



7 September 2021

## GOOD OIL CONFERENCE PRESENTATION

Calima Energy Limited ("Calima" or the "Company") (ASX: CE1) is pleased to announce its participation in the RIU Good Oil Conference, to be held Wednesday 8<sup>th</sup> of September 2021.

Managing Director and CEO, Jordan Kevol along with Finance Director, Mark Freeman will provide an update on the Company's 3-hole drilling campaign at its Thorsby project in Alberta Canada and a summary of the Company's assets and progress this year.

A pre-recording Jordan's presentation is located below:

<https://youtu.be/VtLmcTMx9I4>

A copy of the investor presentation to be delivered during the presentation is attached.

The Company is also pleased to confirm that the 20:1 consolidation of its share capital has been completed today and below is a summary of its securities structure:

	Number on issue (post Consolidation)
Shares	513,703,675
Options	21,662,502
Performance Rights	8,272,501

This release has been approved by the Board.

For further information visit [www.calimaenergy.com](http://www.calimaenergy.com) or contact:

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# INVESTOR UPDATE

FREE CASH FLOW, GROWTH-FOCUSED  
CANADIAN OIL & GAS PRODUCER

**CALIMA**  
ENERGY

SEPTEMBER 2021



# CORPORATE DISCLAIMER

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This presentation may include forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of the Company. These risks, uncertainties and assumptions include commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates.

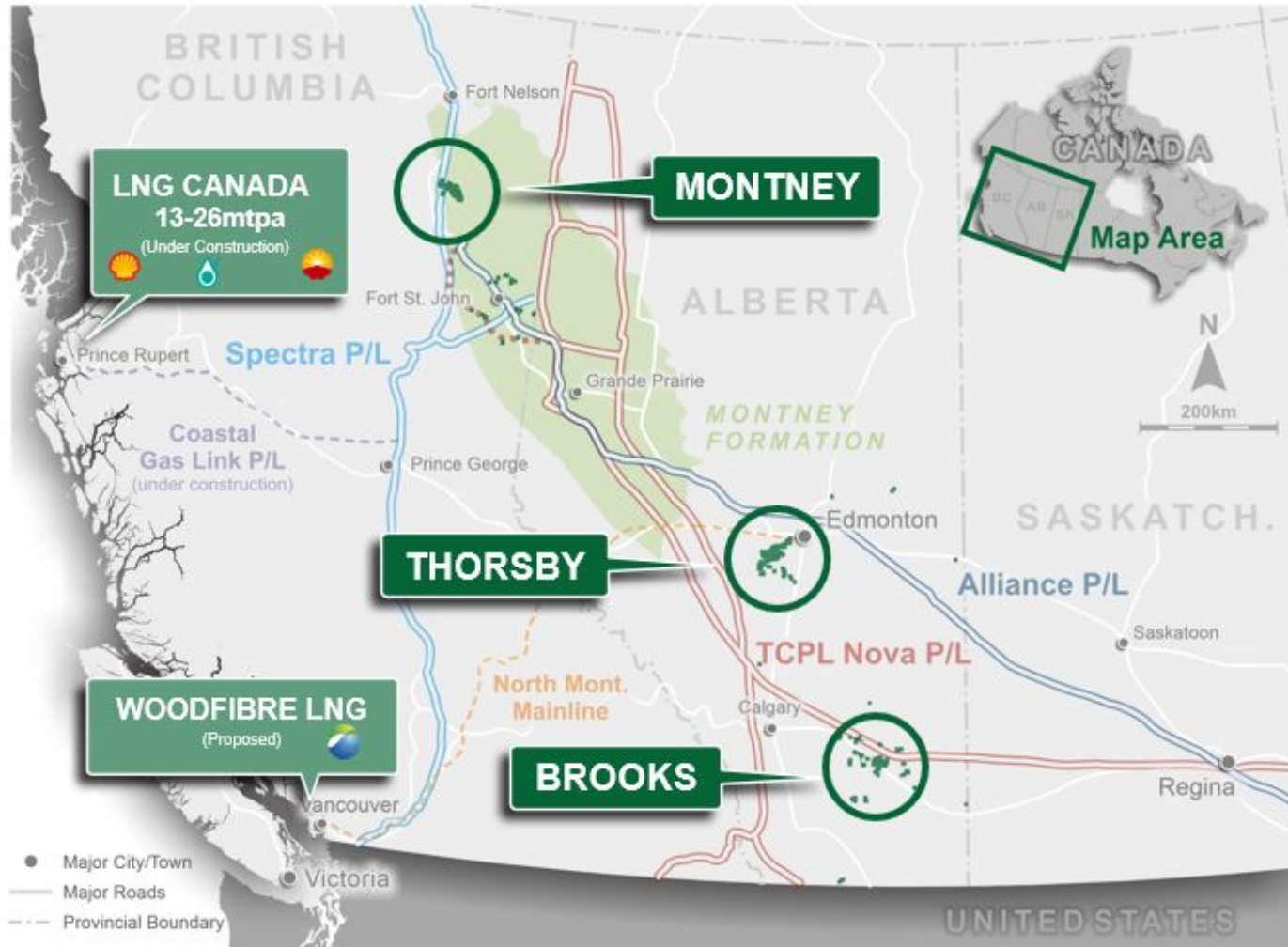
Actual values, results or events may be materially different to those expressed or implied in this presentation. Any forward looking statements in this presentation speak only at the date of issue of this presentation. Subject to any continuing obligations under applicable law and the ASX Listing Rules, the Company does not undertake any obligation to update or revise any information or any of the forward looking statements in this presentation or any changes in events, conditions or circumstances on which any such forward looking statement is based.

## **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 June 30, 2021 Reserves Report. 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 June 30, 2021 Reserves Report and the values contained therein are based on InSite’s June 30, 2021 price deck (<https://www.insitepc.com/pricing-forecasts>). 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.

# THE NEW CALIMA

- July Statistics:
  - 3,291 boe/d production
  - A\$4.9m gross revenue
  - A\$2.5m net operating netback
- Currently drilling 3 Thorsby wells expected production Dec 2021 of 4,500 boe/d
- Self funding capital development program from cash flow and a debt facility of C\$25 million
- Analysts valuations range from 50 – 120 cents (current price is 18.5 cents)
- Top-tier conventional low decline western Canada asset base with breakeven at US\$26 WTI, strong economics and robust rates of return
- Calima’s Montney prospective resources of 300 Mmboe is gaining global attention as LNG Canada comes closer to market particularly as gas prices close in on \$4/mcf.



# A 'MUST-OWN' CALIMA OPPORTUNITY

Quality **Free-Cash Flowing Assets**, Low-Leverage and Significant Exposure to rising oil and gas prices through **Future Montney Development** + Access to Global LNG Markets

## PRODUCTION

Continue development drilling to achieve **~4,500 boe/d<sup>1</sup> year end** production on Brooks & Thorsby  
Drilled 4 Brooks wells in Jun/July '21;  
Drilling 3 Thorsby wells in Aug/Sept '21.  
Additional 19 well development drill program over next 14 months

## POSITION

**Grow to 5,500 boe/d<sup>2</sup>** at Brooks and Thorsby by YE 2022

FID or completion of a strategic transaction on Calima Montney lands and infrastructure

**Reduce net debt** to < C\$5 million by YE 2022



## GROWTH

Increase production **above 5,500 boe/d** through development drilling and strategic acquisitions

Potential Montney production. **Existing infrastructure** allows for production of **up to 10,000 boe/d**

## ACQUIRE

**Acquire offsetting sections** through Crown and freehold leasing

Grow reserves in the Brooks and Thorsby areas with Mannville & Nisku targets

Execute on **strategic acquisitions**

We can **quickly respond to rising energy prices** by accelerating drilling programs given our ability to convert wells from spud to on-stream in **30-60 days**

<sup>1</sup>May – Dec 2021 forecasted production is based on current PDP production, plus production additions from drilling 7 Sunburst wells and 3 Sparky wells in 2021 based on US\$60.00/bbl WTI, US\$14.50 WTI/WCS differential, ~C\$3.00/gj AECO, 1.23 CAD/USD

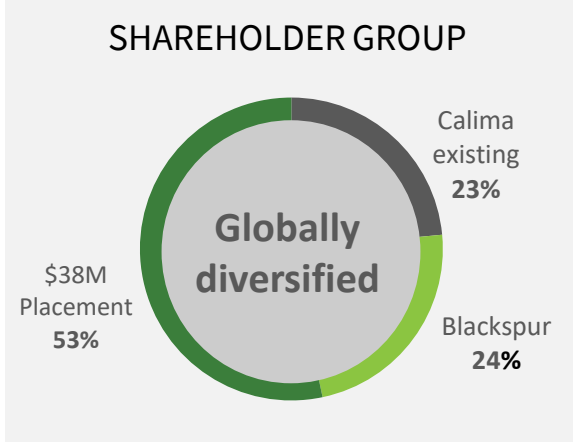
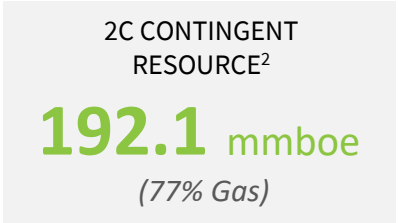
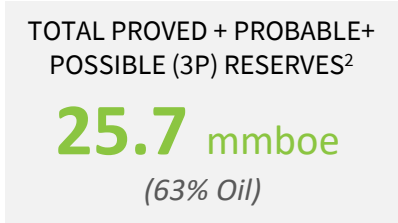
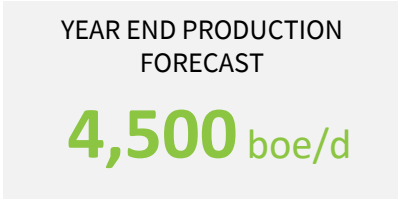
<sup>2</sup>2022 forecasted production is based on current PDP production, plus 2021 drilling noted above, plus production additions from drilling 9 Sunburst wells and 6 Sparky wells in 2022. These wells are included in Blackspur's reserve report as proven undeveloped drilling locations. The operating cash flow is based on US\$60 WTI, -US\$14.50 WCS differential, 1.23 CAD/USD FX rate, \$3.00 gj AECO, corporate average royalty rates of 17% and operating costs assumptions that are based off historical financial statements.

# CORPORATE SNAPSHOT

Calima is a Returns-Focused Growth Producer with Top Tier Assets, Positive Cash Flow and is ESG Goal Orientated

## FINANCIAL INFORMATION

ASX Trading Symbol	CE1
Shares Outstanding (basic)	513 million
Current share price	A\$0.18
Analyst target range <sup>3</sup>	A\$0.50-A\$0.75
Market Cap on Close @ 3 September 2021	A\$96 million
Net debt estimate @ 31 July 2021	A\$17 million
Credit Facility Size	C\$25 million
Low Opex & Transportation Costs	C\$10-12/bbl
Breakeven <sup>4</sup>	US\$26/bbl
May - Dec 2021 Operating cash flow <sup>1</sup>	C\$32 million



**De-risked asset base**  
Alberta assets have existing wells and booked reserves and extensive 3D seismic



**Free cash flow generating**  
Capital allocation flexibility provided by Alberta base production



**LNG market exposure**  
Future upside through Montney assets' exposure to massive global LNG markets



**Robust operating netbacks**  
Low breakeven and low production costs with high torque to commodity prices



**Skilled executive team**  
Management brings track record of Western Canadian asset development



**Access to capital**  
ASX listing expands investor base and provides exposure to international capital

<sup>1</sup> \$US70 WTI, US\$14.50 WCS differential, \$3.00/gj AECO, \$1.23 CAD or AUS/USD, May to December operating cash flow estimate of C\$32 million. Operating cash flow is defined as revenue, less royalties, and operating & transportation expenses  
<sup>2</sup> InSite Reserves Report June 30, 2021 announced on ASX on 1 September 2021. 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.  
<sup>3</sup> Hannam & Partners - August 1, 2021, Auctus Advisors – September 3, 2021  
<sup>4</sup> Breakeven excludes finding and development costs  
 \*Unless otherwise stated, all financial amount are expressed in Canadian dollars through this presentation, which is the Company's functional currency

# 2021 CURRENT GUIDANCE / OUTLOOK

Funding the Capital Program Internally with Cash Flow and Generating Free Cash Flow with No Debt Forecast

In 2022 Differentiates Calima from Peers

## FORECAST<sup>1</sup>

	May - Dec '21	2022
Exit Production	~4,500 boe/d	~5,500 boe/d
Average Production	~3,700 boe/d	~5,000 boe/d
<b>Adjusted EBITDA</b>	<b>C\$27.3mm</b>	<b>C\$46.0mm</b>
Capital Expenditures	C\$20.0mm	C\$33.0mm
Exit Net Debt (Working Capital)	C\$11.0mm	C\$2.0mm
Exit Net Debt to trailing quarterly Adjusted EBITDA	0.2X	0.0x



Sept 21 – drilling at Thorsby

### <sup>1</sup>Assumptions:

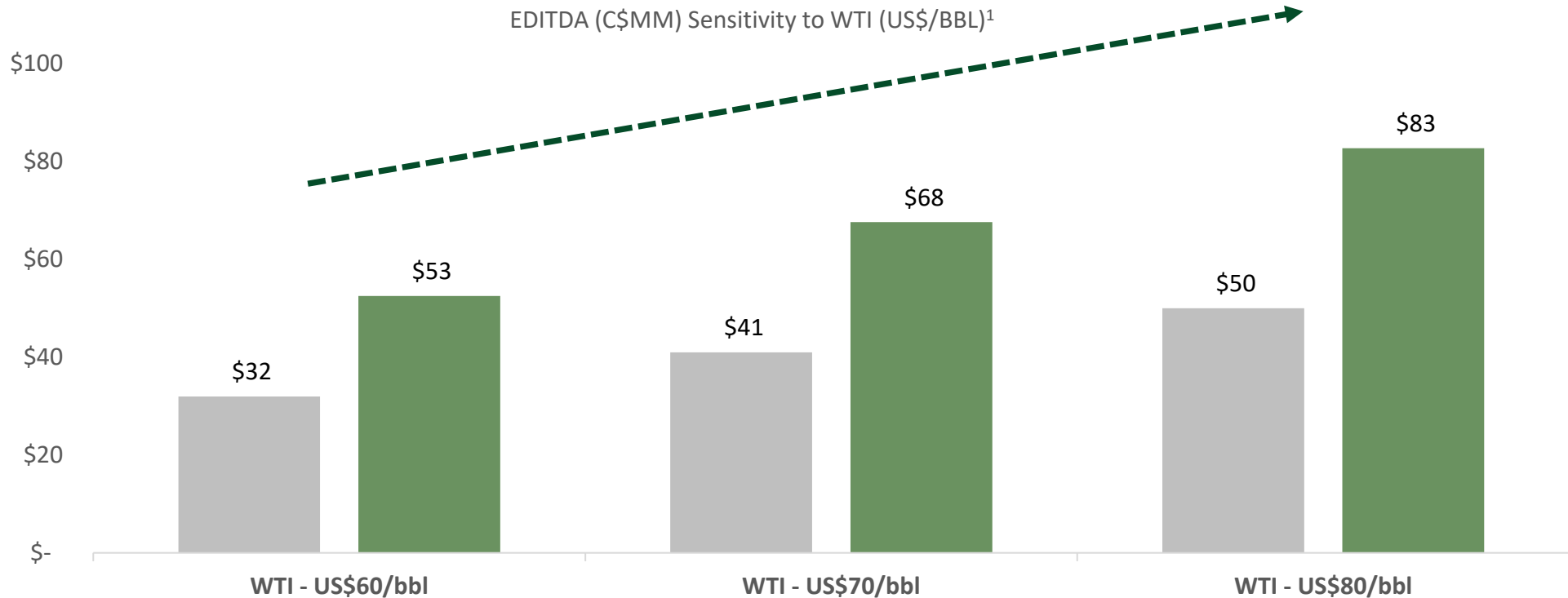
- 2021 average production of 3,300 boe/d based on current PDP production, plus production additions from drilling 7 wells at Brooks (Sunburst) and 3 wells at Thorsby (Sparky) at US\$70/bbl WTI, -US\$14.50 WTI/WCS differential, C\$3/gj AECO, 1.23 CAD/USD.
- 2022 average production of 5,000 boe/d based on current PDP production, plus production additions from 2021 drilling as stated above, plus production additions from drilling 9 wells at Brooks (Sunburst) and 6 wells at Thorsby (Sparky) in 2022 at US\$60/bbl WTI, US\$14.50 WTI/WCS differential, ~C\$3.00/gj AECO, 1.23CAD/USD.
- EBITDA is adjusted for May-Dec 2021 expected realised hedging losses of C\$5.1 million. EBITDA is based on commodity prices stated above, corporate average royalty rates of 17%, and operating costs and G&A assumptions that are based off historical financial performance. Interest and taxes are cashflow items excluded from EBITDA and estimated at C\$0.5 million for May – Dec 2021



# ROBUST EBITDA WITH TORQUE TO RISING ENERGY PRICES

Calima is well positioned to benefit from a strengthening commodity price environment

## STRONG TORQUE TO COMMODITY PRICES



<sup>1</sup> Assumptions:

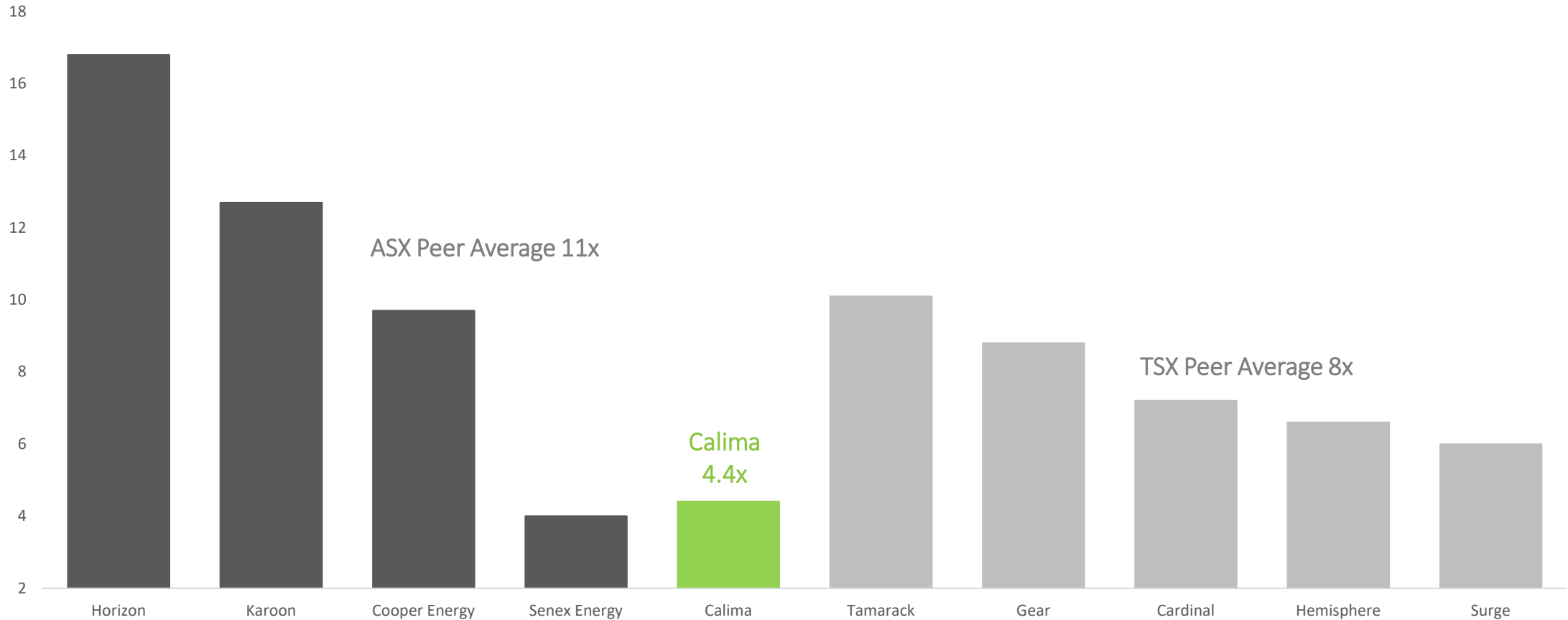
- Calendar 2021 forecast average production of 3,300 boe/d based on current PDP production, plus production additions from drilling 7 wells at Brooks (Sunburst) and 3 wells at Thorsby (Sparky) at WTI prices noted above, -US\$14.50 WTI/WCS differential, C\$3.00/gj AECO, 1.23 CAD/USD.
- 2023 average forecast production of 5,500 boe/d based on current PDP production, plus production additions from 2021 drilling as stated above, plus production additions from drilling 9 wells at Brooks (Sunburst) and 6 wells at Thorsby (Sparky) in 2022 and 8 wells at Brooks (Sunburst) and 4 wells at Thorsby (Sparky) in 2023 at WTI prices noted above, US\$14.50 WTI/WCS differential, ~C\$3.70/gj AECO, 1.23 CAD/USD.
- EBITDA is calculated based on stated WTI prices, -US\$14.50 WCS differential, 1.23 CAD/USD FX rate, \$3.00/gj AECO, corporate average royalty rates of 17%, and operating costs and G&A assumptions that are based off historical financial performance.



# RELATIVE VALUATION OFFERS OPPORTUNITY

Relative to ASX and TSX-listed peers, Calima has significant re-rating potential

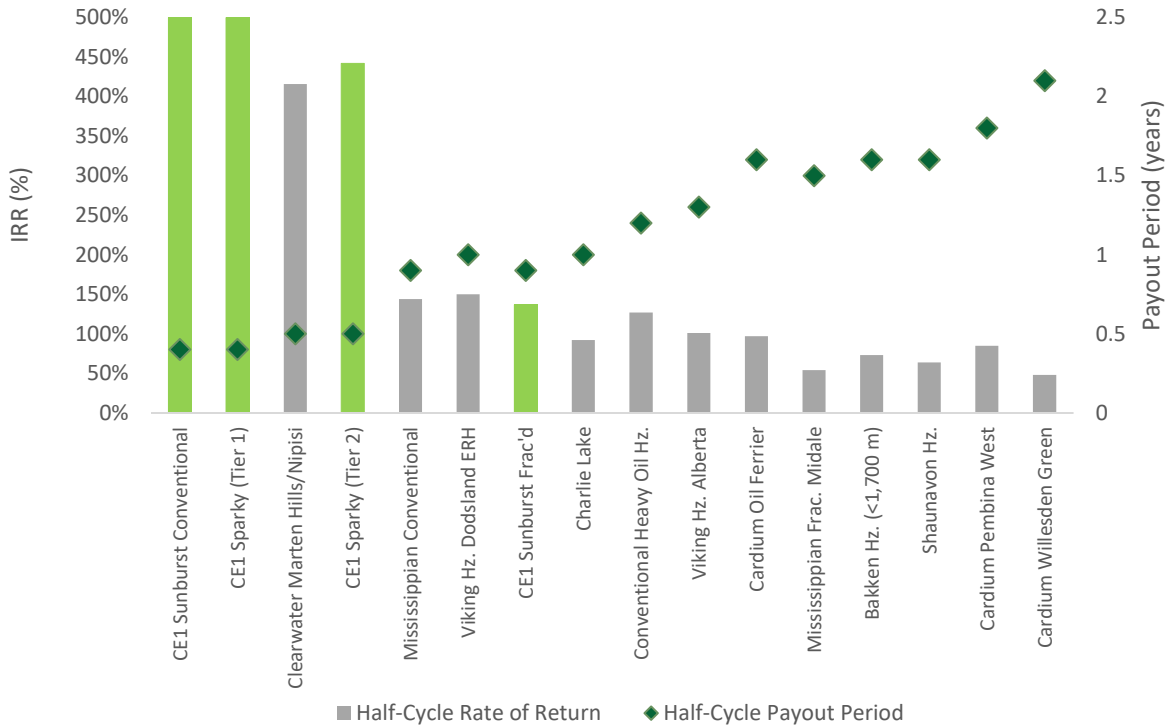
EV/2P Multiple<sup>1</sup>



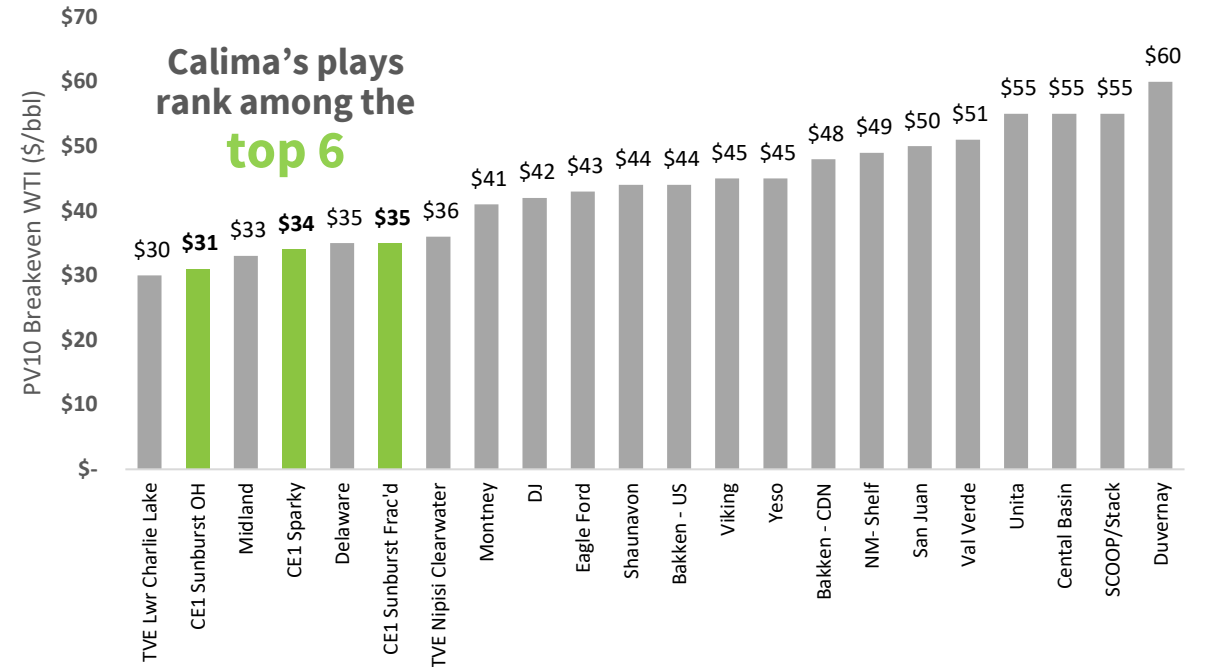
# PLAY ECONOMICS DRIVE COMPELLING RETURNS

Calima's assets offer high IRRs with short payouts and have some of the lowest breakeven to WTI economics

Relative Economics for Leading North American Oil Plays



PV<sub>10</sub> Breakeven WTI Price (\$/bbl) for Leading North American Play Types





# STRONG MANAGEMENT & BOARD

## LEADERSHIP



### Jordan Kevol

Managing Director & CEO

- 8 years at Blackspur (Founder & CEO)
- Geologist with 16 years of public and private Canadian junior E&P experience



### Braydin Brosseau

CFO & VP Finance - Canada

- 6 years at Blackspur
- 14+ years Canadian E&P experience
- Ex West Valley Energy, Aston Hill Financial, PwC



### Mark Freeman

Finance Director - Australia

- >20 years oil and gas development and corporate finance expertise
- Grand Gulf Energy, Golden Gate Petroleum, Quest Petroleum

**Dorn Cassidy**  
VP Operations

**Sean Kostenuk**  
VP Exploration

**Graham Veale**  
VP Engineering

**Chris Bennett**  
VP Land

**Micheal Dobovich**  
VP Corporate Sustainability

## DIRECTORS

**Glenn Whiddon**  
Chairman

- Commercial >30 years in equity capital markets, banking and corporate advisory
- Bank of New York, Grove Energy and various ASX listed companies

**Brett Lawrence**  
Non-Exec Director

- Commercial and petroleum engineering > 15 years in international E&P
- Executive experience in public companies and private equity investing

**Lonny Tetley**  
Non-Exec Director

- Partner at Burnet, Duckworth and Palmer LLP
- Currently serves on the Board of Certarus, Beyond Energy Services & Accelerate Financial Technologies Inc.

# ASSET-ENHANCING UPSIDE OPPORTUNITIES

Asset base offers numerous enhancement projects and value creating opportunities



## → BROOKS

**Waterflood** - implemented at the Brooks Sunburst J2J pool, highlighting secondary recovery potential of the asset base

**Land Acquisition** - potential to add offsetting ~50 net sections through Crown and freehold leasing, contributing an additional 150 net locations



## → THORSBY

**New Development** - Calima holds an 88% WI in Thorsby land, of which ~92% is undeveloped and represents additional production and reserves potential

**Land Acquisition** - potential to add offsetting ~22 net sections through Crown and freehold leasing, contributing an incremental 45 net locations



## → MONTNEY

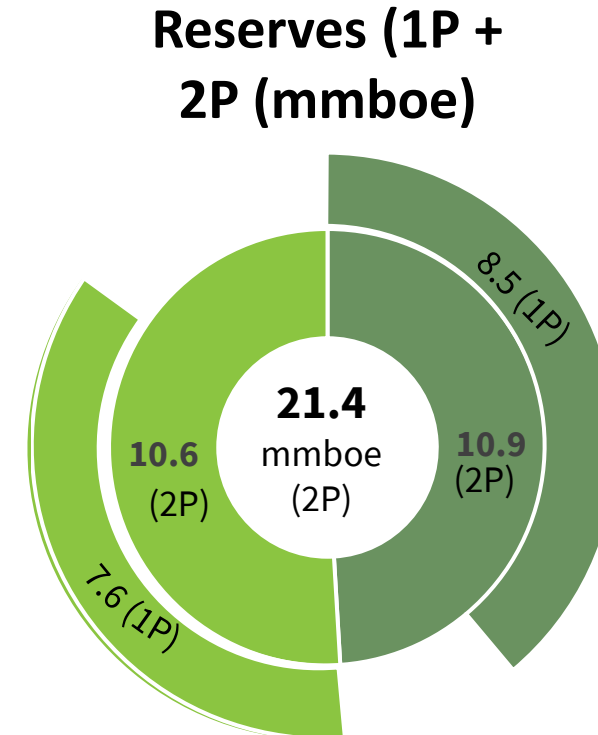
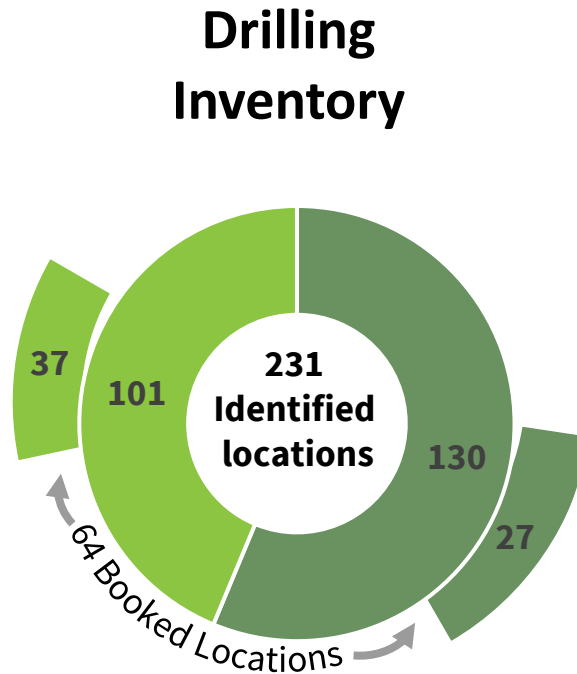
**100% working interest in >60,000 acres of Montney drilling rights** in BC, with 10-year continuation lease over 49 sections (33,643 acres) due to successful 2019 drilling campaign



# CASH FLOWING ASSET BASE WITH LONG-TERM UPSIDE

Medium oil weighted production delivers consistently high corporate netback

■ **Brooks** (94% working interest)
 ■ **Thorsby** (100% working interest)



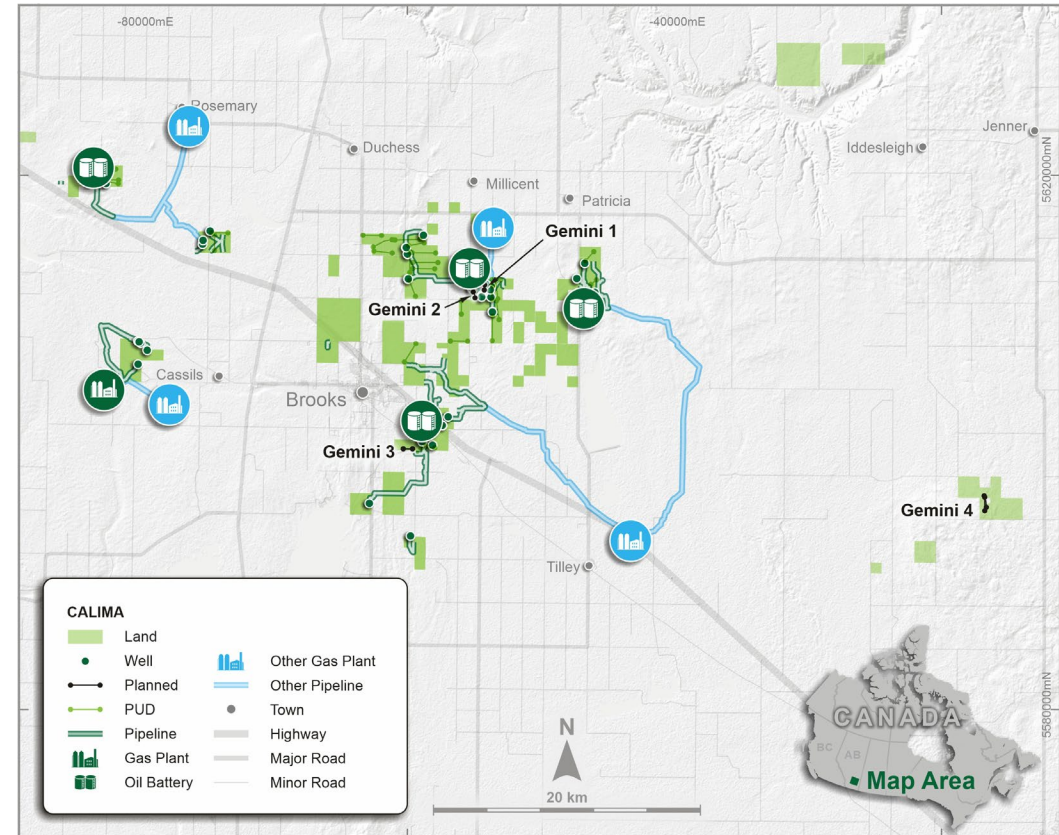


# BROOKS

- Large resource in place with multiple oil pools identified, delineated and developed
- ~83 net sections across 53,093 net acres in total, with year-round access and 57 wells drilled to date
- Owned and operated infrastructure with capacity for sizeable production growth
- 140 net locations identified; 30.5 net booked
- Wells are significantly outperforming type curve in both the Sunburst and Glauconitic reservoirs
- 4 well Gemini campaign was drilled in June and July 2021. The IP30 rates averaged 176 boe/d (75% oil)
- The total costs averaged \$1.2 million per horizontal well inclusive of drilling, completing, equipping and tie-in

## RESERVES DETAIL (mmbobe)<sup>1</sup>

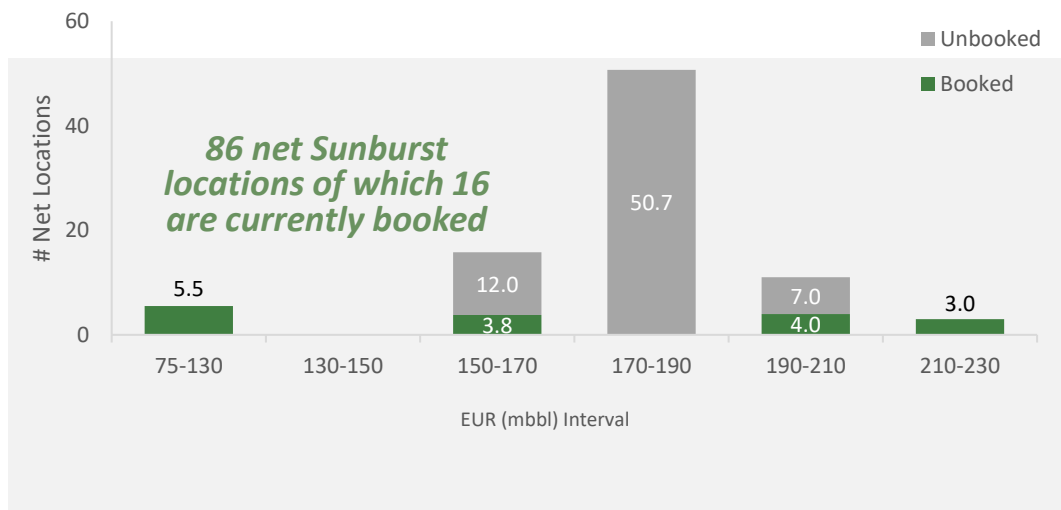
PDP	3.6
Proved Undeveloped	4.9
Total 1P	8.5
Total 2P	10.9
Total 3P	12.9



# BROOKS

- Open hole Sunburst wells have top tier economics at current pricing (no fracs)
- Average Sunburst conventional hz wells (22 wells) have outperformed third party reserve evaluator type curves
- Low OPEX (including transportation) of ~C\$10-12/boe
- Working Interest: 94%
- Low base decline rate of ~22%

## INVENTORY BY EUR INTERVAL (CONV & FRAC'D)



ASX: CE1

## BROOKS ECONOMICS<sup>1,2,3,4</sup>

Sources: Company disclosure, geoSCOUT

		Sunburst Type Curve Economics		
		Sunburst Conventional \$60 WTI	Sunburst Conventional \$70 WTI	
RESOURCE	EUR – Oil & Liquids/Well	Mbbl	168	168
	EUR – Gas/Well	MMcf	301	306
	Total EUR	Mboe	218	222
	% Liquids (Oil & NGLs)	%	77%	77%
	Avg. Royalty Rate	%	17%	19%
ECONOMICS	CAPEX/Well	\$MM	C\$1	C\$1
	F&D	\$/boe	C\$4.60	C\$4.50
	BTAX IRR	%	>500%	>500%
	BTAX NPV10	\$MM	C\$3.2	C\$4.3
	P/I 10%	x	3.2	4.3
	Payout	months	6	5
	IP90 Oil (Wellhead)	bbl/d	139	139
	Netback (Year 1)	\$/boe	C\$34.04	C\$40.70
	Recycle Ratio	x	7.4	9.0
	Break-even to WTI	US\$/bbl	US\$30.82	US\$30.82

<sup>1</sup> Shows the average of the 22 wells Blackspur drilled compared to the type curve and Insite's weighted average PUD location. The type curve is based on our 2P Insite EUR for all the Sunburst wells drilled to date that have produced.

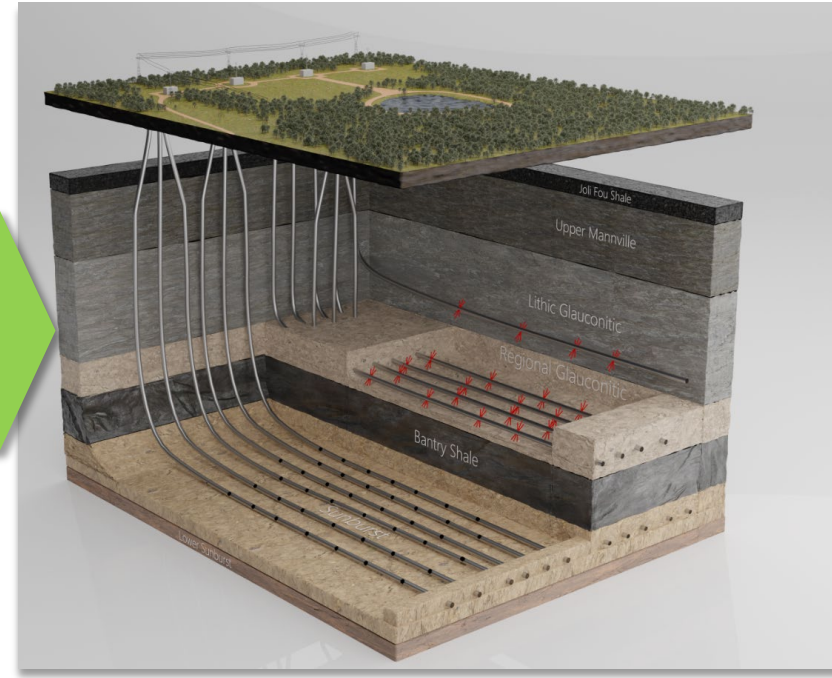
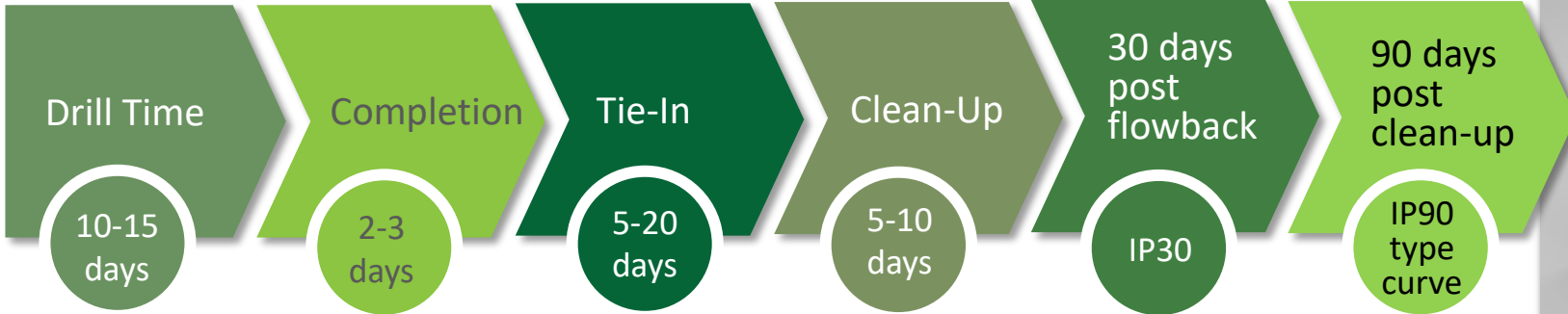
<sup>2</sup> Refer to the Reserve Evaluation – Blackspur Oil Corp. announcement dated 1 September 2021. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

<sup>3</sup> Flat pricing: US\$60.00 and US\$70.00/bbl WTI, C\$2.50/GJ AEEO, US\$12.00/bbl WCS differential and 1.25 CAD or AUS/USD.

<sup>4</sup> Break-even prices include DCET and the point at which IRR is zero and it is no longer economic to drill that play type. They are calculated by sensitizing WTI while maintaining other price streams constant

# 2021 FIELD ACTIVITY

### Drilling at our 2-29-19-13W4 oil battery



Full Brooks Development

### Drone footage of 15-23-18-14W4, 10-20-20-16W4, and 2-29-19-13W4 oil batteries



Bantry 2-29 Oil Battery and H<sub>2</sub>Sweet Plant Drilling Rig Pictured; Open Hole Sunburst



Bantry 15-23 Oil Battery and Sunburst Well Pad



Countess 10-20 Oil Battery Waterflood in Sunburst J2J Pool



# 2021 FIELD ACTIVITY



Drilling Rig Move Into 2-29 Battery Site  
Open Hole Sunburst Drill



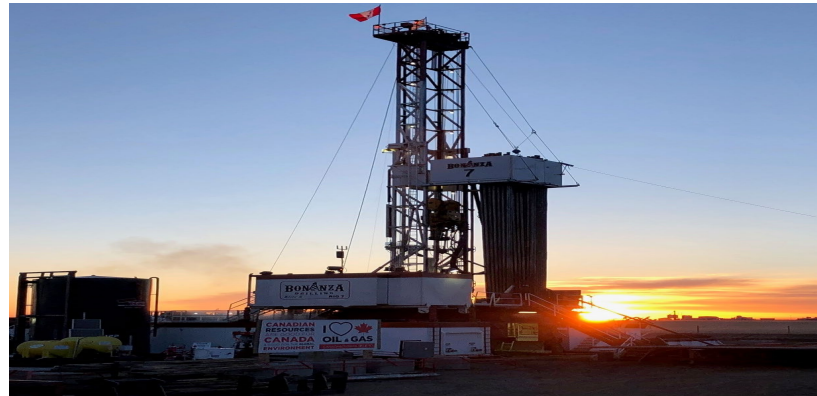
Bantry 2-29 Oil Battery and H<sub>2</sub>Sweet Plant



Bantry 2-29 Water Disposal Building and Tank Farm



Overhead Drone Shot of the Bantry 2-29 Battery



Drilling an Open Hole Sunburst Well in Brooks



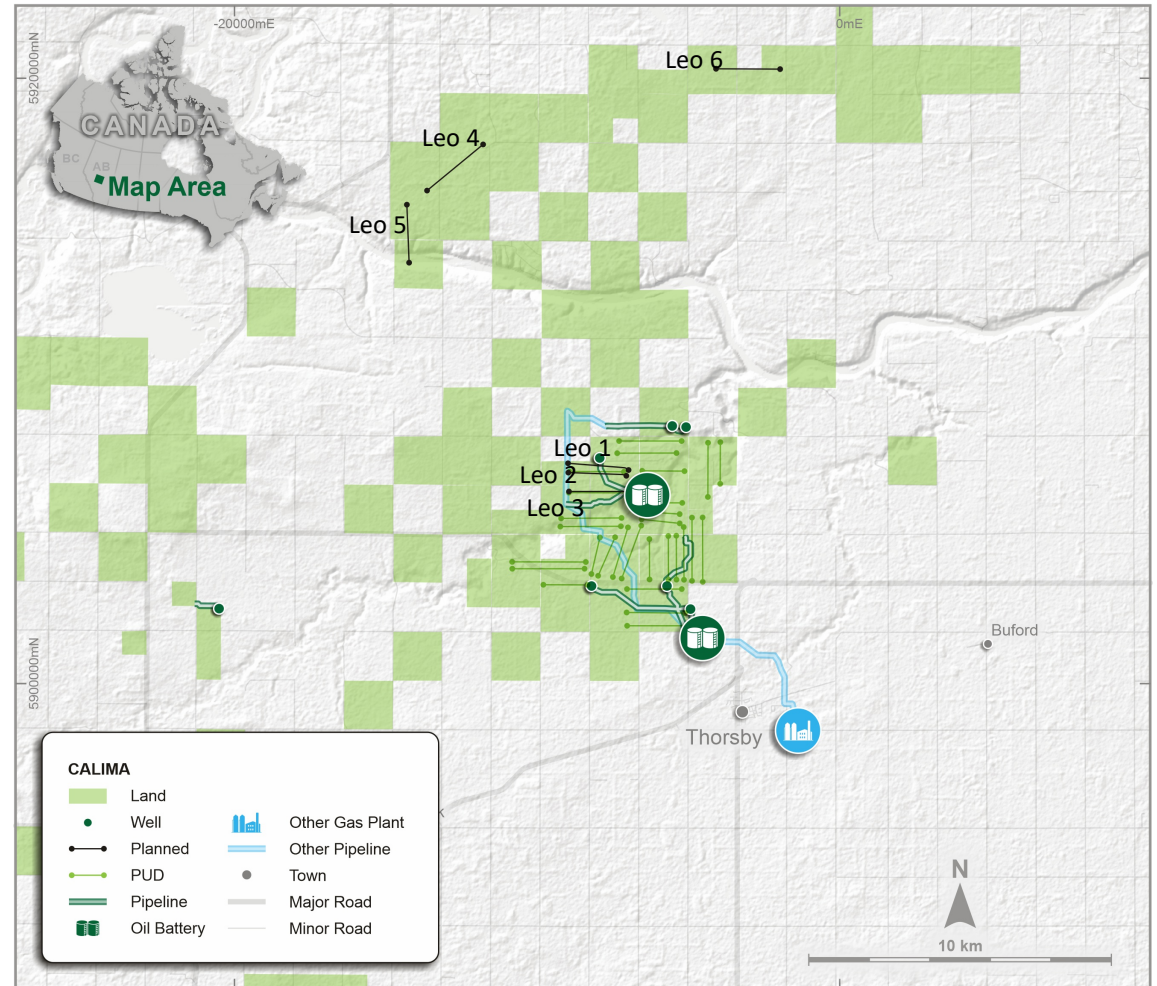
Countess 10-20 Oil Battery and Sunburst Waterflood

# THORSBY

- 3 Thorsby development wells are being drilled and targeting tie-in for Q4. Leo #1 has been drilled, Leo #2 is drilling ahead
- Additional 3 Thorsby North wells being considered (50% WI)
- ~108 net sections on 63,946 net acres total
- 11 wells drilled to date - results competitive with other economic WCSB plays
- Multi-well pads reduce overall capital costs
- 89 net Sparky; 12 net Nisku inventory identified with multiple pools to be delineated (27 booked Sparky locations)
- Select wells demonstrated significant type curve outperformance in the Sparky Formation

## RESERVES DETAIL (mmboe)<sup>1</sup>

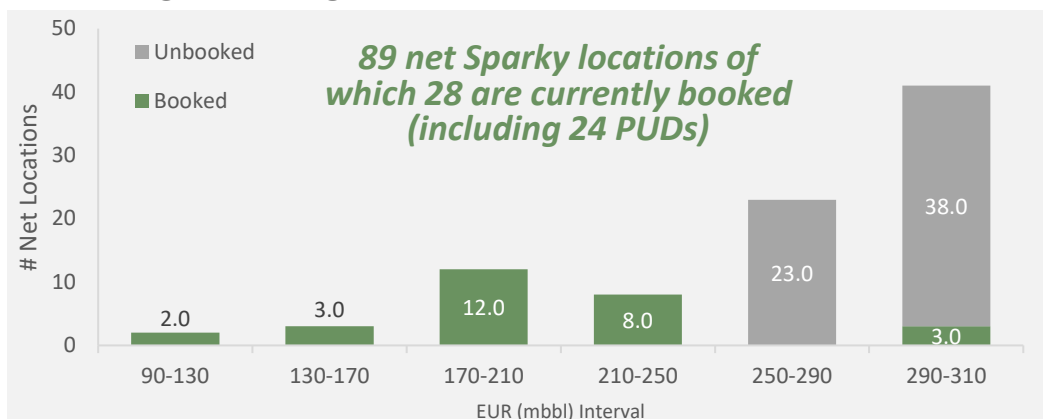
PDP	1.6
Proved Undeveloped	6
Total 1P	7.6
Total 2P	10.6
Total 3P	12.8



# THORSBY

- Significant type curve outperformance in the Sparky Formation
- Additional opportunities with Nisku and Duvernay potential; offsetting results are supportive
- Upside potential by improving capital efficiencies and further scaling
- Low OPEX (including transportation) of ~C\$10-12/boe
- Working Interest: 100%
- Low area decline rate of ~17%

## INVENTORY BY EUR INTERVAL



## THORSBY ECONOMICS<sup>1,2</sup>

Sources: Company disclosure, geoSCOUT

		Sparky Type Curve Economics			
		Tier 1 (a) \$70 WTI	Tier 2 (b) \$70 WTI	Illustrative 40 T/Stage (c) \$70 WTI	
RESOURCE	EUR – Oil & Liquids/Well	Mbbl	318	283	360
	EUR – Gas/Well	MMcf	543	412	614
	Total EUR	Mboe	409	352	462
	% Liquids (Oil & NGLs)	%	78%	80%	78%
ECONOMICS	Avg. Royalty Rate	%	17%	17%	17%
	CAPEX/Well	\$MM	C\$2.5	C\$2.5	C\$3.2
	F&D	\$/boe	C\$6.10	\$7.10	\$6.90
	BTAX IRR	%	>500%	442%	270%
	BTAX NPV10	\$MM	C\$7.8	C\$6.5	C\$8.7
	P/I 10%	x	3.1	2.6	2.7
	Payout	months	5	6	10
	IP90 Oil (Wellhead)	bbl/d	336	274	460
	Netback (Year 1)	\$/boe	C\$42.00	C\$43.50	C\$41.20
	Recycle Ratio	x	6.9	6.1	5.9
Break-even to WTI	US\$/bbl	US\$34.00	US\$35.10	US\$33.22	

<sup>1</sup> Refer to the Reserve Evaluation – Blackspur Oil Corp. announcement dated 1 September 2021. 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.

<sup>2</sup> Flat pricing: US\$70/bbl WTI, C\$2.50/GJ AEEO, US\$12/bbl WCS differential and 1.25 CAD or AUS/USD. Break-even prices include DCET and the point at which IRR is zero and it is no longer economic to drill that play type. They are calculated by sensitizing WTI while maintaining other price streams constant.

- Tier 1 are planned future wells incorporating all technical learnings over the wells drilled to date and based on best 2 wells drilled to date.
- Tier 2 adds a third well with sand issues and downtime but still consistent with all the learnings in tier 1 (away from fault).
- The illustrative curve is based on increasing the frac size to 1 T/m, this increase is planned on future wells.

# WORLD-CLASS MONTNEY PLAY

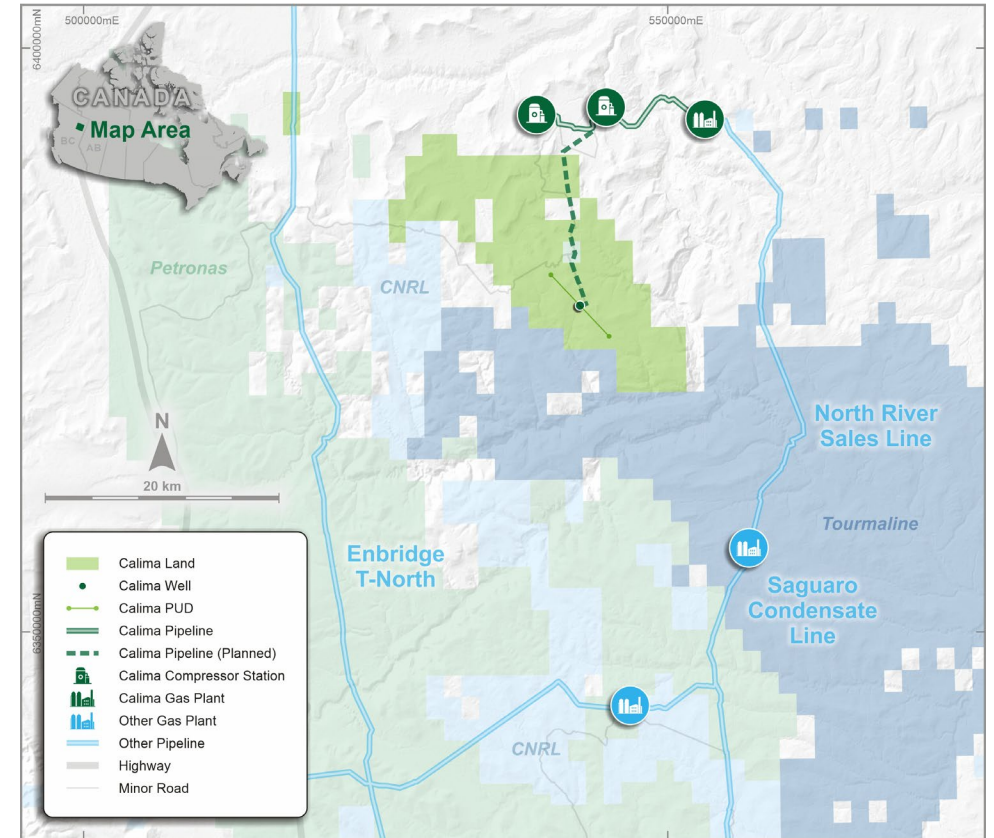
- Among the highest rates of return hydrocarbon basins in North America
- Diversity of hydrocarbons with light oil, liquids rich natural gas and dry gas which can enhance returns
- Optimal reservoir characteristics with size and thickness predictability (>1,000 feet in thickness)
- Strong market fundamentals enhanced by three world class LNG projects
- Competitive royalty structure
- Multiple benches can be accessed from a single pad



Source: RBC Rundle, Company Reports, NEB, U.S. Department of Energy and RBC Capital Markets

# CALIMA'S FOOTPRINT IN THE MONTNEY

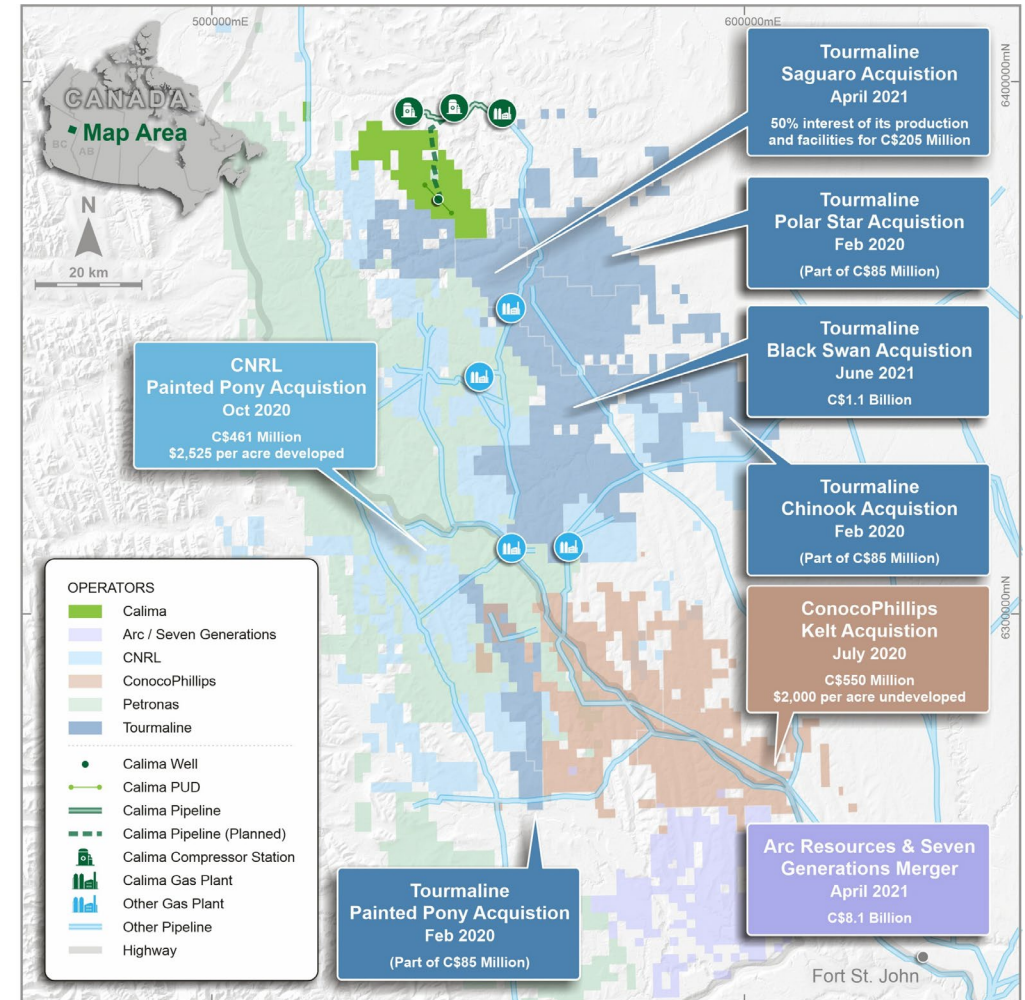
- 100% interest in >60,000 acres of Montney drilling rights in BC, with 10-year continuation lease over 49 sections (33,643 acres) due to successful 2019 drilling campaign
- Owns Tommy Lakes facilities and pipeline infrastructure with replacement cost estimated at A\$85 million
- 'Development Ready' project:
  - Existing pipeline capacity of >11,000 boe/d = quick ramp up
  - BC Oil and Gas Commission ('OGC') provided approval to construct and operate a multi-well production facility
  - Permit granted to construct pipeline to connect the Calima well-pad with regional pipeline and processing infrastructure
- **192.1 MMboe (2C) resources<sup>1</sup>** (based on McDaniels & Associates best estimate gross unrisked contingent resource)
- 2C resource elevated to Development Pending category; will be **recategorized as 2P Reserves** once funding secured<sup>1</sup>
- Estimated Ultimate Recovery (EUR) **8.4 Bcf** per well yields **~50 barrels per Mmcf** of high-value liquids



	Prospective Resource (2U)	Contingent Resource (2C)		
		Dev on hold	Dev Pending	Total Contingent
Natural Gas (mcf)	1,677,610	638,220	248,401	886,621
Total Liquids (mdbl)	83,896	31,997	12,442	44,339
Total BOE (Mdbl)	363,498	138,267	53,542	192,109

# CALIMA – FUTURE DEVELOPMENT OPPORTUNITY

- Strategy to prepare for future development while **unlocking value** short term via joint ventures, partnerships or an asset transaction
- Montney remains a strategic source for oil & gas for Eastern Canada and the US market as evidenced with the recent wave of corporate activity including:
  - Black Swan sold to Tourmaline for **C\$1.1 Billion**
  - Saguaro sold 50% interest in production and facilities to Tourmaline in the June Qtr 2021 for **\$205 million** (9,000 boe/d, 25% condensate/NGL's).
  - ARC Resources and Seven Generations Energy **C\$8.1 billion** merger
  - Canadian Natural Resources (CNRL) **C\$461 million** purchase of Painted Pony
  - ConocoPhillips **C\$550 million** purchase of Kelt asset package
  - Tourmaline's **C\$85 million** purchase of select acreage from Painted Pony, Polar Star and Chinook for **C\$85 million**



# Contact Us

For further information visit [www.calimaenergy.com](http://www.calimaenergy.com) or contact:

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The logo for CALIMA ENERGY features the word "CALIMA" in a large, bold, green sans-serif font. Below it, the word "ENERGY" is written in a smaller, black, all-caps sans-serif font. A thin horizontal line is positioned between the two words. The background of the logo area is a scenic photograph of rugged, rocky mountains under a clear blue sky with some light clouds.

# Appendices

**CALIMA**  
ENERGY



# COMMITMENT TO RESPONSIBLE OPERATIONS

## ENVIRONMENTAL

- Brooks and Thorsby assets have very low CO<sub>2</sub> in reservoir with the average less than 2%, minimizing the potential future costs or need to purchase carbon credits in becoming a net zero emitter
- Montney gas will support the lowest CO<sub>2</sub> emission/tonne LNG project in the world, LNG Canada
- Low water use due to no fracing at key Brooks asset
- Multi-well pad drilling reduces environmental footprint
- Clean asset base with >5.0 corporate LMR and \$16.9 million net undiscounted ARO



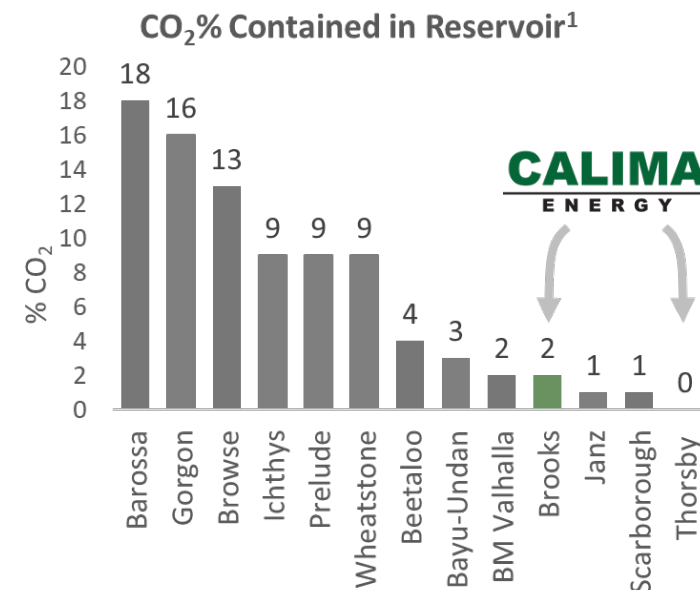
Investment in H<sub>2</sub>Sweet (an innovative, proprietary regenerative reagent H<sub>2</sub>S removal process) helps Calima lower its CO<sub>2</sub> emission rates at Brooks and realise positive economic & environmental benefits

## SOCIAL

- Continue to target zero lost time incidents and exceed regulatory requirements to minimize environmental impacts and provide all employees and contractors a safe place to work
- Long history of active involvement in all communities where Calima works, particularly with First Nations
- History of making meaningful donations to a variety of non-profit organizations

## GOVERNANCE

- Majority independent board with diversity of skillset, backgrounds and experience including both Canadian and Australian expertise
- Appropriate policies and procedures impart rigour around financial reporting, audit oversight and overall risk mitigation
- Key risk management practices in place governing hedging and financial controls



**2050** Initial target to achieve **net zero** carbon emissions

**2022** Calima to publish annual sustainability report



# DEBT TERMS

At the Close of the Blackspur Transaction, Calima Will Repay the Existing Non-Revolver and Revolver Credit Facilities and Establish a Committed Revolving Credit Facility with National Bank of Canada.

Terms	Committed Revolving Credit Facility
Facility Size	<ul style="list-style-type: none"> <li>C\$25m (~\$15 million drawn)</li> </ul>
Provider	<ul style="list-style-type: none"> <li>National Bank of Canada</li> </ul>
Interest Rate*	<ul style="list-style-type: none"> <li>Refer to interest pricing grid</li> </ul>
Tenor	<ul style="list-style-type: none"> <li>No expiry, semi-annual review</li> </ul>
Security	<ul style="list-style-type: none"> <li>C\$150,000,000 demand debenture, parent Guarantee</li> </ul>
Financial Covenants	<ul style="list-style-type: none"> <li>Net Debt to Cash Flow</li> <li>Working Capital Ratio &gt; 1.0x</li> </ul>
Negative Covenants	<ul style="list-style-type: none"> <li>Strict prohibition on any non-permitted senior, pari passu, or junior debt and lien incurrence</li> </ul>

\* Calima current effective interest rate is ~3-4%

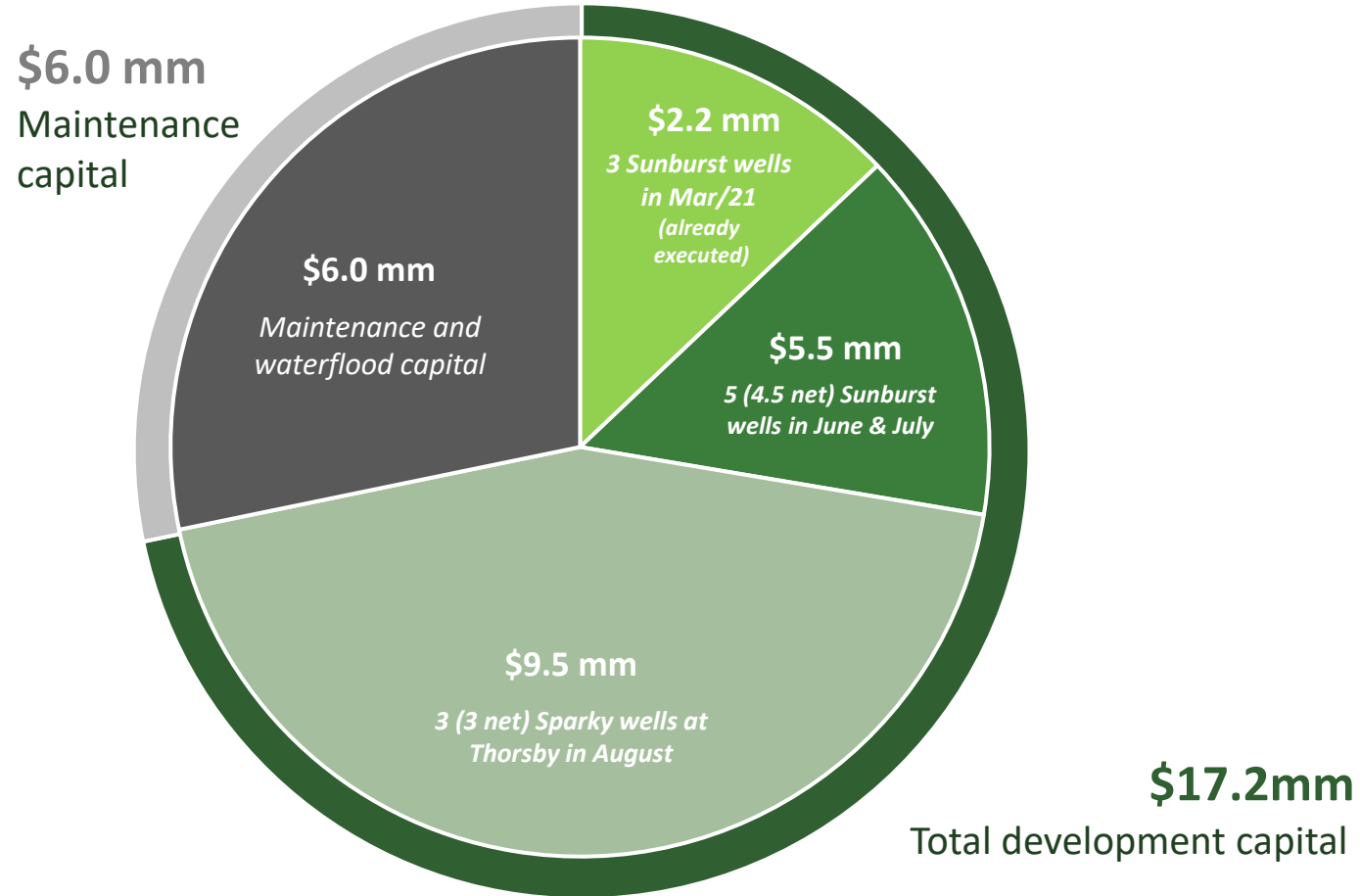
Interest Pricing Grid

Net Debt / Cash Flow	Canada Prime Rate + basis points per below	Banker's Acceptance + basis points per below	Standby fees
≤ 1.0x	150	275	20
> 1.0x - ≤ 1.5x	175	300	25
> 1.5x - ≤ 2.0x	200	325	30
> 2.0x - ≤ 2.5x	250	375	35
> 2.5x - ≤ 3.0x	300	425	40
> 3.0x	350	475	45



# CAPITAL BUDGET

CALENDAR 2021 CAPITAL BUDGET: C\$23.2mm (May – Dec \$C20m)





# HISTORY OF BLACKSPUR

2012

- Private equity backed, founded through the recapitalization of Eiger Energy Ltd.
  - Average production of ~80 boe/d

2013

- Drilled 3 (3 net) wells and delivered C\$1.3 million in operating cash flow
  - Exit production of ~250 boe/d and ~20 net sections of land

2014

- Completed the C\$14.3 million Brooks acquisition adding 250 boe/d and raising C\$32.0 million in an equity financing
  - Exit production of ~1,200boe/d and ~165 net sections of land

2015

- Completed a C\$7.1 million acquisition adding 180 boe/d and raising C\$12.5 million in an equity financing at \$0.50/share
  - Exit production of ~1,500 boe/d and ~162 net sections of land

2016

- Completed the C\$8.5 million additional Brooks acquisition adding 250 boe/d funded through the sale of Taber
  - Completed non-core asset divestiture at Taber (170 bbl/d) for gross proceeds of C\$6.7 million
  - Exit production of ~1,300 boe/d and ~170 net sections of land

2017

- Completed a C\$28.5 million equity financing at C\$0.45/share
  - Acquired remaining 50% WI at Thorsby
  - Exit production of ~4,300 boe/d and ~264 net sections of land

2018

- Continued to delineate the Brooks and Thorsby regions, drilling 14 (14 net) wells
  - Exit production of ~4,300 boe/d and ~283 net sections of land

2019

- Reduced rate of development to achieve living within cash flow operations
  - Exit production of ~3,500 boe/d and ~240 net sections of land

2020

- Blackspur drilled 2 (2 net) wells in 2020
  - 2020 exit production of >2,600 boe/d



# GLOSSARY

Abbreviation	Description
WI	Working Interest
C	Contingent Resources – 1C/2C/3C – low/most likely/high
NRI	Net Revenue Interest (after royalty)
Net	Working Interest after Deduction of Royalty Interests
NPV (10)	Net Present Value (discount rate), before income tax
EUR	Estimated Ultimate Recovery per well
WTI	West Texas Intermediate Oil Benchmark Price
WCS	Western Canadian Select Oil Benchmark Price
PDP	Proved Developed Producing
PUD	Proved Undeveloped
1P or TP	Total Proved
2P or TPP	Total Proved plus Probable Reserves
3P	Total Proved plus Probable plus Possible Reserves
EBITDA	Earnings before interest, tax, depreciation, depletion and amortization
Net Acres	Working Interest
IP24	The peak oil production rate over 24 hours of production
IP30	The average oil production rate over the first 30 days of production

Abbreviation	Description
B	Prefix – Billions
MM	Prefix - Millions
M	Prefix - Thousands
/d	Suffix – per day
bbl	Barrel of Oil
boe	Barrel of Oil Equivalent (1bbl = 6 mscf)
scf	Standard Cubic Foot of Gas
Bcf	Billion Standard Cubic Foot of Gas
tCO <sub>2</sub>	Tonnes of Carbon Dioxide
OCF	Operating Cash Flow, ex Capex
E	Estimate
YE	Year End 31 December
CY	Calendar Year
LMR	Liability Management Ratio



# GLOSSARY

Terms	Description
Adjusted EBITDA	Adjusted EBITDA is calculated as net income (loss) before interest and financing expenses, income taxes, depletion, depreciation and amortisation, and adjusted to exclude certain non-cash, extraordinary and non-recurring items primarily relating to bargain purchase gains, gains and losses on financial instruments, transaction and advisory costs and impairment losses. Calima utilises adjusted EBITDA as a measure of operational performance and cash flow generating capability. Adjusted EBITDA impacts the level and extent of funding for capital projects investments or returning capital to shareholders.
ARO / Asset Retirement Obligation	the process of permanently closing and relinquishing a well by using cement to create plugs at specific intervals within a well bore.
CO2e:	carbon dioxide equivalent
Conventional Well:	a well that produces gas or oil from a conventional underground reservoir or formation, typically without the need for horizontal drilling or modern completion techniques
Compression:	a device or facility located along a natural gas pipeline that raises the pressure of the natural gas flowing in the pipeline, which in turn compresses the natural gas, thereby both increasing the effective capacity of the pipeline and allowing the natural gas to travel longer distances
Corporate Decline:	consolidated, average rate decline for net production from the Company's assets
Exit Production	Exit production is defined as the average daily volume on the last week of the period
Operating Netback	Oil and gas sales net of royalties, transportation and operating expenses
Financial Hedge:	a financial arrangement which allows the Company to protect against adverse commodity price movements, the gains or losses of which flow through the Company's derivative settlements on its financial statements
Free Cash Flow (FCF):	represents Hedged Adjusted EBITDA less recurring capital expenditures, asset retirement costs and cash interest expense
Free Cash Flow Yield:	represents free cash flow as a percentage of the Company's total market capitalisation at a certain point in time
Funds Flow	Funds flow from operations is a non-IFRS measure calculated based on operating netback, less general & administrative expenses, and interest and other financing costs
Gathering & Compression (G&C):	owned midstream expenses; the costs incurred to transport hydrocarbons across owned midstream assets
Gathering & Transportation (G&T):	third-party gathering and transportation expense; the cost incurred to transport hydrocarbons across third-party midstream assets
G&A:	general and administrative expenses; may be represented by recurring expenses or non-recurring expense
Hyperbolic Decline:	non-exponential with subtle multiple decline rates; hyperbolic curves decline faster early in the life of the well and slower as time increases
LOE:	lease operating expense, including base LOE, production taxes and gathering & transportation expense
Midstream:	a segment of the oil and gas industry that focuses on the processing, storing, transporting and marketing of oil, natural gas, and natural gas liquids



# GLOSSARY

Terms	Description
Net Debt:	Net debt is defined as cash plus receivables and prepaid expenses, less payables and bank indebtedness
NGL:	Natural Gas Liquids; hydrocarbon components of natural gas that can be separated from the gas state in the form of liquids
Net Debt/EBITDA (Leverage):	a measure of financial liquidity and flexibility calculated as Net Debt divided by EBITDA
NRI: Net Revenue Interest;	a share of production after all burdens, such as royalty and overriding royalty, have been deducted from the working interest. It is the percentage of production that each party actually receives
Operating Costs:	total lease operating expense (LOE) plus gathering & compression expense
Operating Netback	Operating netback is a non-IFRS measure calculated based on revenue (net of royalties), less transportation & operating expenses, and realized hedging gains (losses)
Physical Contract:	a marketing contract between buyer and seller of a physical commodity which locks in commodity pricing for a specific index or location and that is reflected in the Company's commodity revenues Production Taxes: state taxes imposed upon the value or quantity of oil and gas produced
Promote	an additional economic ownership interest in the jointly-owned properties that is conveyed cost-free to the operator in consideration for operating the assets
PDP:	Proved Developed Producing; a reserve classification for proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods
PV10:	a standard metric utilised in SEC filings for the valuation of the Company's oil and gas reserves; the present value of the estimated future oil and gas revenues, reduced by direct expenses, and discounted at an annual rate of 10%
RBL:	Reserve Based Lending; a revolving credit facility available to a borrower based on (secured by) the value of the borrower's oil and gas reserves Terminal decline: represents the steady state decline rate after early (initial) flush production
Royalty Interest or Royalty	Interest in a leasehold area providing the holder with the right to receive a share of production associated with the leasehold area
tCO <sub>2</sub>	Tonnes of Carbon Dioxide
Unconventional Well:	a well that produces gas or oil from an unconventional underground reservoir formation, such as shale, which typically requires hydraulic fracturing to allow the gas or oil to flow out of the reservoir Upstream: a segment of the oil and gas industry that focuses on the exploration and production of oil and natural gas
WI:	Working Interest; a type of interest in an oil and gas property that obligates the holder thereof to bear and pay a portion of all the property's maintenance, development, and operational costs and expenses, without giving effect to any burdens applicable to the property