



Market Announcements Platform
ASX Limited
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Massive Canada LNG Project Gets Green Light

Highlights:

- Shell and partners give the go-ahead for the first greenfield LNG export project globally in five years.
- C\$40 Billion investment in LNG facility and pipeline infrastructure is largest private sector investment project in Canadian History.
- LNG terminal to be located at Kitimat on the west coast of British Columbia sourcing gas primarily from the Montney in northeast British Columbia.
- Gas demand and asset prices expected to move significantly.
- Pipelines used to feed the LNG terminal will be located adjacent to Calima's Montney drilling rights in northeast British Columbia.
- Calima preparing to drill its first wells before the end of the year.

Calima Energy Limited (ASX:CE1) ("**Calima**" or the "**Company**") is pleased to note the overnight announcement from Royal Dutch Shell that the joint venture participants have made a positive final investment decision (FID) on LNG Canada, a major LNG project in British Columbia, Canada.

LNG Canada is a joint venture between Shell, Petro-China, KOGAS, Mitsubishi and PETRONAS.

The head of energy research at Credit Suisse in Australia, stated that LNG Canada is the first large-scale conventional new LNG project to reach a final investment decision (FID) since 2013.

Calima Energy Managing Director, Alan Stein, said the go-ahead for LNG Canada was very positive news, with the Company's 72,000 acres of Montney rights located immediately adjacent to the proposed pipelines that will feed the new LNG projects at Kitimat.

"Opening up the Montney to new international markets with crude based pricing is great news for producers and resource owners," Mr Stein said.

"With four additional LNG projects already approved by the Canadian Government more FID decisions are expected to follow. Prices for Montney drilling rights appear to have risen sharply this year and we expect that trend to continue on the back of this news."

The LNG export facility, which will be built in Kitimat, British Columbia, includes an LNG plant and facilities for the storage and export of LNG, including marine facilities. LNG Canada will initially consist



of two LNG “trains”, producing approximately 14 million tonnes per annum (mtpa) with the potential to expand to four trains in the future.

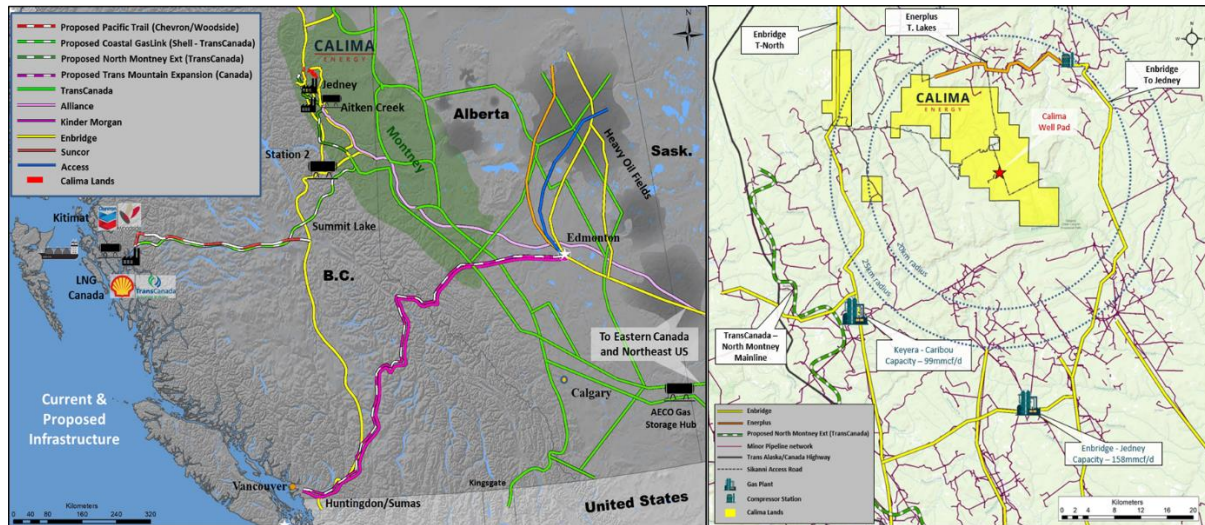


Figure 1 – The LNG Canada project is located on the west coast of British Columbia at Kitimat. The Coastal Gaslink pipeline which will transport gas from the Montney to the LNG terminal links up with the proposed North Montney Mainline pipeline which terminates just 20km southwest of the Calima Lands.

In announcing the “green light” for LNG Canada, Royal Dutch Shell CEO, Ben van Beurden, said Shell believes “LNG Canada is the right project, in the right place, at the right time. With significant integration advantages from the upstream through to trading, LNG Canada is expected to deliver Shell an integrated internal rate of return of some 13%, while the cash flow it generates is expected to be significant, long life and resilient.”

They also noted that Western Canada is strategically well located for supplying North Asia and that the project will be viewed as a confidence booster for the broader investment sentiments for Canada.

Immediately following the LNG Canada announcement TransCanada Corporation subsequently announced that it will construct the C\$6.2 billion Coastal Gaslink pipeline which will transport gas from the Montney to the LNG terminal. The pipeline will have an initial capacity of approximately 2.1 billion cubic feet per day (bcf/day) with the potential for expansion of up to approximately 5 bcf/d. This new pipeline will link up directly with the proposed North Montney Mainline pipeline which terminates approximately 20 km south west of Calima’s drilling rights.

A review of infrastructure opportunities in the Montney undertaken by Calima Energy earlier this year identified LNG Canada as potentially providing significant benefits for the Company’s project development plans.

Following the recent completion of an A\$25 million oversubscribed placement, Calima Energy is in a robust financial position being funded to undertake its first drilling campaign on the Calima Lands. The Calima Lands comprise 72,000 acres of drilling rights considered prospective for the Montney Formation which is now the biggest oil and gas play in Canada.

The Company is currently preparing to drill one vertical well and two horizontal wells in its Montney project area. The vertical well will provide stratigraphic calibration and valuable core data while the two horizontal wells will be put on extended production test.



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About Calima Energy

Calima Energy Limited (ASX:CE1) is an international oil and gas company with over 72,000 acres of drilling rights prospective for the Montney Formation in British Columbia, the most active oil and gas play in Canada.

Calima, which features a board and management made up of some of the most successful oil and gas executives of recent years, is fast-tracking a major oil and gas opportunity in one of the world's most successful and sought after plays.

The Company is preparing to drill several wells close to existing infrastructure, including pipelines and processing facilities.

Calima's neighbours in the Montney include international operators Shell, ConocoPhillips and PETRONAS, as well as Canadian producers Black Swan Energy, Saguaro Resources and Painted Pony Energy. The region's liquids-rich hydrocarbon reserves are being targeted for LNG export alongside domestic and international oil market opportunities.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Calima Energy Limited's planned activities and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential", "should," and similar expressions are forward-looking statements. Although Calima Energy Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.