



(formerly Azonto Petroleum Limited)

**ABN 17 117 227 086**

**Half-Year Financial Report  
30 June 2017**

## Corporate Directory

### Directors

Glenn Whiddon	Executive Chairman	
Alan Stein	Managing Director	(appointed 25 August 2017)
Jon Taylor	Technical Director	(appointed 25 August 2017)
Neil Hackett	Non-executive Director	

### Company Secretary

Neil Hackett

### Registered Office – Perth Australia

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Subiaco WA 6008  
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Facsimile: +61 (0) 8 9380 8300  
Email: [info@calimaenergy.com](mailto:info@calimaenergy.com)  
Website: [www.calimaenergy.com](http://www.calimaenergy.com)

### Auditors

BDO Audit (WA) Pty Limited  
38 Station Road  
Subiaco WA 6008

### Bankers

National Australia Bank  
226 Main Street  
Osborne Park WA 6017

The Royal Bank of Scotland  
Queen's Cross Branch  
40 Albyn Place  
Aberdeen AB10 1YN

### Share Registry

Computershare Investor Services Pty Ltd  
Level 11, 172 St. Georges Terrace, Perth WA 6000  
Telephone: +61 (0) 8 9323 2000  
Facsimile: +61 (0) 8 9323 2033

### Securities Exchange Listing

The Company is listed on the ASX Limited (ASX).

ASX Code: **CE1**

Home branch: Perth, Western Australia

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# CALIMA ENERGY LIMITED – HALF YEAR REPORT

## Directors' Report

Your Directors submit their report on Calima Energy Limited (formerly Azonto Petroleum Limited) for the half-year ended 30 June 2017.

## Directors

The names of the directors of Calima Energy Limited ("Calima" or "Company") in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Glenn Whiddon

Neil Hackett

Alan Stein (appointed 25 August 2017)

Jon Taylor (appointed 25 August 2017)

Rob Downey (resigned 25 August 2017)

## Review and Results of Operations

### Results

The net loss for the half year ended 30 June 2017 was \$1,271,777 (2016: \$1,181,375).

### Operations

On 1 May 2017 the Company announced that it had entered into a conditional farm-in agreement giving it the right to acquire a working interest of up to 55% in oil and gas licences for the Montney formation in British Columbia, Canada (Montney Project).

In conjunction with the Company's entry into the Farm-in Agreement, the Company also entered into a binding term sheet to acquire Calima Energy Ltd ("Calima Jersey") from Havoc Partners LLP ("Havoc"). The Calima Jersey acquisition constitutes a significant change in nature and scale of Calima's activities which requires the approval of Calima shareholders and re-compliance with Chapters 1 and 2 of the ASX Listing Rules. The transaction was completed on 29 August 2017.

### Summary of the transaction

- Calima entered into a conditional Farm-in Agreement giving it the right to acquire a working interest of up to 55% in the Montney Project and operatorship of the Project.
- Calima acquired Calima Jersey, which holds interests in petroleum permits in Saharawi Arab Democratic Republic and passive minority interests in TMK Montney Limited and Bahari Holding Company Limited.
- Calima completed a Capital Raising and raised \$2.25 million by way of a prospectus offer.
- Calima has reconstituted its Board and undertaken a 1 for 3 consolidation of its share capital ("consolidation"). All numbers below are expressed on the post-consolidation basis unless stated otherwise.
- Alan Stein and Jon Taylor from Havoc joined the Calima Board and all the Havoc Members (see below) joined the management team on 25 August 2017.
- Rob Downey resigned as Non-executive Director on 25 August 2017.
- Azonto Petroleum Limited changed its name to Calima Energy Limited on 16 August 2017.

### Overview of Montney Project and Farm-in Agreement

The Montney Project is comprised of 51,455 gross acres prospective for the Montney Formation in British Columbia, North America.

The Montney Formation is a pervasive hydrocarbon system over 100km wide that is rapidly emerging as one of North America's premier resource plays. The ultimate potential, commercial volumes of unconventional petroleum in the Montney Formation is estimated to be 449 tcf of natural gas, 14.5 bnbbbls of natural gas liquids and 1.1 bnbbbls of oil. The Montney Project joint venture ("Montney JV") has a substantial acreage position in the

## CALIMA ENERGY LIMITED – HALF YEAR REPORT

Montney with plans to drill several wells to demonstrate productivity of the reservoirs. See below for further details on the Montney Project.

Under the Farm-in Agreement, Calima will sole-fund and earn-in to the Montney Project in 3 Stages and has the right to earn a working interest of up to 55% in the Montney Project as follows:

Stage	Expenditure Commitment	Working Interest earned (cumulative)	Latest Date
1	C\$5 million	20% (20%)	1 Aug 2018
2	C\$7 million	17.5% (37.5%)	28 Feb 2019
3	C\$13 million	17.5% (55%)	28 Feb 2020

Calima will become the Operator of the Montney Project with effect from commencement of the Farm-in. The Farm-in Agreement is conditional on the Company re-complying with Chapters 1 and 2 of the Listing Rules. Calima paid a non-refundable deposit of C\$500,000 (A\$487,729) to the Montney JV on execution of the Farm-in Agreement. Once the re-listing condition has been satisfied, this deposit will be applied towards Calima's Stage 1 Farm-in commitment.

Calima intends to fund the Stage 1 contributions using available cash after completion of the transaction and the Capital Raising (described in more detail below). Those Stage 1 Farm-in Contributions will be used to fund:

- licensing 3D seismic data relevant to the Montney Project;
- seismic interpretation and drill planning; and
- additional acreage acquisition.

Calima will need to raise additional funds to fund the Stage 2 and 3 Farm-in contributions should it elect to proceed with those further earn-ins. If Calima does not elect to proceed with Stages 2 and 3 of the Farm-in, it will be entitled to retain the working interest earned under Stage 1 of the Farm-in, and the joint venturers will then contribute to project expenditure on a pro rata basis.

### Overview of Calima Jersey

Calima Jersey, a Jersey registered company, owns:

- a 50% interest in four production sharing contracts (Daora, Haouza, Mahbes and Mijek) with the Saharawi Arab Democratic Republic ("SADR PSCs");
- a passive minority shareholding of approximately 11% of the issued shares in TMK Montney Limited ("TMKM"), which equates to a 4.5% effective interest in the Montney Project, pre Farm-in;
- a passive minority shareholding of approximately 10% of the issued shares in Bahari Holding Company Limited ("Bahari"); and
- approximately A\$400,000 in cash.

Calima Jersey was 100% owned by Havoc. Havoc is a limited liability partnership registered in the United Kingdom, founded by Alan Stein, Jonathan Taylor, Richard Higgins, Justin Norris and Mark Sofield ("the Havoc Members"). Prior to founding Havoc, the Havoc Members had worked together as founders, board and management of Fusion Oil & Gas plc and Ophir Energy plc.

Calima Jersey acquired the 50% interest and operatorship in the four SADR PSCs in November 2014. The SADR is commonly referred to as Western Sahara. The four PSCs, Daora, Haouza, Mahbes and Mijek cover an area of more than 70,000 km<sup>2</sup> extending from the coast out to water depths greater than 2,000m. The PSCs are granted under individual Assurance Agreements executed by the SADR Government which convert automatically into PSCs upon recognition of the sovereign status of the SADR by the United Nations.

TMKM, an Australian public unlisted company demerged out of Tamaska Oil & Gas Limited in October 2015, owns (through a subsidiary) a 40% working interest in the Montney Project. The remaining 60% working interest

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in the Montney Project is owned by TSV Montney Limited. The working interests of TMKM and TSV Montney will be diluted as Azonto proceeds with the Farm-in referred to above.

Bahari, a private Guernsey registered company, is focused on frontier exploration in an under explored basin in East Africa. Bahari owns 40% of a Production Sharing Contract (“PSC”) covering approximately 18,000 km<sup>2</sup> which is outboard of and on trend with Rovuma Offshore Areas 1 and 4, in Mozambique.

### Material Terms of Calima Jersey Acquisition

Under the Acquisition Agreement:

- Subject to satisfaction of the conditions precedent, Calima will acquire 100% of Calima Jersey for the following consideration (on a post-Consolidation basis):
  - 28,508,751 fully paid ordinary shares (“Shares”);
  - 1,461,988 Class A Performance Shares;
  - 3,947,360 Class B Performance Shares; and
  - 14,619,878 Class C Performance Shares.

The Performance Shares will convert into Shares on a one for one basis on satisfaction of the following performance milestones:

Class	Performance Milestone
Class A	Either: <ul style="list-style-type: none"> <li>• any of Calima’s Production Sharing Contracts with the SADR Government (or a replacement title) commencing and taking effect in accordance with the applicable Assurance Agreements with the SADR before 31 December 2020; or</li> <li>• sale of all or part of Calima’s Production Sharing Contracts with the SADR Government (or a replacement title) for an amount greater than \$0.132 million on or before 31 December 2020.</li> </ul>
Class B	Either: <ul style="list-style-type: none"> <li>• spudding of an exploration well in any of the lands licensed by the Montney JV before 1 March 2019; or</li> <li>• the Company selling the TMKM shares for an amount greater than \$0.394m on or before 31 December 2020.</li> </ul>
Class C	Either: <ul style="list-style-type: none"> <li>• spudding of an exploration well in any Offshore Comoros Blocks licensed by Bahari before 31 December 2020; or</li> <li>• the Company selling the Bahari Shares for an amount greater than \$1.32m on or before 31 December 2020.</li> </ul>

The Performance Shares will all have an expiry date of 31 December 2020, and will convert on a change of control of Azonto prior to that date (subject to a cap of 10% of shares on issue as required by ASX policy). The Performance Shares will otherwise be on customary terms.

- The Calima Jersey Acquisition was conditional upon satisfaction of a number of conditions by 31 August 2017, including:
  - Calima completing its financial, technical and legal due diligence on Calima Jersey and its assets, undertakings and business operations, and being satisfied with the results (in its sole and absolute discretion);
  - Calima having obtained all necessary shareholder approvals required for the Potential Acquisition;
  - Calima achieving the minimum level of subscriptions under the Capital Raising;
  - the parties obtaining any necessary consents or waivers from third parties that may be required as a result of the change in ownership to Calima; and

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- the parties obtaining any necessary regulatory approvals on terms acceptable to the parties as are required to give effect to the Calima Jersey Acquisition.

The transaction was completed on 29 August 2017.

- On completion of the Calima Jersey Acquisition, the debt under convertible notes issued by Calima Jersey with a face value of \$400,015 will be assigned to, and assumed by, Calima and satisfied in full through the issue of 20,000,750 Shares, being the face value of the convertible note at a deemed issue price of \$0.02 (all post-Consolidation).
- All of the Havoc Members have agreed to join the management team of Calima with effect from completion of the Calima Jersey Acquisition on a part-time and non-exclusive consulting basis.
- Calima will be granted a first and last right of refusal on future opportunities identified by, or offered to, Havoc or a Havoc Member for the duration of the consulting arrangements referred to above (or any replacement employment agreement entered into with the Havoc Member).
- Havoc and the Havoc Members have given warranties and representations in favour of Azonto which are customary for a transaction of this nature.

### Terms of Performance Rights and Management Options

- The following management incentive securities will be issued to the Havoc Members in connection with their ongoing management roles with Calima post-completion of the Calima Jersey Acquisition:
  - 19,450,000 Performance Rights will each convert into a Share for no consideration on exercise by the holder once vested, prior to the expiry date 5 years from grant); and
  - 20,000,000 Options expiring 5 years from grant with the following exercise prices:
    - 10,000,000 exercisable at \$A0.09 once vested; and
    - 10,000,000 exercisable at \$A0.12 once vested,(all on a post-Consolidation basis).
- The Performance Rights will vest, subject to completion of a minimum of 18 months' continuous service, on satisfaction of at least two of the following three conditions:
  - Calima share price to be above \$0.15 (post-Consolidation) for 30 consecutive days;
  - Calima raising more than \$5 million (not including the Capital Raising referred to above) at an average price of \$0.15 (post-Consolidation); and
  - Calima's market capitalisation exceeding \$50 million for more than 30 consecutive days.

The Performance Rights will vest immediately on a change of control of Calima that occurs at a price per share greater than \$0.15 (post-Consolidation). The Performance Rights will otherwise be on standard terms and conditions.

- The Management Options will vest, subject to completion of 18 months' continuous service, on satisfaction of at least two of the following three conditions:
  - Calima share price to be above \$0.09 (post-Consolidation) for 30 consecutive days
  - Calima raising more than \$5 million (not including the Capital Raising referred to above) at an average price of \$0.09 (post-Consolidation); and
  - Calima market capitalisation exceeding \$50 million for more than 30 consecutive days.

The Management Options will vest immediately on a change of control of Calima that occurs at a price per share greater than \$0.09 (post Consolidation)

## **CALIMA ENERGY LIMITED – HALF YEAR REPORT**

### **Capital Raising**

Contemporaneously with the transaction, Calima conducted a capital raising under a prospectus to raise a minimum of \$2.25 million at an issue price of \$0.045 (all post- Consolidation).

The funds raised under the Capital Raising will be used to fund the Stage 1 work program under the Farm-in Agreement referred to above, and to provide general working capital.

Euroz has been mandated to act as lead manager to the Capital Raising, and Corporate Adviser to Calima in relation to the transaction generally. Euroz will receive the following fees in relation to these roles:

- 3,333,333 Azonto shares; and
- a capital raising fee equal to 5% of the gross cash proceeds raised pursuant to the Capital Raising.

On 6 June 2017 Calima announced it had received firm commitments for the capital raising of \$2.25 million by the issue of shares at \$0.045 cents per share (post 1:3 consolidation), via the issue of 50 million shares.

The Company announced on 21 August 2017 that it had received \$2.25 million under the Public Offer pursuant to the Company's Prospectus dated 30 June 2017 and Supplementary Prospectus dated 28 July 2017.

### **Consolidation**

In connection with the transaction, Calima has undertaken a consolidation of its existing share capital (including existing Shares and Performance Rights on issue) on a 1 for 3 basis.

### **Inventory**

The Company still holds significant drilling inventory in the Abidjan, Ivory Coast. The inventory includes casing and tubulars, cementing and casing accessories and drilling tools with an original cost of approximately US\$1.1 million. The Company is considering the sale of the oil field equipment or its deployment into the field. The inventory was written down in a prior period and any sale proceeds are not expected to materially impact the Company's cash balances.

### **Financial Summary**

Interest income for the six month period to 30 June 2017 was \$62,073 (2016: \$3,314) and other revenue was \$150 (2016: \$20,066).

The Company activities during the first six months of 2016 have concentrated on the new business opportunities discussed above. Administrative expenses for the six months to 30 June 2017 were \$981,992 (2016: \$1,054,495). Within the expenses total employee and director compensation expense, excluding share-based payments, was \$156,455 (2016: \$351,046), and other general administrative costs, including consultants, corporate and establishment costs were \$810,291 (2016: \$610,689). The 2016 expense also included \$391,312 of additional costs associated with the abandoned Clipfort transaction.

In the six month period to 30 June 2017 share based payments were \$15,246 (2015: \$92,760). The lower share based expense is due to the timing of share option awards and performance rights granted to employees.

The foreign currency loss for the six months ended 30 June 2017 was \$352,008 (2016: \$148,686). The movement is due to the strengthening of the Australian dollar during the period affecting the cash balances held in US dollars.

The net loss before tax was \$1,271,777 (2016: \$1,179,801) and the net loss after tax was \$1,271,777 (2016: \$1,181,375).



## **CALIMA ENERGY LIMITED – HALF YEAR REPORT**

Cash and cash equivalents and investment loans at 30 June 2017 were \$5,278,510 (31 December 2016: \$6,416,195). Net cash used in operations was \$319,136 (2016: \$848,040). Cash flows used in investing activities were \$871,856 (2016: \$nil) including \$492,655 as a deposit to farm-in to the Montney joint venture in Canada and \$375,000 investment loan.

### **Corporate**

#### **Director and Senior Management Appointments and Resignations**

There were no director or senior management changes in the period.

Alan Stein and Jon Taylor from Havoc have joined the board and Robert Downey has resigned from relisting (25 August 2017).

Alan Stein – Managing Director

Alan has more than 25 years' experience in the international oil and gas industry. He was one of the founding partners of the geoscience consultancy IKODA Limited based in London and Perth and was the founding Managing Director of Fusion Oil & Gas plc and Ophir Energy plc. Fusion was listed on the UK AIM market in 2000 and made several discoveries offshore Mauritania before being sold in 2003. Most of the team at Fusion moved on together to create Ophir Energy plc and Alan was appointed as its Managing Director upon inception. Ophir was involved in several discoveries offshore Equatorial Guinea and Tanzania discovering more than 20Tcf of gas.

When Ophir listed in London on the LSE in 2011 it was of the largest ever listings of an E&P company in the UK and it became a constituent of the FTSE-250 index. When Alan resigned from the Board in 2012 to pursue his own business interests Ophir had a market capitalisation of approximately £2 billion.

Alan, together with four of his colleagues from both Fusion and Ophir (being the other Havoc Members referred to above), established Havoc in 2014 as a natural resource investment partnership. Havoc has various interests involved in the exploration for oil and gas, rare gases, precious and base metals.

Alan is currently the Non-Executive Chairman of Hanno Resources Ltd and Sea Captaur Limited and is a Non-Executive Director of Bahari.

Mr Jonathan Taylor – Technical Director

Jon has more than 25 years' experience in the international oil and gas industry. He started his career with Amerada Hess in the UK before moving to Clyde Petroleum plc where he was involved in international exploration including postings to Yemen and Myanmar. He relocated to Perth in 1998 to take up the role of Technical Director at Fusion Oil & Gas plc which built an extensive portfolio focused on Northwest and West Africa. Fusion was listed on the UK AIM market in 2000 and made several discoveries offshore Mauritania before being sold in 2003. Most of the team at Fusion moved on together to create Ophir Energy plc and Jon once again took up the role of Technical Director. Ophir was involved in several discoveries offshore Equatorial Guinea and Tanzania ultimately discovering more than 20Tcf of gas.

When Ophir listed in London on the LSE in 2011 it was of the largest ever listings of an E&P company in the UK and it became a constituent of the FTSE-250 index. Jon resigned from the Board of Ophir in 2014 and, together with four of his colleagues from both Fusion and Ophir (being the other Havoc Members referred to above), established Havoc in 2014 as a natural resource investment partnership. Havoc has various interests involved in the exploration for oil and gas, rare gases, precious and base metals.

Jon is currently a non-executive director of Helium One Limited and Citra Partners Ltd.

## CALIMA ENERGY LIMITED – HALF YEAR REPORT

### Equity Issues

In June 2017 the Company issued 3,000,000 new ordinary shares for corporate advisory services.

The Company announced on 21 August 2017 that it had received \$2.25 million by the issue of 50,000,000 ordinary shares under the Public Offer pursuant to the Company's Prospectus dated 30 June 2017 and Supplementary Prospectus dated 28 July 2017.

### Changes in State of Affairs

During the half year ended 30 June 2017 there was no significant change in the entity's state of affairs other than that referred to in this Directors' report, the half year financial statements or notes thereto.

### Events after the reporting date

- On the 24 July the Company undertook a consolidation of its existing share capital, including existing Shares and Performance Rights on issue, on a 1 for 3 basis. The number of ordinary shares on issue after the consolidation is 388,597,822 and the number of Performance Rights is 46,773,163.
- The Company announced on 21 August 2017 that it had received \$2.25 million by the issue of 50,000,000 ordinary shares under the Public Offer pursuant to the Company's Prospectus dated 30 June 2017 and Supplementary Prospectus dated 28 July 2017.
- On 29 August 2017 the Company announced completion of the farm-in agreement over the oil and gas licences in the Montney Formation in British Columbia, Canada and the acquisition of Calima Jersey.
- With completion of the farm-in and acquisition, Alan Stein and Jonathan Taylor have joined the Board and Robert Downey has resigned.

### Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, BDO, which is included on page 3.

Signed in accordance with a resolution of the Directors.



**Glenn Whiddon**  
Executive Chairman

12 September 2017

**DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF CALIMA ENERGY LIMITED**

As lead auditor for the review Calima Energy Limited for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Calima Energy Limited and the entities it controlled during the half year.



**Phillip Murdoch**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 12 September 2017

## CALIMA ENERGY LIMITED – HALF YEAR REPORT

### Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 30 June 2017

	Notes	For the half year ended 30 June 2017 \$	For the half year ended 30 June 2016 \$
Interest revenue		62,073	3,314
Other revenue		150	20,066
		62,223	23,380
General and administrative expenses	4	(981,992)	(1,054,495)
Foreign exchange gain/(loss)		(352,008)	(148,686)
<b>Loss before income tax</b>		<b>(1,271,777)</b>	<b>(1,179,801)</b>
Income tax expense		-	(1,574)
<b>Net loss for the period</b>		<b>(1,271,777)</b>	<b>(1,181,375)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation:			
Arising during the half year		13,509	(7,346)
<b>Other comprehensive income/( loss) for the period, net of tax</b>		<b>13,509</b>	<b>(7,346)</b>
<b>Total comprehensive loss for the period</b>		<b>(1,258,268)</b>	<b>(1,188,721)</b>
Loss for the period is attributable to:			
Non-controlling interest		-	-
Owners of the parent		(1,271,777)	(1,181,375)
		(1,271,777)	(1,181,375)
Other comprehensive loss for the period is attributable to:			
Non-controlling interest		-	-
Owners of the parent		13,509	(7,346)
		13,509	(7,346)
<b>Loss per share for the half year attributable to members of Azonto Petroleum Limited</b>		Cents per share	Cents per share
- basic loss per share attributable to owners of the parent		(0.11)	(0.10)
- diluted loss per share attributable to owners of the parent		(0.11)	(0.10)

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## CALIMA ENERGY LIMITED – HALF YEAR REPORT

### Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	30 June 2017 \$	31 December 2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	4,903,510	6,416,195
Trade and other receivables		33,048	13,365
Other current assets	6	474,677	63,948
<b>Total current assets</b>		<b>5,411,235</b>	<b>6,493,508</b>
Property, plant and equipment		4,201	-
Other non-current assets	7	506,164	-
<b>Total non-current assets</b>		<b>510,365</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>5,921,600</b>	<b>6,493,508</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		760,119	108,958
<b>Total current liabilities</b>		<b>760,119</b>	<b>108,958</b>
<b>TOTAL LIABILITIES</b>		<b>760,119</b>	<b>108,958</b>
<b>NET ASSETS</b>		<b>5,161,481</b>	<b>6,384,550</b>
<b>EQUITY</b>			
Issued capital	9	232,827,783	232,807,830
Performance shares	9	9,994,250	9,994,250
Reserves		12,790,578	12,761,823
Accumulated losses		(250,451,130)	(249,179,353)
<b>TOTAL EQUITY</b>		<b>5,161,481</b>	<b>6,384,550</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## CALIMA ENERGY LIMITED – HALF YEAR REPORT

### Consolidated Statement of Cash Flows For the half year ended 30 June 2017

	Notes	30 June 2017 \$	30 June 2016 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		24,053	19,375
Payments to suppliers and employees		(405,262)	(870,729)
Interest received		62,073	3,314
Income tax paid		-	-
<b>Net cash flows used in operating activities</b>		<b>(319,136)</b>	<b>(848,040)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		(4,201)	-
Deposit for exploration and evaluation asset		(492,655)	-
Payment for exploration expenditure		-	-
<b>Net cash flows (used in)/from investing activities</b>		<b>(496,856)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		33,080	-
Payments for capital raising		(816)	-
Investment loan		(375,000)	-
Lease repayments		-	-
<b>Net cash flows from/(used in) financing activities</b>		<b>(342,736)</b>	<b>-</b>
Net decrease in cash and cash equivalents		(1,158,728)	(848,040)
Net foreign exchange differences		(353,957)	(170,242)
Cash and cash equivalents at beginning of the period		6,416,195	7,631,769
<b>Cash and cash equivalents at end of the period</b>	5	<b>4,903,510</b>	<b>6,613,487</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## CALIMA ENERGY LIMITED – HALF YEAR REPORT

### Consolidated Statement of Changes in Equity For the half-year ended 30 June 2017

	Share capital	Performance share	Employee equity benefits reserve	Equity reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$	\$
<b>At 1 January 2017</b>	232,807,830	9,994,250	15,189,389	(2,427,566)	-	(249,179,353)	6,384,550
Loss for period	-	-	-	-	-	(1,271,777)	(1,271,777)
Other comprehensive gain	-	-	-	-	13,509	-	13,509
Total comprehensive loss for the period	-	-	-	-	13,509	(1,271,777)	(1,258,268)
<b>Transactions with owners in their capacity as owners</b>							
Issue of share capital	33,000	-	-	-	-	-	33,000
Transaction costs of issuing shares	(13,047)	-	-	-	-	-	(13,047)
Share based payments	-	-	15,246	-	-	-	15,246
<b>At 30 June 2017</b>	<b>232,827,783</b>	<b>9,994,250</b>	<b>15,204,635</b>	<b>(2,427,566)</b>	<b>13,509</b>	<b>(250,451,130)</b>	<b>5,161,481</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**CALIMA ENERGY LIMITED – HALF YEAR REPORT**

**Consolidated Statement of Changes in Equity (continued)  
For the half-year ended 30 June 2016**

	Share capital	Performance share	Employee equity benefits reserve	Equity reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$	\$
<b>At 1 January 2016</b>	232,780,470	9,994,250	15,081,130	(2,427,566)	-	(247,905,069)	7,523,215
Loss for period	-	-	-	-	-	(1,181,375)	(1,181,375)
Other comprehensive income	-	-	-	-	(7,346)	-	(7,346)
Total comprehensive loss for the year	-	-	-	-	(7,346)	(1,181,375)	(1,188,721)
<b>Transactions with owners in their capacity as owners</b>							
Share based payments	-	-	92,760	-	-	-	92,760
<b>At 30 June 2016</b>	<b>232,780,470</b>	<b>9,994,250</b>	<b>15,173,890</b>	<b>(2,427,566)</b>	<b>(7,346)</b>	<b>(249,086,444)</b>	<b>6,427,254</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



# CALIMA ENERGY LIMITED – HALF YEAR REPORT

## Notes to the Consolidated Financial Statements

### 1. Corporate Information

The half year financial report of the Group for the six months ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 12 September 2017.

Calima Energy Limited is a for profit company incorporated and domiciled in Australia. It is listed on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Preparation

This half-year financial report for the period ended 30 June 2017 is a general purpose condensed financial report prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2016 and considered together with any public announcements made by Calima Energy Limited during the half-year ended 30 June 2017 in accordance with the continuous disclosure obligations of the ASX listing rules.

#### (b) Significant accounting policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report for the year ended 31 December 2016. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Company.

#### (c) Going Concern

The consolidated financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group can meet its obligations as and when they fall due.

The Group completed a capital raising, the Montney Farm-in and the acquisition of Calima Jersey in August 2017. The capital raising funds the Group for Stage 1 of the farm-in. Calima will need to raise additional funds to fund the Stage 2 and 3 Farm-in contributions should it elect to proceed with those further earn-ins. If Calima does not elect to proceed with Stages 2 and 3 of the Farm-in, it will be entitled to retain the working interest earned under Stage 1 of the Farm-in, and the joint venturers will then contribute to project expenditure on a pro rata basis.

## CALIMA ENERGY LIMITED – HALF YEAR REPORT

### Notes to the Consolidated Financial Statements (continued)

#### 3. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 December 2016.

##### Fair value of financial assets and liabilities

The carrying value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Group approximates their fair value.

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the group as at 30 June 2017:

	Loans and receivables	
	30 June 2017	31 December 2016
	\$	\$
<b>Financial assets:</b>		
Cash and cash equivalents	4,903,510	6,416,195
Trade and other receivables	33,048	13,365
	<u>4,936,558</u>	<u>6,429,560</u>
<b>Financial liabilities:</b>		
Trade and other payables	760,119	108,958

#### 4. Expenses

	For the half year ended 30 June 2017	For the half year ended 30 June 2016
	\$	\$
<b>General and administrative expenses</b>		
Employee benefit and director compensation expense	156,455	351,046
Share based payments	15,246	92,760
	<u>171,701</u>	<u>443,806</u>
Corporate expenses	582,837	533,105
Consulting expenses	179,142	24,111
Establishment expenses	17,311	42,362
Other	31,001	11,111
	<u>981,992</u>	<u>1,054,495</u>

## CALIMA ENERGY LIMITED – HALF YEAR REPORT

### Notes to the Consolidated Financial Statements (continued)

#### 5. Cash and Cash Equivalents

For the purposes of the half-year statement of cash flow, cash and cash equivalents are comprised of the following:

	30 June 2017	31 December 2016
<b>Cash and cash equivalents</b>	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	4,903,510	6,416,195
	<b>4,903,510</b>	<b>6,416,195</b>

#### 6. Other Current Assets

	30 June 2017	31 December 2016
<b>Other current assets</b>	<b>\$</b>	<b>\$</b>
Prepayments	99,677	63,948
Investment loan	375,000	-
	<b>474,677</b>	<b>63,948</b>

#### 7. Other Non-Current Assets

	30 June 2017	31 December 2016
<b>Other non-current assets</b>	<b>\$</b>	<b>\$</b>
Deposit for exploration and evaluation asset	506,164	-
	<b>506,164</b>	<b>-</b>

#### 8. Commitments

The Company has the following commitments:

##### Rental lease

The Group has the following obligations in respect of non-cancellable operating rental lease commitments:

- Later than one year but not more than five years : \$162,855

## CALIMA ENERGY LIMITED – HALF YEAR REPORT

### Notes to the Consolidated Financial Statements (continued)

<b>9. Contributed Equity</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Share capital</b>		
Ordinary shares fully paid	232,827,783	232,807,830
<b>(b) Movements in ordinary shares on issue</b>	<b>Number</b>	<b>\$</b>
Balance at 1 January 2017	1,162,795,125	232,807,830
Issue of share capital for advisory services	3,000,000	33,000
Share issue costs	-	(13,047)
Balance at 30 June 2017	1,165,795,125	232,827,783
<b>(c) Movements in performance shares on issue</b>	<b>Number</b>	<b>\$</b>
Balance at 1 January and 30 June 2017	-	9,994,250

### 10. Share Based Payments

No performance rights or options were granted during the half years ended 30 June 2017 and 2016.

### 11. Related Party Transactions

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 30 June 2017 as well as balances with related parties as at 30 June 2017:

	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
Key management personnel of the group:	\$	\$	\$	\$
MIMO Trust	-	9,105	-	1,475

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

### 12. Segment Reporting

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. In the case of the Group the CODM are the executive management team and all information reported to the CODM is based on the consolidated results of the Group as one operating segment, as the Group's activities relate to oil and gas exploration.

Accordingly, the Group has only one reportable segment and the results are the same as the Group results.

## **CALIMA ENERGY LIMITED – HALF YEAR REPORT**

### **Notes to the Consolidated Financial Statements (continued)**

#### **13. Contingent Assets and Liabilities**

There are no contingent assets or liabilities as at 30 June 2017.

#### **14. Events after the reporting date**

- On the 24 July the Company undertook a consolidation of its existing share capital, including existing Shares and Performance Rights on issue, on a 1 for 3 basis. The number of ordinary shares on issue after the consolidation is 388,597,822 and the number of Performance Rights is 46,773,163.
- The Company announced on 21 August 2017 that it had received \$2.25 million by the issue of 50,000,000 ordinary shares under the Public Offer pursuant to the Company's Prospectus dated 30 June 2017 and Supplementary Prospectus dated 28 July 2017.
- On 29 August 2017 the Company announced completion of the farm-in agreement over the oil and gas licences in the Montney Formation in British Columbia, Canada and the acquisition of Calima Jersey.
- With completion of the farm-in and acquisition, Alan Stein and Jonathan Taylor have joined the Board and Robert Downey has resigned.

## CALIMA ENERGY LIMITED – HALF YEAR REPORT

### Directors' Declaration

In accordance with a resolution of the directors of Calima Energy Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the financial position as at 30 June 2017 and the performance for the half-year ended on that date of the consolidated entity; and
  - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**Glenn Whiddon**  
**Executive Chairman**

12 September 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Calima Energy Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Calima Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Calima Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Calima Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Calima Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

**BDO Audit (WA) Pty Ltd**

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

**Phillip Murdoch**

**Director**

Perth, 12 September 2017