



3 September 2020

Montney Key Pressure and Core Analysis

Highlights:

- Calima continues to glean data points from the previous drilling campaign, unlocking more value from the asset.
 - Downhole pressure gauges from Calima 2 and 3 will be retrieved after more than 18 months. Data gathered will reinforce reservoir pressures and capability.
 - Calima 1 core, totalling 230 meters, obtained during the 2019 drilling campaign has been returned to the core lab in Calgary where further analysis is underway to provide a comprehensive picture of the liquids production potential on the Calima Lands. The core will also be made available for viewing to interested parties.
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Calima Energy Limited (ASX:CE1) (Calima or Company) currently operates more than 60,000 acres of drilling rights (Calima Lands) in British Columbia, Canada. The retrieval and analysis of the downhole pressure gauges from the 2019 winter drilling campaign in Calima 2 and 3 wells will provide our reservoir engineers, McDaniel's, with further data to help optimize production profiles and EUR's from the Upper and Middle Montney. This data will also assist in establishing the over-pressured boundaries of the Montney Formation in the area. The buildup reports from the gauges are expected in the second week of September 2020.

Core Analysis

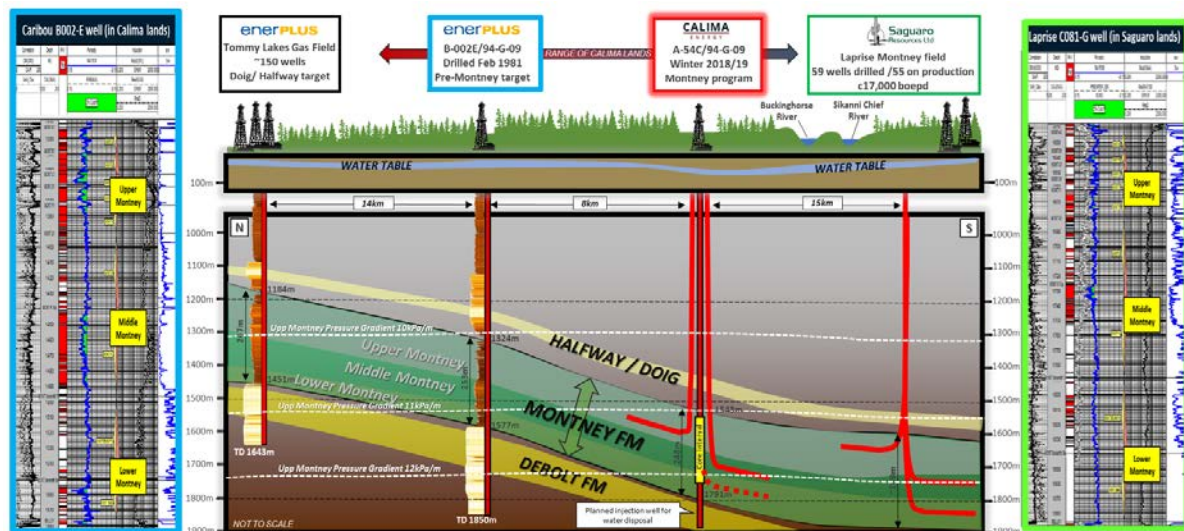
To assist in further analysis, the Company has engaged Canadian Discovery to complete an in depth analysis of the most significant Montney core retrieved to-date. Canadian Discovery has over 30-years experience working in the Western Canadian Sedimentary Basin conducting detailed geological studies and has been on the forefront of resource play evaluations as they have emerged and been optimized. Canadian Discovery was chosen because;

1. Canadian Discovery's technical publication, Canadian Discovery Digest, has been reporting on the Montney's development as results have emerged;
2. Canadian Discovery's prior development of over 20 Montney specific studies both on a regional and local scale has allowed them to develop a deep geologic and engineering knowledge base for the Montney; and
3. Canadian Discovery has done numerous consulting projects for Montney operators that focus on optimal development and liquids production.

The core from the Calima-1 has been relocated to Calgary for this exercise and will be made accessible for peer review. In the Company's 2019 drilling campaign Calima successfully recovered 230 meters of core through target Montney Formation (1,571-1,801m). The core covered approximately 90% of the entire Montney interval, and contains lower Montney, which is a rarity in Montney core.



In 2019 AGAT Laboratories determined that Calima's core had significantly elevated oil saturation values measuring up to 59% in the Upper Montney target and 64% in the Middle Montney target. These values are higher than those recorded in adjacent tests. Wireline log analyses further confirmed exceptional reservoir properties in comparison to nearby wells. The above results (Announced 16 April 2019) were critical while McDaniel's completed their 2019 and 2020 reservoir reserve reports, confirming the liquids rich nature of the Calima Lands.



The Canadian Discovery study will combine the extensive amount of data already collected and incorporate this data into their existing proprietary regional stratigraphic framework and suite of regional hydrodynamics, geothermics and fluids distribution mapping for the Montney Formation. This will provide a comprehensive picture of the liquids production potential of the Calima lands and ensure the total value of the acreage is considered in the development models.

M&A Activity

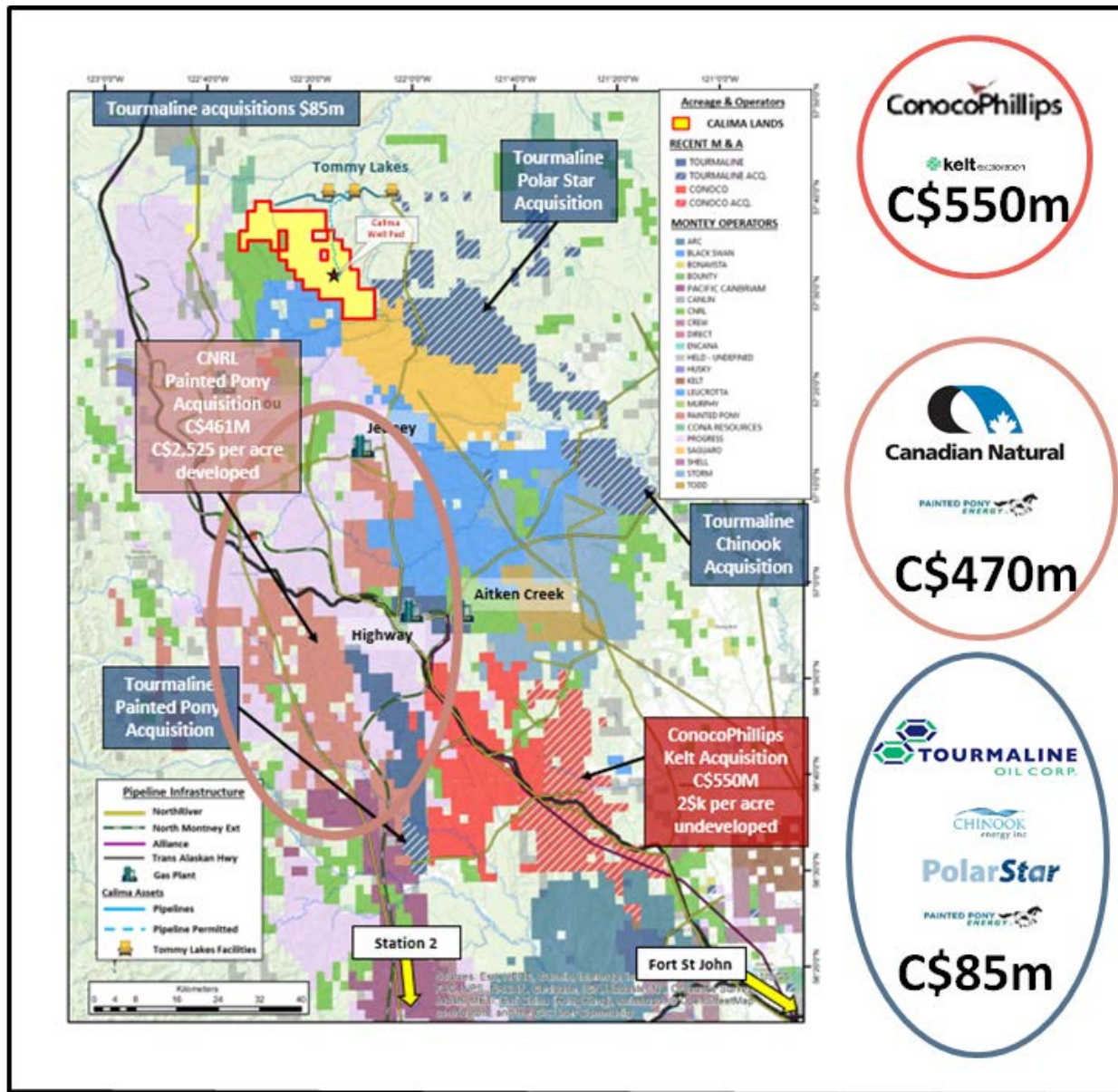
Recent Montney Mergers and Acquisitions have demonstrated that appetite for the Montney exists and larger E & P companies are increasing their Montney positions through consolidations.

Momentum behind the surge in Acquisition in the Montney can be attributed to a number of factors;

- Rising gas prices - Gas prices have risen substantially over the past six months, with spot prices over C\$2.50/gigajoule (GJ) in August. Forward pricing is continuing to climb with Strip pricing for January 2021 closing in on \$2.50.
- LNG CANADA is actively progressing the development of their 13 mtpa (1.7 bcf/d) plant. The plant has optionality to expand to 26 mtpa (3.4 bcf/d).
- Additional gas egress from the region has come on stream and continues to be developed
- Crude oil production declines in the US have led to reductions in gas production and contracts dropping to 83.6 bcf/d, down from 92.2 bcf/d in 2019.

Micheal Dobovich, Calima's Canada President commented:

"The downhole gauge recovery and Canadian Discovery core analysis will provide valuable data to determine long-term reservoir performance. We look forward to providing updates as we progress through the key stages of the operation."



C\$550m

Canadian Natural

C\$470m

TOURMALINE OIL CORP.

CHINOOK ENERGY INC.

PolarStar

C\$85m

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Annexure A – Core Imagery



Figure 1 – Recovering core from the Calima-1 vertical well.



Figure 2 – Cores recovered from the Calima-1 vertical well.

Oil and Gas Glossary

B	Prefix – Billions	bbl	Barrel of oil
MM or mm	Prefix – Millions	boe	Barrel of oil equivalent (1 bbl = 6 mscf)
M or m	Prefix – Thousands	scf	Standard cubic feet



/ d	Suffix – per day	Bcf	Billion cubic feet
EUR	Estimated Ultimate recovery	C	Contingent Resources – 1C/2C/3C – low/most likely/high
WI	Working Interest	NRI	Net Revenue Interest (after royalty)
PDP	Proved Developed Producing	1P	Proved reserves
PUD	Proved Undeveloped Producing	2P	Proved plus Probable reserves
IP24	The peak oil rate over 24 hrs	3P	Proved plus Probable plus Possible reserves
g	gas	o	oil

Resources Statement

1A Gross Unrisked Contingent Resources ⁴ (2C) based upon 124 wells over 20,517 acres		Development on hold	Development Pending	Total 2C
Natural Gas (mmcf)	Gross	639,208	248,904	888,113
	Net after Royalties	551,779	217,618	769,397
Condensate (mdbl)	Gross	14,201	5,542	19,743
	Net after Royalties	12,244	4,814	17,058
Natural Gas Liquids ¹ (mdbl)	Gross	17,746	6,926	24,672
	Net after Royalties	15,301	6,016	21,317
TOTAL LIQUIDS ² (mdbl)	Gross	31,947	12,468	44,414
	Net after Royalties	27,545	10,830	38,375
TOTAL mboe ³	Gross	138,481	53,952	192,433
	Net after Royalties	119,509	47,100	166,608

1B Gross Unrisked Prospective Resources ⁵ (2U) based upon 234 wells over 58,974 acres		
Natural Gas (mmcf)	Gross	1,680,391
	Net after Royalties	1,416,083
Condensate (mdbl)	Gross	37,356
	Net after Royalties	31,850
Natural Gas Liquids ¹ (mdbl)	Gross	46,680
	Net after Royalties	39,800
TOTAL LIQUIDS ² (mdbl)	Gross	84,036
	Net after Royalties	71,650
TOTAL mboe ³	Gross	364,101
	Net after Royalties	307,664

Table 1A – Best estimate Unrisked Contingent (2C) Resources and Table 1B - Prospective (2U) Resources of the Calima Lands as estimated by McDaniel & Associates effective 31 March 2020

Notes to accompany Tables 1A and 1B

(1) refer to the announcement dated 14 July 2020