18 October 2022

5 Well Driling Program at Brooks Commenced

- **Gemini Sunburst Program** – A new 3 well Gemini drilling program commenced last week
    - Gemini #10 (50% WI) – Will be drilled from the same pad as Gemini #3/#9. The well will deliver to the 15-23 oil battery at the South end of the Brooks field. Gemini #10 was spud on October 5
    - Gemini #11/#12 (100% WI) are located on the same pad as Gemini #8/#5 and both wells will tie into the 2-29 oil battery. Gemini #11 was spud on October 15
- **Pisces Glauconitic Program** – Pisces #6 and #7 are follow-ups to the highly successful Pisces #4 and will tie into Calima's 2-29 oil battery late in Q4-2022 via an on-lease tie-in; peak production from the two wells is anticipated in Q1-2023 post fracture stimulation. Drilling will commence following the Gemini program as part of a continuous operation
- 4 of the 5 new wells will be drilled on **newly acquired consolidated lands** at Brooks
- Production has continued strongly with Q3 average production as forecasted at ~**4,160 boe/d**
- Existing hedges closed out **end 31 December 2022**
- **LNG Canada now 65%** complete with first shipments anticipated early 2025, Calima is intensifying efforts to extract value from its Montney assets

Calima Energy Limited (ASX:CE1 / OTCQB: CLEMF) ("**Calima**" or the "**Company**") is pleased to provide an update on the Company's drilling plans for the remainder of 2022. The following program is designed to maintain current corporate production levels, as well as maintain and develop our PDP reserves, and provide shareholders exposure to high commodity prices through the drilling of our highly economic oil plays. Two of the five wells will flow through the 19km pipeline placed in the heart of the Brooks acreage earlier this year.

Q4 Drilling Program (refer Map below)

- **Gemini Sunburst Program** - 3 horizontal wells:
    - **Gemini #10 (50% WI)** was spud on 5 October 2022 and has completed drilling and is awaiting completion. The well will be drilled from the same pad as Gemini #3 and #9 and will flow into Calima's 50% owned 15-23 oil battery at the South end of the Brooks field. This well is designed to increase the recovery factor in a known Sunburst Formation pool that has historically been developed by vertical wells.
    - **Gemini #11 and #12 (100% WI)** are follow-ups to the highly successful vertical well (Gemini #5) drilled in Q1-2022 which tested the viability of the Sunburst Formation in a previously undrilled portion of the fairway. Gemini #11 was spud on October 15. These horizontal wells are being drilled from the same pad as Gemini #5 and #8 and will be on-lease tie-ins reducing overall costs. In addition, these wells will utilise the recently completed large-scale pipeline installed in Q1, with the fluids flowing directly to our 2-29 oil battery. These wells are designed to capture previously untapped reserves identified from 3D seismic, as well as the geological information gained from the drilling of Gemini #5 and #8.
    - Sunburst wells are considered **true conventional wells** as they do not require fracture stimulation to produce. Based on type-curve results at current commodity prices, these wells are expected to pay out in **<12 months.**

- **Pisces Glauconitic Program -** 2 horizontal wells:
    - **Pisces #6 & #7 (100% WI)** are follow-up wells to the successful Glauconitic Formation horizontal well (Pisces #4) drilled earlier this year and these wells are interpreted to be in the same pool. Pisces #6 & #7 will be completed as horizontal multi-stage fracture stimulated wells and tied-in to our 2-29 oil battery late Q4-2022 via an on-lease tie-in with peak production from the two wells anticipated in Q1-2023.

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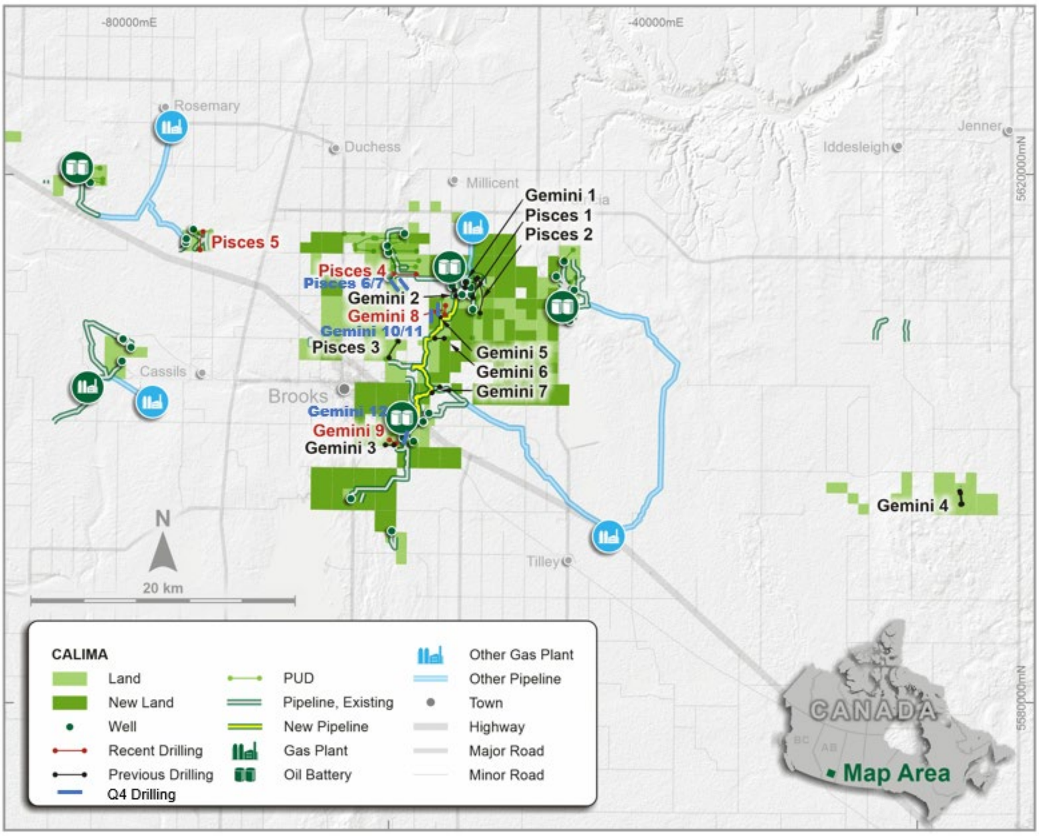

Q1-2023 program

After this program, Calima management and board is contemplating, modelling, and budgeting for future drilling in both Brooks and Thorsby that may commence in Q1-2023, and will contribute to continued production decline mitigation, as well as incremental production growth.

Montney update

With continued commodity price elevation, increasing demand for LNG exports from North America, and LNG Canada now 65% complete with first shipments anticipated early 2025, Calima is intensifying efforts to extract value from its Montney assets.

Calima is currently planning a modest winter program for 2022-2023 to progress and further de-risk development in the field and aid in prepping the field for anticipated development in subsequent seasons via a joint venture with a partner. No deals have been reached, but Calima continues to have discussions with potential strategic partners. Pending securing a joint venture partner, the project is targeting initial production in Q1 2025.

Jordan Kevol, CEO and President, commented:

"Drilling at Brooks for our Q4 program has begun. We are pleased to be following up on our Gemini #5 discovery earlier this year with two more Sunburst horizontal wells into the pool. The Glauconitic wells that we are drilling are a follow-up to the successful Pisces #4 well drilled this summer. This modest program will set us up for continued drilling, growth, and free cash flow throughout 2023, particularly if we continue to have strong commodity pricing for our oil and gas. Every well in this program is an on-lease tie-in, as we aim wherever possible to utilise our significant infrastructure footprint in the Brooks area. This also results in quick on-stream timelines for our wells, as well as more expedient cash flow."

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This release has been approved by the Board.

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

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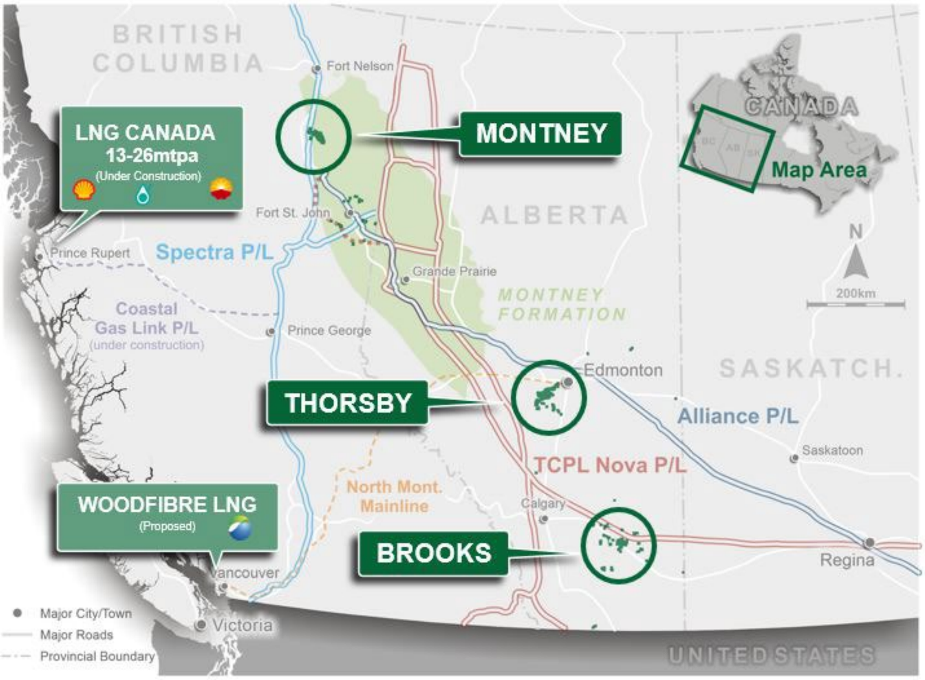
Calima Assets



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.

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 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 EBTDA:	Adjusted EBTDA is calculated as net income (loss) before interest and financing expenses, income taxes, depletion, depreciation and amortisation, and adjusted to exclude certain non-cash, extraordinary and non-recurring items primarily relating to bargain purchase gains, gains and losses on financial instruments, transaction and advisory costs and impairment losses. Calima utilises adjusted EBTDA as a measure of operational performance and cash flow generating capability. Adjusted EBTDA impacts the level and extent of funding for capital projects investments or returning capital to shareholders.
Adjusted working capital:	Adjusted working capital is comprised of current assets less current liabilities on the Company's balance sheet and excludes the current portions of risk management contracts and credit facility draws. Adjusted working capital is utilised by Management and others as a measure of liquidity because a surplus of adjusted working capital will result in a future net cash inflow to the business which can be used for future funding, and a deficiency of adjusted working capital will result in a future net cash outflow which will require a future draw from Calima's existing funding capacity.
ARO / Asset Retirement Obligation:	the process of permanently closing and relinquishing a well by using cement to create plugs at specific intervals within a well bore
Available funding:	Available funding is comprised of adjusted working capital and the undrawn component of Blackspur's credit facility. The available funding measure allows Management and other users to evaluate the Company's liquidity.
Credit Facility Interest:	Borrowings under the Credit Facility incur interest at a market-based interest rate plus an applicable margin which varies depending on Blackspur's net debt to cash flow ratio. Interest charges are between 150 bps to 350 bps on Canadian bank prime borrowings and between 275 bps and 475 bps on Canadian dollar bankers' acceptances. Any undrawn portion of the demand facility is subject to a standby fee in the range of 20 bps to 45 bps. Security for the credit facility is provided by a C$150 million demand debenture
CO_2e:	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 EBTDA less recurring capital expenditures, asset retirement costs and cash interest expense
Free Cash Flow Yield:	represents free cash flow as a percentage of the Company's total market capitalisation at a certain point in time
Funds Flow:	Funds flow is comprised of cash provided by operating activities, excluding the impact of changes in non-cash working capital. Calima utilises funds flow as a measure of operational performance and cash flow generating capability. Funds flow also impacts the level and extent of funding for investment in capital projects, returning capital to shareholders and repaying debt. By excluding changes in non-cash working capital from cash provided by operating activities, the funds flow measure provides a meaningful metric for Management and others by establishing a clear link between the Company's cash flows, income statement and operating netbacks from the business by isolating the impact of changes in the timing between accrual and cash settlement dates.
Gathering & Compression (G&C):	owned midstream expenses; the costs incurred to transport hydrocarbons across owned midstream assets
Gathering & Transportation (G&T):	third-party gathering and transportation expense; the cost incurred to transport hydrocarbons across third-party midstream assets
G&A:	general and administrative expenses; may be represented by recurring expenses or non-recurring expense
Hedged Adjusted EBTDA:	EBTDA including adjustments for non-recurring and non-cash items such as gain on the sale of assets, acquisition related expenses and integration costs, mark-to-market adjustments related to the Company's hedge portfolio, non-cash equity compensation charges and items of a similar nature;
Hyperbolic Decline:	non-exponential with subtle multiple decline rates; hyperbolic curves decline faster early in the life of the well and slower as time increases
LMR:	The LMR (Liability Management Ratio) is determined by the Alberta Energy Regulator ("AER") and is calculated by dividing Blackspur's deemed assets by its deemed liabilities, both values of which are determined by the AER.
LOE:	lease operating expense, including base LOE, production taxes and gathering & transportation expense

Term	Meaning
Midstream:	a segment of the oil and gas industry that focuses on the processing, storing, transporting and marketing of oil, natural gas, and natural gas liquids
Net Debt:	Net debt is calculated as the current and long-term portions of Calima's credit facility draws, lease liabilities and other borrowings net of adjusted working capital. The credit facility draws are calculated as the principal amount outstanding converted to Australian dollars at the closing exchange rate for the period. Net debt is an important measure used by Management and others to assess the Company's liquidity by aggregating long-term debt, lease liabilities and working capital.
NGL / Natural Gas Liquids:	hydrocarbon components of natural gas that can be separated from the gas state in the form of liquids
Net Debt/Adjusted EBTDA (Leverage)	a measure of financial liquidity and flexibility calculated as Net Debt divided by Hedged Adjusted EBTDA
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
Unconventional Well:	a well that produces gas or oil from an unconventional underground reservoir formation, such as shale, which typically requires hydraulic fracturing to allow the gas or oil to flow out of the reservoir
Upstream:	a segment of the oil and gas industry that focuses on the exploration and production of oil and natural gas
Working Capital Ratio:	The working capital ratio as the ratio of (i) current assets plus any undrawn availability under the facility to (ii) current liabilities less any amount drawn under the facilities. For the purposes of the covenant calculation, risk management contract assets and liabilities are excluded.
WI/ Working Interest:	a type of interest in an oil and gas property that obligates the holder thereof to bear and pay a portion of all the property's maintenance, development, and operational costs and expenses, without giving effect to any burdens applicable to the property

Abbreviation	Abbreviation meaning	Abbreviation	Abbreviation meaning
1P	proved reserves	**A$ or AUD**	Australian dollars
2P	proved plus Probable reserves	**C$ or CAD**	Canadian dollars
3P	proved plus Probable plus Possible reserves	**US$ or USD**	United states dollars
bbl or bbls	barrel of oil	**($ thousands)**	figures are divided by 1,000
boe	barrel of oil equivalent (1 bbl = 6 Mcf)	**($ 000s)**	figures are divided by 1,000
d	suffix – per day	**Q1**	first quarter ended March 31st
GJ	gigajoules	**Q2**	second quarter ended June 30th
mbbl	thousands of barrels	**Q3**	third quarter ended September 30th
mboe	thousands of barrels of oil equivalent	**Q4**	fourth quarter ended December 31st
Mcf	thousand cubic feet	**YTD**	year-to-date
MMcf	million cubic feet	**YE**	year-end
PDP	proved developed producing reserves	**H1**	six months ended June 30th
PUD	Proved Undeveloped Producing	**H2**	six months ended December 31st
C	Contingent Resources – 1C/2C/3C – low/most likely/high	**B**	Prefix – Billions
Net	Working Interest after Deduction of Royalty Interests	**MM**	Prefix - Millions
NPV (10)	Net Present Value (discount rate), before income tax	**M**	Prefix - Thousands
EUR	Estimated Ultimate Recovery per well	**/d**	Suffix – per day
WTI	West Texas Intermediate Oil Benchmark Price	**bbl**	Barrel of Oil
WCS	Western Canadian Select Oil Benchmark Price	**boe**	Barrel of Oil Equivalent (1bbl = 6 mscf)
1P or TP	Total Proved	**scf**	Standard Cubic Foot of Gas
2P or TPP	Total Proved plus Probable Reserves	**Bcf**	Billion Standard Cubic Foot of Gas
3P	Total Proved plus Probable plus Possible Reserves	**tCO_2**	Tonnes of Carbon Dioxide
EBTDA	Earnings before tax, depreciation, depletion and amortisation	**OCF**	Operating Cash Flow, ex Capex
Net Acres	Working Interest	**E**	Estimate
IP24	The peak oil production rate over 24 hours of production	**CY**	Calendar Year
IP30/90	Average oil production rate over the first 30/90 days	**WTI**	West Texas Intermediate
WCS	Western Canada Select	**OOIP**	Original Oil in Place