

**OTCQB****CALIMA**
ENERGY

25 Aug 2023

Tommy Lakes and Montney acreage sold for A\$12 million

Highlights

- A\$11.8 million sale of Tommy Lakes facilities and Montney acreage
- Operating and holding cost savings of ~A\$1 million per annum
- Cash consideration is ~ AUD 2 cents per share
- A\$7.5 million distribution to shareholders (1.2 cents per share) – increased from A\$3 million

Calima Energy Limited (ASX:CE1 / OTCQB: CLMEF) ("Calima" or the "Company") is pleased to announce the sale of its Montney Assets for C\$10 million (A\$11.4 million) including 33,643 net acres of Montney licenses/acreage and the Tommy Lakes facilities. The sale has now successfully closed and all cash proceeds have been received from a Canadian Montney natural gas producer¹. The combined proceeds from the disposition including adjustments and the return of an operating bond are expected to be A\$11.8 million.

Despite a short-term increase in Canadian gas prices in 2022 to over C\$2.90/GJ, gas prices in North-East British Columbia ("NEBC") continue to remain weak, reducing the financing and equity opportunities for the Montney Assets. Notwithstanding the size of the Montney resource, a minimum work program of between C\$50 – C\$100 million is necessary to generate acceptable returns from the Montney Assets. Accordingly, the Company has reluctantly decided to dispose of its Montney Assets.

To reward shareholders, the Company will increase the proposed September capital return to A\$7.5 million; a payment of ~1.2c per share. The capital return is subject to shareholder approval scheduled for September 2023. This represents total capital returns to shareholders of A\$10m over the last 12 months.

The Company will continue to focus on maintaining production at its Brooks and Thorsby assets in Alberta. Production guidance is expected at ~4,000 boe/day for 2023 with a reduced CAPEX budget leading to improved profitability. The cost savings arising from the Montney sale will also improve profitability.

Above seasonal temperatures and power interrupts related to electrical storms has reduced run times and led to additional work over costs in the month. A recent return to seasonal temperatures will improve reliability and run times. We also look forward to the 3-well Pisces program to help maintain corporate production at 4,000 boe/d.

Commenting on the Asset Sale, Karl DeMong, President and CEO of Calima, commented, "For some time the Company's share price has not reflected the value of the Montney Assets. While these assets presented significant future value, the substantial cost of maintaining the existing facilities, building new infrastructure, volatile gas price in NEBC and limited hedging opportunities, has made it very challenging for a small junior to finance the development without substantial equity/project dilution. The disposal of the Montney Assets will result in savings of approximately A\$1 million pa, and allow our resources to be directed and focused on the Brooks and Thorsby production assets and other ventures requiring appropriate capital allocation for an emerging oil and gas company. Calima had successfully opened an exciting new play fairway in the Montney. Making the decision to sell was challenging but we feel shareholders will be better rewarded from focus on continued emphasis to build profitability.

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

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1. Advantage Energy Ltd

