



4 March 2022

Production and Operational Update

Calima Energy Limited ("Calima" or the "Company") (ASX: CE1) is pleased to provide an update on current production, the status of current field activities, and the expected on-stream dates for the remaining wells in the Pisces and Gemini drilling programs.

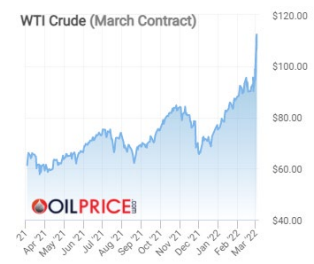
Highlights

- Production for February average > 4,200 boe/d
- Brooks Infrastructure Pipeline is progressing ahead of schedule and on budget
- Gemini #6 on production via new Pipeline
- Gemini #5 and Gemini #7 expected to be on production within the next 1-2 weeks
- Pisces #3 has been fracture stimulated and will be flowing back post the next 7-day shut-in period

Production Update

As previously advised, January exit production was **4,300 boe/d** and **4 wells are behind pipe** waiting to be tied-in prior to 31 March 2022. During February well maintenance activities and pipeline construction resulted in average production above **4,200 boe/d (73% oil)**.

WTI is presently US\$107/bbl with WCS pricing currently at 5-year highs of US\$89. Crude oil prices continue to strengthen. Northern American crude oil inventories continued to decline throughout January and February 2022. Over the past 2 weeks, the oil price has continued to increase with Brent at 5 year highs over US\$110/bbl. The sanctions against Russia and potentially including oil and natural gas supplies is likely to put further pressure on supply; and result in continued increases to energy prices.



Corporate Guidance & Sensitivity for the 6-month period ending June 30, 2022¹

WTI US\$/bbl	\$80	\$90	\$100	\$110
Average production (boe/d)	4,000 – 5,000	4,000 – 5,000	4,000 – 5,000	4,000 – 5,000
Revenue (A\$ million)	55 – 66	60 – 74	63 – 77	69 – 85
Operating netback (A\$ million)	34 – 40	39 – 48	42 – 51	46 – 57
Adjusted EBITDA (A\$ million)	31 – 37	36 – 45	39 – 48	44 – 53
Capital expenditures (A\$ million)	20 – 22	20 – 22	20 – 22	20 – 22

2022 Drilling Campaign Summary

Area	Well name	Target formation	Spud Date	Drill days	Lateral length (m)	On Production	Status
Brooks	Pisces #1	Glauconitic	30/11/21	6	1,400	27/01/22	On production
Brooks	Pisces #2	Glauconitic	07/12/21	8	2,720	26/01/22	On production
Brooks	Pisces #3	Glauconitic	02/01/22	7	1,400	Pending	Awaiting tie in
Brooks	Gemini #5	Sunburst	09/01/22	4	Vertical	Pending	Awaiting tie in
Brooks	Gemini #6	Sunburst	15/01/22	6	650	01/03/22	On Production
Brooks	Gemini #7	Sunburst	21/01/22	6	667	Pending	Awaiting tie in
Thorsby	Leo #4	Sparky	20/01/22	12	2473	Pending	Awaiting completion

¹ H1 2022 forecasted production is based on current PDP production, plus production additions from drilling 3 Sunburst and 3 glauconitic wells in H1 2022. EBITDA is based on WTI as per above, -US\$13.50 WCS differential, 1.25 CAD/USD FX rate, \$3.60/gj AECO, corporate average royalty rates of 19% and operating costs and G&A assumptions that are based off historical financial statements. CAD to AUD FX rate of 1.12. Includes pipeline financing – C\$4.3m

Calima Energy Ltd ACN 117 227 086

Suite 4, 246-250 Railway Parade, West Leederville WA 6007: +61 8 6500 3270

Fax: +61 8 6500 3275 Email: info@calimaenergy.com www.calimaenergy.com

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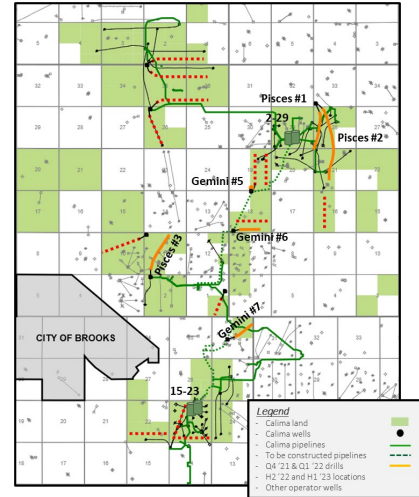
Pipeline Infrastructure at Brooks

Progress on the previously announced pipeline infrastructure (the “Pipeline”) at Brooks is ahead of expectations and is nearly complete and is trending to come in on budget. The Pipeline connects the Company’s 02-29 oil battery in the northern portion of the field, to the recently drilled wells (**Gemini #5, #6, #7** and **Pisces #3**) in the southern portion of the field and most importantly, will provide egress for planned production growth in the pipeline corridor located in the heart of the Brooks properties. Exceptional construction efficiencies have been achieved through detailed project management by our engineering team, construction crews and field staff.

Gemini #5 and #6 has been completed and both wells are now tied into the pipeline.

The Gemini #7 will be tied-in within 7 days. Pisces #3 will be tied in and brought on production by mid-March.

The final section of the pipeline which connects existing producing wells in an area that currently has fluid volumes trucked to 02-29 battery, will be connected, and flowing into the battery by the end of March. The Pipeline will significantly reduce operating costs, as well as adds several significant ESG benefits, including the elimination of flaring of new wells during initial production testing. Most importantly, it will eliminate trucked volumes of emulsion from existing, newly drilled, and future wells that are or will be connected to the 2-29 battery via the new Pipeline. Reducing trucking improves the Company’s safety and spill prevention profile and ESG score.



Installation of 6” Pipeline at Brooks



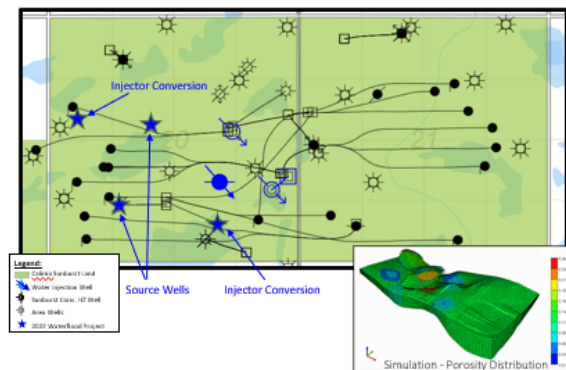


Service rig performing completion activities on Gemini well at Brooks

J2J Waterflood

The Countess Sunburst J2J Pool at Brooks was discovered in 2003 and initially developed using vertical wells. Horizontal drilling was introduced in the pool in 2014 which improved production rates and primary recoveries with strategically placed horizontal well legs throughout the reservoir.

A pilot waterflood and full battery buildout was completed in Q1 2020. Based on the initial results of the pilot, waterflood expansion was planned in 2022 with the goal of field wide waterflood development in 2023.



The Company has been pleased to note that the initial stage of the Countess J2J waterflood pilot has begun to show positive response in the producing wells. Increased inflow in existing producing horizontal wells indicates that the waterflood is working, and this initial waterflood response is in line with reservoir modelling, and waterflood simulation performed prior to implementation of the pilot waterflood.

The next stage for the waterflood includes converting two existing vertical wells into water injectors and converting an existing vertical well into a water source well, increasing the quantum and areal extent of water being injected in the Pool.

This is expected to increase the waterflood response in the Pool, resulting in increased reserves, shallower decline, and ultimately an increase in oil production.

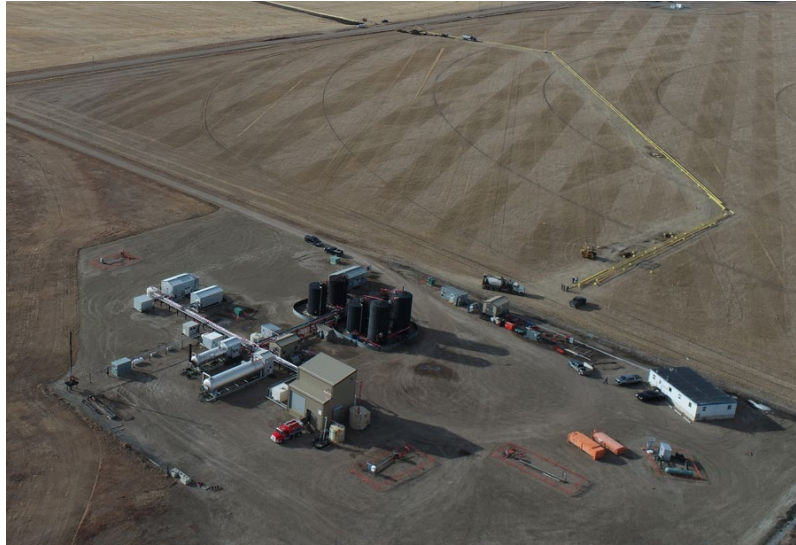
Ultimate primary recovery factor for the Pool before any waterflood implementation is estimated at 14% of the oil in place, and the current recovery factor to date from the existing wells is estimated at 8%. Analogous Sunburst Formation pools under secondary recovery (waterflood) in the area, have achieved recovery factors of 25% or higher. Every 1% increase in recovery factor of the estimated 15mmbbl of oil in place in the J2J Pool, results in another 150mmbbl of incremental recoverable reserves for the Company.





Jordan Kevol, CEO and President:

We are very pleased with progress in the field at Brooks. Kudos to the related staff and contractors who have worked very diligently to achieve such progress, and to the team who have put the planning together over the past 12 months. Before the winter frost melts, the team is focused on the Bantry Field at Brooks to equip and tie-in the four wells currently behind pipe (Gemini and Pisces). We are ahead of our goal of having Gemini #5, #6, #7, and Pisces #3 on production by the end of March which will positively contribute to current cash flow and our H1 2022 average production of 4,000-5,000 boe/d”



View of the Pipeline coming into Calima 02-29 oil battery

This release has been approved by the Board. For further information visit www.calimaenergy.com or contact:

Jordan Kevol CEO and President E: jkevol@blackspiral.com T:+ 1 403 460 0031	Glenn Whiddon Chairman E: glenn@lagral.com T:+ 61 410 612 920	Mark Freeman Finance Director E: mfreeman@calimaenergy.com T: + 61 412 692 146
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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

Calima Energy Ltd ACN 117 227 086
Suite 4, 246-250 Railway Parade, West Leederville WA 6007: +61 8 6500 3270
Fax: + 61 8 6500 3275 Email: info@calimaenergy.com www.calimaenergy.com

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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
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



Term	Meaning
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
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 Royalty Interest or Royalty:	a revolving credit facility available to a borrower based on (secured by) the value of the borrower's oil and gas reserves
Terminal decline:	Interest in a leasehold area providing the holder with the right to receive a share of production associated with the leasehold area
tCO2:	represents the steady state decline rate after early (initial) flush production
Unconventional Well:	Tonnes of Carbon Dioxide
Upstream:	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
Working Capital Ratio:	a segment of the oil and gas industry that focuses on the exploration and production of oil and natural gas
WI/ Working Interest:	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	AS or AUD	Australian dollars
2P	proved plus Probable reserves	CS 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 31 st
GJ	gigajoules	Q2	second quarter ended June 30 th
mbl	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
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
IP30/90	Average oil production rate over the first 30/90 days	WTI	West Texas Intermediate
WCS	Western Canada Select	OOIP	Original Oil in Place