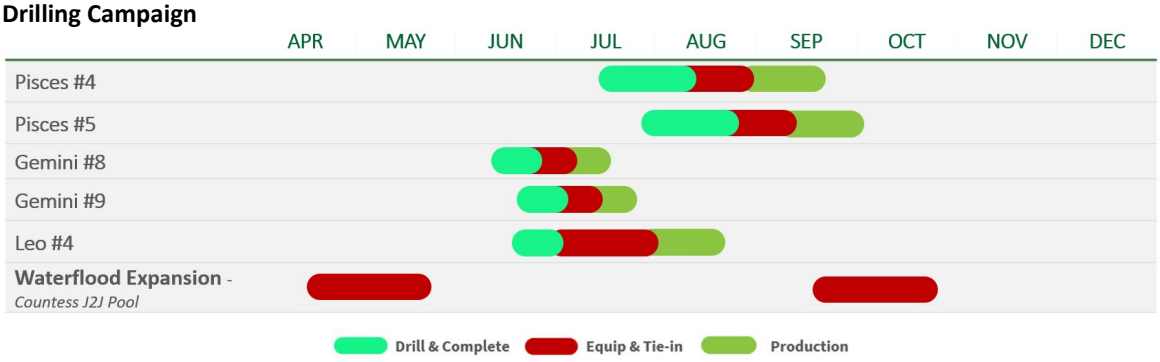
16 May 2022

Calima Drilling Update for Q2/Q3 2022

- Work Program includes the following activities
  - **4 well horizontal drilling program** in the Brooks Alberta asset area - two Gemini and two Pisces wells commencing in **June 2022** – one month ahead of schedule
  - **Completion and tie-in** of the **Leo #4 well** (drilled Q1 2022) to commence in June 2022.
  - A further drilling program is currently being planned for Q4, encompassing both Brooks and Thorsby wells.
- Budget has been designed to:
  - Maintain average daily production levels **4,100-4,400 boe** (see guidance below)
  - Maximize **free cash flow** while ensuring a healthy balance sheet and provide unhedged exposure to strong energy prices on future production
  - Provide funding for **a capital return/buyback** to during the period
  - Continue to utilise the new pipeline and recent infrastructure/facilities upgrades at Brooks
  - Better understand the production and resource upside in the high-impact undeveloped area of Holborn Alberta near Thorsby

Calima Energy Limited (ASX:CE1 / OTCQB:CLMEF) ("Calima" or the "Company") is pleased to provide an update on the Company's drilling programs for Q3 of 2022. The drilling activities are designed to maximise free cash flow, while taking advantage of current high commodity prices, and maintaining and developing PDP reserves. This program is focussed on providing shareholders exposure to high commodity prices through the drilling of our highly economic oil plays, as well as taking advantage of recent upgrades to our infrastructure footprint at Brooks. The work program will commence in June 2022 due to availability of a preferred drilling rig.

Drilling Campaign



Corporate Guidance[1] for the 9-month period ending Sept 30, 2022 @ AUD to CAD rate of 0.91

WTI US$/bbl	$85	$95	$105
Average production (boe/d)	4,100 – 4,400	4,100 – 4,400	4,100 – 4,400
Revenue (A$ million)	90 - 96	97 – 103	103 – 111
Operating netback (A$ million)	55 – 60	61 – 66	66 – 72
Adjusted EBITDA (A$ million)	52 – 56	57 – 62	63 – 68
Funds flow (A$ million) (net of hedges/before capex)	39 – 44	41 – 46	44 – 50

[1] Q2/Q3 2022 forecasted production is based on current PDP production, plus production from drilling 2 Sunburst and 2 Glauconitic wells. EBITDA is based on -US$13.50 WCS differential, 1.25 CAD/USD FX rate, $5.00/gj AECO, average royalty rates of 19% and operating costs and G&A assumptions based off historical financial statements.

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Capital expenditure in Q1 was A$16 million and Q2 expected to be A$3.5 million. Q1 capital costs include A$3.9 million associated with the Brooks pipeline which were funded via a 7-year loan agreement. Repayments are ~$65,000 per month with operating cost savings around the same costs as the monthly repayments. Total capital expenditure for the 4 well (Q3) drill program and Leo completion is budgeted at A$7.8 million of which A$4.8 million is estimated to be incurred prior to June 30.

Jordan Kevol, CEO and President, commented:

"The current drilling program is designed to grow and maintain the Company's base production and maximise cash flow giving financial flexibility to provide returns to shareholders later this year. With continued commodity price strength, and a successful Brooks drilling program, Calima will have the flexibility to plan additional drilling in Q4 2022, following a return to shareholders.

We are excited to be back drilling in our core Brooks area after spring road bans. All four of these new wells are keying off previous successful drilling on our acreage. Three of the wells will utilise our recent expansion to our infrastructure in the Brooks area. We have been able to contract a preferred drilling rig that we have previous experience within the area. Due to the on-lease tie-in nature of these wells, we anticipate expedient drilling to on-stream timeframe for all four wells. Additionally, the upcoming completion and testing of the Leo #4 well at Holborn has the potential to be impactful for the Company with respect to additional reserve bookings, and follow-up drilling locations."

2 Well Gemini Brooks Program

Gemini #8 (100% WI) is a **follow-up to the highly successful vertical well (Gemini #5)** drilled in Q1-2022 (refer Figure 1). This well will be drilled off of the same pad as Gemini #5 and will be a low cost on-lease tie-in. The well will tie into the recently completed Brooks Pipeline with fluids going directly to the 2-29 battery.

Gemini #9 (100% WI) is a follow-up to Gemini #3. The well will be drilled from the same pad and will also be an on-lease tie in. Gemini #3 was placed on production in July 2021 for a total cost to drill, complete, equip, and tie in ("DCE&T") of **C$924,000** and has returned net earnings of **C$3.5 million** to end of March 2022, making it one of the best performing Sunburst wells in our core Brooks region (refer to figure 1 below).

Sunburst wells are considered true conventional wells, as they do not require fracture stimulation to produce. Gemini #8 and #9 are budgeted at a total of C$2.7 million (~A$3 million) total to DCE&T. Based on type-curve results at current commodity prices, these wells are expected to pay out in ~6 months and have a reserve life of >10 years.

2 Well Pisces Brooks Program

Following the very successful 3-well Pisces program from January 2022, the Company will drill an additional 2 Pisces wells. **Pisces #4 (100% WI)** is a follow-up to one of the best performing Glauconitic wells that Blackspur drilled (15-36 well; drilled 2018) (refer figure 1). 15-36 commenced production in September 2018 with an IP30 of **507 bopd** and has produced **130,000 bbls of oil to date**. The 3D seismic indicates that Pisces #4 sits within the same Glauconitic Formation pool as the offsetting 15-36 well. The well will be completed as a fracture stimulated well and tied in to our 2-29 battery in Q3-2022.

Pisces #5 (50% WI) is a follow up to a well drilled by Blackspur in 2014 (04-05 well) (refer figure 1). The 04-05 well was an early generation Glauconitic fracture stimulated well with an IP30 of **213 bopd** and has produced **85,000 barrels of oil to date**. Due to technology advancements with respect to horizontal multi-stage fracturing

and a higher number of planned frac stages compared to the 04-05 well, Calima expects Pisces #5 to outperform. Calima holds a 50% working interest in this well.

Glauconitic wells require fracture stimulation to produce. Pisces #4 and #5 total DCE&T costs will be C$4.4 million (~A4.8m). Based on type-curve results at current commodity prices, these wells are expected to pay out in ~8-9 months and have a reserve life of >10 years.

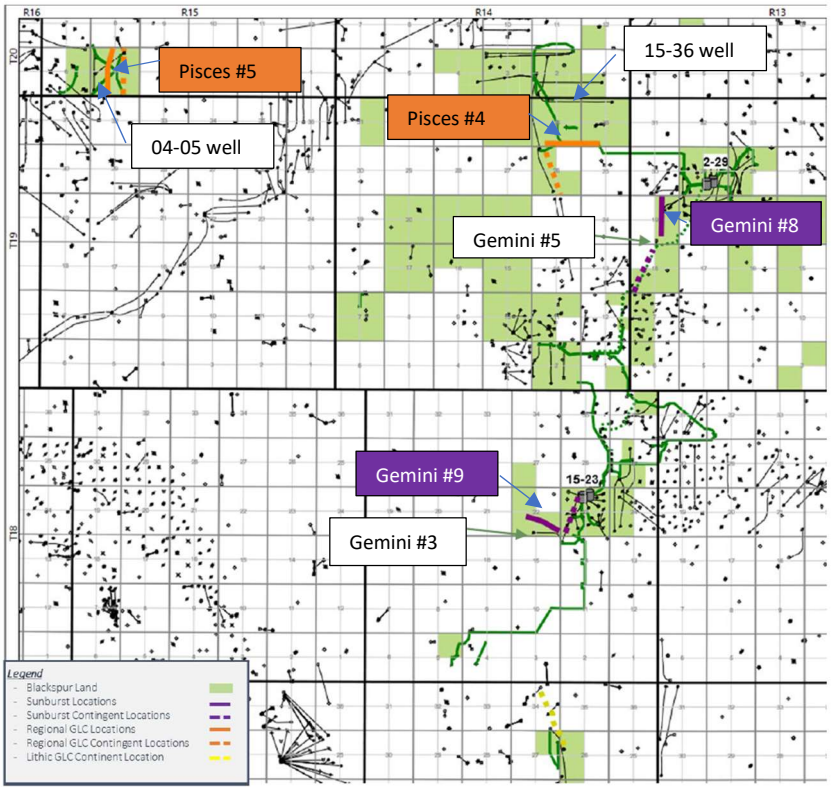

Figure 1: Glauconitic and Sunburst Drilling Program

Leo #4 - Holborn (N. Thorsby) update

The Holborn well (Leo #4) was drilled in Q1-2022, targeting the Sparky Formation in an area of undeveloped Calima land north of Thorsby. Calima is planning to multi-stage fracture stimulate and test this step-out Sparky well late in Q2. This well was drilled in a highly prospective area of Calima's land base within a 40-meter (gross thickness) oil bearing zone where no current reserves are booked for the Company. Oil and gas shows were excellent while drilling this well and it is designed for a 53-stage fracture completion. The well is ready to be fracture stimulated and production tested once spring conditions permit. Calima's share of completion and tie-in costs are ~C$1.5 million (A$1.66 million) Calima holds a 50% working interest in this well, as well as the surrounding 13,000 gross (6,500 net) acres of Sparky Formation prospective land. With success on the completion and subsequent production of Leo #4, the Company will be able to book new reserves in this area and plan future follow-up drilling. Production from Leo #4 is expected in Q3-2022.

This release has been approved by the Board.

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

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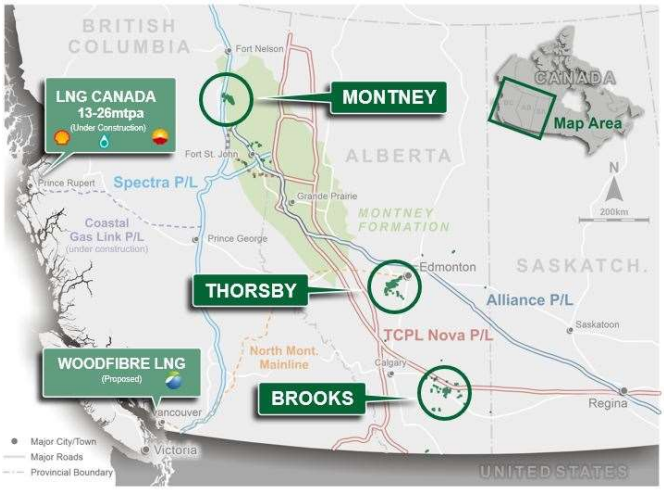
Calima Assets



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 Graham Veale who is the VP Engineering with Blackspur Oil Corp. 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 26 years of experience in petroleum and reservoir engineering, reserve evaluation, exploitation, corporate and business strategy, and drilling and completions. McDaniel and Mr. Veale have consented to the inclusion of the petroleum reserves and resources information in this announcement in the form and context in which it appears.

Forward Looking Statements

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

Oil and Gas Glossary 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.

Term	Meaning
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 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%

Term	Meaning
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
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
IP30/90	Average oil production rate over the first 30/90 days	**WTI**	West Texas Intermediate
WCS	Western Canada Select	**OOIP**	Original Oil in Place