

## Inaugural ESG Report

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## MESSAGE TO STAKEHOLDERS

Calima Energy Ltd. (“Calima” or the “Company”) is pleased to present the Company’s inaugural environmental, social, governance (ESG) report for the year ended December 31, 2021.

2021 was a transformational year for the Company. When Calima acquired Blackspur Oil Corp. during the second quarter of 2021, the organization immediately transformed from an early stages B.C. Montney exploration company, to an active oil and natural gas producer in central and southern Alberta with production exceeding 3,000 boe/d. Recent development activities have yielded production volumes greater than 4,000 boe/d. This tremendous growth in the business has elevated the Company’s potential impacts, but also our potential opportunities, for environmental performance.

As we engage with our stakeholders, we are continually reminded of the societal demands of being a good corporate citizen and the importance operating as an environmentally responsible energy producer. We continue to seek feedback from our stakeholders, recognizing that adherence to a strong ESG program is critical to delivering consistent long-term shareholder value from our Company.

We are fortunate as an organization to operate in one of strongest oil and natural gas regulatory environments in the world. The high benchmarks set by our Canadian regulators hold oil and natural gas operators to a high standard of care and promotes responsible development. Calima’s objective is always to meet or exceed all standards laid out by our regulators.

As we move forward with the development of our Canadian oil and gas assets, we recognize that we must hold ourselves accountable for the impacts that our operations have on our stakeholders. Calima believes that all actions taken to create value for our shareholders must align with the needs of all stakeholders, including our environment, our communities, our service providers, our governments, our capital providers, our business partners and our employees.

Calima is committed to a number of ESG initiatives aimed at reducing GHG emissions, reclaiming inactive well sites and reducing our impact to the environment. We are committed to operating safely, being a good neighbour, and a being a good corporate citizen. We are committed to establishing and maintaining strong corporate governance practices that will lead the organization to a long-term sustainable future.

Thank you for your continued support.

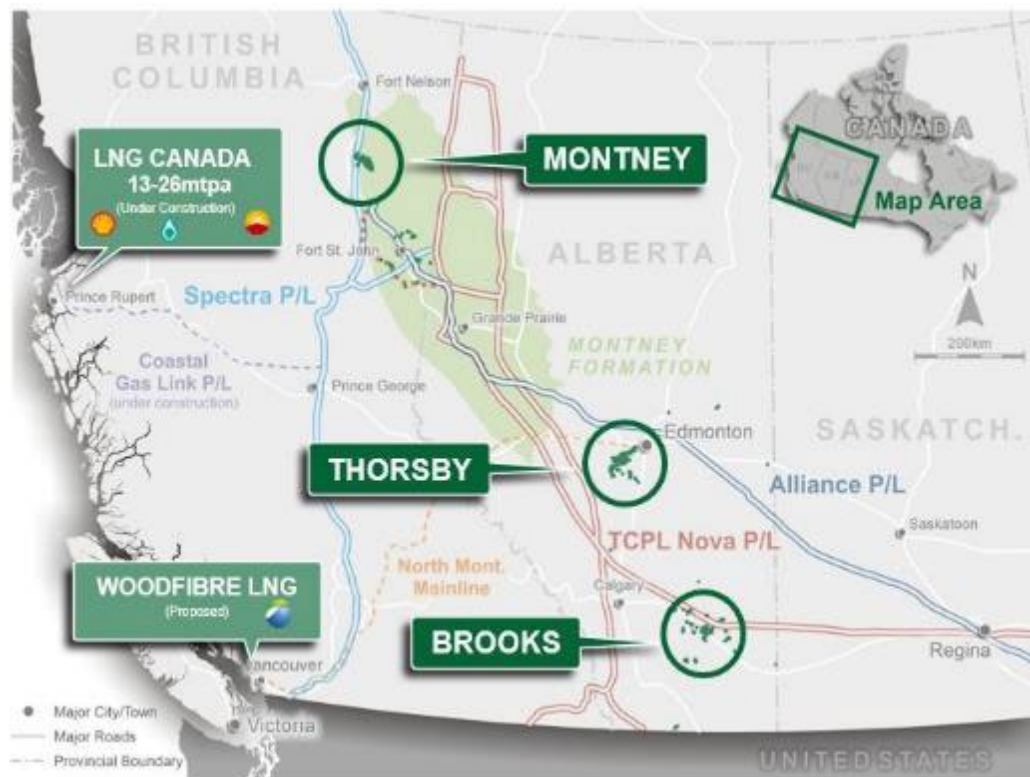
*“All actions taken to create value for our shareholders must align with the needs of all stakeholders, including our environment, our communities, our service providers, our governments, our capital providers, our business partners and our employees”*



**Jordan Kevol**  
President & CEO  
Calima Energy Ltd.

## CALIMA – OIL & GAS PRODUCER

- Conventional oil & gas producer focused on generating free cash flow from the responsible development of high-quality assets in Western Canada
- At US\$100 WTI, high netback production drives significant operating profit
- Stable, low decline base production from Brooks and Thorsby offering significant development opportunities for growth
- Access to global LNG markets supports future upside from Montney development in northeast British Columbia at Tommy Lakes
- Ample field processing and hydrocarbon handling infrastructure capable of supporting the Company's field development plan in the near term
- Robust balance sheet with net debt of approximately A\$3 million and a view to free cash flow in 2022, both of which contribute to financial flexibility for continued asset development



\*Operations headquarters located in Calgary, Alberta. Corporate headquarters are located in Perth, Australia

# CALIMA IS A RETURNS & GROWTH-FOCUSED ENERGY PRODUCER

with **top tier assets, positive cash flow** and is **ESG goal orientated**

**5.1**  
mmboe

## BROOKS & THORSBY

PROVED, DEVELOPED  
PRODUCING RESERVES

**24.4**  
mmboe  
(62% Oil)

## BROOKS & THORSBY

TOTAL PROVED + PROBABLE  
+ POSSIBLE RESERVES

**160.5**  
mmboe  
(78% Gas)

## MONTNEY

2C CONTINGENT  
RESOURCE

## CORPORATE GUIDANCE for the 9-month ending 30 Sept 2022

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



### DE-RISKED ASSET BASE

Brooks & Thorsby areas developed since 2014 with 60 booked locations



### ROBUST OPERATING NETBACKS

Low breakeven and production costs with high torque to commodity prices



### SKILLED EXECUTIVE TEAM

Management brings track record of Western Canadian asset development



### GLOBAL ACCESS TO CAPITAL

International exposure with Canadian and Australian presence



### FREE CASH FLOW GENERATION

Starting in '22 based on capital allocation flexibility and increased base production



### MONTNEY LIQUIDS RICH GAS

Development ready project at Tommy Lakes with capacity >10,000 boe/d

<sup>1</sup> 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, 0.91 AUD / CAD fx rate, \$5.00/gj AECCO, average royalty rates of 19% and operating costs and G&A assumptions based off historical financial statements.

## CANADA – A WORLD LEADER IN OIL & GAS ESG

Canada's oil and gas sector is subject to some of the most rigorous ESG regulations and standards in the world. When compared to top reserve holders globally, Canada ranks **first** in the world for aggregate ESG performance.

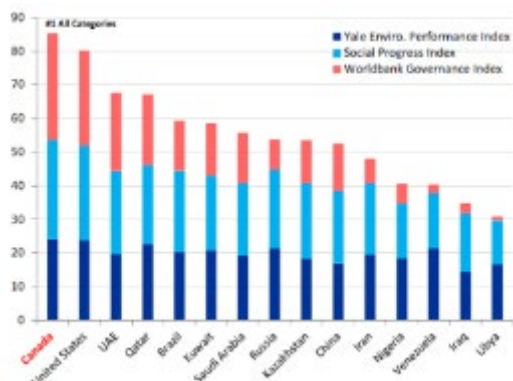
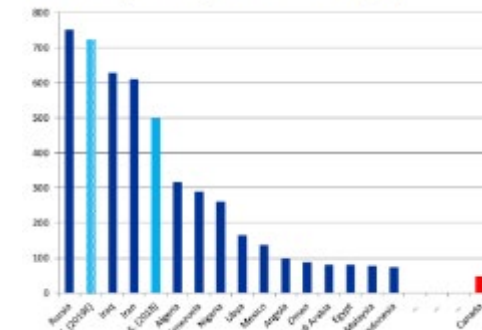


Exhibit 20: Top Gas Flaring Countries vs Canada (Bcf)



Source: World Bank, Texas REC, North Dakota DMR, BMO Capital Markets estimates

**BEST** ESG in the World<sup>1</sup>  
ESG relative to top reserve holders

**4th** in Environment<sup>1</sup>  
Environmental Performance Index

**2nd** in Governance<sup>1</sup>  
Worldwide Governance Indicators

**2nd** in Social Progress<sup>1</sup>  
Social Progress Index

<sup>1</sup> Canada Action <https://www.canadaaction.ca/esg>

Flaring in Canada is considerably lower than peers with **>10x lower flaring** vs the five highest regions. Due to the Province of Alberta's strict regulations, gas flaring is at an **all time low**, despite significant increases in O&G production.



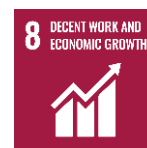
## ESG MATERIALITY & SCOPE ASSESSMENT

Calima undertook a materiality assessment in 2021 to establish core ESG focus areas that were determined to be of highest importance to the corporation. As a junior oil and gas producer with 11 full time staff members, we recognize the importance of prioritizing ESG initiatives. Such approach ensures that our actions will create meaningful impacts to the most critical ESG related areas of our business in an efficient manner. We believe that our focus in these critical areas can provide the most impact to our ESG performance and enhance shareholder value.

The three-year performance metrics included within this inaugural 2021 Sustainability report, including the comparative figures relating to 2019 and 2020, reflect the combined results of Calima and Blackspur both before and after the acquisition on April 30, 2021. **We elected to present our historical ESG performance metrics on a combined pro forma basis** in order to provide the users of this report with a better understanding of the current level and extent of Blackspur's impact on its various stakeholders, and to provide more meaningful comparative information for assessing ESG performance on a go forward basis under the combined entity.



Calima is in support of the United Nations Sustainable Development Goals (SDGs) which are a global call to action to increase environmental protections and ensure global peace and prosperity by 2030. In an effort to define Calima's contributions, **our recently established ESG committee reviewed all seventeen of the SDGs and identified eight that were material to our business**, and where we can effect the most change. From this assessment, Calima also incorporated disclosure metrics from Global Risk Institute (GRI) and the Task Force on Climate-related Financial Disclosure (TCFD).



## ESG MATERIALITY & SCOPE ASSESSMENT

Although we believe our actions will indirectly support all of the 17 SDGs, **we have identified eight goals that we currently have an influence on or seek to improve our performance against** and have established commitments towards. Based on these eight goals, we have identified core ESG focus areas of our business that we believe will directly address these goals and support our ambition of being a leading oil and gas operator.

### ENVIRONMENT

#### GHG Emissions



Strive to minimize fuel, flare and vent emissions from the Company's oil and gas facilities. To also reduce truck traffic and other sources of GHG emissions that occur in respect of our operations.



#### Asset Retirement Obligations



Strive to reclaim and remediate the Company's inactive or abandoned oil and gas facilities in a timely manner and in accordance with regulatory requirements.

#### Spill Prevention & Reporting



Strive to prevent and minimize the volume of hydrocarbon release above surface and to protect all environments surrounding our oil and gas facilities.

### SOCIAL

#### Safe Operations



Strive to prevent workplace injuries, reduce the risks associated with dangerous worksites and empower service providers to recognize and reject any unsafe working conditions.

#### Community & Stakeholders



Strive to engage and support our local communities and minimize the impact of our oil and natural gas activities on our neighboring stakeholders. To be a good corporate citizen and do the right thing.



### GOVERNANCE

#### Corporate Governance & Policies



Strive to establish and maintain strong corporate policies that promotes employees to act ethically, act responsibly and do the right thing. To promote the pursuit of corporate initiatives that enhances both shareholder value and ESG performance.





## CLIMATE RISK CONSIDERATIONS

As part of Calima's commitment to responsible ESG practices, we consider many factors that affect our business, including risks and opportunities related to climate change. **As a Canadian producer, we are subject to extensive regulation and taxation on our broader CO<sub>2</sub> equivalent emissions and have worked to identify other risks that a changing climate represents. Accordingly, we can better anticipate the potential degree of impact over the short, medium and longer-term.** Calima is closely monitoring developments related to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and we anticipate providing more fulsome disclosure in future reporting periods. For our inaugural report, we have identified the following risks and opportunities and provided context around potential impacts:

IDENTIFIED CLIMATE RISKS		Potential Financial Impact
	Increased costs of GHG	Higher operating costs results in lower profits
	Increased regulation of hydrocarbon	Reduced demand for Calima's products and services
	Demand for energy with lower emissions	Increased asset value write-downs and early retirement of existing assets
	Changing behaviors	Negative shift in customer preference for fossil fuels leading to reduced revenue
	Sector disparagement	Less capital available for development; less support for future projects
	Lack of funding available for fossil fuel projects	Reduced demand, reduction in capital availability
	Increased severity of weather patterns such as fire and flood	Higher insurance costs or damage to production facilities
	Increased inflationary pressures	Rising costs of raw materials, supplies and contractor costs – demand destruction

RESULTING OPPORTUNITIES		Potential Financial Impact
	Implementation of efficient operating processes	Higher production volume capacity; rising revenue; enhanced netbacks
	Adoption of new technologies	Increased efficiency, automation and risk reduction; ability to attract knowledge workers
	Leverage incentives and policies that support energy transition	Increased financial flexibility and funding access
	Increase sustainability of existing assets	Implement projects to conserve gas, increase energy efficiencies, reduce operating costs
	Revert to using lower emission energy sources	Lower operating costs, improve potential access to capital



# ENVIRONMENT

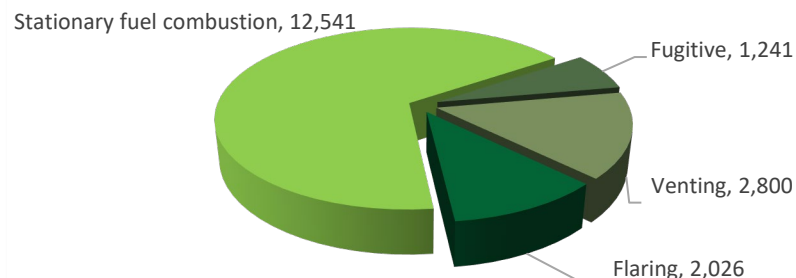
## GHG EMISSIONS - OVERVIEW

Calima produces greenhouse gas (GHG) emissions primarily from field exploration, development and operating activities associated with its oil and gas assets in the Brooks and Thorsby asset areas. The Company's scope 1 GHG emissions primarily consist of stationary fuel combustion, flaring, venting and fugitive emissions.

The Company's emission sources from the stationary combustion of fuel primarily relate to emulsion heating tanks at battery sites that are utilized to treat produced oil to a minimum product quality specification in order to bring the product to market. Calima provides fuel to its service providers in order to provide power for drilling and completion activities on its pad sites. Stationary fuel combustion is also utilized by the Company to drive the engines in surface infrastructure, such as in pump jacks and compressors, in the absence of available electrical power.

The Company's emission sources from venting primarily relate to the release of tank vapours at battery sites and high-bleed pneumatic controllers. Emissions sources from flaring primarily relate to the combustion of natural gas from Calima's new wells prior to being pipeline connected. The Company also flares certain tank vapours at battery sites or when required during periods of temporary operational disruption. Fugitive emissions relate to the release of greenhouse gases from unsealed hydrocarbon from surface infrastructure.

### 2021 Scope 1 Emission Breakdown (tCO<sub>2</sub>e)



**18.6k** tCO<sub>2</sub>e emissions (Scope 1)

Atmospheric release in 2021

A source of indirect emissions from the Company's oil and gas operations include third party trucking service providers that transport produced emulsion to treating facilities or clean oil to the market (scope 3 emissions).

**Regardless of scope, reducing direct and indirect fuel use and implementing low-cost cleantech solutions plays a critical role in ensuring a low-carbon sustainable energy industry.** The increasing cost of CO<sub>2</sub>e emissions in Canada, and globally, will require a strong commitment from the oil and gas industry to lead in areas of environmental performance.

## GHG EMISSIONS - PERFORMANCE

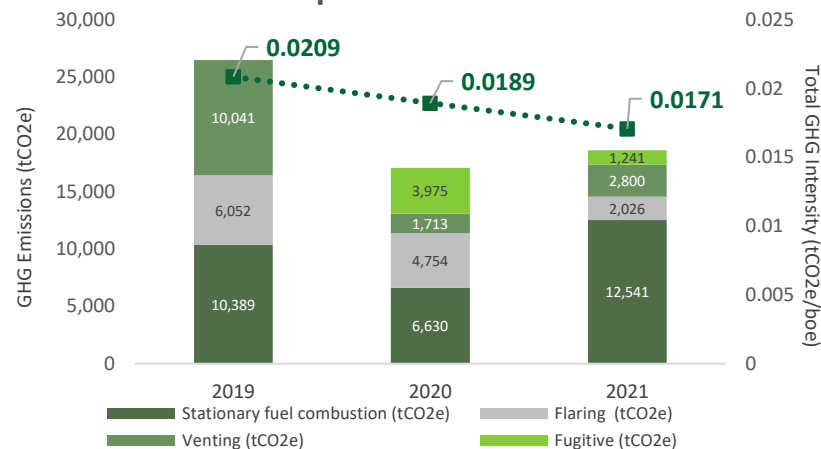
From 2019 to 2021, the Calima Group's emissions have declined on a gross tonnage and intensity basis by 30% and 18%, respectively. The GHG emission reductions were primarily due to the Company's ongoing venting and flaring reduction initiatives and lower overall production in 2021, partially offset by higher fuel consumption.

Projects that supported the Company's emissions reductions from 2019 to 2021 were primarily related to the electrification of field instrumentation, vapor recovery units installed on tanks, reduced flaring through in-line pipeline tie-ins prior to initial production from new wells coming on stream, reduced flaring due to lower operational disruptions, and the installation of the Company's proprietary H2Sweet technology. Flaring also declined from reduced Montney activity in 2021. Higher fuel consumption in 2021 was primarily due to increased pad drilling activity in the field without available electrical power.

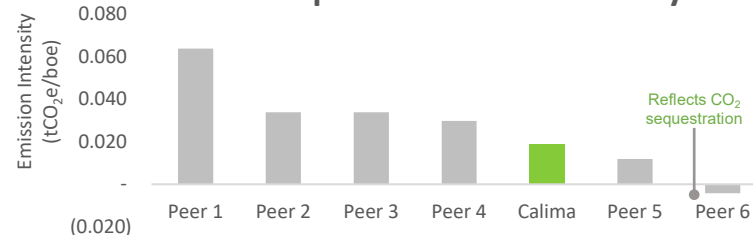
Overall emissions were low in 2020 primarily due to lower production from a number of well shut-ins in response to the low commodity price environment during the COVID-19 lockdowns, in addition to reduced development activities in the field.

**>18%** Decrease in scope 1 emissions intensity  
From 2019 to 2021

### 2021 Corporate GHG Emissions



### 2020 Peer Scope 1 Emissions Intensity



Peers include: Gear Energy, Tamarack Valley, Cardinal Energy, Surge Energy, Tenez (Altura), Yangarra Resources.  
This graph reflects GHG emissions data publicly available in 2020 reports.



## GHG EMISSIONS – *STATIONARY FUEL COMBUSTION*

Since 2020, Calima’s assets have been enrolled under Alberta’s Technology and Emissions Reduction Regulation (TIER) industrial greenhouse gas emissions pricing regulation and emissions trading system. Under the legislation, emissions from stationary combustion at registered facilities in excess of a pre-assigned benchmark intensity are subject to tax. Emissions from stationary combustion that fall below the pre-assigned benchmark intensity received carbon credits that may be utilized to offset future emissions or sold to third parties. The established benchmarks are generally initially set below a company’s baseline emissions intensity, thereby incentivizing the operator to reduce emissions from stationary combustion.

The TIER program has achieved Federal equivalency and, therefore, registered TIER facilities are exempt from paying the Federal Government’s Canadian federal fuel charge. Substantially all of the Company’s Brooks and Thorsby assets are enrolled in TIER through a single aggregate facility under the legislation.

For the 2020 carbon compliance year, the Brooks and Thorsby aggregate facility generated 40 tonnes of carbon credits as Calima’s emissions fell below its pre-assigned benchmark primarily due to the electrification of the Company’s 10-20 battery and surrounding well sites which reduced gross emissions from stationary combustion by approximately 20%.

For the 2021 carbon compliance year, the Brooks and Thorsby aggregate facility incurred carbon taxes of \$120,000 as a result of approximately 3,000\* tonnes of CO<sub>2</sub>e emissions in excess of the benchmark intensity. The moderate increase in emissions intensity in 2021 compared to the prior year was primarily due to higher drilling and completion activities in the field, and the reactivation of certain remote wells in the Countess area not connected to the electrical grid.

\*expected \$ and tCO<sub>2</sub>e are pending final verification from the Company’s 3<sup>rd</sup> party emissions verifier as of April 2022.



## GHG EMISSIONS – VENTING, FLARING & FUGITIVE EMISSIONS

Methane reductions are an ongoing process for the oil and gas industry and, through stringent regulations, meaningful gains are being made in this regard. The Company's vent and flare emissions are subject to regulations set by the Alberta Energy Regulator (D060: Upstream Petroleum Industry Flaring, Incinerating, and Venting).

Energy producers are subject to pre-established vent and flare limits in accordance with the regulations to limit emissions and ensure public safety. Calima reports its emissions through the provincial registry each month. Companies are also subject to regular inspections and audits to make sure they are complying with regulatory requirements.



**22** High to low bleed devices  
converted in 2021

**“** In accordance with AER regulations, Calima is actively engaged in the MRRCP to **significantly reduce methane venting at all of the Company's sites by 2023.**

**58** Additional Conversions  
planned for 2022

In accordance with AER regulations, Calima is actively engaged in the Methane Reduction Retrofit Compliance Plan (MRRCP) to significantly reduce methane venting at all of the Company's sites by 2023.

The MRRCP requires Calima to complete a number of field equipment upgrades to reduce controlled methane emission sources. Activities include the replacement of high-bleed devices to low-bleed, as well as upgrades to pneumatic pumps, reciprocating compressor seals and dehydrators.

The Company is currently on track to be fully compliant with those regulations by 2023.

## GHG EMISSIONS – EMISSIONS REDUCTION OPPORTUNITIES

Calima is committed to pursuing cost-effective emissions reductions and is currently focused on a number of such opportunities, including:

- Electrification of all new facility sites planned for the 2022 development program and providing upfront electrical power grid connection to new pad site developments ahead of the Company's drill programs.
- Electrification of the Company's existing facility sites
  - *Plans for sites: 13-03-50-01w5, 12-26-19-14w4 and 05-07-18-9w4*
- Constructing pipelines ahead of initial well production testing to reduce flaring of natural gas during start up
- Installation of vapour recovery units on hydrocarbon storage tanks to reduce methane venting
  - *Two sites in feasibility studies*
- Replacement of fuel gas instrumentation equipment with instrument air
  - *Two sites in feasibility studies*
- Conversion of fuel gas driven chemical pumps to instrument air or solar
  - *10 sites planned*
- Progression of the H2Sweet Sulcat® technology within the oil and gas industry.
  - *Refer to case study (page 18)*
- Truck traffic displacement through field pipeline construction (scope 3 reduction).
  - *Refer to case study (page 19)*
- Ongoing fugitive leak detection and repair across the Brooks and Thorsby asset areas.



**60** Potential Emissions Reductions  
Projects Identified

At year end 2021



## GHG EMISSIONS – CASE STUDY: H2SWEET INC.



Through a joint partnership with Macrotek Inc., H2Sweet Inc. (“H2Sweet”) has developed a new hydrogen sulphide (“H<sub>2</sub>S”) sweetening technology called the Sulfcats® system. This proprietary technology solution is a regenerative non-toxic chemical process that is capable of removing H<sub>2</sub>S from a natural gas stream by converting the harmful gas to industrial grade sulphur that can be either utilized as fertilizer feedstock or disposed in an environmentally sustainable manner. **The Sulfcats® system delivers a cost-effective alternative to traditional H<sub>2</sub>S sweetening and provides the oil and gas industry with environmental and commercial benefits in the form of lower emissions and reduced operating costs.**

Calima’s 50% joint interest investment in H2Sweet commenced in 2018 and the technology has been operating successfully at the Company’s 2-29 Brooks facility for the past four years. The system currently operates at >99% efficiency and has reduced Calima’s operating costs associated with natural gas sweetening by 75%. These cost reductions were the result of replacing the triazine scavenger system and significantly reducing trucking and chemical consumption.

In addition to the economic benefits that have been demonstrated, a significant reduction in CO<sub>2</sub>e emissions associated with the sweetening process has been achieved. For Calima, the associated emissions reduction has averaged over 7,000 tCO<sub>2</sub>e/year, which is equivalent to removing approximately 1,500 cars from the road each year.

**7,000** tCO<sub>2</sub>e/year

Average associated emissions reduction from using H2Sweet

**1,500** cars

Being removed from the road by using H2Sweet



Operational H2Sweet Sulfcats treating unit installed at Calima’s 2-29 Brooks battery

## GHG EMISSIONS – CASE STUDY: BANTRY TRUCK DISPLACEMENT

In the fourth quarter of 2021, Calima entered into a definitive agreement with a third party to construct a twin, six-inch 9.5 kilometre field interconnect pipeline and butane blending facility in the Brooks area. The north-south dual-pipe field interconnect allows Calima to efficiently transport emulsion and clean oil across the field by connecting the Company's 15-23 and 02-29 battery facilities for treating or subsequent sale. The butane blending facility allows the Company to better optimize its produced oil to a lighter density for improved netback pricing.

**The new pipeline system will be designed to transport emulsion from 15-23 to 02-29 and is anticipated to displace ~10 truckloads per day, or approximately 65 tonnes of CO<sub>2</sub>e per year.**

Installation of the pipeline is also expected to reduce gross operating costs by ~\$660,000 per year, resulting in a positive impact for the Company both environmentally and financially.



Construction of the Bantry north-south dual-pipe interconnect which is expected to positively impact CO<sub>2</sub>e emissions.



# 10 truckloads daily

Removed from the roads

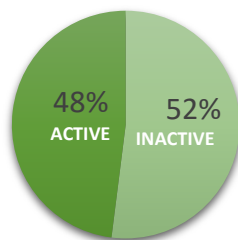
## ASSET RETIREMENT OBLIGATIONS - OVERVIEW

As of December 31, 2021, Calima holds a working interest in 193 (net) wells primarily in the Brooks and Thorsby areas of central and southern Alberta. Approximately 52% of the wells are inactive and will require reclamation and abandonment in the years ahead.

The substantial majority of the Company's inactive wells were acquired from third parties which had been included as part of various acquisitions in previous years.

*Calima is committed to responsible operatorship and stewarding the abandonment and reclamation of its inactive oil and gas assets over time.*

### Abandonment Activities



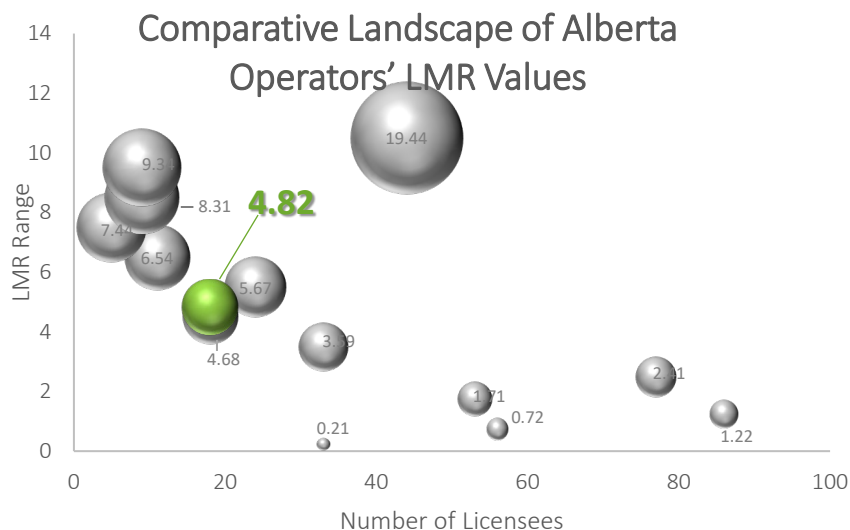
# 4.82 LMR

The value of Calima's assets are 4.82x their deemed liability as at 12.31.2021

# 32% of licensees

in Alberta have an LMR of ZERO

**93** Net Well Bores **100**



As at 31 December 2021, Calima had an active Liability Management Rating (LMR) in Alberta of **4.82**, which equates to an asset valuation that is 4.82 times greater than the deemed liability of the assets. Calima also maintains a license Liability Rating (LLR) in British Columbia of **1.0**, which is the minimum threshold set by the regulator by placing a security deposit with the BC government (\$0.5 million) to ensure adequate funds are available to complete necessary downhole and facilities abandonments.

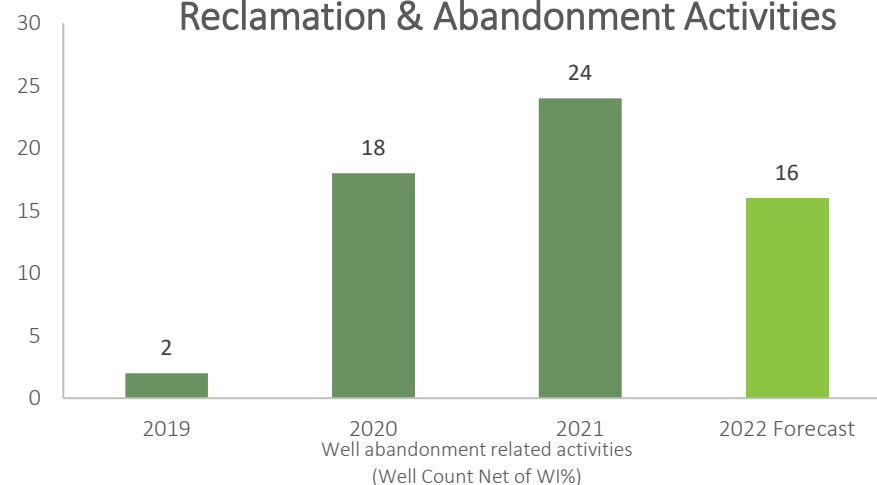
## ASSET RETIREMENT OBLIGATIONS - *ABANDONMENT PROGRAMS*

In Alberta, Calima actively participated in the Government funded Site Rehabilitation Program (SRP) in 2020 that enabled the Company to perform abandonment activities on 18 wells (net) which were directly funded through the SRP. In 2021, Calima also completed abandonment activities on an additional 24 wells (net) by the end of Q4 with the use of funds from the SRP program. Prior to 2020, the Company had spent \$0.3 million to abandon seven inactive wells in the Bantry and Countess areas near Brooks, Alberta.

The Company contributes funds each year to the provincial Orphan Well Association to help clean up abandoned well sites for inactive oil and gas sites that no longer have an operator. Since 2015, the Calima Group has contributed over \$200,000 to the fund, including \$53,000 in 2021.

Going forward, the Alberta Energy Regulator has mandated that each operator must spend a minimum amount on well abandonments per year within the province (Directive 088: Licensee Life-Cycle Management). Calima is expected to spend a minimum of \$440,000 in 2022 in accordance with the program, which will allow the Company to complete abandonment activities on approximately 12-14 wells. SRP funding is also expected to allow the Company to abandon an additional three wells during the year.

### Reclamation & Abandonment Activities



**44 wells**

Number of well abandonment related activities by well count (net) since 2019

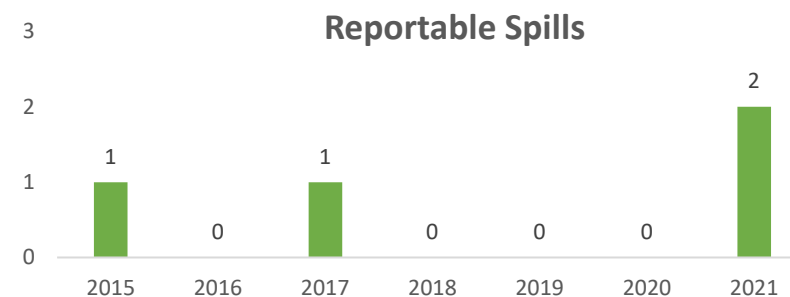
**\$200,000+**

Value of contributions to the Orphan Well Association since 2015

## SPILL PREVENTION & REPORTING - OVERVIEW

Calima has a comprehensive asset integrity program to help prevent, detect and respond to leaks and spills from its surface infrastructure and pipelines. To date, the Company has never had a significant hydrocarbon release. In 2021, Calima had two reportable and four non-reportable hydrocarbon releases totaling a combined 10 bbls of produced water or emulsion. All of our water and emulsion spill volumes were fully recovered, cleaned up and properly disposed of during the year.

Our field operators complete leak detection and maintenance training and the Company completes annual pipeline risk assessments, water crossing inspections, assessment of leak detection systems, corrosion treatments and prevention and pressure vessel and tank inspections. The Company's assets are also equipped with numerous safety equipment technologies to help detect and alert the Company to a spill or release.



## 2 Reportable hydrocarbon spills

For the year ended 31 December 2021

On an annual basis, the Company also completes an emergency response plan simulation exercise in order to ensure that the Company is prepared to respond to a spill or any other emergency situation quickly and decisively. All spills are reported internally regardless of their size and responded to in a timely manner. In the event of a larger spill it would be reported to the regulatory authorities in accordance with applicable laws and regulations. All relevant staff and members of the community are also notified as needed. Actions are taken immediately to clean up any spill and to prevent any further environmental impacts from the incident.



# SOCIAL



## SAFE OPERATIONS

Health and safety is a top priority of Calima to ensure that all of the Company's employees, contractors and service providers are protected at the job sites and they will arrive home safe to their family and friends each and every day.

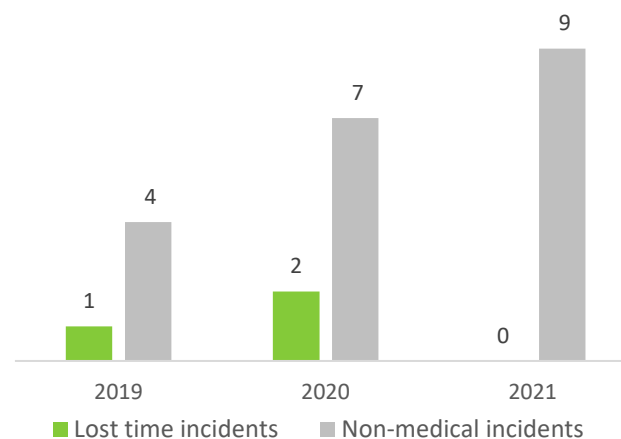
To date, Calima has had no work-related fatalities. In 2019, Calima had one incident requiring medical attention and four non-medical related incidents. In 2020, Calima recorded two medical incidents and seven non-medical incidents. In 2021, Calima recorded zero medical incidents and six non-medical incidents.



**Zero**  
Medical incidents  
In 2021

## Prioritizing the safety of Calima's People

### Workplace Incidents



*(Defined as minor occurrences involving an employee or contractor where professional medical attention was not required.)*

**Zero**  
Work related fatalities  
Since the inception of Calima and Blackspur



## SAFETY IS AT THE HEART OF CALIMA

A number of wide-ranging health and safety initiatives have been implemented by Calima to protect employees and contractors:

Mandatory and site-specific PPE requirements (i.e. chemical suits, masks) in place to conduct standard operating procedures, site specific operating procedures, specific high-risk tasks

FIT for work (drug and alcohol policies), COVID-19 safety protocols

Operator competency training program ensures operations staff are adequately trained to operate equipment, manage produced volumes and handle chemicals in their daily tasks

Including H2S Alive, Confined space entry, TDG & WHIMIS, Ground disturbance (buried utilities, detection and control of flammable substances)

Monthly safety meetings have mandatory attendance and performance is tracked

An emergency response plan (ERP) is in place; Calima conducts annual ERP exercises

Track hazard identification, resolution and mitigation statistics



## COMMUNITY & STAKEHOLDERS *FARMER & LANDOWNER PARTNERSHIPS*

At Calima, greater than 98% of drilling and operations programs fall within freehold land boundaries. The Company engages with over 300 surface and mineral rights holders across the Thorsby and Brooks operating areas.

Most of our mineral rights are located below farmlands and so we work closely with landowners to ensure that our development programs appropriately avoid crop seeding and crop harvest cycles. Calima endeavors to conduct its drilling programs outside of growing seasons to minimize landowner disruptions and damage to the lands.

Prior to development, the Company initiates a 4-8 week engagement process that includes thorough consultation with stakeholders as well as other mandated regulatory requirements (i.e. D-56 notifications, surface and environmental reviews). We also consult any First Nations groups that could be potentially impacted by our operations. We coordinate all our field scouting visits striving for only one visit from all relevant parties (i.e. operators, surveyors, environmental reviews and construction) to minimize stakeholder interruption.

We seek to develop our assets on multi-well pads where possible, in order to minimize surface and environmental impacts, reduce crop loss, reduce the level of stakeholder interruption, and reduce costs. The majority of development pads are tied into field interconnect pipelines which displaces vehicular traffic, reduces noise and reduces emissions.

By fostering excellence in environmental stewardship and landowner relations, Calima seeks to be a good neighbour and responsible operator. The Company seeks to support farmers and ranchers by repairing or building roads or right-of-ways, maintaining and improving the land and vegetation if disturbed, and providing ample notice and consultation prior to undertaking any projects. Calima values its landowners and farmers and recognizes their meaningful contributions to the energy industry and society as a whole.



# >300

Number of surface  
and mineral rights  
holders that Calima  
engages with

As of 31 December 2021

## COMMUNITY & STAKEHOLDERS *INDIGENOUS RELATIONSHIPS*

Calima would like to acknowledge that we share the land upon which we seek to do business with the Indigenous peoples of the Treaty 6, Treaty 7 and Treaty 8 regions as well as Métis region 3 and Métis region 4. We acknowledge the many ancestors who have lived in and cared for these lands for generations. Calima is grateful for the Elders and traditional Knowledge Keepers who have gone before us and those who remain with us today.

Calima makes this acknowledgment as an act of reconciliation and gratitude to those whose territory we are residing on or operating on. While we work to gain an understanding of the Indigenous peoples where we operate, we humbly seek patience as we learn and grow our relationships.

Calima seeks early engagement with all identified Indigenous groups and community associations where our operations lands in an effort to guide our development strategy and to reduce the impact of operations on the community.

Calima's Montney operations were successful in contracting with Nation and Nation member owned corporations during our 2019 drilling campaign and seeks opportunity to spend locally in all our operating areas. Calima continues to work towards establishing relationships with First Nations communities where we operate and is committed to meaningful consultation efforts for our operations. In the Montney in NE BC, Calima aims to use traditional land use evaluations to guide future development in collaboration with local First Nations.



## ECONOMIC CONTRIBUTIONS

Calima contributes to the economic strength of the communities that we operate in. Calima pays royalties and property taxes in both Alberta and British Columbia which support the infrastructure and healthcare systems that Canadians are so well known for. Since 2019, the Company's activities have generated \$6.2 million for municipal and provincial governments to fund public programs and services.

In 2021, the Calima Group generated nearly \$100M of value through petroleum and natural gas sales and equity fundraising initiatives, substantially all of which were redeployed back to the Company's stakeholders. The majority of the funds were paid to the Company's operational and development service providers as well as surface and mineral rights holders. \$31M of cash was paid during the year to retire outstanding loans and to acquire Blackspur.

## CONTRACTOR SELECTION

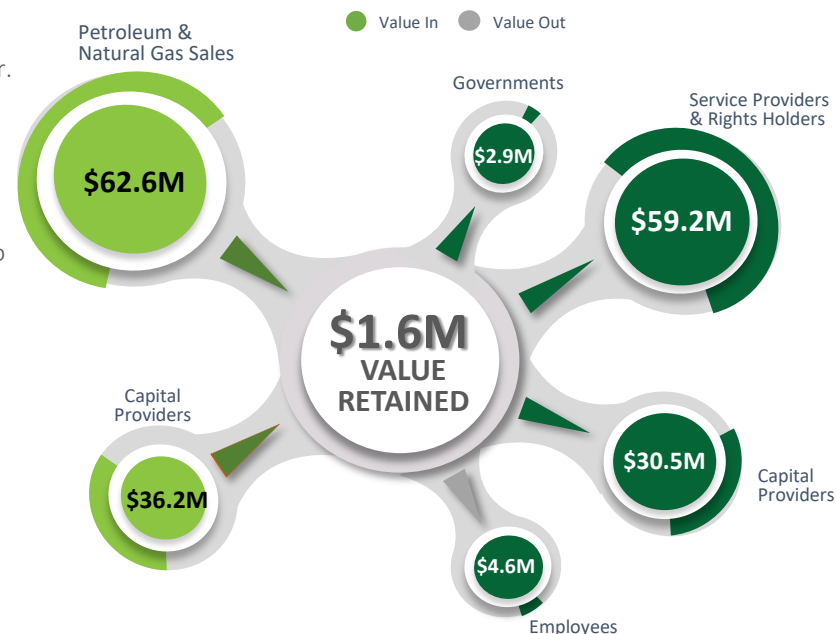
In addition to hiring local contractors and employees where possible, Calima maintains an open bid process for major contractors to ensure competitive pricing and maximum value for our shareholders. A focus on local contractors ensures that employment, opportunity and benefits are more likely to stay within the communities where we operate.

## COMMUNITY INVOLVEMENT

Calima and its staff members are involved in a number of initiatives designed to enhance and improve the communities where the Company operates. The following are a few of the initiatives undertaken by Calima through that support communities:

- Annual foodbank drive and donations to the Thorsby food bank
- Sponsorship and participation in charitable golf tournaments
- Sponsorship of local sports teams in the communities that we operate in

## 2021 Economic Cash Impact



# \$6.2M

Generated for municipal and provincial governments from the Calima Group's development and operational activities from 2019 to 2021



# GOVERNANCE



## GOVERNANCE

Calima is committed to sustainable success by ensuring international Health, Safety & Environment and Social Responsibility standards are met or exceeded in the areas of our active operations. The Company's overarching goal is to do our part to protect the health and safety of employees and contractors, as well as to preserve and protect the environment and the communities in which we work and live. Calima's defining policies have been developed from the best practices of other leaders in the field and we expect our suppliers and partners to share these same values and objectives.

With members of the Board based in both Canada and Australia, Calima benefits from varied cultural and business approaches. This is believed to lead to improved overall governance performance due to having a broader range of views, perspectives and backgrounds.

### ***BOARD OF DIRECTORS***

Calima's Board is comprised of a highly successful and experienced team with a history of balancing responsible operations with a keen focus on generating shareholder value.



**Glenn Whiddon**  
Executive Chairman



**Mark Freeman**  
Finance Director



**Karl DeMong**  
Non-Exec Director



**Lonny Tetley**  
Non-Exec Director



**Jordan Kevol**  
Managing Director & CEO

## ESG COMMITTEE

The Company has established an ESG Committee for stewarding the Company's ESG related initiatives. The Committee consists of operations, finance and leadership team members. The ESG Committee meets on a regular basis to discuss ESG related risks and opportunities.

## CORPORATE POLICIES

Calima is committed to achieving best practice in corporate governance commensurate with the Company's size, its operations and the industry within which it participates. The Company has following corporate policies in place, to which all employees and contracts are required to adhere to (detailed information regarding the Company's governance practices can be found here: <https://calimaenergy.com/corporate-governance/>).

- Corporate Governance Statement
- Code of Conduct
- Risk Management and Internal Compliance and Control
- Remuneration Committee Charter
- Audit Committee Charter
- Board Charter
- Diversity Policy
- Performance Evaluation Practices
- Procedures for Selection and Appointment of Directors
- Shareholders Communication Policy
- Securities Trading Policy
- Whistleblower Policy

## ESTMA

Calima is required to publicly disclose on an annual basis, specific payments made to governments in Canada and abroad as outlined by the Extractive Sector Transparency Measures Act (ESTMA). ESTMA delivers on Canada's international commitments to contribute to global efforts to increase transparency and deter corruption in the extractive sector. <http://blackspueroil.com/estma/>



## CORPORATE DISCLAIMER

This report does not constitute investment advice. Neither this report nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in Calima Energy Ltd (the “Company”) - in any jurisdiction.

Readers are cautioned that the ESG information provided in this report are based on the combined historical ESG performance of Calima and Blackspur, both before and after Calima’s acquisition of Blackspur on 30, April 2021. Calima elected to provide historical results on a pro forma basis so that the historical ESG performance of the Brooks and Thorsby asset areas from 2019 – 2021 can be disclosed in this ESG report. In doing so, Calima believes that readers can better understand the level and extent of Blackspur’s current impact on its various stakeholders and provide readers with a more useful basis of comparison for future reporting periods. Note that, to this day, the legacy Management team of Blackspur Oil Corp. is an integral part of the ongoing operations under the combined Calima organization.

Shareholders should not rely on this report. This report does not take into account any person’s particular investment objectives, financial resources or other relevant circumstances and the opinions and recommendations in this report are not intended to represent recommendations of particular investments to particular persons. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

The information set out in this report does not purport to be all inclusive or to contain all the information which its recipients may require in order to make an informed assessment of the Company. You should conduct your own investigations and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this report.

To the fullest extent permitted by law, the Company does not make any representation or warranty, express or implied, as to the accuracy or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this report. No responsibility for any errors or omissions from this report arising out of the negligence or otherwise is accepted.

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

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



# CALIMA

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## ENERGY

## CONTACT US

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