



24 November 2022

**Q4 Drilling Operations Update**

- **Calima has completed drilling four out of its five wells as part of the Q4 drilling program** - Excellent sands were encountered during drilling and we expect these wells to achieve forecasted production / type curve
- The first three wells drilled were Sunburst wells (**Gemini #10, #11, & #12**)
  - **Gemini #10** has been put on production
  - **Gemini #11 came production today and #12** well is anticipated to be on production by the weekend
  - IP30 production for *these type of wells* are modeled at 120 boe/d
- The final two wells are Glauconitic Formation horizontal wells (**Pisces #6 and #7**)
  - **Pisces #6** has finished drilling
  - **Drilling for Pisces #7** has commenced and will be the final well of the program
  - IP30 production for *these type of wells* are modeled at 230 boe/d
- **Pisces #6 and #7** are anticipated to be fracture stimulated in early December, with initial production testing expected late December
- **Partial 3-way collar Hedges** secured for 2023 over bbl/d oil for Q1 and Q2 and 250 bbl/d oil for Q3 as detailed below

**Calima Energy Limited (ASX:CE1 / OTCQB:CLMEF)** (“Calima” or the “Company”) is pleased to confirm that its five well (4.5 net) drilling campaign at Brooks is nearing completion. Three Sunburst wells (Gemini) and one Glauconitic well (Pisces) have been drilled, with one Glauconitic (Pisces) well currently being drilled. The first two Gemini wells are on production and as the program progresses through completion and tie-in of all wells, further updates will be provided. We expect the final well to be finished drilling toward the end of November.

**Gemini #10** (50% WI) is on production, cleaned up and producing at type curve rates. **Gemini #11 is on production today and #12** has been drilled and completed and expected to be on production by the weekend.

Fracture stimulation completion for **Pisces #6 and #7** is expected to commence in the second week of December, and initial flow back and testing expected late December.

**Q4 2022 Drilling Campaign Summary Table**

Area	Well name	Target formation	Spud Date	Lateral length (m)	Status
Brooks	Gemini #10	Sunburst	05/10/22	1,253	<b>On production</b>
Brooks	Gemini #11	Sunburst	15/10/22	927	<b>On production</b>
Brooks	Gemini #12	Sunburst	26/10/22	423	<b>Awaiting tie-in</b>
Brooks	Pisces #6	Glauconitic	10/11/22	1,325	<b>Awaiting fracture</b>
Brooks	Pisces #7	Glauconitic	19/11/22	1,511*	<b>Drilling</b>

\*Anticipated

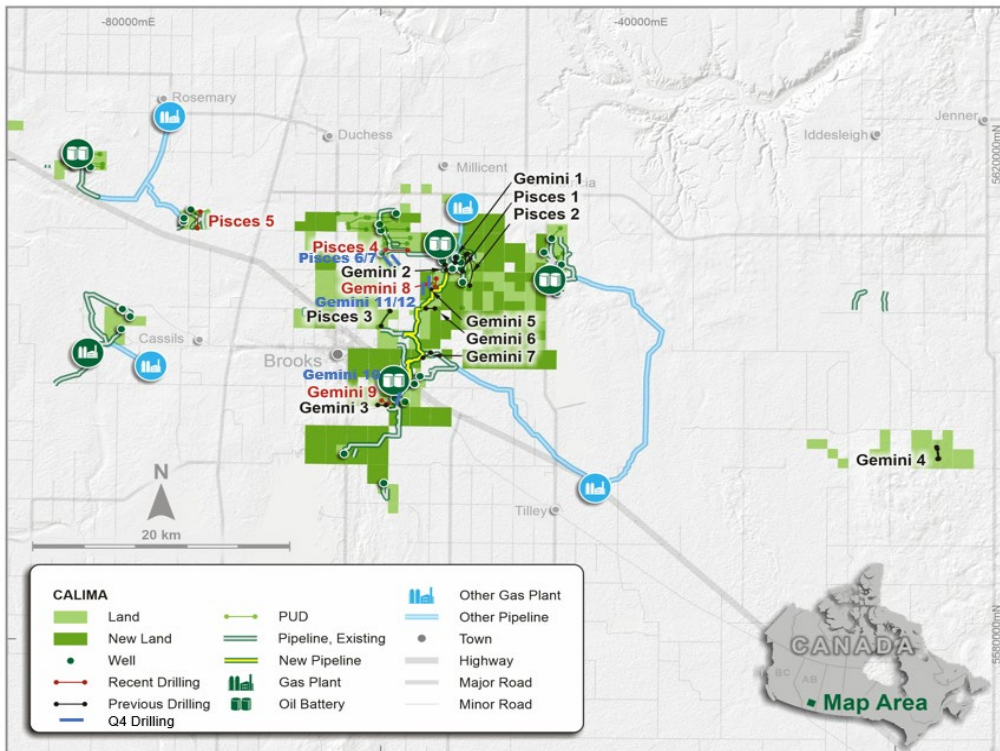


Figure 1: Glauconitic and Sunburst Drilling

**Hedging**

A summary of the Swap hedges are as follows:

Term	C\$ WTI Swaps		C\$ WCS/WTI Differential Swaps		C\$ AECO Swaps	
	bbl/d	C\$/bbl	bbl/d	C\$/bbl	GJ/d	C\$/GJ
Q4 - 2022	665	\$ 93.27	665	\$ (17.93)	1,022	3.55

A summary of Three-way collar hedges that have been implemented are as follows:

Term	Contract	Currency	Volume (bbl/d)	% Forecasted Prod.	Sold call \$/bbl	Bought Put \$/bbl	Sold Put \$/bbl	Cost C\$
Q4 - 2022	Three Way Collar	USD	250	6%	130.00	95.00	75.00	\$2.80
Q1- 2023	Three Way Collar	USD	400	11%	110.05	82.50	62.50	~\$3.50
Q2- 2023	Three Way Collar	USD	400	11%	110.05	80.00	60.00	~\$3.50
Q3 - 2023	Three Way Collar	USD	250	7%	105.25	80.00	60.00	~\$3.50

During the fourth quarter, the Company also entered into the following differential swaps for the first three quarters of 2023:

Term	USD\$ WCS/WTI Differential Swaps	
	bbl/d	US\$/bbl
Q1 – 2023	100	\$ (27.00)
Q2 – 2023	200	\$ (23.40)
Q3 - 2023	100	\$ (21.40)





The Company continues to explore adding additional commodity contracts to its hedging portfolio for the 2023 year.

## Leo #4 update

Leo #4 (50% WI) was a step-out oil well that was drilled at Holborn (North Thorsby) in January 2022. The well was drilled in the Sparky Formation to a total depth of 4,088 meters and outfitted with a 52-stage liner and was fracture stimulated in June 2022.

Following an extended testing period of ~4 months the well has produced 13,150 boe through the end of October. The well was budgeted at a 50% chance of success and on a risk adjusted basis initial production is approximately 80% of budget. However, with water cut rates in the range of 80-85% in the Sparky “A” reservoir the drilling of follow up wells within this channel is not forecast to be highly economic. Total fluid inflow is significant with initial rates in the range of 1,000 bbl/d of total fluid indicating a very permeable reservoir where further technical work will look to pinpoint higher oil saturation targets. The well is generating positive operating revenue and will add new reserves with the fluids being treated at our 100% owned Thorsby 16-5 battery.

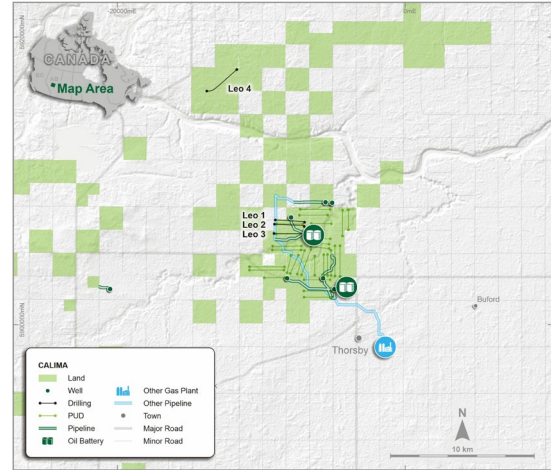


Figure 2: Thorsby and Holborn (N. Thorsby)

Calima’s Holborn acreage contain 2 other prospective Sparky sands, particularly the Sparky “B” and Sparky “C”. Calima is evaluating a second follow up location off the same pad as Leo #4 which would target the Sparky “C” sand. This target represents a different reservoir within the Sparky age rock. Success (or lack of it) in one Sparky reservoir, does not dictate success in the other.

### Jordan Kevol, CEO and President:

*“Our current drilling program at Brooks is ~80% complete. Gemini #10 has already been on production for ~3 weeks, and we are pleased with the rates that are meeting our budgeted type curve. Gemini #11 has just come on production today, and Gemini #12, is planned to be on production in the coming days. We expect to see initial oil production from the two wells approximately a week after they each come on production. Drilling is ongoing on our final well (Pisces #7), and we anticipate it will be finished in about a week. The two Pisces wells will be prepped for frac, and we expect them to be completed in the first half of December. Both wells are short tie ins, so on production dates for both wells is expected for late December.*

*Leo #4, while a lower boe rate than we had modelled, was encouraging with the high rate of fluid inflow from the zone. Further evaluation is occurring across our Holborn land base. We believe the prospectivity across the other Sparky sand bodies has not been affected, negatively or positively (from a geological perspective) by the results from Leo #4”.*

This announcement has been approved by the Board.

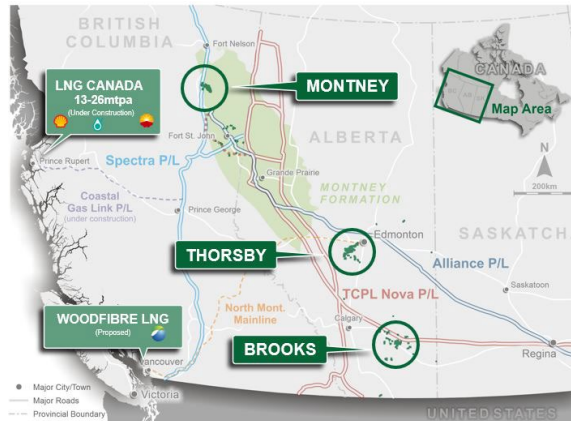
For further information visit [www.calimaenergy.com](http://www.calimaenergy.com) or contact:

<p><b>Jordan Kevol</b> CEO and President E: <a href="mailto:jkevol@blackspureoil.com">jkevol@blackspureoil.com</a> T: + 1 403 460 0031</p>	<p><b>Glenn Whiddon</b> Chairman E: <a href="mailto:glenn@calimaenergy.com">glenn@calimaenergy.com</a> T: + 61 410 612 920</p>	<p><b>Mark Freeman</b> Finance Director E: <a href="mailto:mfreeman@calimaenergy.com">mfreeman@calimaenergy.com</a> T: + 61 412 692 146</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------





## Calima Assets



### Qualified petroleum reserves and resources evaluator statement

The petroleum resources information in this announcement is based on, and fairly represents, information and supporting documentation in a report compiled by technical employees of Insite Petroleum Consultants Ltd and McDaniel and Associates Ltd, both leading independent Canadian petroleum consulting firm registered with the Association of Professional Engineers and Geoscientists of Alberta (APEGA) and was subsequently reviewed by Graham Veale who is the VP Engineering with Blackspur Oil Corp. Mr. Veale holds a BSc. in Mechanical Engineering from the University of Calgary (1995) and is a registered member of the Alberta Association of Professional Engineers and Geoscientists of Alberta (APEGA). He has over 26 years of experience in petroleum and reservoir engineering, reserve evaluation, exploitation, corporate and business strategy, and drilling and completions. McDaniel and Mr. Veale have consented to the inclusion of the petroleum reserves and resources information in this announcement in the form and context in which it appears.

### Forward Looking Statements

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

### Oil and Gas Glossary and Definitions

Term	Meaning
<b>Adjusted EBTDA:</b>	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.
<b>Adjusted working capital:</b>	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.
<b>ARO / Asset Retirement Obligation:</b>	the process of permanently closing and relinquishing a well by using cement to create plugs at specific intervals within a well bore
<b>Available funding:</b>	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.
<b>Credit Facility Interest:</b>	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
<b>CO2e:</b>	carbon dioxide equivalent
<b>Conventional Well:</b>	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





Term	Meaning
<b>Compression:</b>	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
<b>Corporate Decline:</b>	consolidated, average rate decline for net production from the Company's assets
<b>Exit Production:</b>	Exit production is defined as the average daily volume on the last week of the period
<b>Operating Income:</b>	Oil and gas sales net of royalties, transportation and operating expenses
<b>Financial Hedge:</b>	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
<b>Free Cash Flow (FCF):</b>	represents Hedged Adjusted EBTDA less recurring capital expenditures, asset retirement costs and cash interest expense
<b>Free Cash Flow Yield:</b>	represents free cash flow as a percentage of the Company's total market capitalisation at a certain point in time
<b>Funds Flow:</b>	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.
<b>Gathering &amp; Compression (G&amp;C):</b>	owned midstream expenses; the costs incurred to transport hydrocarbons across owned midstream assets
<b>Gathering &amp; Transportation (G&amp;T):</b>	third-party gathering and transportation expense; the cost incurred to transport hydrocarbons across third-party midstream assets
<b>G&amp;A:</b>	general and administrative expenses; may be represented by recurring expenses or non-recurring expense
<b>Hedged Adjusted EBTDA:</b>	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;
<b>Hyperbolic Decline:</b>	non-exponential with subtle multiple decline rates; hyperbolic curves decline faster early in the life of the well and slower as time increases
<b>LMR:</b>	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.
<b>LOE:</b>	lease operating expense, including base LOE, production taxes and gathering & transportation expense
<b>Midstream:</b>	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
<b>Net Debt:</b>	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.
<b>NGL / Natural Gas Liquids:</b>	hydrocarbon components of natural gas that can be separated from the gas state in the form of liquids
<b>Net Debt/Adjusted EBTDA (Leverage)</b>	a measure of financial liquidity and flexibility calculated as Net Debt divided by Hedged Adjusted EBTDA
<b>Net Revenue Interest:</b>	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
<b>Operating Costs:</b>	total lease operating expense (LOE) plus gathering & compression expense
<b>Operating Netback:</b>	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.
<b>Physical Contract:</b>	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
<b>Promote:</b>	Production Taxes: state taxes imposed upon the value or quantity of oil and gas produced
<b>PDP/ Proved Developed Producing:</b>	an additional economic ownership interest in the jointly-owned properties that is conveyed cost-free to the operator in consideration for operating the assets
<b>PV10:</b>	a reserve classification for proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods
<b>RBL / Reserve Based Lending Royalty Interest or Royalty:</b>	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%
<b>Terminal decline:</b>	Interest in a leasehold area providing the holder with the right to receive a share of production associated with the leasehold area
<b>Unconventional Well:</b>	represents the steady state decline rate after early (initial) flush production
<b>Upstream:</b>	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
<b>Working Capital Ratio:</b>	a segment of the oil and gas industry that focuses on the exploration and production of oil and natural gas
<b>WI/ Working Interest:</b>	The working capital ratio as the ratio of (i) current assets plus any undrawn availability under the facility to (ii) current liabilities less any amount drawn under the facilities. For the purposes of the covenant calculation, risk management contract assets and liabilities are excluded.
	a type of interest in an oil and gas property that obligates the holder thereof to bear and pay a portion of all the property's maintenance, development, and operational costs and expenses, without giving effect to any burdens applicable to the property

Abbreviation	Abbreviation meaning	Abbreviation	Abbreviation meaning
1P	proved reserves	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 31 <sup>st</sup>
GJ	gigajoules	Q2	second quarter ended June 30 <sup>th</sup>



OTCQB

**CALIMA**  
ENERGY

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

