CALIMA ENERGY LIMITED ABN 17 117 227 086

HALF YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

CORPORATE INFORMATION

Directors & Officers	**Name** Glenn Whiddon Jordan Kevol Karl DeMong Lonny Tetley Mark Freeman Jerry Lam	**Title** Chairman President, CEO & Managing Director Non-Executive Director Non-Executive Director Finance Director & Company Secretary CFO, Canada
Registered Office	**Perth, Australia** **(Corporate headquarters)** Suite 4, 246-250 Railway Parade West Leederville WA 6007	**Calgary, Alberta** **(Operations headquarters)** Suite 1000, 205 5 Ave SW Calgary, Alberta T2P 0M9
Contact information	Telephone: +61 (0) 8 6500 3270 Facsimile: +61 (0) 8 6500 3275 Email: info@calimaenergy.com Website: www.calimaenergy.com	Telephone: +1 403 460 0031
Auditor	PricewaterhouseCoopers Brookfield Place Level 15, 125 St Georges Terrace Perth WA 6000	
Bankers	**Australian Bankers** National Australia Bank Level 14, 100 St Georges Terrace Perth WA 6000	**Canadian Bankers** National Bank of Canada Suite 1800, 311 – 6th Avenue SW Calgary, Alberta T2P 3H2
Share registry	**Computershare Investor Services Pty Ltd** Level 11, 172 St. Georges Terrace, Perth WA 6000 Telephone: +61 (0) 8 9323 2000 Facsimile: +61 (0) 8 9323 2033	
Securities exchange listing	The Company is listed on the Australian Securities Exchange (ASX) and OTCQB. ASX Code: **CE1** OTCQB: **CLEMF**	

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Directors' Report

The Directors of Calima Energy Limited (ASX: CE1 / OTCQB:CLMEF) ("Calima" or the "Company") are pleased to present the Directors' Report for the six months ended 30 June 2022. This Director's Report primarily includes the financial results of Calima and its two wholly-owned Canadian subsidiaries, Blackspur Oil Corp. ("Blackspur") and Calima Energy Inc. (collectively, the "Calima Group"). Dollar figures are expressed in Australian currency unless otherwise indicated.

Directors

The names of the Directors of Calima in office as of the date of this report are as follows:

Glenn Whiddon, Chairman
Jordan Kevol President, CEO & Managing Director
Mark Freeman, Finance Director & Company Secretary
Lonny Tetley, Non-Executive Director
Karl DeMong, Non-Executive Director

During the half year ended 30 June 2022, the following changes in the entity's Directors and Executives occurred:
On 1 April 2022, Brett Lawrence, resigned as a Non-Executive Director
On 1 April 2022, Karl DeMong was appointed to the Board as a Non-Executive Director

Principal activity

Calima is a production-focused energy company pursuing the exploration and development of oil and natural gas assets in the Western Canadian Sedimentary Basin. The Company is currently developing its oil plays at Brooks and Thorsby in southern and central Alberta. Additionally, Calima owns a significant undeveloped Montney acreage position at Tommy Lakes in north-eastern British Columbia. The Company is dedicated to responsible corporate practices, and places high value on adhering to strong Environmental, Social and Governance ("ESG") principles.

Review and Results of Operations

Results

The net income for the half year ended 30 June 2022 was $13,215,000 (2021: $10,035,000).

Operations

Calima Energy Limited is pleased to provide shareholders with the following summary of its activities during the half year to June 2022. Production in 2022 primarily relates to Calima's two core development areas at Brooks and Thorsby Alberta that were acquired in the Blackspur Acquisition on 30 April 2021. The production split for H1 2022 was approximately 60% Brooks and 40% Thorsby. For the half year ended 30 June 2022, the Calima Group produced 705,461 boe of oil and natural gas (3,898 boe/d).

Key Activities and Highlights

H1 2022 produced the highest production revenue since inception with **>$68 million gross revenue reflecting an increase by 81% and Adjusted EBTDA was $40.4m up by 131%** (excluding hedge losses) as compared to the H2 2021. The realised hedge losses for the half year were $13.5m. The current hedge portfolio will unwind through H2 2022 with the longest current hedges closing on 31 December 2022. Total production for the half year was 705,461 barrels of oil equivalent, reflecting an increase of 18% over H2 2021 of 597,214 boe.

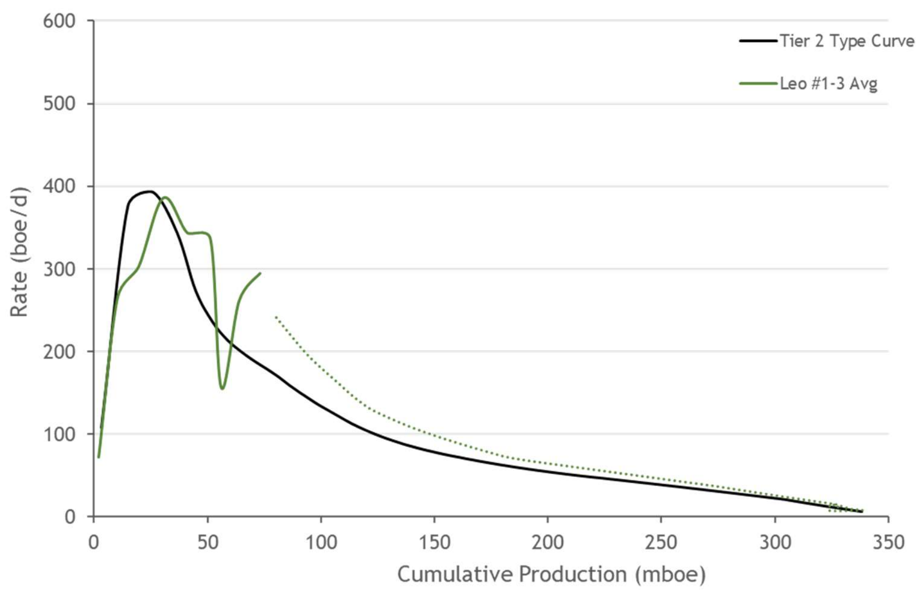
- **Strategic Leasing Acquisition at Brooks Doubled Holding** - Calima expanded its available acreage around its core Brooks operations and infrastructure by ~33,000 acres to over 69,000 net acres as announced on 3 August 2022. The option to lease agreement also includes an option on any unleased shallow gas rights within the corridor of the newly leased oil rights. The lease incorporates access to an extensive 3D seismic database. Calima intends to drill 21 horizontal wells over the next three years, leveraging off existing infrastructure and facilities in the area and the newly installed 19km of pipeline. Calima has already identified >20 additional oil and gas drilling locations on the available to lease acreage.

- **Brooks Gemini Sunburst Program** – A total of 5 Gemini Sunburst wells were drilled in the Half Year. Gemini 5, 6 and 7 wells were drilled and placed on production in Q1. Most exciting is the result from Gemini 5 (vertical well) which has further delineated the Brooks land base identifying up to 6 new Sunburst drilling locations. Gemini #8 and #9 wells were drilled in June and placed on production in July.

- **Brooks Pisces Glauconitic Program** – A total of 3 Pisces Glauconitic wells were drilled in the Half Year. Pisces 1, 2 and 3 wells commenced production in Q1. Pisces #4 and #5 wells were drilled subsequent to 30 June 2022 and placed on production in August 2022.

- **Thorsby Leo Sparky program** – Leo #4 well was drilled in January and was placed on production in mid July 2022 and initially produced 100% frac fluid. The well is continuing to clean up and produce a mixture of oil, gas and frac fluid. The pumping parameters continue to be optimized to determine the true capability of the well. Production to date has been encouraging for this new area. North Thorsby contains a series of oil charged Sparky Formation channel sands that contain some of the thickest oil columns in the regional area Success in this well may have a material impact on the Company's exploration upside and provide running room for increased production base.

- **Leo #1-3 long term update -** Leo wells #1-#3 that were drilled in Q4-2021 and came on production in December-January now have ~8 months of production data available. The below graph illustrates the average cumulative production from the wells since inception, and shows the average production rates and related declines over that period, as well as the forecasted average future decline rates, and how they compare to the internal type curve used for budgeting purposes. The graph also shows the productivity issues related to frac sand production and subsequent clean out operations that management believe have now been resolved and accounted for the majority of production downtime. The Company is pleased with the production rates achieved with over 218,850 barrels of oil equivalent produced to 31 July 2022 and currently evaluating an additional Thorsby Leo drilling campaign.



- **Brooks field interconnect pipeline** – The 19km pipeline was completed on time and ~A$650,000 under budget. This pipeline has reduced tie-in and operating costs on the Gemini (#5, #6, #7, & #8) and Pisces (#1, #2, #3 and #4) programs along with ongoing economic benefits for all wells connected and future wells to be drilled. H1 development activities associated with the pipeline included installing an additional water disposal pump along with a water disposal well conversion which provided the Company with incremental produced water disposal capacity of 7,500 bbls/d.

- **Waterflood Expansion J2J Pool** – The waterflood pool continues to show encouraging results as the pool is re-pressured. Oil production stabilised in H1 – 2022 and the Company has seen increases in production from the pool since the waterflood was implemented. The waterflood is a source of stable long term cash flow expected to enhance oil production and recovery as the field continues to re-pressurise.

Liquidity and Corporate Finance

- **Credit Facility –** The Company's C$27 million credit facility was renewed and varied for shareholder capital returns during the half year. The Company had ZERO drawn on the facility as at June 30, 2022.

- **2022 fundraising –** On 17 February 2022, the Company **successfully raised $20 million** in gross proceeds via a placement of 100 million new fully paid ordinary common shares to institutional and sophisticated investors at an issue price of A$0.20 per share. Proceeds from the issuance were initially used to reduce the amount drawn under the Company's revolving Credit Facility and will also fund the completion of the Company's 2022 capital program.

- **Liquidity –** The Company's net debt as at 30 June 2022 was $9.8 million(1) compared to $27.8 million as at 31 December 2021. Reduction in the Company's net debt in 2022 was primarily due to the Company's fundraising above and the free cashflow from operations during the half year.

- **OTC Listing** - On 24 March 2022 Calima listed on the **OTCQB** under the trading symbol "**CLEMF**".

- **Distributions** – the Company's first return to shareholders of $2.5m will be paid as a capital return in October 2022 if approved at the the upcoming shareholders meeting. This represents a ~6% annual return to shareholders.

- **Share Buy-Back** – The Company commenced a share buyback program and has bought back 4,921,521 shares at an average price of $0.1688 each as of August 31, 2022.

(1) See Note 13 on the Notes to the Condensed Interim Financial Statements (Unaudited) as at and for the six months ended June 30, 2022.

Key Performance Metrics and Outlook

	Actual H1 2022	Projected H2 2022	Total 2022
Production Sales			
Oil (bbl)	**477,568**	*494,545*	*972,113*
Natural gas (Mcf)	**1,288,973**	*1,602,541*	*2,891,514*
Natural gas liquids (bbl)	**13,065**	*14,452*	*27,517*
Sales volumes (gross boe)	**705,461**	*776,087*	*1,481,549*
Sales volumes (boe/d)	**3,898**	*4,218*	*4,059*
Liquids percentage	**70%**	*66%*	*67%*
Financial (A$ million)			
Sales Revenue	**68.0**	*68.3*	*136.3*
Royalties	**(12.7)**	*(13.0)*	*(25.7)*
Operating and Transportation Costs	**(11.7)**	*(12.3)*	*(24.0)*
G&A and Interest	**(3.2)**	*(3.7)*	*(6.9)*
Adjusted EBTDA	**40.4**	***39.3***	***79.7***
Hedge Losses	**(13.5)**	*(5.3)*	*(18.8)*
Cash Flow from Operations	**26.9**	***34.0***	***60.9***
Capital Expenditure	**(26.9)**	*(17.9)*	*(44.8)*
Free Cash Flow	**.1**	***16.1***	***16.1***
Free Cash Flow without Hedge Losses	**13.6**	21.4	34.9
Buy Back/Capital Distribution	**(0.3)**	*(5.0)*	*(5.3)*
Commodity/FX prices			
Oil (A$/bbl)	**120.64**	*110.36*	*115.41*
Natural gas (A$/Mcf)	**7.12**	*7.89*	*7.55*
Natural gas liquids (A$/bbl)	**89.65**	*80.12*	84.65
AUD / CAD	**0.9147**	*0.89*	0.90

Notes to financial forecast

1. Calima is funding development from production revenue and periodic drawdowns from the revolving credit facility
2. Non recuring hedging losses for 2022 are projected at $18.8 million. All current swap hedges expire by December 31, 2022.
3. Capital expenditure for the H2 2022 includes an additional 2 Sunburst wells and 2 Glauconitic wells, additionally capital costs for 2022 included non-recurring items:
    a. Brooks 19km Pipeline which cost ~$4.2 million
    b. Additional capital expenditure in H1 incurred as part of the ramp-up of production.
4. The Company expects sustaining capital expenditure (the amount necessary to maintain production) at $25-$35 million per annum.
5. Based on production revenue being maintained for the calendar year of 2023 the Company anticipates that Free Cash Flow will be ~$45-50 million after sustaining capital costs are accounted for.
6. Projected Free Cash Flow assumes an average oil price received of $110.36/boe (equates to US$95 WTI minus differential of ~C$27.77 to WCS) in H2 with average royalty rates of 19%, and operating costs and G&A assumptions based off historical financial performance.
7. Calima has tax losses of ~C$179 million that can be offset against Brooks and Thorsby taxable revenue, accordingly taxes have not been reflected in the above analysis.

Exploration and Development update

Drilling Update 2021/2022

The following table summarises the results of the Company's drilling programs over the last 18 months:

Area	Well name & unique location identifier	Target formation	Spud Date	Drill days	Lateral length (m)	On Production	Status
Brooks	Gemini #1 – 100% WI	Sunburst	31/5/21	10	837	26/6/21	**Producing**
Brooks	Gemini #2 – 100% WI	Sunburst	8/6/21	5	482	24/6/21	**Producing**
Brooks	Gemini #3 – 100% WI	Sunburst	19/6/21	7	622	16/7/21	**Producing**
Brooks	Gemini #4 – 100% WI	Sunburst	27/6/21	9	1,864	28/7/21	**Producing**
Thorsby	Leo #1 – 100% WI	Sparky	28/7/21	29	2,253	16/11/21	**Producing**
Thorsby	Leo #2 – 100% WI	Sparky	27/8/21	11	2,055	18/11/21	**Producing**
Thorsby	Leo #3 – 100% WI	Sparky	7/9/21	17	2,153	08/11/21	**Producing**

Area	Well name & unique location identifier	Target formation	Spud Date	Drill days	Lateral length (m)	On Production	Status
Brooks	Pisces #1 – 100% WI	Glauconitic	30/11/21	6	1,417	27/1/22	**Producing**
Brooks	Pisces #2 – 100% WI	Glauconitic	07/12/21	8	2,687	26/1/22	**Producing**
Brooks	Pisces #3 – 100% WI	Glauconitic	02/01/22	7	1,407	22/3/22	**Producing**
Brooks	Pisces #4 – 100% WI	Glauconitic	22/06/22	9	1,750	17/8/22	**Producing**
Brooks	Pisces #5 – 50% WI	Glauconitic	02/07/22	6	1,420	14/8/22	**Producing**
Brooks	Gemini #5 – 100% WI	Sunburst	09/01/22	4	N/A*	1/3/22	**Producing**
Brooks	Gemini #6 – 100% WI	Sunburst	14/01/22	6	646	1/3/22	**Producing**
Brooks	Gemini #7 – 100% WI	Sunburst	21/01/22	6	667	3/3/22	**Producing**
Brooks	Gemini #8 – 100% WI	Sunburst	01/06/22	10	670	6/7/22	**Producing**
Brooks	Gemini #9– 100% WI	Sunburst	12/06/22	10	529	3/7/22	**Producing**
Thorsby	Leo #4 – 50% WI	Sparky	19/01/22	11	2,473	18/7/22	**Producing**

* Vertical well

Capital Works to 30 June 2022

Calima is very pleased with the production and development growth since the acquisition of Blackspur on 30 April 2021. The Company has continued to optimise all wells and this includes the recent H1 capital works as follows:

- The **Waterflood Expansion J2J Pool** work included an additional injector conversion and pipelines completed.
- Upgrades to the **Brooks 2-29 Bantry Oil and Gas Facility** will ensure that the facility will be able to process additional volumes of oil, gas, and water from the Brooks area to ensure the Company can manage additional production anticipated from the second half development and drilling programs, this included the installation of a new 600 hp compressor and additional water injection wells.

Inside the H2Sweet Plant at 2-29.
This facility safely extracts the hydrogen sulphide (H_2S) from the natural gas and converts it to a solid sulphur cake that can be disposed of safely (or potentially sold with additional processing). This process is one of a kind and reduces operating costs by $1.30/mcf compared to triazine operations and significantly reduces the comparative environmental impact of triazine disposal.

This 600-horsepower electric motor runs at our Bantry 2-29 plant, its role is to increase compression at the facility so produced natural gas can be placed into the sales gas line.

Dustin, one of our wellsite supervisors, is overseeing a workover to convert a previous oil producer to a water disposal well at the 2-29 Bantry Facility. This conversion enables the Company to dispose of additional produced water from our current wells and the recent and future Pisces and Gemini wells. This disposal well is ready to be put in service.

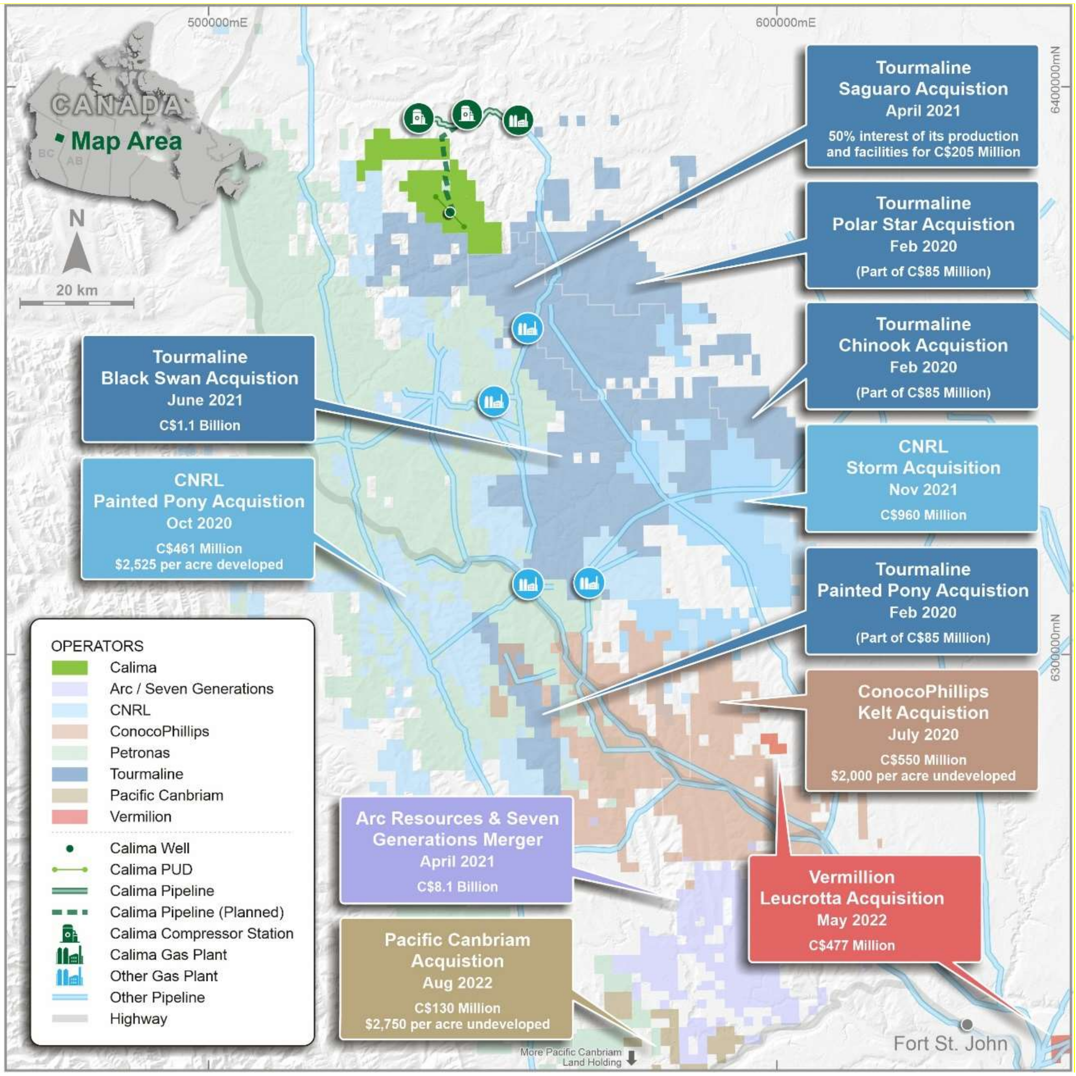
Montney Maximization Incentives

The Company's Montney assets hold significant inherent value and Calima remains committed to unlocking it for the benefit of shareholders. The Montney Formation is world class and is the most active oil and gas play in Canada with an estimated remaining 449Tcf of gas, 14.4 billion bbls of condensate and 1.1 billion bbls of oil. The Calima Lands are development ready with existing egress capacity in excess of 11,000 boe/d of gas and related liquids (50,000 mcfg/d and 2,500 boe/d) through the Tommy Lakes facilities with significant growth upside.

The Company continues its search for a methodology to unlock value in its large-scale gas Montney resource play in Northeast British Columbia (NEBC). Discussions have been ongoing with various parties in Canada, Australia, and UK. These parties have all expressed interest in various combinations of farm-ins, joint ventures, and outright sales of the project. With continued strong natural gas prices across the globe, the large-scale nature of Calima's Montney resource continues to garner interest from third parties. Calima is committed to finding a way to create value for shareholders with respect to the Montney, and due to the long tenure related to the remaining acreage (expiry 2029), the Company will be patient to find a deal that is appropriate. With Canada's first LNG terminal on schedule to export LNG from the West Coast of British Columbia in 2025, Calima is well positioned having such a large resource of natural gas reserves in the jurisdiction that will eventually supply the LNG Canada terminal.

With the world economies recalibrating to increased demand for gas and LNG the Montney presents a significant opportunity for the Company. As LNG Canada is closer to development, it will take up to 28 Mtpa / 3.5 bcf/d out of the Montney, significantly reducing the amount of gas that is presently being used on the west coast of Canada and flowing to the USA, ultimately placing increasing demands on the Montney's current production base of 7-8 bcf/d.

With the current recalibration of energy security world-wide, the need for Europe to source natural gas from Tier 1 jurisdictions over the coming years and with rising commodity prices, Calima sees no need to enter into transactions on less than optimum terms.



On 28 March 2022 the Company confirmed a slightly higher **213.3 MMCFG & 10.1 million barrels of light oil and natural gas liquids** (2020: 212.8 MMCFG & 10.8 MMBO) **of Contingent Resources is continuing to be defined as Development Pending,** reconfirming a significant portion its Montney acreage as being development ready subject only to securing the necessary funding to construct a tie-in pipeline. Total Montney Resources are summarised below:

(Net of Royalties)	Prospective Resource (2U)	Contingent Resource (2C)		
		Dev on hold	Dev Pending	Total Contingent
Natural Gas (mmcf)	**588,109**	535,193	213,295	**748,488**
Total Liquids (mbbl)	**28,240**	25,644	10,137	**35,780**
Total BOE (Mboe)	126,258	114,842	45,686	160,528

The estimated quantities of hydrocarbons that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Hedging

As previously announced, the Company's swap hedge book expires 31 December 2022. A summary of the Swap hedges for Q3 and Q4 are as follows:

	C$ WTI Swaps			C$ WCS/WTI Differential Swaps			C$ AECO Swaps		Hedge Loss @ Market[1]
Term[1]	bbl/d		C$/bbl	bbl/d		C$/bbl	Gj/d	C$/Gj	C$ million
Q3	**1,150**	$	90.68	**1,250**	$	(18.22)	**2,400**	2.87	$3.6
Q4	**900**	$	93.27	**650**	$	(17.93)	**1,000**	3.55	$1.5

1. Based on WTI US$100, WCS/WTI diff C$19 and AECO C$5

The Company has recently implemented a revised hedging policy that provides both exposure to upside and protection from downside oil price movements in the form of a put-call collar topping up our coverage for Q4 2022. The collars implemented for Q4 are 250 boe/d at a cost of US$2.80/bbl with premiums payable monthly on settled barrels with the following coverage:

Market	Net Received
>$130	the Company nets $130/bbl
between $130 and $95	The Company sells at market
between $95 and $75	The Company sells at $95
Market below $75	The Company sells at market plus $25/bbl

Environmental, Social, and Governance ("ESG")

The Company's inaugural ESG report was completed in the quarter and lodged on 14 June 2022, the report involved a comprehensive strategic review of our ESG objectives and targets. The Company continues to pursue reductions in carbon emissions to meet or exceed regulatory requirements. Specifically, the elimination of high methane emission pneumatics and chemical pumps in 100% of our facilities.

Health, safety, and environment (HSE) continues to be a priority for the Company, and we are proud to achieve another straight quarter of no employee downtime from injury or event. During the quarter our leading HSE indicators tracking corporate performance were all significantly above corporate targets on items including operator competencies, monthly vehicle inspections, and contractor spot checks. During the first half of 2022 Calima completed the plug and abandonment of 2 wells that will count toward the AER's new Licensee Management Program and our annual mandatory closure target of ~$440,000.

OTC Listing

On 12th May 2022 the Company's trading code on the OTC changed to "CLMEF". Investors can access further information in relation to the Company's OTCQB quotation via https://www.otcmarkets.com/stock/CLMEF/overview.

The OTCQB® Venture Market offers investors transparent trading in entrepreneurial and development stage U.S. and international companies. To qualify for OTCQB, companies must meet high financial and securities reporting standards, pass a bid test, and undergo annual verification. As a verified market with access for U.S. investors, OTCQB helps companies build shareholder value, achieve liquidity and a fair valuation. It will also enable the Company to expand its awareness and broaden its range of potential investors into the North American market, where operating in Canada is more widely understood.

The Company's primary listing remains on the Australian Securities Exchange (ASX) under the symbol CE1 with a secondary quotation on OTCQB under the symbol CLEMF. The Company confirms that the OTCQB quotation does not impose any material additional compliance or regulatory standards over the Company's ASX listing. The Company further confirms that no shares are being issued to facilitate to the OTCQB quotation. MCAP LLC, Inc. acted as the Company's OTCQB sponsor and advisor.

Strategic Leasing Acquisition at Brooks

The Company entered into a strategic leasing program around its' core Brooks operations which expanded the available undeveloped acreage by approximately 33,000 acres to over 69,000 net acres subsequent to the half year. Under the 3-year leasing deal (renewed annually) the Company will have a minimum capital commitment of C$1.75m per year. Calima intends to drill an additional 5 horizontal wells this year (2 commitment wells have already been drilled) in addition to 7 wells in each of the following 2 years, for a total of 21 wells in the Brooks area on leases held by the mineral owner. 63% of Calima's net acreage in Brooks is currently leased from this mineral holder and with this deal the total increases to 81%. The Company has had a long-standing relationship with the mineral owner who is the lessor of a majority of the existing Brooks area leases. The Company has already identified >20 additional oil and gas drilling locations on the newly available to lease acreage. The Arrangement also includes an option on any unleased shallow gas rights within the corridor and incorporates access to an extensive 3D seismic database over the acreage.

Securities Movements During the Half Year

- On 16th February 2022 the Company issued 1,350,000 unlisted options exercisable at 20 cents on or before 31 January 2027 and vesting subject to continued service over three equal annual installments commencing 31 January 2023.
- On 16th February 2022 1 million preference shares were converted to 1 million ordinary shares.
- On 16th February 2022 the Company advised that 3,912,502 unlisted options expired.
- On 17th February 2022 the Company raised $20 million in gross proceeds via an institutional placement of 100 million new fully paid ordinary shares to institutional and sophisticated investors at an issue price of A$0.20 per share (Placement).
- During June 2022 the Company issued 788,062 Shares in lieu of consulting costs
- On 13th June 2022, 500,000 preference shares were converted to 500,000 ordinary shares
- During the first half of 2022, the Company repurchased 1,925,267 ordinary shares as part of a share buy-back program implemented on 23 May 2022.
- As approved by shareholders on 31 May 2022 the Company issued 22,060,000 performance rights to the Board and Management of the Company. The Performance Rights are designed to align the Calima team with all stakeholders. Terms are summarized below:

Number	Class	Vesting Condition	Expiry Date
8,603,750	Class D	The VWAP of Shares trading on the ASX being at least 25 cents over 20 consecutive trading days (on which Shares have actually traded)	18 months from the date of issue
8,603,750	Class E	Performance Rights will vest following the Company achieving average production greater than 4,300 boe/d for a total of 30 days (non-consecutive) over a 6-month period up until 30 April 2023	18 months from the date of issue
3,542,500	Class F Directors	40% of the Class F Performance Rights will time vest following continued service of the holder as a consultant or employee of the Company for 12 months from the issuance date; 40% of the Class F Performance Rights will time vest following continued service of the holder as a consultant or employee of the Company for 24 months from the issuance date; and 20% of the Class F Performance Rights will time vest following continued service of the holder as a consultant or employee of the Company for 36 months from the issuance date.	4 years from date of issue
1,300,000	Class F Management Employees	50% of the Class F Performance Rights will time vest following continued service of the holder as a consultant or employee of the Company for 12 months from the issuance date; and 50% of the Class F Performance Rights will time vest following continued service of the holder as a consultant or employee of the Company for 24 months from the issuance date.	4 years from date of issue

Capital Structure

As of the date of this report, the capital structure of the Company is set out below:

Shareholder capital			
		Options	**Performance Rights**
Ordinary Fully Paid	611,750,769		
Performance Rights Class A			1,500,000
Performance Rights Class B			1,500,000
Performance Rights Class C			1,500,000
Performance Rights Class D			8,003,750
Performance Rights Class E			8,003,750
Performance Rights Class F			4,442,500
Unlisted option expiring 30/04/26 @ $0.20		15,800,000	
Total	**611,750,769**	**15,800,000**	**25,950,000**

Changes in State of Affairs

During the half year ended 30 June 2022 there was no significant change in the entity's state of affairs other than that referred to in this Directors' report, the half year financial statements or notes thereto.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

Rounding of Amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

Events after the Reporting Date

Subsequent to the half year end, the Company entered into a strategic leasing program around its' core Brooks operations which expanded the available undeveloped acreage by approximately 33,000 acres to over 69,000 net acres. In exchange, the Company has made a commitment to drill 7 wells per year on a rolling option over a three year period commencing 01 June 2022 with a minimum 17.5% royalty on any production from successful wells drilled on the acreage. Two wells have been drilled under this commitment subsequent to the period end and the Company is planning on drilling an additional five wells in the latter part of 2022 and early 2023 to fulfill the first year of the commitment. The Company would be liable for an A$282,000 penalty on any wells that were not drilled under the commitment. The Arrangement also includes an option on any unleased shallow gas rights within the corridor and incorporates access to an extensive 3D seismic database over the acreage.

Subsequent to year end the Company converted 300,000 performance rights A&B to 300,000 ordinary shares. The Company also bought back 2,997,254 ordinary shares for a cost of A$484,000 as part of a share-buy back program implemented on 23 May 2022 and 3,337,502 options and 2,572,501 performance rights expired in the ordinary course of business.

The Directors are not aware of any matter or circumstance not otherwise included within this report that has significantly affected or may significantly affect the Calima Group's operations or state of affairs subsequent from 30 June 2022 to the date of this report.

Adjusted EBTDA

Adjusted EBTDA, defined as earnings before tax, depreciation, and amortisation, exploration, development and other expenses, including hedging losses, is used as a key measure of the Company's financial performance. During the fiscal half year ended 30 June 2022, Calima's operations generated adjusted EBTDA of $40.475 million. The reconciliation of adjusted EBTA to the financial metrics reported under Australian Accounting standards in presented below

In Australian dollars ('000)	**2022**	**2021**
Oil and Natural Gas sales	68,016	10,194
Royalties expense	(12,676)	(1,934)
Operating expenses	(8,678)	(2,102)
Transportation expenses	(3,014)	(621)
General and administrative expenses	(2,594)	(1,642)
Financing and interest expenses	(579)	(224)
Adjusted EBTDA	**40,475**	3,671
Realised loss on risk management contracts	(13,485)	(1,310)
Unrealised loss on risk management contacts	(2,867)	(2,843)
Depletion and deprecation expenses	(7,289)	(1,555)
Exploration expenses	(24)	-
Transaction costs	-	(922)
Share-based compensation expenses	(648)	(750)
Foreign exchange gain (loss)	-	96
Gain on acquisition (net)	-	11,438
Loss on investment	(3)	-
Net income before income taxes	**16,159**	7,825
Deferred income tax recovery (expense)	(2,944)	2,210
Net income	**13,215**	10,035
Gain on foreign currency translations	4,184	5,441
Total comprehensive income	**17,399**	15,476

Signed in accordance with a resolution of the Directors.

Glenn Whiddon
Chairman

12 September 2022

Auditor’s Independence Declaration

As lead auditor for the review of Calima Energy Limited for the half-year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Calima Energy Limited and the entities it controlled during the period.

Ian Campbell
Partner
PricewaterhouseCoopers

Perth
12 September 2022

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

CALIMA ENERGY LIMITED

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (unaudited)

(thousands of Australian dollars)

For the six months ended	Notes		30 June 2022		30 June 2021
Revenue					
Oil and natural gas sales	15	**$**	**68,016**	$	10,194
Royalties expense			**(12,676)**		(1,934)
			55,340		8,260
Risk management contracts					
Realised loss	8		**(13,485)**		(1,310)
Unrealised loss			**(2,867)**		(2,843)
			38,998		4,107
Expenses					
Operating	16		**8,678**		2,102
Transportation	17		**3,014**		621
Depletion and depreciation	6		**7,289**		1,555
Exploration expense			**24**		-
General and administrative	18		**2,594**		1,642
Transaction costs			**-**		922
Financing and interest			**579**		224
Share-based compensation	19		**648**		750
Foreign exchange (gain) loss			**-**		(96)
			22,826		7,720
Net income before the following			**16,162**		(3,613)
Gain on acquisition (net)			**-**		11,438
Loss on investments			**3**		-
Net income before income taxes			**16,159**		7,825
Deferred income tax expense (recovery)			**2,944**		(2,210)
Net income			**13,215**		10,035
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss					
Gain on foreign currency translations			**4,184**		5,451
Total comprehensive income		**$**	**17,399**	$	15,486
Net income per share					
Basic	12	**$**	**0.02**	$	0.04
Diluted	12	**$**	**0.02**	$	0.04

See accompanying notes to the condensed interim consolidated financial statements (unaudited).

CALIMA ENERGY LIMITED

Condensed Interim Consolidated Statement of Financial Position (unaudited)

(thousands of Australian dollars)

As at	Notes		30 June 2022		31 December 2021
ASSETS					
Current assets					
Cash and cash equivalents	4	**$**	**2,041**	$	3,363
Accounts receivable	5		**13,479**		7,186
Deposits and prepaid expenses			**636**		766
Total current assets			**16,156**		11,315
Non-current assets					
Oil and natural gas assets	6		**148,631**		128,709
Long-term deposits			**672**		614
Investments			**553**		537
Deferred income tax asset			**9,636**		12,154
Total non-current assets			**159,492**		142,014
Total assets			**175,648**		153,329
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities			**21,633**		17,116
Credit facility	7		**-**		21,739
Current portion of term loan	9		**163**		-
Risk management contracts	8		**5,999**		2,941
Total current liabilities			**27,795**		41,796
Long-term portion of term loan	9		**3,970**		-
Long-term portion of lease liabilities	14		**140**		265
Restoration provisions	10		**21,390**		25,428
Total non-current liabilities			**25,500**		25,693
Total liabilities			**53,295**		67,489
Net assets			**122,353**		85,840
EQUITY					
Share capital	11		**369,038**		350,461
Share-based payments	19		**17,377**		16,839
Foreign currency translations			**9,871**		5,688
Accumulated losses			**(273,933)**		(287,148)
Total equity		**$**	**122,353**	$	85,840

See accompanying notes to the condensed interim consolidated financial statements (unaudited).

CALIMA ENERGY LIMITED

Condensed Interim Consolidated Statement of Cash Flows (unaudited)

(thousands of Australian dollars)

For the six months ended	Notes	30 June 2022	30 June 2021
Operating activities			
Net income		$ **13,215**	$ 10,035
Items not affecting operating related cash flows:			
Gain on acquisition (net)		**-**	(11,438)
Depletion and depreciation	6	**7,289**	1,555
Unrealised loss on risk management contracts		**2,867**	2,843
Deferred income tax expense (recovery)		**2,944**	(2,210)
Share-based compensation	19	**648**	750
Accretion of liabilities		**254**	87
Non-cash expenses and other		**7**	395
Funds flow from operations		**27,224**	2,017
Changes in non-cash working capital		**(1,898)**	(580)
Cash provided by operating activities		**25,326**	1,437
Financing activities			
Issuance of common shares	11	**20,000**	38,936
Share issue costs	11	**(1,105)**	(2,489)
Purchase of common shares under Share Buy-back	11	**(346)**	-
Decrease in credit facility	7	**(21,866)**	(326)
Proceeds of term loan	9	**4,045**	-
Repayment of term loan	9	**(32)**	-
Repayment of other indebtedness		**-**	(874)
Lease payments		**(119)**	(105)
Cash provided by financing activities		**577**	35,142
Investing activities			
Acquisition of Blackspur Oil Corp.	6	**-**	(33,162)
Investments in oil and natural gas assets	6	**(26,992)**	(2,880)
Cash used in investing activities		**(26,992)**	(36,042)
Impact of foreign exchange translations		**(233)**	5
Increase (decrease) in cash and cash equivalents		**(1,322)**	542
Cash and cash equivalents, beginning of year		**3,363**	1,697
Cash and cash equivalents, end of period		$ **2,041**	$ 2,239

See accompanying notes to the condensed interim consolidated financial statements (unaudited).

CALIMA ENERGY LIMITED
Condensed Interim Consolidated Statement of Changes in Equity (unaudited)
(thousands of Australian dollars)

For the six months ended	Notes		30 June 2022		30 June 2021
Share capital					
Balance, beginning of year		**$**	**350,461**	$	296,329
Issuance of common shares, net	11		**18,635**		54,049
Purchase of common shares under Share Buy-back	11		**(346)**		-
Share-based compensation	19		**288**		-
Balance, end of period			**369,038**		350,378
Share-based payments reserve					
Balance, beginning of year			**16,839**		15,821
Share-based compensation	19		**538**		799
Balance, end of period			**17,377**		16,620
Foreign currency translation reserve					
Balance, beginning of year			**5,688**		(106)
Other comprehensive income			**4,184**		5,451
Balance, end of period			**9,872**		5,345
Accumulated losses					
Balance, beginning of year			**(287,148)**		(255,168)
Net income			**13,215**		10,035
Balance, end of period		**$**	**(273,933)**	$	(245,133)
Shareholders’ equity, beginning of year		**$**	**85,840**	$	56,876
Shareholders’ equity, end of period		**$**	**122,353**	$	127,210

See accompanying notes to the condensed interim consolidated financial statements (unaudited).

1. NATURE OF BUSINESS

Calima Energy Limited ("Calima" or the "Company") was incorporated under the Australian Corporations Act 2001. Calima is a production-focused energy company pursuing the exploration and development of oil and natural gas assets in the Western Canadian Sedimentary Basin. The Company is currently developing oil and natural gas plays at Brooks and Thorsby in southern and central Alberta, Canada. Calima also holds an undeveloped Montney acreage position in northeastern British Columbia, Canada.

Calima's Australian head office is domiciled at Suite 4, 246-250 Railway Parade, West Leederville WA 6007. The Company's Canadian headquarters are located at 1000, 205 - 5 Avenue SW Calgary AB T2P 2V7. Calima's voting common shares are publicly traded on the Australian Stock Exchange under the symbol "CE1" and on the OTCQB under the symbol "CLEMF". These unaudited condensed interim consolidated financial statements for the six months ended 30 June 2022 (the "half-year financial statements") were approved and authorised by Calima's Board of Directors on 12 September 2022.

2. BASIS OF PRESENTATION

These general-purpose half-year financial statements consist primarily of the financial records of Calima and its two wholly-owned Canadian subsidiaries, Blackspur Oil Corp. ("Blackspur") and Calima Energy Inc. (collectively, the "Calima Group"). Blackspur owns and operates the Brooks and Thorsby oil assets and Calima Energy Inc. owns and operates the undeveloped Tommy Lakes Montney acreage. All intercompany transactions have been eliminated.

Calima is a for-profit entity for the purposes of preparing financial statements. These half-year financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting as issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their estimated fair market value. These half year financial statements are condensed as they do not include all of the information required by the AASB for annual financial statements and, therefore, should be read in conjunction with Calima's audited consolidated financial statements for the years ended 31 December 2021 (the "annual financial statements"). These half-year financial statements follow the same accounting policies that were utilised to prepare the annual financial statements.

The functional currency of Calima is the Australian dollar and the functional currency of both Blackspur and Calima Energy Inc. is the Canadian dollar. All amounts reported have been in presented in Australian dollars (A$ or AUD) unless otherwise noted. References to C$ denotes Canadian dollars and US$ denotes United States dollars.

Liquidity and access to Credit Facility

As at June 30, 2022, the Calima Group's net debt was A$9.8 million (Note 13). The Company also had a working capital deficiency of $11.6 million (current liabilities of $27.8 million (including Mark-to-Market Hedges) in excess of current assets of $16.2 million). The Company has available to it at June 30, 2022 a C$27.0 million demand revolving credit facility with a Canadian chartered bank (the "Credit Facility") of which no amount were drawn as of June 30, 2022.

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. As a demand facility, the Credit Facility does not have a specific maturity date which means that the lender could demand repayment of all outstanding indebtedness or a portion thereof at any time. If such an event were to occur, the Calima Group would be required to source alternative sources of capital or sell assets to repay the indebtedness.

The Calima Group manages liquidity risk by complying with the covenants of the Credit Facility agreement, however, there can be no assurance that the amount or terms of the revolving credit facility will be maintained at the next annual borrowing base review. Based on current cash flow forecasts which utilise the Company's reserves, and the continued support of the Lender since the inception of the Credit Facility in April 2015, the Calima Group expects to discharge its liabilities in the normal course of business, the Credit Facility will remain available for the foreseeable future and the lender will not demand immediate repayment of the amount drawn under Credit Facility.

Based on these events, the Directors have reasonable grounds to believe that the Calima Group will continue as a going concern. The Credit Facility is scheduled for its next annual borrowing base review on or before 30 November 2022 and is expected to be based on the Lenders' interpretation of the Group's reserves and future commodity prices, consistent with prior years.

3. SEGMENTED INFORMATION

The Board has determined the operating segment based on the reports reviewed by the Managing Director that are used to make strategic decisions.

The Board has considered the business from both a product and geographic perspective and has determined that the Company operates a single business in a single geographic area and hence has one reportable segment.

The principal operations of the Company consist of the acquisition, development, exploration and exploitation of petroleum and natural gas related assets (gathering, processing, and transportation) in Canada.

4. CASH AND CASH EQUIVALENTS

As at 30 June 2022, the Calima Group held cash and cash equivalents of $2.0 million (31 December 2021 - $3.4 million). The Company is exposed to credit risk associated with its cash and cash equivalent balances held by third party institutions. The credit risk associated with the Calima Group's cash and cash equivalents was considered low as the Company's balances were all held with three large chartered banks located in Australia and Canada.

5. ACCOUNTS RECEIVABLE

As at (A$ thousands)		30 June 2022		31 December 2021
Oil and natural gas sales	**$**	**13,065**	$	6,475
Joint venture billings		**276**		517
GST and other		**138**		194
Accounts receivable	**$**	**13,479**	$	7,186

The Calima Group is exposed to collection risk from receivables associated with the Company's oil and natural gas sales. The customer base primarily consists of integrated oil and natural gas producers, midstream and downstream companies, and energy traders. The Company manages credit risk by principally transacting with high-quality counterparties.

As at 30 June 2022, credit risk from outstanding accounts receivable was considered low given the history of collections and 72% of the Company's outstanding receivables from oil and natural gas sales were held with three investment-grade counterparties. Substantially all of the Company's accounts receivable from oil and natural gas sales were collected within 30 days following the month of sale or settlement date and there were no material amounts past due as at 30 June 2022 or 31 December 2021.

6. OIL AND NATURAL GAS ASSETS

Continuity schedule (A$ thousands)	PP&E Assets	E&E assets	ROU assets	Total
Investments in capital assets				
Balance, 31 December 2020	$ 493	$ 63,850	$ 950	**$ 65,293**
Acquisition of Blackspur	86,313	1,208	-	**87,521**
Capital investments	26,366	464	-	**26,830**
Non-cash capitalised costs	2,082	(412)	-	**1,670**
Release of collateralised assets	339	-	-	**339**
Impact of foreign currency translations	4,462	4,296	58	**8,816**
Balance, 31 December 2021	120,055	69,406	1,008	**190,469**
Capital investments	26,863	60	-	**26,923**
Revision of restoration provision estimate(1)	(5,045)	-	-	**(5,045)**
Non-cash capitalised costs	241	-	-	**241**
Impact of foreign currency translations	6,321	2,567	192	**9,080**
Balance, 30 June 2022	148,435	72,033	1,200	**221,668**
Accumulated depletion and depreciation				
Balance, 31 December 2020	(12)	(3,582)	(300)	**(3,894)**
Release of collateralised assets	(160)	-	-	**(160)**
Depletion and depreciation	(7,862)	-	43	**(7,819)**
Land expiries	-	(10,869)	-	**(10,869)**
Impairment losses	(332)	(36,789)	(507)	**(37,628)**
Impact of foreign currency translations	(96)	(1,270)	(24)	**(1,390)**
Balance, 31 December 2021	$ (8,462)	$ (52,510)	$ (788)	**$ (61,760)**
Depletion and depreciation	(7,253)	-	(36)	**(7,289)**
Impact of foreign currency translations	(445)	(3,393)	(150)	**(3,988)**
Balance, 30 June 2022	$ (16,160)	$ (55,903)	$ (974)	**$ (73,037)**
Net book value				
Balance, 31 December 2020	$ 481	$ 60,268	$ 650	**$ 61,399**
Balance, 31 December 2021	$ 111,593	$ 16,896	$ 220	**$ 128,709**
Balance, 30 June 2022	$ 132,275	$ 16,130	$ 226	**$ 148,631**

(1) During the six months ended 30 June 2022, the Calima Group recognised a non-cash capitalised cost reduction of $5.0 million primarily related to a higher discount rate utilized in the first and second quarter restoration provisions valuation.

The Calima Group's property, plant, and equipment ("PP&E") primarily consists of the Brooks and Thorsby CGUs located in Southern and Central Alberta that were acquired as part the acquisition of Blackspur on 30 April 2021. The Company's exploration of evaluation assets ("E&E") primarily consists of capitalised costs associated with undeveloped Tommy Lakes Montney acreages in North-eastern British Columbia.

There were no indicators of impairment or impairment reversal identified for the Company's Brooks, Thorsby or Tommy Lakes Montney CGUs as at 30 June 2022.

Calima's outstanding right-of-use assets ("ROU asset") relates to the leasing of four storage tanks that service produced water and flowback at the Company's Montney exploration well sites in North-eastern BC. The four-year lease agreement commenced on January 1, 2020 and Calima recognised a right-of-use asset and corresponding lease liability on the consolidated statement of financial position for the discounted value of the minimum lease payments. The lease was valued utilising a weighted average incremental borrowing rate of 6.5%. As at 30 June 2022, the undiscounted cash flows required to settle Calima's lease liability was $0.4 million.

As at 30 June 2022, $16.1 million of oil and natural gas assets, primarily consisting of E&E, were not subject to depletion and depreciation as they were not ready for use in the manner intended (2021 - $17.9 million).

7. CREDIT FACILITY

As at (A$ thousands)	Financial Covenant	30 June 2022	31 December 2021
Credit facility details:			
Credit facility draws		**$ -**	$ 21,739
Issued letters of credit		**155**	150
Undrawn capacity		**30,244**	7,459
Credit facility capacity		**$ 30,399**	$ 29,348
Credit Facility maturity date		**On demand**	On demand
Effective annual interest rate on revolving draws		**-**	3.4%
Covenants[(1)]:			
Working capital ratio	1:1	**2.16:1.00**	1.11:1.00

(2) The Credit Facility contains certain covenants that limit the Company's ability to, among other things: incur additional indebtedness; create or permit liens to exist; and make certain dispositions and transfers of assets.

As at 30 June 2022, the Calima Group held a C$27.0 million demand revolving credit facility with a Canadian chartered bank (the "Credit Facility"). A borrowing base review was completed during the second quarter of 2022 and the Company's pre-existing borrowing base was reaffirmed based on the Lenders' updated interpretation of the Company's reserves and future commodity prices.

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 $150.0 million demand debenture.

Under the terms of the facility, a financial covenant must be maintained. The Company must not permit the working capital ratio, as defined by the bank, to fall below 1:1. The bank defines 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. At 30 June 2022, the Company was in compliance with its banking covenants.

The value of any cash distributions that are made by Calima to shareholders in the form of dividends, returns of capital or open-market share purchase buy-backs, reduces the Company's available Credit Facility capacity until the next scheduled semi-annual borrowing base review. Based on the Group's current cash flow forecasts which utilise Blackspur's reserves, and the continued support of the Lender since the inception of the Credit Facility in April 2015, the Group expects that the Credit Facility capacity will remain available for the foreseeable future. However, there can be no assurance that the revolving credit facility will be restored to the original borrowing capacity or terms that were in place prior to the shareholder distribution. The Credit Facility is scheduled for its next annual borrowing base review by 30 November 2022 and is expected to be based on the Lenders' interpretation of Blackspur's reserves and future commodity prices, consistent with prior years.

The following table summarises the change in the Credit Facility during the six months ended 30 June 2022:

As at (A$ thousands)	30 June 2022	31 December 2021
Credit Facility, beginning of year	**$ (21,739)**	$ -
Credit Facility acquired with the Blackspur Acquisition	**-**	(17,532)
Credit Facility payments (net draws) subsequent to the Acquisition	**21,739**	(3,342)
Impact of foreign currency translations		(865)
Credit Facility, end of period	**$ -**	$ (21,739)

8. RISK MANAGEMENT CONTRACTS

For the risk management contracts, the Company uses quoted market prices when available to estimate fair value. Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Management's judgment as to the significance of a particular input may affect placement within the fair value hierarchy levels.

The fair value hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates and volatility factors, which can be observed or corroborated in the marketplace.
- Level 3: inputs for the asset or liability that are not based on observable market data, such as the Company's internally developed assumptions about market participant assumptions used in pricing an asset or liability.

Risk management contracts are classified as commodity contracts and are measured at fair value with the change during the period recorded in profit or loss as unrealised gains or losses. Fair value at each period is determined using observable period-end forward curves (Level 2).

As at (A$ thousands)		30 June 2022		31 December 2021
Derivative liability, beginning of year	**$**	**(2,941)**	$	-
Derivative liability acquired with Blackspur		**-**		(3,595)
Realisation of derivative losses		**13,485**		7,210
Net unrealised decrease in fair value		**(16,428)**		(6,394)
Impact of foreign currency translations		**(115)**		(162)
Derivative liability, end of period	**$**	**(5,999)**	$	(2,941)

The Calima Group is exposed to commodity price fluctuations associated with the production and sale of oil and natural gas. The Company executes a consistent and mechanical risk management program which is designed primarily to reduce cash flow volatility, protect a sufficient level of cash flows to service debt obligations and fund a portion of the Company's development and operational programs.

The Company's risk management portfolio consists of instruments that are intended to mitigate the Calima Group's exposure to commodity price risks in the Western Canadian Sedimentary Basin consisting primarily of the US$ WTI benchmark price and the C$ WCS differential to US$ WTI.
The Company's risk management contracts consisted of the following positions as at 30 June 2022:

Contract	Reference	Remaining term	Volume (bbl/mcf/day)		Price per unit (C$/unit)		Value (A$ '000)
Swap	**AECO 5A**	Jul. 2022 - Sep. 2022	500	$	2.70	**$**	**(86)**
Swap	**AECO 5A**	Jul. 2022 - Jun. 2022	1,400		2.70		**(242)**
Swap	**CAD WTI**	Jul. 2022 - Sep. 2022	100		85.15		**(477)**
Swap	**CAD WTI**	Jul. 2022 - Jun. 2022	100		90.70		**(420)**
Swap	**CAD WTI**	Jul. 2022 - Jun. 2022	150		94.40		**(731)**
Swap	**CAD WCS basis**	Oct. 2022 - Sep. 2022	150		(17.85)		**34**
Swap	**CAD WCS basis**	Jul. 2022 - Jun. 2022	450		(19.20)		**234**
Swap	**CAD WCS basis**	Jul. 2022 - Sep. 2022	200		(19.30)		**207**
Swap	**CAD WCS basis**	Jul. 2022 - Sep. 2022	100		(18.55)		**119**
Swap	**CAD WTI**	Jul. 2022 - Oct. 2022	100		88.80		**(780)**
Swap	**CAD WCS basis**	Jul. 2022 - Oct. 2022	200		(16.85)		**152**
Swap	**CAD WTI**	Jul. 2022 - Sep. 2022	200		88.00		**(896)**
Swap	**CAD WTI**	Jul. 2022 - Dec. 2022	200		88.00		**(896)**
Swap	**CAD WCS basis**	Jul. 2022 - Dec. 2022	100		(16.50)		**161**
Swap	**CAD WTI**	Jul. 2022 - Dec. 2022	100		95.55		**(644)**
Swap	**CAD WTI**	Oct. 2022 - Sep. 2022	200		92.85		**(602)**
Swap	**CAD WCS basis**	Jul. 2022 - Sep. 2022	200		(17.00)		**302**
Swap	**CAD WTI**	Jul. 2022 - Sep. 2022	200		94.49		**(1,331)**
Swap	**AECO 5A**	Oct. 2022 - Dec. 2022	500		3.60		**(60)**
Swap	**AECO 5A**	Jul. 2022 - Dec. 2022	500		3.50		**(109)**
Total						**$**	**(6,065)**

Contract	Reference	Remaining term	Volume (bbl/day)	Sold Call $US/bbl	Bought Put $US/bbl	Sold Put $/bbl	Value (A$ '000)
Three-way collar	**US NYMEX WTI**	Oct. 2022 - Dec. 2022	250	$120.00	$95.00	$75.00	**66**
Total							**$ (5,999)**

9. TERM LOAN

On 31 January 2022 Blackspur entered into a long-term financing arrangement with a strategic infrastructure and midstream company (the "Lender") to construct a pipeline connecting the Company's 02-29 battery in the northern portion of its Brooks, Alberta asset base to its wells, lands, and gathering system in the southern portion of the asset base. The pipeline was completed and brought on stream during the first quarter of 2022.

Construction of the pipeline was financed by the Lender and the cost of the project was $4.2 million. Blackspur is the sole owner of the pipeline and will repay these capital costs to construct the pipeline over a term of seven years at a 12% cost of financing with monthly payments of $73,500. Blackspur retains the right to payout the financing on 180 days written notice starting on the third anniversary of the agreement, subject to an early termination penalty provision. Payments under the Term Loan commenced during the second quarter of 2022. In the event of default on repayment terms, the lender holds a lien and security interest over the pipeline to secure any and all remaining amounts owing.

10. RESTORATION PROVISIONS

As at (A$ thousands)	30 June 2022	31 December 2021
Restoration provision, beginning of year	**$ 25,905**	$ 4,676
Restoration provisions acquired with Blackspur	**-**	9,389
Remeasurement of acquired provisions using a risk-free rate	**-**	9,070
Development of oil and natural gas assets	**429**	1,400
Accretion	**254**	325
Changes in estimate and other	**(5,473)**	218
Restoration expenses	**(6)**	(94)
Government funded restoration	**-**	(288)
Impact of foreign exchange translations	**775**	1,209
Restoration provision, end of period	**$ 21,884**	$ 25,905
Presented as:		
Accounts payable and accrued liabilities	**494**	477
Restoration provisions	**21,390**	25,428

The Calima Group's restoration provisions reflect the estimated cost to dismantle, abandon, reclaim and remediate the Company's oil and natural gas assets at the end of their useful lives. As at 30 June 2022, the total estimated undiscounted, uninflated cash flows required to settle the Calima Group's asset retirement obligations was approximately $25.8 million (31 December 2021 – $24.9 million). These liabilities are anticipated to be incurred over the next 30 years.

As at 30 June 2022, the Company valued the restoration provision by utilising a risk-free rate of 3.2% (31 December 2021 – 1.8%) and an inflation rate of 2.0% (31 December 2021 – 2.0%). A 100-basis point (1%) increase in the discount rate reduces the Company's restoration provision by $2.9 million (1% decrease: increased in provision by $3.6 million).

11. SHARE CAPITAL

Equity unit continuity (thousands)	30 June 2022 Shares		30 June 2022 Amount	31 December 2021 Shares		31 December 2021 Amount
Balance, beginning of year	**514,084**	**$**	**350,461**	2,191,938	$	296,329
Shares issued in respect of private placement	**-**		**-**	5,399,028		37,822
Shares issued to acquire Blackspur	**-**		**-**	2,460,243		17,222
Shares issued to repay other indebtedness	**-**		**-**	124,821		874
Shares issued in lieu of cash (pre-consolidation)	**-**		**-**	98,025		676
Share consolidation (20:1)	**-**		**-**	(9,760,352)		-
Shares issued in respect of institutional placement	**100,000**		**20,000**	-		-
Shares issued on conversion of performance shares	**1,500**		**180**	-		-
				-		-
Shares issued in lieu of cash (post-consolidation)	**788**		**153**	381		82
Shares repurchased on buy-back program	**(1,924)**		**(346)**	-		-
Share issuance costs	**-**		**(1,410)**	-		(2,544)
Balance, end of period	**614,448**	**$**	**369,038**	514,084	$	350,461

On 17 February 2022, Calima completed an equity financing for gross proceeds of $20.0 million, issuing 100 million shares at $0.20 per share. Proceeds of the raising were used to retire borrowings under the Credit Facility. The Company incurred $1.3 million of transaction costs associated with the equity financing.

Number of units on issue (thousands)	30 June 2022	31 December 2021
Common shares	**614,448**	514,084
Stock options (Note 19)	**19,100**	17,750
Performance Rights (Note 19)	**28,823**	8,273

12. PER SHARE AMOUNTS

For the year ended (thousands)(1)		30 June 2022		30 June 2021
Weighted average number of common shares – basic		**588,894**		248,531
Dilutive effect of outstanding equity compensation units(2)		**28,823**		3,746
Weighted average number common shares – diluted		**617,717**		252,277
Net earnings	**$**	**13,215**	$	10,035
Net earnings per share (basic and diluted)	**$**	**0.02**	$	0.04

(1) Information presented in this table, including comparative figures, have been adjusted to reflect the impact of the share consolidation on August 30, 2021 at a conversion rate of 20:1
(2) Equity compensation units were anti-dilutive in 2021.

13. CAPITAL MANAGEMENT

The Calima Group's objective for managing capital is to maintain a strong statement of financial position in order to provide financial liquidity to fund ongoing development programs as well as to finance future capital returns in the form of dividends.

The Calima Group manages liquidity risk by complying with debt covenants and designing field development plans in conjunction with production, commodity price and available credit forecasting which provides the Company with an opportunity to fund its investments in oil and natural gas assets and expenses within cash flows or available sources of capital on hand. Calima also manages liquidity risk by preserving borrowing capacity under the Credit Facility.

The Calima Group's business plan targets a 12-month ratio of net debt to adjusted funds flow from operations of less than 1.5 in a US$70.00 WTI and C$3.50 AECO 5A commodity price environment. The ratio was 0.2 for the 6 months ended June 30, 2022. As at 30 June 2022, the Company has no amounts drawn on its Credit Facility. This was accomplished via free cash flow used to pay down debt and equity raised in the first half of 2022.

Management believes the Company has sufficient funding to meet near-term liquidity requirements. As at June 30, 2022, the Calima Group had A$30.4 million of available credit under the Credit Facility (December 31, 2021 - A$7.5 million). On 17 February 2022, the Calima Group also completed a private-placement equity financing arrangement with investors for gross proceeds of A$20.0 million (Note 11). Near-term development activities are anticipated to be funded by the Company's funds flow, cash on hand, proceeds from the equity financing or draws under the Credit Facility (Note 7). In the near term, the Company plans to utilise any funds flow in excess of investments in oil and natural gas assets to affect a combination of net debt reduction and production growth.

The following tables reconciles the Company's net debt and adjusted funds flow from operations as at 30 June 2022 and December 31, 2021:

As at (A$ thousands)		30 June 2022		31 December 2021
Items that impact financing activities:				
Credit facility draws	**$**	**-**	$	(21,739)
Other indebtedness		**-**		-
Long-term portion of lease liability		**(140)**		(265)
Term loan		**(4,133)**		-
Items that impact operating activities:				
Current assets		**16,156**		11,315
Other current liabilities(1)		**(21,633)**		(17,116)
Net debt	**$**	**(9,750)**	$	(27,805)

(1) Other current liabilities excludes the current portion of the credit facility and term loan, which are included in financing activities, and the risk management contracts.

For the year ended (A$ thousands)		30 June 2022		31 December 2021
Funds flow from operations (per cash flow statement)	**$**	**27,224**	$	13,554
Cash related transaction costs		**-**		617
Adjusted funds flow from operations	**$**	**27,224**	$	14,171

The Company utilises net debt as an important measure to assess the Company's liquidity by incorporating long-term debt, lease liabilities and working capital. Adjusted funds flow from operations is utilised as a measure of operational performance and cash flow generating capability which impacts the level and extent of funding available for capital project investments, reduction of net debt or returning capital to shareholders. These measures are also consistent with the formulas prescribed under the Company's Credit Facility covenants as defined in the Oil and Gas Glossary and Definitions section at the end of this document.

Net debt and adjusted funds flow from operations are not standardised measures and may not be comparable with the calculation of similar measures by other companies without also taking into account any differences in the method by which the calculations are prepared.

14. COMMITMENTS & CONTINGENCIES

Amounts outstanding at 30 June 2022 and recognised as liabilities are as follows:

(A$ thousands)	2022	2023	2024	2025	2026	Thereafter	Total
Accounts payable and accrued liabilities	$ 21,633	-	-	-	-	-	**21,633**
Risk management contract liabilities	5,999	-	-	-	-	-	**5,999**
Term loan	163	430	483	545	615	1,897	**4,133**
Lease liabilities	70	125	-	-	-	-	**195**
Cash outflows on the balance sheet	27,865	555	483	545	615	1,897	**31,960**
Interest on term loan	204	453	399	337	268	308	**1,969**
Total contractual cash outflows	$ 28,069	1,008	882	882	883	2,205	**33,929**

The Calima Group is currently involved in legal claims of up to $1.0 million arising in the normal course of business. While the final outcome of such events cannot be predicted with certainty, the Company does not currently anticipate that these events will have a material impact on the consolidated financial position or results of operations.

15. OIL & NATURAL GAS SALES

For the six months ended (A$ thousands)		30 June 2022		30 June 2021
Oil	**$**	**57,663**	$	8,667
Natural gas		**9,180**		1,383
Natural gas liquids		**1,172**		144
Oil and natural gas sales	**$**	**68,016**	$	10,194

16. OPERATING EXPENSES

For the six months ended (A$ thousands)		30 June 2022		30 June 2021
Chemicals, power and fuel	**$**	**2,449**	$	570
Staff and contractor costs		**1,551**		428
Hauling, processing and disposal		**1,747**		398
Equipment and maintenance		**1,262**		299
Taxes, rentals and other		**1,669**		407
Operating expenses	**$**	**8,678**	$	2,102

17. TRANSPORTATION

For the six months ended (A$ thousands)		30 June 2022		30 June 2021
Crude oil and emulsion hauling	**$**	**2,730**	$	580
Pipeline tariffs and other		**284**		41
Transportation expenses	**$**	**3,014**	$	621

18. GENERAL & ADMINISTRATIVE

For the six months ended (A$ thousands)		30 June 2022		30 June 2021
Personnel	**$**	**1,835**	$	898
Professional fees		**718**		502
Information technology, office costs and other		**445**		344
Gross General & Administrative ("G&A") expenses		**2,998**		1,744
Capitalised G&A		**(404)**		(102)
G&A expenses	**$**	**2,594**	$	1,642

19. SHARE-BASED COMPENSATION

For the six months ended (A$ thousands)		30 June 2022		30 June 2021
Stock options	**$**	**95**	$	91
Performance rights		**681**		672
Gross share-based compensation cost		**776**		763
Capitalised share-based compensation		**(127)**		(13)
Share-based compensation expense	**$**	**649**	$	750

During the six months ended June 30, 2022, Calima's Board approved 1.4 million stock options for grant to certain employees. The primary vesting condition of the stock options is continuous employment and 1/3 of the options vest each year over three years and are exercisable at $0.20 per unit within five years from the date of grant.

During the six months ended June 30, 2022, Calima approved 22.1 million performance rights for grant to certain Officers, Directors, and Employees of the Group. The rights are subject to the following conditions:

- 8.6 million rights were subject to the VWAP for Calima shares for any period of 20 consecutive trading days being above $0.25.
- 8.6 million rights were subject to the average production for Calima achieving an average of 4,300 boe/d for a total of 30 days (non-consecutive) over a six month period up until April 30, 2023.
- 1.8 million rights become vested and exercisable following continued service of the holder for a three year period with 40% of the rights vested over 12 months, 40% vested over 24 months, and the remaining 20% of the rights vested over 36 months.
- 3.5 million rights become vested and exercisable following continued service of the holder for a two year period with 50% of the rights vested over 12 months and the remaining 50% vested over 24 months.

20. EVENTS AFTER THE REPORTING DATE

Subsequent to the half year end, the Company entered into a strategic leasing program around its' core Brooks operations which expanded the available undeveloped acreage by approximately 33,000 acres to over 69,000 net acres. In exchange, the Company has made a commitment to drill 7 wells per year on a rolling option over a three year period commencing 01 June 2022 with a minimum 17.5% royalty on any production from successful wells drilled on the acreage. Two wells have been drilled under this commitment subsequent to the period end and the Company is planning on drilling an additional five wells in the latter part of 2022 and early 2023 to fulfill the first year of the commitment. The Company would be liable for an A$282,000 penalty on any wells that were not drilled under the commitment. The Arrangement also includes an option on any unleased shallow gas rights within the corridor and incorporates access to an extensive 3D seismic database over the acreage.

Subsequent to year end the Company converted 300,000 performance rights A&B to 300,000 ordinary shares. The Company also bought back 2,997,254 ordinary shares for a cost of A$484,000 as part of a share-buy back program implemented on 23 May 2022 and 3,337,502 options and 2,572,501 performance rights expired in the ordinary course of business.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Calima Energy Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
   - giving a true and fair view of the financial position as at 30 June 2022 and the performance for the half-year ended on that date of the consolidated entity; and
   - complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Glenn Whiddon
Chairman

12 September 2022

Independent auditor's review report to the members of Calima Energy Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Calima Energy Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed interim consolidated statement of financial position as at 30 June 2022, the Condensed interim consolidated statement of changes in equity, Condensed interim consolidated statement of cash flows and Condensed interim consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Calima Energy Limited does not comply with the *Corporations Act 2001* including:

1. Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date.

2. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Ian Campbell
Partner

Perth
12 September 2022

ADVISORIES & GUIDANCE

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.

Non-GAAP measures

This annual report includes certain meaningful performance measures commonly used in the oil and natural gas industry that are not defined under IFRS, consisting of "adjusted EBITDA", "adjusted working capital", "available funding", "net debt" and "adjusted funds flow from operations". These performance measures presented in this annual report should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS and should be read in conjunction with the financial statements. Readers are cautioned that these non-GAAP measures do not have any standardised meanings and should not be used to make comparisons between Calima and other companies without also taking into account any differences in the method by which the calculations are prepared. Refer to the other sections of this annual report and the definitions below for additional details regarding the calculations.

Corporate governance

Information related to the Calima Group's corporate governance practices can be found on the Company's website located here: (https://calimaenergy.com/corporate-governance/).

Qualified petroleum reserves and resources evaluator statements

Refer to the announcements dated 28 March 2022. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

The Montney petroleum resources information is based on, and fairly represents, information and supporting documentation in a report compiled by McDaniel and Associates Ltd (McDaniel) for the December 31, 2021 Resources Report. McDaniels is 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 Calima Energy Ltd. 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 resources information in this announcement in the form and context in which it appears.

The Brooks and Thorsby petroleum reserves and resources information is based on, and fairly represents, information and supporting documentation in a report compiled by InSite Petroleum Consultants Ltd. (InSite) for the December 31, 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. The InSite December 31, 2021 Reserves Report and the values contained therein are based on InSite's December 31, 2021 price deck (https://www.insitepc.com/pricing-forecasts). 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 gains on acquisition, gains and losses on financial instruments, transaction and advisory costs, exploration expenses 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 statement of financial position 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.
Adjusted funds flow from operations	Adjusted funds flow from operations in calculated as funds flow from operations and adjusted to exclude certain non-recurring items primarily relating to transaction and advisory costs. Adjusted funds flow from operations is utilised as a measure of operational performance and cash flow generating capability which impacts the level and extent of funding available for capital project investments, reduction of net debt or returning capital to shareholders.
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 from operations:	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
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

Term	Meaning
Net Debt / working capital surplus	Net debt/working capital surplus 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%
RBL / Reserve Based Lending	a revolving credit facility available to a borrower based on (secured by) the value of the borrower's oil and gas reserves
Royalty Interest or Royalty:	Interest in a leasehold area providing the holder with the right to receive a share of production associated with the leasehold area
Terminal decline:	represents the steady state decline rate after early (initial) flush production
tCO2:	Tonnes of Carbon Dioxide
Unconventional Well:	a well that produces gas or oil from an unconventional underground reservoir formation, such as shale, which typically requires hydraulic fracturing to allow the gas or oil to flow out of the reservoir
Upstream:	a segment of the oil and gas industry that focuses on the exploration and production of oil and natural gas
Working Capital Ratio:	The working capital ratio as the ratio of (i) current assets plus any undrawn availability under the facility to (ii) current liabilities less any amount drawn under the facilities. For the purposes of the covenant calculation, risk management contract assets and liabilities are excluded.
WI/ Working Interest:	a type of interest in an oil and gas property that obligates the holder thereof to bear and pay a portion of all the property's maintenance, development, and operational costs and expenses, without giving effect to any burdens applicable to the property

Abbreviation	Abbreviation meaning	Abbreviation	Abbreviation meaning
1P	proved reserves	**IP30**	Average oil production rate over the first 30 days
2P	proved plus Probable reserves	**A$ or AUD**	Australian dollars
3P	proved plus Probable plus Possible reserves	**C$ or CAD**	Canadian dollars
bbl or bbls	barrel of oil	**US$ or USD**	United states dollars
boe	barrel of oil equivalent (1 bbl = 6 Mcf)	**($ thousands)**	figures are divided by 1,000
d	suffix – per day	**($ 000s)**	figures are divided by 1,000
GJ	gigajoules	**Q1**	first quarter ended March 31st
mbbl	thousands of barrels	**Q2**	second quarter ended June 30th
mboe	thousands of barrels of oil equivalent	**Q3**	third quarter ended September 30th
Mcf	thousand cubic feet	**Q4**	fourth quarter ended December 31st
MMcf	million cubic feet	**YTD**	year-to-date
NGTL	Nova Gas Transmission Line	**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
TD	Total depth		