



23 March 2020

CALIMA
ENERGY

Montney, Management and Mergers & Acquisitions

Summary:

- Calima is well positioned to sustain its business through a volatile commodity price environment with no committed development expenditures, no debt and working capital of A\$4.15 million as at 28th Feb 2020 ⁱ.
 - Calima is taking the following actions to maintain balance sheet strength, preserve flexibility and reduce overheads across the business:
 - Mr Micheal Dobovich, previously a senior executive with Statoil Canada, will assume the role of President (currently Country Manager), based in Calgary. Micheal will be the Company's only full time executive.
 - Dr Alan Stein, Managing Director, will move to a Non-Executive role. Dr Stein together with the Havoc team was responsible for the original Montney acquisition strategy and the success in delivering a maiden contingent resource.
 - Mr Mark Freeman, Chief Financial Officer, will take on additional Company Secretary responsibilities in Perth.
 - Effective 1 March, 2020 - director fees in equity and overheads slashed.
 - Strategic Forward Plan: With the shift of management to Canada and Tommy Lakes acquisition, Calima will focus on strategies to unlock and maximize shareholder value via 3rd party investment, joint ventures, partnerships and/or corporate transactions. Chase Edgelow (ex Macquarie Bank, Calgary) appointed in an advisory capacity to pursue strategic corporate opportunities.
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Calima Energy Limited (ASX:CE1) ("Calima" or the "Company") owns and operates 63,103 acres of drilling and production rights for the Montney Formation in British Columbia ("Calima Lands"). During 2019, the Company drilled three successful wells, resulting in a maiden contingent resource of 196.1 Mmboe, and a best estimate gross-unrisked prospective resources of 497.3 Mmboe⁽ⁱⁱ⁾.

On 19 February 2020 the Company announced the acquisition of pipeline facilities with a replacement value of \$85 million providing access to processing facilities and a variety of North American markets for its gas and light oil (condensate) future products. Calima's Montney lands are now considered to be ready-for-development with all permits and authorisations in place, allowing production to commence 6 months from FID.

The Company has appointed Chase Edgelow (ex Macquarie Bank, Calgary) to join Ed Mason (ex Royal Bank of Canada, Sydney), in an advisory capacity, to identify and pursue strategic corporate

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opportunities. Their remuneration is predominately equity success based, thus aligning their interests with those of shareholders. Mr. Edgelow has worked in the international energy and investment banking sectors for 14 years, most recently at Macquarie Bank, where he spent over 11 years in senior client advisory and principal investing roles in both Calgary and Sydney. Chase was also part of the successful acquisition of Apache’s Western Australian portfolio (including the Dorado field), subsequently disposed to Santos.

Effective 1 March 2020 all Directors have agreed to convert their director and executive fees to shares. While the impact of this is not material it does further reflect the commitment of the Board and management in the future success of the Company. Further, a diligent control over costs will be maintained going forward.

Montney Activity Update: Merger and Acquisition Activity February 2020

Tourmaline Oil Corp announced on 24 February 2020 the acquisition of Chinook Energy (TSX listed), Polar Star Canadian Oil (unlisted and private equity backed) and ~17 sections (75% WI), or 8,460 net acres in the North Montney for a total consideration of C\$82 million. The Polar Star acreage is immediately to the south east, whilst the Chinook acreage is further south, of the Calima Lands.

Tourmaline is the largest natural gas producer in Canada focused on long-term growth through an aggressive exploration, development, production and acquisition program in the Western Canadian Sedimentary Basin. Tourmaline had revenue of C\$1.2 billion p.a. and 270,000 boep/d (80%) gas in 2019. The significance of these acquisitions may indicate the first steps towards a consolidation of acreage positions across the Montney which would seem to be a logical step ahead of the projected increase in demand for LNG feedstock in Canada and growing pipeline capacity.

Alan Stein, Calima’s Managing Director commented: *“Micheal has been a key part of the management team over the last two plus years; led the acquisition of the Tommy Lakes Facilities and has managed the corporate aspects of the entity ensuring strong HS&E and social governance. Mr. Dobovich has significant experience in Canadian E&P, having previously been senior executive with Statoil Canada and has worked multiple basins in North America for over 20 years with a significant background in land, regulatory and commercial activities. I welcome Micheal to this new role in the company”.*

Glenn Whiddon, Calima’s Chairman commented: *“The shift of management to Canada reflects the growth, development and evolution of the Company from explorer towards being an operating company. Alan and the Havoc team have done a tremendous job in acquiring and building on the Calima Land position and the successful 3 well drilling program in 1st quarter 2019. On behalf of the Board and shareholders we thank him for his leadership during this period and his continued involvement with Calima as a director and shareholder.”*

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

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ⁱ The Company’s 28 February 2020 working capital reflects a Canadian GST receivable of A\$1.3m currently awaiting refund and excludes the costs associated with closing on the Tommy Lakes Facilities acquisition of approximately A\$825,000 due Q2 2020.
ⁱⁱ 8 July 2019