

Quarterly Activities Report - 31 March 2018

Calima Energy Limited
ABN: 17 117 227 086

ASX Code: CE1

Securities on Issue as at 23 April 2018:

554,397,476 fully paid ordinary shares (quoted)

20,029,226 Performance Shares, refer to Prospectus

19,450,000 Performance Rights, refer to Prospectus

10,000,000 options exercisable at \$0.09 on or before 25/08/2022

10,000,000 options exercisable at \$0.12 on or before 25/08/2022

10,000,000 options exercisable at \$0.045 expiring 25/08/2020

Directors

Glenn Whiddon
(Executive Chairman)

Alan Stein
(Managing Director)

Jonathan Taylor
(Technical Director)

Neil Hackett
(Non-Executive Director)

Joint Company Secretary

Neil Hackett
James Bahen

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Calima is a public company listed on the ASX (ASX:CE1). The principal activity of Calima is investing in oil and gas exploration and production projects internationally. Calima's core asset lies within a liquids-rich sweet-spot of the Montney Play in Northeast British Columbia.

Calima Energy Limited (**ASX: CE1**) (**Calima** or the **Company**) is pleased to provide shareholders with the following summary of its activities during the March 2018 quarter.

Key Activities and Highlights

Operations

Calima's Q1 operations focused on the Company completing its acreage position in Northeast British Columbia, considered to be prospective for the Montney Formation (Calima Lands), completion of the Independent Resource Report, gaining key regulatory and permitting approvals and the establishment of an in-country management team to provide localised and regional project management services to support the Calima Lands.

Calima Lands - Core Acreage Acquisition Completed

Calima completed its core acreage acquisition strategy through the acquisition of a further 2,738 acres as a consequence of successful bids in Government land auctions. The Calima Lands now comprises of 72,014 acres of drilling rights (105 sections) over acreage considered to be highly prospective for the Montney Formation (Figure 1).

Calima Lands - Independent Resource Report

The Company commissioned McDaniel & Associates (McDaniel), a leading independent geological consulting firm with extensive experience of the Montney Formation, to prepare an evaluation of the natural gas, condensate and natural gas liquids prospective resources of the Calima Lands.

McDaniel's best estimate of total unrisksed prospective resources within the Calima Lands is summarised in Table 1.

Table 1 – Best estimate of total unrisks prospective resources of the Calima Lands as estimated by McDaniel & Associates, effective 31 December 2017.

		Unrisks Prospective Resource	
		JV 100% W.I. ⁴	Calima 55% W.I. ^{4, 5}
Natural Gas (MMcf)	Gross	2,168,188	1,192,504
	Net after Royalties	1,689,323	929,127
Condensate (Mbbbl)	Gross	54,205	29,813
	Net after Royalties	45,327	24,930
Natural Gas Liquids ¹ (Mbbbl)	Gross	60,227	33,125
	Net after Royalties	49,879	27,433
TOTAL LIQUIDS ² (Mbbbl)	Gross	114,432	62,938
	Net after Royalties	95,206	53,363
TOTAL MMBOE ³	Gross	475,797	261,688
	Net after Royalties	376,760	207,218

Notes:

(1) Natural Gas Liquids (propane and butane) volumes do not include Condensate.

(2) Sum of Condensate and Natural Gas Liquids. Based on public domain data and the results of wells drilled on adjacent land McDaniel estimate that the average condensate to gas ratio for wells in the Calima Lands would be 23 bbl/MMcf (wellhead condensate/gas ratio). Additional liquids would be stripped from the gas upon processing. The adjacent Operator, Saguaro, recovers more than 50 bbl/MMcf after processing and obtains more than 50% of its revenue from condensate and other natural gas liquids (Saguaro Resources Ltd. Investor Presentation, January 2018).

(3) Barrels of Oil Equivalent based on 6:1 for Natural Gas, 1:1 for Condensate and C5+, 1:1 for Ethane, 1:1 for Propane, 1:1 for Butanes. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

(4) Prospective resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The prospective resources have also been classified using a deterministic method of petroleum reserves estimation having an evaluation date of 31 December 2017.

(5) Company has the right to acquire up to 55% of the Calima Lands pursuant to a farmin agreement with TSV-Montney Ltd and TMK-Montney Ltd. Details of the farmin agreement were announced in the Company Prospectus dated 30 June 30 2017.

The prospective resources estimate was prepared and presented in accordance with the Canadian standards set out in the Canadian Oil and Gas Evaluation Handbook (COGEH) and National Instrument 51-101 (NI 51-101) and were classified in accordance with the Society of Petroleum Engineers' Petroleum Resources Management System (SPE-PRMS) and reported in the most specific resource class in which the prospective resource can be classified under SPE-PRMS. (ASX Announcement, 14 March 2018).

Calima Lands - Regulatory Approvals

Key regulatory and permitting approvals secured from the British Columbia Oil and Gas Commission during the quarter by Calima included the following:

- Authorisation to drill and test up to three wells (two horizontal / one vertical);
- Authorisation to construct, maintain, and operate an oil and gas road into the Calima Lands; and
- Authorisation to access water from local sources and store water on the Calima Lands.

Calima Lands – Canadian Operations Management - CWL Energy Ltd.

During the quarter the Company appointed CWL Energy Ltd. (CWL Energy) to provide localised and regional project management services to support its activities in the Calima Lands. CWL Energy currently deliver a significant amount of local knowledge, experience and relationships to the Calima Lands' operation ahead of the Company's drilling program scheduled to commence in late 2018.

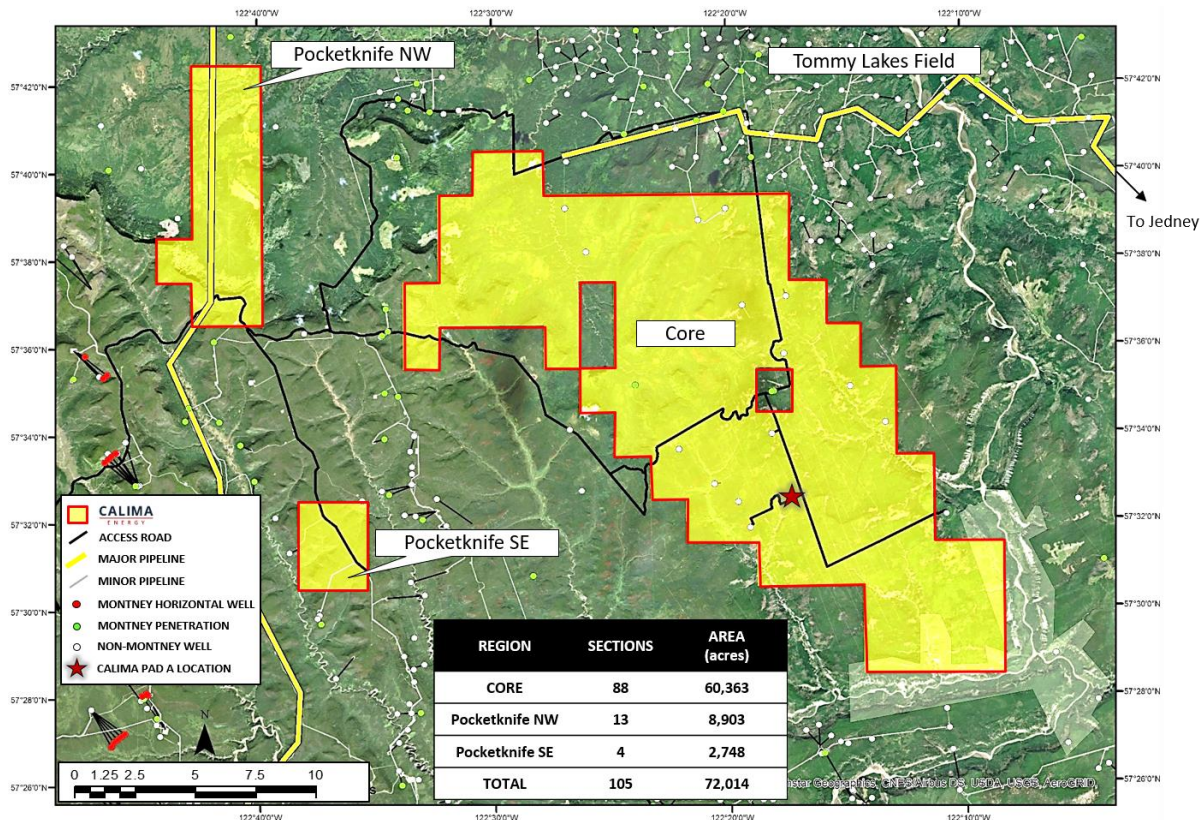


Figure 1 – The Calima Lands as at 31 March 2018 covers 72,014 acres.

Corporate

During the quarter, the Company raised A\$3,517,625 (before costs) through an over-subscribed private placement (the **Placement**) to various sophisticated and institutional investors. The Placement was completed through the issue of 63,956,820 fully paid ordinary shares at an issue price of \$0.055 per share. The Placement shares were issued within the Company's placement capacity under ASX Listing Rule 7.1.

For further information visit www.calimaenergy.com or contact:

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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.