



11 January 2022

Drilling Completed on Pisces #3

Calima Energy Limited ("Calima" or the "Company") (ASX: CE1) is pleased to confirm that the Pisces #3 Glauconitic well at Brooks has reached TD and the rig has been released.

Highlights:

- Pisces #3 (100%WI), the 3rd Glauconitic well, was spudded 2 January 2022 and the rig was released 8 January 2022. The well was drilled to a measured depth of ~2,600 meters and took **7 days to drill**
- Multi-stage fracturing of Pisces #3 is estimated to start early February with flow testing to follow
- Flow testing of Pisces #1 & #2 horizontal wells is expected to commence the last week of January
- Glauconitic wells are anticipated to have an EUR of **170 – 400 Mboe's**
- IP90's of **200 – 400 boe/d**
- Following the **multi-stage frac stimulation** programs the wells will be tied-in to existing facilities
- Capital program funded from **operational cash flows** and **the Company's credit facility**

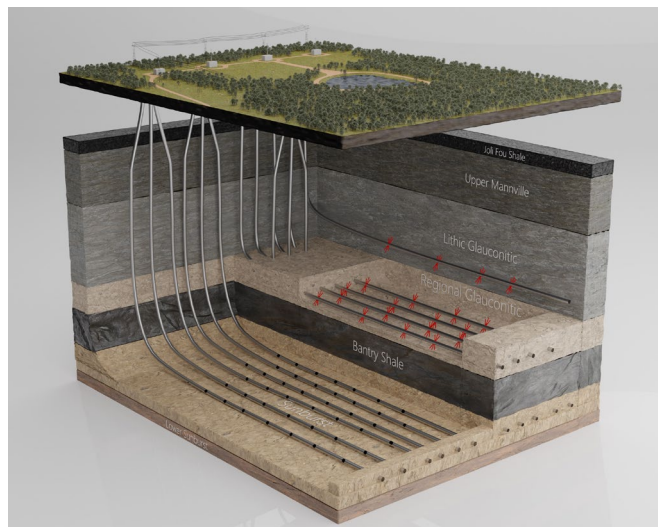
Jordan Kevol, CEO and President:

"The Company has finished drilling its 3-well Pisces Brooks Alberta program. We are very pleased with the efficiency and expediency that the Calima Operations Team executed on this program. The drill costs to date are on budget. The rig has been released from Pisces #3, and we are now preparing for the multi-stage frac of #3 in February 2022."

3 Well Pisces Oil and Gas Program

The Pisces #3 well targeted the Lithic Glauconitic with 33 frac ports in the horizontal section and is planned to be fracture stimulated in February 2022. The well is classified as a development well and has been drilled adjacent to four vertical well logs that encountered the Glauconitic channel, and in conjunction with recently acquired 3D seismic data confirming the presence of the Glauconitic zone. Oil and gas shows have been as prognosed.

Pisces #1 and #2 are development wells targeting oil accumulations in the Glauconitic horizon. The Glauconitic zone is a shallower (younger) formation compared to Calima's core Sunburst conventional target. Pisces #1 and #2 were drilled in December and their multi-stage frac stimulations were recently completed. They are presently being tied-in to existing infrastructure and facilities and the wells currently sit in their 7 day shut-in period prior to opening frac ports and running pumping equipment.





Completion style

Each of the three Pisces wells were completed with multi-stage frac ports spaced approximately 42m apart. The Pisces #1 and #2 fracs have 10 – 15 tons of sand per stage with adjustments in tonnage allocated for variations in perceived reservoir thickness. The frac intensity will be approximately 0.2 – 0.3 tons of sand per meter of horizontal length within the portion of the wellbore that encountered the Glauconitic Formation. In comparison the Pisces #3 fracs will be 30 - 40 tons of sand per stage with final modelling underway to fine tune and optimize the economic size based on reservoir thickness and quality. The frac intensity will be approximately 0.7 – 1.0 tons of sand per meter of horizontal length within the portion of the wellbore that encountered the Glauconitic Formation. This higher intensity in Pisces #3 is a result of thicker reservoir. After each frac stage is finished pumping, the frac interval multi-cycle sliding sleeve is closed to allow the newly initiated fractures to “heal” around the frac sand proppant. This is a mitigating factor to ensure that the frac sand stays in the formation which helps minimize the need for future frac sand cleanouts, as well as increasing the effectiveness of the frac conductivity which is beneficial for production.

Flowback

After the 7-day shut-in period, the multi-cycle sliding sleeve frac ports are opened, pumping equipment installed, and the well will begin the flow back period. Since large amounts of frac fluid (~5,000 m³ for Pisces #3)) are being used, it takes ~30-45 days to recover sufficient frac fluid before the commencement of reliable oil and gas flow rates from the Glauconitic Formation.

Tie-in operations

The Pisces wells will be tied into the 2-29 Bantry oil battery. The emulsion pipeline for Pisces #1 & 2 is a short tie in as both wells were drilled off the same pad, which is proximal to the 2-29 battery facility. Pisces #3 is awaiting completion (fracture) operations, and tie-in will follow.



Bantry Oil Processing Plant 2-29

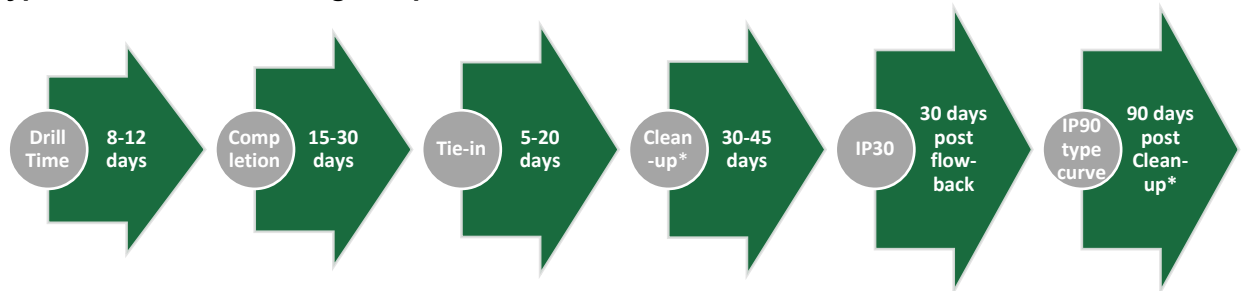
30 and 90 day initial production rates

It is anticipated that initial flowback will occur by the last week of January for the first two Pisces wells. Once the wells are flowing back frac fluid, it is anticipated that it will take 7-10 days to see any traces of hydrocarbon. Once meaningful hydrocarbons begin to appear the “IP30” period will commence. This IP30 period will continue to be a combination of both frac fluid and formation fluid (oil/gas/water). It will be in the 30-45 day period where each of the wells is anticipated to be producing at their full potential, late February or early March 2022.

Pisces #3 is estimated to be fractured in early February with a similar timeline for flowback thereafter to the first two Pisces wells.



Typical Glauconitic drilling and production timeframes



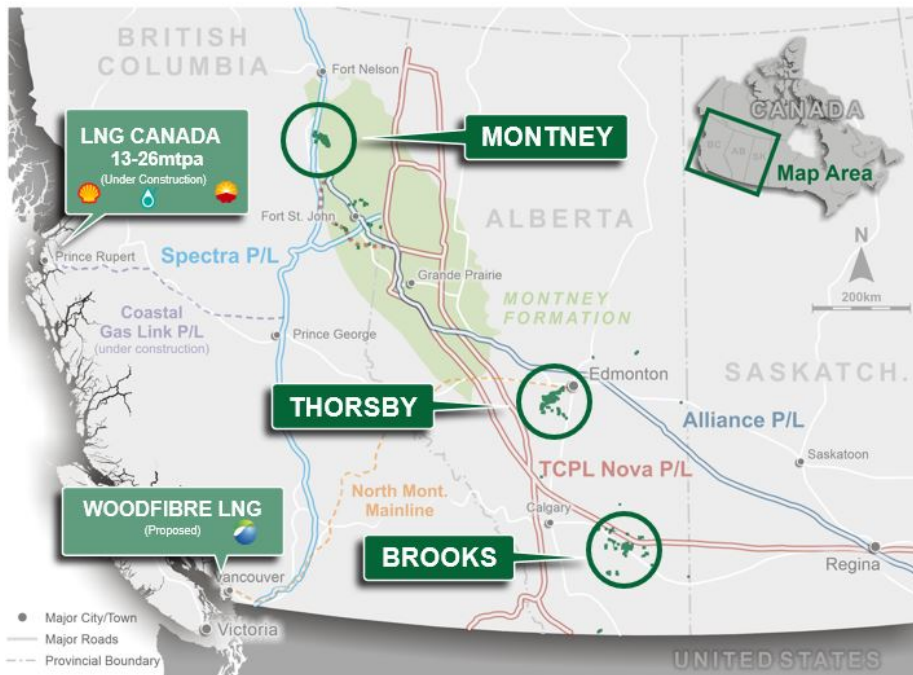
* Clean-up is the period that water and drilling fluids are recovered from the completion and at after which time commercial hydrocarbons begin to flow from the reservoir.

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 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.

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 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 carbon dioxide equivalent
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



Term	Meaning
Gathering & Compression (G&C):	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 & Transportation (G&T):	owned midstream expenses; the costs incurred to transport hydrocarbons across owned midstream assets
G&A:	third-party gathering and transportation expense; the cost incurred to transport hydrocarbons across third-party midstream assets
Hedged Adjusted EBITDA:	general and administrative expenses; may be represented by recurring expenses or non-recurring expense
Hyperbolic Decline:	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;
LMR:	non-exponential with subtle multiple decline rates; hyperbolic curves decline faster early in the life of the well and slower as time increases
LOE:	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.
Midstream:	lease operating expense, including base LOE, production taxes and gathering & transportation expense
Net Debt"	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
NGL / Natural Gas Liquids:	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.
Net Debt/Adjusted EBITDA (Leverage)	hydrocarbon components of natural gas that can be separated from the gas state in the form of liquids
Net Revenue Interest:	a measure of financial liquidity and flexibility calculated as Net Debt divided by Hedged Adjusted EBITDA
Operating Costs:	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 Netback:	total lease operating expense (LOE) plus gathering & compression expense
Physical Contract:	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.
Promote:	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
PDP / Proved Developed Producing:	Production Taxes: state taxes imposed upon the value or quantity of oil and gas produced
PV10:	an additional economic ownership interest in the jointly-owned properties that is conveyed cost-free to the operator in consideration for operating the assets
RBL / Reserve Based Lending	a reserve classification for proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods
Royalty Interest or Royalty:	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%
Terminal decline:	a revolving credit facility available to a borrower based on (secured by) the value of the borrower's oil and gas reserves
tCO₂:	Interest in a leasehold area providing the holder with the right to receive a share of production associated with the leasehold area
Unconventional Well:	represents the steady state decline rate after early (initial) flush production
Upstream:	Tonnes of Carbon Dioxide
Working Capital Ratio:	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
WI/ Working Interest:	a segment of the oil and gas industry that focuses on the exploration and production of oil and natural gas
	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.
	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
bbbl 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 31 st
GJ	gigajoules	Q2	second quarter ended June 30 th
mbbl	thousands of barrels	Q3	third quarter ended September 30 th
mboe	thousands of barrels of oil equivalent	Q4	fourth quarter ended December 31 st
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 30 th
PUD	Proved Undeveloped Producing	H2	six months ended December 31 st
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

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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	tCO₂	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
IP30/90	Average oil production rate over the first 30/90 days	WTI	West Texas Intermediate
WCS	Western Canada Select		