

CALIMA ENERGY LIMITED

ACN 117 227 086

PROSPECTUS

For the offer of up to 1,000 Shares each at an issue price of \$0.054 per Share

THIS PROSPECTUS IS BEING ISSUED UNDER SECTION 708A(11) OF THE CORPORATIONS ACT FOR THE PURPOSE OF FACILITATING SECONDARY TRADING OF THE TRANCHE 1 PLACEMENT SHARES

THIS OFFER CLOSSES AT 5.00PM AWST ON 27 AUGUST 2018

VALID APPLICATIONS MUST BE RECEIVED BEFORE THAT TIME.

Please read the instructions in this Prospectus and on the accompanying Application Form prior to applying for Shares under the Offer.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

THE SHARES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

IMPORTANT INFORMATION

This Prospectus is dated 24 August 2018. A copy of the Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus. No Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at 1A, 1 Alvan Street, Subiaco WA 6008 during normal business hours. The Company will also provide copies of other documents on request (see Section 4.3).

The Company will apply to ASX within 7 days of the date of this Prospectus for Official Quotation by ASX of the Shares offered by this Prospectus.

Applications for Shares will only be accepted on an Application Form which is attached to, or provided by the Company with a copy of this Prospectus. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

The Company is a disclosing entity listed on the ASX and this Prospectus is issued under section 713 of the Corporations Act 2001 (Cth) in reliance on information previously disclosed to the ASX by the Company. It does not contain, by itself, all information that would be contained in a prospectus for an initial public offering or all information relevant to a decision to invest in the Company.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the Offer of Shares under this Prospectus in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. The Shares offered by this Prospectus should be considered speculative. Please refer to Section 2 for details relating to investment risks.

By returning an Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Definitions of certain terms used in this Prospectus are contained in Section 6. All references to currency are to Australian dollars and all references to time are to AWST, unless otherwise indicated.

CORPORATE DIRECTORY

Directors

Mr Alan Stein
Mr Jonathan Taylor
Mr Glenn Whiddon
Mr Neil Hackett

Share Registry*

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

Joint Company Secretary

Mr Neil Hackett
Mr James Bahen

Registered Office

1A, 1 Alvan Street
Subiaco WA 6008
Telephone: +61 (0)8 6500 3270
Facsimile: +61 (0)8 6500 3275

ASX Code: CE1

Website: www.calimaenergy.com

*This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

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1. Details of the Offer

1.1 The Offer

The Company is offering pursuant to this Prospectus 1,000 Shares each at an issue price of \$0.054 per Share (**Offer**).

There is no minimum amount sought to be raised by the Offer. There is no provision for oversubscriptions.

The Offer is not underwritten.

Refer to Section 4.1 for a summary of the rights attaching to the Shares.

1.2 Purpose of the Offer

As announced on 17 August 2018, the Company has received firm commitments for a placement of a total of 462,962,963 Shares (**Placement Shares**), each at an issue price of \$0.054, to raise a total of \$25 million (before costs) to be completed in two tranches as follows (**Placement**):

- (a) Tranche 1 – The Company will issue a total of 236,111,111 Shares comprising 138,888,889 Shares issued under Listing Rule 7.1 and 97,222,222 Shares issued under Listing Rule 7.1A on or around Friday, 24 August 2018 (**Tranche 1 Placement Shares**).
- (b) Tranche 2 – The Company will issue 226,851,852 Shares subject to Shareholder approval, following a Shareholder meeting called for the purpose of approving the issue in early October 2018.

The Placement Shares are being issued to either "Sophisticated Investors" or "Professional Investors" within the meaning of sections 708(8) and 708(11) of the Corporations Act.

This Prospectus has been issued to facilitate secondary trading of the Tranche 1 Placement Shares as they will be issued without disclosure to investors under Part 6D.2 of the Corporations Act. A prospectus is required under the Corporations Act to enable persons who were issued Shares the subject of this Prospectus to on-sell those Shares within 12 months of their issue. The Company is not issuing the Tranche 1 Placement Shares with the purpose of the persons to whom they are being issued selling or transferring their Shares, or granting, issuing or transferring interests in those Shares within 12 months of the issue but this Prospectus provides them the ability to do so should they wish.

Accordingly, the purpose of this Prospectus is to:

- (a) make the Offer; and
- (b) ensure that the on-sale of the Tranche 1 Placement Shares does not breach Section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in Section 708A(11) of the Corporations Act.

1.3 Opening and Closing Dates

The Company will accept Application Forms until 5.00pm AWST on the Closing Date, being 27 August 2018, or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

1.4 Application for Shares

If you wish to subscribe for Shares pursuant to the Offer, you should complete and return the Application Form, which will be provided with a copy of this Prospectus by the Company at the Board's discretion, in accordance with the instructions in the Application Form. Completed Application Forms and Application Monies must be received by the Company prior to 5.00pm AWST on the Closing Date. Cheques must be made payable to "Calima Energy Limited – Applications Account" and crossed "Not Negotiable". All cheques must be in Australian currency. Application Forms should be mailed or delivered to Calima Energy Limited, 1A Alvan Street, Subiaco, Western Australia WA 6008.

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted by the Company. The Application Form does not need to be signed to be a binding Application for Shares.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the Application as valid and how to construe, amend or complete the Application Form is final.

1.5 Application Monies

All Application Monies received for the Shares will be held in trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

1.6 Issue of Shares

The Company may issue the Shares progressively as Applications are received and in any event, will issue all Shares as soon as possible after the Closing Date.

Shareholder statements will be dispatched as soon as possible after the issue of the Shares.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

1.7 ASX quotation

Application will be made to ASX no later than 7 days after the date of this Prospectus for the Official Quotation of the Shares offered under the Offer. If permission is not granted by ASX for the Official Quotation of the Shares offered by this Prospectus within 3 months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.8 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares. If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Advanced Share Registry Services Ltd and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

1.9 Residents outside Australia

This Prospectus, and the accompanying Application Form, do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Shares. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.10 Risk factors

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are set out in Section 2.

1.11 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

1.12 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 31 December 2017 is in the Annual Report which was lodged with ASX on 29 March 2018 and is available at www.asx.com.au. The Company's continuous disclosure notices (i.e. ASX announcements) since 29 March 2018 are listed in Section 4.3.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that Shareholders review these and all other announcements prior to deciding whether or not to participate in the Offer.

1.13 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 (0)8 6500 3270.

1.14 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the

Company's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application. An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

2. Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

2.1 Specific Risks associated with the Company

(a) Commodity price volatility risk

It is anticipated that any future revenues of the Company, other than sales of assets, will be derived from the sale of oil and/or natural gas. The demand for, and price of, oil and natural gas is dependent on a variety of factors beyond the control of the Company, including supply levels of the product, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

The market price of hydrocarbon products is volatile and outside the control of the Company. Oil and gas prices have fluctuated widely in recent years. If the price of hydrocarbons should drop significantly and remain depressed, the economic prospects of the projects which the Company has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if significant quantities of hydrocarbon products are discovered, a profitable market may exist for their sale.

The marketability of hydrocarbons is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of oil and gas and petroleum products, the effect of which cannot be accurately predicted. Restrictions on the Company's ability to market production from projects that the Company has an interest in may have a material adverse effect on the Company's overall financial performance.

(b) Permit grant and maintenance risk

The Company's exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents. The grant or maintenance of licences and obtaining renewals often depends on the Company being successful in obtaining the required regulatory approvals for its proposed activities. There can be no assurances that the Company will be successful in obtaining renewals of existing acreage in the future.

The lease, licences or permits might also contain conditions relating to operations including, but not limited to, environmental management issues, occupational health and safety, operating procedures and plant and equipment design specifications. Such conditions or regulations might be subject to change from time to time and might impact the cost base and hence profitability of a particular project.

The Montney Project drilling licences require the holder to meet certain drilling targets to retain the licences and/or convert them into production leases. The Company may be prevented from achieving these drilling targets for unforeseen reasons outside the control of the Company. If this were to occur, the applicable licences may expire before

the Company is able to renew or convert them into production leases, which may have a material adverse effect on the Company's overall financial performance.

(c) **Exploration and development risks**

Oil and gas exploration involves significant risks, including the risk that drilling will result in dry holes or not result in commercially feasible oil or natural gas productions. Selecting a drilling location is influenced by the interpretation of geological, geophysical and seismic data, which is a subjective science and has varying degrees of success. Other factors, including land ownership and regulatory rules, may impact the Company's decisions with respect to well locations. Further, no known technologies provide conclusive evidence prior to drilling a well that oil or natural gas is present or may be produced economically. New wells drilled may not be productive, or may not recover all or any portion of the Company's investment in such wells. Decisions to purchase, explore, develop or otherwise exploit prospects or properties will depend, in part, on the evaluation of production data, engineering studies, and geological and geophysical analyses, the results of which are typically inconclusive or subject to varying interpretations. The costs of drilling, completing, equipping and operating wells is typically uncertain before drilling commences.

The Montney Project petroleum licences that the Company owns are at various stages of exploration. There can be no assurance that exploration of these licences, or any other licences that may be acquired in the future, will result in the discovery of an economic oil and gas deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

The value of the Company's Securities will likely be affected by the results obtained by other companies conducting exploration activities within close proximity of its projects. If the results obtained by other companies are positive then this will likely increase the value of the Company's Securities. Conversely, if the results obtained by other companies are negative then this will likely decrease the value of the Company's Securities.

Further, the Montney Project is an unconventional project that relies on horizontal well and fracture stimulation technologies to make hydrocarbons flow. There are complexities and additional risks with the development of these types of project which do not exist with conventional oil and gas plays. These complexities can affect the flow rates achieved from operations and the costs of conducting such operations and thereby effect the viability or profitability of such operations.

(d) **Drilling Risks**

Oil and gas drilling activities are subject to numerous risks, many of which are beyond the Company's control. The Company's drilling operations may be curtailed, delayed or cancelled due to a number of factors including weather conditions, mechanical difficulties, shortage or delays in the availability or delivery of rigs and/or other equipment and compliance with governmental requirements. Hazards incident to the exploration and development of oil and gas properties such as unusual or unexpected formations, pressures or other factors are inherent in drilling and operating wells and may be encountered by the Company.

Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. While drilling may yield some hydrocarbons there can be no guarantee that the discovery will be sufficiently productive to justify commercial development or cover operating costs.

(e) **Hydraulic fracturing**

Public debate exists regarding the potential sub surface and surface impact of hydraulic fracturing, including concern about the impacts of hydraulic fracturing on drinking water.

In addition, there are many regulatory requirements to be adhered to. Additionally, hydraulic fracturing requires large volumes of water (the availability and regulation of which may change over time) and there are costs associated with water disposal that may be required should the Company produce water in its wells. As more impacts of hydraulic fracturing are fully understood, it may be subject to additional regulations or restrictions from governmental authorities, resulting in increased compliance costs. Any modification to the current requirements may adversely impact the value of the Company's assets and future financial performance.

(f) **Infrastructure access**

The Company's future performance is likely to be impacted by its ability to access infrastructure, including various equipment and facilities required for the production, processing and commercialisation of the Company's assets and product transportation routes, including access to pipelines and associated infrastructure. The ability of the Company to access infrastructure economically or at all is largely outside of the control of the Company and therefore may have an adverse impact on the Company's future performance. Further, there can be no guarantees that the Company will have continued access to the infrastructure needed for the Company's activities or that such infrastructure will not be subject to unexpected issues which could adversely effect the operations and financial performance of the Company.

(g) **Commercialisation of Discoveries**

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in any areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. Such further work may require the Company to meet or commit to financing obligations for which it may not have planned.

(h) **Additional requirements for capital**

Exploration, drilling and other project expenditure estimates are based on certain assumptions with respect to the method and timing of these activities. By their nature, these estimates and assumptions are subject to significant uncertainties and accordingly, the actual costs may materially differ from these estimates. In particular, the Company is proposing to conduct a drilling programme in late 2018 - early 2019 which will have a significant cost. Post completion of the Placement and provision of the proposed \$40 million project finance debt facility arranged through Tribeca Investment Partners, the Directors consider that Company will be well funded to meet its immediate objectives. However, additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operational plans in the future or to take advantage of opportunities for acquisition, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

There can be no assurance that additional finance will be available when needed. Any additional equity financing may be dilutive to the Company's existing Shareholders and any additional debt financing, if available, may be on terms that are not favourable to the Company or involve restrictive covenants, which limit the Company's operations and business strategy. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and/or indefinite postponement of the Company's activities and potential development programs.

(i) **Exchange rate fluctuation risk**

The Company's oil and gas projects are currently located in Canada, Namibia and in SADR. As a result, the majority of cash flows, expenses, capital expenditure and commitments will be denominated in Canadian dollars and various currencies used in SADR and Namibia. To the extent the Company may become involved in petroleum production, the revenue derived through the sale of commodities will expose the potential income of the Company to commodity price and exchange rate risks through the translation or repatriation of foreign currencies to Australian Dollars.

(j) **Environmental risks**

The Company's operations will be subject to environmental laws and regulations, including but not limited to, those governing the management of waste, the protection of water and air quality, the discharge of materials into the environment, and the preservation of natural resources which may impact and influence the Company's operations. The government and other authorities that administer and enforce environmental laws and regulations determine these requirements. The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable petroleum reserves.

If the Company fails to comply with environmental laws and regulations regarding the discharge of oil, gas, or other materials into the air, soil or water it may be subject to liabilities to the government and third parties, including civil and criminal penalties. The Company may also become liable for environmental damage caused by any previous owners of licence areas the Company will have an interest in.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment, including production activities. There is no assurance that such approvals will be obtained. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

The Company is unable to predict the effect of any new environmental laws, regulations or stricter enforcement policies, once implemented, including whether any such laws or regulations would increase the Company's cost of doing business or affect its operations in any area.

(k) **SADR non-sovereign status**

Under the Assurance Agreements, the SADR PSCs are effective from and commence upon recognition of the sovereign status of the SADR by the United Nations, and the SADR Government passing necessary tax and petroleum titles legislation. The SADR is the entity created by the indigenous people of Western Sahara following a unilateral declaration of independence in 1976. At present the territory of Western Sahara is regarded by the UN as being a Non-Self Governing Territory awaiting a process of decolonisation. Western Sahara was formerly a Spanish colony. Following Spain's withdrawal, Morocco invaded in 1975 and has since occupied the western part of the territory. In the same year, the International Court of Justice found that there were no ties of territorial sovereignty between Morocco and Western Sahara. No country in the world has ever recognised Morocco's claims over Western Sahara.

A 16-year armed conflict between Morocco and the Frente POLISARIO (the armed resistance of the indigenous Saharawi people of Western Sahara) ensued until the UN brokered a ceasefire in 1990. The terms of the ceasefire included an agreement to establish a UN Mission for the Referendum in Western Sahara (MINURSO) to: (i) organize and supervise a self-determination referendum to allow the Saharawi people to choose between independence and integration with Morocco; and (ii) to monitor the ceasefire.

However, the UN has since been unable to make the necessary arrangements for the holding of a referendum. It has been mandated by the UN Security Council to bring the parties together to negotiate a solution to the conflict “which will provide for the self-determination of the people of Western Sahara.” Unfortunately, little progress has been made with Morocco maintaining an intransigent position proposing only autonomy for the territory whilst the Government of the SADR advocates a referendum with all options of self-determination.

There are currently overlapping claims to oil and gas exploration rights in both the onshore and offshore areas of occupied territories; that is, competing licence areas which have been issued by the SADR and Moroccan governments.

The UN has issued advice that “if further exploration and exploitation activities were to proceed in disregard to the interests and wishes of the people of Western Sahara, they would be in violation of the principles of international law applicable to mineral resource activities in Non-Self Governing Territories”.

The Company will continue to monitor progress towards a political solution regarding the sovereign status of SADR. Until such time as there is a resolution of the political situation regarding sovereignty, the Company's 50% interest in the SADR PSCs should be regarded as highly speculative.

(l) **Potential acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies or assets. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

There are a number of uncertainties with the acquisition of interests in properties including, the amount of recoverable reserves, development and operating costs and potential environmental and other liabilities. Even with careful due diligence, it may be impossible to ascertain certain environmental or structural problems such as pipeline corrosion or hazardous spills. This risk could have a negative effect on future operations and the Company's financial position.

(m) **Hydrocarbon reserve estimates**

Hydrocarbon reserve estimates are expressions of judgment based on knowledge, experience, interpretation and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. Should the Company encounter oil and/or gas deposits or formations different from those predicted by past drilling, sampling and similar examinations, then reserve estimates may have to be adjusted and production plans may have to be altered in a way which could adversely affect the Company's operations. Where possible, the Company will seek to have any such estimates verified or produced by an independent party with sufficient expertise in their chosen field.

(n) **Reliance on key personnel and key contractors**

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

Further, the Company relies on contractors, including its Canadian project operations manager CWL Energy Management Ltd, for the provision of services in relation to the Company's assets. Any delay in contractors completing work or encountering operational difficulties may lead to a loss of revenue and increased costs. The loss of one or more contracts with key contractors may lead to an increase in the Company's operational costs. The Company is unable to predict the risk of financial, managerial, operational or other failures by any of its contractors, any of which could have a material adverse effect on the operations and financial performance of the Company.

(o) **Regulation – General**

There are a number of Canadian federal and state policies and regulations that, if changed, may have a material impact on the financial and operational performance of the Company.

The risks relating to these policies and regulations to the Company's business include:

- (i) changes to the nature and extent of the regulation or licensing systems could result in a change in industry structure, which could adversely impact the growth opportunities for and profitability of the Company's business;
- (ii) changes to federal or state taxes or royalty structure, such as a change to the Royalty Rebate Schemes;
- (iii) changes to the state government legislation about drilling, fracking, or environmental approvals.

In addition, the Company may become subject to other regulations in Canada, Namibia or SADR, if the Company's Assurance Agreements convert into the SADR PSCs, which could increase its regulatory and compliance obligations. Any new regulatory restrictions or changes in government attitudes or policies in relation to any or all of the existing regulatory areas may adversely impact on the financial performance and position, and future prospects of the Company.

(p) **Regulation – Exploration and Production**

Oil and natural gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal, state and local agencies. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases the cost of doing business and affects profitability. Because such rules and regulations are frequently amended or reinterpreted, the Company is unable to predict the future cost or impact of complying with such laws.

Permits are required in some of the areas in which the Company operates for drilling operations, drilling bonds and the filing of reports concerning operations and other requirements are imposed relating to the exploration and production of oil and gas. The Company will be required to comply with various federal and state regulations regarding plugging and abandonment of oil and natural gas wells, which will impose a substantial rehabilitation obligation on the Company, which may have a material adverse effect on the Company's financial performance.

(q) **Insurance**

Exploration, development and production operations on oil and gas properties involve a number of risks and hazards which are beyond the control of the Company including unexpected or unusual geological conditions, environmental hazards, technical and equipment failures, extended interruptions due to inclement or hazardous weather or other physical conditions, unavailability of drilling equipment, unexpected shortages of key personnel, labour, consumables or parts and equipment, fire, explosions and other

incidents. It is not always possible to insure against all such risks or the Company may decide not to insure against certain risks because of high premiums or other reasons. Although the Company will have insurance in place at levels considered appropriate for its operations and in accordance with industry practice, in certain circumstances the Company's insurance may not cover, or be adequate to cover, the consequence of such events which could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company's Shares.

(r) **Claims by Indigenous Inhabitants**

The oil and gas assets of the Company may be subject to land claims by First Nations or indigenous people. Should this occur and be successful, the Company's ability to conduct exploration and/or development and production activities may be affected, which may have a material adverse effect on the Company's financial performance and the price at which its Securities trade.

The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties leased or owned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties leased or purchased by the Corporation are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with First Nations or other indigenous people in order to facilitate exploration and development work on the properties leased or owned by the Company.

Some of the Montney Project lands overlap Crown lands within the area claimed by the Treaty 8 First Nations. The Dene Tha' First Nation and Prophet River First Nation have advised that such areas are used for practising their treaty rights. Practically speaking, this means that pre-engagement with those First Nations (letter of introduction outlining development plans) should occur prior to developing the lands to ensure that any concerns they may have are taken into account.

Other than as noted above, the Company is not currently aware of any land claims or potential claims by indigenous people in respect of its proposed exploration activities that could affect licence tenure or any future production operations.

(s) **Competition**

The Company operates in a competitive and dynamic market. The Company will compete with other companies, including major oil and gas companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities and respond to the introduction of new technologies or technological advancements relating to drilling or other relevant operations (common in the oil and gas industry).

Many of the Company's competitors not only explore for and produce oil and gas, but also carry out refining operations and market petroleum and other products on a worldwide basis. There can be no assurance that the Company will compete effectively with these companies and other industry participants and thereby be successful in acquiring additional oil and gas properties on reasonable commercial terms.

(t) **Substitution of oil and gas products as energy sources**

There are a number of alternative energy sources to energy sources from oil and gas products. These include renewable energy (ie wind, solar or hydroelectric), nuclear energy, geothermal and biomass. If the costs and commercial prices of such alternative energy sources fall or there is a significant shift in consumer sentiment towards such

sources, this may have a significant effect upon the Company's overall financial performance and ability to operate in the oil and gas industry.

(u) **Liquidity risk**

A number of the Company's Shares are classified by ASX as restricted securities and/or are subject to voluntary escrow and will be required to be held in escrow for up to 24 months following the Company's reinstatement to trading on ASX in August 2017. In addition, certain existing Shareholders have agreed to voluntary escrow over the Shares they hold for a period of 24 months from reinstatement. Certain existing Shareholders who were previously shareholders of TSVM or TMKM have also agreed to voluntary escrow over the Shares they hold until 30 April 2019. During the period in which these Shares are escrowed, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

2.2 General Risks

(a) **Economic and government risks**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the oil and gas industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the interpretation of taxation laws by the relevant taxation authority differing from the Company's interpretation;
- (iv) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the oil and gas industry;
- (v) movement in, or outlook on, exchange rates, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (vi) natural disasters, industrial disputes, social upheaval or war in jurisdictions in which the Company operates.

(b) **Financial markets risks**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions may be affected by many factors including, but not limited to, the following:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general, and oil and gas securities in particular. Neither the Company, nor the directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Risk of litigation, claims and disputes**

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of claims by joint venture partners, personal injury and property damage claims, environmental and indemnity claims, employee claims and other litigation and disputes. There is a risk that such litigation, claims and disputes could materially and adversely affect the Company's operating and financial performance due to the cost of defending and/or settling such claims, and could affect the Company's reputation.

(d) **Investment risk**

An investment in the Securities to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Securities. The prices at which an investor may be able to trade the Securities may be above or below the price paid for the Securities. Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

2.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

3. Effect of the Offer

3.1 Capital Structure on completion of the Offer

	Shares	Performance Shares	Options	Performance Rights
Balance at the date of this Prospectus	981,707,624	20,029,226 ⁽¹⁾	30,000,000 ⁽²⁾	10,450,000 ⁽³⁾
Placement Shares – Tranche 1	236,111,111		-	-
Placement Shares – Tranche 2	226,851,852			
To be issued under the Offer	1,000		-	-
Balance after the Offer (if fully subscribed)	1,444,671,587	20,029,226	30,000,000	19,450,000

Notes:

1. Comprises 1,461,988 Class A Performance Shares, 3,947,360 Class B Performance Shares and 14,619,878 Class C Performance Shares which convert into Shares on a one for one basis on the satisfaction of various performance milestones by 31 December 2020.
2. Comprises:
 - a. 20,000,000 unlisted Options (50% exercisable at \$0.09 and 50% exercisable at \$0.12, all expiring 5 years from grant) subject to various vesting conditions.
 - b. 10,000,000 unlisted Options exercisable at \$0.045 and expiring 3 years from grant.
3. Comprises 10,450,000 management performance rights subject to various vesting conditions and performance milestones.

3.2 Pro forma statement of financial position

	Company	TSVM	TMKM	Pro forma adjustments	Company Unaudited pro forma
	Audited	Audited	Audited		31-Dec-17
	31-Dec-17	31-Dec-17	31-Dec-17		31-Dec-17
	\$	\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	2,394,364	1,750,664	42,533	27,248,166	31,435,727
Trade and other receivables	334,169	112,829	315,775		762,773
Total Current Assets	2,728,533	1,863,493	358,308	27,248,166	32,198,500
Non-Current Assets					
Plant and equipment	16,721		-		16,721
Exploration and evaluation expenditure	4,663,926	4,222,010	3,214,011	11,028,267	23,128,214
Investments	1,308,517	-	-	-	1,308,517
Oil and gas properties		167,545	-	-	167,545
Total Non-Current Assets	5,989,164	4,389,555	3,214,011	11,028,267	24,620,997
TOTAL ASSETS	8,717,697	6,253,048	3,572,319	38,276,432	56,819,496
Current Liabilities					
Trade and other payables	253,927	282,494	18,324	-	554,745
Total Current Liabilities	253,927	282,494	18,324	-	554,745
Non-Current Liabilities					
Borrowings	-		-	-	-
Restoration Provisions	-	43,075	-	-	43,075
Total Non-Current Liabilities	-	43,075	-	-	43,075
TOTAL LIABILITIES	253,927	325,569	18,324		597,820
NET ASSETS	8,463,770	5,927,479	3,553,995	38,276,432	56,221,676
EQUITY					
Contributed equity	236,983,645	14,522,033	4,855,200	29,935,687	286,296,565
Reserves	15,542,726	345,646	325,927	671,573	15,542,726
Accumulated losses	244,062,601	8,248,908	975,278	7,669,173	245,617,614
Total Equity	8,463,770	5,927,479	3,553,995	38,276,43	56,221,676

Notes:

- The Cash and cash equivalents balance does not account for movements in either the Company, TSVM or TMKM since 31 December 2017, except for the following:

- a. The Company's capital raising that completed on 27 March 2018. \$3,517,625 (before costs) was raised through an over-subscribed private placement. Costs of the capital raising include share issue costs of \$160,469.
 - b. The Placement announced by the Company on 17 August 2018 to raise a total of \$25,000,000 (before costs). Costs of the Placement include share issue costs of \$882,002.
 - c. The issue of 1,000 shares at \$0.054 each to raise \$54 (before costs of the Offer). Costs of the Offer are estimated to be \$7,090.
2. The TSVM and TMKM takeover consideration of 271,470,164 Shares issued to TSVM security holders and 149,339,979 Shares to TMKM security holders for a total of 420,810,143 Shares. At a valuation of \$0.053 per share (the closing price of Shares on the last trading day prior to the Company's announcement of the takeovers), less TSVM and TMKM's combined cash holdings of \$1,793,197, equates to a total consideration of \$20,509,741. The excess of the fair value of the consideration over the net assets acquired is allocated to the Exploration and Evaluation asset.
3. Pro-forma adjustments to contributed equity are as follows:
 - a. Elimination of TSVM and TMKM share capital of \$19,377,233.
 - b. Value of Shares issued as consideration of \$20,509,741 as described in Note 2.
 - c. 4,500,000 Shares at \$0.053 issued to the corporate adviser to the TSVM and TMKM takeovers as cost of the takeovers which amounted to \$238,500.
 - d. 2,000,000 Shares issued at \$0.05 to service providers for part payment of services provided in relation to the TSVM and TMKM takeovers.
 - e. Value of Shares issued in the Company's capital raising that completed on 27 March 2018 less costs of the capital raising of \$160,469.
 - f. Value of Shares to be issued under the Placement less costs of the Placement of \$882,002.
4. Pro-forma adjustments to the other reserves relate to the elimination of TMKM reserves of \$325,927 and TSVM reserves of \$345,646.
5. Pro-forma adjustments to accumulated losses include the elimination of TMKM and TSVM accumulated losses, and other charges to Profit and Loss:
 - a. Elimination of TSVM accumulated losses of \$8,248,908;
 - b. Elimination of TMKM accumulated losses of \$975,278;
 - c. Other costs relating to the TSVM and TMKM takeovers of \$219,952.

Basis of Preparation

This unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and gives effect to the transactions described in the notes to the pro forma consolidated statement of financial position and the assumptions described therein as if it had occurred as of 31 December 2017.

The unaudited pro forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been achieved if the transaction had been completed on the dates or for the periods presented, nor does it purport to project the results of operations or financial position of the consolidated entities for any future period or as of any future date. The audited pro forma consolidated statement of financial position does not reflect any special items such as integration costs or operating synergies that may be incurred or achieved as a result of the transaction.

The unaudited pro forma consolidated statement of financial position has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS).

In preparing the audited pro forma consolidated statement of financial position in accordance with IFRS, the following historical information was used:

- (i) the audited accounts of the Company as of 31 December 2017;
- (ii) the audited accounts of TMKM as of 31 December 2017; and
- (iii) the audited accounts of TSVM as at 31 December 2017.

In preparing the pro forma consolidated statement of financial position no alignment has been made between the accounting policies of the Company, TMKM and TSVM.

The unaudited pro forma consolidated statement of financial position should be read in conjunction with the historical financial statements of the Company, TMKM and TSVM.

3.3 Market price of Shares

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.066 per Share on 16 August 2018

Lowest: \$0.046 per Share on 22 June 2018.

The last available market sale price of Shares on ASX prior to the date of this Prospectus was \$0.057 per Share on 23 August 2018.

3.4 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4. Additional information

4.1 Rights attaching to Shares

A summary of the rights attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution will be provided by the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in specific circumstances, the Shareholder should seek legal advice.

(a) **General meeting and notices**

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company, every holder of fully paid ordinary shares present in person or by an attorney; representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) **Issues of further Shares**

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) **Variation of Rights**

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) **Transfer of Shares**

Subject to the Constitution, the Corporations Act and Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with

Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(f) **Partly paid Shares**

The Directors may, subject to compliance with the Constitution, the Corporations Act and Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) **Dividends**

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (excluding any amount paid in advance of calls) bears to the total issue price of the share.

(h) **Winding up**

Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid-up or credited as paid up on the shares when the winding up begins.

(i) **Dividend reinvestment and Share plans**

Subject to the requirements in the Corporations Act and the Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

(j) **Directors**

The Constitution states that the minimum number of Directors is three and the maximum number is nine.

(k) **Powers of the Board**

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have the power to manage the business of the Company and may exercise every right, power or capacity of the Company.

(l) **Share buy backs**

Subject to the provisions of the Corporations Act and the Listing Rules, the Company may buy back shares in itself on the terms and at times determined by the Directors.

(m) **Unmarketable parcels**

The Company's constitution permits the Board to sell the Shares held by a Shareholder if they comprise less than a marketable parcel within the meaning of ASX Business Rules. The procedure may only be invoked once in any 12 month period and requires the Company to give the Shareholder notice of the intended sale.

If a Shareholder does not want his Shares sold, he may notify the Company accordingly.

(n) **Capitalisation of profits**

The Company may capitalise profits. Subject to the Constitution and the terms of the issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(o) **Capital reduction**

Subject to the Corporations Act and Listing Rules, the Company may reduce its share capital.

(p) **Preference Shares**

The Company may issue preference shares, including preference shares that are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company's members

4.2 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 4.3 below).

4.3 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the issue, a copy of:

- (a) the Annual Report of the Company for the financial year ended 31 December 2017, being the last financial year for which an annual financial report has been lodged with ASIC in relation to the Company before the issue of this Prospectus; and

- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Report referred to in paragraph (a) and before the date of issue of this Prospectus are as follows:

Date	Headline
17/08/2018	\$25 million Over-subscribed Placement
15/08/2018	Trading Halt
10/08/2018	Calima Completes Drilling Completions Review
8/08/2018	Completion of Montney Transaction - Expanded Management Team
7/08/2018	Becoming a substantial holder
1/08/2018	Distribution Schedule and Top 20 Holders Post Closing TSVM
31/07/2018	Calima Lands Site Tour Video
30/07/2018	Quarterly Activities Report
30/07/2018	Quarterly Cashflow Report
27/07/2018	Appendix 3B
19/07/2018	Distribution Schedule and Top 20 Holders Post Closing TMKM
18/07/2018	Investor Presentation
16/07/2018	Compulsory Acquisition of Remaining Shares in TSV Montney
16/07/2018	Calima moves to compulsory acquire remaining TMKM and TSVM
13/07/2018	Appendix 3B
10/07/2018	Notice of status of defeating conditions of TSV Montney
9/07/2018	TSVM Takeover Offer Free from all Defeating Conditions
5/07/2018	Calima appoints engineering firms for drilling operations
4/07/2018	Notice of Fulfilment of Defeating Condition - TSV Montney
4/07/2018	Calima to benefit from A\$72 Billion of proposed investment
3/07/2018	Calima Energy Limited - Company Presentation
2/07/2018	Compulsory Acquisition of Remaining Shares in TMK Montney
29/06/2018	Appendix 3B and Cleansing Notice
27/06/2018	Disclosure about Substantial Shareholding in TSV Montney
26/06/2018	Extension of Offer Period Under TSV Montney Takeover Offer
26/06/2018	Notice of status of defeating conditions of TMK Montney
26/06/2018	Company update with Calima Energy's Managing Director
25/06/2018	TMKM Takeover Offer Free from all Defeating Conditions
19/06/2018	Disclosure about Substantial Shareholding in TMK Montney
15/06/2018	Investor Presentation - June 2018
14/06/2018	Disclosure about Substantial Shareholding in TSV Montney
13/06/2018	Disclosure about Substantial Shareholding in TMK Montney
12/06/2018	Extension of Offer Period Under TSV Montney Takeover Offer
12/06/2018	Extension of Offer Period Under TMK Montney Takeover Offer
8/06/2018	ASX Waiver From Listing Rule 10.13.3
8/06/2018	Disclosure about Substantial Shareholding in TSV Montney
7/06/2018	Notice of Fulfilment of Defeating Condition - TSV Montney
7/06/2018	Notice of Fulfilment of Defeating Condition - TMK Montney
31/05/2018	Disclosure about Substantial Shareholding in TSV Montney
31/05/2018	Disclosure about Substantial Shareholding in TMK Montney
31/05/2018	Results of 2018 Annual General Meeting
24/05/2018	WBE: Notice to WBE Shareholders - TSVM
21/05/2018	Completion of Dispatch TSV Montney Ltd Bidder's Statement
21/05/2018	Completion of Dispatch TMK Montney Ltd Bidder's Statement
17/05/2018	Appendix 3B and Cleansing Notice
15/05/2018	Receipt of TSV Montney Ltd Target's Statement
15/05/2018	Receipt of TMK Montney Ltd Target's Statement

15/05/2018	Lodgement of TSV Montney Ltd Bidder's Statement
15/05/2018	Lodgement of TMK Montney Ltd Bidder's Statement
10/05/2018	New Portfolio Asset - Namibia
2/05/2018	121 Oil and Gas Hong Kong - Investor Presentation
2/05/2018	Notice of 2018 Annual General Meeting/Proxy Form
2/05/2018	Bid Implementation Agreement - TMK Montney Limited
2/05/2018	Bid Implementation Agreement - TSV Montney Limited
2/05/2018	Consolidation of Montney Project-Takeover Bids -TSVM & TMKM
26/04/2018	Excellent Well Results - Upper Montney - Painted Pony
23/04/2018	Quarterly Cashflow Report
23/04/2018	Quarterly Activities Report
10/04/2018	Appendix 4G and Corporate Governance Statement
9/04/2018	Montney M&A Activity - ConocoPhillips

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company at 1A Alvan Street, Subiaco, Western Australia WA 6008.

- (a) this Prospectus;
- (b) Constitution; and
- (c) the consents provided by the Directors to the issue of this Prospectus.

4.4 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

4.5 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

4.6 Directors' interests

- (a) Interests

Except as disclosed in this Prospectus, no Director, and no firm in which a Director has an interest:

- (i) has any interest, nor has had any interest in the last two years prior to the date of this Prospectus, in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (ii) has been paid or given, or will be paid or given, any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

- (b) Directors' Holdings

Set out in the table below are details of Directors' relevant interests in the securities of the Company at the date of this Prospectus:

Director	Shares Held	Performance Shares Held⁽¹⁾	Performance Rights Held⁽²⁾	Options Held⁽³⁾
Glenn Whiddon	20,222,523 ⁽⁴⁾	-	-	-
Alan Stein ⁽⁵⁾	32,757,878	16,145,826	2,700,000	6,600,000
Jonathan Taylor ⁽⁶⁾	12,674,654	1,525,948	8,250,000	6,600,000
Neil Hackett	735,556	-	-	-

Notes:

1. Comprises various classes of Performance Shares with various vesting performance milestones. Refer to the Company's Prospectus dated 30 June 2017 for full terms and conditions of the Performance Shares.
2. Comprises Performance Rights subject to various vesting conditions and performance milestones. Refer to the Company's Prospectus dated 30 June 2017 for full terms and conditions of the Performance Rights.
3. Comprises various classes of Management Options with various exercise prices, expiry dates and vesting conditions. Refer to the Company's Prospectus dated 30 June 2017 for full terms and conditions of the Options.
4. 6466 Investments Pty Ltd holds 23,881,793 Shares. Shares held by 6466 Investments Pty Ltd are only included here for good corporate governance purposes. 6466 Investments Pty Ltd is controlled by Jane Whiddon, the spouse of Glenn Whiddon, independently of Mr Whiddon. Mr Whiddon has no relevant interest in the Shares held by 6466 Investments Pty Ltd.
5. Mr Stein was one of the vendors who sold their interest in Calima Energy Inc. to the Company in August 2017. Mr Stein received 22,390,837 Shares and 16,145,825 Performance Shares for this sale.
6. Mr Taylor was one of the vendors who sold their interest in Calima Energy Inc. to the Company in August 2017. Mr Taylor received 2,454,641 Shares and 1,525,948 Performance Shares for this sale.

(c) **Remuneration of Directors**

In accordance with the Constitution, the Shareholders have approved an aggregate amount of up to \$350,000 per annum to be paid as non-executive Directors' fees.

It is currently resolved that Directors' fees are \$36,000 per annum for the Executive Chairman and \$36,000 per annum for Non-Executive Directors (exclusive of statutory superannuation contributions). Payments of Director's fees will be in addition to any payments to Directors in any employment or consultancy capacity.

Alan Stein and Jonathan Taylor currently each receive annual remuneration of \$184,776 (exclusive of superannuation), which includes directors' fees for their roles

as Managing Director and Technical Director respectively as well as for consultancy fees from the Company.

Glenn Whiddon currently receives annual remuneration of \$135,000 (exclusive of superannuation), which includes directors' fees for his role as Non-Executive Chairman as well as consultancy fees from the Company.

Neil Hackett currently receives annual remuneration of \$36,000 (exclusive of superannuation) for his role as Non-Executive Director and joint Company Secretary.

Mr Whiddon and Mr Hackett were appointed to the Board of the Company on 2 June 2016 and 26 March 2012 respectively. Mr Stein and Mr Taylor were appointed to the Board of the Company on 29 August 2017. The Directors have received, or are entitled to receive, the following remuneration during the last two-year period until the date of this Prospectus.

Director	Salary & Fees \$	Superannuation \$	Share Based Payments \$	Total
Glenn Whiddon	\$329,081	-	-	\$329,081
Alan Stein	\$198,368	-	\$5,664	\$215,130
Jonathan Taylor	\$198,368	-	\$33,494	\$231,862
Neil Hackett	\$58,000	-	\$60,480	\$118,480

4.7 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

4.8 Expenses of the Offer

The estimated expenses of the issue are as follows:

	Offer \$
ASIC lodgement fee	3,206
ASX quotation fee	1,884
Legal expenses	2,000
Total	7,090

5. Authorisation

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in blue ink, appearing to read 'Alan Stein', is positioned above the printed name.

Alan Stein
Managing Director

Dated: 24 August 2018

6. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Annual Report means the financial report lodged by the Company with ASIC in respect to the financial year ended 31 December 2017 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities, together with a Directors' report in relation to that financial year and the auditor's report.

Applicant means a person who submits an Application Form.

Application means a valid application for Shares made pursuant to this Prospectus on an Application Form.

Application Form or **Form** means the application form sent with this Prospectus.

Application Monies means application monies for Shares received by the Company.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

Assurance Agreements means the assurance agreements executed by the SADR which provide that the SADR PCSs are effective from, and commence upon, recognition of the sovereign status of the SADR by the United Nations and the SADR Government passing necessary tax and petroleum titles legislation.

ASX means ASX Limited ACN 008 129 164 and where the context permits the Australian Securities Exchange operated by ASX Limited.

AWST means Australian Western Standard Time, being the time in Perth, Western Australia.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means 27 August 2018 or such later date as the Directors may determine.

Company means Calima Energy Limited ACN 117 227 086.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means Corporations Act (Cth) 2001.

Directors mean the directors of the Company as at the date of this Prospectus.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

Montney Project means the approximately 72,000 gross acres of oil and gas licences prospective for the Montney Formation in British Columbia, Canada, which are 100% owned by the Company following successful completion of the Company's off-market takeover bids to acquire 100% of the issued capital of TSVM and TMKM which it did not already own in July 2018.

Offer has the meaning in Section 1.1.

Official List means the official list of ASX.

Official Quotation means quotation of Shares on the Official List.

Option means an option to acquire one Share.

Performance Right means performance rights which convert on exercise on a one for one basis to Shares upon achievement of certain performance milestones prior to the relevant expiry dates.

Performance Share means a share which convert on a one for one basis to Shares upon achievement of certain performance milestones prior to the relevant expiry dates.

Placement has the meaning in Section 1.2.

Placement Shares has the meaning in Section 1.2.

Prospectus means this prospectus dated 24 August 2018.

SADR means the Saharawi Arab Democratic Republic.

SADR PSCs means Calima Energy Inc.'s the four production sharing contracts (Daora, Haouza, Mahbes and Mijek) with the SADR.

Section means a section of this Prospectus.

Securities means Shares, Options, Performance Shares and Performance Rights.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

TSVM mean TSV Montney Limited.

TMKM means TMK Montney Limited.

Tranche 1 Placement Shares has the meaning in Section 1.2.