



2 July 2019

Dear Shareholder

Notice to Ineligible Shareholders of Non-Renounceable Pro Rata Rights Issue

We write to you as the registered holder of Calima Energy Limited ("**Company**") shares (**ASX: CE1**) whose address is outside of Australia, New Zealand or the United Kingdom (together the "**Eligible Countries**") as at today's date.

As advised in the Company's ASX announcement dated 1 July 2019 and as detailed by the Company in the Offer Document ("**Offer Document**") lodged by the Company with ASX on 1 July 2019, the Company is undertaking a non-renounceable pro-rata rights issue to Eligible Shareholders of ordinary fully paid shares in the Company ("**Shares**") at an issue price of \$0.018 per Share on the basis of one (1) Share for every three (3) Shares held at the Record Date ("**Offer**"). Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share.

The Offer Document was lodged with ASX on 1 July 2019 and is available on the Company's ASX platform at the ASX website (www.asx.com.au).

The Company currently has the following Shares, options, performance shares and performance rights on issue:

Shares	Options	Performance Shares	Performance Rights
1,450,013,017	32,750,000 ⁽¹⁾	16,081,866 ⁽¹⁾	19,450,000 ⁽¹⁾

Note 1: Refer to section 1.10 of the Offer Document for further details on the Company's capital structure.

On the basis that no options are exercised, or other securities are converted into Shares prior to the Record Date, the Offer is for 483,337,677 Shares. The Offer will raise approximately \$8.7 million (before the payment of the costs associated with the Offer).

The funds raised will be applied primarily for general working capital purposes and to support the Company in undertaking the preliminary planning and feasibility work required to bring the Company's existing wells into production through a proposed tie-in pipeline. Refer to section 1.3 of the Offer Document for further details.

No Shareholder approval is required for the Offer. The proposed timetable of the Offer is set out in section 1.2 of the Offer Document.

The Offer is fully underwritten by Euroz Securities Limited and Petra Capital Pty Limited ("**Underwriters**"), each Underwriter with a several obligation to underwrite a 50% proportion of the Offer. Shares not subscribed for by Eligible Shareholders under the Offer will form the shortfall ("**Shortfall Shares**"). If you take up your entitlement under the Offer in full, you may also apply for Shortfall Shares which will be offered at an issue price of \$0.018 per Shortfall Share which is the same issue price for Shares under the Offer.

Shortfall Shares will be allocated in priority to Eligible Shareholders who apply for Shortfall Shares under the Shortfall Offer. To the extent any Shortfall Shares under the Offer remain unallocated, the Underwriters will be required to subscribe, or produce sub-underwriters to subscribe, for those Shortfall Shares at the issue price of \$0.018. It is the intention of all directors to take up their entitlements under the Entitlement Offer. In addition, Mr Alan Stein has underwritten an additional 5,444,524 shares in the Entitlements Offer issue and Mimo Strategies, an entity controlled by the Chairman's wife, has underwritten 40,854,118 Shares.

Pursuant to the underwriting agreement, the Underwriters will receive an underwriting management fee of 6% of the total amount underwritten with all fees and commissions due to sub-underwriters (if any) to be paid by the Underwriters. Further details of the underwriting agreement are set out in section 4.1 of the Offer Document.



The Record Date to determine entitlements for Eligible Shareholders is at 5pm WST (7pm AEST) on 4 July 2019 ("**Record Date**").

The Offer is available to all Company shareholders registered as shareholders as at the Record Date and whose registered address is in the Eligible Countries ("**Eligible Shareholders**"). The offer is not being extended to any Company shareholders whose registered address is outside the Eligible Countries ("**Ineligible Shareholders**").

The purpose of this letter is to inform you that you are an Ineligible Shareholder for the purposes of the Offer and consequently you will not be able to subscribe for Shares under the Offer. This letter is to inform you of the Offer and is not an offer to issue Shares to you, nor an invitation to apply for Shares. You are not required to do anything in respect of this letter.

The Company has determined that it would be unreasonable on this occasion to extend the Offer to you as an Ineligible Shareholder having regard to:

- (a) the number of Shareholders in your jurisdiction;
- (b) the number and value of Shares the Shareholders in your jurisdiction would be offered; and
- (c) the cost of complying with the legal requirements and the requirements of the regulatory authorities in your jurisdiction.

For further information on the Offer:

- (a) see the Offer Document lodged with ASX on 1 July 2019, and available at www.asx.com.au; or
- (b) contact the Company Secretary on (08) 6500 3270 between 8.30am and 5.00pm (WST) Monday to Friday.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Glenn Whiddon".

Glenn Whiddon
Chairman