



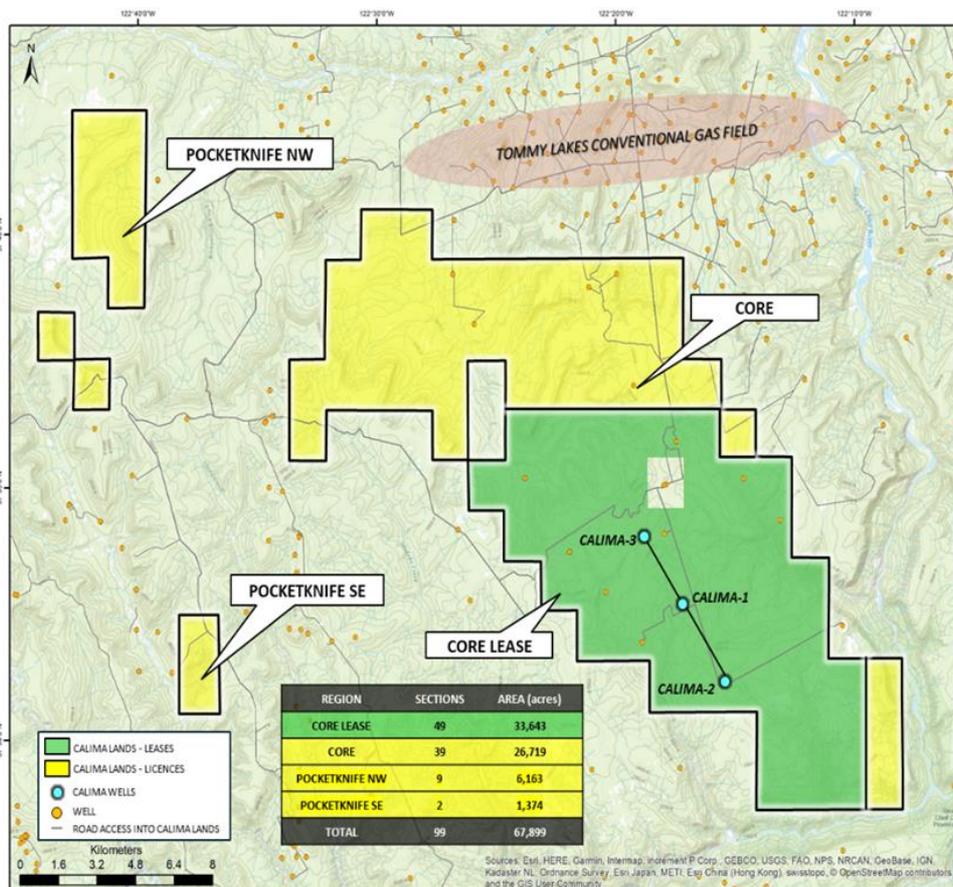
October 28, 2019

10-year Continuation Lease granted over Calima Lands

Highlights:

- A 10-year Continuation Lease over 49 sections (33,643 acres) of land awarded as a result of the 2019 drilling campaign on the Calima Lands
- Over 50% of the Core of the Calima Lands now secured under long term tenure with no drilling obligations
- Upon commencement of production the lease will be converted to an indefinite production lease

Calima Energy Limited (ASX:CE1) (“Calima” or the “Company”) owns and operates 67,899 acres of drilling and production rights in British Columbia (“Calima Lands”). The Company is pleased to announce the conversion of a significant portion of its acreage into 10-year Continuation Leases expiring in 2029.



Calima Lands as at 31 October 2019. The acreage recently converted into 10-year Leases shown in green.

Calima Energy Ltd ACN 117 227 086
1A/1 Alvan St, Subiaco Perth WA 6008: +61 8 6500 3270 Fax: + 61 8 6500 3275
Email: info@calimaenergy.com www.calimaenergy.com

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The Company earned the right to make this conversion based on the total metres drilled during its successful 2019 three well drilling campaign (9,353m). The British Columbia Department of Energy, Mines and Petroleum Resources have granted the conversion of 49 sections of land covering 33,643 acres. This represents 56% of Calima's Core Lands. Importantly, there is no obligation to drill any further wells over the lands converted to Continuation Leases until 2029.

While the 2019 drilling program was designed to deliver flow rates and demonstrate the liquids rich nature of the acreage, the program had an additional objective of converting the maximum acreage possible into 10-year Leases. The remainder of the Calima Lands are held under 5-year drilling licenses which require drilling to enable further conversions to be made. Most of the remaining licences over the Core Lands mature in 2022.

The areas referred to as Pocketknife which lie to the west of the Core Lands are at, or are near, their expiry dates. During September and October, 4,115 acres of rights in these areas expired and a further 3,427 acres will expire prior to 31 December 2019. These areas would be expensive to incorporate into a field development plan due to their shape and separation from the contiguous core area and the Company intends to let these areas expire in due course. The Company could re-post these lands at a future date and bid on them acquiring fresh drilling licences.

Alan Stein, Calima's Managing Director commented: *"Having security of tenure over the core of our acreage holdings enhances the appeal of Calima to investors and strategic partners. Our 2019 drilling campaign demonstrated extraordinary resource potential contained within the Calima Lands. The Calima Lands are rich in condensate which remains in strong demand locally as a diluent for heavy oil producers. Gas prices remain depressed as the productive capacity of the Montney has overwhelmed the available egress (takeaway) capacity. Fortunately, new gas egress capacity and increased domestic demand in Western Canada is expected to result in egress and demand overtaking supply sometime during 2020 which should have a positive impact on gas prices. Calima is building a field development plan which can be implemented as the price environment improves."*

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

Alan Stein	Jonathan Taylor	Glenn Whiddon
Managing Director	Technical Director	Chairman
E: astein@calimaenergy.com	E: jtaylor@calimaenergy.com	E: glenn@lagral.com
T: +61 8 6500 3270	T+ 44 77391 77805	T: +61 0 410 612 920