7 May 2021

Production increased to 2,818 boe/d

- **IP30 flow rates of 505 boe/d** exceeded type curves estimates by 28% for Sunburst wells (393 boe/d budgeted)
    - Capital expenditure was 20% under budget @ C$2.2 million
- Type Curve Economics for Sunburst conventional wells at US$ 60 WTI [1]
    - Payback expected in **less than 6 months**
    - Estimated Ultimate Recovery of Sunburst wells is ~218,000 boe (77% Liquids)
    - Net back (1st year) C$34.04 boe
    - Before tax IRR >500%

Calima Energy Limited ("Calima" or the "Company") (ASX: CE1) is pleased to announce the flow rates from the 3 horizontal Sunburst Formation operations performed by Blackspur Oil Corp. ("Blackspur") at its core Brooks area in March 2021. Blackspur is a wholly owned subsidiary of Calima, acquired on 30 April 2021.

The three wells (2 new wells and 1 re-entry), are currently producing a combined ~505 boe/d (80% oil weighted) on an IP30 basis, demonstrating the top tier economics of open hole Sunburst wells. **Current production is ~ 2,818 boe/d (69% oil)**, an increase of 14% from Blackspur Q1 2021 production of ~2,475 boe/d (68% oil).

For CY2021, Calima forecasts 3,000 boe/d average production and a December 2021 exit rate of 3,400 boe/d, delivering **~ C$18 million of adjusted[2] EBITDA for the 8 months** ending 31 December 2021.

Over the coming months, Calima plans an active, low risk drilling program developing proven reserves. A total of six Brooks and Thorsby development wells will commence in late May 2021. By drilling multiple wells the Company will benefit in significant economies of scale. The drilling program will be funded with operating revenue (currently C$4 million per month) and the working

[1] Refer to the Calima Investor Presentation dated 30 April 2021 (page 12). The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

[2] EBITDA is adjusted for 2021 expected realised hedging losses C$3.0 million for May – Dec 2021, being the residual hedges in the Blackspur accounts. EBITDA is based on US$60 WTI, -US$12 WCS differential, 1.28 CAD/USD FX rate, $2.70/GJ AECO, corporate average royalty rates of 17%, and operating costs and G&A assumptions that are based off historical financial performance.

capital facility provided by National Bank of Canada. The drilling program for the next three months is:

- 3 Brooks (Sunburst) wells commencing late-May 2021; and
- 3 Thorsby (Sparky) wells commencing mid July 2021.

Over the coming weeks, should energy prices remain strong, the Company will consider an acceleration of its 2021/22 drilling campaign so long as it can be done in a financially prudent manner. An update in late May 2021 is anticipated.

Jordan Kevol, CEO and President:

"We are extremely pleased with the results from the most recent 3 Sunburst wells at our Brooks core area here in Canada. Our goal is to exceed our existing type curve averages and to continue to improve operational performance. We have done that with this well program. 505 boe/d on C$2.2 million of capital deployed is an excellent result. We are optimistic that the results will continue to improve with time, as the most recent well to come on production is still cleaning up, and has the potential for increased production. We look forward to resuming drilling operations in the coming weeks, and are excited about the potential to accelerate our 2021 well programs."

This release has been approved by the Board.

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

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Qualified petroleum reserves and resources evaluator statement

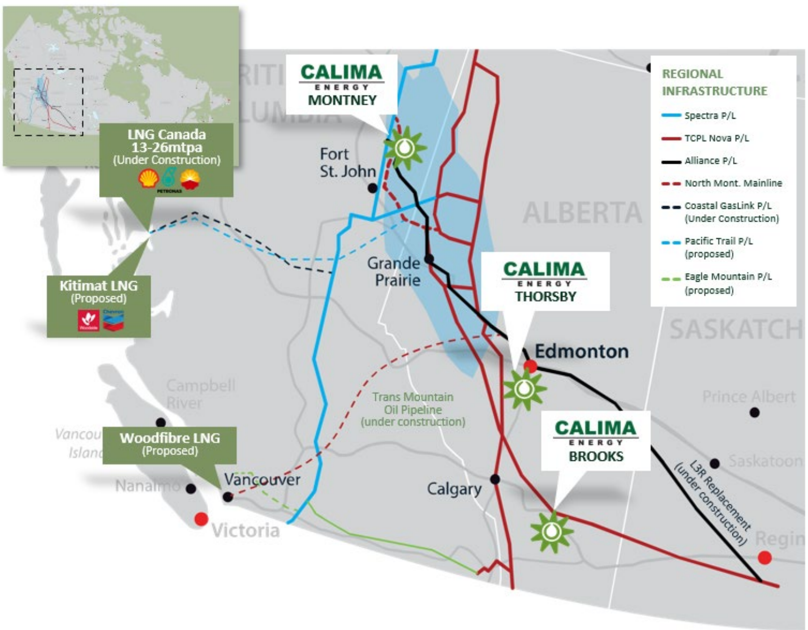
The petroleum reserves and resources information in this announcement in relation to Blackspur Oil Corp is based on, and fairly represents, information and supporting documentation in a report compiled by InSite Petroleum Consultants Ltd. (InSite) for the 2019YE Reserves Report (December 31, 2019). InSite is a leading independent Canadian petroleum consulting firm registered with the Association of Professional Engineers and Geoscientists of Alberta. These reserves were subsequently reviewed by Mr. Graham Veale who is the VP Engineering with Blackspur Oil Corp. The InSite 2019YE Reserves Report and the values contained therein are based on InSite's December 31, 2019 price deck (https://www.insitepc.com/pricing-forecasts). Production (net of royalties) for the year ended December 31, 2020 was ~793 mboe. Mr. Veale holds a BSc. in Mechanical Engineering from the University of Calgary (1995) and is a registered member of the Alberta Association of Professional Engineers and Geoscientists of Alberta (APEGA). He has over 25 years of experience in petroleum and reservoir engineering, reserve evaluation, exploitation, corporate and business strategy, and drilling and completions. InSite and Mr. Veale have consented to the inclusion of the petroleum reserves and resources information in this announcement in the form and context in which it appears.

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.*

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
IP30	The average production rate over the first 30 producing days	3P	Proved plus Probable plus Possible reserves
WTI	West Texas Intermediate	OCF	Operating Cash Flow, ex Capex
E	Estimate	YE	Year End 31 December
CY	Calendar Year	tCO_2	Tonnes of Carbon Dioxide



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