



**14 July 2020**

## Proactive Oil and Gas Webinar Presentation

Mark Freeman, chief financial officer for Calima Energy, will be presenting at the Proactive Oil & Gas webinar.

Calima Energy will be one of three companies presenting, which also includes 3D Oil and Carnarvon Petroleum. Attached is a copy of the presentation.

**Tuesday 14th July 2020, 10AM to 11am AWST**

To register, please click on the link below:

<https://event.webinarjam.com/register/512/lxxzghoz>

For additional information, please contact John Phillips at Proactive 0431 597 771 or [john.phillips@proactiveinvestors.com](mailto:john.phillips@proactiveinvestors.com).

This announcement was authorised by the Board.

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## About Calima Energy

Calima Energy Limited owns and operates 63,103 acres of drilling and production rights for the Montney Formation in British Columbia ("Calima Lands").

## Oil and Gas Glossary

B	Prefix – Billions	bbl	Barrel of oil
MM or mm	Prefix – Millions	boe	Barrel of oil equivalent (1 bbl = 6 mscf)
M or m	Prefix – Thousands	scf	Standard cubic feet
/ d	Suffix – per day	Bcf	Billion cubic feet
EUR	Estimated Ultimate recovery	C	Contingent Resources – 1C/2C/3C – low/most likely/high
WI	Working Interest	NRI	Net Revenue Interest (after royalty)
PDP	Proved Developed Producing	1P	Proved reserves
PUD	Proved Undeveloped Producing	2P	Proved plus Probable reserves
IP24	The peak oil rate over 24 hrs	3P	Proved plus Probable plus Possible reserves
g	gas	o	oil

## CAPITAL STRUCTURE

ASX Code	CE1
Share Price	\$0.004
Ordinary Shares	2,155 M
Management Perf. Equity	35.83 M
Options (\$0.85 ex 8/22)	\$30.75 M
Market Capitalisation <sup>(1)</sup>	\$8.6 M
Working Cap (30/4) <sup>(2)</sup>	\$3.6 M
Monthly Burn	\$158,000

(1) Based on closing price as at 13<sup>th</sup> July 2020

(2) Working Capital is post the Tommy lakes facilities acquisition, the working capital position as at April 30, 2020 is A\$3.6 million.

## CALIMA RESOURCE AUDIT

McDaniel & Associates Report<sup>1</sup>

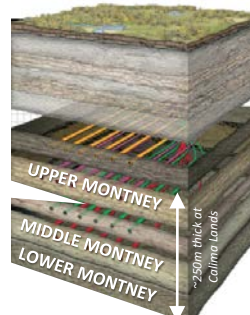
Gross 100%	Prospective Resource	Contingent Resource <sup>(2)</sup>
Natural Gas (mcf)	1,680,391	888,113
Condensate (mbbl)	37,356	19,743
Natural Gas Liquids (mbbl)	46,680	24,672
TOTAL LIQUIDS (mbbl)	84,036	44,415
TOTAL PJe	2,228	1,178
TOTAL TCFe	2.18	1.15

(1) Refer to 14 July 2020 announcement.

(2) Includes Contingent Resources – Development Pending is 248.9 Bcf/g and 12.4 Mmbo. would be categorised as 2P Reserves upon securing funding

## THE MONTNEY FORMATION

- The most active oil & gas play in Canada.
  - 10 bcf/d of gas production in 2019
  - Outlook is 20 bcf/d by 2030
- Estimated remaining reserves **449 tcf of gas**, **14.4 Billion bbls** of condensate and **1.1 Billion bbls** of oil<sup>(2)</sup>. Basin covers 130,000km<sup>2</sup> of British Columbia & Alberta
- Montney formation is a siltstone –
  - mineralogy predisposed to excellent 'fracability' allowing hydrocarbons to flow at greater quantities delivering some of the best single well economics in North America
  - Thicker than most other unconventional plays (200-300m) - allows for multi-layer completions from one surface location



Modified from Black Swan Investor Presentation - March 2018

(1) Wood Mackenzie <https://www.woodmac.com/press-releases/montney-total-production-to-increase-by-16-in-2019/>

(2) The Ultimate Potential For Unconventional Petroleum From The Montney Formation Of British Columbia and Alberta, National Energy Board, November 2013

## KEY HEADLINES

### Macro headwinds shifting

- The Canadian market is improving with gas storage now at a 10 year low reaching C\$2.50 mcf on Aeco in May 2020, currently ~C\$2 mcf which is historically high for summer time.

### Significant Optionality:

- Large contingent resources (1,178 PJe / 1.15 TCFE). Long life licenses and low cost to maintain assets. Development Pad and pipeline are permitted. No regulatory or environmental hurdles in our way.
- Pipeline approvals announced in December 2019 shift us to being development ready from a regulatory perspective.
- Owning T-L has elevated 248 mmcf gas and 12.5 mmbbl oil to the highest Contingent Resource - Pending Development category which would be categorised as 2P Reserves upon securing funding.

### Improved Egress:

- Keystone XL pipeline funded, Coastal Link Pipeline construction continues, Transmountain now under construction.
- Over 8.2 BCF/d of demand projects are under development, including Canada LNG.

### Cash Balances:

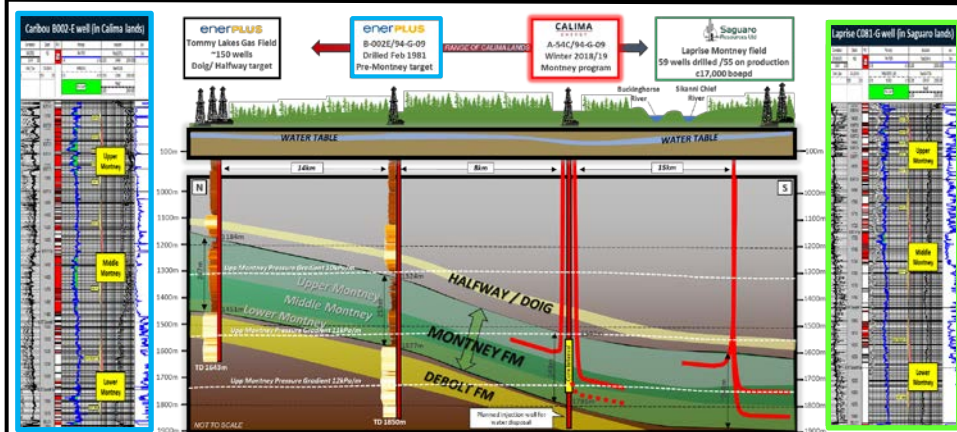
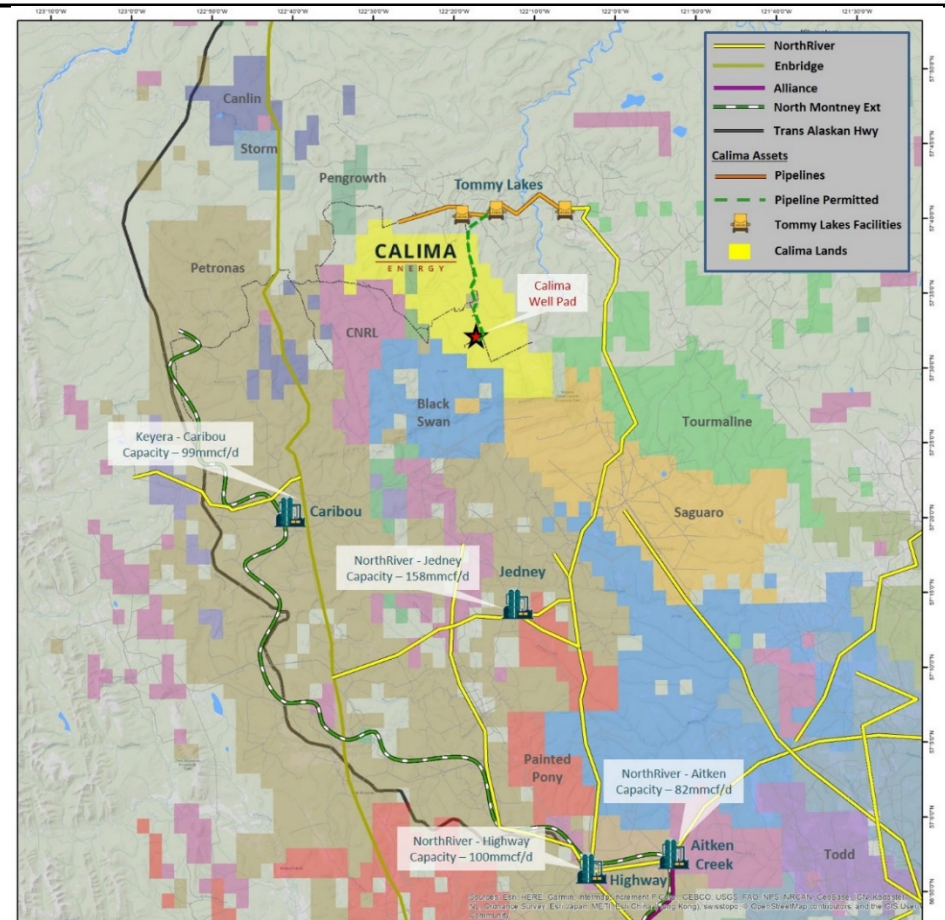
- Calima has \$3.6m in working capital 30 April 2020.
- Cashburn is \$158k/mth, after over \$1m reductions in operating costs
- Directors now taking shares and no cash remuneration.

### Market Trades:

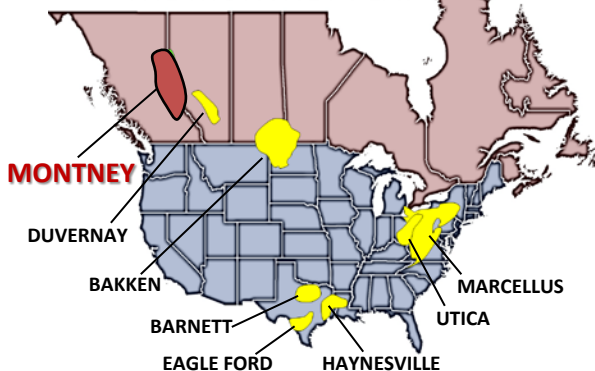
- Tourmalines acquisition A\$90m acquisition of Painted Pony acreage, Polar Star and Chinook Montney rights.

### Scalability on ASX Platform and Existing Canadian Team:

- Informal discussions with other companies regarding combination transactions and investigating those that are value accretive with cash flow.



## THE MONTNEY PLAY



## OPERATIONAL OBJECTIVES FOR 2020

### Prepare Motney acreage for future development

- Manage Motney assets within a strict budget while ensuring preservation of assets for future production.
- Tommy Infrastructure will reduce capital costs, bringing Calima lands on-stream sooner.

### New ventures

- Engage with Canadian E&P producers to maximize shareholder value via third party investment, Joint Ventures, partnerships, and/or Corporate transactions with Calima Lands & Tommy Lakes.
- Capitalise on opportunities for corporate activity as Canadian Energy companies struggle in post Covid environment.
- Pursue opportunities to add reserves capable of delivering profitable positive EBITDA production as markets adjust.

### Capital Position

- 24 months running room.
- Working capital of A\$3.6 million as at the end of April 2020.
- Board has agreed to accept shares as compensation.

## THE MONTNEY PLAYERS

### NATIONAL OIL COMPANIES



### MAJORS

ConocoPhillips

### MID CAPS



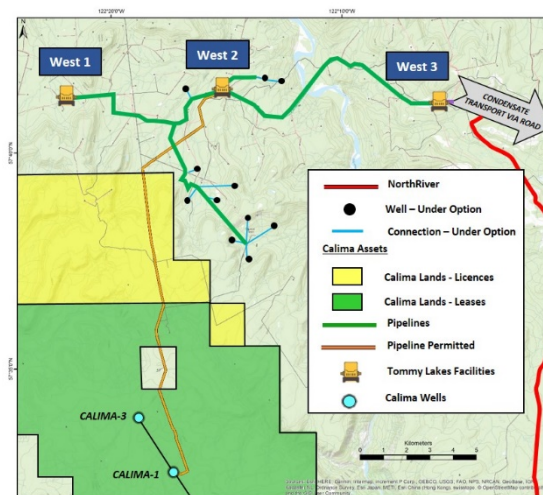
### LARGE CAPS



### SMALL CAPS



## TOMMY LAKES INFRASTRUCTURE – DEVELOPMENT READY



- Gas sales pipeline connecting to all the major growth markets, pricing flexibility on future sales contracts:
  - NGTL/AECO,
  - Alliance
  - T-North/Station 2
- Liquids stripping, compression and associated pipelines capable of transporting up to 50 mmcf/d of gas and 2,500 bbls/d of condensate before expansion
- A tie-in point to Calima Lands; permits and authorisations granted
- 30+km of gathering pipelines, including a strategic 10-inch pipeline across the Sikanni River
- Asset replacement value of A\$85 million
- Annual holding cost of ~ A\$400,000, while suspended
- Full permitted: ability to restart Facilities within 6 months

## MONTNEY EGRESS/PIPELINE- STATUS

- Alberta Government funded US\$1.1B and backstopped with financing US\$4.2B of the construction of the Keystone XL pipeline operated by TC Energy. 830,000 bbl/d additional capacity.
- Coastal Gas Link Pipeline construction continues with all Federal and Provincial governments contracts reached with Hereditary Chiefs
- Trans Mountain under construction following purchase by Federal Government for C\$4.5 billion, with planned spending for expansion being C\$3.6 billion – heavy oil
- T-South pipeline back to max operating pressure in Dec 2019 following blowout late last year.

## LNG EXPORT - WEST COAST CANADA

- LNG Canada FID achieved and construction in progress for 14 million tonne per annum project (despite Covid 19). 2024 delivery.
- Government support Federally and Provincially for LNG and providing incentives.

## CLEAR GOVERNMENT DIRECTION

- Federal Court of Appeals rejected First Nations appeal for adequate consultation for the Trans Mountain Pipeline signaling a change in tone related to major infrastructure projects in Canada.
- Federal approved and voiced support for key projects (TMX, Coastal Gas link).

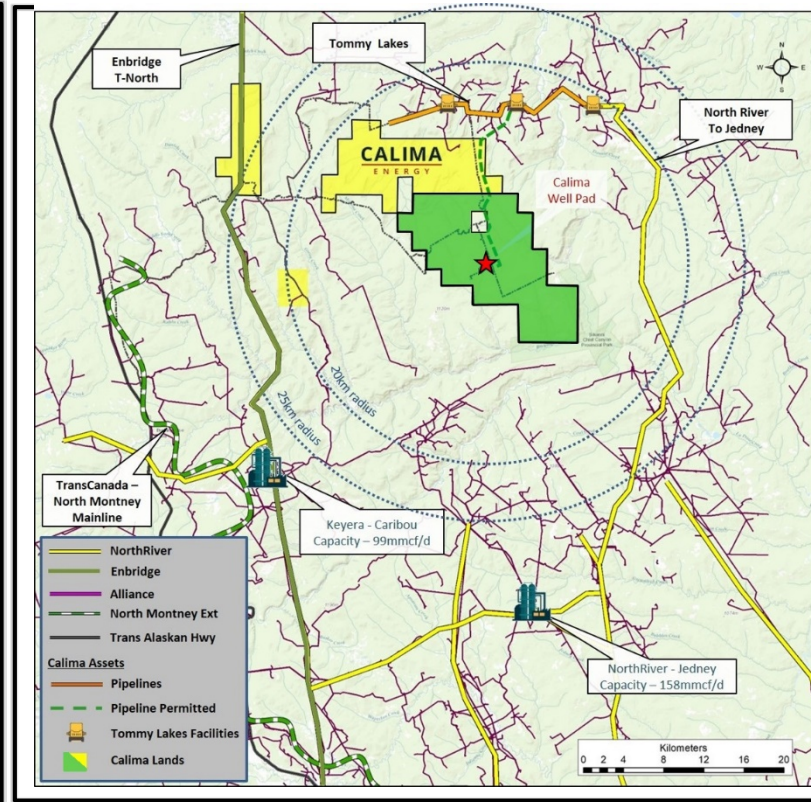
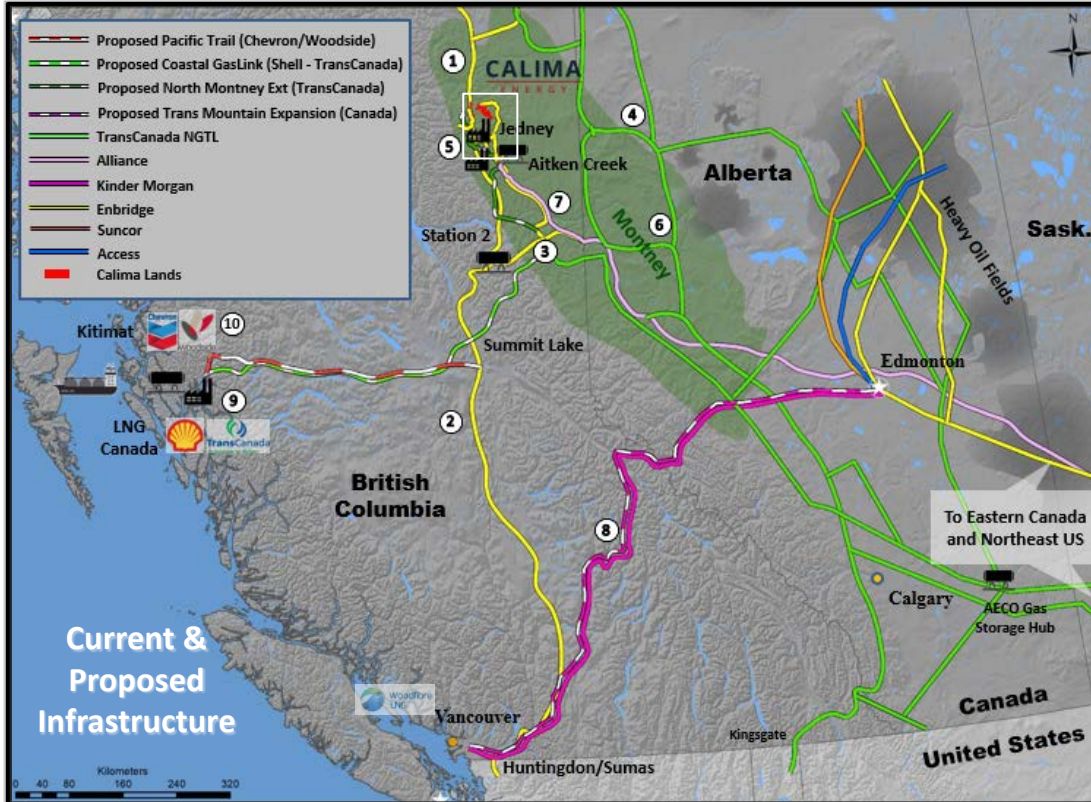
## CANADIAN SUPPLY PRESSURE

- Over the past month, Canadian oil & gas upstream budgets are down over 31% for a cumulative reduction of **US\$5.6 billion**

## NORTH AMERICAN COMPETITION & ASSOCIATED GAS

- Permian gas decline rates emphasized by reduced oil drilling (rig rate down 77%)
- From Nov 2019 to May 20 US oil Production fell by **1.5 Million barrels**. Total output expected to decline to **10.6 Mmbbl by March 2021 from 12.9 Mmbbl**.
- Gas Production fell from 92.2 BCF/d in 2019 to 89.7 BCF/d expected to fall to **83.6 BCF/d** by March 2021.
- Declining production is strengthening North American gas pricing
- Capex down by **US\$43.6B** in 2020 with a DUC's expected to reach all time high of 3,500 wells by late 2020.





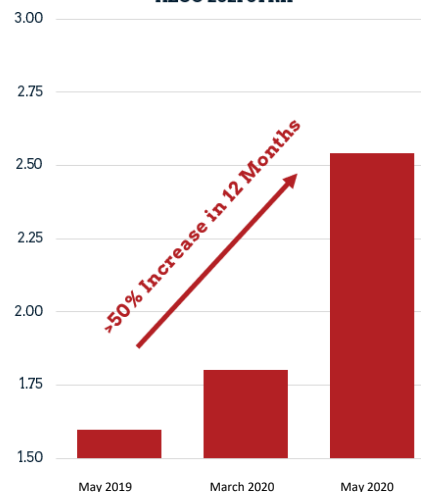
Operator	Pipeline	Demand mmcf/d	Expenditure C\$bn	Timing
1 Enbridge	T-South	190	1	2020
2 Enbridge	spruce ridge	400	0.5	2021
3 TC Energy	N Mont. Main	1,500	1.4	2020
4 TC Energy	NGTL - 2021	1,000	2.4	2021
5 Alliance	Alliance	500	2	2021
6 Gov't	Trans Mountain	600	12.6	2022
7 Shell	Coastal Gas	2,500	40	2024
8 Chevron	Pacific Trails	1,000	20	2024+
<b>Total</b>		<b>7,690</b>	<b>&gt;C\$80bn</b>	

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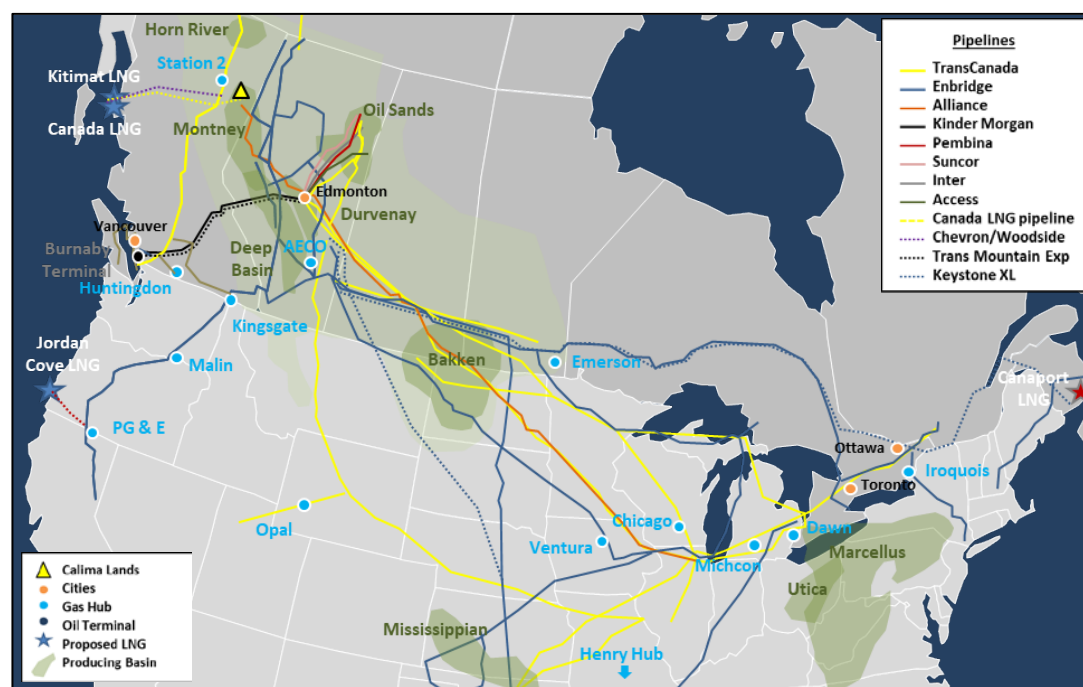
## AECO 2021 STRIP



## AECO PRICE FORECAST

- Improved Pricing:** Continued strength in forward gas pricing at AECO, Station 2 parity, structural changes to volume contracting reduce impact of seasonal repairs
- Improved Egress:** TC Energy has invested over C\$5B in the NGTL infrastructure, coming on stream in 2021, and Enbridge T-South line returned to full pressure in December 2019
- Deliverability:** Acquisition of Tommy Lakes Facilities gives Calima access to 50 mmcf/d and 50 bbls/Mmcf of processing and transport capacity
- Optionality:** continued momentum in gas pricing provides significant uplift in Calima's project economics

\* Aeco ~CS2 @ 7 July 2020



## NEAR TO MID TERM GAS CAPACITY INCREASES

### BC Pipeline expansion

- T-North Expansion – 240mmcf/d capacity has been added via the Jackfish, Wyndwood & High Pine expansion projects.
- T-South Expansion – 190mmcf/d capacity will be added by 2021 following investment of \$1bn.
- Spruce Ridge expansion program will add 38km of pipeline and in excess of additional 400mmcf/d capacity.

### 2021 NGTL Expansion Project

- 375km of new pipelines, compression facilities, meters stations and associated facilities will increase basin export capacity by 1bcf/d at a cost of \$2.4bn.

### North Montney Mainline Project

- 301km of pipeline, compression and metering facilities linking Aitken Creek into the NGTL system. Capacity of 1.5bcf/d will be added to the system at a costs \$1.4bn.

### Alliance Pipeline

- 500mmcf/d of capacity added through the addition of more compression facilities by Nov 21. The high spec nature of the existing pipe means no additional pipes are required. Project expenditure is estimated at \$2bn.

## WEST COAST LNG

**LNGCANADA**  
Opportunity for British Columbia. Energy for the world



- Downstream infrastructure with initial capacity of up to 13 mtpa (1.7 bcf/d) with option to expand to 26 mtpa (3.4 bcf/d).
- The proposed 670 kilometre Coastal Gaslink Pipeline (TransCanada) will have a capacity of 2.1 bcf/d and potential expansion to 5bcf/d with up to 8 compressor stations.
- Upstream resource in the Dawson Creek Area of the North Montney Basin (Shell/PetroChina – Groundbirch & Encana/Mitsubishi Cutback Ridge & Progress – BC Montney).

Natural gas for the project will be sourced from British Columbia's Western Canadian Sedimentary Basin and delivered to the processing facility by the proposed Pacific Trail Pipeline from Summit Lake, British Columbia to Kitimat.

- Downstream infrastructure with initial capacity of up to 10 mtpa (1.3bcf/d).
- The proposed 480 kilometre Pacific Trail Pipeline will have a capacity of 1bcf/d
- Upstream resource in the Liard and Horn River Basins, covering approximately 600,000 acres (100% project).
- Contingent resource - 10.5 Tcf (1C), 15.0 Tcf (2C), 40.0 Tcf (3C).
- Chevron recently announced their proposed sale of their 50% interest.

- In May 2019, Pacific Oil and Gas bought upstream natural gas producer Canbriam Energy Inc. for an undisclosed sum (est at \$800m). Canbriam produces roughly 200 million cubic feet of natural gas per day and 6,000 barrels per day of associated gas liquids.
- Woodfibre is designed to export 2.1 million tonnes of LNG per year, which will have an export capacity of 14 million tonnes per year when completed.

**Kitimat LNG project**



**Woodfibre LNG**

**PACIFIC CANBRIAM ENERGY**

## EXPANSION OF OIL INFRASTRUCTURE

### Trans Mountain Pipeline Expansion

- Current capacity is 300,000 bopd transporting oil from Edmonton, AB. to the Burnaby Refinery in Vancouver, BC. for marine export.
- Expansion will involve twinning the pipeline increasing capacity to 890,000 bopd.
- Increased oil production is expected to require an additional 600mmcf/d gas.
- Project recently purchased by the Canadian Govt. from Kinder Morgan for C\$4.5bn.
- Expansion project to cost C\$12.6bn and expected to be in service in 2020.

### Line 3 Replacement

- Line 3 currently transports oil from Hardisty, AB. to Superior, WI.
- Current capacity is 400,000 bopd, replacement will increase this 760,000 bopd.
- Replacement cost of >C\$9bn.

### Keystone XL pipeline

- a proposed 36" oil pipeline, transporting oil from Hardisty, AB., to Steele City, NE.
- Pipeline capacity will be 830,000bopd, of which 500,00bopd is already contracted.
- The construction cost is estimated at US\$8billion with FID received in March 2020.

## NOTES:

**CALIMA**  
ENERGY