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15 May 2018

Calima Energy Limited – Receipt of TMK Montney Ltd's Target's Statement

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

ENDS

For and on behalf of the Board of Calima Energy Limited

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**TMK Montney Limited
(ACN 607 112 710)**

TARGET'S STATEMENT

This Target's Statement is issued in response to the off-market takeover bid by Calima Energy Limited (ACN 117 227 086) to acquire ALL the ordinary shares in TMK Montney Limited, which Calima does not already hold.

ACCEPT

Your Directors unanimously recommend that you **ACCEPT** the takeover offer from Calima in the absence of a Superior Proposal.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

You should read all of the document. If you are in doubt as to what you should do, you should consult your professional adviser.

IMPORTANT NOTICES

Nature of this document

This document is a Target's Statement given by TMK Montney Limited (ACN 607 112 710) (**TMKM**) under Part 6.5 of Chapter 6 of the Corporations Act. This Target's Statement is given in response to the off-market takeover bid by Calima for all the ordinary shares in TMKM that it does not already hold.

This Target's Statement is dated 15 May 2018 and was lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation, tax position, or particular needs. It does not contain personal advice. It is important that you read all of this Target's Statement before making any investment decision and any decision about the Offer. You may wish to seek independent professional advice before making a decision whether or not to accept the Offer.

Defined terms and interpretation

A number of defined terms are used in this Target's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 10. Section 10 also sets out some rules of interpretation which apply to this Target's Statement.

Disclaimer as to forward looking statements

This Target's Statement may include forward-looking statements. These forward-looking statements are only predictions and are subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from the expectations and predictions, express or implied, in such forward-looking statements. Those risks and uncertainties include factors and risks specific to the industry in which TMKM operates as well as general economic conditions.

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

Disclaimer as to Calima and the Merged Entity information

The information in this Target's Statement about Calima and the Merged Entity has been prepared using publicly available information, including the Bidder's Statement and has not been independently audited or verified by TMKM or its advisers. Risks may exist in relation to Calima of which TMKM is unaware. Accordingly, subject to any applicable law, TMKM makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

Foreign jurisdictions

The distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulations of foreign jurisdictions. Persons who come into possession of this Target's Statement should seek advice and observe these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Target's Statement has been prepared having regard to Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if the Target's Statement had been prepared in accordance with laws and regulations outside of Australia.

The entitlements of TMKM Shareholders who are located outside Australia are set out in Section 11.18 of the Bidder's Statement and Section 8 of Annexure A to the Bidder's Statement.

Privacy

TMKM has collected your information from the TMKM register of shareholders (including name, contact details and holding details) to provide you with this Target's Statement. Your information may be disclosed on a confidential basis to external service providers (such as TMKM's share registry) and may be required to be disclosed to regulators (such as ASIC). If you would like details of information about you held by TMKM, please contact TMKM.

Internet sites

TMKM and Calima 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 those internet sites is not part of this Target's Statement. All references to these sites in this Target's Statement is for information purposes only.

Further information

Further information relating to the Offer can be obtained from TMKM's website at www.tmk.com.au and from the Calima website www.calima.com.au.

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KEY DATES

Announcement of Offer	2 May 2018
Date of Calima's Bidder's Statement	15 May 2018
Date of this Target's Statement	15 May 2018
Calima's Offer opens	21 May 2018
Calima's notice of status of conditions due	12 June 2018*
Calima's Offer closes	5.00pm (WST) 22 June 2018*

*Unless the Offer Period is extended, or the Offer is withdrawn in accordance with the Corporations Act.

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CHAIRMAN'S LETTER

15 May 2018

Dear Shareholders,

On 2 May 2018 Calima announced that it had signed a Bid Implementation Agreement with TMKM in relation to a proposed off-market takeover bid for all issued shares in TMKM (other than TMKM shares that Calima already holds).

Under the Offer, Calima is offering to issue you with 2.1 Calima Shares in consideration for every 1 of your TMKM Shares. The Bidder's Statement sent to you by Calima sets out the full terms of the 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.

This Target's Statement sets out your Directors' formal response to the Offer. It contains your Directors' unanimous recommendation to **ACCEPT** the Calima Offer in the absence of a Superior Proposal being received, the reasons for the recommendation and other important information you should consider in deciding whether or not to accept the Offer.

The only Director that holds TMKM Shares, Alexander Parks, intends to accept the Offer in respect of all his TMKM Shares that he owns or controls in the absence of a Superior Proposal.

The reasons for your Directors' unanimous recommendation include:

- Calima is listed on the ASX. The Offer provides TMKM Shareholders with an opportunity to hold shares quoted on a securities exchange rather than an unlisted company (the current position).
- The Offer provides for TMKM Shareholders to become a shareholder in a larger capitalised company with improved access to capital.
- Consolidation of the joint venture interests in the Montney Project, which enables more efficient management and assists access to capital.
- The Offer is supported by the Directors of TMKM and major TMKM Shareholders.
- No Superior Proposal has emerged.

I encourage you to read this Target's Statement in full.

If you are in any doubt about whether to accept the Offer, you should seek your own independent professional advice. If you have any questions about the Offer, please contact TMKM.

Yours sincerely



Brett Lawrence
Executive Chairman

1. FREQUENTLY ASKED QUESTIONS

This Section answers some frequently asked questions about Calima's Offer. It is not intended to address all issues relevant to Shareholders. This Section should be read together with other parts of the Target's Statement and the Bidder's Statement.

Question	Answer
1. Who is Calima?	<p>Calima is an Australian company listed on the ASX (ASX:CE1). It is the bidder making an offer to acquire all your TMKM Shares.</p> <p>Calima, TMKM and TSVM (each through their wholly owned subsidiaries) are joint venture partners in the Montney Project.</p> <p>See Sections 3, 4 and 10 of the Bidder's Statement for more information about Calima, its business and assets and the risks that may apply to Calima.</p>
2. What is the merger transaction that is being proposed?	<p>Calima and TMKM have signed a Bid Implementation Agreement to document a merger transaction between Calima and TMKM, whereby Calima will seek to acquire all the issued capital in TMKM.</p> <p>Calima is offering to acquire all the securities in TMKM by:</p> <ul style="list-style-type: none">• the Offer being an off-market takeover offer by Calima to TMKM Shareholders to acquire all of the ordinary shares in TMKM that it does not already hold; and• entering into private treaty arrangements with TMKM Optionholders in respect of TMKM Options. <p>It is a condition of the Offer that all TMKM Optionholders accept an offer by Calima to acquire their Options.</p> <p>See Section 11.6 of the Bidder's Statement for more information about the arrangements with TMKM Optionholders.</p> <p>There is also a separate independent merger transaction proposal by which Calima proposes to acquire all the issued capital of TSVM. See Section 7 of the Bidder's Statement for more information about the transaction with TSVM.</p>
3. What is the Bidder's Statement?	<p>The Bidder's Statement is the document setting out the terms of the off-market takeover offer by Calima for TMKM Shares. The Bidder's Statement was lodged by Calima with ASIC on 15 May 2018 and has been sent to you in accordance with the Corporations Act.</p>

Question	Answer
<p>4. What is Calima offering for my TMKM Shares?</p>	<p>Calima is offering to buy all of your Shares.</p> <p>Calima is offering 2.1 Calima Shares for every 1 TMKM Share.</p> <p>The Offer is made for all TMKM Shares (other than the TMKM Shares already held by Calima).</p> <p>If you are an Ineligible Foreign Shareholder, you will not be entitled to received Calima Shares as consideration for your TMKM Shares. In these circumstances, Calima will arrange for those Calima Shares to be sold and remit the sale proceeds to you.</p> <p>See Annexure A of the Bidder's Statement for full terms of the Offer. See also Sections 5.6 and 6.11 of this Target's Statement.</p>
<p>5. What is the value of the Offer?</p>	<p>The implied value of the Offer is A\$0.1134 (11.34 cents) per TMKM Share. This is based on Calima's closing share price on 1 May 2018, (being the last day Calima's Shares traded on ASX before the Announcement Date) of A\$0.054 (5.4 cents).</p> <p>The value of the Offer may change as a consequence of changes in the market price of Calima Shares.</p> <p>See Section 4.2 of the Bidder's Statement for further information about the implied value of the Offer. See also Section 5.6 of this Target's Statement.</p>
<p>6. What is the Target's Statement?</p>	<p>This Target's Statement has been prepared by the Directors and provides TMKM's response to the Offer, including the recommendations of the Directors.</p>
<p>7. What choices do I have as a TMKM Shareholder?</p>	<p>In respect of the Offer, you can:</p> <ul style="list-style-type: none"> • accept the Offer for all your TMKM Shares; or • reject the Offer by doing nothing. <p>Refer to Section 4 of this Target's Statement for further details.</p> <p>Outside of the Offer, you may seek to sell some or all of your TMKM Shares. However, as TMKM Shares are not listed on any securities exchange, this may be difficult.</p> <p>If you are in any doubt about what to do, the Directors recommend that you consult with your professional adviser.</p>

Question	Answer
8. What are the Directors recommending?	<p>Each of the TMKM Directors recommend that you ACCEPT the Offer, in the absence of a Superior Proposal.</p> <p>The reasons why the Directors recommend that you ACCEPT the Offer are set out in Section 2 of this Target's Statement.</p>
9. What do the TMKM Directors intend to do with their TMKM Securities?	<p>Only one of the Directors, Alexander Parks, holds TMKM Shares. He intends to ACCEPT the Offer in respect of all his TMKM Shares that he owns or controls in the absence of a Superior Proposal.</p> <p>Two of the TMKM Directors hold TMKM Options (Brett Lawrence and Alexander Parks). They intend to agree to a private treaty arrangement with Calima to be issued with Calima Shares on the same basis as all other TMKM Optionholders.</p>
10. What is Calima's interest in TMKM Shares?	<p>Calima holds 8,000,000 TMKM Shares (11.20% of the issued share capital in TMKM) at the date of this Target's Statement.</p> <p>In addition, Calima has entered into a pre-bid acceptance agreement with Mr Charles Morgan in respect of 8.60% of TMKM Shares.</p> <p>As a result, Calima has a relevant interest in 19.80% of TMKM Shares at the date of this Target's Statement.</p> <p>See Section 11.8 and 11.9 of the Bidder's Statement for more information.</p>
11. Did TMKM engage an independent expert to evaluate the Offer?	<p>TMKM is not required under the Corporations Act to commission an independent expert report in connection with the Offer.</p> <p>In deciding not to engage an independent expert to assess the merits of the Offer, the Directors considered a range of factors including:</p> <ul style="list-style-type: none"> • The Directors understanding the value of TMKM's prospects and the fact that the Offer provides TMKM Shareholders with the ability to retain exposure to TMKM's existing assets. • The Directors understanding of the Montney Project, to which TMKM and Calima are joint venturers. • Calima is listed on ASX with a fully informed and more liquid market for its shares.

Question**Answer**

- One of the key reasons for the merger is to consolidate the Montney Project joint venture interests.

Given these factors the Directors of TMKM decided not to engage an independent expert to assist them in assessing the Offer and have recommended that TMKM Shareholders accept the Offer in the absence of a Superior Proposal for the reasons set out in Section 2 of this Target's Statement.

12. Is TMKM unlisted and what is TMKM's available financial information?

Yes, TMKM is unlisted and therefore TMKM Shares do not trade on a securities exchange.

TMKM is an unlisted Australian registered public company that is subject to various reporting and disclosure obligations.

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 the in-specie distribution of TMKM Shares to Tamaska Oil and Gas Ltd shareholders.

TMKM has not undertaken a capital raising since incorporation and the in-specie distribution.

TMKM's most recent audited financial statements are for the financial year ended 31 December 2017 which are included in the 2017 Annual Report dated 29 March 2018. The financial statements include a statement of financial position. This Annual Report is available on TMKM's website (www.tmk.com.au).

Other than the Offer, the Directors of TMKM are not aware of any material matter affecting the operations or financial position of TMKM since the 2017 Annual Report.

See Section 7.3 of this Target's Statement and Section 5.7 of the Bidder's Statement.

Question	Answer
<p>13. What are the conditions of the Offer?</p>	<p>Calima's Offer is subject to conditions. These include:</p> <ul style="list-style-type: none"> • Minimum acceptance of 90% of the TMKM Shares. • All TMKM Optionholders accepting the private treaty offer by Calima for their TMKM Options. • No material adverse change (as defined in the conditions to the Offer) occurring in relation to TMKM or its assets. • TMKM not incurring or committing to incur capital expenditure in excess of \$25,000 other than on TMKM's existing projects or on day-to-day operating activities. • TMKM providing Calima with access to the same information as may be made available to third parties for the purposes of facilitating any Competing Proposal. • No prescribed occurrence (as defined in the conditions to the Offer) occurring in relation to TMKM. • Other customary conditions including no regulatory intervention which restrains or prohibits the Offer being made. <p>This is only a summary of the conditions of Calima's Offer. See Section 9 of Annexure A to the Bidder's Statement which sets out the conditions to the Offer in full.</p>
<p>14. What happens if the conditions of the Offer are not satisfied or waived?</p>	<p>If the Offer closes and the conditions are not satisfied or waived, the Offer will lapse, and your acceptance will be void. You will continue to hold your TMKM Shares.</p> <p>Calima is required to announce whether the conditions have been satisfied or waived during the Offer Period in accordance with the Corporations Act.</p>

Question	Answer
<p>15. How do I accept the Offer?</p>	<p>To accept the Offer, you must complete the Acceptance Form that is enclosed with the Bidder's Statement and return it, together with any other documents required, to the address on the form so that it is received before the Offer closes.</p> <p>See your Acceptance Form enclosed with the Bidder's Statement. Instructions on how to accept Calima's Offer are set out in Section 4 of Annexure A to the Bidder's Statement and the Acceptance Form provided to you by Calima.</p>
<p>16. Can I accept the Offer for only some of my Shares?</p>	<p>No, you must accept the Offer for all of your TMKM Shares.</p>
<p>17. If I accept the Offer, can I withdraw my acceptance?</p>	<p>You only have limited rights to withdraw your acceptance of the Offer.</p> <p>You may withdraw your acceptance if Calima varies the Offer in a way that postpones for more than one month the time that Calima must meet its obligations under the Offer. For example, if Calima extends the Offer for more than one month while the Offer remains subject to conditions</p> <p>See Annexure A to the Bidder's Statement for more information about the circumstances in which you may validly withdraw your acceptance of the Offer.</p>
<p>18. When will I be issued with Calima Shares if I accept the Offer?</p>	<p>Other than Ineligible Foreign Shareholders (referred to below), if you accept the Offer, (subject to you providing any other documents required), Calima will issue you Calima Shares as consideration for your TMKM Shares on or before the earlier of:</p> <ul style="list-style-type: none"> • One month after you have validly accepted the Offer or the contract resulting from its acceptance becomes unconditional (whichever is later); or • 21 days after the end of the Offer Period, provided that the Offer has become unconditional. <p>See Annexure A to the Bidder's Statement for more information about when your new Calima Shares will be issued to you.</p>

Question	Answer
<p>19. What if I am an Ineligible Foreign Shareholder?</p>	<p>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.</p> <p>Ineligible Foreign Shareholders will be dealt with as set out in Section 11.18 of the Bidder's Statement and Section 8 of Annexure A to the Bidder's Statement.</p> <p>Thereby, if you are an Ineligible Foreign Shareholder who has accepted the Offer, Calima will arrange for the Calima Shares (which would otherwise have been issued to you) to be sold and will remit the sale proceeds less any transaction costs to you by cheque in Australian dollars.</p> <p>See also Section 6.11 of this Target's Statement.</p>
<p>20. When do I have to make a decision?</p>	<p>The Offer is scheduled to close at 5.00pm (WST) on 22 June 2018. However, Calima can extend the Offer Period in certain circumstances.</p> <p>Please be aware that there is no guarantee that Calima will extend the Offer Period beyond 22 June 2018. Accordingly, the Directors recommend that you should assume that the Offer Period will not be extended beyond this date.</p> <p>See Section 2 of Annexure A to the Bidder's Statement which contains more information about the circumstances in which the Offer Period can be extended.</p>
<p>21. What are the risks if I accept the Offer?</p>	<p>If you accept the Offer and it becomes unconditional, you will be issued with new Calima Shares. There are risks in holding Calima Shares. 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>Some of risks associated with the Offer are set out in Section 5.8 of this Target's Statement.</p> <p>Section 10 of the Bidder's Statement has more information about the risks including:</p> <ul style="list-style-type: none"> • Risks relating to the Offer. • Risks that are specific to Calima and TMKM as the Merged Entity. • General risks relating to Calima and the Merged Entity.

Question	Answer
<p>22. Will I need to pay transaction costs if I accept?</p>	<p>You will not have to pay any brokerage fees or duty if you accept 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> <p>See Annexure A to the Bidder's Statement and Section 11.18 of the Bidder's Statement for more information. See also the instructions on the Acceptance Form enclosed with the Bidder's Statement.</p>
<p>23. What happens if I do nothing?</p>	<p>If you do nothing (and thereby reject the Offer) you will remain a TMKM Shareholder and will not receive any Calima Shares.</p> <p>However, Calima has stated that if it becomes entitled to compulsorily acquire your TMKM Shares, it intends to do so. This means that Calima may be able to acquire your TMKM Shares even if you did not accept the Offer. If this occurs you will still receive the Calima Shares by way of consideration but at a later date than you would have received it if you had accepted the Offer.</p> <p>See Section 8.4 of the Bidder's Statement for more information about Calima's intentions if it acquires a relevant interest in at least 90% of the TMKM Shares.</p> <p>See Section 8.5 of the Bidder's Statement for more information about Calima's intentions if it acquires control but less than a relevant interest in 90% of the TMKM Shares.</p>
<p>24. What happens if Calima improves the Offer?</p>	<p>If Calima improves the Offer Consideration of the Offer, all the TMKM Shareholders who accept the Offer (whether or not they accepted the Offer before or after the improvement) will be entitled to the benefit of the improved Offer Consideration, if the Offer becomes unconditional.</p> <p>See Annexure A to the Bidder's Statement for more information about the Offer.</p>
<p>25. What are the tax implications of accepting the Offer?</p>	<p>Accepting the Offer will result in tax consequences for you.</p> <p>A general summary of each of the Australian and Canadian tax consequences for TMKM Shareholders who accept the Offer is set out in Section 9 of the Bidder's Statement.</p>

Question**Answer**

This summary is expressed in general terms only and is not intended to be specific tax advice for your personal circumstances. You should seek your own tax advice about the Offer.

See also Section 5.11 of this Target's Statement

26. What is the effect of the Offer on TMKM Options?

The Offer relates to TMKM Shares only.

Calima is offering separate private treaty arrangements with TMKM Optionholders.

27. What is the TSVM Acquisition?

Calima, TMKM and TSVM are (each through their wholly owned subsidiaries) joint venture partners in the Montney Project.

Calima is making the TSVM Acquisition at the same time as making the Offer to TMKM Shareholders.

The TSVM Acquisition comprises an off-market takeover offer by Calima to acquire all of the ordinary shares in TSVM and private treaty arrangements in respect of TSVM Options. It is a separate and independent offer. The Offer to TMKM Shareholders is not conditional on the success of the TSVM Acquisition.

However, successful completion of both the Offer and the TSVM Acquisition will consolidate 100% of the joint venture partners working interests in the Montney Project into a single entity (Calima).

See Sections 3.1 and 7.3 of the Bidder's Statement for more information about the TSVM Acquisition.

28. Is the Offer and the TSVM Acquisition conditional on each other?

No. Successful completion of the TSVM Acquisition is not a condition of the Offer. If the Offer is successful, Calima has indicated it will proceed with the Offer regardless of the outcome of the TSVM Acquisition.

Similarly, successful completion of the Offer is not a condition of the TSVM Acquisition.

See Section 3.1 of the Bidder's Statement for more information.

2. REASONS YOU SHOULD ACCEPT CALIMA'S OFFER

The Board has considered the merits of the Offer and weighed up the factors for and against acceptance. The Directors unanimously recommend that you **ACCEPT** the Offer made to you in the absence of a Superior Proposal for the reasons set out below.

The Directors acknowledge there are risks associated with accepting the Offer, which are highlighted in Section 5.8 of this Target's Statement.

1. Offer Consideration is ASX quoted shares

TMKM is not listed on any securities exchange and there is no liquid market for TMKM Shares. The Offer provides TMKM Shareholders with an opportunity to own tradeable securities on the ASX. Calima is offering to issue you with Calima Shares as consideration for your TMKM Shares. Calima is listed on the ASX and you will be able to trade the Calima Shares that you receive as Offer Consideration (subject to any trading restrictions that may apply to your Calima Shares).

2. Larger capitalised company with improved access to capital

The proposed merger of Calima and TMKM will result in an enhanced balance sheet and improved access to capital (whether by way of equity or debt) including for funding the work programme for the Montney Project. The Merged Entity will be in a stronger financial position than TMKM on a standalone basis to fund the growth of the Merged Entity's assets. This improved financial position is expected to assist the Merged Entity to progress the expenditure commitments on the Montney Project.

This reason why you should accept the Offer (being a larger capitalised company with improved access to capital) applies where both the Merged Entity is Calima and TMKM alone (single merger) as well as where the Merged Entity is Calima, TMKM and TSVM (combined merger). In this later circumstance, there is a greater benefit of an enhanced balance sheet and improved access to capital.

Currently TMKM faces a greater funding risk as an unlisted company.

3. Consolidation of Montney Project

Calima, TMKM and TSVM are joint venture partners (via their wholly owned subsidiaries) who jointly own the Montney Project. Calima has a current 20% interest in the Montney Project and has farm-in rights to earn up to a 55% interest. TMKM currently has a 32% interest in the Montney Project and TSVM currently has a 48% interest.

If the Offer is successful and the Merged Entity is Calima and TMKM alone (single merger), then the Merged Entity will hold a combined 52% interest in the Montney Project. If the TSVM Acquisition also succeeds then the Merged Entity of Calima, TMKM and TSVM (combined merger) will hold a 100% interest in the Montney Project. The Merged Entity with a greater interest in the Montney Project is expected to attract greater market interest in the project.

The Directors consider that the Montney Project has the potential to create significant value for TMKM Shareholders and the Offer allows exposure to the Montney Project to be retained.

The Merged Entity with a greater interest in the Montney Project will further provide an opportunity to remove duplicated technical and administrative costs and thereby create synergies. A simplified ownership and management structure with strong board and management team should enable an acceleration of the exploration and development of the Montney Project. Further details of Calima's board is set out in Section 3.2 of the Bidder's Statement.

The TMKM Shareholders interest in the capital structure of the Merged Entity if only the Offer is successful (single merger) and if both the Offer and the TSVM Acquisition are successful (combined merger) is set out in Section 7.7 of the Bidder's Statement.

4. The Offer is supported by your Directors and the major shareholder

The Directors unanimously recommend that you accept the Calima Offer in the absence of a Superior Proposal.

Only one of the Directors, Alexander Parks, holds TMKM Shares. He intends to accept the Offer in respect of all his Shares that he owns or controls, in the absence of a Superior Proposal. Details of the Directors' relevant interests in TMKM Securities are set out in Section 8.1 of this Target's Statement.

Calima has entered into a pre-bid acceptance agreement with TMKM Shareholder, Mr Charles Morgan. Under this agreement Mr Morgan has agreed to accept the Offer in respect of 6,140,000 TMKM Shares (8.60%) within 5 business days after commencement of the Offer Period.

As a consequence of the pre-bid acceptance agreement (8.60%) and Calima's existing holding of TMKM Shares (11.20%), Calima has a relevant interest of 19.80% in TMKM Shares at the date of this Target's Statement.

Further, TMKM has been provided with letters of intention to accept the Offer from several TMKM Shareholders, holding an aggregate 39.08% of TMKM Shares, stating that they intend to accept the Offer in the absence of a Superior Proposal.

Section 11.9 in the Bidder's Statement contains a list of the TMKM Shareholders that have indicated that they intend to accept the Offer in the absence of a Superior Proposal.

5. No duty or brokerage

There will be no Australian duty or brokerage charges payable on the sale of TMKM Shares under the Offer.

6. The Directors are not aware of Superior Proposal

The proposed merger transaction was announced to the ASX on 2 May 2018. As at the date of this Target's Statement, no Superior Proposal or Competing Proposal has emerged.

7. Risk of becoming a minority shareholder

If you do not accept and Calima gains effective control of TMKM but is not entitled to proceed to compulsory acquisition of the outstanding TMKM Shares, then you will remain a minority shareholder of TMKM. If only a limited number of minority

shareholders remain then it is possible that the market for your TMKM Shares will become less liquid, making it more difficult to sell your TMKM Shares in the future.

Further details of the consequences of remaining a minority shareholder in TMKM are set out in Section 5.7 of this Target's Statement. Further details of Calima's intentions if it gains control over management and operations of TMKM but less than 90% of TMKM shares is set out in Section 8.5 of the Bidder's Statement.

3. DIRECTORS' RECOMMENDATIONS AND INTERESTS

3.1 Directors' recommendation

In assessing Calima's Offer, your Directors have taken into account many considerations including the information set out in the Bidder's Statement and in this Target's Statement. Based on this assessment, and the reasons set out in Section 2 of this Target's Statement, each of your Directors recommends that Shareholders **ACCEPT** the Offer in the absence of a Superior Proposal.

In considering whether you wish to follow your Directors' recommendation, you should:

- read the Bidder's Statement and this Target's Statement in full;
- consider your individual risk profile, investment strategy, tax position and financial circumstances; and
- consider the future prospects of Calima and TMKM as a merged entity compared to the future prospects of TMKM (as a separate entity).

3.2 Intention of the Directors

Only one of the Directors, Alexander Parks, holds TMKM Shares. He intends to accept the Offer in respect of all his Shares that he owns or controls, in the absence of a Superior Proposal.

Two of the TMKM Directors hold TMKM Options (Brett Lawrence and Alexander Parks). They intend to agree to a private treaty arrangement with Calima to be issued with Calima Shares on the same basis as all other TMKM Optionholders.

Details of the Directors' relevant interests in TMKM Securities are set out in Section 8.1 of this Target's Statement.

3.3 Further developments

Your Directors will keep you informed of any material developments with respect to Calima's Offer and any Competing Proposal that may emerge.

4. YOUR CHOICES AS A TMKM SHAREHOLDER

The Board encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your TMKM Shares. The Bidder's Statement contains important information which Shareholders are urged to read carefully.

As TMKM Shares are not listed on any securities exchange, selling some or all of your TMKM Shares outside of the Offer may be difficult.

In respect of the Offer, as a Shareholder, you have two choices available to you.

4.1 Accept Calima's Offer

You may choose to accept Calima's Offer. This is the approach recommended by your Directors.

Instructions on how to accept Calima's Offer are set out in Section 4 of Annexure A to the Bidder's Statement and the Acceptance Form provided to you by Calima.

You will receive 2.1 Calima Share for every 1 of your TMKM Shares if you accept Calima's Offer. You will only receive that consideration if the conditions of Calima's Offer are all satisfied or waived. Calima's Offer is subject to a 90% minimum acceptance condition and other limited conditions. Refer to Section 9 of Annexure A to the Bidder's Statement for full details of the conditions of the Offer.

There are particular arrangements that apply to TMKM Shareholders whose address is in a place outside Australia. These arrangements are explained in Section 8 of Annexure A to the Bidder's Statement.

The consequences of accepting Calima's Offer are discussed in Section 6.7 of this Target's Statement. If you accept Calima's Offer, you cannot withdraw your acceptance except in limited circumstances. These circumstances are set out in Section 6.8 of this Target's Statement.

You should be aware that the market price of Calima Shares may fall after you have accepted the Offer.

If you accept Calima's Offer, you may be liable for capital gains tax or income tax as a result of your acceptance. An overview of the Australian and Canadian tax consequences for Shareholders selling their Shares is provided in Section 9 of the Bidder's Statement.

4.2 Do nothing (Reject the Offer)

If you do not wish to accept the Offer, you should take no action. Simply disregard the documents sent to you by Calima about the Offer.

Shareholders should note that if Calima acquires 90% of the Shares at the end of the Offer Period, Calima will be entitled to compulsorily acquire the Shares it does not already own. Calima intends to exercise this right (refer to Section 6.12 of this Target's Statement for further information regarding compulsory acquisition).

5. IMPORTANT MATTERS FOR TMKM SHAREHOLDERS TO CONSIDER

5.1 Calima's Offer

Calima announced its intention to make an off market takeover bid for TMKM on 2 May 2018. The key features of the Offer are summarised in Section 6 of this Target's Statement.

Annexure A of the Bidder's Statement sets out the full terms of the Offer.

The Offer is open for acceptance until 5.00pm (WST) on 22 June 2018 (unless the Offer is withdrawn or extended).

5.2 Information about Calima

Calima is an Australian public company that was listed on the ASX on 28 July 2006 (ASX code: CE1). Calima is an oil and gas exploration company.

Calima, TSVM and TMKM (each through wholly owned Canadian subsidiaries) are joint venture partners in relation to oil and gas licences over part of the Montney formation in British Columbia, Canada.

On about 1 May 2017 TMKM (through its wholly owned Canadian subsidiary) entered into a farm-out of the Montney Project to Calima. The farm-out provides for Calima to earn up to a 55% working interest in the Montney Project by sole funding the next C\$25 million (Canadian dollars) of investment by 28 February 2020. These funds are to be directed towards the drilling, fracking and testing of three wells with 2,000m horizontal sections and the acquisition of additional acreage.

Calima became the operator of the Montney Project with effect from commencement of the farm-out. On 7 March 2018 Calima announced that it had completed stage one of its farm-in rights by spending C\$5 million to earn a 20% working interest in the Montney Project.

At the date of this Target's Statement, the Montney Project is held by Calima (20%), TMKM (32%) and TSVM (48%) (each through their wholly owned Canadian subsidiaries).

The primary assets of Calima are its interest in the Montney Project (20% interest, operator and further earn-in rights under the Farm-In Agreement) and its cash of approximately \$4.65 million at 31 March 2018. Calima's other assets are:

- a 50% interest in four production sharing contracts in the Saharwai Arab Democratic Republic;
- a shareholding of 8,000,000 TMKM Shares (approximately 11.2% of the issued share capital in TMKM);
- a shareholding of approximately 10% of the shares in Bahari Holding Company Limited, which owns exploration rights in the Republic of Comoros, East Africa off the coast of Tanzania; and
- a 56% interest in, and operatorship of, a petroleum agreement in the Orange River Basin in Namibia.

Further information about the profile of Calima and the Montney Project are set out in Section 3 of the Bidder's Statement.

5.3 Relationship with TMKM

- **Joint venture partner** - Calima, TMKM and TSVM are joint venture partners in the Montney Project (through wholly owned Canadian subsidiaries).
- **TMKM Shareholder** – Calima holds 8,000,000 TMKM Shares (approximately 11.2% of the issued share capital in TMKM).

At the date of this Target's Statement, none of the Calima directors have any interest in TMKM Shares. However, Havoc Partners a limited liability partnership which is owned by 5 members being Calima directors, Alan Stein and Jonathan Taylor and 3 other members of the Calima management team holds 2,400,000 TMKM Options.

5.4 Proposed consolidation of the joint venture interests in the Montney Project

Calima is seeking to consolidate 100% of the joint venture partners' interests in the Montney Project by separate and independent merger transactions with each of TMKM and TSVM.

In relation to TMKM, Calima is making the Offer to acquire all of the TMKM Shares that it does not already own. Contemporaneous with the Offer, Calima is seeking to acquire all of the TMKM Options by way of private treaty with TMKM Optionholders. The consideration for both the Offer and the private treaty arrangements are Calima Shares.

In relation to TSVM, Calima is making a separate off-market takeover bid to acquire all of the issued capital in TSVM and is seeking to acquire all of the TSVM Options by way of private treaty with TSVM Optionholders. The consideration for TSVM Acquisition are Calima Shares.

5.5 Offer Consideration

The Offer Consideration comprises Calima Shares. The Calima Shares are fully paid ordinary shares in the capital of Calima and from the date of issue, will rank equally with other Calima Shares. The rights and liabilities attaching to Calima Shares are governed by the constitution of Calima, the Corporations Act, the ASX Listing Rules and the general law.

Section 4.4 of the Bidder's Statement sets out more information about the rights and liabilities of Calima Shares.

5.6 Value of the Offer

The consideration being offered by Calima under the Offer is 2.1 Calima Shares for every one TMKM Share held.

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. If you accept the Offer made to you, the value of the consideration you will receive will depend on the price of Calima Shares at the time those shares are issued to you under the Offer.

Based on the closing price of Calima Shares on ASX on the day before the announcement of the Offer (1 May 2018) of A\$0.054 (5.4 cents), the implied value of the Offer Consideration is A\$0.1134 (11.34 cents) per TMKM Share. Section 4.2 of the Bidder's Statement contains information about the recent share price performance of Calima Shares.

You should be aware that the implied value of the Offer will fluctuate with the market price of Calima Shares.

The Directors have not obtained independent advice as to the value of the Offer, and Shareholders are urged to carefully read the Bidder's Statement.

5.7 Minority ownership consequences

Calima has stated in its Bidder's Statement that if it becomes entitled under the Corporations Act to compulsorily acquire the remaining shares in TMKM, it intends to do so. If at the end of the Offer Period, Calima becomes entitled to, and does, compulsorily acquire all remaining TMKM Shares, then TMKM will become 100% owned by Calima and no minority shareholder will remain.

However, if, at the end of the Offer Period, Calima is not entitled to proceed to compulsory acquisition the TMKM Shares acquired by Calima under the Offer will reduce the number TMKM Shares that are available for sale.

Calima's Offer is currently subject to a minimum acceptance condition which, if satisfied (and all other conditions are satisfied or waived) will entitle it to compulsorily acquire all outstanding TMKM Shares.

If Calima frees the Offer from this condition, but acquires the majority of the TMKM Shares, there may be a number of possible implications for TMKM shareholders, including:

- Calima will be in a position to cast the majority of votes at a general meeting of TMKM. This will enable it to control the composition of the TMKM Board and senior management, determine TMKM's dividend policy and control the strategic direction of the businesses of TMKM and its subsidiaries.
- The value perceived in TMKM Shares may be significantly reduced as potential investors may prefer to acquire an interest in Calima which will control TMKM and offer the liquidity of ASX quotation.
- The liquidity of TMKM Shares may be minimal, if at all.
- If Calima acquires 75% or more of the TMKM Shares it will be able to pass a special resolution of TMKM. This will enable Calima to, among other things, change TMKM's constitution.

If Calima does proceed to compulsory acquisition, then TMKM Shareholders who do not accept the Offer will still be entitled to receive the Offer consideration. However, as a result of the need to complete the compulsory acquisition procedures in the Corporations Act, there is likely to be a delay of at least one month in the provision of that consideration, and therefore in the earliest date on which Calima shares could be traded.

5.8 Risks

Conditions of the Offer

The Offer is subject to a number of conditions, which have not yet been satisfied at the date of this Target's Statement. The full terms of these conditions are set out in Section 9 of Annexure A to the Bidder's Statement. The conditions must be either satisfied or waived by Calima before accepting TMKM Shareholders can receive the consideration under the Offer.

If you accept the Offer while it remains subject to conditions then subject to any withdrawal rights that may be available to you (see Section 6.8 of this Target's Statement) you will no longer be able to sell your TMKM Shares or withdraw your acceptance of the Offer. You should be aware that the Calima share price may fall below the implied price under the Offer during this time.

If you accept the Offer and any of the conditions remain unsatisfied at the end of the Offer Period and are not otherwise waived by Calima, there is no obligation on Calima to issue Calima Shares as consideration for TMKM Shares. In those circumstances any acceptances of the Offer will be cancelled and you will then be free to deal with your TMKM Shares.

Possibility of a Superior Proposal emerging

You may consider that a third party may emerge with a Superior Proposal. Once you have accepted the Offer, you will not be able to accept into any Superior Proposal that may emerge unless the Offer lapses or you are able to withdraw your acceptance due to extension to the Offer Period.

Risks of holding Calima Shares

If you accept the Offer and it becomes unconditional, you will be issued with new Calima Shares and become a Calima shareholder. There are risks in holding Calima Shares. 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.

Calima's key project is the Montney Project. As a TMKM Shareholder you are already exposed to the risks associated with this project.

Section 10 of the Bidder's Statement set outs.

- Risks relating to the Offer.
- Risks that are specific to Calima and TMKM as the Merged Entity.
- General risks relating to Calima and TMKM as the Merged Entity.

You are urged to read this Section of the Bidder's Statement when considering the Offer.

Risks of continuing to hold TMKM Shares

There are various risks in continuing to hold TMKM Shares that you should be aware of before deciding whether or not to accept the Offer. As the primary asset of TMKM is

its working interest in the Montney Project, many of the risks are similar to those you are likely to face when investing in Calima Shares, which also has a working interest in the Montney Project.

Risk of becoming a minority shareholder

If you do not accept the Offer during the Offer Period (and the Offer becomes unconditional) you may remain as a minority TMKM Shareholder. Section 5.7 of this Target's Statement outlines some of the risks associated with being a minority shareholder in TMKM.

Risks relating to the outcome of the Offer

If you do not accept the Offer maintaining your investment in TMKM may also involve the following risks, depending on the outcome of the Offer.

- The TMKM Shares acquired by Calima under the Offer will reduce the number of Shares that can be expected to be available for sale. This may adversely affect any price at which such a TMKM Shareholder may seek to sell TMKM Shares (to which there is no liquid market).
- If Calima acquires control of TMKM it will have enhanced capacity to influence the manner in which TMKM's business is conducted. Calima's intentions for TMKM are described in Section 8 of the Bidder's Statement but those intentions may change.
- If you choose not to accept the offer and Calima subsequently exercises compulsory acquisition rights you are likely to be paid later than Shareholders who accept the Offer.

5.9 Dividend issues for TMKM Shareholders

TMKM has not paid a dividend to Shareholders since incorporation. As an exploration company, the Directors consider it unlikely that TMKM will pay dividends in the foreseeable future if TMKM continues as a stand-alone entity with its current business composition.

5.10 Other alternatives to the Offer

At the date of this Target's Statement, no offers (other than Calima's Offer) have been made to acquire your TMKM Shares.

5.11 Taxation considerations

Accepting the Offer will result in tax consequences for you.

A general summary of each of the Australian and Canadian tax consequences for TMKM Shareholders who accept the Offer is set out in Section 9 of the Bidder's Statement.

You should consult your own tax adviser for advice tailored to your particular circumstances. You should not solely rely on Section 9 of the Bidder's Statement in relation to the tax implications of accepting the Offer.

6. KEY FEATURES OF CALIMA'S OFFER

6.1 Consideration payable to TMKM Shareholders who accept the Offer

Calima is offering to acquire all of your TMKM Shares, including any rights attaching to those Shares. Under the Offer, the consideration payable by Calima is 2.1 Calima Shares for every one TMKM Share.

6.2 Conditions to the Offer

Overview of the Offer conditions

Calima's Offer is subject to a number of conditions, which are set out in full in Section 9 of Annexure A to the Bidder's Statement. In summary, the conditions include:

- Calima has a relevant interest in at least 90% of TMKM Shares at the end of the Offer Period (minimum acceptance condition).
- All TMKM Optionholders accept the private treaty offer by Calima for their TMKM Options.
- All necessary regulatory approvals for the Offer to proceed are granted.
- No regulatory action restrains, prohibits, impedes or materially impacts on the Offer.
- No TMKM material adverse change (as defined in the conditions to the Offer) during the Offer Period.
- No incurring or committing to incur capital expenditure by TMKM during the Offer Period in excess of \$25,000 other than on existing projects or day to day operating activities.
- No material litigation proceeding or threatened against TMKM during Offer Period.
- TMKM provides Calima access to the same information as may be made available to third parties for the purposes of facilitating any Competing Proposal.
- No TMKM prescribed occurrences (as defined in the conditions of the Bidder's Statement) during the Offer Period.
- No TMKM distribution or dividend to TMKM Shareholders during the Offer Period.

Consequences of conditions not being satisfied

You should be aware that, even if the conditions of Calima's Offer are not satisfied (or triggered as relevant), they may be waived by Calima. If any condition is unsatisfied (or has not been triggered), and has not been waived, Calima will have an option as to whether to proceed with the acquisition of the Shares or allow its Offer to lapse. If the Offer lapses, all acceptances of the Offer will be void and of no effect.

As at the date of this Target's Statement, TMKM is not aware that any of the conditions have been satisfied or triggered (as the case may be).

Unless otherwise disclosed in this Target's Statement, TMKM is not aware of any act, omission, fact or event that would result in any of the conditions to the Offer not being fulfilled by the end of the Offer Period.

Notice of Status of Conditions

Section 11 of Annexure A to the Bidder's Statement states that Calima will give a Notice of Status of Conditions on 12 June 2018 (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

Calima is required to set out in its Notice of Status of Conditions:

- whether its Offer is free of any or all of the conditions;
- whether, so far as Calima knows, any of the conditions have been fulfilled; and
- Calima's voting power in TMKM at that time.

If the Offer Period is extended before the time by which the Notice of Status of Conditions is to be given, the date that Calima must give its Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Calima is required, as soon as reasonably practicable after the extension, to notify the ASX and TMKM of the new date for the giving of the Notice of Status of Conditions.

In addition, if a condition of the Offer is fulfilled during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Calima must, as soon as practicable, give ASX and TMKM a notice stating that the particular condition has been fulfilled.

6.3 Offer Period and acceptance

The Offer is open for acceptance during the Offer Period, which commences on 21 May 2018 and ends at 5.00pm (WST) on 22 June 2018, unless it is withdrawn or the Offer Period is extended in accordance with the Corporations Act.

If you choose to accept the Offer, then your acceptance must be received by Calima before the end of the Offer Period. Instructions on how to accept the Offer are set out in Calima's Bidder's Statement and on the Acceptance Form enclosed with the Bidder's Statement. If you want to accept the Offer, you should follow those instructions carefully to ensure that your acceptance is valid.

6.4 Extension of the Offer Period

Calima may extend the Offer Period at any time before giving the Notice of Status of Conditions.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- Calima improves the consideration offered under the Offer; or
- Calima's voting power in TMKM increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

6.5 Withdrawal of Offer

Calima may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Calima may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

6.6 Lapse of Offer

Calima's Offer will lapse if, at the end of the Offer Period, any conditions of the Offer are not satisfied or waived. If this occurs, then acceptances given by Shareholders will be void. Shareholders will continue to own the TMKM Shares and will be free to deal with them as they choose.

6.7 Effect of acceptance

The effect of acceptance of the Offer is explained in Section 6 of Annexure A to the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Shares and the representations and warranties that you are deemed to give to Calima by accepting of the Offer.

6.8 Withdrawal rights

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if Calima varies the Offer in a way that postpones, for more than one month, the time when Calima needs to meet its obligations under the Offer. This will occur if Calima extends the Offer Period by more than one month and the Offer is still subject to conditions.

6.9 When you will receive your consideration if you accept the Offer

Other than Ineligible Foreign Shareholders (refer to Section 6.11 below), you will be issued your consideration on or before the earlier of:

- one month after this Offer becomes unconditional; or
- 21 days after the end of the Offer Period.

However, there are exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your consideration are in Section 8 of Annexure A of the Bidder's Statement.

6.10 Effect of improvement in consideration on Shareholders who have accepted the Offer

If Calima improves the consideration offered under the Offer, all TMKM Shareholders, (whether or not they have accepted the Offer before that improvement in consideration) will be entitled to the benefit of that improved consideration.

6.11 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.

Ineligible Foreign Shareholders will be dealt with as set out in Section 11.18 of the Bidder's Statement and Section 8 of Annexure A to the Bidder's Statement.

Thereby, if you are an Ineligible Foreign Shareholder who has accepted the Offer, Calima will arrange for the Calima Shares (which would otherwise have been issued to you) to be sold and will remit the sale proceeds less any transaction costs to you by cheque in Australian dollars.

6.12 Compulsory acquisition

If Calima acquires a relevant interest in 90% or more of the 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, Section 8.4 of the Bidder's Statement describes Calima's intentions including the intention to compulsorily acquire any outstanding 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 as a then holder of 90% of the TMKM Shares 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, Calima has stated in Section 8.4 of its Bidder's Statement that it intends to exercise those compulsory acquisition rights.

7. INFORMATION ABOUT TMKM

7.1 Overview of TMKM

TMKM is an unlisted Australian public company. TMKM is an oil and gas exploration company.

TMKM was incorporated on 16 July 2015 for the purpose of effecting the demerger of the Canadian assets of Tamaska Oil and Gas 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.

TMKM's primary asset is its 32% working interest in the Montney Project (held by its wholly owned Canadian subsidiary, Warren Energy Limited). This interest is subject to dilution under the Farm-In Agreement. The Montney Project is currently sole funded by Calima pursuant to the Farm-In Agreement. Section 3.3 of the Bidder's Statement contains an overview of the Montney Project.

In addition, TMKM has cash of approximately \$307,000 at 31 March 2018.

7.2 TMKM Board

The Board comprises the following members as at the date of this Target's Statement:

Name	Position
Brett Lawrence	Executive Chairman
Alexander Parks	Non-Executive Director
Logan Robertson	Non-Executive Director

A summary of the qualifications and experience of the Directors is set out in the TMKM 2017 Annual Report.

7.3 Financial position

TMKM was incorporated on 16 July 2015.

TMKM's last published audited financial statements are for the financial year ended 31 December 2017, which are included in the 2017 Annual Report. A copy of this document was lodged with ASIC.

A copy of the 2017 Annual Report may be obtained from the TMKM's website – www.tmk.com.au – or is available from TMKM on request.

Section 5.7 of the Bidder's Statement sets out the following financial information for TMKM, which has been extracted from the audited financial statements of TMKM:

- Statement of financial position for the most recent financial year 31 December 2017.
- Statements of comprehensive income of TMKM for the financial years 31 December 2016 (for the period from incorporation) and the financial year 31 December 2017.

- Statements of cash flows of TMKM for the financial years 31 December 2016 (for the period from incorporation) and the financial year 31 December 2017

So far as the TMKM Directors are aware:

- The financial position of TMKM has not materially changed since the date of the annual Report for the financial year ended 31 December 2017; and
- There has not been any matter or circumstance, other than those referred to in the annual report for the year ending 31 December 2017 and this Target's Statement that has significantly affected or may significantly affect the operations of the financial position of TMKM, the results of operations of TMKM or the state of affairs of TMKM in future financial years.

7.4 Capital structure

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

Security	Number
Shares	71,399,990
Options	18,000,000

The Shares are fully paid ordinary shares.

The Options are exercisable for A\$0.09 (9 cents) on or before 31 March 2019.

7.5 Substantial shareholders

The following persons have notified TMKM that they hold substantial holdings (within the meaning of the Corporations Act) in TMKM as at the date of this Target's Statement.

Shareholder	Number of Shares	% of Shares on issue
Craig Burton and entities	19,700,000	27.59%
Hoperidge Enterprises Pty Ltd	8,200,000	11.48%
Calima Energy Ltd	8,000,000	11.20%
Charles Morgan and entities	7,140,000	10.00%

7.6 TMKM website

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

7.7 Publicly available information about TMKM

TMKM is an Australian registered public company and is subject to various reporting and disclosure obligations. TMKM is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by TMKM may be obtained from, or inspected at ASIC.

TMKM regularly updates its website with announcements by Calima (as the operator) in respect of the Montney Project.

8. INFORMATION ABOUT TMKM DIRECTORS

8.1 Directors interests in TMKM Securities

As at the date of this Target's Statement, the Directors have relevant interests (directly and indirectly) in the following TMKM Securities.

Director	Number of Shares	% issued capital	Options
Brett Lawrence	0	0%	2,000,000
Alexander Parks	530,800	0.74%	2,400,000
Logan Robertson	0	0%	0

8.2 Dealings in Calima securities

As at the date of this Target's Statement:

- other than as set out below, no Director has a relevant interest in any Calima securities; and
- no Director has acquired or disposed of a relevant interest in any Calima securities in the four month period immediately preceding the date of this Target's Statement.

Brett Lawrence's superannuation funds holds 112,000 Calima Shares purchased on 3 November 2017.

8.3 Benefits and agreements

- No benefit (other than a benefit permitted under sections 200E or 200F of the Corporations Act) is proposed to be given to a TMKM Director (or anyone else) in connection with the Director's retirement as a director or executive of TMKM.
- There are no agreements made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of TMKM Shares or TMKM Options.
- None of the Directors has agreed to receive, or is entitled to receive, any benefit from any member of the Calima Group which is conditional on, or is related to, the Offer other than in their capacity as a holder of TMKM Shares or TMKM Options.
- None of the Directors has any interest in any contract with any member of the Calima Group other than in their capacity as a holder of TMKM Shares or TMKM Options.

Only one of the Directors, Alexander Parks, holds TMKM Shares. He intends to accept the Offer in respect of all his TMKM Shares that he owns or controls in the absence of a Superior Proposal.

Additionally, Alexander Parks and Brett Lawrence hold TMKM Options. They intend to agree a private treaty arrangement with Calima to be issued with Calima Shares (on the same basis as all other TMKM Optionholders) in consideration for the transfer of their TMKM Options.

9. ADDITIONAL INFORMATION

9.1 Bid Implementation Agreement

On 1 May 2018 Calima and TMKM entered into the Bid Implementation Agreement under which Calima agreed to make an off-market takeover bid for TMKM Shares.

A copy of the Bid Implementation Agreement was lodged with ASX on 2 May 2018 and can be obtained from TMKM's website at www.tmk.com.au or under the Calima's profile on www.asx.com.au.

9.2 Potential impact of Calima's Offer on TMKM's material contracts

To the best of TMKM's knowledge, none of the material contracts to which TMKM is a party contains a change of control provision that may be triggered if Calima acquires TMKM Shares as a result of the Offer and which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of TMKM.

9.3 Material litigation

As at the date of this Target's Statement, TMKM has no knowledge of, nor any expectation of, any litigation or dispute that is material.

9.4 Consents

Fairweather Corporate Lawyers has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as legal advisers to TMKM in the form and context in which it is named. Fairweather Corporate Lawyers has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Each TMKM Director has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to the making of statements in this Target's Statement in the form and context in which they appear.

As permitted by ASIC Class Order 13/521, this Target's Statement includes statements which are made, or based on statements made, in documents lodged with ASIC. Pursuant to this Class Order, the consent of persons such statements are attributed to is not required for the inclusion of those statements in this Target's Statement. Any Shareholder who would like to receive a copy of any of those documents may obtain a copy free of charge by contacting TMKM.

Additionally, as permitted by ASIC Corporations (Consent to Statements) Instrument 2016/72, this Target'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.

9.5 No other material information

There is no other information that Shareholders or their professional advisers would reasonably require to make an informed assessment on whether to accept the Offer, being information which:

- is reasonable for Shareholders and their professional advisers to expect to find in this Target's Statement; and
- is known to any of TMKM's Directors.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the TMKM Shares; and
- the matters which Shareholders may reasonably be expected to know, including information contained in the Bidder's Statement, information contained in TMKM's 2017 Annual Report, documents previously sent to Shareholders and information available from public sources such as ASX, ASIC or TMKM's website at www.tmk.com.au.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information contained in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

10. DEFINITIONS AND INTERPRETATION

10.1 Definitions

The following definitions apply in this Target's Statement, unless the context requires otherwise.

Acceptance Form	means the acceptance form enclosed with the Bidder's Statement.
Announcement Date	means 2 May 2018, being the date the Offer was announced on ASX.
ASIC	means Australian Securities and Investment Commission.
associate	has the meaning given in section 12 of the Corporations Act.
ASX	means ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange
Bid Implementation Agreement	means the bid implementation agreement entered into between TMKM and Calima dated on or about 1 May 2018, under which Calima agreed to make the Offer and the TMKM Directors agreed to recommend the Offer in the absence of a Superior Proposal.
Bidder's Statement	means the bidder's statement dated 15 May 2018 lodged by Calima with ASIC in relation to the Offer.
Board	means the board of directors of TMKM from time to time.
Calima	means Calima Energy Limited (ACN 117 227 086).
Calima Group	means Calima and its subsidiaries.
Calima Share	means a fully paid ordinary share in the capital of Calima.
Competing Proposal	means a bona fide proposal or offer that, if successfully completed, would result in a person other than Calima or its associates: <ul style="list-style-type: none">(a) 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 or any of the TMKM's related bodies corporate;(b) directly or indirectly acquiring control of TMKM;(c) 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(d) otherwise acquiring or merging with TMKM.

Constitution	means the constitution of TMKM as amended from time to time.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director or TMKM Director	means a director of TMKM.
Farm-In Agreement	means the Montney farm-in agreement dated on about 1 May 2017 as described in the Bidder's Statement.
Ineligible Foreign Shareholder	has the meaning given in the Bidder's Statement.
Merged Entity	means Calima and its subsidiaries, including any subsidiaries following the acquisition by Calima of any TMKM Securities or TSVM Securities.
Montney Project	means oil and gas licences prospective for the Montney formation in British Columbia, Canada that are held by Calima, TMKM and TSVM as partners in an unincorporated joint venture as described in Section 3 of the Bidder's Statement.
Notice of Status of Conditions	means Calima's notice disclosing the status of the conditions of the Offer, which is required to be given under section 630(3) of the Corporations Act.
Offer	means Calima's offer to acquire all of the TMKM Shares by way of an off-market takeover bid, pursuant to the Bidder's Statement.
Offer Consideration	means the consideration offered by Calima for each TMKM Share, pursuant to the Bidder's Statement, being 2.1 Calima Shares for each 1 TMKM Share.
Offer Period	means the period within which the Offer is open for acceptance in accordance with the Bidder's Statement and the Corporations Act.
relevant interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Superior Proposal	means a Competing Proposal in relation to TMKM that the TMKM Board determines in good faith is: <ul style="list-style-type: none"> (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.

Target's Statement	means this document, being the statement of TMKM under Part 6.5 of the Corporations Act in relation to Calima's Offer.
TMKM or Company	means TMK Montney Limited (ACN 607 112 710)
TMKM Option or Option	means an option to acquire a TMKM Share.
TMKM Optionholder	means a holder of TMKM Options.
TMKM Securities	means TMKM Shares and TMKM Options.
TMKM Share or Share	means a fully paid ordinary share in TMKM.
TMKM Shareholder or Shareholder	means a person who is registered as the holder of a Share in the TMKM register of members.
TSVM	means TSV Montney Limited (ACN 607 451 310)
TSVM Acquisition	means the separate takeover bid and private treaty arrangements made by Calima to acquire all of the issued TSVM Securities as described in Section 7 of the Bidder's Statement.
TSVM Securities	means the fully paid ordinary shares in TSVM and options to acquire fully paid ordinary shares in TSVM.

10.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) The following rules apply unless the context requires otherwise:
 - (i) The singular includes the plural, and the converse all applies.
 - (ii) A gender includes all genders.
 - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
 - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
 - (v) A reference to a Section or Schedule is a reference to a Section of, or Schedule to, this Target's Statement.
 - (vi) A term not specifically defined in this Target's Statement has the meaning given to it (if any) in the Corporations Act or the ASX Listing Rules (as is appropriate to the context).
 - (vii) A reference to an agreement or document (including this Target's Statement) is to the agreement or document as amended, supplemented, novated, or replaced.

- (viii) A reference to a person includes the person's successors, permitted substitutes and permitted assigns (and, where applicable, the person's legal personal representatives).
- (ix) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it, and a regulation, or statutory instruments issued under it.
- (x) A reference to a right or obligation of any two or more people comprising a single party confers that right, or imposes that obligation, as the case may be, on each of them severally and each two or more of them jointly. A reference to that party is a reference to each of those people separately (so that, for example, a representation or warranty by that party is given by each of them separately).
- (xi) A reference to A\$, \$ or dollars is to Australian currency.
- (xii) A reference to time is to Western Standard Time, Australia, unless otherwise noted.

11. AUTHORISATION

This Target's Statement has been approved by a resolution passed by the Directors of TMKM. Each Director of TMKM approved the resolution authorising this Target's Statement.

Dated: 15 May 2018

Signed for and on behalf of TMKM:

A handwritten signature in black ink, appearing to read 'Brett Lawrence', with a long horizontal flourish extending to the right.

Brett Lawrence
Executive Chairman