



2 July 2019

Dear Optionholder

Notice to Optionholders of Non-Renounceable Pro Rata Rights Issue

We write to you as the holder options in Calima Energy Limited ("**Company**") (**ASX: CE1**) 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). A copy of the Offer Document will be sent to Eligible Shareholders on 8 July 2019.

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.

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

Eligible Shareholders are those persons who:

- (a) are registered as a holder of Shares at the Record Date; and
- (b) have a registered address in Australia, New Zealand or the United Kingdom (together the "**Eligible Countries**"). The Offer is not being extended to any Shareholder whose registered address is outside the Eligible Countries.

Shareholders not satisfying the above criteria will not be eligible to participate in the Offer.

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 Eligible Shareholders take up their entitlement under the Offer in full, they 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 rights to Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and Eligible Shareholders may not dispose of their rights to subscribe for Shares under the Offer to any other party. If Eligible Shareholders do not take up their entitlement under the Offer by the Closing Date, being at 3pm WST (5pm AEST) on 22 July 2019, the Offer will lapse.

No Shareholder approval is required for the Offer. The proposed timetable of the Offer is as follows:

Lodgement of Appendix 3B and s708AA notice	01-Jul-19
Notice to Shareholders	02-Jul-19
Existing Shares quoted on an "ex" basis	03-Jul-19
Record Date	04-Jul-19
Rights Issue Offer Document and Entitlement & Acceptance Form sent to Eligible Shareholders	08-Jul-19
Closing Date	22-Jul-19
Securities quoted on a deferred settlement basis	23-Jul-19
Company to notify ASX of under subscriptions (if any)	25-Jul-19
Anticipated date for the issue of the Shares	29-Jul-19
Deferred settlement trading ends	29-Jul-19
Dispatch of Holding Statements	30-Jul-19

* Subject to the ASX Listing Rules and agreement with the Underwriters, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares.

Under the terms of the options you currently hold, there is no entitlement to participate in the Offer unless you exercise your options and are entered into the register as an Eligible Shareholder on or before the Record Date.

Please read the Offer Document in full before making a decision in respect of the Offer.

If you wish to participate in the Offer, you must exercise your options and be entered into the register as an Eligible Shareholder on or before the Record Date. Please then follow the directions in the Entitlement and Acceptance Form and section 2 of the Offer Document. **If you do not wish to participate in the Offer** you do not need to take any action. This letter is to inform you of the Offer. You are not required to do anything in respect to this letter.

The directors of the Company recommend that if you are in doubt as to the value of the Offer or what action to take with respect to your options in the Company then you should contact your financial advisor.

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

Glenn Whiddon
Chairman