



28 January 2022

Drilling Update: Brooks and Thorsby Campaigns

Calima Energy Limited ("Calima" or the "Company") (ASX: CE1) is pleased to confirm that the Gemini #6 and #7 Sunburst horizontal wells at Brooks have both been drilled and the rig has been released. Leo #4 at North Thorsby has reached total depth.

Highlights:

- Pisces #2 & #1 (100%WI) have been tied into the 2-29 battery and **both are on-stream** on the 26th and 27th of January respectively with both wells **seeing signs of oil** in the flowback fluid within hours of commencement
- Leo #4 Well (50% WI) was spud on 20 January 2022 and **reached total depth of 4,088m** measured depth (mMD) on 27 January
- Gemini #6 & #7 (100%WI), the 2nd and 3rd Sunburst wells of the 2022 drilling campaign, have both reached total depth and the rig was released 27 January 2022. The wells were drilled to measured depths of ~1,855 m, and 1,970 m and each well took **6 days to drill**
- Capital program funded from **operational cash flows** and the **Company's credit facility**

2022 Drilling Campaign Summary

Area	Well name & unique location identifier	Target formation	Spud Date	Drill days	Lateral length (m)	On Production	Status
Brooks	Pisces #1 - 04-28-19-13W4	Glauconitic	30/11/21	6	1,400	27/01/21	On production
Brooks	Pisces #2 - 03-21-19-13W4	Glauconitic	07/12/21	8	2,720	26/01/21	On production
Brooks	Pisces #3 - 16-11-19-14W4	Glauconitic	02/01/22	7	1,400	Pending	Awaiting completion
Brooks	Gemini #5 - 02-19-19-13W4	Sunburst	09/01/22	4	N/A*	Pending	Awaiting completion and tie in
Brooks	Gemini #6 - 01-18-19-13W4	Sunburst	15/01/22	6	650	Pending	Awaiting completion and tie in
Brooks	Gemini #7 - 16-36-18-14W4	Sunburst	21/01/22	6	667	Pending	Awaiting completion and tie in
Thorsby	Leo #4 - 16-11-051-02W5	Sparky	20/01/22	-	2473	Pending	Drilling

*vertical well

Jordan Kevol, CEO and President:

"The Company has finished drilling its 3-well Gemini Brooks Alberta program. This program consisted of a vertical stratigraphic test well targeting the Sunburst (Gemini #5) in a previously undrilled portion of our Sunburst fairway, plus two horizontal wells that were designed to extend the extent of known pools. The drill costs to date are on budget, and we are very pleased with the geological results of both the stratigraphic test, and the two horizontals. The rig has been released from Gemini #7, and this concludes the Brooks drilling for the quarter. We have started 2022 with a bang, having expedited our program by spudding two wells in December 2021, followed by 5 more in January 2022, the Company is well on its way to estimated production targets of 4,000 - 5,000 boe/d this half year. With the continued production increases being seen on Leo 1-3 combined with Pisces 1&2 now on production, we are pleased to be taking advantage of a growing production base in a rising energy super cycle"

Pisces Drilling Program update

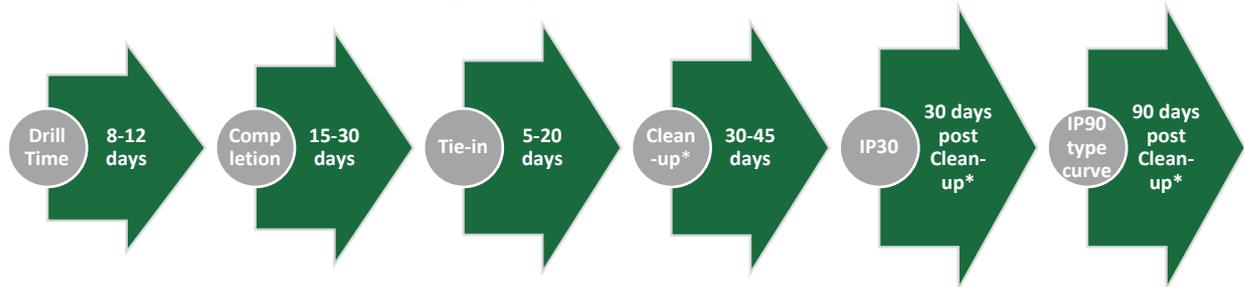
Calima is pleased to report that both Pisces #1 & #2 have been fully equipped with production equipment, tied into the 2-29 battery, and have begun the initial flowback process. Pisces #2 came on



stream on January 26th, and within hours, started seeing signs of oil in the flowback fluid. Pisces #1 came on stream January 27th, and within hours, started seeing signs of oil in the flowback fluid.

Pisces #3 is currently awaiting availability of frac crews, and its subsequent testing and tie into the 2-29 battery at Bantry.

Typical Glauconitic (Pisces) drilling and production timeframes



* Clean-up is the period that water and drilling fluids are recovered from the completion and at after which time commercial hydrocarbons begin to flow from the reservoir.

Leo #4 Well, 50% WI

Leo #4 is an unconventional oil well at North Thorsby and was spudded 20 January 2022. The well has reached total depth at 4,088 meters measured depth on 27 January. Rig release is anticipated in 3 days after the installation of the frac liner. The Company holds a 50% WI in the well and the North Thorsby prospect area, which is prospective for the development of multiple Sparky age oil bearing channel sands. The Company holds a significant land position in the North Thorsby area with its partner. No reserves are currently booked in the North Thorsby prospect area. No production facilities are currently owned at North Thorsby and will be added on an as-needed basis upon success subsequent to fracture completion and testing of Leo #4.

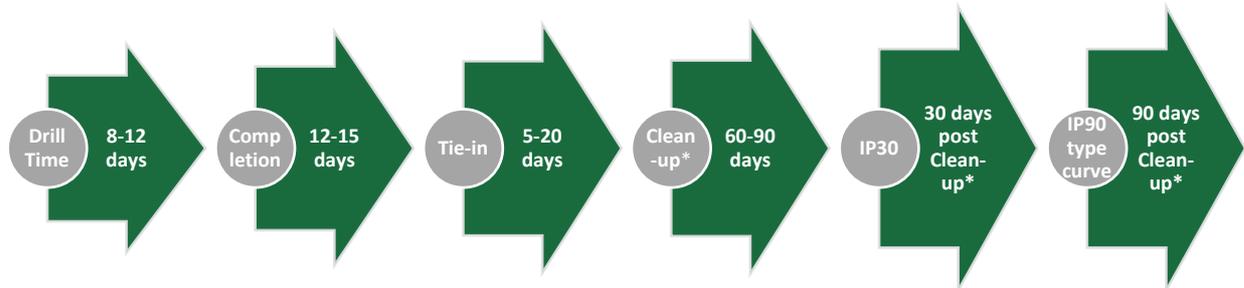
North Thorsby contains a series of 18-20° API oil charged Sparky Formation channel sands that contain some of the thickest oil columns in the regional area. North Thorsby is estimated to have over 200MMbbl OOIP with some of the sections approaching an OOIP of 28MMbbl. Active drilling to the east provides strong analogues and the Sparky intervals in North Thorsby are expected to be similar. With this resource scope, the area provides the potential for significant locations and reserves growth over time that will be strategically developed.

The well has been designed to test a thick channel for productivity and is the first step in starting to develop the Sparky and expand the greater Thorsby fairway. The well is a horizontal well that is designed with a cemented liner throughout the horizontal section with a series of multi-cycle frac ports within the portion of the wellbore that encountered the Sparky Formation. The Company plans to frac and tie-in the well in late Q2 or early Q3 2022, pending spring break-up conditions. Due to weather conditions and spring break up, timing for this work has not been finalized, however it will be planned to effectively minimize overall capital expenditures and risk of cost overruns.

The target Sparky intervals contain 10-30 meters of pay-zone with an average porosity of 13-15% and a corresponding average permeability of 5-15 millidarcies (mD). The Company currently has identified an inventory of 20-30 potential HZ locations with room to add additional locations with minor offset land purchases/leasing.



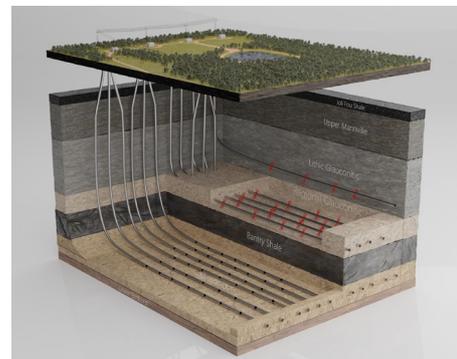
Typical Sparky drilling and production timeframes



* Clean-up is the period that water and drilling fluids are recovered from the completion and at after which time commercial hydrocarbons begin to flow from the reservoir. Leo #4 well is expected to be on production in Q3 2022

3 Well Gemini Oil and Gas Program

The **Gemini #6 & #7** horizontal wells targeted the Sunburst Formation in two known pools and were designed to extend the previously identified pool boundaries based on information from the Company's extensive 3D seismic database. The wells are classified as development wells, as they are adjacent to known pools, but are anticipated to capture reserves that would have been otherwise unrecovered by existing vertical wells completed in the same formation. Oil and gas shows while drilling was as expected.



Gemini #5, as previously released by the Company, successfully encountered prospective Sunburst age rock in an area previously undrilled. The presence of this rock and its positive reservoir properties is consistent with 3D seismic interpretation. This vertical well has been cased, and is awaiting completion and subsequent production testing, that may validate future Sunburst horizontal drilling locations, that were previously un-booked in the Company's reserves.

Completion style and flowback

Both the vertical Gemini well and the two horizontal wells will have simple completion programs. The vertical requires only a perforation to allow hydrocarbons to enter the wellbore prior to the installation of artificial lift (pumping) equipment. The two horizontal Gemini wells are "open hole horizontals" where the high permeability, conventional rock is open to the wellbore, and only requires installation of pumping equipment prior to production testing operations. Once minimal amounts of "load fluid" are recovered, actual formation fluid will be pumped, and the inflow rates, and water cuts deliverable by the reservoir can be realized.

Tie-in operations

Once sufficient testing and fluid confirmation has occurred, the wells will be shut in and will await a pipeline project to be installed that will be used to connect the wells into our nearby Bantry oil processing facility at 2-29.

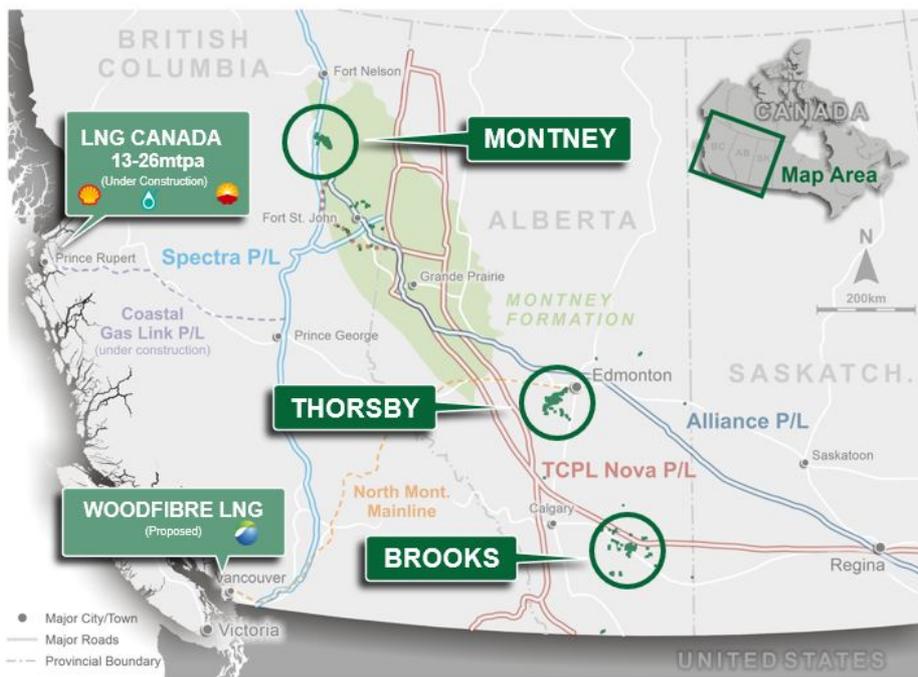
This release has been approved by the Board.



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

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Calima Assets



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.

Qualified petroleum reserves and resources evaluator statement

The petroleum reserves and resources information in this announcement in relation to Blackspur Oil Corp is based on, and fairly represents, information and supporting documentation in a report compiled by InSite Petroleum Consultants Ltd. (InSite) for the June 30, 2021 Reserves Report. InSite is a leading independent Canadian petroleum consulting firm registered with the Association of Professional Engineers and Geoscientists of Alberta. These reserves were subsequently reviewed by Mr. Graham Veale who is the VP Engineering with Blackspur Oil Corp. The InSite June 30, 2021 Reserves Report and the values contained

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therein are based on InSite's June 30, 2021 price deck (<https://www.insitepc.com/pricing-forecasts>). 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 25 years of experience in petroleum and reservoir engineering, reserve evaluation, exploitation, corporate and business strategy, and drilling and completions. InSite 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.

Oil and Gas Glossary and Definitions

Term	Meaning
Adjusted EBITDA:	Adjusted EBITDA 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 EBITDA as a measure of operational performance and cash flow generating capability. Adjusted EBITDA 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 EBITDA 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 EBITDA:	EBITDA 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 EBITDA (Leverage)	a measure of financial liquidity and flexibility calculated as Net Debt divided by Hedged Adjusted EBITDA
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



Term	Meaning
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.
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 Royalty Interest or Royalty:	a revolving credit facility available to a borrower based on (secured by) the value of the borrower's oil and gas reserves
Terminal decline:	Interest in a leasehold area providing the holder with the right to receive a share of production associated with the leasehold area represents the steady state decline rate after early (initial) flush production
tCO2:	Tonnes of Carbon Dioxide
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 bbbls	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
EBITDA	Earnings before interest, 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