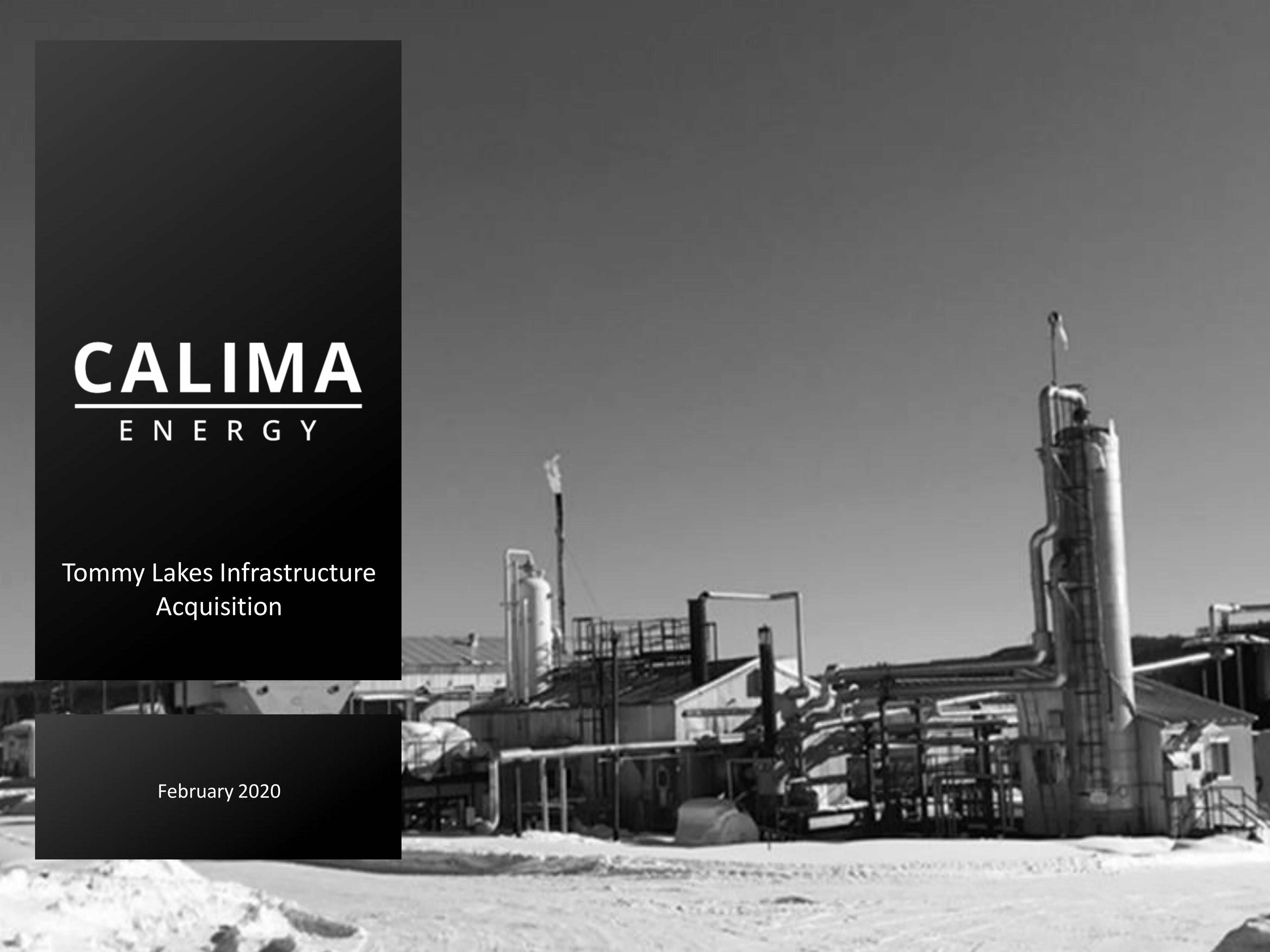


CALIMA ENERGY

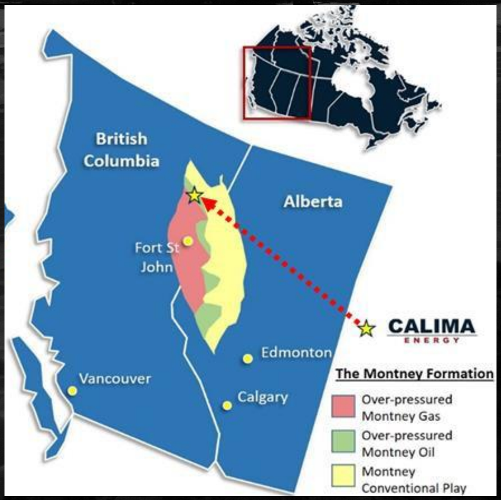
Tommy Lakes Infrastructure Acquisition

February 2020

Calima Energy

Calima Energy (CE1) is an ASX listed oil and gas company with its primary assets in the Montney Formation in British Columbia, Canada.

Acquisition of the Tommy Lakes infrastructure assets is a major milestone for the Company.



ABOUT CALIMA

- **Acreage -** CE1 owns and operates 100% interest in 64,475 acres of Montney drilling rights in British Columbia.
- **2019 Resource Report**[(1)] – McDaniel estimates maiden contingent resource of 196.1 Mmboe, and a best estimate gross-unrisked prospective resources of 497.3 Mmboe.
- **Leases -** Three wells in 2019, allowed CE1 to convert 60% of its core acreage to 10-year production leases.
- **Top Quartile -** Initial production test results rank in the top quartile of peer group Montney wells (1,640boe/d).

TOMMY LAKES ACQUISTION

- **Purchase –** Pipelines, compressors, liquids handling and associated infrastructure with a replacement value of A$85 million.
- **Cost** - A$825,000 plus annual holding costs of A$420,000.
- **Located –** 20 km from Calima's existing wells with approval for the connecting pipeline already secured.
- **Development Ready –** Able to produce up to 50mmcf/d and 2,500 bbl/d subject to funding and further drilling.
- **Access to Market –** Calima now connected directly to NorthRiver Jedney processing facility and from there to major pipeline networks such as NGTL, Alliance and T-North.

(1) CE1 ASX Release dated 8 July 2019

BOARD & MANAGEMENT

The Calima Board and Senior Management comprise a highly successful and experienced team with a history of generating shareholder value.

CAPITAL STRUCTURE

• Ordinary Shares	2,156M
• Perf. Related Securities[1]	68.3 M
• Market Capitalisation[2]	$12.9 M
• Cash & Securities[3]	$4.9 M

(1) See the Appendix 3B announcement dated 5 July 2019. Includes performance shares, performance rights and options on issue of which Management own 81%
(2) Based on the closing price on 13 Feb 2020
(3) Based on Quarterly Activity Report dated 31 December 2019

The Team

CALIMA ENERGY

Alan Stein - Managing Director

- Geologist >30 years in international E&P
- Founder & CEO of Ophir Energy plc & Fusion Oil & Gas plc
- Principal of Havoc Partners LLP

Glenn Whiddon - Chairman

- Commercial >30 years in equity capital markets, banking and corporate advisory
- Bank of New York, Grove Energy and various ASX listed companies

Neil Hackett - Non Executive

- Accounting and finance background >30 years in corporate advisory with diversified industrials, financial services and mining entities

Brett Lawrence – Non Executive

- Commercial and petroleum engineering > 15 years in international E&P
- Executive experience in public companies and private equity investing
- Operational experience across drilling, reservoir engineering and development

Micheal Dobovich – Country Manager

- Landman >20 years across North America
- Executive role with Statoil Canada (Equinor)
- Land, Regulatory, Commercial background

Mark Freeman- Chief Financial Officer

- Financial and bus development > 25 years
- Executive experience in resource public companies
- TSV Montney Ltd, Grand Gulf Energy

Aaron Bauer- Operations Manager

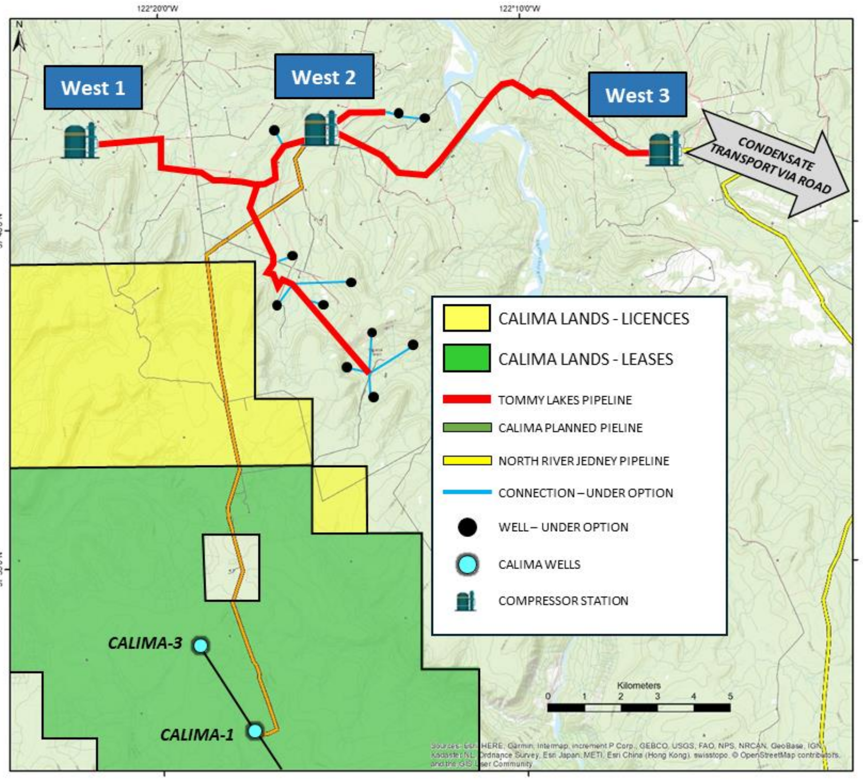
- Petroleum Engineer >15 years in drilling and operations management in the Montney and other plays in Canada
- West Valley Energy, Caltex, Krang and Burlington Resources

Ed Mason- Corporate Advisor

- >20 years working for global investment banks such as Merrill Lynch, HSBC, Renaissance Capital and RBC in senior capital market roles
- 5 years project engineer Flour Corp.
- Focussed on natural resource sector

Tommy Lakes – Strategic Acquisition

CALIMA ENERGY



West 3 compressor and liquids handling

- Purchase of Tommy Lakes pipeline and facilities(1) provides a cost-effective connection to NorthRiver pipeline and processing facilities and from there to major pipeline networks such as NGTL, Alliance and T-North.
- Replacement cost of Tommy Lakes estimated to be A$85 million.
- Cost to Calima estimated to be A$825,000 with A$420,000 pa in holding costs.
- Re-use of existing facilities offers cost and time savings with reduced environmental impact.
- Facilities have the capacity to produce up to 50 Mmcf/d and 2,500 Bbl/d of condensate and NGL.
- Calima has the option to acquire 11 producing wells that could provide fuel gas for the start-up phase of production.
- Tommy Lakes is a conventional gas and condensate field that is being shut down.
- Facilities being acquired by Calima will be placed into suspension pending production start up.

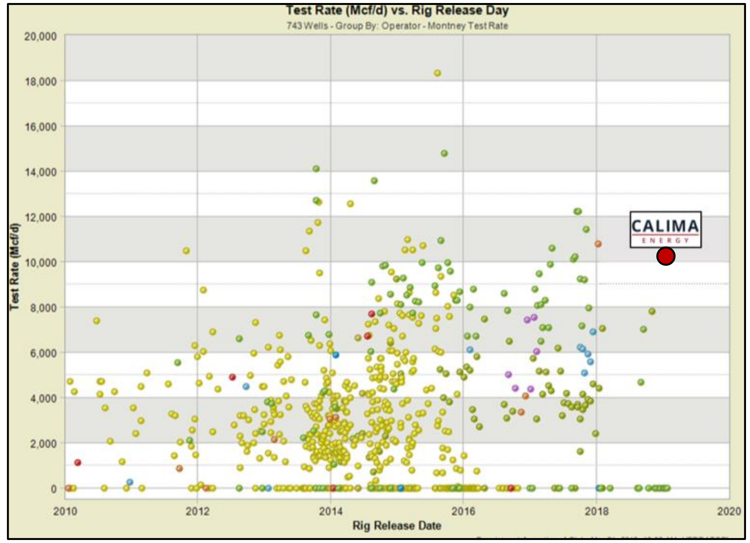
Calima Lands now development ready.

(1) CE1 ASX Release dated 19 February, 2020

2019 Drilling - Exceeded Expectations

Calima – 2 & 3 Wells

Production Test Results



- **Top quartile** performance relative to peer group
- Maximum gas rate ***10.2 mmcf/d***
- After the initial clean out, Calima-2 condensate gas ratio (CGR) had ***exceeded 40 bbl/mmcf***[1] and was climbing

In an independent review of Calima's drilling results GLJ Petroleum Consultants noted;

"…Calima-2 well is likely to meet or exceed the performance of adjacent wells. This is true both in terms of overall production performance (such as gas production rate) and in terms of liquid yield."

"…from the Calima-2 well, one can see that the total gas test rate from the Calima well compares favourably to other liquids-rich wells."

"…***One can see that Calima's focus on intense simulation helped the Calima-2 well to achieve above-average performance…"***

Successful drilling campaign demonstrated acreage quality

(1) CE-1 ASX Release dated 30 May, 2019

July 2019 Independent Resource Update

CALIMA ENERGY

2019 McDANIEL & ASSOCIATES BEST ESTIMATE GROSS UNRISKED CONTINGENT and PROSPECTIVE RESOURCES

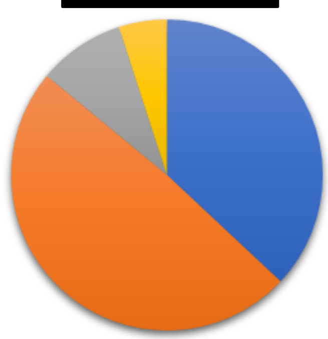
	Natural Gas (mmcf)	Condensate (mbbl)	Natural Gas Liquids[3] (mbbl)	TOTAL LIQUIDS[4] (mbbl)	TOTAL[5] mmboe
Contingent Resource 2C	904,897	20,115	25,136	45,251	196.1
Prospective Resource 2U	2,295,070	51,017	63,752	114,769	497.3

2019 McDANIEL & ASSOCIATES TYPE WELL PARAMETERS UPPER & MIDDLE MONTNEY

	IP (Mcfd)	EUR mmcf	EUR bbl	Well Hz Length (m)	Well Spacing (M)
Up & Mid Montney	6,000	8,400	420,000	3,000	350

Resource Mix BOE

Resource Mix Gross Value(2)



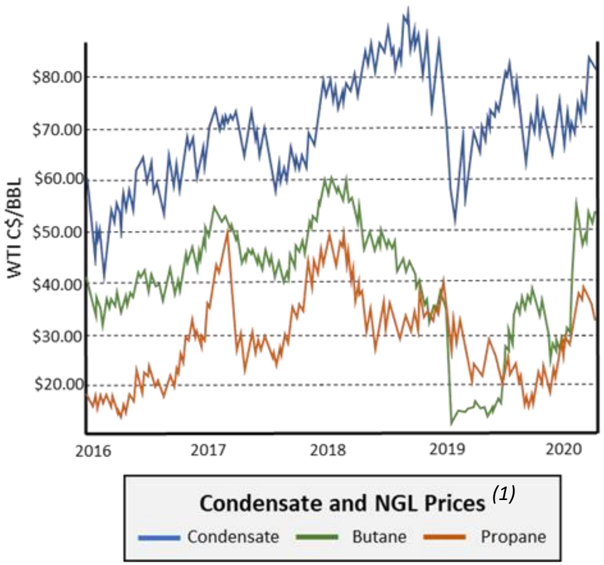
Gas Condensate Butane Propane

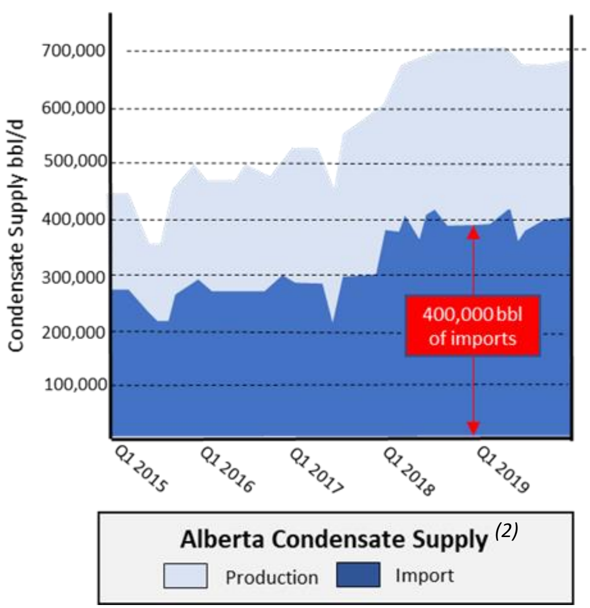
- Best estimate gross un-risked ***prospective resources (2U)*** of ***497.3 Mmboe***(1) plus the addition of Best estimate gross un-risked ***contingent resources (2C)*** of ***196.1 Mmboe***
- The McDaniel report anticipates that 77% of production in terms of barrels of oil equivalent(2) (boe) from the Calima Lands would be gas .
- At current prices around 50% of the value in terms of barrels of oil equivalent (boe) would come from condensate(2).
- Estimated Ultimate Recovery (EUR) – *8.4 Bcf* and 420,000 bbl per well.
- Calima Lands project economics are underpinned by condensate, but gas price offers leverage.

Significant resource base in a world class petroleum province

(1) Effective data July 1st 2019. Since then the Company has relinquished c. 8,000 acres of drilling rights which accounts for c. 16% of the area that was included in the Prospective Resource category. (2) Barrel of Oil Equivalent (BOE) is based on an energy equivalent conversion of 1 BOE = 6 Mcf and does not imply an equivalence of value. The Resource Mix Gross Value shows the relative contribution of value per BOE across the portfolio assuming the following prices in C$; Gas 2.00 Gj, Condensate $80 bbl, Butane $50 bbl and Propane $30 bbl. 1 Gj converts to 947 cubic feet of gas so the implied value of gas is therefore C$12.70 boe

Condensate Drives Economics





- At current prices condensate would be expected to account for around 50% of production revenue from the Calima Lands.
- Condensate prices have been recovering through 2019.
- Condensate is used as a diluent by heavy oil producers in Alberta and is typically priced within 5% of WTI.
- Alberta imports 400,000 bbl/d from British Columbia and the US.
- Recent regulatory/legal progress with Trans Mountain Expansion and Line 3 oil export pipelines should result in further expansion of heavy oil production.
- WTI linked condensate pricing expected to remain in place.
- Propane and Butane (NGL's) trade at a variable discount to condensate depending on local market conditions.
- NGL pricing has been improving as more processing and export facilities become available.

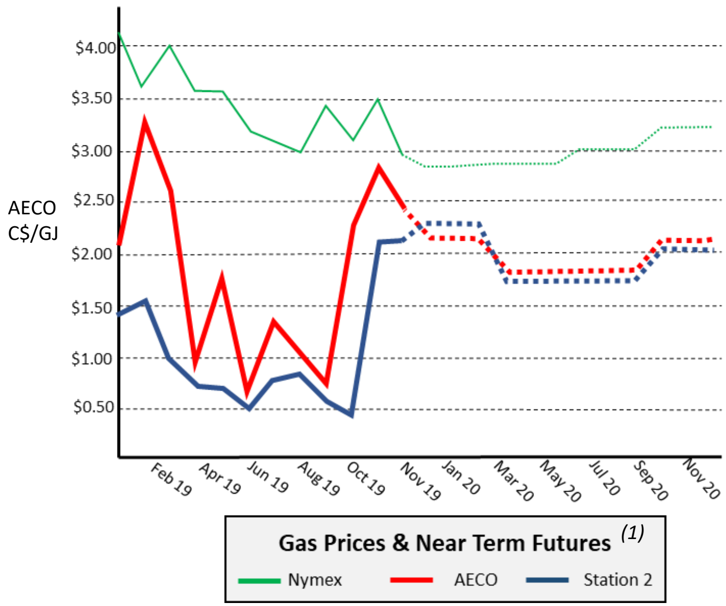
Condensate yields are critical to Montney economics

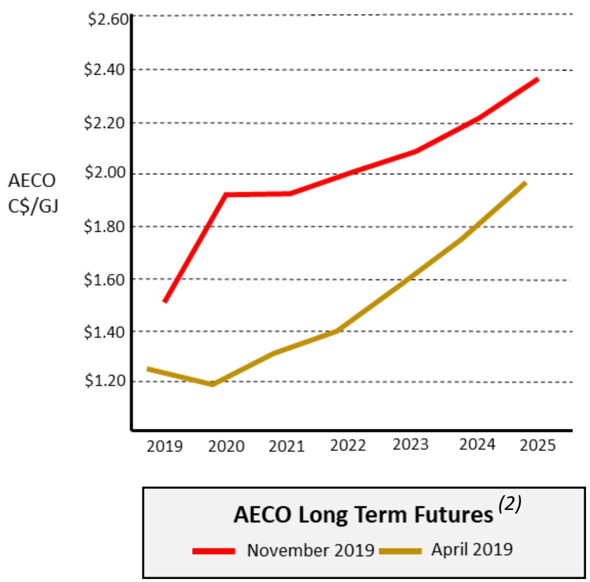
(1) Canadian Energy Outlook, Stifel First Energy, January, 2020

(2) What Drives Montney Performance, AltaCorp Capital, September, 2019

Gas Prices

CALIMA ENERGY





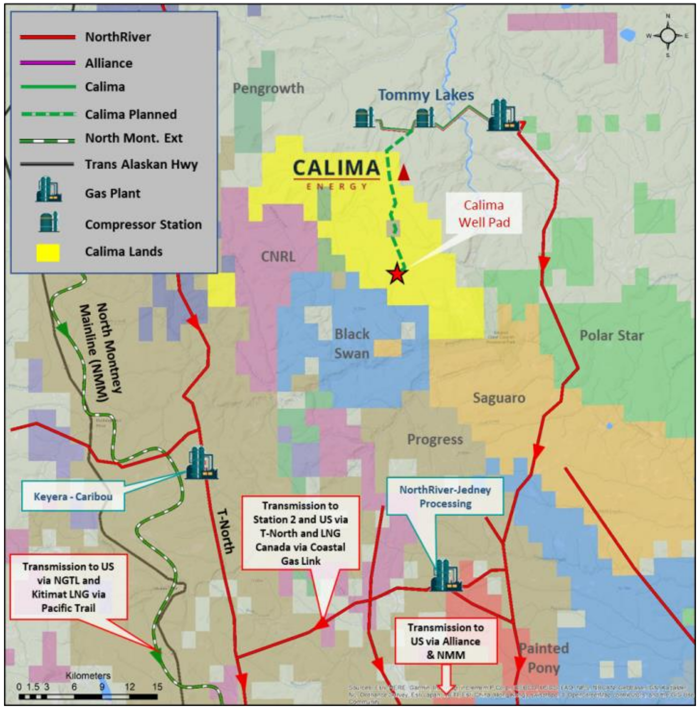
- Gas is expected to account for more than 75% of production from the Calima lands on an energy equivalent basis (boe).
- Canadian producers have been under pressure from low gas prices for several years with spot prices even going negative on a few occasions.
- Western Canadian gas prices (AECO) are now improving as more pipeline capacity is made available [3].
- AECO gas prices have narrowed the differential against US benchmark prices such as Nymex or Henry Hub.
- Station 2 (the closest pricing point to Calima) has reached parity with AECO.
- **Calima regards a $2.00 Gj gas price as an inflection point in delivering acceptable project economics.**
- Prospects to secure long term pricing at or above $2.00 Gj looking much stronger during 2020 than 2019.
- The long term AECO gas pricing futures curve has been improving steadily through the 2H of 2019.

Gas prices are improving

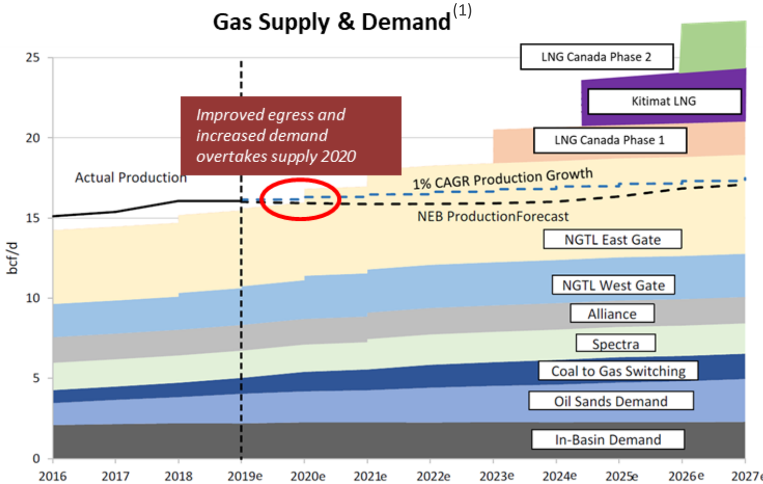
(1) Canadian Energy Outlook, Stifel First Energy, January 2020
(2) Canadian Gas Overview, Macquarie, November 2019
(3) Cormark Securities Research Note – This Is The Year – 20 Reasons Canadian Energy Finally Outperforms, January 2020

Calima Connected To Demand Growth

CALIMA ENERGY



Western Canada Gas Supply & Demand[1]



- The Tommy Lakes acquisition secures access to all the major growth markets through existing connections to NGTL/AECO, Alliance and T-North/Station 2.
- New projects and pipelines in western Canada will create demand for more than 10 bcf/d[1] over the next 7 years requiring significant increase in production.
  - ✓ LNG Projects 5.9 bcf/d
  - ✓ Coal to Gas 1.0 bcf/d
  - ✓ Trans Mountain 0.6 bcf/d
  - ✓ Pipelines 2-3 bcf/d
- Pipeline capacity and domestic gas demand is predicted to overtake supply sometime between Q4 2019 and Q1 2021. [1]
- Canadian Government has approved five significant LNG projects.
- Canadian Energy Regulator predicts LNG demand will nearly double British Columbia's gas output from 5.34 bcf/d to 9.93 bcf/d by 2040[2].
- British Columbia's share of Canadian gas production will rise from 33% to 47% by 2040[2].
- With gas reserves equivalent to half total reserves of Qatar most of this growth will come from the Montney.

Calima connected to growth markets

(1) What Drives Montney Performance, AltaCorp Capital, September, 2019

(2) Energy Supply and Demand Projections to 2040, Canadian Energy Regulator, 2019

Canada – Poised For Recovery

CALIMA ENERGY

Canadian Energy Macro Positive: Previously pipeline-constrained, both oil and gas pricing in Canada have normalized with incremental egress out of the western Canada approaching near-term. As Canadian producers are able to reconnect with North American markets, continued price stability is predicted.

Valuations and Fundamentals Compelling: Valuations for Canadian mid-caps are at historical lows offering either higher free cash flow yields or more attractive valuations than their US peers.

Canadian Advantage; Canadian E&P 's are now offering investors measured and sustainable growth, improving balance sheets, competitive capital returns and increasing free cash flow optionality.

Extracted from Cormark Securities Research Note – This Is The Year – 20 Reasons Canadian Energy Finally Outperforms, January 2020

Canada Re-rating. The relatively stronger commodity price environment for Canadian oil and gas equities could support a re-rating relative to U.S. peers, especially when considering the higher cash yield opportunities that are available in Canada.

Extracted from Bank of Montreal Research Note – 2020 The Year Ahead, January 2020

- Canada ranked 4th in the world for oil and gas production.
- Montney estimated remaining reserves **449 tcf of gas**, **14.4 Billion bbls** of condensate and **1.1 Billion bbls** of oil[(1)] (Australia 257 Tcf).
- Montney producing **7bcf/d** of gas (>40% of Canada total) and c. **400,000 bbl/d** of condensate and NGL from 8,000 horizontal wells[(2)].
- New projects and pipelines will create demand and capacity for more than **10 bcf/d** over the next 7 years[(2)].

- 45% of Non-OPEC production growth is from the US Permian Basin[(3)].
- Permian decline rates are now higher than predicted[(3)].
- Tier 1 Permian is depleting and Tier 2 is only 50% as productive[(3)].
- **Montney well returns now exceed those from the Permian Basin[(4)].**
- The Montney appears four times in Scotia Bank's top twelve ranked North American plays for 2020 [(4)].
- **With improving prices and better market access Canada is poised for recovery.**

(1) The Ultimate Potential For Unconventional Petroleum From The Montney Formation Of British Columbia and Alberta, National Energy Board, November 2013
(2) What Drives Montney Performance, AltaCorp Capital, September, 2019
(3) Bullish on Oil Stocks 2020, Heywood Securities, December, 2019
(4) Ranking North America's Oil and Gas Plays, Scotia Bank, November 2019

Calima Path Forward

CALIMA ENERGY

Canadian E&P valuations touching 20-year lows and M&A activity also at 20-year lows.

Pipeline constraints cause Canadian oil and gas to be sold at a discount.

Government ambivalence and an ineffectual energy policy have combined to undermine investor confidence.

Canadian E&P industry is starved of capital.

However

Investment in pipelines is underway and price discounts are reducing.

Demand and/or export capacity for both oil and gas are expected to increase.

British Columbia is about to become an LNG exporter (2024-26) and is uniquely positioned to provide cheap low-carbon energy to Asia and the Pacific.

Historic valuation lows and lack of access to capital creates outstanding contrarian investment opportunities.

Strategy – Establish a world class resource base and find optimal way to return value to shareholders.

- Calima has established a material position in a Tier 1 petroleum province that competes favourably with the best of the US resource plays.
- The Tommy Lakes acquisition completes the building blocks required for a pilot production project capable of producing up to 50 mmcf/d and 2,500 bbl/d.
- Calima now has access to all the major growth markets through existing connections to NGTL/AECO, Alliance and T-North/Station 2.
- Production start-up from existing wells could commence 1Q 2021 subject to third party funding.

Market conditions have been extremely challenging but are improving

- Reduce costs to preserve optionality.
- Expand business development capability in Canada.
- Be creative in seeking partnerships and alliances.

With Canadian corporate advisors find partnerships for the Calima Lands and explore creative ways to create value.

CALIMA ENERGY

CONTACT US

Calima Energy Limited

1A /1 Alvan Street, Subiaco WA 6008, Australia

Tel: +61 8 6500 3270

Fax: +61 8 6500 3275

info@calimaenergy.com

www.calimaenergy.com

ASX:CE1

CalimaEnergy

calima-energy.com

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