



28 June 2021

Multi-well Brooks Sunburst Drilling Campaign Update

Highlights:

- **Gemini #3 well**
 - Well was spudded on 18 June 2021 and **reached a total depth of 1,960 m (MD)**
 - Well to be connected to facilities and infrastructure with initial flow-back and production expected mid/ late July after completion of a short tie-in pipeline to facilities
 - Oil and gas shows as prognosed – type curve production predicted (refer table 1)
- **Gemini #1 well**
 - Well re-entered and additional horizontal leg added ensuring drainage of reservoir pool maximized
 - Oil and gas shows as prognosed – type curve production predicted (refer table 1)
 - Well has been completed and pipeline connected to Blackspur infrastructure; initial flow-back and production commenced 26 June 2021 – **26 days from spud to on production**
- **Gemini #2 well**
 - **Completed and pipeline connected;** initial flow-back and production commenced 24 June 2021 – **16 days from spud to on production**
- **Gemini #4 well**
 - Bonanza rig #8 has been moved to location and the well has been spudded. Drilling expected to be completed in 11 days
 - Designed as a “dual leg” horizontal to maximize recovery within the reservoir
- Calima has elected to hold the Brooks drilling program to 4 Sunburst wells (previously 3) and **3 Thorsby wells have been prioritised for Q3 drilling**
- Capital program is fully funded from **operational cash flows** and **National Bank debt facility** and is on budget (including sidetrack) and **importantly ahead of schedule**
- **Drilling campaign** designed to achieve year end production guidance of **4,500 boep/d** and the **generation of sustainable free cash flow.**
- **Brooks / Thorsby** assets have very low CO₂ in reservoir at 2% and 0% respectively
- At US\$70 WTI - wells are extremely economic with payback of **~5 months**



Jordan Kevol, CEO and President:

“The Company has safely and successfully executed the drilling of 3 Sunburst wells and has recently commenced the step out Gemini #4 in the Alderson strike area, near Brooks Alberta. The Calima operations team has been working at a phenomenal pace, getting horizontal wells drilled, completed, and tied-in, in record time. The shallow drilling depth, short tie-in to the Calima owned infrastructure, combined with the Team’s expertise and experience in the area has resulted in unrivaled “spud to onstream” times. With continued high oil prices and the highly attractive economics of the Thorsby area wells at current energy prices, we are prioritising our three well Thorsby drilling campaign which is to commence in late July. Based on current commodity prices, we are continuing to get wells licensed and ready for potential additional drilling subject to energy prices and free cash flow. With both Brooks and Thorsby having great access, logistics and infrastructure, we are able to respond to market conditions and quickly add new production.”

Calima Energy Limited ("**Calima**" or the "Company") (ASX: **CE1**) is pleased to update the market on the 4 well Brooks Sunburst drilling campaign. Brooks wells have very low CO₂ in reservoir at 2%, and our multi-well pad drilling reduces our environmental footprint. Based on results to date, this 4 well campaign should add type curve production and economics as detailed in Table 1 below.

Gemini #1 Well

After further 3D seismic interpretation, refinement and utilising the geological data received from drilling Gemini #1, the geoscience team determined that the productivity of Gemini #1 could be better optimised by drilling a second horizontal leg (C\$400,000 all in) out of the same intermediate casing. The additional leg has ensured a more efficient drainage of reservoir and maximum rate of return and oil and gas shows during drilling indicate a likely type curve production result. The well has been tied into Blackspur facilities, and initial flow-back and production commenced 26 June 2021.

Gemini #2 Well

On 12 June 2021 Blackspur finished drilling the Gemini #2, C\$75,000 under budget, at ~C\$700,000. The well was drilled to 1,686m (measured depth), with 483m of horizontal “open hole” after the intermediate casing point (ICP). Oil and gas shows were excellent throughout the reservoir that was drilled. Gemini #2 is anticipated to produce as a type curve well. The well has been tied-in and initial flow-back and production commenced 24 June 2021.



Drilling an open hole Sunburst well in Brooks



Overhead drone shot of the Bantry 2-29 battery

Gemini #3 Well

Gemini #3 was spudded on 18 June 2021 and has been drilled to 1,960m total depth (measured depth). The well is to be connected to facilities and infrastructure with initial flow-back and production expected mid / late July 2021 after a short tie in pipeline to facilities is completed. The well encountered excellent oil and gas shows, which has validated our 3D seismic interpretation and it is anticipated to produce as a type curve well. It is believed that the success of this well will open up further Sunburst development. This drilling pad has been designed for multiple wells, and after a few months of production from this well, we will be able to return to drill further follow-up wells. As this is a multi-well pad, the subsequent wells will benefit from the short (900m) pipeline tie-in that is being installed to accommodate this first well.

Gemini #4 Well

Gemini #4 was spudded on 27 June 2021 and is expected to be drilled in 11 days. This well is a step out from the existing Brooks wells and a successful well may add to the Company's 1P and 2P reserves book. The well is being drilled on a minimal disturbance grassland site and requires very little upfront location construction costs. Nearby gas infrastructure will be utilised and results in a very short gas tie-in. The oil will be trucked to a nearby Blackspur oil processing facility, and upon success and further development in this new area, it may prove economic to install oil processing equipment on location.

Thorsby

The decision to advance the Thorsby 3 Well Drilling Campaign allows the Company to benefit from strong energy prices via the high-impact Thorsby Sparky Formation wells, and for the Company to monitor Gemini #3 well flow rates and determine final facilities requirements for Gemini #5



Brooks Sunburst Horizontal Development

The Sunburst wells being drilled are conventional, open hole horizontal wells, meaning they require no stimulation such as hydraulic fracturing. The true vertical depth (TVD) of the target Sunburst zone is ~1,000m and the average lateral length of the horizontal section is typically 775 meters. The combination of the shallow target depth, relatively short horizontal length, lack of need for stimulation, and short tie-in, results in an all-in cost estimate for each well to be ~C\$1 million on average. The new wells will be processed at existing Blackspur oil facilities. Well economics are summarised below:

Table 1: Sunburst Type Curve Economics

			Sunburst US\$60 WTI Type Curve	Sunburst US\$70 WTI Type Curve
RESOURCE	EUR – Oil & Liquids/Well	Mbbl	168	168
	EUR – Gas/Well	MMcf	301	306
	Total EUR	Mboe	218	222
	% Liquids (Oil & NGLs)	%	77%	77%
ECONOMICS	Avg. Royalty Rate	%	17%	19%
	CAPEX/Well	\$M	C\$1,000	C\$1,000
	F&D	\$/boe	C\$4.59	C\$4.50
	BTAX IRR	%	>500%	>500%
	BTAX NPV10	\$M	C\$3,245	C\$4,264
	Payout	Years	0.5	0.4
	IP90 Oil (Wellhead)	bb/d	139	139
	Netback (Year 1)	\$/boe	C\$33.90	C\$40.70
	Recycle Ratio	x	7.4	9.0
	Break-even to WTI	US\$/bbl	US\$30.82	US\$30.82

¹ Shows the average of the 22 wells Blackspur drilled compared to the type curve and Insite's weighted average PUD location. The type curve is based on our 2P Insite EUR for all the Sunburst wells drilled to date that have produced.

² Refer to the Reserve Evaluation – Blackspur Oil Corp. Acquisition announcement dated 25 February 2021 (pages 15-24). The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

³ Flat pricing: US\$60/bbl WTI and US\$70/bbl WTI respectively, C\$2.50/GJ AECO, US\$12.00/bbl WCS differential and 1.25 CAD or AUS/USD.

⁴ Break-even prices include DCET and the point at which IRR is zero and it is no longer economic to drill that play type. They are calculated by sensitizing WTI while maintaining other price streams constant.

Brooks

Blackspur has established a core position of land (~83 net sections) and significant infrastructure that creates a foundation for growth and expansion with year-round access. The Brooks asset averaged production of a net ~2,215 boe/d in May 2021 with a 94% working interest. Blackspur has drilled 51 wells to date. Brooks production comes from the Sunburst and Glauconitic formations. Blackspur's existing infrastructure can process up to 7,000 bbl/d oil.



Blackspur continues to add more locations to its robust count of 143 locations in the Greater Brooks Area, through continued mineral leasing, and participation in Crown land sales, with an aim to always add more locations than are drilled every year. These 143 locations include the booked 16 Sunburst and 17 Glauconitic PUDs. Although the current program is solely focussed on Sunburst drilling, at current oil prices the Company is excited to begin adding Glauconitic Formation horizontal locations to its upcoming drilling plans. These high impact Glauconitic wells can be very impactful to corporate production levels and reserve bookings. Additional reserves are also expected to be realized through implementation of enhanced oil recovery projects. The below figure 1 shows a full field development in all formations. Blackspur recently initiated a waterflood in the Countess J2J Pool which is expected to show results in the near term.

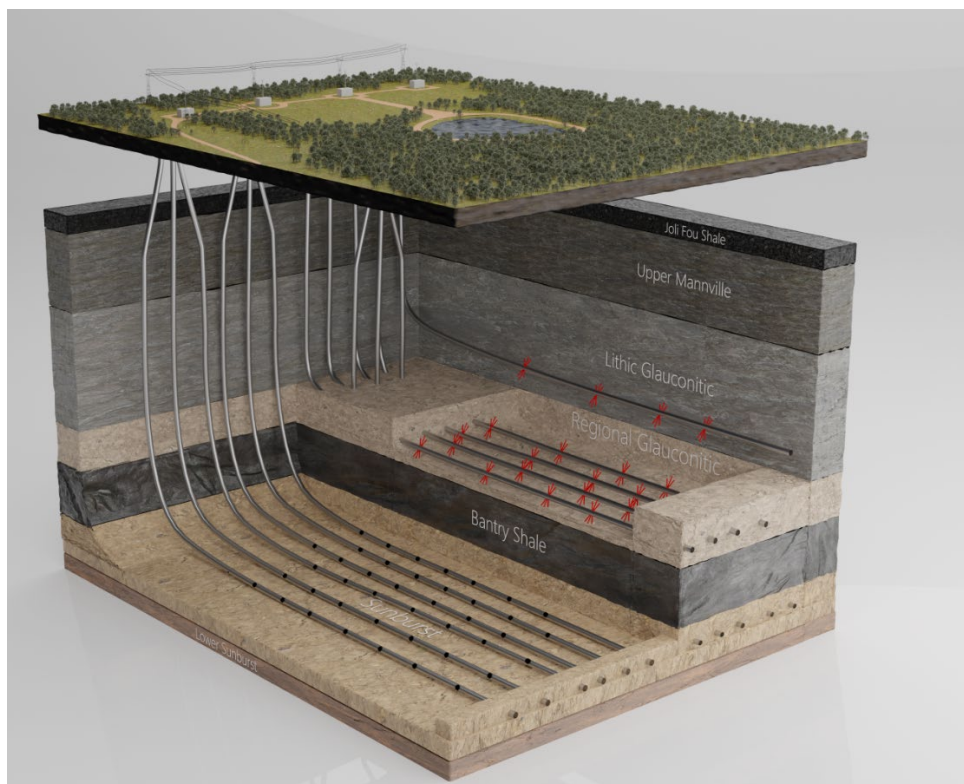
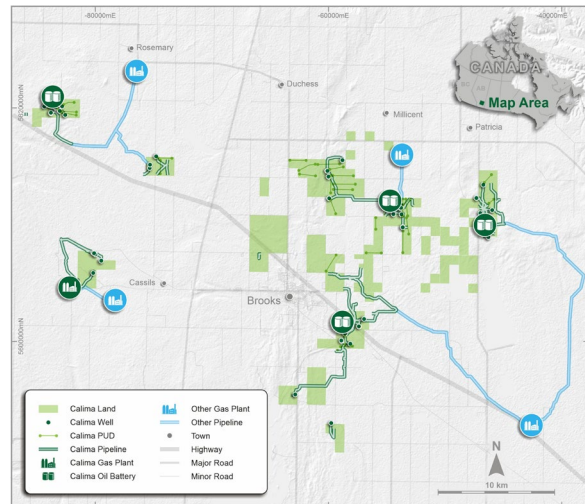


Figure 1: Full Brooks Development

This release has been approved by the Board.

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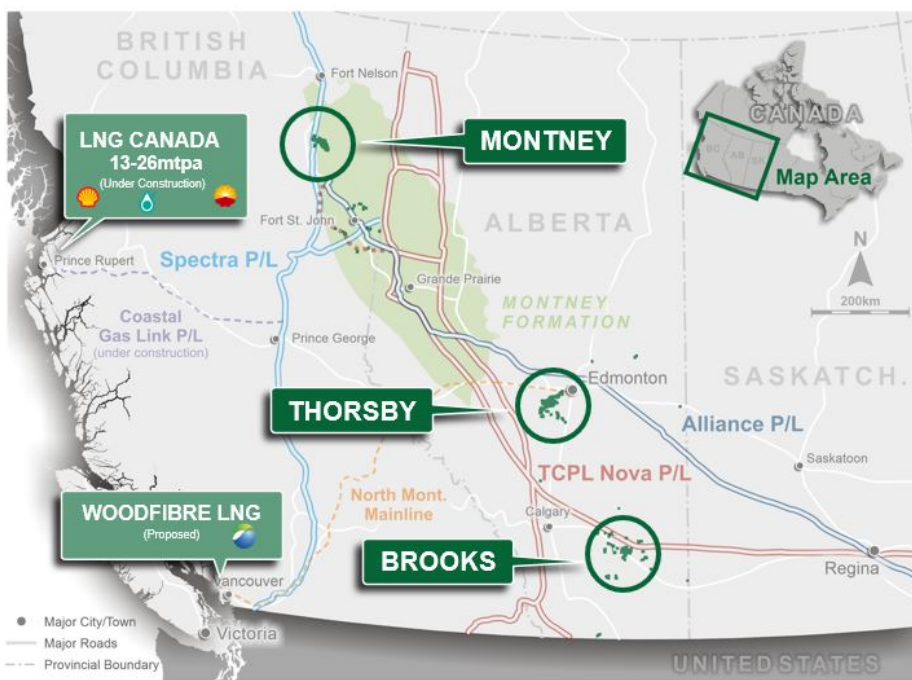
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Qualified petroleum reserves and resources evaluator statement

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 2019YE Reserves Report (December 31, 2019). 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 2019YE Reserves Report and the values contained therein are based on InSite's December 31, 2019 price deck (<https://www.insitepc.com/pricing-forecasts>). Production (net of royalties) for the year ended December 31, 2020 was ~793 mboe. 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.

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

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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.

Oil and Gas Glossary

B or b	Prefix – Billions	BBL, BO, bbl or bo	Barrel of oil
MM or mm	Prefix – Millions	BOE or boe	Barrel of oil equivalent (1 bbl = 6 mscf)
M or m	Prefix – Thousands	CF or cf	Standard cubic feet
/ D	Suffix – per day	BCF or bcf	Billion cubic feet
G	Gas	O or o	Oil
Pj	Petajoule	E or e	Equivalent
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
IP30	The average production rate over the first 30 producing days	3P	Proved plus Probable plus Possible reserves
WTI	West Texas Intermediate	OCF	Operating Cash Flow, ex Capex
E	Estimate	YE	Year End 31 December
CY	Calendar Year	tCO ₂	Tonnes of Carbon Dioxide
Recycle Ratio	Profitability Ratio which divides the profit per barrel of oil by the cost of finding and developing that barrel of oil.	F&D	Finding and development costs