

Calima Option means an option to acquire a Calima Share.

Calima Performance Share means an existing performance share on issue in the capital of Calima with performance based conversion milestones relating to Calima's interests in the Montney Project, the SADR PSCs or Bahari.

Calima Performance Right means an existing performance right granted by Calima with performance based conversion milestones relating to Calima's VWAP, market capitalisation and future capital raisings.

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

Calima Securities means securities on issue in the capital of Calima.

Calima Shareholder or **Shareholder** means a holder of Calima Shares.

CGT means capital gains tax as defined in the applicable Australian and Canadian tax legislation.

CHES means Clearing House Electronic Subregister System as defined in Rule 2.3.1 of the ASX Settlement Operating Rules.

Combined Merger means Calima and its Subsidiaries, including any Subsidiaries following the acquisition by Calima of all, or a portion, of the TMKM Securities and all, or a portion of, the TSVM Securities on issue.

Competing Proposal means:

- (a) in relation to TMKM a bona fide proposal or offer that, if successfully completed, would result in a person other than Calima or its associates:
 - (i) directly or indirectly acquiring a Relevant Interest or an economic interest in 50.1% or more of the TMKM Shares or of the share capital of any of the TMKM's Related Bodies Corporate;
 - (ii) directly or indirectly acquiring Control of TMKM;
 - (iii) directly or indirectly acquiring or becoming the holder of any interest in all or a substantial part of the business or assets of TMKM or any of its Related Bodies Corporate; or
 - (iv) otherwise acquiring or merging with TMKM; and
- (b) in relation to Calima, a bona fide proposal or offer that, if successfully completed, would result in a person other than TMKM or its associates:
 - (i) directly or indirectly acquiring a Relevant Interest or an economic interest in 50.1% or more of the Calima Shares or of the share capital of any of Calima's related bodies corporate;
 - (ii) directly or indirectly acquiring control of Calima;
 - (iii) directly or indirectly acquiring or becoming the holder of any interest in all or a substantial part of the business or assets of Calima or any of its Related Bodies Corporate; or
 - (iv) otherwise acquiring or merging with Calima;

whether by way of takeover offer, scheme of arrangement, shareholder-approved acquisition, capital reduction, buy back, sale or purchase of shares or assets, joint venture, dual listed company structure (or other synthetic merger) or other transaction or arrangement.

Conditions means the conditions set out in Section 9 of Annexure A.

Constitution means the constitution of Calima.

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

Director means a director of Calima as at the date of this Bidder's Statement.

Euroz means Euroz Securities Limited (AFSL: 243302).

Farm-in Agreement means the Montney Farm-in Agreement dated on or around 1 May 2017 entered into between the Joint Venture Partners.

Foreign Law means a law of a jurisdiction other than Australia.

Government Agency means any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

Havoc Partners means Havoc Partners LLP.

Ineligible Foreign Shareholders means any TMKM Shareholder who is a citizen or resident of a jurisdiction other than Australia or whose address, as entered in the register of members of TMKM, is in a jurisdiction other than Australia, unless Calima otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to issue Calima Shares to such a TMKM Shareholder on acceptance of the Offer, and that it is not unlawful for such a TMKM Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

Joint Venture Partners means Calima Energy Inc., Woma Energy Ltd. and Warren Energy Ltd.

Merged Entity means Calima and its subsidiaries including any Subsidiaries following the acquisition by Calima of all, or a portion, of the TMKM Securities or all, or a portion, of the TSVM Securities.

Minimum Acceptance Condition means the condition to the Offer set out in Section 9(a)(iii) of Annexure A.

Montney JV means the unincorporated joint venture created by the Joint Venture Partners.

Montney Project has the meaning given in Section 3.1.

Offer means the off market takeover offer by Calima to acquire TMKM Shares (that it does not already own) on the terms and conditions set out in this Bidder's Statement.

Offer Consideration means the consideration set out in Section 1(b) of Annexure A.

Offer Period means the period during which the Offer is open for acceptance.

Official List of the ASX means the official list of entities that ASX has admitted and not removed.

Pre-bid Acceptance Agreement means the pre-bid agreement between Calima and Mr Charles Morgan.

Prescribed Occurrence means (other than as required or contemplated by the Bid Implementation Agreement) the occurrence of any of the following (being the occurrences listed in section 652C of the Corporations Act):

- (a) TMKM converting all or any of the TMKM Shares into a larger or smaller number of Shares under Section 254H of the Corporations Act;
- (b) TMKM or a Subsidiary of TMKM resolving to reduce its share capital in any way;
- (c) TMKM or a Subsidiary of TMKM entering into a buy-back agreement or resolving to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) TMKM or a Subsidiary of TMKM making an issue of TMKM Shares (other than TMKM Shares issued as a result of the exercise of TMKM Options into TMKM Shares) or granting an option over the TMKM Shares or agreeing to make such an issue or grant such an option;
- (e) TMKM or a Subsidiary of TMKM issuing, or agreeing to issue, convertible notes;
- (f) TMKM or a Subsidiary of TMKM disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) TMKM or a Subsidiary of TMKM granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (h) TMKM or a Subsidiary of TMKM resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of the TMKM or a Subsidiary of TMKM;
- (j) the making of an order by a court for the winding up of TMKM or a Subsidiary of TMKM;

- (k) an administrator of TMKM or a Subsidiary of TMKM being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) TMKM or a Subsidiary of TMKM executing a deed of company arrangement; or
- (m) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of TMKM or a Subsidiary of TMKM.

Private Treaty Offer means an offer to each TMKM Optionholder by private agreement to acquire all of their Options in return for the consideration of 0.9 Calima Shares for every one TMKM Option.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchanges.

Record Date means the date set by Calima under Section 633(2) of the Corporations Act, being 5:00pm (WST) on 15 May 2018.

Related Body Corporate has the meaning given in Section 50 of the Corporations Act.

Related Person means:

- (a) a related body corporate;
- (b) its advisers or an adviser of a related body corporate of that party; or
- (c) an officer or employee of any entity referred to in paragraphs (a) or (b) of this definition.

Relevant Interest has the meaning given in Section 9 of the Corporations Act.

Rights means all accreditations, benefits and rights attaching to or arising from TMKM Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by TMKM).

Sale Nominee means the nominee to be approved by ASIC for the sale of Calima Shares held by the Ineligible Foreign Shareholders.

Single Merger means Calima and its Subsidiaries including the Subsidiaries following the acquisition by Calima of all, or a portion, of the TMKM Securities on issue only.

Subsidiary has the meaning given to that term in Division 6 of Part 1.2 of the Corporations Act.

Superior Proposal means a Competing Proposal in relation to TMKM that the TMKM Board determines in good faith is:

- (a) reasonably capable of being valued and completed in a timely manner, taking into account all aspects of the Competing Proposal and the person making it; and
- (b) more favourable to TMKM Shareholders as a whole than the Offer, taking into account all the terms and conditions of the Competing Proposal.

Takeover Bid means the Offer.

TMKM means TMK Montney Ltd (ACN 607 112 710).

TMKM Board means the board of directors of TMKM.

TMKM Group means TMKM and its related bodies corporate.

TMKM Material Adverse Change means:

- (i) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (ii) information is disclosed or announced by TMKM concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (iii) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Calima (whether or not becoming public),

(each of (i), (ii) and (iii) a **TMKM Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (iv) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the TMKM Group taken as a whole; or
- (v) without limiting the generality of paragraph (iv) above, the effect of a diminution in the value of the consolidated net assets of the TMKM Group, taken as a whole, by at least \$3,000,000 against what it would reasonably have been expected to have been but for such TMKM Specified Event,

other than:

- (vi) an event, matter, change or circumstance caused, or materially contributed to, by Calima;
- (vii) anything required or permitted to be done or not done under this agreement or otherwise required to be done in connection with the legal obligations for the implementation of the Offer;
- (viii) any event, matter, change or circumstance:
 - (A) fairly disclosed by TMKM to Calima or any Related Person of Calima;
 - (B) disclosed in public filings by TMKM to ASX or ASIC; or
 - (C) otherwise known by Calima or any Related Person of Calima,at any time prior to the date of the Bid Implementation Agreement;
- (ix) an event, matter, change or circumstance in or relating to:
 - (A) economic, business, regulatory or political conditions in general;
 - (B) credit, financial or currency markets in general, or the state of securities markets in general (including any reduction in market indices);
 - (C) any change affecting the industry in which TMKM operates generally;
- (x) the portion of any event, matter, change or circumstances which is as a consequence of losses, expenses, damages or other costs covered by insurance which TMKM's insurers have agreed to pay; or
- (xi) anything done with the prior written consent of Calima.

TMKM Option means an option to acquire a TMKM Share.

TMKM Optionholder means a holder of TMKM Options.

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

TMKM Shareholder means a holder of TMKM Shares.

TMKM Securities means TMKM Shares and TMKM Options.

TMKM Security holder means a TMKM Shareholder or TMKM Optionholder.

TSVM means TSV Montney Ltd (ACN 607 451 310).

TSVM Acquisition means the acquisition of the TSVM Securities via a takeover offer by Calima to acquire all of the issued fully paid shares in the capital of TSVM and private treaty arrangements in respect of TSVM Options.

TSVM Option means an option to acquire a TSVM Share.

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

TSVM Shareholder means a holder of TSVM Shares.

TSVM Securities means the issued TSVM Shares and the TSVM Options.

Unconditional means Calima issuing a notice in accordance with section 630(3) of the Corporations Act, declaring that a Takeover Bid is free or freed (as the case may be) from all defeating conditions otherwise applicable to the Takeover Bid other than the Prescribed Occurrence Condition, subject to compliance with section 650F(1)(a) of the Corporations Act.

VWAP means volume weighted average price of 'on market' trades on ASX (i.e. normal trades, cross trades, stabilisation trades and short sell trades).

Warren means Warren Energy Ltd., a wholly owned subsidiary of TMKM being a body corporate having an office in the City of Calgary, in the Province of Alberta.

Woma means Woma Energy Limited, a wholly owned subsidiary of TSVM being a body corporate having an office in the City of Calgary, in the Province of Alberta.

WST means Western Standard Time, being the time in Perth, Western Australia.

Your Shares or **Your TMKM Shares** means the TMKM Shares: (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of TMKM at 5.00pm (WST) on the Record Date; or (b) to which you are able to give good title at the time you accept the Offer during the Offer Period.

13.2 Interpretation

- (a) The words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.
- (b) The following rules of interpretation apply unless intention appears or the context requires otherwise:
 - (i) a reference to a time is a reference to Perth (Western Australian) time, unless otherwise stated;
 - (ii) headings are for convenience only and do not affect interpretation;
 - (iii) the singular includes the plural and conversely;
 - (iv) a reference to a Section is to a Section of this Bidder's Statement;
 - (v) a gender includes all genders;
 - (vi) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;

- (vii) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (viii) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (ix) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (x) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (xi) a reference to any instrument or document includes any variation or replacement of it;
- (xii) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;
- (xiii) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (xiv) a reference to you is to a person to whom the Offer is made; and

Annexure A – Terms of Offer

1. General Terms

- (a) Calima offers to acquire all of Your TMKM Shares, together with all Rights attached to them, on the following terms and conditions set out in this Annexure A.
- (b) The Offer Consideration being offered by Calima for the acquisition of all of Your TMKM Shares is 2.1 Calima Shares for every one TMKM Share you own, subject to the terms and conditions set out in this Offer. Fractional entitlements, if any, will be rounded to the nearest whole number.
- (c) If you are an Ineligible Foreign Shareholder then, despite any other provision of this Offer, you will not receive Calima Shares under this Offer, instead, you will be paid a cash amount determined in accordance with section 8 of this Annexure A.
- (d) By accepting this Offer you undertake to transfer to Calima not only the TMKM Shares to which this Offer relates but also any Rights attached to those TMKM Shares.
- (e) The Calima Shares to be issued under this Offer will be fully paid and will, from the date of issue, rank equally with existing Calima Shares. The rights and liabilities attaching to the Calima Shares to be issued under the Offer are summarised in Section 4.4 of the Bidder's Statement.
- (f) The Offer is dated 21 May 2018.

2. Offer Period

- (a) Unless withdrawn, this Offer will remain open for acceptance during the period commencing on the date of this Offer (being 21 May 2018) and ending at 5:00 pm (WST) on the later of:
 - (i) 22 June 2018; or
 - (ii) any date to which the Offer Period is extended, in accordance with the Corporations Act.
- (b) Calima reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
 - (i) the Offer is varied to improve the consideration offered; or
 - (ii) Calima's voting power in TMKM increases to more than 50%,

then the Offer Period will automatically be extended so that it ends 14 days after the relevant events in accordance with Section 624(2) of the Corporations Act.

3. Who May Accept

- (a) An Offer in this form and bearing the same date is being made to each person registered as a holder of TMKM Shares on TMKM's register of members at 5.00pm (WST) on the Record Date.
- (b) The Offer also extends to each person who, during the period from the Record Date until the end of the Offer Period, becomes registered as a holder of TMKM Shares due to the conversion of, or exercise of rights conferred by, TMKM Options that are on issue at the Record Date and any person who becomes registered as the holder of Your TMKM Shares during the Offer Period.
- (c) A person who:
 - (i) is able during the Offer Period to give good title to a parcel of TMKM Shares; and

- (ii) has not already accepted this Offer which relates to those TMKM Shares,

may accept as if an Offer from Calima on terms identical with this Offer had been made to that person in relation to those TMKM Shares.
- (d) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of Your TMKM Shares, then:
 - (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those TMKM Shares;
 - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other TMKM Shares you hold to which the Offer relates; and
 - (iii) this Offer will be deemed to have been withdrawn immediately at that time.
- (e) If at any time during the Offer Period you are registered, or entitled to be registered, as the holder of one or more parcels of TMKM Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer has been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each distinct parcel, you must comply with the procedure in Section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call Calima on +61 8 6500 3270 to request those additional copies.
- (f) This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC).
- (g) If Your TMKM Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting this Offer.

4. How to Accept this Offer

- (a) Subject to Section 3(e) of this Annexure A, you may only accept this Offer in respect of all (and not a lesser number) of Your TMKM Shares. For example, if you have 10,000 TMKM Shares and you wish to accept the Offer, you may only accept this Offer in respect of 10,000 TMKM Shares.
- (b) You may accept this Offer at any time during the Offer Period.
- (c) To accept this Offer for TMKM Shares held in your name on TMKM's register, you must:
 - (i) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
 - (ii) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.

Acceptance Form and Other Documents

- (d) The Acceptance Form forms part of the Offer. The requirements on the Acceptance Form must be followed in accepting the Offer.
- (e) For your acceptance to be valid you must ensure that your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) are posted or delivered in sufficient time for it to be received by Calima at the address shown on the Acceptance Form before the end of the Offer Period.

- (f) The postage and transmission of the Acceptance Form and other documents is at your own risk.
- (g) When accepting the Offer, you must also forward for inspection:
 - (i) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
 - (ii) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased TMKM Shareholder, the relevant grant of probate or letters of administration.

5. Validity of Acceptances

- (a) Subject to this Section 5 of this Annexure A, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in Section 4 of this Annexure A.
- (b) Calima will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Calima is not required to communicate with you prior to or after making this determination. The determination of Calima will be final and binding on all parties.
- (c) Notwithstanding Section 4 of this Annexure A, Calima may at any time in its sole discretion:
 - (i) deem any Acceptance Form it receives to be a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with and without further communication to you; and
 - (ii) where you have satisfied the requirements for acceptance in respect of only some of your TMKM Shares, Calima may, in its sole discretion, regard the Offer to be accepted in respect of all of Your TMKM Shares.
- (d) In respect of any part of an acceptance treated by it as valid, Calima will provide you with the relevant consideration in accordance with Section 1 of this Annexure A, and the exercise of Calima's rights under Section 5(c) of this Annexure A will be conclusive and only evidenced by its so doing. The provision of the Offer Consideration may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Calima.
- (e) This Section is not a condition of this Offer.

6. The Effect of Acceptance

- (a) Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Offer or otherwise dispose of Your TMKM Shares, except as follows:
 - (i) if, by the times specified in Section 6(b) of this Annexure A, the Conditions in Section 9(a) of this Annexure A have not all been fulfilled or waived, the Offer will automatically terminate and you will retain Your TMKM Shares; or
 - (ii) if the Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when Calima has to meet its obligations under the Offer, and, at the time, the Offer is subject to one or more of the Conditions in Section 9(a) of this Annexure A, you may be able to withdraw your acceptance in accordance with Section 650E of the Corporations Act.
- (b) The relevant times for the purposes of Section 6(a) of this Annexure A are:
 - (i) in relation to the Condition that relates only to the happening of an event or circumstance referred to in Section 652C(1) or (2) of the Corporations Act in relation to TMKM, the end of the third Business Day after the end of the Offer Period; and

- (ii) in relation to all other conditions in Section 9(a) of this Annexure A, the end of the Offer Period.
- (c) By following the procedures described in Section 4 of this Annexure A, you will be deemed to have:
 - (i) accepted this Offer (and any variation to it) in respect of Your TMKM Shares and agreed to sell all of Your TMKM Shares to Calima, regardless of the number of TMKM Shares specified in the Acceptance Form;
 - (ii) agreed to the terms of the Offer and, subject to the Conditions contained in Section 9(a) of this Annexure A being fulfilled or waived, agreed to transfer to Calima all of Your TMKM Shares and all of the Rights attached to those TMKM Shares in accordance with the terms of the Offer;
 - (iii) agreed to accept the consideration being offered by Calima and have authorised Calima to place your name on its register of shareholders in respect of Calima Shares offered by Calima as consideration, and agreed to be bound by the Constitution of Calima;
 - (iv) irrevocably authorised Calima (and any director, secretary, nominee or agent of Calima) to alter the Acceptance Form on your behalf by completing any blanks and correcting any errors in, or omissions from, the Acceptance Form as may be necessary:
 - (A) to make the Acceptance Form an effective acceptance of this Offer; and/or
 - (B) to enable registration of the transfer to Calima of Your TMKM Shares;
 - (v) irrevocably authorised and directed TMKM to pay to Calima or to account to Calima for all Rights which are declared, paid or which arise or accrue after the date of this Offer in respect of Your TMKM Shares (subject to Calima accounting to you for any such Rights received by it if your acceptance of this Offer is validly withdrawn pursuant to Section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);
 - (vi) represented and warranted to Calima that:
 - (A) Calima will acquire good title to and beneficial ownership of all of Your TMKM Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind and free from restrictions on transfer of any nature (whether legal or otherwise);
 - (B) you have paid TMKM all amounts which are due in respect of Your TMKM Shares;
 - (C) all of Your TMKM Shares are fully paid; and
 - (D) you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership of Your TMKM Shares (together with all Rights attached to them) to Calima;
 - (vii) unless you are an Ineligible Foreign Shareholder, agreed to accept the Calima Shares to which you become entitled by accepting this Offer subject to the Constitution and the terms of issue of the Calima Shares and to have authorised Calima to place your name on its register of shareholders as the holder of the Calima Shares issued to you under the Offer;
 - (viii) acknowledged and agreed that if you are an Ineligible Foreign Shareholder, Calima will arrange for any Calima Shares otherwise issuable to you to be issued and sold, and the proceeds (less any transaction costs) to be remitted to you, as described in Section 8 of this Annexure A;

- (ix) represented and warranted to Calima that the making by Calima to you, and your acceptance, of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer, and to your acceptance of this Offer;
- (x) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared, Unconditional, irrevocably appointed Calima and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning Your TMKM Shares or in exercise of any right or power derived from the holding of Your TMKM Shares including, without limitation:
 - (A) attend and vote in respect of Your TMKM Shares at any and all meetings of TMKM;
 - (B) requisition or join with other holders of TMKM Shares in requisitioning and/or convening a meeting of the members of TMKM;
 - (C) demand a poll for any vote to be taken at any meeting of TMKM Shareholders;
 - (D) propose or second any resolutions to be considered at any, and all meetings of TMKM Shareholders;
 - (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Calima as a proxy in respect of all or any of Your TMKM Shares and a transfer form for Your TMKM Shares), proxies, consents, agreements and resolutions relating to Your TMKM Shares;
 - (F) request TMKM to register in the name of Calima or its nominee Your TMKM Shares which you hold on any register of TMKM; and
 - (G) do all things incidental or ancillary to the foregoing,and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of Calima as the beneficial owner and intended registered holder of Your TMKM Shares in respect of which you have accepted this Offer and to have further agreed to do all such acts, matters and things that Calima may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the Constitution of TMKM) if requested by Calima;
- (xi) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared Unconditional, agreed not to attend or vote in person, by proxy, or otherwise at any general meeting of TMKM or at any Court convened meeting of TMKM or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on Calima and the directors, secretaries and other officers of Calima by Section 6(c)(x) of this Annexure A;
- (xii) irrevocably authorised Calima to notify TMKM on your behalf that your place of address for the purposes of serving notices in respect of Your TMKM Shares is the address specified by Calima in the notification;
- (xiii) represented and warranted to Calima that, unless you have notified it in accordance with Section 3(e) of this Annexure A, Your TMKM Shares do not consist of a separate parcel of shares;
- (xiv) agreed to indemnify Calima in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your share certificate or in consequence of the transfer of Your TMKM Shares to Calima being registered by TMKM without production of your share certificate for Your TMKM Shares; and

- (xv) agreed, subject to the conditions of this Offer in Section 9(a) of this Annexure A being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Calima may consider necessary or desirable to convey Your TMKM Shares registered in your name and Rights to Calima.
- (d) The representations, warranties, undertakings and authorities referred to in this Section 6 of this Annexure A will remain in force after you receive the consideration for Your TMKM Shares and after Calima becomes registered as the holder of them.

7. Payment of Consideration

- (a) Subject to the terms of this Offer and the Corporations Act, Calima will provide the consideration for Your TMKM Shares on or before the earlier of:
 - (i) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within one month after this Offer becomes Unconditional; and
 - (ii) 21 days after the end of the Offer Period.
- (b) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Offer, regardless of any delay in providing the consideration or any extension of the Offer.
- (c) If you are an Ineligible Foreign Shareholder and you have accepted the Offer, you will receive your share of the proceeds from the sale of the TMKM Shares in accordance with Section 8 of this Annexure A.
- (d) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
 - (i) if that document is given with your acceptance, Calima will provide the consideration in accordance with Section 7(a) of this Annexure A;
 - (ii) if that document is given after your acceptance and before the end of the Offer Period while this Offer is subject to a Condition, Calima will provide the consideration due to you on or before the earlier of:
 - (A) one month after this Offer becomes Unconditional; or
 - (B) 21 days after the end of the Offer Period;
 - (iii) if that document is given after your acceptance and before the end of the Offer Period while this Offer is not subject to a Condition, Calima will provide the consideration due to you on or before the earlier of:
 - (A) one month after that document is given to Calima; and
 - (B) 21 days after the end of the Offer Period; and
 - (iv) if that document is given after the end of the Offer Period, and the Offer is not subject to a Condition, Calima will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Offer is still subject to a Condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act in relation to TMKM, Calima will provide the consideration due to you within 21 days after the Offer becomes Unconditional.
- (e) The obligation of Calima to issue any Calima Shares to which you are entitled under the Offer will be satisfied by:

- (i) entering your name on the register of members of Calima; and
 - (ii) dispatching or procuring the dispatch to you by pre-paid post to your last recorded address on the most recent copy of TMKM's register of members after the Offer goes Unconditional, a uncertificated holding statement in your name. If Your TMKM Shares are held in a joint name, an uncertificated holding statement will be issued in the name of the joint holders, and forwarded to the last recorded address on the most recent copy of TMKM's register of members.
- (f) If, at the time you accept the Offer, any of the following:
- (i) Banking (Foreign Exchange) Regulations 1959 (Cth);
 - (ii) Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
 - (iii) Charter of the United Nations (Sanctions – Al-Qaida and the Taliban) Regulations 2008 (Cth);
 - (iv) Charter of the United Nations (Sanctions - Iraq) Regulations 2008 (Cth);
 - (v) the Australian Taxation Office;
 - (vi) the Canada Revenue Agency; or
 - (vii) any other law of Australia or Canada,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office, the Canada Revenue Agency or any other government authority of Australia or Canada be obtained before you receive any consideration for Your TMKM Shares, or would make it unlawful for Calima to provide any consideration to you for Your TMKM Shares, you will not be entitled to receive any consideration for Your TMKM Shares until all requisite authorities, clearances or approvals have been received by Calima. In such circumstances, for tax purposes, acceptance of the Offer should not create in (or transfer to) you a right to receive any consideration from Calima until the required regulatory approval is obtained.

8. Ineligible Foreign Shareholders

- (a) If you are an Ineligible Foreign Shareholder, you will not be entitled to receive Calima Shares as the consideration for accepting the Offer and Calima will:
- (i) arrange for the issue to the Sale Nominee approved by ASIC of the number of Calima Shares to which you and all other Ineligible Foreign Shareholders would have been entitled but for Section 1(c) of this Annexure A and the equivalent provision of each other offer under the Offer;
 - (ii) cause the Calima Shares so issued to be offered for sale by the Sale Nominee on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and
 - (iii) cause the amount ascertained in accordance with the following formula (calculated on an average basis so that all Ineligible Foreign Shareholders who accept the Offer receive the same proceeds per Calima Share, subject to rounding) to be paid to you:

$$\frac{\text{Net Proceeds of Sale} \times \text{YS}}{\text{TS}}$$

Where:

Net Proceeds of Sale is the amount received by the Sale Nominee upon the sale of the Calima Shares issued to the Sale Nominee under this Section 8 of this Annexure A in respect of all

Ineligible Foreign Shareholders, less the expenses of the sale (brokerage, duty and other selling costs, taxes and charges);

YS is the number of Calima Shares which would, but for Sections 1(c) and 8(a) of this Annexure A, have been issued to you; and

TS is the total number of Calima Shares issued to the Sale Nominee under this Section 8 of this Annexure A in respect of all Ineligible Foreign Shareholders.

- (b) You will be paid your share of the proceeds of the sale of Calima Shares by the Sale Nominee in Australian currency.
- (c) Payment will be made by cheque payable in Australia dollars and drawn on an Australian bank branch posted to you at your risk by airmail as soon as practicable and in any event within the period required by the Corporations Act to your address as specified in your Acceptance Form.
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of the Calima Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.

9. Conditions of this Offer

- (a) Subject to Sections 9(b) and 9(c) of this Annexure A, the Offer and any contract that results from acceptance of the Offer is subject to the fulfilment of the following conditions:

- (i) Regulatory approvals

Before the end of the Offer Period, all approvals or consents that are required by law, by any public authority, or by any other third party as are necessary to permit:

- (A) the Offer to be lawfully made to and accepted by the TMKM Shareholders;
 - (B) the transactions contemplated by this Bidder's Statement to be completed; and
 - (C) TMKM to be in material compliance with each of its and its Subsidiaries' contracts, permits, licences and other agreements,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

- (ii) No regulatory action and consents

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (A) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency;
 - (B) no action or investigation is announced, commenced or threatened by any Government Agency; and
 - (C) no application is made to any Government Agency (other than by Calima or any Associate of Calima),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offer and the completion of

any transaction contemplated by the Bidder's Statement or which requires the divestiture by Calima of any TMKM Shares or any material assets of TMKM or any subsidiary of TMKM.

(iii) Minimum acceptance

At the end of the Offer Period, Calima having Relevant Interest in at least 90% of the TMKM Shares on issue.

(iv) Private Treaty Offer

All TMKM Optionholders accepting a Private Treaty Offer in relation to their TMKM Options.

(v) No material adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive), no TMKM Material Adverse Change occurs.

(vi) Capital expenditures

(A) Between the Announcement Date and the end of the Offer Period (each inclusive), TMKM does not incur or commit to incur an amount of capital expenditure in excess of \$25,000 other than:

(B) capital expenditure incurred on existing projects in which TMKM has an interest as at the Announcement Date; or

(C) capital expenditure in the day to day operating activities of the business of TMKM and its Subsidiaries conducted in the same manner as before the Announcement Date.

(vii) No litigation on foot or pending

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against TMKM which may reasonably result in a judgment of \$500,000 or more is commenced, is threatened to be commenced, is announced, or is made known to Calima (whether or not becoming public) or TMKM, other than that which is in the public domain as at the Announcement Date.

(viii) Equal Access

Between the Announcement Date and the end of the Offer Period, TMKM promptly, and in any event within two Business Days, providing to Calima a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to TMKM or any of its subsidiaries, or their respective assets, liabilities or operations, that has been provided by TMKM or any of its directors, officers, agents or representatives to any person other than Calima, other than in the ordinary course of ordinary business, for the purposes of soliciting, encouraging or facilitating any proposal with respect to:

(A) a takeover bid for, or scheme of arrangement proposed by, TMKM, under the Corporations Act;

(B) the acquisition by that person or an associate of substantially all the assets and operations of TMKM; or

(C) any transaction having a similar economic effect.

(ix) No prescribed occurrences

Between the Announcement Date and the end of the Offer Period (each inclusive) none of the Prescribed Occurrences happening.

- (x) No distributions

Between the Announcement Date and the end of the Offer Period (each inclusive), TMKM does not announce, make, declare or pay any distribution to its shareholders (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

- (b) Each condition in Section 9(a) of this Annexure A is a separate, several and distinct condition, and is for the benefit of Calima alone and may only be relied upon by Calima.
- (c) All the conditions in Section 9(a) of this Annexure A are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of any Condition that relates only to the happening of an event or circumstance referred to in Section 652C(1) or (2) of the Corporations Act, the end of the third Business Day after the end of the Offer Period), prevent a contract to sell Your TMKM Shares from arising, but entitles Calima by written notice to you, to rescind the contract resulting from your acceptance of this Offer.

10. Freeing the Offer of Conditions

- (a) Subject to Section 10(c) of this Annexure A, Calima may free this Offer, and any contract resulting from its acceptance, from all or any of the Conditions in Section 9(a) of this Annexure A at its sole and absolute discretion by giving notice to TMKM declaring the Offer to be free from the relevant conditions specified in accordance with Section 650F of the Corporations Act.
- (b) If, at the end of the Offer Period (or in the case of any Condition that relates only to the happening of an event or circumstance referred to in Section 652C(1) or (2) of the Corporations Act, the end of the third Business Day after the end of the Offer Period) the Conditions in Section 9(a) of this Annexure A have not been fulfilled and Calima has not declared the Offer (or it has not become) free from those Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.
- (c) Subject to the provisions of the Corporations Act, Calima alone will be entitled to the benefit of the Conditions in Section 9(a) of this Annexure A and any breach or non-fulfilment thereof may be relied upon only by Calima.

11. Notice of Status of Conditions

The date for giving the notice on the status of the Conditions required by Section 630(1) of the Corporations Act is 12 June 2018, subject to extension in accordance with 630(2) if the Offer Period is extended.

12. Quotation

- (a) An application will be made within 7 days after the start of the Bid Period to ASX for the granting of quotation of the Calima Shares to be issued in accordance with the Offer. However, quotation is not granted automatically on application.
- (b) Pursuant to the Corporations Act, this Offer is subject to a condition that an application is made for quotation of the Calima Shares to be issued pursuant to the Offer in accordance with Section 12(a) of this Annexure A and permission for quotation by ASX (as the circumstances require) of the Calima Shares to be issued pursuant to the Offer being granted no later than 7 days after the end of the Bid Period.

13. Withdrawal of Offer

Calima may withdraw this Offer with the consent in writing of ASIC (which consent may be given subject to such conditions, if any, as are imposed by ASIC). If ASIC gives such consent, Calima will give notice of the withdrawal to ASX and to TMKM and comply with any other conditions imposed by ASIC.

14. Variation

Calima may vary this Offer in accordance with the Corporations Act at its sole and absolute discretion.

15. Stamp Duty or Other Costs

- (a) All costs and expenses of the preparation, dispatch and circulation of this Offer and any stamp duty payable in respect of the transfers will be paid by Calima.
- (b) As long as Your TMKM Shares are registered in your name and you deliver them directly to Calima in accordance with the terms of this Offer, you will not incur any brokerage in connection with your acceptance of this Offer.

16. Governing Law

This Offer and any contract that results from your acceptance of this Offer is governed by the laws in force in Western Australia.

17. Date of Offer

This Offer is dated 21 May 2018.

Annexure B – Calima's ASX Announcements

Calima has lodged the following announcements with ASX since 29 March 2018 being the date on which the most recent audited financial statements of Calima for the year ended 31 December 2017 were lodged with ASX:

Date Lodged	Description of Announcement
10 May 2018	New Portfolio Asset - Namibia
2 May 2018	121 Oil and Gas Hong Kong – Investor Presentation
2 May 2018	Notice of 2018 Annual General Meeting/Proxy Form
2 May 2018	Bid Implementation Agreement – TMK Montney Limited
2 May 2018	Bid Implementation Agreement – TSV Montney Limited
2 May 2018	Consolidation of Montney Project – Takeover bids – TSVM & TMKM
26 April 2018	Excellent Well Results – Upper Montney – Painted Pony
23 April 2018	Quarterly Cashflow Report
23 April 2018	Quarterly Activities Report
10 April 2018	Appendix 4G and Corporate Governance Statement
9 April 2018	Montney M&A Activity - ConocoPhillips