

Calima Energy Limited (ASX:CE1)

July 28, 2021

2Q21 in line. Momentum accelerating. Further corporate consolidations in the Montney.

- 2Q21 Production was 2,959 boe/d with Thorsby generating 850 boe/d in lune.
- At Brooks, three new wells were been brought on stream from late June to mid-July with a fourth well expected to be put in production before the end of July. The contribution of these new wells will be visible in July and August.
- The three well drilling programme at Thorsby continues to be expected to start by the end of July.
- This is the first time Calima has published a cashflow statement incorporating Blackspur. The financials are consistent with our FY21 forecasts.
- The company has reiterated its average production guidance of 3,700 boe/d from May to December 2021 with YE21 production >4,500 boe/d (~4,500 boe/d previously) and capex guidance over the period of ~C\$20 mm (unchanged).
- Calima shares continue to offer a combination of value and cashflow and reserves growth. We have in increased our target price from A\$0.035 to A\$0.040 per share as we have increased our oil price assumptions from US\$60/bbl to US\$65/bbl from 3Q21.

Renewed corporate activities in the Montney

In June 2021, two further acquisitions were announced in the Montney with Tourmaline acquiring Black Swan for C\$1.1 bn and 50% interests in Saguaro's production and facilities (9,000 boe/d including 25% condensates) for C\$205 mm. These highlight the continued interest from the industry for stephane Foucaud the area where Calima holds 192 mmboe of contingent resources. With rising US gas prices, these assets are expected to be increasingly valuable. We are currently carrying no value for these assets and securing a partner could have a material impact on our valuation.

Valuation

Our 2P NAV for the company is now ~A\$0.018 per share (increased from A\$0.014 per share) with a RENAV of A\$0.040 per share (increased from A\$0.033 per share) reflecting our higher oil price assumptions. The shares trade at EV/DACF multiples of <2.0x in 2022. At WTI of US\$70/bbl, the free cash flow generated from 2022 to 1Q24 continues to be greater than the current market cap.

Share price: A\$0.010 Target: A\$0.040

Rating & target		Old	New
Target		\$0.035	\$0.040
Yield			0%
Implied total return			300%
Share data	2020a	2021e	2022e
Shares dil., mm	2,346	10,959	10,959
Mkt cap, US\$mm EV, US\$mm	\$17 \$16	\$86 \$97	\$87 \$83
	1.5	1.5.	
Financial data Gas, mmcf/d	2020a 0.0	2021e 4.0	2022e 7.8
Liquids, bbl/d	20	1,967	4,004
Total boe/d (6:1)	20	2,636	5,308
CFO, US\$mm	(\$0)	\$15	\$43
Net capex, US\$mm	\$0	\$20	\$25
Net debt, US\$mm	(\$1)	\$12	(\$4)
CFPS dil., US\$/shr	(\$0.00)	\$0.00	\$0.00
EPS dil., US\$/shr	(\$0.00)	\$0.00	\$0.00
Valuation	2020a	2021e	2022e
Share price, A\$/shr	\$0.01	\$0.01	\$0.01
EV/DACF	-34.2x	6.4x	1.9x
EV per boe/d	n.a.	\$36,894	\$15,686
Net asset value			
CNAV, A\$/shr			\$0.018
RENAV, A\$/shr			\$0.040
Unrisked NAV, A\$/shr			\$0.099
P/CNAV			0.6x
P/RENAV			0.3x
P/Unrisked NAV			0.1x
All figures in US\$ unless oth	erwise noted		

Contact details

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Figure 1. Financial & operating information

inancial & Operating Information Commodity Prices WTI USS/CAD US\$/CA USD/CAD US\$/CA JSD/AD US\$/AD Oil and Liquids bbl/d Natural Gas mmcf/ Total (6 mcf = 1 boe) boe/d % Oil and Liquids % Netbacks Realized Price US\$/bo Royalties US\$/bo Operating Netback US\$/bo Operating Netback US\$/bo Cash Flow Netback US\$/bo Cash Flow Netback US\$/bo Government Take % inancials Cash Flow (CFO) US\$mr CFPS - diluted US\$/sh EBITDAX a US\$mr Total Net Capex, Net US\$mr Net Debt US\$mr Net Debt US\$mr Net Debt/CFO (Trailing) x Entry Net Debt/CFO x 2minancials Net Debt US\$mr Net debt/CFO (Trailing) x Entry Net Debt/CFO x 2minancials Net Debt US\$mr Net debt/CFO (Trailing) x Entry Net Debt/CFO x 2minancials Net Absres o/s @ YE mm Market Capitalization US\$mr Dividends A\$sish Dividends A\$sish Dividends US\$mr Cash Iow (YY) DDA - dil. b % CFPS Growth (Y/Y) - dil. % PPS Growth (Y/Y) DDA - dil. b % CFPS Growth (Y/Y) DDA - dil. c % CNAV (Atax) - diluted A\$/shi	20 100% \$27.46 \$0.00 \$194.42 \$(\$166.96) \$5.13 \$(\$518.19) 0% \$(\$0) \$(\$0) \$(\$0) \$(\$0) \$(\$6)	2021e \$62.27 0.751 0.788 1,967 4 2,636 75% \$37.23 \$7.27 \$10.60 \$18.74 \$0.00 \$19.33 0%	2022e \$62.00 0.750 0.800 4,004 8 5,308 75% \$49.37 \$8.89 \$9.38 \$30.51 \$0.00 \$33.051	2023e \$62.00 0.749 0.800 4,508 9 5,962 76% \$49.54 \$8.92 \$9.38 \$31.25	2024e \$62.00 0.747 0.800 4,506 9 5,958 76% \$49.55 \$8.92	2025e \$62.00 0.747 0.800 4,505 9 5,961 76% \$49.50
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CFPS - diluted US\$/sh EBITDAX • US\$mr E&D Capex, Net US\$mr Total Net Capex, Net US\$mr Total Net Capex, Net US\$mr Total Net Capex/CFO x everage Net Debt US\$mr Net debt/CFO (Trailing) x Entry Net Debt/CFO x apical Structure Basic Shares o/s @ YE mm Market Capitalization US\$mr Inividends Sustainability Dividends & Sustainability Dividends & US\$mr Dividends & US\$mr Dividends & US\$mr Prec Cash Flow US\$mr PPS Growth (Y/Y) DDA - dil. % PPS Growth (Y/Y) DDA - dil. % ROCE % CNAV (Atax) - diluted A\$/shn	(\$0.00) (\$6)					
EBITDAX	(\$6)	\$15	\$43	\$52	\$51	(\$149)
E&D Capex US\$mr A&D Capex, Net US\$mr Total Net Capex/CFO x everage US\$mr Net Debt US\$mr Net Debt US\$mr Net Debt/CFO (Trailing) x apital Structure mm Basic Shares o/s @ YE mm Diluted Shares o/s @ YE mm Market Capitalization US\$mr Enterprise Value US\$mr Dividends A\$/shr Dividends A\$/shr Dividend field % Free Cash Flow WS\$mr Cash Use/CFO % PPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) DDA - dil. % ROCE % Iet Asset Value c CNAV (Atax) - diluted A\$/shr		\$0.00	\$0.00	\$0.01	\$0.01	(\$0.02)
A&D Capex, Net US\$mr Total Net Capex US\$mr Total Net Capex/CFO x everage Net Debt US\$mr Net debt/CFO (Trailing) x Entry Net Debt/CFO * x apital Structure Basic Shares o/s @ YE mm Diluted Shares o/s @ YE mm Diluted Shares o/s @ YE mm Market Capitalization US\$mr Enterprise Value US\$mr Dividends US\$mr Dividends A\$/shr Dividends A\$/shr Dividends % Free Cash Flow US\$mr Cash Use/CFO % PFO APE Shr Growth (Y/Y) - dil. % PPS Growth (Y/Y) DDA - dil. b % CFPS Growth (Y/Y) - dil. b % ROCE % Ver Asset Value c CNAV (Atax) - diluted A\$/shr RENAV (Atax) - diluted A\$/shr	\$0.35	\$15	\$44	\$52	\$51	\$50
Total Net Capex US\$mr Total Net Capex/CFO x everage VS\$mr Net Debt US\$mr Net debt/CFO (Trailing) x Entry Net Debt/CFO x apital Structure Basic Shares o/s @ YE Basic Shares o/s @ YE mm Market Capitalization US\$mr Dividends & Sustainability Usismr Dividends US\$mr Dividends Structure Recash Flow US\$mr Cash Use/CFO % PPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) DDA - dil. % ROCE % CNAV (Atax) - diluted A\$/shn RENAV (Atax) - diluted A\$/shn		\$15	\$25	\$24	\$22	\$23
Total Net Capex/CFO x everage		\$5	\$0	\$0	\$0	\$0
everage US\$mr Net Debt US\$mr Net debt/CFO (Trailing) x Entry Net Debt/CFO x capital Structure Basic Shares o/s @ YE Basic Shares o/s @ YE mm Diluted Shares o/s @ YE mm Diluted Shares o/s @ YE mm Dividends Capitalization US\$mr Dividends & Sustainability Dividends Dividends A\$/shn Dividends A\$/shn Dividends A\$/shn Proce Cash Flow US\$mr Cash Use/CFO % PPS Growth (Y/Y) - dil. % CFPS Growth (Y/Y) - dil. % ROCE % ROCE % CRAV (Atax) - diluted A\$/shn RENAV (Atax) - diluted A\$/shn	\$0	\$20	\$25	\$24	\$22	\$23
Net Debt US\$mr Net debt/CFO (Trailing) × Entry Net Debt/CFO × apital Structure Basic Shares o/s @ YE mm Diluted Shares o/s @ YE mm Market Capitalization US\$mr Entery Net Debt/CFO × Diluted Shares o/s @ YE mm Diluted Shares o/s @ YE mm Dividends attriation US\$mr Dividends US\$mr Dividends A\$/shi Dividends A\$/shi Dividend Yield % Free Cash Flow US\$mr Cash Use/CFO % PPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) DDA - dil. % ROCE % NeOCE % CNAV (Atax) - diluted a\$/shi RENAV (Atax) - diluted A\$/shi	-0.7x	1.4x	0.6x	0.5x	0.4x	-0.2x
Net debt/CFO (Trailing) x Entry Net Debt/CFO x capital Structure Basic Shares o/s @ YE mm Diluted Shares o/s @ YE mm Market Capitalization US\$mr Dividends & Sustainability US\$mr Dividends US\$mr Dividends A\$/shr Dividends Smr Cash Use/CFO % Per Cash Flow US\$mr CFPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) DDA - dil. % ROCE % CNAV (Atax) - diluted A\$/shr RENAV (Atax) - diluted A\$/shr						
Entry Net Debt/CFO x apital Structure Basic Shares o/s @ YE mm Basic Shares o/s @ YE mm Market Capitalization US\$mr Dividends & Sustainability Dividends Dividends & Sustainability Dividends Dividends A\$/shn Dividends MS\$mr Cash Use/CFO % Performance % PPS Growth (Y/Y) DDA - dil. % ROCE % CFPS Growth (Y/Y) DDA - dil. % ROCE % CNAV (Atax) - diluted A\$/shn RENAV (Atax) - diluted A\$/shn		\$12	(\$4)	(\$29)	(\$55)	\$16
apital Structure Basic Shares o/s @ YE mm Diluted Shares o/s @ YE mm Market Capitalization US\$mr Enterprise Value US\$mr Dividends & Sustainability Dividends Dividends A\$/shr Dividends A\$/shr Dividends US\$mr Cash Use/CFO % Performance % PPS Growth (Y/Y) - dil. % CFPS Growth (Y/Y) - dil. % ROCE % Vet Asset Value ~ CNAV (Atax) - diluted A\$/shr	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Basic Shares o/s @ YE mm Diluted Shares o/s @ YE mm Market Capitalization US\$mr Enterprise Value US\$mr Dividends & Sustainability US\$mr Dividends & Sustainability Dividends Dividends Market Capitalization Dividends & Sustainability US\$mr Dividends A\$/shn Dividend Yield % Free Cash Flow US\$mr Cash Use/CFO % Prod. Per Shr Growth (Y/Y) - dil. % CFPS Growth (Y/Y) DDA - dil. % ROCE % Tet Asset Value c CNAV (Atax) - diluted A\$/shn RENAV (Atax) - diluted A\$/shn	n.a.	n.a.	\$0	n.a.	n.a.	n.a.
Diluted Shares o/s @ YE mm Market Capitalization US\$mr Enterprise Value US\$mr Dividends & Sustainability Dividends & US\$mr Dividends & US\$mr Dividends & A\$/shr Dividend Yield % Free Cash Flow US\$mr Cash Use/CFO % Prod. Per Shr Growth (Y/Y) - dil. % PPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) DDA - dil. % ROCE % US\$mr CFPS Growth (Y/Y) DDA - dil. % ROCE % CFPS Growth (Y/Y) DDA - dil. % ROCE %						
Market Capitalization US\$mr Enterprise Value US\$mr Dividends & Sustainability US\$mr Dividends & MS\$mr Dividends Dividends A\$/shr Dividends MS\$mr Dividends A\$/shr Dividend Yield % Free Cash Flow US\$mr Cash Use/CFO % Performance % PPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) DDA - dil. % ROCE % CNAV (Atax) - diluted A\$/shr RENAV (Atax) - diluted A\$/shr	2192	10271	10271	10271	10271	10271
Enterprise Value US\$mm Dividends & Sustainability US\$mm Dividends A\$/shi Dividends A\$/shi Dividends US\$mm Cash Use/CFO % Performance % PPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) - dil. % ROCE % Vet Asset Value CNAV (Atax) - diluted A\$/shi	2346	10959	10959	10959	10959	10959
Dividends & Sustainability Dividends US\$mr Dividends A\$/shn Dividend Yield % Free Cash Flow US\$mr Cash Use/CFO % Performance Prod. Per Shr Growth (Y/Y) - dil. % PPS Growth (Y/Y) DDA - dil. b % CFPS Growth (Y/Y) DDA - dil. b % ROCE % Vet Asset Value c CNAV (Atax) - diluted A\$/shn RENAV (Atax) - diluted A\$/shn		\$86	\$87	\$87	\$87	\$87
Dividends US\$mr Dividends A\$/shi Dividend Yield % Free Cash Flow US\$mr Cash Use/CFO % Performance % Prod. Per Shr Growth (Y/Y) - dil. % CFPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) - dil. % ROCE % Vet Asset Value c CNAV (Atax) - diluted A\$/shi	\$16	\$97	\$83	\$58	\$32	\$103
Dividends A\$/shr Dividend Yield % Free Cash Flow US\$mr Cash Use/CFO % Performance % PPS Growth (Y/Y) - dil. % CFPS Growth (Y/Y) DDA - dil. % ROCE % Idet Asset Value c CNAV (Atax) - diluted A\$/shr RENAV (Atax) - diluted A\$/shr	•	0	2	2	2	
Dividend Yield % Free Cash Flow US\$mr Cash Use/CFO % Performance Prod. Per Shr Growth (Y/Y) - dil. % PPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) DDA - dil. % ROCE % NoCE % INAV (Atax) - diluted a %/shn RENAV (Atax) - diluted A\$/shn		0	0	0	0	0
Free Cash Flow US\$mr Cash Use/CFO % Performance % Prod. Per Shr Growth (Y/Y) - dil. % PPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) - dil. % CFPS Growth (Y/Y) DDA - dil. % ROCE % Vet Asset Value c CNAV (Atax) - diluted A\$/shn RENAV (Atax) - diluted A\$/shn	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cash Use/CFO % Performance Prod. Per Shr Growth (Y/Y) - dil. % CFPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) DDA - dil. % ROCE % Vet Asset Value c CNAV (Atax) - diluted A\$/shn RENAV (Atax) - diluted A\$/shn	0%	0%	0%	0%	0%	0%
Performance % Prod. Per Shr Growth (Y/Y) - dil. % PPS Growth (Y/Y) DDA - dil. % CFPS Growth (Y/Y) - dil. % CFPS Growth (Y/Y) DDA - dil. % ROCE % Jet Asset Value c CNAV (Atax) - diluted A\$/shn RENAV (Atax) - diluted A\$/shn		(\$6)	\$18	\$28	\$28	(\$172)
Prod. Per Shr Growth (Y/Y) - dil. % PPS Growth (Y/Y) DDA - dil. ▷ % CFPS Growth (Y/Y) DDA - dil. ▷ % ROCE % let Asset Value c CNAV (Atax) - diluted A\$/shn RENAV (Atax) - diluted A\$/shn	-70%	138%	58%	46%	44%	-15%
PPS Growth (Y/Y) DDA - dil. Keps Growth (Y/Y) - dil. Keps Growth (Y/Y) DDA - dil. Keps	15(220)	20(20)	C20/	1.20/	00/	15250/
CFPS Growth (Y/Y) - dil. % CFPS Growth (Y/Y) DDA - dil. b % ROCE % Jet Asset Value c CNAV (Atax) - diluted A\$/shn RENAV (Atax) - diluted A\$/shn	15632% n.a.	2962% 2417%	62% 100%	12% 60%	0% 77%	1525% -73%
CFPS Growth (Y/Y) DDA - dil. b % ROCE % Jet Asset Value c CNAV (Atax) - diluted A\$/shi RENAV (Atax) - diluted A\$/shi	n.a. n.a.	-252%	134%	19%	-1%	-73%
ROCE % Jet Asset Value CNAV (Atax) - diluted A\$/shi RENAV (Atax) - diluted A\$/shi	n.a.	-129%	134%	69%	75%	-393%
Jet Asset ValueCNAV (Atax) - dilutedA\$/shiRENAV (Atax) - dilutedA\$/shi	-15%	-129%	132%	19%	17%	-178%
CNAV (Atax) - diluted A\$/shi RENAV (Atax) - diluted A\$/shi	-1370	070	1770	1970	1770	1770
RENAV (Atax) - diluted A\$/shi	\$0.018					
	\$0.040					
	\$0.040					
P/CNAV x	0.6x					
P/RENAV x	0.3x					
P/Unrisked NAV x	0.1x					
/aluation	2020a	2021e	2022e	2023e	2024e	2025e
Share Price, YE/Current A\$/shi	\$0.010	\$0.010	\$0.010	\$0.010	\$0.010	\$0.010
P/CF x	-5.4x	3.7x	1.6x	1.4x	1.4x	-0.5x
EV/DACF x	-34.2x	6.4x	1.9x	1.1x	0.6x	-0.5x
Target EV/DACF x	-140.7x	25.4x	8.2x	6.3x	5.9x	-2.4x
EV per boe/d US\$/boe		\$36,894	\$15,686	\$9,706	\$5,340	\$17,259
EV per 2P boe US\$/bo	d n.a.	\$3.72	\$3.72	\$3.72	\$3.72	\$3.72
EV per 2P boe, with FDC US\$/bo		n.a.	n.a.	n.a.	n.a.	n.a.



Figure 2. NAV Table

Asset Valuation	WI Reserves and Resources (mmboe)	CoS (%)	Unrisked (US\$mm)	EMV (US\$mm)	A\$/Share (Risked)	A\$/Share (Unrisked)	% Total
Net Cash/Debt YE21			-11	-11	-0.001	-0.001	-3%
G&A			-29	-29	-0.004	-0.004	-9%
Brooks 2P	13.5	100%	114	114	0.014	0.014	35%
Thorsby 2P	12.7	100%	70	70	0.009	0.009	22%
Total Core NAV			144	144	0.018	0.018	44%
Brooks upside							
Brooks 112 Unbooked Locations	17.4	50%	147	73	0.009	0.018	22%
Brooks increasing recovery factor by 10% -							
Booked locations	13.5	40%	114	46	0.006	0.014	14%
Brooks new Sunburst pools	0.0	0%	0	0	0.000	0.000	0%
Thorsby upside							
Thorsby 73 Unbooked locations	18.3	50%	101	51	0.006	0.012	0%
Thorsby - Better recovery performance (+30%) -							
Booked loctions	3.8	40%	32	13	0.002	0.004	4%
Montney Acreage							
Contingent resources	192.4	0%	96	0	0.000	0.012	0%
Prospective resources	364.1	0%	182	0	0.000	0.022	0%
Total Risked Exploration			672	182	0.022	0.082	56%
Total			817	327	0.040	0.099	100%
Unrisked NAV					0.10		
P/Core NAV				57%			
P/NAV				25%			
P/Unrisked NAV				10%			
Source: Auctus Advisors, Company Reports							



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