



12 November 2020

CANADIAN MIDSTREAM SECTOR CONTINUED CORPORATE ACTIONS

Highlights:

- The Tommy Lakes Facilities is presently being maintained in standby mode pending production start-up. The Facility maintains its connection to the North River Midstream pipeline and Jedney processing facility accessing all major pipeline networks within western Canada and USA.
- LNG Canada, Canada's first LNG Facility, continues to meet construction milestones:
 - \$40 billion facility, initial capacity of 13 mtpa (1.7 bcf/d) with option to expand to 26 mtpa (3.4 bcf/d) sourcing gas predominantly from the Montney and delivering LNG to Asia.
 - Owed by Shell, Petronas, Mitsubishi, Korea Gas Corp and PetroChina
 - Opened the 4,500 worker Cedar Valley Lodge in Kitimat. At the end of August 3,000 workers were employed on the Kitimat project
- Coastal Gas Link, the pipeline to supply LNG Canada, owned by TC Energy, continues to make progress:
 - Anticipated to cost C\$6.6 billion with capacity for 1.7 bcf/d upto 5 bcf/d after expansion with over 26% completed.
 - Almost 3,000 workers across the project during September 2020
- NGTL West Path Expansion owned by TC Energy received Federal approval:
 - Adds 3.5Bcf/d of incremental take away capacity from the Montney
 - Field work expected to commence December 2020
- Transmountain pipeline expansion on track for a commencement date of 2022:
 - Increasing capacity from 300,000 bop/d to 890,000 bop/d
 - Expected to require an additional 600 mcf/d gas at a cost of C\$12.6 billion.
 - Construction is ~16% complete
 - Workforce grew to 6,000 workers this past summer

Calima Energy Limited (ASX:CE1) (Calima or Company) currently operates more than 60,000 acres of drilling rights (Calima Lands) in British Columbia, Canada. On 15 April 2020 the Company closed the acquisition of compression facilities, associated pipelines and infrastructure in the Tommy Lakes Field which lies 20km's to the north of the Calima Lands.



The Facilities provide cost-efficient access to North River Midstream pipeline, Jedney processing facility and access to regional markets via major pipeline networks including NGTL, Alliance and T-North.

The Tommy Lakes Infrastructure includes gathering pipelines, compression facilities and associated facilities capable of transporting up to 50 Mmcf/d of gas and 1,500-2,000 bbls/d of well-head condensate.

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 winterisation of camp facilities and preservation of infrastructure. The solar power generation units that were installed utilised very little external fuel to generate electricity over the summer months. The units are required to maintain cathodic protection on the pipeline and facilities to prevent corrosion by inducing an electrical current. These units offset the use of diesel generators that would otherwise consume more than 50,000l of fuel annually.

Midstream Sector Update

The Midstream sector in Canada continues to advance projects to meet the egress demands of producers. Despite the seemingly abrupt stop to progress in so many areas due to Covid-19, the Canadian midstream sector has been able to safely execute and advance construction projects. In addition, the Canadian Energy Regulator (CER) continues to work through the applications.

LNG Canada

LNG Canada continued to meet milestones on their export facility located in Kitimat BC. LNG Canada is expected to be the first of several LNG facilities in Canada and is owned by Shell, Petronas, Mitsubishi, Korea Gas Corp and PetroChina. The facility is anticipated to cost C\$40 billion, with initial capacity of 13 mtpa (1.7 bcf/d) with an option to expand to 26 mtpa (3.4 bcf/d). **The majority of gas will be sourced from the Montney.** Despite the unprecedented impact of Covid-19, the workforce at the facility has continued to safely move forward with dredging and marine activities, a marine terminal, a module haul road and storage tank construction has commenced. Also, the main workforce accommodation lodge was opened this summer with a capacity to house 4,500 workers. Peak construction for the LNG facility is expected in Q4 2021.

Coastal Gas Link (CGL) pipeline

The CGL pipeline owned by TC Energy boasted a completion rate of over 26% in September 2020. The pipeline is budgeted to cost C\$6.6 billion with capacity for **1.7 bcf/d and upto 5 bcf/d after expansion**. TC Energy employed more than 3,000 workers across the project in September 2020 and has been successful with managing the safety of employees as it relates to Covid-19. The CBL pipeline is on schedule to be completed in advance of the LNG Canada facility coming on stream in 2024.

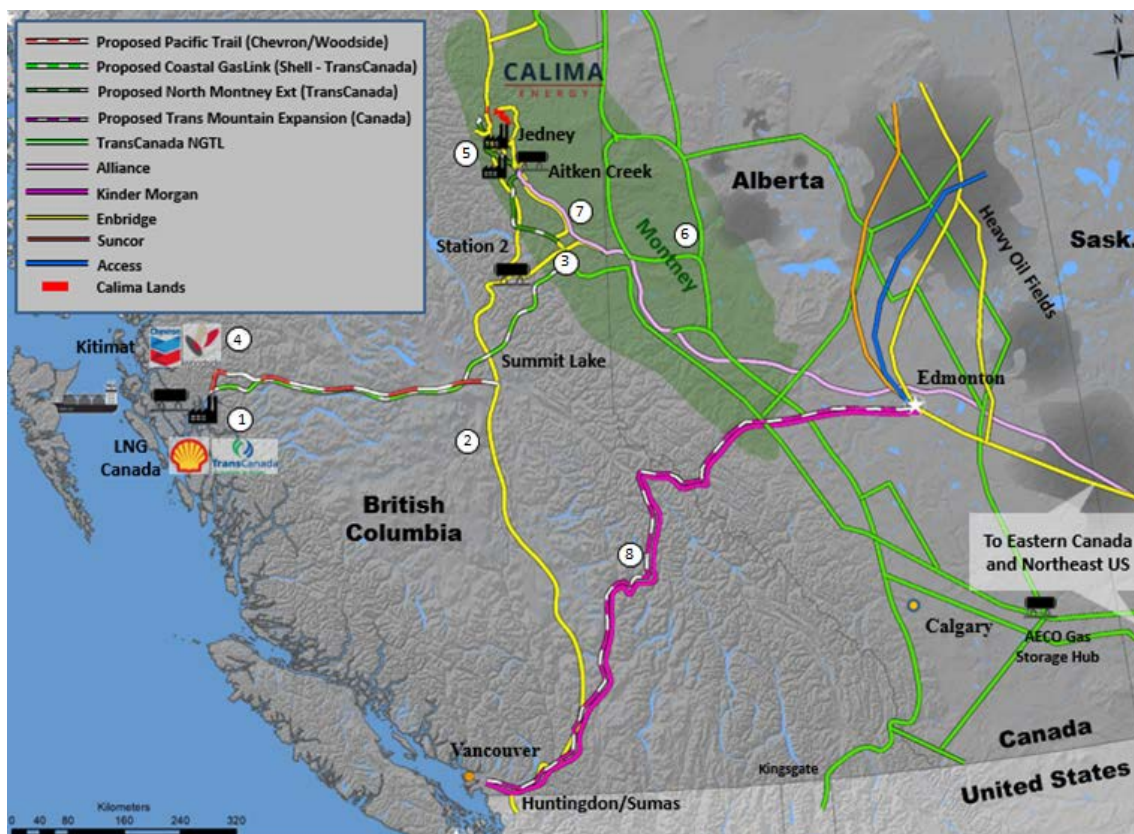
Nova Gas Transmission (NGTL) System

The TC Energy owned NGTL system (see map below) is one of the largest systems that gathers Western Canadian gas for exports and is comprised of over 25,000km of pipe. The West Path expansion that was proposed by TC Energy in 2018 recently received Federal approval. The latest approval adds an **additional 3.5Bcf/d to the system** that will be incrementally added over the next few years as projects are completed.



Transmountain pipeline

Transmountain pipeline expansion remains on track to be in service in 2022. The expansion increases capacity from 300,000 bod to 890,000 bod and is expected to require an **additional 600mcf/d gas demand** at a cost of C\$12.6 billion. The project is broken down into a number of “spreads” due to its large size. The work on the Alberta spreads has made significant progress this summer and contributes to an overall completion of ~16%. The Canadian government acquired the project from Kinder Morgan, and remains committed to the completion of it. The existing Tran Mountain line that the expansion parallels has continued to run at maximum capacity throughout 2020.



Reference	Operator	Pipeline	Demand mmcf/d	Expenditure C\$bn	Timing
1	TC Energy / Shell	CoastalGas	2,500	46	2024
2	Enbridge	T-South	190	1	2020
3	Enbridge	Spruce Ridge	400	0.5	2021
4	Chevron	Pacific Trails	1,000	20	2024+
5	TC Energy	N. Mont. Main.	1,500	1.4	2020
6	TC Energy	NGTL - 2021	1,000	2.4	2021
7	Alliance	Alliance	500	2	2021
8	Gov't	Trans Mountain	600	12.6	2022
TOTAL			7,690	86	



Montney Corporate Activity Update

- The Montney continues to be a hot spot in Canada with the most active Montney operators being Seven Gen (5 rigs), Ovintiv (3 rigs), and Tourmaline (3 rigs).
- CNRL closed the C\$461 million purchase of Montney-focused Painted Pony on 6 October 2020. Painted Pony operated near CNRL's (and Calima's) core Montney shale acreage, providing synergies related to existing infrastructure and takeaway. CNRL holds 1 million net acres in the Montney, one of the largest positions in its peer group. The Painted Pony assets consist of 277,568 net acres in Northeast British Columbia and 5,120 net acres (5,760 gross) in Alberta.
- Keyera Corporation's Pipestone gas processing and liquids stabilisation facility commenced operations enabling Ovintiv to maximize its condensate-rich Montney production and grow its resource base in the area while optimising midstream fees by routing production to gathering systems with lower line pressures. Ovintiv will use 170 MMcf/d and 19,000 bbl/d of the plant's 200 MMcf/d and 24,000 bbl/d capacity under a fee-for-service agreement. Ovintiv had Q2 net production of 1.22 Bcfe/d (24% liquids) from the Montney, where it drilled 12 wells. Ovintiv completions times were 45% faster than its 2019 average with drill and completion costs down 14%.
- Delphi Energy Corp. completed its restructuring on 16 October 2020 (eliminating C\$176 million of debt) and raising C\$22.9 million in new financing from Kiwetinohk Resources.
- Advantage has brought forward a 4 well Montney pad into December 2020 quarter increasing its projected 2020 capex to a range of C\$147-162 million. The company is drilling 4 wells in the Glacier area, with two each targeting the D4 Montney and Upper Montney intervals. Production from all 10 wells will be processed using existing capacity at Advantage's 400 MMcf/d Glacier gas plant.

Micheal Dobovich, Calima's Canada President commented:

"The continued advancement of these key infrastructure projects in Canada are a demonstration of the resilient nature of this industry. Calima remains well positioned in NE British Columbia to bring gas into these markets when the pricing increases due to demand for exports."

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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