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15 February 2023

Montney Testing Update – Progressing Successfully

- Early test results have exceeded expectations based on comparison to the 2019 testing program
- Initial results are very encouraging and testing is expected to continue for another 3 – 10 days at which time the wells will be shut-in to allow for downhole pressure build-up data to be gathered
- The Calima #2 Middle Montney test peaked at a maximum constrained rate at **6.3 mmcf/d** producing condensate at a rate of **248 bbl/mmcf** (previous max rate in 2019 was **155 bbl/mmcf**)
 - This peak rate reflects flush production and the likely stabilised rate will be lower. Average production rates during the test have been **102 bbl/mmcf** (compared with average production of 22 bbl/mmcf in 2019)
 - This is wellhead condensate only and excludes anticipated NGL's to be recovered through future gas processing
- The Calima #3 Upper Montney test has flowed up to **5.25 mmcf/d** with **8.4 bbl/mmcf** of condensate (in 2019 the well did not produce any condensate)
- The combined peak flow rate from both wells was more than **11.5 mmcf/d** which was constrained by testing objectives and the downhole well equipment configuration
- More than **3,500 bbls of condensate** have been produced during testing and is being sold at a premium to WTI. Costs to date are within budget and weather conditions have been favorable
- Construction work on the pipeline right of way connecting Calima #2 & #3 to the Tommy Lakes infrastructure is set to commence shortly

Calima Energy Limited (ASX:CE1 / OTCQB: CLMEF) ("Calima" or the "Company") is pleased to provide preliminary results on the Calima #2 and Calima #3 test program. Flow test results to date:

		2019 Testing ¹				2023 Testing				
		Peak Rates		Average Rates		Peak Rates		Average Rates		Fluid Rec. ³
Wells	Sand	Gas (mmcf/d)	Oil (bbl/mmcf)	Gas (mmcf/d)	Oil (bbl/mmcf)	Gas (mmcf/d)	Oil (bbl/mmcf)	Gas (mmcf/d)	Oil (bbl/mmcf)	
Calima #2	Middle	10	155	3.7	22.15	6.3	248	3.65	102	16.8%
Calima #3	Upper	2.6	- ²	2.6	- ²	5.25	8.4	4.2	3	6.4%

1. The initial production testing in 2019 was ceased early due to the onset of the spring break-up

2. No condensate was recovered from the testing of Calima-3 which is typical for the early stages of a test on Montney wells.

3. As recovery of completion fluid from initial fracture stimulations increases a more accurately determination of the liquid potential of each well increases.

Management has been very pleased with the preliminary test results on the Calima #2 well with condensate yields significantly higher than the original limited test program completed in 2019. The testing program flows the wells at multiple constrained rates and pressurized gas sampling. This sampling will support laboratory tests required to do the Pressure-Volume-Temperature ("PVT") work to determine the NGL volumes present in the test fluids and in the reservoir. The data collected at multiple rates will also support the well test analysis and

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interpretation and the development of an accurate Inflow Performance Relationship (“IPR”) curve and validation of type curves for the wells. Additionally the testing provides insight into the production parameters to be used on the well to maximise value when the wells are tied in.

The Calima #2 well flowed at a maximum constrained rate of 6.3 mmcf/d and has delivered a peak condensate to gas ratio (“CGR”) of 248 bbl/mmcf. This peak rate reflects “flush production” and the likely stabilised rate will be lower with **average production to date being 102 bbl/mmcf**. This rate reflects wellhead condensate only and excludes anticipated NGL’s to be recovered through gas processing which **may add an additional 15-25 bbls/mmcf of total liquids recovered**. Condensate and NGL’s provide substantially enhanced economics with condensate currently trading at a premium to WTI.



Flow tests on the Calima #3 (Upper Montney) well have recovered significantly less load fluid to date versus the Calima #2 well. The Calima #3 well has flowed at a peak of **5.25 mmcf/d** with **8.4 bbl/mmcf** of condensate. The Upper Montney productivity potential has been historically an unknown, due to a lack of meaningful test data. The test results to date, whilst not yet reflecting total condensate yield potential as a result of low overall completion fluid recovery, will now allow for an improved development plan with proof of meaningful gas rates.

Both wells are equipped with 60.3mm production tubing to enable efficient lifting of fluid over a range of production rates. This tubing size does constrain the maximum rate capability of the wells. This tubing restriction was not in place when maximum gas flow rates were achieved in Calima #2 in 2019.

The key to the testing program, is to establish what the highest potential CGR of each of the wells, in addition to being able to calculate the maximum gas flow rates. The goal of the tests is to accurately determine how to maximize the CGR at various gas flow rates. The highest value molecule from the wells is the condensate, and the long-term plan will be to produce the wells at the rate that maximizes the value via optimal gas and condensate rates.

Testing will continue for a further 3-10 days after which time the wells will be shut-in. The extensive test data obtained will be analysed to aid the Company in refining its type curves for each of the zones and will be incorporated in future reserve reports.

The initial construction work related to the pipeline connecting the A-54-C pad containing Calima #2 and #3 to the Tommy Lakes infrastructure is about to commence. To take advantage of the current roads and logistical access to the area around the pad, the Company has decided to start construction work on the pipeline right-of-way in the vicinity of the current testing work.

The Montney work program is funded from cash flow generated from the Brooks and Thorsby producing assets. Current production from Brooks and Thorsby is at historical highs of 4,600-4,700 boe/d. The sale of condensate produced during the Montney testing operations has also offset work program costs.





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Jordan Kevol, CEO and President:

"The Calima team is very pleased with the results to date from the extended well tests in the Upper and Middle Montney. Further desktop evaluation of the data will be undertaken to determine type curves, production yields reserve modeling and various development scenarios. The strong gas flows and liquid yields underpin our confidence in this project and support our ongoing field development planning and financing endeavors."

"I would also like to recognize the HAVOC Partners team who worked up this play in 2018/9 and managed the drilling of the Calima 1, 2 & 3 wells under the premise that the Calima lands were liquids rich."

Land position and Calima #2 and #3 horizontal wells

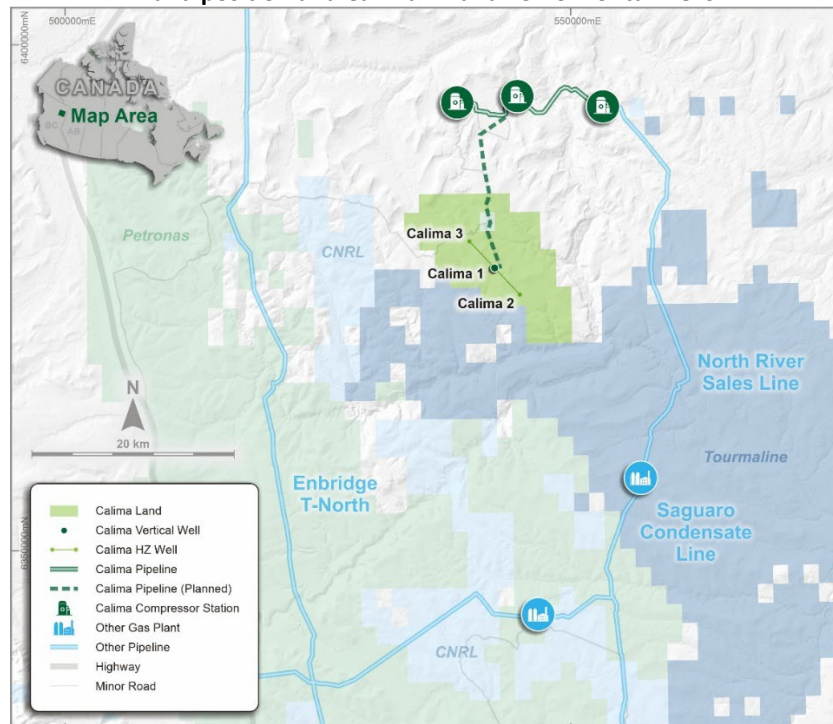


Figure One – The Tommy Lakes Infrastructure lies immediately north of the Calima Lands and offers the closest, most cost-effective tie-in to processing facilities and regional pipeline networks. The horizontal wells on Pad A can be connected to the Tommy Lakes field via a proposed 20 km pipeline.

This release has been approved by the Board.

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

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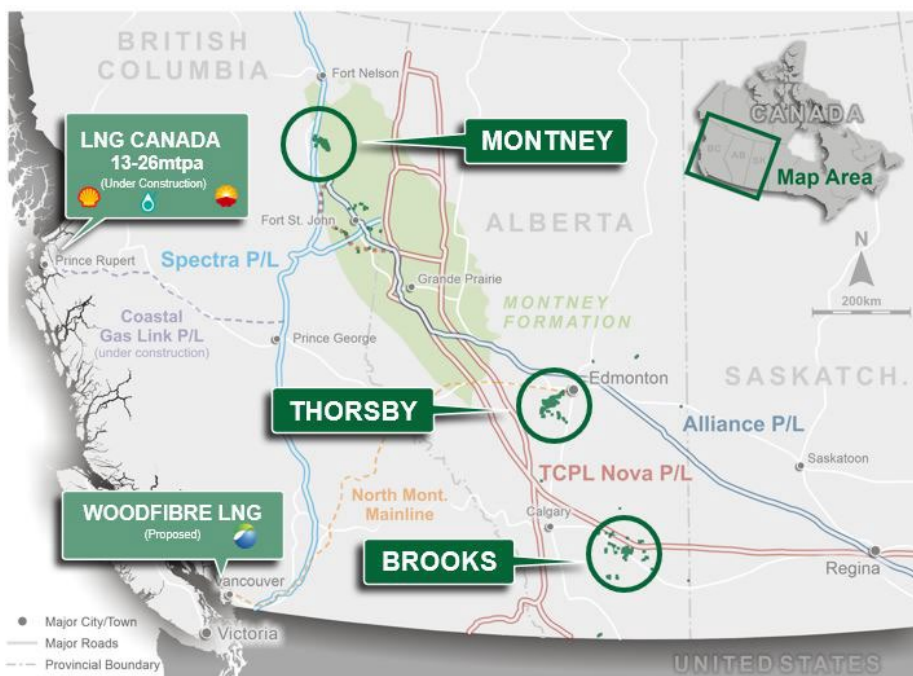




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Calima Assets



Qualified petroleum reserves and resources evaluator statement

The petroleum resources information in this announcement is based on, and fairly represents, information and supporting documentation in a report compiled by technical employees of McDaniel and Associates Ltd, a leading independent Canadian petroleum consulting firm registered with the Association of Professional Engineers and Geoscientists of Alberta (APEGA) and was subsequently reviewed by Graham Veale who is the VP Engineering with Blackspur Oil Corp. Mr. Veale holds a BSc. in Mechanical Engineering from the University of Calgary (1995) and is a registered member of the Alberta Association of Professional Engineers and Geoscientists of Alberta (APEGA). He has over 27 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.

References in this announcement to production test rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production to the Company. A pressure transient analysis or well-test interpretation has yet to be carried out in respect of the wells. Accordingly, the Company cautions that the test results should be considered preliminary.

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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
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 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
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.



Term	Meaning
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
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 31 st
GJ	gigajoules	Q2	second quarter ended June 30 th
mbbl	thousands of barrels	Q3	third quarter ended September 30 th
mboe	thousands of barrels of oil equivalent	Q4	fourth quarter ended December 31 st
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 30 th
PUD	Proved Undeveloped Producing	H2	six months ended December 31 st
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	tCO₂	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