

5 January 2024

A\$83.3 Million Cash Sale of Blackspur Oil Corp – Binding Agreement

HIGHLIGHTS

- Definitive agreements executed for the sale of 100% of Blackspur Oil Corp. to Astara Energy Corp.
- Total consideration C\$75 million (A\$83.3 million) with customary industry adjustments at completion for net debt
- Sale reflects a post-sale net cash backing of ~13 – 13.5 cents (A\$) per share (after completion adjustments)
- Key conditions precedent to completion:
 - CE1 shareholder approval
 - Canadian Competition Act approval
- Following completion, CE1 intends to distribute no less than 85% of the sale proceeds to CE1 shareholders
- CE1 will continue as a listed company with production from the Paradise well in British Columbia and will review potential complementary new opportunities
- Parties aim to complete the transaction approximately 10 days after shareholder approval, but no later than 30 March 2024

CALIMA ENERGY LIMITED (ASX:CE1 / OTC: CLMEF)

Calima Energy Limited (ASX:CE1 / OTC:CLMEF) ('Calima', 'CE1' or the 'Company') is pleased to announce it has entered into a binding definitive agreement ('the Agreement') with Astara Energy Corp. ('Astara'), pursuant to which **Calima has agreed to sell 100%** of its ownership in its wholly owned Canadian subsidiary, **Blackspur Oil Corp.** ('Blackspur'), the owner of the Company's Brooks and Thorsby production assets ('Alberta Assets') for a **cash consideration of ~A\$83.3 million (C\$75 million)** prior to customary completion adjustments for net debt ('Blackspur Sale'). Astara is fully financed in respect of the acquisition.

The Board of Directors has recommended the Blackspur Sale as the market capitalisation of the Company on the ASX has not reflected the inherent value of Blackspur, with the Blackspur Sale value approximately double the current market capitalisation of the Company.

It is the Company's objective to **distribute no less than 85% of the funds received** from the Blackspur Sale to Calima shareholders in the most tax effective form and the Company will seek an ATO ruling on this matter in a timely fashion.

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During 2023, the Company has also **returned A\$10 million in previous distributions** to shareholders.

The balance of the proceeds from the Blackspur Sale are intended to be used to fund the Company's future exploration programs and to pay for ongoing operational and administrative costs.

It is anticipated that the Canadian Competition Act approval will be granted prior to the CE1 shareholders' meeting.

Commenting on the Blackburg Sale, Mr Glenn Whiddon, Chairman of Calima said:

"For some time, the share price of Calima has not accurately reflected the value of Calima's oil and gas assets vis a vis our Canadian peers. The Blackspur Sale presents an excellent opportunity for Calima shareholders to benefit from this differential. It is the Board's objective to return the maximum amount of these proceeds to shareholders. I wish to thank all stakeholders for their support over the past few years, and importantly the management team and field staff of Calima for their focus and dedication to the Company's assets."

A Notice of Meeting will be issued shortly, which is subject to obtaining shareholder approval pursuant to Listing Rule 11.2 at an **Extraordinary General Meeting expected to be held on 15 February 2024.**

The Blackspur Sale is anticipated to close 10 days post the meeting, however, no later than 30 March 2024. Astara has provided a C\$5 million escrow deposit to secure its obligations pursuant to the definitive agreement in respect of the Blackspur Sale, which shall be executed via a Share Purchase Agreement (the 'SPA'). The SPA provides for a break fee of C\$1.75 million in favour of Astara which may become payable by the Company, inter alia, in the event shareholders do not approve the Blackspur Sale or a superior acquisition proposal is announced or recommended in relation to Blackspur. The final sale proceeds received by Calima will be adjusted on a dollar-for-dollar basis to the extent Blackspur's net debt exceeds C\$0. Blackspur's net debt is anticipated at closing to be approximately ~C\$2-2.5 million, taking into account all transaction costs, employee obligations, mark to market hedges and any other net debt adjustments from operations between signature and completion. This is a best estimate as at the date of this announcement and is subject to fluctuation prior to closing.

The Company will retain its Paradise Well asset held via Calima Energy Inc in British Columbia which generates approximately A\$350,000 in free cash flow annually. Calima Energy Inc also has approximately A\$4.1 million in cash which remains with Calima together with a A\$400,000 bond with BCOGC.

If shareholders approve the Blackspur Sale and the transaction completes, on 2 July 2024 (being 6 months from the date of the date of announcement of execution of the SPA to ASX), ASX is likely to:

- suspend the Company's securities from official quotation; and
- apply Listing Rule 11.1.3 to any acquisition the Company enters into following the Blackspur Sale. In such a case, the Company's securities will likely remain suspended until the Company has re-complied with Chapters 1 and 2 of the Listing Rules.

Unanimous recommendation of eligible Board members to vote

The board of directors of Calima considers that completion of the Blackspur Sale allows CE1 shareholders to realise inherent value from the Alberta Assets and will free up capital to be returned to shareholders in excess of the current market capitalisation.

Lonny Tetley, a non-executive independent director of Calima, was excluded from all board deliberations in respect of the sale of Blackspur and any voting due to being the Chairman and a shareholder of Astara Energy Corp. Mr Tetley holds 250,000 shares in Astara, representing ~0.25% of Astara's issued capital.

Each eligible member of the Board (excluding Mr. Tetley who abstained from the consideration of the matter) considers that the Blackspur Sale is in the best interests of Calima shareholders, in the absence of a superior proposal.

Indicative Timetable*

It is anticipated that the Blackspur Sale will complete in the first quarter of 2024, subject to the satisfaction or waiver of the conditions precedent to closing of the Blackspur Sale.

Announcement released on ASX	5 January 2024
Notice of Meeting despatched to Shareholders	15 January 2024
Calima General Meeting	15 February 2024
Completion of Sale (no later than)	30 March 2024
Tranche 1 Return of Funds to Shareholders	2 nd Quarter 2024
Tranche 2 Return of Funds to Shareholders **	3 rd Quarter 2024

*Note, this timetable is indicative only and subject to change.

** Under Canadian law, the Canadian Revenue Service requires 25% of the net proceeds of sale to be placed in Escrow. Upon determination of any tax burden (anticipated to be significantly less than A\$5 million, this amount is refunded less any actual taxes payable once the Company files its tax return.

Shareholder approvals

On 17 December 2023, the Company received confirmation from ASX that Listing Rule 11.2 would apply to the Blackspur Sale, as the Blackspur Sale would constitute a disposal of the Company's main undertaking. Consequently, Calima intends to convene a general meeting to seek shareholder approval for the Blackspur Sale for the purposes of Listing Rule 11.2 and more generally to provide shareholders with an opportunity to vote in favour or against the Blackspur Sale ('General Meeting').

A notice of meeting for the Blackspur Sale and its related matters will be circulated to shareholders in due course.

The notice of meeting will contain further detailed information in relation to the voting intentions of the Directors and certain shareholders, the Blackspur Sale, including information on Blackspur and the Alberta Assets, Astara and the SPA.

Voting intentions

The Directors comprising:

- (a) Mr Glenn Whiddon (and his wife);
- (b) Mr Karl DeMong;
- (c) Mr P.L. (Lonny) Tetley; and
- (d) Mr Mark Freeman,

have entered into commitment deeds with Astara indicating that, in the absence of a superior proposal, they intend to vote all Shares owned or controlled by them in the number and percentages set out in Appendix A to this announcement **in favour** of the Blackspur Sale.

Further, certain Shareholders have also entered into commitment deeds with Astara indicating that, in the absence of a superior proposal, they intend to vote all Shares owned or controlled by them in the number and percentages set out in Appendix A to this announcement **in favour** of the Blackspur Sale.

The parties listed in Appendix A have consented to their voting intentions being disclosed in this announcement. The above shareholdings represent over 18% of the Shares which may be voted **in favour of the Blackspur Sale**.

Post-closing Strategy

Upon the closing of the Blackspur Sale and distribution to shareholders, Calima will continue to be listed on the ASX and will focus on maintaining the production from the Paradise well in British Columbia and on the acquisition of further oil and gas assets that align with its current portfolio.

The estimated expenditure required over the next 12 months post-closing is approximately A\$1.0 million, subject to any project expenditure requirements.

Astara is a private Canadian-owned company which will have ~8,500 boe of production in Alberta and Saskatchewan, Canada, following completion of the Blackspur Sale.

For further information regarding Astara, please refer to the Notice of Meeting and to Astara's website: <https://astaraenergy.ca/>

Advisors

National Bank Financial Inc. is acting as financial advisor with respect to the Blackspur Sale.

This release has been approved by the Board. For further information visit www.calimaenergy.com or contact:

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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.

Appendix A – Voting Intentions

Director and related entity voting

Shareholder	Shares held	% ¹
GETMEOUTOFHERE PTY LTD <SINKING SHIP SUPER FUND A/C>	5,791,549	0.93
6466 INVESTMENTS PTY LTD	5,330,215	0.58
LAGRAL STRATEGIES PTY LTD <THE LAGRAL FAMILY A/C>	3,307,975	0.53
MR GLENN ROSS WHIDDON	3,255,842	0.53
NAUTICAL HOLDINGS WA PTY LTD <ABANDON SHIP S/F A/C>	2,850,000	0.52
MIMOO HOLDINGS PTY LTD ATF THE MIMO TRUST	2,379,403	0.38
KARL DE MONG	700,000	0.11
LONNY TETLEY	470,000	0.07
MARK FREEMAN	3,132,492	0.50
TOTAL	27,217,476	3.7%

* Glenn Whiddon has no relevant interest in the shares held by 6466 Investments Pty Ltd, imo Strategies Pty Ltd, Lagral Strategies Pty Ltd and Nautical Holdings WA Pty Ltd. Jane Whiddon is the controller of these entities and Mr Whiddon is not a beneficiary.

Other shareholders

Shareholder	Shares held	% ¹
BART SUPERANNUATION PTY LIMITED <4F INVESTMENTS SUPERFUND A/C>	19,640,000	3.13%
MR CRAIG IAN BURTON <CI BURTON FAMILY A/C>	10,127,503	1.62%
ARROCHAR PTY LTD	6,241,063	1.00%
GETMEOUTOFHERE PTY LTD <SINKING SHIP SUPER FUND A/C>	5,791,549	0.92%
4F INVESTMENTS PTY LTD	4,331,488	0.69%
6466 INVESTMENTS PTY LTD	3,650,000	0.58%
BLU BONE PTY LTD <THE SHARE TRADING A/C>	3,571,429	0.57%
WILHENLU PTY LTD	3,500,000	0.56%
LAGRAL STRATEGIES PTY LTD <THE LAGRAL FAMILY A/C>	3,307,975	0.53%
MR GLENN ROSS WHIDDON	3,255,842	0.52%
MR MARK FREEMAN <MARK FREEMAN FAMILY A/C>	3,132,492	0.50%
NAUTICAL HOLDINGS WA PTY LTD <ABANDON SHIP S/F A/C>	2,850,000	0.45%
MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN <SUPERANNUATION ACCOUNT>	2,700,000	0.43%

NINETY35 PTY LTD <2GEN FAMILY A/C>	2,200,000	0.35%
MR FREDERICK BART	3,765,559	0.60%
ALBA CAPITAL PTY LTD	2,000,000	0.32%
LONGREACH 52 PTY LTD	2,000,000	0.32%
KOBIA HOLDINGS PTY LTD	1,986,374	0.32%
6466 INVESTMENTS PTY LTD	1,680,215	0.27%
MIMO STRATEGIES PTY LTD <MIMO A/C>	1,379,403	0.22%
JORDAN KEVOL	1,276,000	0.66%
MAHARO PTY LTD <MAHARO SUPER FUND A/C>	1,072,583	0.17%
HAMMERHEAD HOLDINGS PTY LTD <HHH S/F A/C>	1,000,000	0.16%
MIMO STRATEGIES PTY LTD <MIMO A/C>	1,000,000	0.16%
MR VINCENT FABIAN PISANI	1,000,000	0.16%
TOTAL	92,459,475	15.21

Notes:

1. Percentage of issued capital held (undiluted basis)
2. Based on the number of Shares on issue as at 2 January 2024.