

Quarterly Activities Report – 30 September 2020

Calima Energy Limited
ABN: 17 117 227 086

ASX Code: CE1

Calima Energy Limited is an oil & gas company with more than 61,735 acres of drilling rights over the Montney Formation in British Columbia, the most active oil and gas play in Canada.

Directors

Glenn Whiddon
(Chairman)

Alan Stein
(Non-Executive Director)

Neil Hackett
(Non-Executive Director)

Brett Lawrence
(Non-Executive Director)

Joint Company Secretary

Neil Hackett
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The principal activity of Calima is investing in oil and gas exploration and production projects. Calima's core assets are the lands that lie within the liquids rich gas sweet-spot of the Montney Formation in NE British Columbia, Canada and provide a prospective resource of 2.18 TCFE ⁽¹⁾ gas, and the Tommy Lakes facilities and infrastructure.

Calima Energy Limited (ASX: CE1) (Calima or the Company) is pleased to provide shareholders with the following summary of its activities during the September 2020 quarter. The Company has completed preliminary results with Canadian Discovery in further understanding the Middle and Upper Montney with beneficial results.

KEY ACTIVITIES AND HIGHLIGHTS

- A\$2.3 million cash as of 30 September 2020.
- Pressure gauges successfully retrieved from Calima 2 and 3 wells after 18 months of gathering formation pressure data
- Canadian Discovery correlated core data and pressure results confirming the following:
 - Middle Montney is over-pressured with a stabilised downhole pressure of 19,382 kPa (similar to well results by Saguaro Resources at Laprise Creek)
 - Upper Montney has higher porosity, permeability and normally pressured (12,860 kPa), similar to well results at Nig Creek by Storm Resources and Tourmaline at Birley Creek
- The combination of enhanced reservoir characteristics and normal pressures means that future Upper Montney wells can be designed with less intense and lower cost completions, leading to improved economics for each well.
- The Tommy Lakes Facilities continues to be maintained as planned.

RESOURCE TABLE¹

| | Prospective Resource (2U) | Contingent Resource (2C) | | |
|----------------------|---------------------------|--------------------------|-------------|------------------|
| | | Dev on hold | Dev Pending | Total Contingent |
| Natural Gas (MMCF) | 1,680,391 | 639,208 | 248,904 | 888,113 |
| Total Liquids (MBOB) | 84,036 | 31,947 | 12,468 | 44,415 |
| Total PJe | 2,228 | 847 | 330 | 1,178 |
| Total Tcfe | 2.18 | 0.83 | 0.33 | 1.15 |

CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

| | | | |
|---------------|-----------------|----------------------|-----------------|
| ASX Code | CE1 | Cash @ 30/9 | A\$2.3 million |
| Share Price | 0.6 cent | Net Rec/(creditors) | (\$68,000) |
| Shares | 2,191,938,208 | Working Capital | A\$2.23 million |
| Market Cap | A\$13.1 million | Producing wells | 1 |
| Quarterly Rev | A\$90,000 | Avg daily Production | 24 BOD |

¹ See Calima Energy ASX Announcement 14 July 2020. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcements and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

OPERATIONS

On 3 September 2020 the Company announced its plans to retrieve and analyze the downhole pressure gauges and core from the 2019 winter drilling campaign in Calima 2 and 3 wells. Calima 1 retrieved over 200m of Montney Core. Wells 2 and 3 were drilled as 2,500m horizontal wells in the Middle and Upper Montney (respectively). Both wells were successfully flow tested delivering strong initial flow rates resulting in significant resource upgrades (refer to announcement dated 20 July 2020). The downhole data was retrieved in September 2020 and provided to Canadian Discovery along with the core resulting in the following outcomes:

Middle Montney (Calima 2 Well)

The Middle Montney zone targeted in Calima 2 tested favourably compared to area analogues, with a pressure-depth ratio of approximately 11.5 kPa/m (19,382 kPa), and flow test condensate-gas ratios (CGR) suggesting over 43 bbl/mmcft. Nearby producers exhibiting similar reservoir conditions, such as C-016-K/094-H-05 in Laprise Creek, have an IP90 liquids rate of 223 bbl/d and a CGR of over 50 bbl/mmcft.

The recorders in this well provided 495 days of data as they were installed immediately following testing operations. The well settled quickly after flow testing was completed in March 2019 and built up to a final downhole pressure gradient of ~11.5kPa/m (19,382kPa). This is consistent with the flow test results Calima realised as the well cleaned up during flowback.

The Calima 2 well appears analogous to the pressures and rock characteristics that Saguaro Resources encounter in their Middle Montney wells directly to the south of Calima at Laprise Creek. Saguaro holds adjoining licenses to Calima and is on trend to the south east, recently reported initial gas rates which were identified as the 2nd highest initial flow rates of all Montney wells drilled in 2020 and have been able to reduce drilling and completion costs of the past few years by ~30% (C\$1M) translating into improved project economics.

The completion design used for Calima 2 was optimised for the type of reservoir conditions encountered in the well. The initial peak flow rate from this well, in excess of 10 mmcf/d, was similar to the Saguaro results above in Figure 1. Replicating these rates going forward from future wells would translate to an increase in the estimated ultimate recoveries (EUR's) from each well. The Company's Reserve report lodged 14 July 2020 has EUR's at 8.4 BCF.

Upper Montney (Calima 3 Well)

This pressure data from Calima 1 compares favourably with other Upper Montney wells at similar depths in the Nig Creek area by Storm Resources and Chinook Energy at Birley Creek to the south. Analogue producers at Birley Creek, have an IP90 liquids rate of 150 bbl/d and CGRs of over 45 bbl/mmcft.

The Calima 1 well cored ~50m of the Upper Montney, comprising variably bioturbated dolomitic/calcareous siltstone averaging 3 to 6% porosity with sporadic cm-scale coquina stringers present in the interval targeted by Calima 3. Elsewhere in the Montney layers of coquina (rock comprised almost entirely of shell fragments) correspond to layers of super-productivity. The initial maximum recorder pressures of 13,386 kPa(a) in the Calima 3 well stabilised to a pressure of approximately 12,860 kPa(a) after a 540 day shut-in period; reflecting load fluid leak-off and imbibition into the induced fracture network and rock matrix. This pressure compares favourably with other Upper Montney wells at similar depths in the Nig Creek and Birley Creek areas to the south. Analogue producers at Birley Creek, have an IP90 liquids rate of 150 bbl/d and CGRs of over 45 bbl/mmcft. The test results and reverse static gradient analysis suggest the wellbore is likely gas filled and the formation is capable of CGR production rates due to soaking and imbibition similar to on trend wells.

The completion design for Calima 3, being similar to Calima 2, was not optimized for a normally pressured reservoir, explaining why it took longer than expected for the well to clean up. The higher proppant loading meant that the large volumes of water pumped into a normally pressured reservoir inhibited the early flow of hydrocarbons. The recorder data has now verified the potential productivity of the reservoir, the primary purpose of the down hole gauges.

Evolving Upper Montney Completions

Recent Upper Montney wells with similar conditions have been completed using ball and seat technology with 30-40 stages across 1,500-2,500 m laterals and 50-65 m frac spacing. Their proppant tonnages range between 55-65t/stage and fluid volumes averaging 300m³ per stage. These are far less intense completions than were applied in Calima 3; 92 stages, with 30m spacing and proppant of ~45t/stage with ~275 m³ fluid volumes, which means that future wells can be drilled at significantly lower costs, improving overall economics.

Core Analysis Report

Canadian Discovery are in the process of incorporating this new pressure data into a larger study which includes detailed analysis of the core collected from the Calima 1 well. The Calima 1 well recovered 230m of core which represents over 90% of the entire Montney. This is relatively rare and provides a wealth of information on not just the Upper and Middle Montney but also the Lower Montney where some Operators in British Columbia have reported encouraging results.

Tommy Lakes Facilities

On 15 April 2020 the Company closed its acquisition of compression facilities, associated pipelines and infrastructure in the Tommy Lakes Field which lies immediately 20km's to the north of the Calima Lands. The Facilities provide cost-efficient access to North River Midstream pipeline and Jedney processing facility and access to regional markets via the major pipeline networks including NGTL, Alliance and T-North.

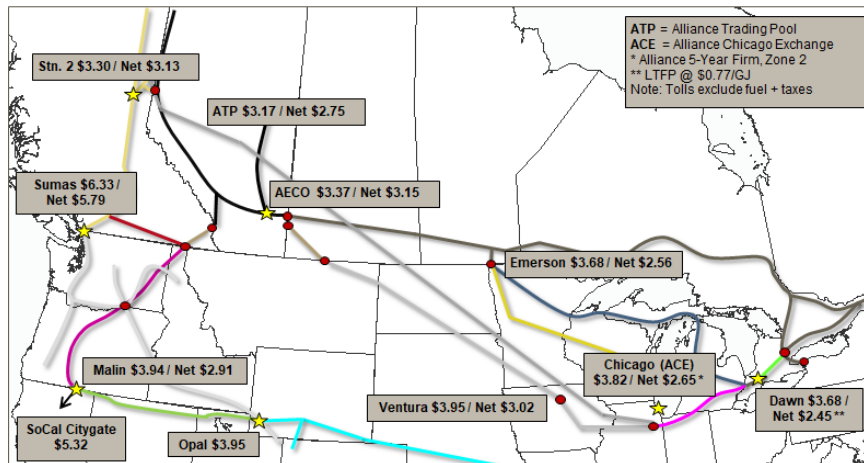
The Tommy Lake infrastructure continues to be maintained by Sproule and Associates with their local field operations staff. Work was completed throughout the summer to ensure winterization of camp facilities and preservation of assets. The power generation units that were installed at Tommy consistently delivered through the solar components throughout the summer, utilizing very little external fuel to generate electricity. The units are required to maintain a cathodic protection on the pipeline and facilities to prevent corrosion by inducing an electrical current. These units offset the use of diesel generators that consume more than 50,000l of fuel annually.

Paradise Well (100% WI)

The Paradise well (Official designation; Boundary 5-1-86-15 00/11-01-08615W6/0) is located 40 kilometres to the northeast of Fort St John and 250 km to the southeast of the Company's extensive Montney interests in northeast British Columbia. Total production days for the period was 81 days, resulting in 1929 barrels of oil total (averaging ~23.8 barrels of oil per producing day).

Calima undertook the installation of additional oil storage at this location in September in advance of winter. This additional 800bbl of oil storage on location will ensure a higher number of days on production, as the well will not be shut in due to poor weather. The poor weather results in road conditions that are unfavourable to the transport of oil, and creates damage to the access roads that is costly to repair.

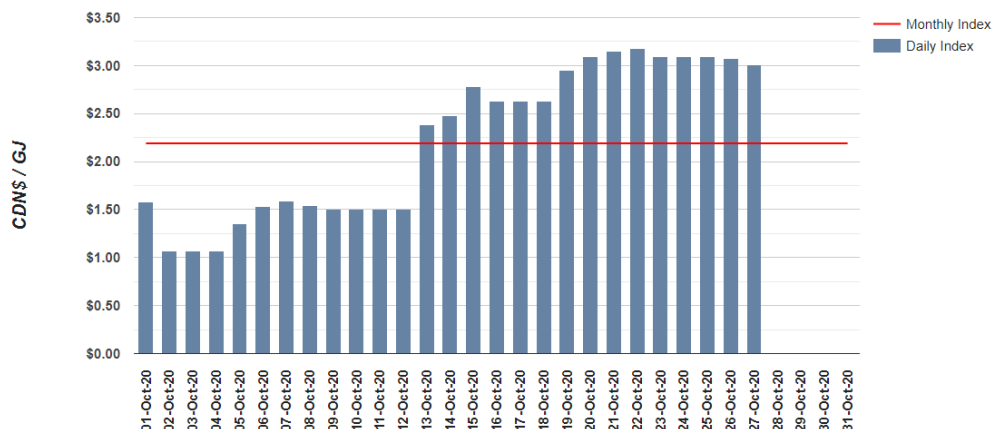
Canadian Oil and Gas Market Update



Gas Pricing above \$3

Natural gas futures went above \$3 in Canada / US for the first time in two years, buoyed by forecasts for chilly weather and speculation that supplies will be tight this winter amid a rebound in demand.

Alberta Natural Gas Prices - Current Month



Oil Production down 14%

The oil price during September dropped, primarily as a result of Libya indicating it would increase production on 18 September from 100,000 bo/d to 260,000 bo/d and could reach 500,000 bo/d by the end of October 2020. Oil production from Canada has reduced 14% from 3,662 kbo/d in July 2019 to 3,162 kbo/d July 2020.

Along with increasing supply, global demand has remained depressed as second waves of COVID-19 infections increase in numerous countries. The EIA estimates that global consumption in August was 94.3 MMbo/d and will average 93.1 MMbo/d for 2020.

British Colombia Regional Elections

In Canada, the left-wing British Columbia New Democratic Party (NDP) will form a majority government following an October 24th election. Prior to this election, the NDP held power via a support agreement with the Green Party as part of a minority government. The NDP party has been a strong supporter of the development of LNG Canada and the gas development in NE British Columbia.

Related Party Payments

During the quarter ended 30 September 2020, the Company made cash payments of \$46,505 to related parties and their associates in respect of fees outstanding from the year ended 30 June 2020. As previously advised all directors are being remunerated with shares until April 2021. On 14 July 2020 and 14 October 2020 the Company issued \$49,955 and \$72,200 worth of shares respectively to directors or their related parties. These payments relate to existing remuneration agreements with Directors.

Corporate

- on 14 July 2020 the Company issued 11,902,002 shares to Directors and consultants reflecting consulting and directors fees of \$59,741.
- on 14 October 2020 the Company issued 20,963,981 shares to Directors and consultants reflecting consulting and directors fees of \$136,225.

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

| | | |
|---|---|---|
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Forward Looking Statements

This release may contain forward-looking statements. These statements relate to the Company's expectations, beliefs, intentions or strategies regarding the future. These statements can be identified by the use of words like "anticipate", "believe", "intend", "estimate", "expect", "may", "plan", "project", "will", "should", "seek" and similar words or expressions containing same. These forward-looking statements reflect the Company's views and assumptions with respect to future events as of the date of this release and are subject to a variety of unpredictable risks, uncertainties, and other unknowns. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, many of which are beyond our ability to control or predict. These include, but are not limited to, risks or uncertainties associated with the discovery and development of oil and natural gas reserves, cash flows and liquidity, business and financial strategy, budget, projections and operating results, oil and natural gas prices, amount, nature and timing of capital expenditures, including future development costs, availability and terms of capital and general economic and business conditions. Given these uncertainties, no one should place undue reliance on any forward-looking statements attributable to Calima, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this release sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Qualified petroleum reserves and resources evaluator statement

The petroleum resources information in this announcement is based on, and fairly represents, information and supporting documentation in a report compiled by technical employees of McDaniel and Associates Ltd, a leading independent Canadian petroleum consulting firm registered with the Association of Professional Engineers and Geoscientists of Alberta, and was subsequently reviewed by Mr Mark Sofield who is a consultant (Havoc Services Pty Ltd) contracted to Calima Energy. Mr Sofield holds a BSc. Geology (Hons), is a Geologist with over 20 years of experience in petroleum geology, geophysics, prospect generation and evaluations, prospect and project level resource and risk estimation and is a member of the American Association of Petroleum Geologists. Mr Sofield has consented to the inclusion of the petroleum resources information in this announcement in the form and context in which it appears.

Oil and Gas Glossary

| | | | |
|----------|--------------------|--------------------|---|
| B or b | Prefix – Billions | BBL, BO, bbl or bo | Barrel of oil |
| MM or mm | Prefix – Millions | BOE or boe | Barrel of oil equivalent (1 bbl = 6 mscf) |
| M or m | Prefix – Thousands | CF or cf | Standard cubic feet |
| / D | Suffix – per day | BCF or bcf | Billion cubic feet |
| G | Gas | O or o | Oil |
| Pj | Petajoule | E or e | Equivalent |

| | | | |
|------|-------------------------------|-----|--|
| 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 |

Appendix One - Schedule of Interest in Tenements

| COUNTRY | BLOCK ID | LOCATION | WORKING INTEREST 31-12-2019 | WORKING INTEREST 31-03-2020 |
|---------|---------------|----------|--------------------------------|--------------------------------|
| CANADA | 65101 | Onshore | 100% | 100% |
| CANADA | 65537 | Onshore | 100% | 0% |
| CANADA | 65539 | Onshore | 100% | 0% |
| CANADA | 65556 | Onshore | 100% | 0% |
| CANADA | 65557 | Onshore | 100% | 0% |
| CANADA | 65558 | Onshore | 100% | 0% |
| CANADA | 65559 | Onshore | 100% | 0% |
| CANADA | 65591 | Onshore | 100% | 0% |
| CANADA | 65659 | Onshore | 100% | 100% |
| CANADA | 65662 | Onshore | 100% | 100% |
| CANADA | 65663 | Onshore | 100% | 100% |
| CANADA | 65733 | Onshore | 100% | 100% |
| CANADA | 65735 | Onshore | 100% | 100% |
| CANADA | 66255 | Onshore | 100% | 100% |
| CANADA | 66256 | Onshore | 100% | 100% |
| CANADA | 66312 | Onshore | 100% | 100% |
| CANADA | 66313 | Onshore | 100% | 100% |
| CANADA | 66338 | Onshore | 100% | 100% |
| CANADA | 66386 | Onshore | 100% | 100% |
| CANADA | 66419 | Onshore | 100% | 100% |
| CANADA | 66420 | Onshore | 100% | 100% |
| CANADA | 66421 | Onshore | 100% | 100% |
| CANADA | 66422 | Onshore | 100% | 100% |
| CANADA | 66440 | Onshore | 100% | 100% |
| CANADA | 66441 | Onshore | 100% | 100% |
| CANADA | 66442 | Onshore | 100% | 100% |
| CANADA | 66443 | Onshore | 100% | 100% |
| CANADA | 66479 | Onshore | 100% | 100% |
| CANADA | 66480 | Onshore | 100% | 100% |
| CANADA | 66481 | Onshore | 100% | 100% |
| CANADA | 66515 | Onshore | 100% | 100% |
| CANADA | 66550 | Onshore | 100% | 100% |
| CANADA | 66581 | Onshore | 100% | 100% |
| CANADA | 67026 - 65350 | Onshore | 100% | 100% |
| CANADA | 67027 - 65391 | Onshore | 100% | 100% |
| CANADA | 67028 - 65556 | Onshore | 100% | 100% |
| CANADA | 67029 - 65591 | Onshore | 100% | 100% |
| CANADA | 67030 - 65691 | Onshore | 100% | 100% |
| CANADA | 67031 - 65733 | Onshore | 100% | 100% |
| CANADA | 67032 - 65735 | Onshore | 100% | 100% |
| CANADA | 67033 - 66312 | Onshore | 100% | 100% |
| CANADA | 67034 - 66440 | Onshore | 100% | 100% |
| CANADA | 67035 - 65450 | Onshore | 100% | 100% |
| CANADA | 67036 - 65452 | Onshore | 100% | 100% |
| CANADA | 67042 - 65537 | Onshore | 100% | 100% |
| CANADA | 67043 - 65557 | Onshore | 100% | 100% |
| CANADA | 67044 - 65558 | Onshore | 100% | 100% |
| CANADA | 67045 - 65559 | Onshore | 100% | 100% |
| CANADA | 67046 - 65635 | Onshore | 100% | 100% |
| CANADA | 67047 - 65636 | Onshore | 100% | 100% |
| CANADA | 67048 - 65662 | Onshore | 100% | 100% |
| CANADA | 67049 - 65663 | Onshore | 100% | 100% |
| CANADA | 67050 - 66338 | Onshore | 100% | 100% |

| | | | | |
|----------------|--------|----------|------|------|
| CANADA | 67111 | Onshore | 100% | 100% |
| WESTERN SAHARA | Daora | Offshore | 50% | 50% |
| WESTERN SAHARA | Haouza | Offshore | 50% | 50% |
| WESTERN SAHARA | Mahbes | Offshore | 50% | 50% |
| WESTERN SAHARA | Mijek | Offshore | 50% | 50% |

Appendix Two - Capital Structure

Securities on Issue as at 30 September 2020:

- 2,191,938,208 fully paid ordinary shares (quoted)
- 19,450,000 performance rights
- 16,081,866 performance shares
- 10,000,000 options exercisable at \$0.09 on or before 25 August 2022
- 10,000,000 options exercisable at \$0.12 on or before 25 August 2022
- 10,000,000 options exercisable at \$0.045 on or before 25 August 2022
- 750,000 options exercisable at \$0.07 on or before 6 November 2021

In relation to the Performance rights:

- No performance rights were issued during the period.
- The Performance Rights will vest, subject to completion of a minimum of 18 months' continuous service, on satisfaction of at least two of the following three conditions:
 - The VWAP for Calima shares for any period of 30 consecutive trading days being above \$0.15;
 - Calima raising more than \$5 million (excluding the Public Offer) at an average price of \$0.15; and
 - Calima's market capitalisation exceeding \$50 million (based on the VWAP for Calima shares for any period of 30 consecutive trading days).
- No performance rights were converted or redeemed during the period.
- The milestone for the performance rights was not met during the period.

In relation to the Performance Shares:

- No Performance Shares were issued during the period.
- Class A and Class C Performance Shares will vest and convert on a one for one basis into a share on achievement of either of the following milestones:

Class A – Milestone A

 - any of Calima's Production Sharing Contracts with the SADR Government (or a replacement title) commencing and taking effect in accordance with the applicable Assurance Agreement with the SADR Government; or
 - the Company selling all or part of Calima's Production Sharing Contracts with the SADR Government (or a replacement title) for an amount greater than A\$0.132 million.

Class C – Milestone C

 - spudding of an exploration well in any Offshore Comoros Blocks licensed by Bahari; or
 - the Company selling the Bahari Shares for an amount greater than A\$1.32m.
- No Milestones for the performance shares were met during the period.

Appendix Three - Notes to accompany Resources Tables

(1) Natural Gas Liquids refers to the product recovered after processing. Approximately 10 bbl/MMcf of the product recovered after processing is also condensate (C5) see also Note 2.

(2) Sum of Condensate and Natural Gas Liquids. Based on Company drilling results public domain data and the results of wells drilled on adjacent land McDaniel estimate that the average condensate to gas ratio for wells in the Calima Lands would be 22.5 bbl/MMcf (wellhead condensate/gas ratio) for the Middle Montney and 17.5bbl/MMcf for the Upper Montney. Additional liquids 25bbl/MMCF would be stripped from the gas upon processing comprising 6 bbl/MMcf of C3, 9 bbl/MMcf of C4, and 10 bbl/MMcf of C5+ (Condensate).

(3) Barrels of Oil Equivalent based on 6:1 for Natural Gas, 1:1 for Condensate and C5+, 1:1 for Ethane, 1:1 for Propane, 1:1 for Butanes. BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

(4) Contingent Resources (2C) - Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. Contingent resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status. The Contingent Resources (2C) in Tommy Lakes have been sub-classified as a "Development on Hold" and "Development Pending" as the accumulation is well defined and does represent a viable drilling target. The Contingent Resources have been classified using a deterministic method of estimation having an evaluation date of 31 March 2020.

(5) Prospective resources (2U) are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbon. The Prospective Resources (2U) in Tommy Lakes have been sub-classified as a "Prospect" as the accumulation is well defined and does represent a viable drilling target. The prospective resources have also been classified using a deterministic method having an evaluation date of 31 March 2020.

(6) Pre-Development – A pre-development study is an intermediate step in the development of a project scenario. The amount of information that is available for the reservoir of interest is greater than for a conceptual study. In particular, the petroleum initially in place has been reasonably well defined and the remaining uncertainty lies largely in the recovery factor and the economic viability.

(7) The resources have been calculated on a reduced land position of 58,981 acres in which Calima Energy holds a 100% working interest. This includes 33,643 acres (49 sections) held under a 10-year Continuation Lease (valid to 2029) and the balance held leases that expiring in 2021/2.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

CALIMA ENERGY LIMITED

ABN

17 117 227 086

Quarter ended ("current quarter")

30 SEPTEMBER 2020

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (.....months) \$A'000 |
|---|----------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 98 | 266 |
| 1.2 Payments for | | |
| (a) exploration & evaluation | - | - |
| (b) development | (96) | (500) |
| (c) production | (50) | (135) |
| (d) staff costs | (143) | (361) |
| (e) administration and corporate costs | (112) | (371) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | 1,367 |
| 1.9 Net cash from / (used in) operating activities | (302) | 267 |

| | | |
|--|-------|---------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) tenements | - | - |
| (c) property, plant and equipment | - | - |
| (d) exploration & evaluation | (520) | (1,254) |
| (e) investments | - | - |
| (f) other non-current assets | (198) | (263) |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (.....months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (718) | (1,517) |

| | | | |
|-------------|---|-------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | (60) | (212) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | (60) | (212) |

| | | | |
|-----------|--|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 3,335 | 3,666 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (302) | 267 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (718) | (1,517) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (60) | (212) |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (.....months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | 59 | 110 |
| 4.6 | Cash and cash equivalents at end of period | 2,314 | 2,314 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|-----|--|----------------------------|-----------------------------|
| 5.1 | Bank balances | 2,314 | 3,335 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 2,314 | 3,335 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|---|---|----------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 47 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> | | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| | | |
|---|---|--|
| 7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
| 7.1 Loan facilities | 870 | 870 |
| 7.2 Credit standby arrangements | | |
| 7.3 Other (please specify) | | |
| 7.4 Total financing facilities | 870 | 870 |
| 7.5 Unused financing facilities available at quarter end | | nil |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| In March 2019 the Company forward sold C\$1,200,000 of net production revenue from the Paradise well for the consideration of C\$1,000,000. The forward sale facility is repayable from monthly net well production over a period of 36 months, maturing 1 April 2022. As at 30 October net payments of C\$389,229, leaving C\$810,820 (A\$810,820) outstanding. In the event of there being any shortfall the lender can require repayment of the outstanding balance in cash or, subject to shareholder approval, shares. | | |

| | |
|---|----------------|
| 8. Estimated cash available for future operating activities | \$A'000 |
| 8.1 Net cash from / (used in) operating activities (item 1.9) | 302 |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | 520 |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | 822 |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 2,314 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | 0 |
| 8.6 Total available funding (item 8.4 + item 8.5) | 2,314 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 3 |
| <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | |
| 8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: | |
| 8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| Answer: | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31 October 2020.....

Authorised by:Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.