16 September 2021

Calima Initiates Process to Maximize Montney Assets

- Contiguous Montney land position of more than 60,000 acres in NEBC
  - Development ready prospective resources of **1.68 Tcfg** and **84 Mmbbl**
  - Owned infrastructure connected to sales market, Tommy Lakes Facilities, designed for **50Mmcfd and 2,500 bod, with replacement cost of $85 million plus**
- Rising North American and international LNG gas prices
- Initiation of process to identify value maximizing alternatives for the Montney Assets via engagement of leading Canadian investment bank, Peters & Co

Calima Energy Limited (ASX:CE1) (Calima or Company) has initiated a process to identify, examine and consider potential alternatives related to its Montney assets in NEBC with a view to value maximization. Such potential alternatives may include, but are not limited to, an asset sale, joint venture, asset exchange, or other potential transactions.

Peters & Co. Limited has been retained by Calima to assist in this review of alternatives for the Montney assets. Calima does not intend to provide further updates on the Montney process until such time as binding agreements are executed in respect of this process, which could take up to 6 months.

Over the past 12 months the M&A activity in Canada has continued to strengthen, with over **$6 Billion** in Montney transactions announced over the past 12 months. Further, with the renewed focus on the gas market as a substitute for coal, gas pricing has continued to climb to over **C$4.65/GJ** for AECO spot prices at 15 September 2021, with January 2022 Futures trading at **C$5.00/GJ**.

Calima currently owns and operates more than **60,000 acres** of Montney rights (Calima Lands) in NEBC, Canada. Calima maintains a **10-year PNG lease** over 49 contiguous sections (33,643 acres) resulting from the successful 2019 drilling program. The remainder of the acreage is held by drilling licenses that require validation before their scheduled expiry in 2022.

Calima drilled 3 wells in 2019, retrieving ~240m of Montney core from Calima 1. Calima 2 and 3 were 2,500m horizontal wells with 92 stage completions. Calima 2 yielded a gas rate of 10.2MMcf/d during testing and long-term reservoir monitoring confirmed the pressure-depth ration of ~11.5kPa/m (19,382 kPa reservoir pressure).

The Montney has a large resource in place, providing for long-term value with **195.6MMboe** (2C) Resources[1]. Estimated Ultimate Recovery (EUR) of 8.4 Bcf per well yielding ~50 barrels per MMcf of high-value liquids according to McDaniel and Associates 2021 resource update.

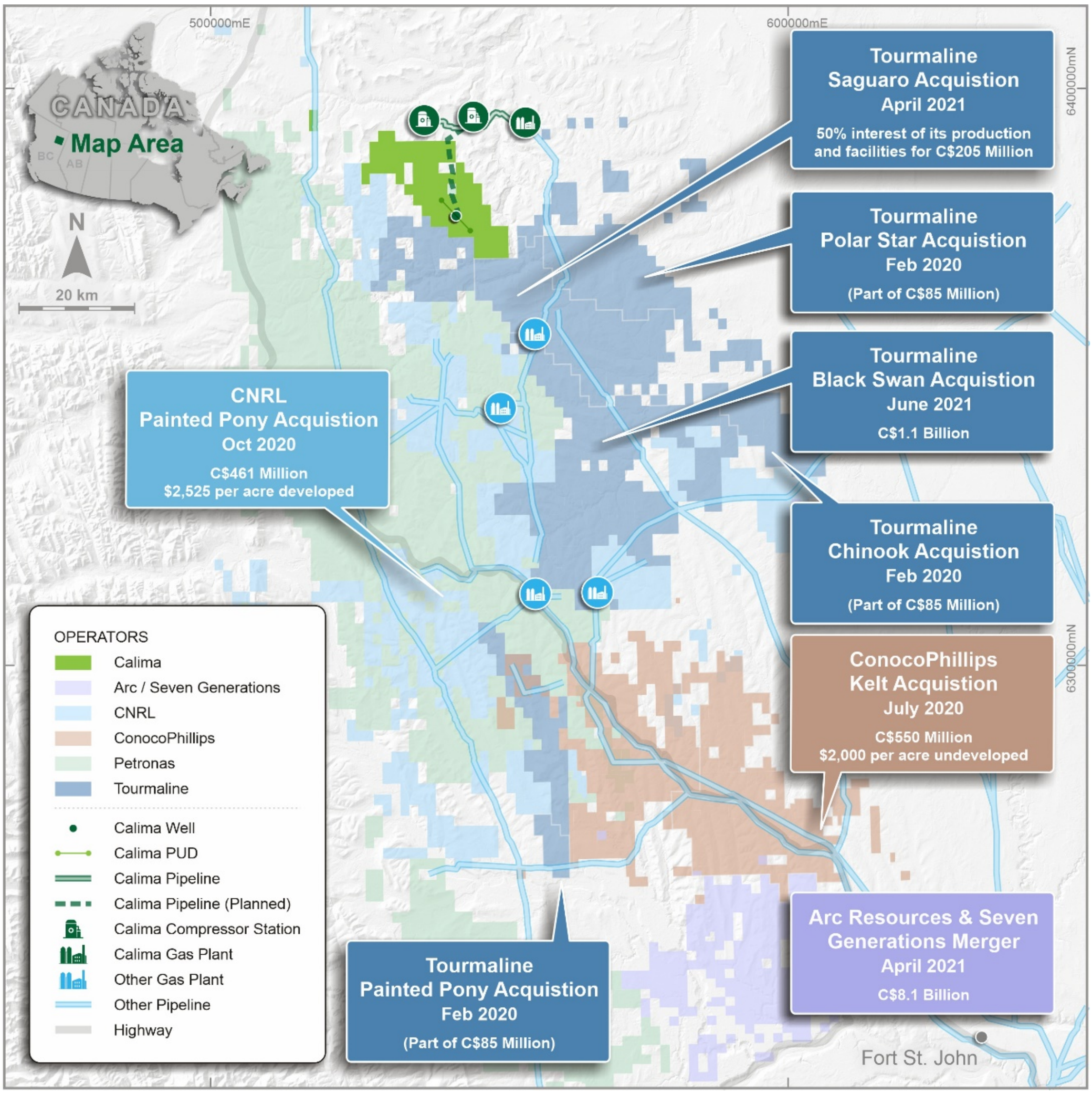
	Total Prospective	Contingent Resource (2C)		
		Dev on hold	Dev Pending	Total Contingent
Natural Gas (mcf)	1,685,000	640,700	249,456	890,156
Total Liquids (mbbl)	84,262	32,019	12,495	44,514
Total BOE (Mbbl)	370,317	140,798	54,827	195,625

The Montney assets have been maintained in a **development ready** state, with all major approvals in place to construct a short tie in pipeline from the Calima 2 and 3 wells to the Tommy Lakes infrastructure

[1] McDaniel & Associates Reserve Report as announced on ASX on 30 April 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.

tie-in point. The Tommy Lakes infrastructure has egress capacity in excess of **50Mmcfd and 2,500 bod** (~11,000 boed) with the existing well-pad sized to accommodate up to 20 wells.

Calima acquired the Tommy Lakes Infrastructure, which has a replacement value in excess of A$85 million and provides an immediate sales tie-in to NorthRiver Midstream, in Q1 2020. The NorthRiver system provides access to all major gas pipeline networks such as T-South, NGTL, Alliance and Coastal Gas Link.



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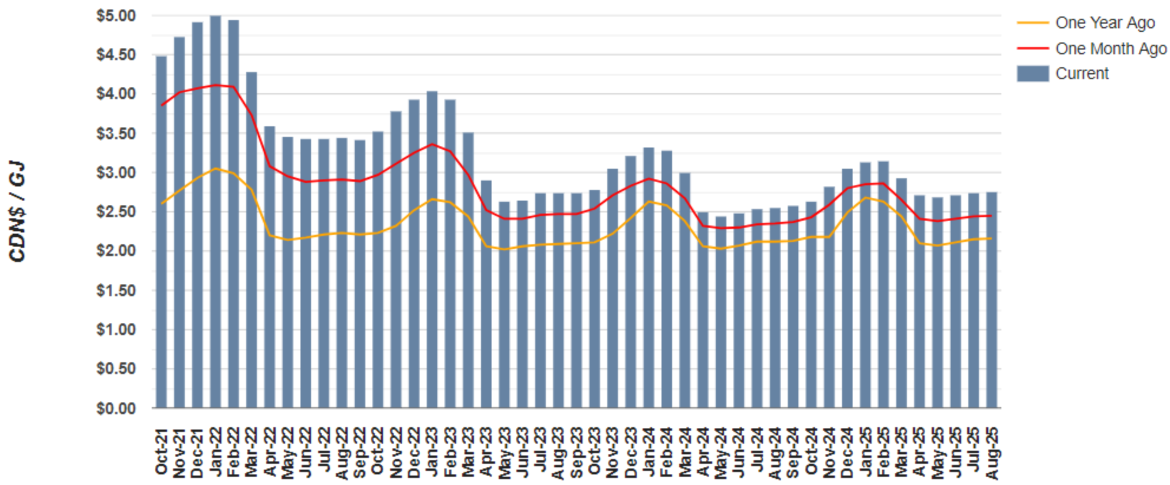

Source: https://www.gasalberta.com/gas-market/market-prices

LNG export in Canada remains on track to commence in 2024 when LNG Canada is expected to be on stream. Enthusiasm continues to grow with Ksi Lisims LNG filing an Initial Project Description with the BC and Federal governments, seeking an eventual regulatory approval. The Ksi Lisims LNG facility aims to be a leader with respect to carbon emissions with a goal of net zero.

Jordan Kevol, CEO and President:

"Peters & Co. brings the necessary experience to identify, evaluate and execute potential alternatives for Calima's Montney assets. They have executed on a majority of transactions in the Montney and know the value opportunity better than most. Our Montney acreage is a material long life asset with significant resources and upside in a proven basin that is currently the center of activity in gas consolidation in Canada. With the commissioning on LNG Canada by SHELL drawing nearer and continued strength in gas prices, we feel that now is the time to either find a strategic partner to fund the development or to monetize the asset. Calima continues to undertake its drilling campaign on the Blackspur lands in Alberta and looks forward to updating stakeholders on the progress of it Leo drilling campaign in the Thorsby area."

This release has been approved by the Board.

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

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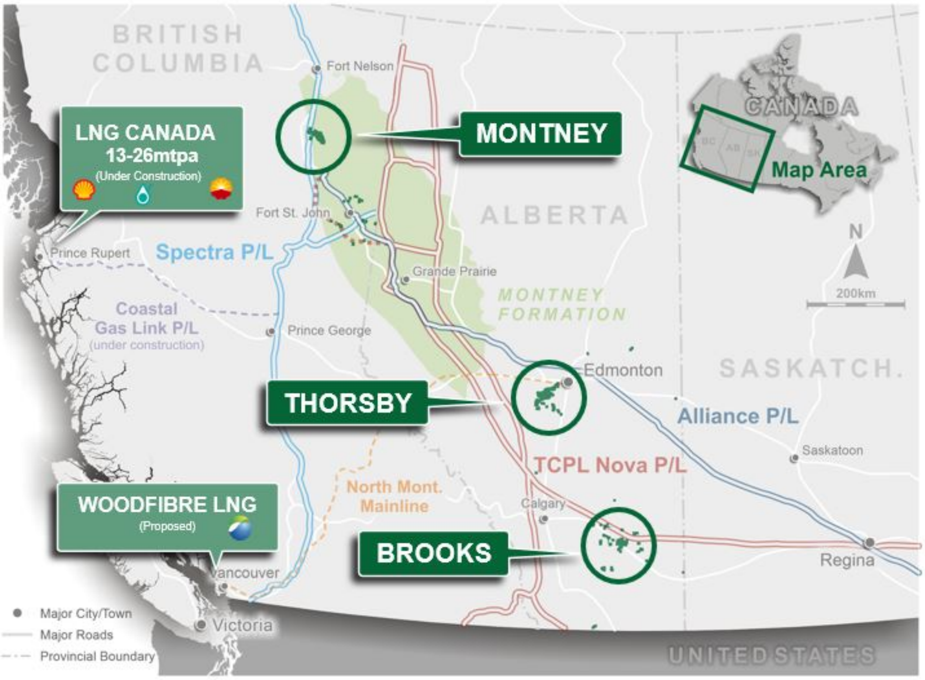
Calima Assets



Forward Looking Statements

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

Qualified petroleum reserves and resources evaluator statement

The petroleum resources information in this announcement is based on, and fairly represents, information and supporting documentation in a report compiled by technical employees of McDaniel and Associates Ltd, a leading independent Canadian petroleum consulting firm registered with the Association of Professional Engineers and Geoscientists of Alberta (APEGA) and was subsequently reviewed by Mr. Aaron Bauer who is a consultant contracted to Calima Energy. Mr. Bauer holds a BSc. in Petroleum Engineering from the University of Calgary (2003) and is an Engineer with over 15 years of experience in petroleum operations and project management as well as prospect generation, evaluations petroleum and reserve evaluation. Mr. Bauer is also a member of (APEGA) and has consented to the inclusion of the petroleum resources information in this announcement in the form and context in which it appears.

Oil and Gas Glossary and Definitions

Term	Meaning
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

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Term	Meaning
	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.
Adjusted working capital:	Adjusted working capital is comprised of current assets less current liabilities on the Company's balance sheet and excludes the current portions of risk management contracts and credit facility draws. Adjusted working capital is utilised by Management and others as a measure of liquidity because a surplus of adjusted working capital will result in a future net cash inflow to the business which can be used for future funding, and a deficiency of adjusted working capital will result in a future net cash outflow which will require a future draw from Calima's existing funding capacity.
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
Available funding:	Available funding is comprised of adjusted working capital and the undrawn component of Blackspur's credit facility. The available funding measure allows Management and other users to evaluate the Company's liquidity.
Credit Facility Interest:	Borrowings under the Credit Facility incur interest at a market-based interest rate plus an applicable margin which varies depending on Blackspur's net debt to cash flow ratio. Interest charges are between 150 bps to 350 bps on Canadian bank prime borrowings and between 275 bps and 475 bps on Canadian dollar bankers' acceptances. Any undrawn portion of the demand facility is subject to a standby fee in the range of 20 bps to 45 bps. Security for the credit facility is provided by a C$150 million demand debenture
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 Income:	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 is comprised of cash provided by operating activities, excluding the impact of changes in non-cash working capital. Calima utilises funds flow as a measure of operational performance and cash flow generating capability. Funds flow also impacts the level and extent of funding for investment in capital projects, returning capital to shareholders and repaying debt. By excluding changes in non-cash working capital from cash provided by operating activities, the funds flow measure provides a meaningful metric for Management and others by establishing a clear link between the Company's cash flows, income statement and operating netbacks from the business by isolating the impact of changes in the timing between accrual and cash settlement dates.
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
Hedged Adjusted EBITDA:	EBITDA including adjustments for non-recurring and non-cash items such as gain on the sale of assets, acquisition related expenses and integration costs, mark-to-market adjustments related to the Company's hedge portfolio, non-cash equity compensation charges and items of a similar nature;
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
LMR:	The LMR (Liability Management Ratio) is determined by the Alberta Energy Regulator ("AER") and is calculated by dividing Blackspur's deemed assets by its deemed liabilities, both values of which are determined by the AER.
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
Net Debt"	Net debt is calculated as the current and long-term portions of Calima's credit facility draws, lease liabilities and other borrowings net of adjusted working capital. The credit facility draws are calculated as the principal amount outstanding converted to Australian dollars at the closing exchange rate for the period. Net debt is an important measure used by Management and others to assess the Company's liquidity by aggregating long-term debt, lease liabilities and working capital.
NGL / Natural Gas Liquids:	hydrocarbon components of natural gas that can be separated from the gas state in the form of liquids
Net Debt/Adjusted EBITDA (Leverage)	a measure of financial liquidity and flexibility calculated as Net Debt divided by Hedged Adjusted EBITDA
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 calculated on a per boe basis and is determined by deducting royalties, operating and transportation from oil and natural gas sales, after adjusting for realised hedging gains or losses. Operating netback is utilised by Calima and others to assess the profitability of the Company's oil and natural gas assets on a standalone basis, before the inclusion of corporate overhead related costs. Operating netback is also utilised to compare current results to prior periods or to peers by isolating for the impact of changes in production volumes.
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 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

Term	Meaning
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
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
Terminal decline:	represents the steady state decline rate after early (initial) flush production
tCO2:	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
Working Capital Ratio:	The working capital ratio as the ratio of (i) current assets plus any undrawn availability under the facility to (ii) current liabilities less any amount drawn under the facilities. For the purposes of the covenant calculation, risk management contract assets and liabilities are excluded.
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

Abbreviation	Abbreviation meaning	Abbreviation	Abbreviation meaning
1P	proved reserves	**A$ or AUD**	Australian dollars
2P	proved plus Probable reserves	**C$ or CAD**	Canadian dollars
3P	proved plus Probable plus Possible reserves	**US$ or USD**	United states dollars
bbl or bbls	barrel of oil	**($ thousands)**	figures are divided by 1,000
boe	barrel of oil equivalent (1 bbl = 6 Mcf)	**($ 000s)**	figures are divided by 1,000
d	suffix – per day	**Q1**	first quarter ended March 31st
GJ	gigajoules	**Q2**	second quarter ended June 30th
mbbl	thousands of barrels	**Q3**	third quarter ended September 30th
mboe	thousands of barrels of oil equivalent	**Q4**	fourth quarter ended December 31st
Mcf	thousand cubic feet	**YTD**	year-to-date
MMcf	million cubic feet	**YE**	year-end
PDP	proved developed producing reserves	**H1**	six months ended June 30th
PUD	Proved Undeveloped Producing	**H2**	six months ended December 31st
C	Contingent Resources – 1C/2C/3C – low/most likely/high	**B**	Prefix – Billions
Net	Working Interest after Deduction of Royalty Interests	**MM**	Prefix - Millions
NPV (10)	Net Present Value (discount rate), before income tax	**M**	Prefix - Thousands
EUR	Estimated Ultimate Recovery per well	**/d**	Suffix – per day
WTI	West Texas Intermediate Oil Benchmark Price	**bbl**	Barrel of Oil
WCS	Western Canadian Select Oil Benchmark Price	**boe**	Barrel of Oil Equivalent (1bbl = 6 mscf)
1P or TP	Total Proved	**scf**	Standard Cubic Foot of Gas
2P or TPP	Total Proved plus Probable Reserves	**Bcf**	Billion Standard Cubic Foot of Gas
3P	Total Proved plus Probable plus Possible Reserves	**tCO_2**	Tonnes of Carbon Dioxide
EBITDA	Earnings before interest, tax, depreciation, depletion and amortisation	**OCF**	Operating Cash Flow, ex Capex
Net Acres	Working Interest	**E**	Estimate
IP24	The peak oil production rate over 24 hours of production	**CY**	Calendar Year
IP30	Average oil production rate over the first 30 days		

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Information Memorandum

Development Ready Montney Resource Opportunity

Calima Energy ("**Calima**" or the "**Company**") has initiated a process to explore strategic alternatives related to its Montney gas assets in the Tommy Lakes area of north east BC, and has retained Peters & Co. Limited ("**Peters & Co.**") as its exclusive financial advisor to assist in this process.

Confidential information will be made available to parties who execute a confidentiality agreement.

Highlights

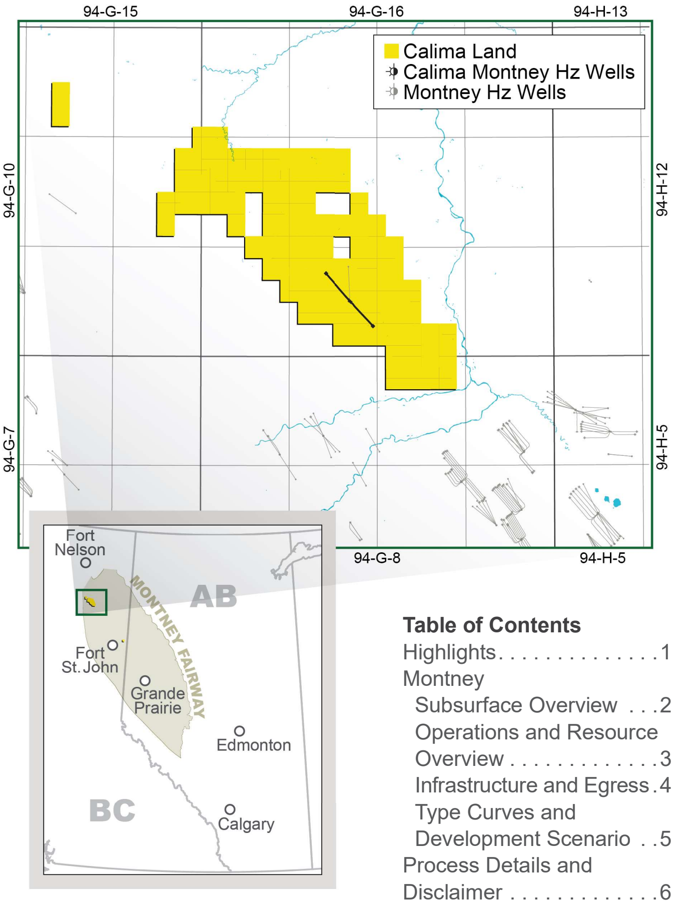
Large, Contiguous Montney Land Base in NEBC

- 100% WI across ~62,400 acres of Montney rights in the Tommy Lakes region of NEBC
- Two horizontal wells have been drilled, completed and tested, including one well in the each of the Upper and Middle Montney
- The entire Montney package was cored (~240 m) in a vertical stratigraphic test well
- ~34,000 acres held until Summer 2029

Significant Liquids-Rich Montney Resource Identified

- Total Resource in place of >14 Tcfe has been identified in the Montney, with ~22% weighted to condensate and NGLs
- Wells drilled on the lands and offsetting operator activity support expected total liquids yields of ~50 bbl/MMcf (30-50% condensate)
- 1.2 Tcfe best estimate contingent resources have been assigned to the Upper and Middle Montney, with an additional 2.2 Tcfe of prospective resource in the Upper and Middle Montney. The Lower Montney provides additional resource potential

Calima Montney Asset Map



Development Ready with Infrastructure to Support 10,000+ BOE/d

- Located outside of the Blueberry River First Nation Territory under restricted development ruling. The Calima lands are located on the traditional Territory of the Prophet River First Nations, with whom Calima has a strong working relationship
- 356 drilling locations identified over Upper and Middle Montney intervals including 122 locations booked as contingent resources, the Lower Montney has the potential to add an incremental 157 drilling locations
- 100% owned infrastructure with design capacity 50 MMcf/d and 2,500 bbl/d is currently preserved in a shut-in state and ready for reactivation
- Construction of an engineered and permitted ~20 km pipeline (no river crossings) is required to tie-in the existing pad site to the owned infrastructure system with a sales meter to NorthRiver Midstream

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Montney Asset Overview

	Land			Wells	Unrisked Resources Volumes [1]			
	Gross Acres *#*	Spacing Units *#*	Average WI *%*	Drilled Hz *#*	Contingent - Development Pending *MMboe*	Contingent - Development On Hold *MMboe*	Prospective *MMboe*	ARO [2] *$MM*
Calima Montney	62,417	88.0	100%	2	54.8	140.8	370.3	$4.0

[1] *Unrisked Resources as per Calima, methodology verified by McDaniel*
[2] *Undiscounted ARO, primarily associated with the owned infrastructure*

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Montney
Subsurface Overview

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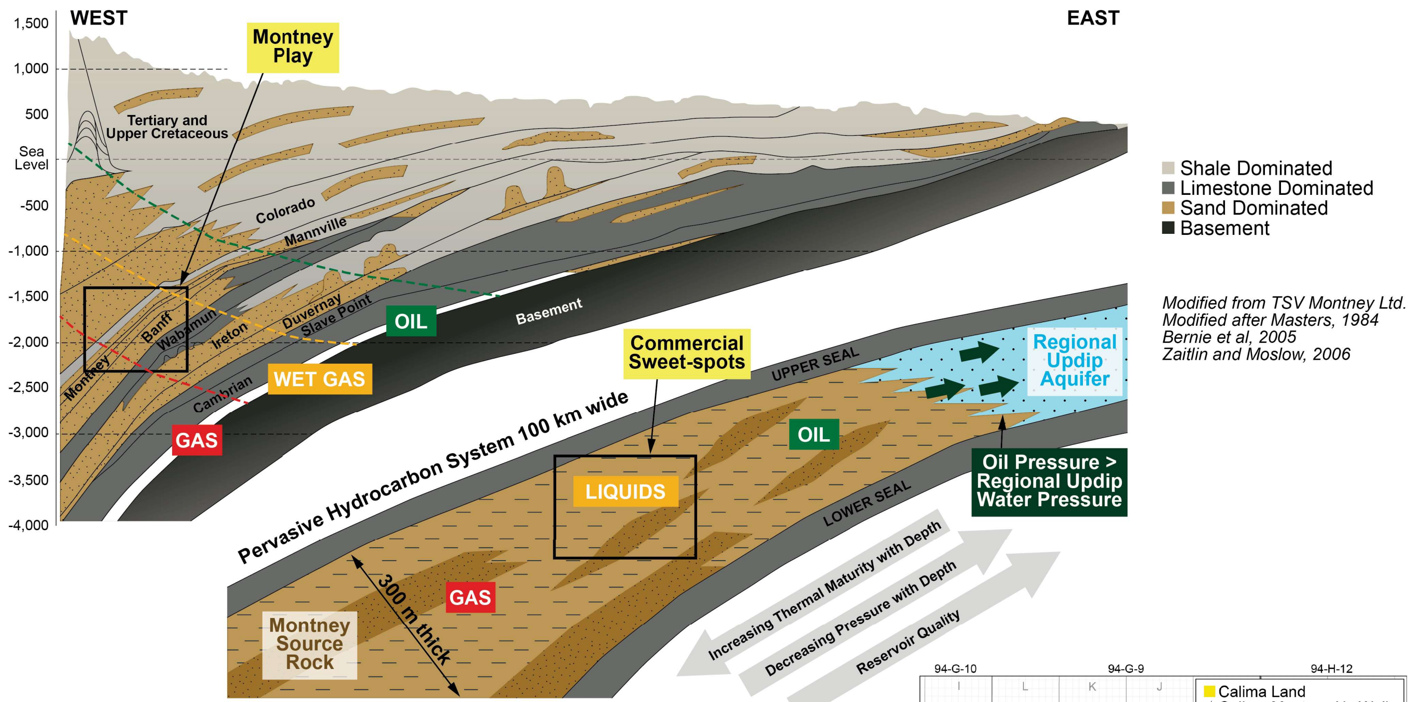
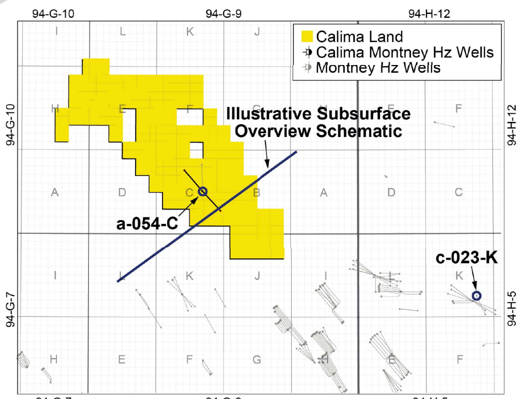
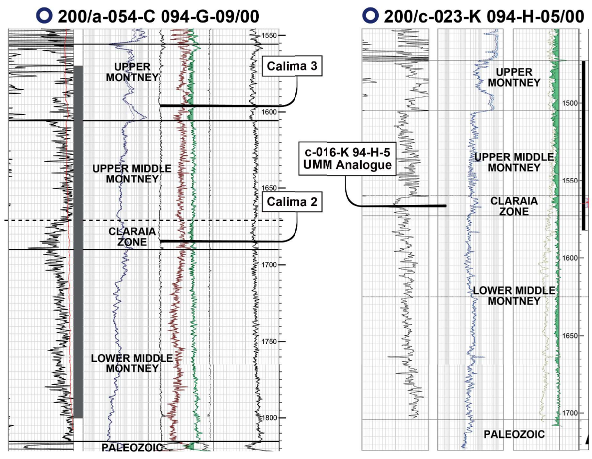
Subsurface Overview Schematic







Subsurface Overview

- The Montney is pervasively charged on Calima lands with low geological risk of drilling a dry or wet hole
- Thermal maturity increases with depth resulting in lower liquids content to the southwest; Montney depth across the Calima lands ranges from 1,300 to 1,600 m
- The Montney assets are shallower in nature, which reduces drill costs, but deep enough to remain over-pressured in the Middle Montney, while still being down-dip of the regional aquifer
- Commercial sweet spots generally have some combination of superior reservoir quality, high liquids content and optimal pressure
- The Montney is ~240 m thick and present in three intervals across the Calima lands, with the Upper and Middle having been drilled and tested to date as well as core and logging across the Lower Montney
- The Tommy Lakes area sees pressures of 8.1 kPa/m in the Upper Montney and 11.5 kPa/m in the Middle Montney (realized from bottom hole recorders left for 18 months)
- The Montney resource contains an estimated 37.5-47.5 bbl/MMcf of liquids, with 30-50% of that being condensate. This is consistent with the yields experienced by offsetting operators

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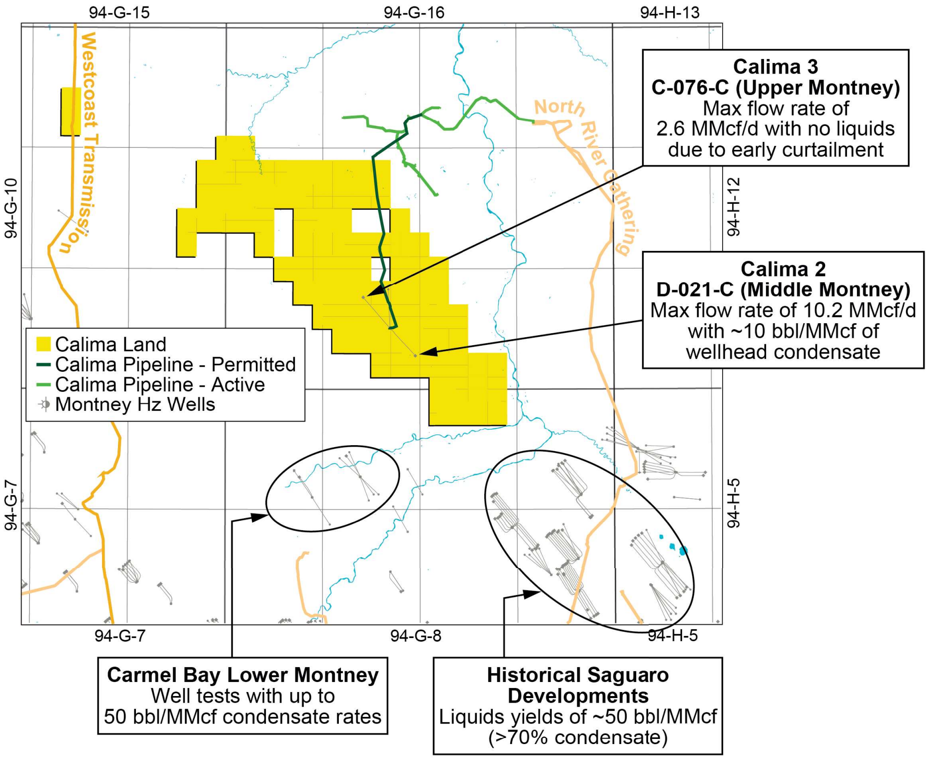
Montney
Operations and Resource Overview

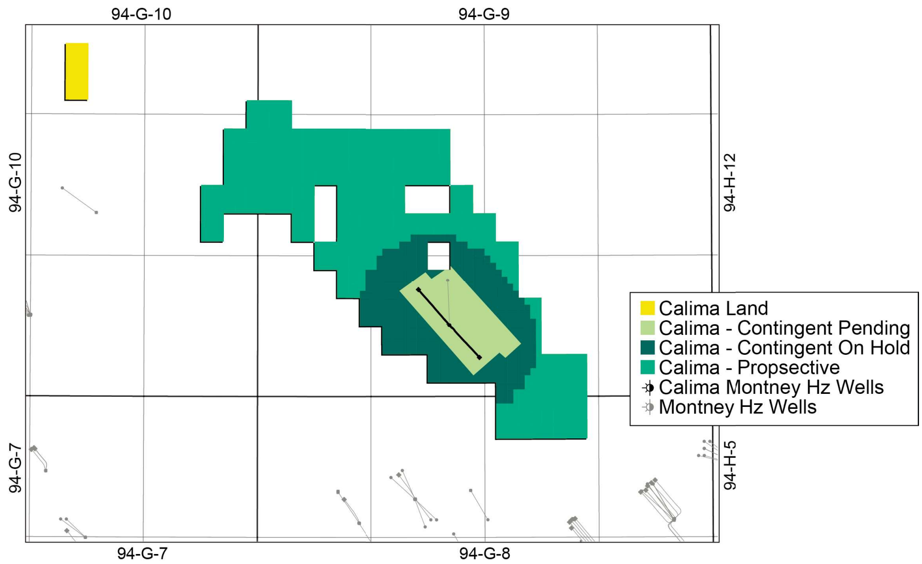
Asset Map



Operations Overview

- Calima holds ~62,400 acres of Montney land in the Tommy Lakes area at a 100% operated WI
- The majority of the near term expiries could be mitigated by the drilling of two wells, which would extend the tenure of the lands with Prospective Resources assigned
- Calima has drilled two Montney Hz wells, targeting both the Upper and Middle Montney zone, in addition to a vertical stratigraphic test well with core data
- Offsetting operators have proven the liquids rich nature of the Montney resource in the region, with initial well tests by Calima having similar results to those of Saguaro and Polar Star

Resource Overview (McDaniel)



- The Lower Montney provides additional resource potential
- Well costs of $7.25 MM have been used in the resource calculation

Montney
Infrastructure and Egress

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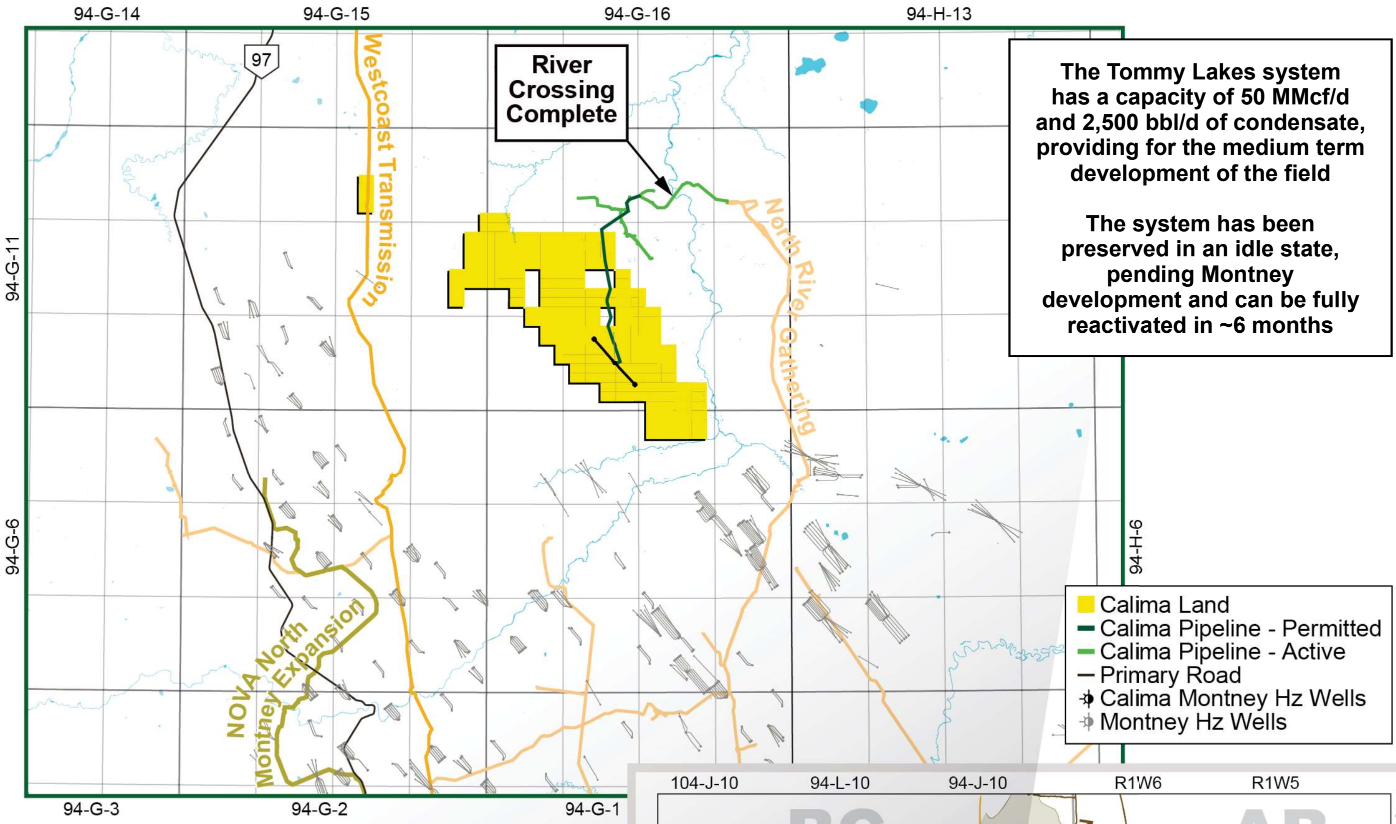
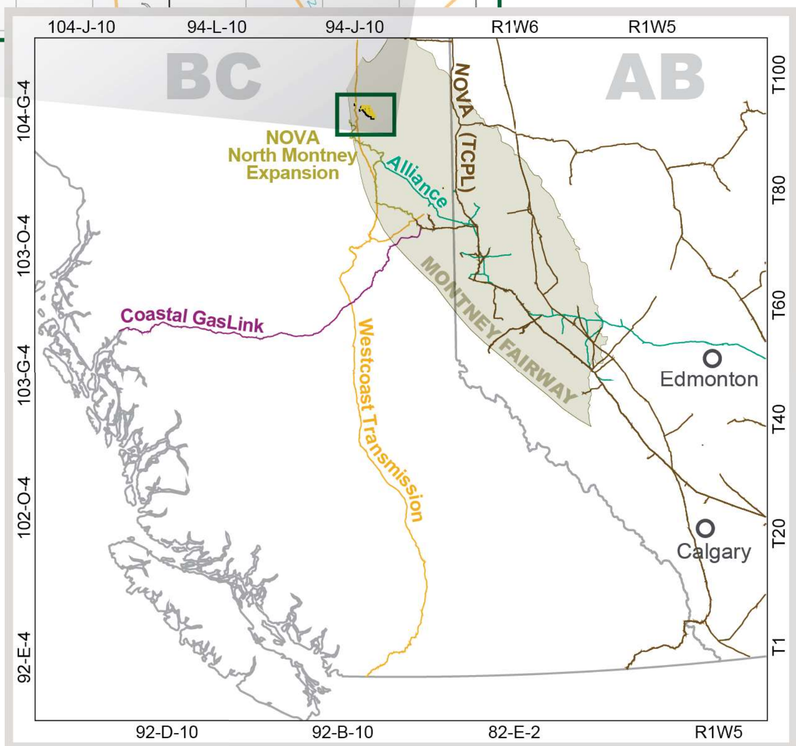
Infrastructure and Egress Map





Infrastructure Overview

- The Tommy Lakes gathering system ties into the NorthRiver pipeline network. A licenced pipeline would connect the initial Calima development to the gathering system and access to sales
- Multiple egress systems are present that are able to provide access to various end markets, including sending volumes through Coastal GasLink to LNG Canada
- Multiple water sources exist in the area with the Sikanni Chief River capable of providing fresh water withdrawal during low flow summer and winter months
- Tommy Lakes and Pad A are accessible from the west (Alaska Highway) through ~40 km of all weather road plus ~30 km of winter access. Tommy Lakes sales compressor and camp is located off the Tommy Lakes road with all season access

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Montney
Type Curves and Development Scenario

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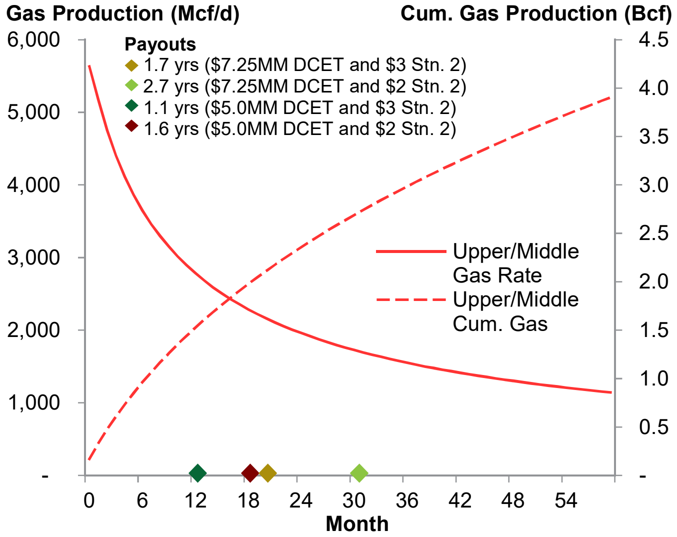
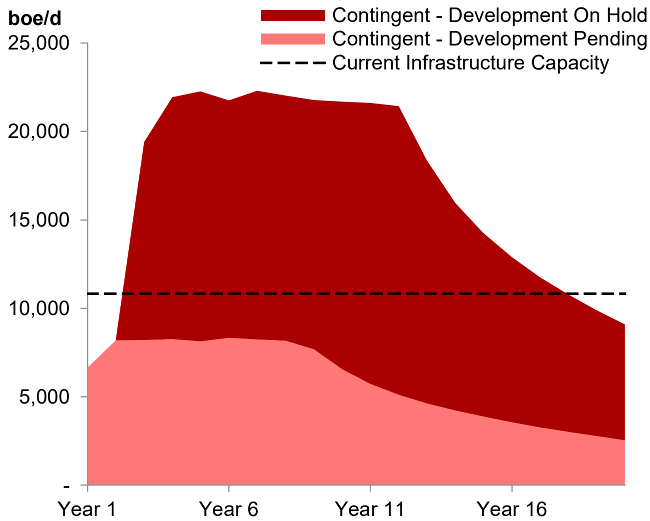
Tommy Lakes Upper / Middle Montney Type Curve

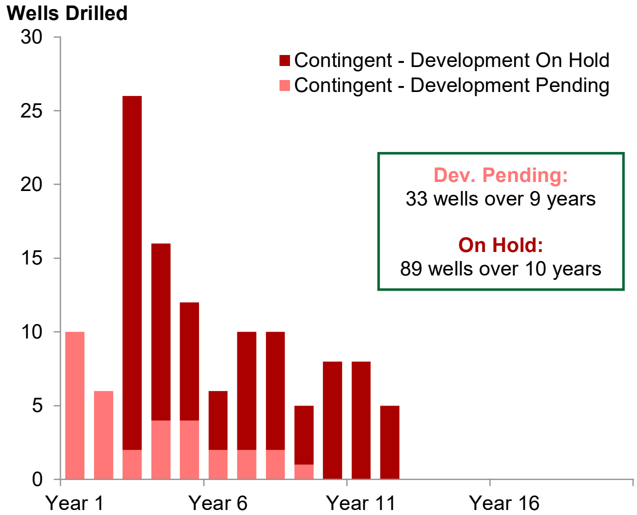


		Tommy Lakes	
		Upper	**Middle**
EUR Gas	*bcf, raw*	8.4	8.4
EUR Cond/C5+	*mbbl*	223	261
Total Sales	*mboe*	1,557	1,606
% liquids	*% sales*	22%	24%
IP30 Gas	*MMcf/d*	5.6	5.6
IP30 Cond/C5+	*bbl/d*	155	183
Well DCET	*$MM*	$7.25	$7.25
F&D	*$/boe*	$4.66	$4.51
ROR	*%*	57.3%	65.7%
Payout	*years*	1.7	1.5
P/I Ratio	*15% Disc*	0.85	0.98
Dev. Pending Locations	*#*	16	17
Dev. On Hold Locations	*#*	45	44
Prospective Locations	*#*	117	117

Note: Run on flat pricing: $3 Station 2, $60 WTI, Before Tax

Production Profile (Contingent Resources Scenarios)





- The Contingent - Development Pending and Contingent - On Hold cases illustrate the near term potential of the Tommy Lakes Montney assets
- The Tommy Lakes infrastructure has ample capacity to accommodate the Development Pending scenario
- Near term development of the Tommy Lakes field would involve:
  - Construction of the currently licenced pipeline that would connect the properties to the Tommy Lakes infrastructure
  - Construction of an all season access road into the region (not required immediately)
  - Reactivating the currently idled Tommy Lakes infrastructure, with a completion timeline of one winter season
- The Contingent Resources cases include the drilling of ~1/3 of the total locations identified in the Upper and Middle Montney, and none of the potential Lower Montney locations

Process Details and Disclaimer

Calima Energy ("**Calima**" or the "**Company**") has retained Peters & Co. Limited ("**Peters & Co.**") as its exclusive financial advisor to assist in the sale of its Montney assets.

Inquiries: Peters & Co. will act as the sole contact for all parties who have expressed an interest in acquiring the assets ("**Interested Parties**"). The directors, officers and employees of Calima should not be contacted directly. All communications and inquiries should be directed to one of the Peters & Co. representatives listed below.

Process: Calima is soliciting proposals for an acquisition involving the properties described within this document and the Virtual Data Room ("**VDR**").

Confidentiality Agreement: To receive a confidentiality agreement ("**CA**") please contact any of the Peters & Co. representatives listed below.

Confidential Information: Access to confidential information will require execution of a CA. Interested parties that executive the CA may receive access to the VDR containing technical and financial information.

Timeline: Transaction proposal deadline will be communicated to parties that execute a CA.

Calima and Peters & Co. expressly reserve the right at any time to amend or terminate these procedures, to decline to permit an Interested Party to participate in the process, to terminate discussion with any or all Interested Parties, to reject any or all offers, or to negotiate with any party with respect to a possible transaction.

Non-binding transaction proposal deadline will be communicated to Interested Parties at a later date.

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