
CALIMA ENERGY LIMITED**ACN 117 227 086****NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Meeting will be held at:

TIME: 10:00 am WST

DATE: 24 May 2024

PLACE: Suite 4, 246-250 Railway Parade, West Leederville 6007

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00 pm WST on 22 May 2024.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2023 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2023.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MARK FREEMAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.2 of the Constitution, Listing Rule 14.5 and for all other purposes, Mark Freeman, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

5. RESOLUTION 4 – APPROVAL OF THE PROPOSED CAPITAL RETURN

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“That the issued share capital of the Company be reduced by up to A\$80,000,000 in accordance with sections 256B and 256C of the Corporations Act, and that such capital reduction be effected, subject to the Board's discretion, by the Company paying each Shareholder the amount of up to 12.64 Australian cents per Share on the terms and conditions set out in the Explanatory Statement.”

Dated: 12 April 2024

By order of the Board

**Glenn Whiddon
Executive Chairman**

For personal use only

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

The Chair intends to vote undirected proxies on, and in favour of, Resolution 1.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives from Computershare will need to verify your identity. You can register on the day of the meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6500 3270.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2023 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <https://calimaenergy.com>.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting Consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the Managing Director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MARK FREEMAN

3.1 General

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mark Freeman, who has served as a Director since 23 June 2021 and was elected on 31 May 2022, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Mark is a Chartered Accountant with more than 25 years' experience in corporate finance and the resources industry. He has experience in strategic planning, business development, mergers and acquisitions, North American gas commercialisation, and project development general management. Mr Freeman has worked with a number of successful public resource companies and since 2015 has been providing strategic advice to Calima. Mr Freeman is a graduate of the University of Western Australia with a Bachelor of Commerce. Mr Freeman also holds a Graduate Diploma in Applied Finance from the Securities Institute of Australia.

3.3 Independence

If re-elected the Board does not consider Mark Freeman will be an independent Director.

3.4 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, Mark Freeman will be re-elected to the Board as a Non-Executive Director.

In the event that Resolution 2 is not passed, Mark Freeman will not continue in his role as a Non-Executive Director. The Company may seek nominations or otherwise identify suitably qualified candidates to join the Company. As an additional consequence, this may detract from the Board and Company's ability to execute on its strategic vision.

3.5 Board recommendation

The Board has reviewed Mark Freeman's performance since his appointment to the Board and considers that his skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mark Freeman and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

4.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$79,135,096 (based on the number of Shares on issue and the closing price of Shares on the ASX on 2 April 2024).

Resolution 3 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

For note, a special resolution is a resolution requiring at least 75% of votes cast by shareholders present and eligible to vote at the meeting in favour of the resolution.

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

4.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 3:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued for cash consideration at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 4(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate towards the acquisition of new resources, assets and investments (including expenses associated with such an acquisition) and for general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 2 April 2024.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.063	\$0.125	\$0.188
			50% decrease	Issue Price	50% increase
Funds Raised					
Current	633,080,769 Shares	63,308,076 Shares	\$3,988,409	\$7,913,510	\$11,901,918
50% increase	949,621,154 Shares	94,962,115 Shares	\$5,982,613	\$11,870,264	\$17,852,877
100% increase	1,266,161,538 Shares	126,616,154 Shares	\$7,976,818	\$15,827,019	\$23,803,836

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 633,080,769 Shares on issue as at the date of this Notice.
2. The issue price set out above is the closing market price of the Shares on the ASX on 2 April 2024 (being \$0.125).
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;

- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
 - (v) prevailing market conditions; and
 - (vi) advice from corporate, financial and broking advisers (if applicable).
- (f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 31 May 2023 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, the Company has not issued any Equity Securities pursuant to the Previous Approval.

4.3 Voting Exclusion Statement

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

5. RESOLUTION 4 – APPROVAL OF THE PROPOSED CAPITAL RETURN

5.1 Background

The Company disclosed in its announcement dated 28 February 2024 that following the sale of its subsidiary, Blackspur Oil Corporation (**Blackspur**) for a net \$81.6 million and subject to shareholder approval, it intends to make a A\$80 million (~12.64 cents per share) distribution to its shareholders by utilising the proceeds of the Blackspur sale (**Proposed Capital Return**). The Proposed Capital Return is also subject to an ATO ruling on the return of capital.

The Board now estimates that, and is seeking approval for, the total amount of the Proposed Capital Return to equal up to A\$80,000,000 (up to 12.64 Australian cents per Share), as is set out below.

Capital Return	A\$80,000,000
Australian cents per Share	12.64
Expected timing	June 2024

However, the exact amount will be determined by the Board having regard to (without limitation) the precise amount of cash available to be distributed to Shareholders.

Subject to this Resolution 4, the Proposed Capital Return will be distributed by way of an equal return of capital to Shareholders pro rata to the number of Shares which they hold at on the Record Date (expected to be 5:00pm (WST) on 19 June 2024). The Record Date is subject to change and will be confirmed by the Company.

The Proposed Capital Return will be funded by way of a cash distribution from Blackspur (**Distribution**). The Proposed Capital Return will be debited against the Company's share capital account. This constitutes a reduction in the Company's

share capital and as such the Proposed Capital Return must be effected in accordance with sections 256B and 256C of the Corporations Act.

The purpose of this Resolution 4 is to obtain Shareholder approval for the purposes of sections 256B and 256C of the Corporation Act to undertake the Proposed Capital Return on the terms set out in this Explanatory Statement.

5.2 Tax

CEI is in the process of applying for an ATO Class Ruling to confirm that:

- (a) no part of the Proposed Capital Return will constitute, or be treated as, a dividend for Australian income tax purposes; and
- (b) instead:
 - (i) a Shareholder's cost base in each Share will be reduced by the amount of capital returned in connection with that Share;¹
 - (ii) where the cost base of a Share is less than the amount of capital returned in connection with that Share, a capital gain will arise;
 - (iii) qualifying Shareholders will be entitled to treat any resulting capital gain as a 'discount capital gain';² and
 - (iv) qualifying foreign resident Shareholders will be entitled to disregard any resulting gain.³

Based on the historical Share price and the quantum of the Proposed Capital Return, no capital gain is expected to arise for any shareholder. Notwithstanding this, for completeness, the Company will request that the ATO confirm the capital gains tax consequences of the Proposed Capital Return under cover of the Class Ruling.

The Class Ruling, if issued in accordance with the Company's application, will apply:

- (a) to the income years spanning 1 July 2023 to 30 June 2024 and, separately, 1 January 2023 to 31 December 2023 (to accommodate substituted accounting periods); and
- (b) to both Australian and foreign tax resident shareholders who hold their Shares on capital account.

The Class Ruling will be made available (if received) in due course on the Company's website, but this is not expected until after the date of the Meeting.

The tax implications of the Capital Return for Shareholders will depend on their particular circumstances. All Shareholders should consider seeking their own tax advice, in particular:

- (a) Shareholders who do not hold their shares on capital account, being Shareholders to whom the Class Ruling will not apply. For completeness, a revenue gain may arise for Shareholders who hold their Shares on

¹ Relevant for calculating capital gains and losses on future CGT events concerning Shares.

² Availability of the CGT discount is limited to individual, trusts and complying superannuation entities that hold the Shares on capital account.

³ Assuming Shares have not been used in carrying on business at or through an Australian permanent establishment and, for shareholders that hold the share on revenue account or as trading stock, tax treaty relief is available between Australia and the shareholder's country of residence.

revenue account or as trading stock that does not qualify for the discount capital gains concessions referred to above; and

- (b) Shareholders who are not residents of Australia for tax purposes, noting there may be taxation consequences arising from the Capital Return in their country of residence.

No adverse tax consequences are expected to arise for the Company in relation to the Capital Return.

5.3 Indicative Timetable

It is proposed that the Proposed Capital Return will occur as follows:

Event	Date
Despatch of Notice of Meeting	12 April 2024
Final time for lodgement of Proxy Forms and record date for voting at the Meeting	22 May 2024
Meeting	24 May 2024
Results of Meeting announced	24 May 2024
Expected announcement of effective date of the Proposed Capital Return	14 June 2024
Expected effective date for the Proposed Capital Return	
Expected last day for trading of Shares entitled to participate in the Proposed Capital Return	17 June 2024
Expected trading in Shares on an 'ex return of capital' and 'ex dividend' basis	18 June 2024
Expected record date for the Proposed Capital Return (Record Date)	19 June 2024
Expected date of payment of the Proposed Capital Return	26 June 2024

The timetable and the dates above (and the references to those dates throughout this Notice) are indicative only and may be subject to change. The Company may vary those dates in accordance with the applicable laws in its absolute discretion and without prior notice. As is noted above, the Proposed Capital Return is subject to the ATO indicating that they are willing to rule on the Return of Capital in a manner acceptable to the Company. Any changes to the above timetable (including due to a delay in the discussions with ATO in respect of the ruling) will be announced by the Company at the relevant time.

Changes to the above dates will be announced to the ASX and notified on the Company's website.

To ensure you receive your entitlement to the Proposed Capital Return or any future dividend or distribution promptly, please check and update your banking instructions at www.computershare.com.au/easyupdate/ce1. If Computershare does not have your banking details, any payment will be made via cheque.

5.4 Reasons to vote in favour of the Proposed Capital Return

The Company wishes to make a half yearly return distribution due to the sale of Blackspur, which has positively impacted the Company's available cash reserves.

The primary advantage in approving the Proposed Capital Return is that it will enable the Company to repatriate capital to its Shareholders, which is in excess of its current and anticipated medium term requirements.

Future distributions under the half-yearly distribution program may be in the form of dividends, subject to the availability of profits and meeting the other Corporations Act requirements for the payment or dividends.

Also, Shareholders participating in the Proposed Capital Return will be able to do so without incurring transaction costs and the Proposed Capital Return will allow Shareholders to retain the same percentage of ownership in the Company.

5.5 Reasons to vote against the Proposed Capital Return

(a) **Shareholders may be concerned about the reduced capital base of the Company**

A disadvantage of the Proposed Capital Return is that following its implementation, the Company will have a reduced capital base from which to operate and may require additional funding in the future to meet its strategic and corporate objectives, which may otherwise not be the case if the Proposed Capital Return did not proceed. However, the Directors are of the opinion that the net cash reserves post-Proposed Capital Return along with cashflows from operations will be sufficient for their intended use to support the Company's operations in the medium term.

(b) **Shareholders may be concerned about the potential quantum of the Proposed Capital Return**

While the Board currently has no reason to consider that the Company's financial position will change materially prior to the time of the Proposed Capital Return, it is possible that this may occur and the amount of the Proposed Capital Return (and either component of it) may increase or decrease accordingly.

(c) **The Proposed Capital Return may not suit the current financial position of all Shareholders**

The Proposed Capital Return may not suit the current financial position of all Shareholders.

The Proposed Capital Return may have tax consequences for Shareholders and Calima Energy Ltd does not intend to apply for a class ruling from the Australian Taxation Office in respect of the Proposed Capital Return.

5.6 Calculation of the Amount of the Proposed Capital Return

The Company estimates that the total amount available for the Proposed Capital Return will be up to A\$80,000,000, which will be funded by the Distribution. The following table shows how the Company has calculated its estimate of the total amount available for the Proposed Capital Return.

Cash advanced to the Company under the Proposed Capital Return Distribution	A\$80,000,000
Relevant number of Shares to participate in Proposed Capital Return	633,080,769
Estimated Total Proposed Capital Return per Share	12.64 Australian cents

5.7 Legal Requirements

The Proposed Capital Return constitutes an equal reduction of the Company's share capital for the purposes of the Corporations Act. This is because it relates only to ordinary shares, it applies to each holder of ordinary shares in proportion to the number of Shares they hold as at the Record Date, and the terms of the reduction are the same for each holder of ordinary shares.

(a) Fair and Reasonable

Section 256B(1)(a) of the Corporations Act provides that a capital reduction must be fair and reasonable.

The Directors are of the opinion that the Proposed Capital Return is fair and reasonable to all Shareholders as it will apply to all Shareholders on the Record Date equally, in proportion to the number of Shares they hold as at that date.

(b) Company's ability to pay creditors

Section 256B(1)(b) of the Corporations Act provides that a capital reduction must not materially prejudice a company's ability to pay its creditors.

The Directors, having proposed the capital reduction, are of the opinion that it will not materially prejudice the Company's ability to pay its creditors. The Directors have also satisfied themselves as to the solvency of the Company following the Proposed Capital Return.

Please refer to Section 5.8(d) below for further information regarding the impact of the Proposed Capital Return on the Company's ability to pay its creditors.

(c) Shareholder approval

Resolution 4 will be passed as an ordinary resolution for the purposes of Section 256C(1) of the Corporations Act if more than 50% of the votes cast by Shareholders present and eligible to vote at the Meeting (whether in person (physically or virtually), by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) are in favour of it.

5.8 Effect on the Company

(a) Effect on the Company

The Proposed Capital Return is intended to be paid entirely from the Distribution. Upon receipt of the Distribution, the Company's cash resources will increase for a short period of time between receipt of the Distribution and payment of the Proposed Capital Return.

(b) Effect on Capital Structure and Share Price

Following implementation of the Proposed Capital Return, the Company's share capital is estimated to reduce by up to A\$80,000,000.

For the purposes of Listing Rule 7.20, the Company confirms that:

- (i) no Shares will be cancelled in connection with the Proposed Capital Return and no fractional entitlements will arise. The Proposed Capital Return will therefore not impact the number of Shares held by each of the Shareholders;
- (ii) the Company has 14,939,000 Options on issue at the date of this Notice. The exercise price of each Option will be reduced by the same amount as the Proposed Capital Return on a per Share basis, at the same time that the Proposed Capital Return is implemented, in accordance with ASX Listing Rule 7.22.3; and
- (iii) with regards to Performance Rights, the Board has discretion under the equity plan rules to grant additional rights or make any adjustments it considers appropriate to the terms of the performance rights in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from the Proposed Capital Return.

Following implementation of the Proposed Capital Return, the Company's Shares are expected to trade at a lower share price than its then trading price immediately prior to the 'ex' date for the Proposed Capital Return. This is due to the payment/return of funds to Shareholders.

Given that the Company's Share price is below A\$0.20 and is likely to decrease following the return of capital, a waiver of ASX Listing Rule 7.25 is required. A waiver has been granted by the ASX in relation to ASX Listing Rule 7.25 to the extent necessary to permit the Company to undertake the return of capital.

(c) Effect on historical and pro-forma financial position

The pro forma consolidated balance sheet of the Company for the period ended 31 December 2023 is set out in Schedule 1 and the pro forma consolidated income statement for the period ended 31 December 2023 is set out in Schedule 2 and show the effect of the Distribution and Proposed Capital Return.

(d) Effect on Company's ability to pay its creditors

The Company has assessed the impact of the Proposed Capital Return on the Company's ability to pay its creditors.

That review concluded that the payment to Shareholders of an amount equal to the Proposed Capital Return amount would not materially prejudice the Company's ability to pay its creditors and the Company will have sufficient cash reserves to pay its creditors (including current and reasonably foreseeable claimants) following payment of the Proposed Capital Return.

(e) **Tax implications for the Company**

No adverse tax consequences are expected to arise for the Company from implementing the Proposed Capital Return.

5.9 Director's Interests

No Director will receive a payment or benefit of any kind, as a result of the Proposed Capital Return, other than as a Shareholder of the Company.

The relevant interests of the Directors in securities of the Company as at the date of this Notice are set out below.

Director	Shares	Options	Performance Rights
Karl DeMong	700,000	Nil	60,000 ¹
Glenn Whiddon	27,414,984 ²	Nil	1,680,000 ³
Mark Freeman	3,132,492 ⁴	Nil	1,216,000 ⁵
Lonny Tetley	470,000	300,000 ⁶	60,000 ¹

Notes:

1. Comprising 60,000 Class F Performance Rights.
2. Comprising 3,755,842 Shares held directly by Mr Whiddon, 7,291,549 Shares held by Getmeoutofhere Pty Ltd (of which Mr Whiddon is a controller and beneficiary) and 13,367,593 held indirectly by entities controlled by Jane Whiddon (Mr Whiddon's spouse) of whom Mr Whiddon is not a beneficiary.
3. Comprising, 1,500,000 Class C performance Rights and 180,000 Class F Performance Rights.
4. Held indirectly by Mark Freeman Family Trust (of which Mr Freeman is trustee and a beneficiary).
5. Comprising 1,000,000 Class C Performance Rights and 216,000 Class F Performance Rights.
6. Exercisable at A\$0.1838 each on or before 30 June 2026.

5.10 Australian Tax Implications for Shareholders

(a) **Introduction**

The following is a general summary of the Australian income tax implications arising for the Shareholders as a result of the Proposed Capital Return. It is based upon the Company's interpretation of Australian income tax law currently in force at the date of the issue of this Notice of Meeting and Explanatory Statement. The commentary below is general in nature and not intended to be comprehensive, it does not take into account the individual circumstances of each shareholder and does not constitute tax advice. As this summary is necessarily general in nature, Shareholders should consult with their professional tax adviser regarding their circumstances. Non-resident Shareholders should seek professional tax advice on the tax implications arising outside of Australia.

The comments outlined below are not applicable to all Shareholders and in particular do not consider Shareholders who:

- (i) hold their Shares for the purpose of speculation or a business of dealing in securities (e.g. as trading stock or revenue assets);
- (ii) are partnerships or individuals who are partners of such partnerships;
- (iii) acquired their Shares pursuant to an employee share, option or rights plan;
- (iv) are under a legal disability;
- (v) are exempt from Australian income tax;
- (vi) are taken for Capital Gains Tax (**CGT**) purposes to have acquired their Shares before 20 September 1985;
- (vii) are subject to the Investment Manager Regime under Subdivision 842-I of the Income Tax Assessment Act 1997 (Cth) in respect of their Shares;
- (viii) are subject to the taxation of financial arrangement rules in Division 230 of the Tax Act in relation to gains and losses on their Shares; or
- (ix) are foreign residents of Australia who hold their Shares in carrying on a business through a permanent establishment in Australia.

This tax summary does not address any tax consequences arising under the laws of jurisdictions other than Australia. It is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practice as at the date of this Notice of Meeting and Explanatory Statement.

The comments in this Section 5.10 are generally directed at Shareholders who are Australian residents and non-residents for Australian income tax purposes who do not hold their Shares at or through a permanent establishment in Australia.

(b) **Overview of the Proposed Capital Return**

The Board proposes to distribute up to A\$80,000,000 of the net proceeds from the Distribution to Shareholders through the Proposed Capital Return of up to 12.64 Australian cents per Share.

No adverse tax consequences are expected to arise for the Company from the Proposed Capital Return.

(c) **Australian Residents**

These comments apply to the Shareholders who are residents of Australia for income tax purposes.

For Shareholders on the Record Date who continue to hold their Shares and receive the payment of the Proposed Capital Return:

- (i) If the Proposed Capital Return of up to 12.64 Australian cents per Share is not more than the cost base of the Share, the cost base

and reduced cost base of the Share will be reduced (but not below nil) by up to 12.64 Australian cents (being the Proposed Capital Return amount);

- (ii) a Shareholder will make a capital gain at the time of the payment if the amount of the Proposed Capital Return is more than the cost base of the Share. The amount of the capital gain is equal to the excess; and
- (iii) if a Shareholder makes a capital gain from the Proposed Capital Return, the cost base and reduced cost base of the Share are reduced to nil. A Shareholder cannot make a capital loss from the Proposed Capital Return.

For Shareholders on the Record Date who no longer own Shares at the time of the payment of the Proposed Capital Return, a capital gain arises at the time of payment equal to the Proposed Capital Return amount in respect of each Share owned at the Record Date.

If the Share to which the Proposed Capital Return relates was acquired by a Shareholder who is an individual, trust or complying superannuation fund at least 12 months (not including the date of acquisition or date of distribution) before the payment, a capital gain arising may qualify as a discounted capital gain, provided other relevant conditions are satisfied. Any CGT discount will apply after the offset of any current year or carried forward capital losses. The amount of the capital gain remaining after the application of the CGT discount is included in the assessable income of the Shareholder.

(d) **Non-residents**

These comments apply to Shareholders who are not residents of Australia for income tax purposes.

A Shareholder who is not a resident of Australia for Australian tax purposes should be able to disregard any capital gain that would otherwise arise from the Proposed Capital Return unless their Shares constitute an 'Indirect Australian Real Property Interest', as defined for Australian income tax purposes, at the time of payment of the Proposed Capital Return.

Specifically, an Indirect Australian Real Property Interest includes interests held in the Company that satisfy both of the following tests:

- (i) non-portfolio interest test holdings, on an associate inclusive basis, in the Company of 10% or more at the time of the Proposed Capital Return (or throughout a 12 month period within the period commencing 24 months before the Proposed Capital Return); and
- (ii) principal asset test – where the sum of the market value of the Company's assets that are taxable Australian real property exceeds the sum of the market value of its assets that are not taxable Australian real property.

Any non-resident shareholders who own 10% or more of the shares in the Company (on an associate inclusive basis) should seek independent professional advice in relation to their own circumstances, including

whether any protection will be available under a relevant double tax treaty applied in these circumstances.

Non-resident shareholders should seek independent professional advice in relation to their own circumstances in respect of taxation in the jurisdiction where they are resident.

(e) **Other Matters**

(i) **Goods and Services Tax (GST)**

GST should not be payable on the Proposed Capital Return.

Shareholders may be charged GST on costs they incur in relation to seeking advice on the Proposed Capital Return (e.g. tax, legal or other advisory fees). Certain Shareholders that are registered (or required to be registered) for GST may be entitled to claim input tax credits (or reduced input tax credits) in relation to GST incurred on these costs.

Shareholders should seek their own independent tax advice on the impact of GST having regard to their own circumstances.

(ii) **Stamp duty**

Shareholders should not be liable for any stamp duty in respect to the Proposed Capital Return.

5.11 Board Recommendation

The Directors are of the opinion that the proposed return of capital is fair and reasonable to all Shareholders and **unanimously recommend** that Shareholders vote in favour of Resolution 4.

Each Director intends to vote all Shares held or controlled by that Director, as shown in the table in Section 5.9, in favour of the Proposed Capital Return.

The Chairman of the Meeting also intends to vote undirected proxies in favour of Resolution 4.

GLOSSARY

A\$ or \$ means Australian dollars.

7.1A Mandate has the meaning given in Section 4.1.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Blackspur means Blackspur Oil Corporation, the Company's wholly owned subsidiary.

Distribution has the meaning given in Section 5.1.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Calima Energy Limited (ACN 117 227 086).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means the option to acquire a Share.

Performance Right means a right to acquire a Share subject to the satisfaction of certain milestones.

Proposed Capital Return has the meaning given in Section 5.1.

Proxy Form means the proxy form accompanying the Notice.

Record Date means the proposed eligibility record date for the Proposed Capital Return, being the date set out in the indicative timetable in Section 5.2.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2023.

Resolution means the resolution set out in the Notice.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – PRO FORMA BALANCE SHEET

As at	Audited 31 Dec 2023 A\$	Pro Forma Changes A\$	Pro-Forma 31 Dec 2023 A\$
Assets			
Current assets			
Cash and cash equivalents	3,958	82,975	86,933
Accounts receivable	104	-	104
Deposits and prepaid expenses	91	-	91
Assets classified as held for sale	117,855	(177,855)	-
	122,008	(34,880)	87,976
Oil and natural gas assets	230	-	230
Long-term deposits	618	-	618
	122,856	-	87,747
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	372	1,375	1,747
Return of capital payable		80,000	80,000
Liabilities classified as held for sale	38,874	(38,874)	-
	39,246	42,501	81,747
Non-Current liabilities			
Restoration provisions	205	-	205
	39,451	42,501	81,952
Shareholders' equity			
Share capital	358,676	(80,000)	278,676
Contributed surplus	22,136	-	22,136
Foreign currency translations	8,329	(8,329)	-
Accumulated losses	(305,736)	10,948	294,788
	83,405	(77,381)	6,024
	122,856	(34,880)	87,976

Highlights:

1. Impact of distribution of capital return and sale of Blackspur.

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AWST) on Wednesday, 22 May 2024.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 183713

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

For personal use only

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Calima Energy Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Calima Energy Limited to be held at Suite 4, 246-250 Railway Parade, West Leederville, WA 6007 on Friday, 24 May 2024 at 10:00am (AWST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention in step 2) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of 7.1A Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of the Proposed Capital Return	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For personal use only

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

