



Market Announcements Platform
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

12 October 2017

Calima grows Montney portfolio

Highlights:

- Calima continues to strengthen its position as a significant player in the Montney with a further 4,107 acres of drilling rights awarded in the September 2017 Government auction.
 - Represents a 6% increase in Calima's acreage holding over liquids-rich sweet-spots of the Montney Formation in Northeast British Columbia.
 - The additional acreage lies immediately adjacent to the initial core area of the Calima Lands, which now totals 67,907 acres
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Calima Energy Limited (ASX:CE1) ("Calima" or the "Company") advises that its core acreage holding in Northeast British Columbia has grown by 4,107 acres, or 6%. The new acreage was awarded as part of the September 2017 Government land auction. The Company now holds drilling rights over 67,907 acres in the Calima Lands (Figure 1). The recent awards lie adjacent to the northern limit of the Calima Lands, enhancing the potential for future development and monetisation, and further strengthen Calima's position in the highly productive liquids-rich Montney Play.

Alan Stein, Calima's Managing Director commented:

"We are pleased to have added further acreage to our core position in this liquids-rich part of the Montney Play. Our Montney portfolio is at a scale that is material in comparison to our peers and of sufficient size to justify future investment in infrastructure. We continue to build our acreage position and will soon commence a resource audit based on an appropriate development plan."



The Company continues to work on its significant well and seismic database, with preliminary interpretations, confirmed by an Independent Geologist, indicating that the Calima Lands can be considered directly analogous to the acreage being successfully developed immediately to the south by Saguario Resources Limited, who have invested more than C\$400 million in drilling and infrastructure.

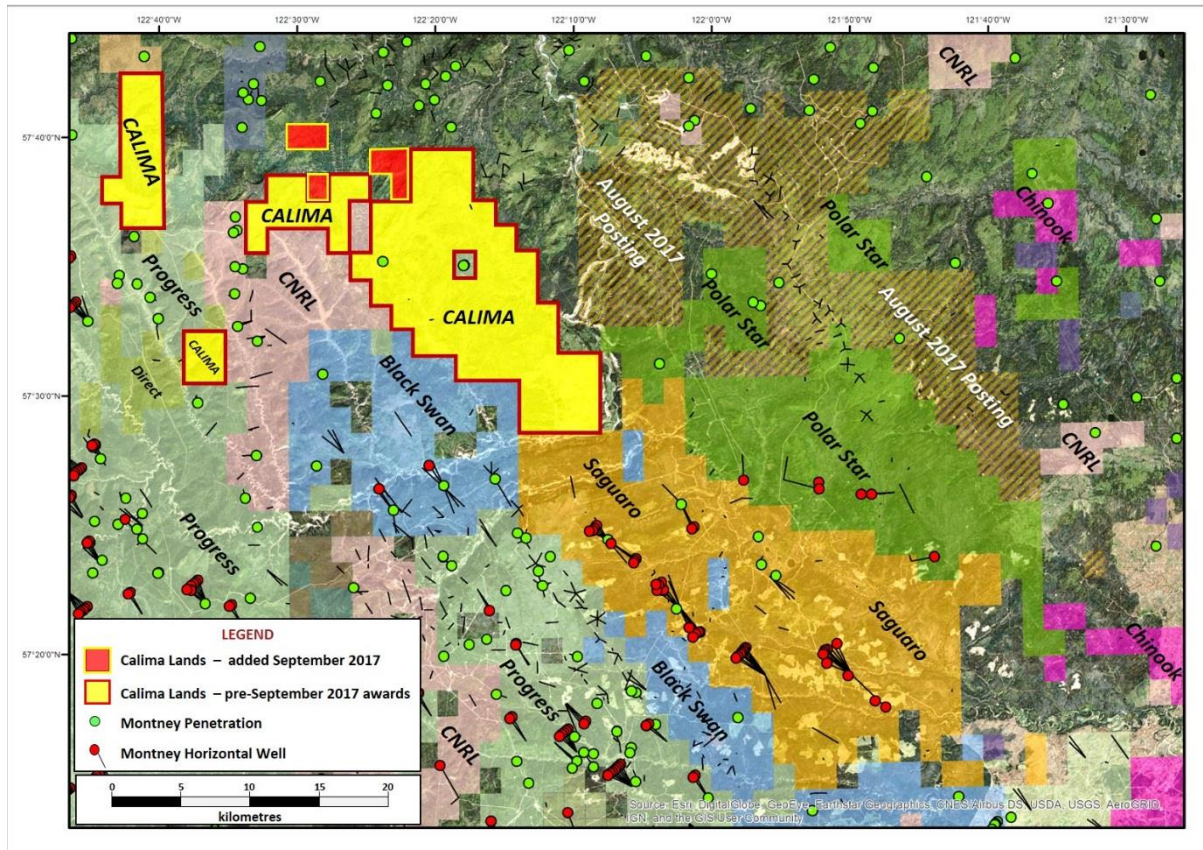


Figure 1 – The Calima Lands cover 67,907 acres. The Calima Land position prior to the September 2017 land auction is shown in yellow with September 2017 acreage awards shown in red. Neighbouring Operators annotated.



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About Calima Energy

Calima Energy Limited (ASX:CE1) is an international oil and gas company with interests in an area of British Columbia that is considered to be highly prospective for the Montney Formation.

The Montney play covers an extensive area (130,000 km²) of British Columbia and Alberta. The National Energy Board of Canada has the estimated remaining resource potential in the unconventional play to be 449 trillion cubic feet of gas, 14.4 billion barrels of condensate and 1.1 billion barrels of oil⁽¹⁾. Wood Mackenzie recently estimated that the industry would invest more than C\$5 billion in the Montney play during 2017, rising to more than C\$7.5 billion by 2022. Daily production of 4.9 billion cubic feet of gas and 247,000 barrels of condensate and other liquids per day is predicted to double by 2022⁽²⁾.

From a cashflow perspective breakeven costs in the liquids rich window of the Montney are around US\$1.70/mcfe, **which is amongst the most competitive in North America** delivering excellent returns at current prices.

(1) The Ultimate Potential for Unconventional Petroleum from the Montney Formation of British Columbia and Alberta, National Energy Board, November 2013.

(2) Wood Mackenzie Unconventional Service. Montney Key Play April 2017.