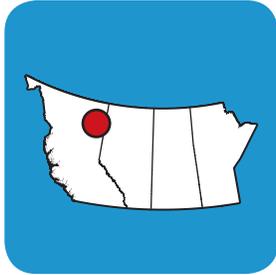


A Northern Montney Extension? Fair Dinkum!

c-76-C/94-G-9 Montney Gas

Chris Podetz, P.Geol. | October 17, 2019

Test results are in for Calima's Montney wells drilled at the northern edge of the current development fairway.



Play(s)	Montney Distal Shelf North
Fluid(s)	Gas, Condensate
Area	Tommy Lakes, BC
Operator(s)	Calima

Calima Hz Tommy Lakes A-A054-C/094-G-09

Well Location	200/c-076-C 094-G-09/00
RR Date	February 11, 2019
Age/Formation	Triassic Montney
Field	Northern Montney
Pool	Montney A
Status	Test Gas Prod
Class	Outpost

Production Information

On Production Date	March 1, 2019
IPmax Oil (bopd)	N/A
IPmax Gas (mcf/d)	N/A
IPmax BOE (boepd)	N/A
Oil Recovery to Date (bbls)	N/A
Gas Recovery to Date (mmcf)	2.89
Recovery to Date (boe)	481

Introduction

Australia-based Calima Energy drilled three Montney wells (one vertical, two horizontals) in January 2019 at the northern edge of the play at Tommy Lakes, BC (figure 1). Flow test and completion data from horizontal well c-76-C/94-G-9 recently entered the public domain, and suggest that the Montney's northern frontier holds ample development opportunity despite recent low activity levels (figure 2).

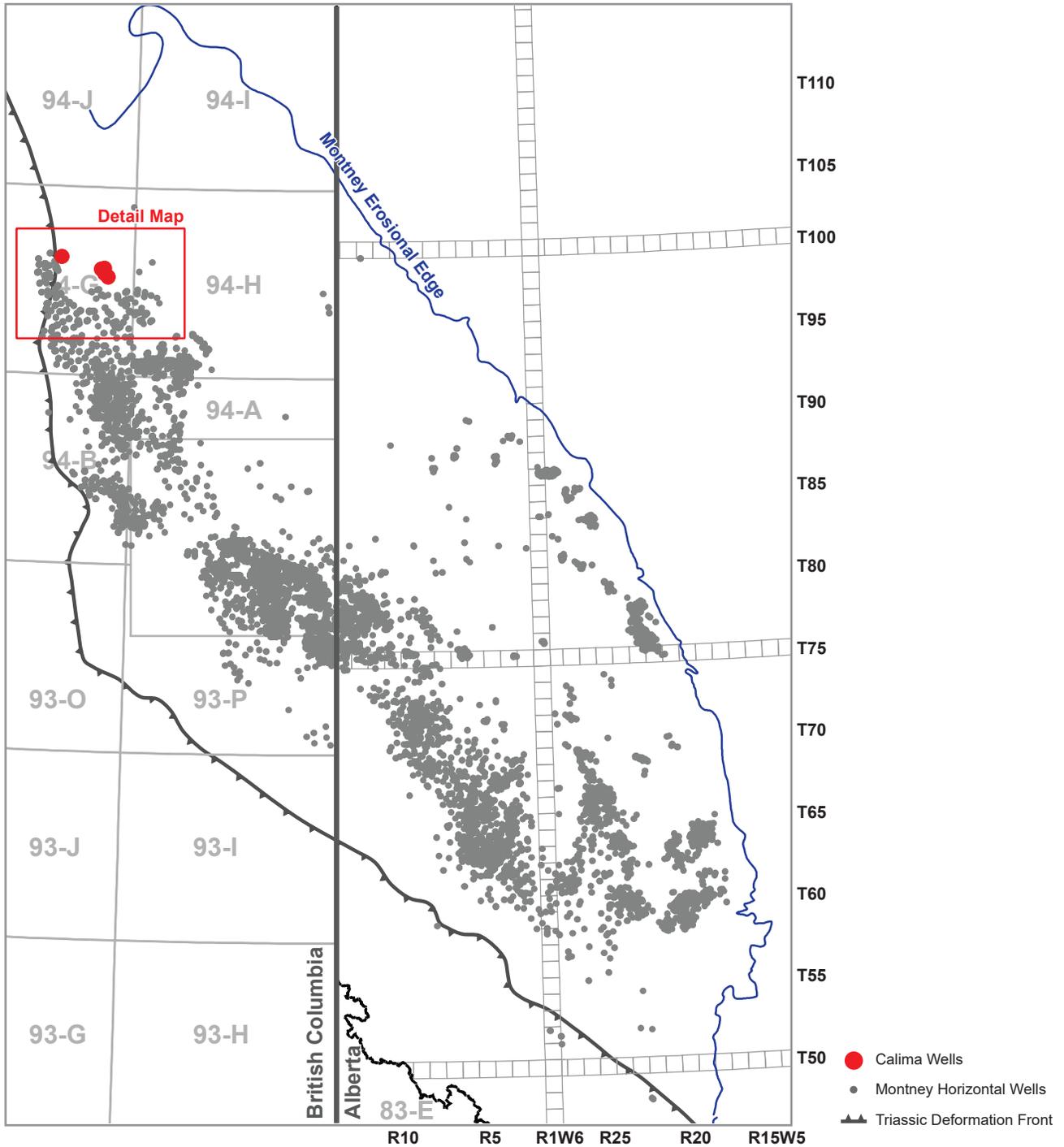
Flow Test Shows Men at Work, But No Midnight Oil

The c-76-C Montney well, referred to as Calima-3 in company documents, was flow tested for approximately 140 hours (26 hours flaring) in

March 2019. Poor road conditions led to an early termination of the test (Calima, 2019), but not before measuring a maximum gas rate of 4.0 mmcf/d ($113 \times 10^3 \text{ m}^3/\text{d}$). The target horizon for Calima-3, based on well survey data and offsetting well logs, is the lower portion of the Upper Montney as defined by CDL (figure 3).

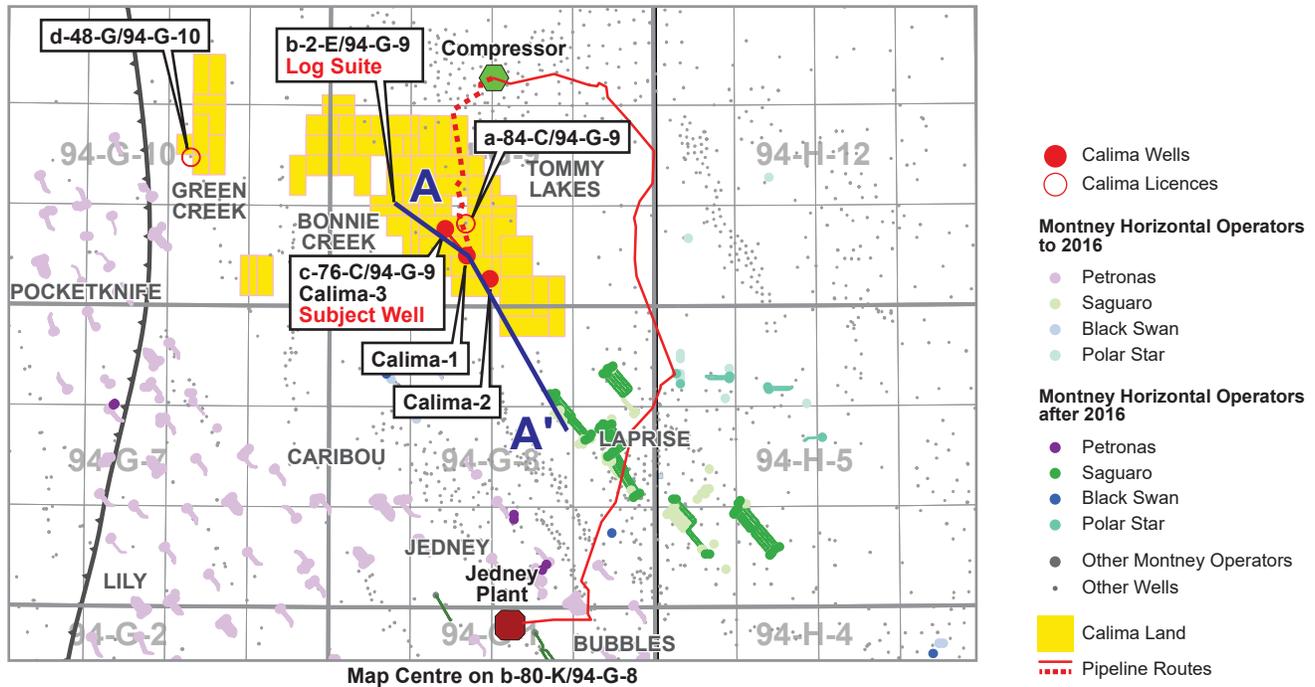
Completions

Calima-3 was completed with NCS Multistage technology in 92 frac stages over a lateral length of approximately 2,510m (Horton, 2019). An average of 43t proppant were placed and 311m³ fluid were pumped for each stage. No costs are available for this well. Table 1 compares



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the completion parameters for Calima-3 to those of the closest and most recent Upper Montney analog wells, which are all operated by Saguario at Laprise (figure 2).

Crikey! What About Calima-1 and -2?

Despite being drilled before Calima-3, Calima-1 (a-54-C/94-G-9) and Calima-2 (d-21-C/94-G-9/2) are on confidential status until July 2020. However, Calima has released information on these wells through corporate reports and presentations (Calima, 2019). Calima-1 is a vertical strat test well that was cored through the Montney interval (figures 4 and 5). Tests included hydrocarbon saturation and rock property-well performance calibration. Calima-2 is a horizontal well targeting a deeper Montney interval that appears to be the base of CDL's Upper Middle Montney (figures 3, 4 and 5). Calima's May 2019 investor presentation indicates that Calima-2

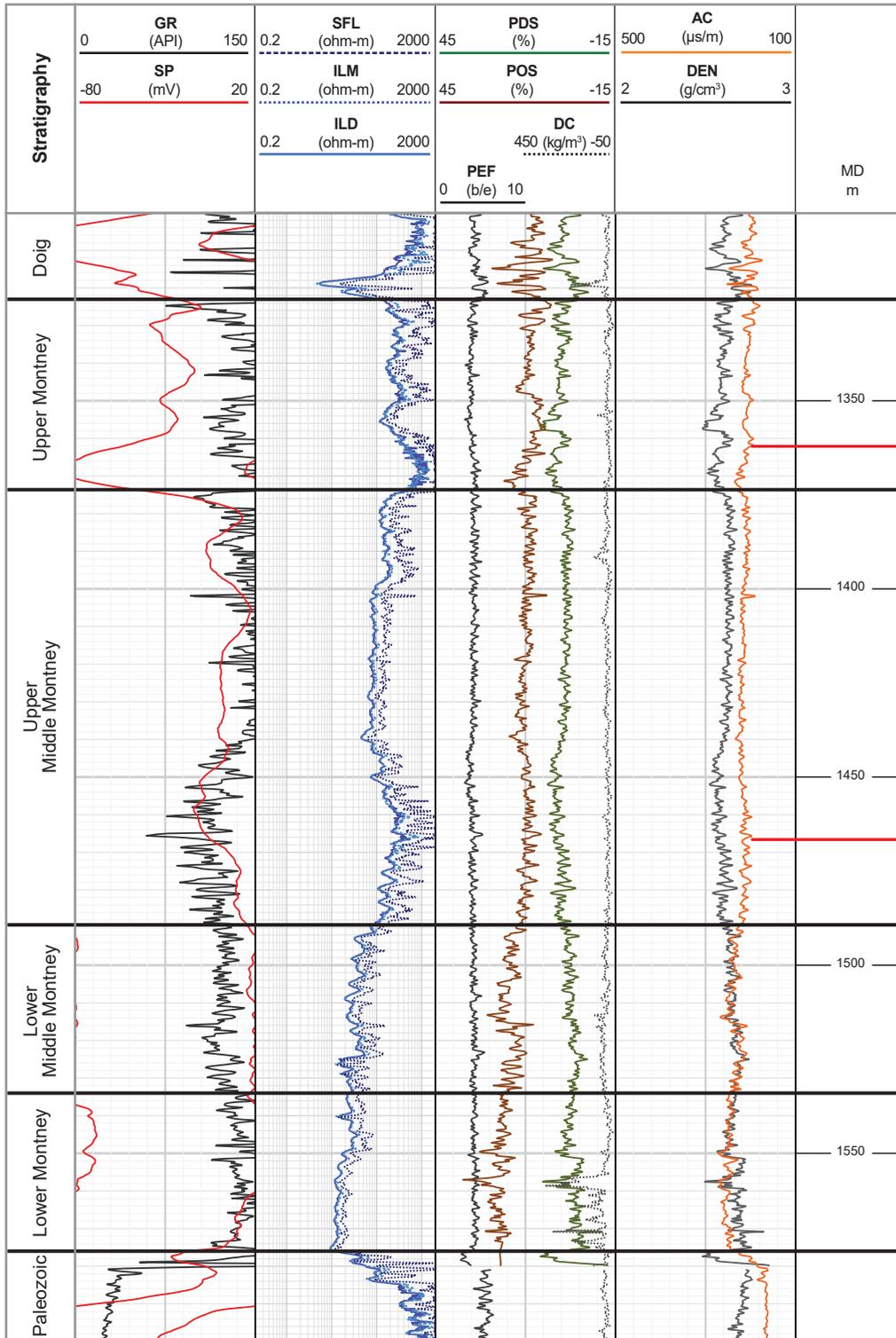
reached a maximum gas rate of 10.2 mmcf/d, which compares favourably to test rates among offsetting wells (figure 6). Calima-2 also tested a maximum liquid rate of 151 bbl/d, with an overall condensate/gas ratio of 40 bbl/mmcf reached by the end of the flow test. Completion parameters appear to be consistent with those of Calima-3 (2,500m lateral, 92 frac stages, 1.5 t/m proppant).

Room to Grow

Calima currently holds over 29,000 ha of largely undeveloped land near their recent wells (figure 2). The company currently holds two undrilled well licences; a-84-C/94-G-9 is located at the same pad as the aforementioned wells, while d-48-G/94-G-10 will be spudded approximately 25 km to the west. Present tie-in plans consist of connecting to the Jedney processing plant via the Tommy Lakes Halfway Field to the north (figure 2).

b-2-E/94-G-9

KB: 819.6m RR: 1981-03-28



Data supplied by geoLOGIC

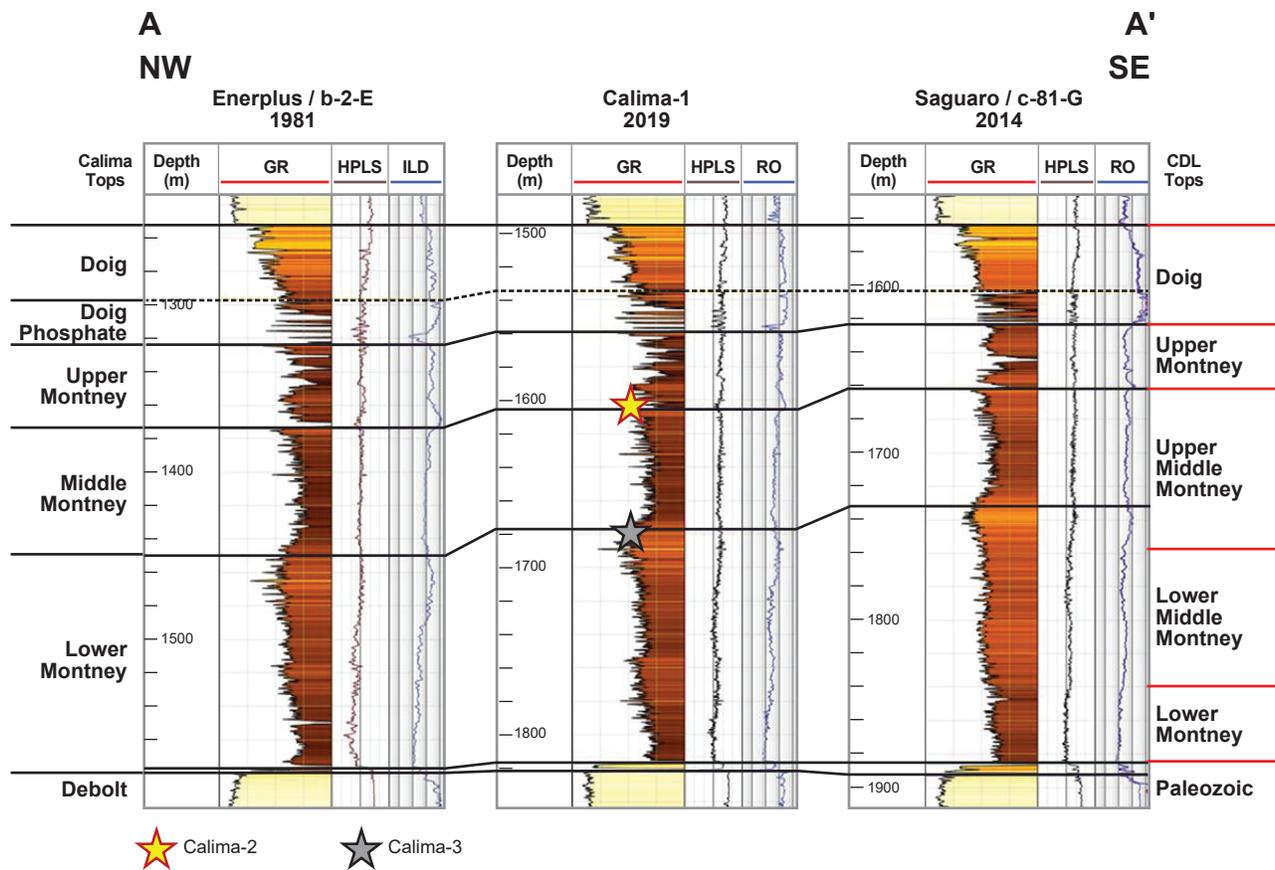
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Table 1. Calima-3 and Offsets—Upper Montney Completion Parameters

Well	Compl Length (m)	Stages (#)	Frac Spacing (m)	Fluid per Stage (m ³)	Proppant per Stage (t)	Completion Year	IPmax (boepd)
Calima-3	2,508	92	28	311	43	2019	N/A
0/c-3-H 94-G-8	1,914	65	30	196	31	2016	746
3/b-12-H 94-G-8	1,910	65	31	318	25	2016	559
0/a-13-H 94-G-8	1,907	69	29	389	25	2016	510
3/b-56-H 94-G-8	2,017	65	32	217	30	2016	868
2/c-55-H 94-G-8	2,020	65	31	356	40	2017	651
2/a-56-H 94-G-8	1,859	57	33	358	38	2017	468
4/a-56-H 94-G-8	1,911	65	30	235	40	2017	705
0/c-68-H 94-G-8	2,122	35	62	388	75	2017	592
0/b-13-J 94-G-8	2,496	84	30	228	30	2017	491
3/a-87-H 94-G-8	2,435	40	61	378	79	2019	872

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4 Bonnie Creek–Laprise Montney Cross-Section A-A'



Modified from Calima Investor Presentation, May 2019

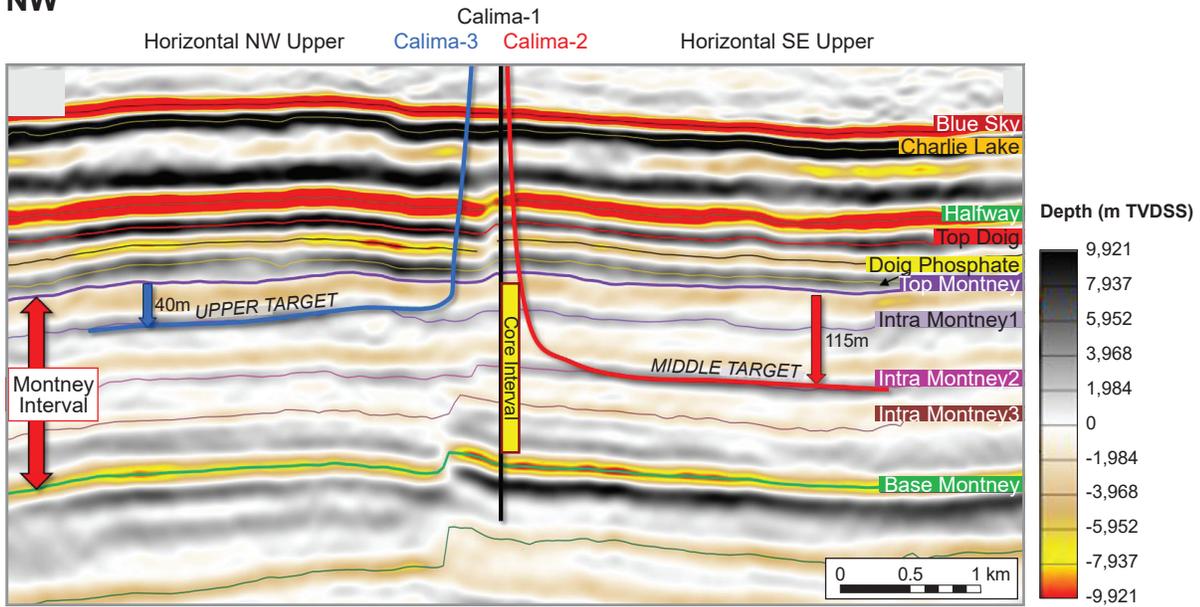
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5

Calima Montney Seismic Section

NW

SE

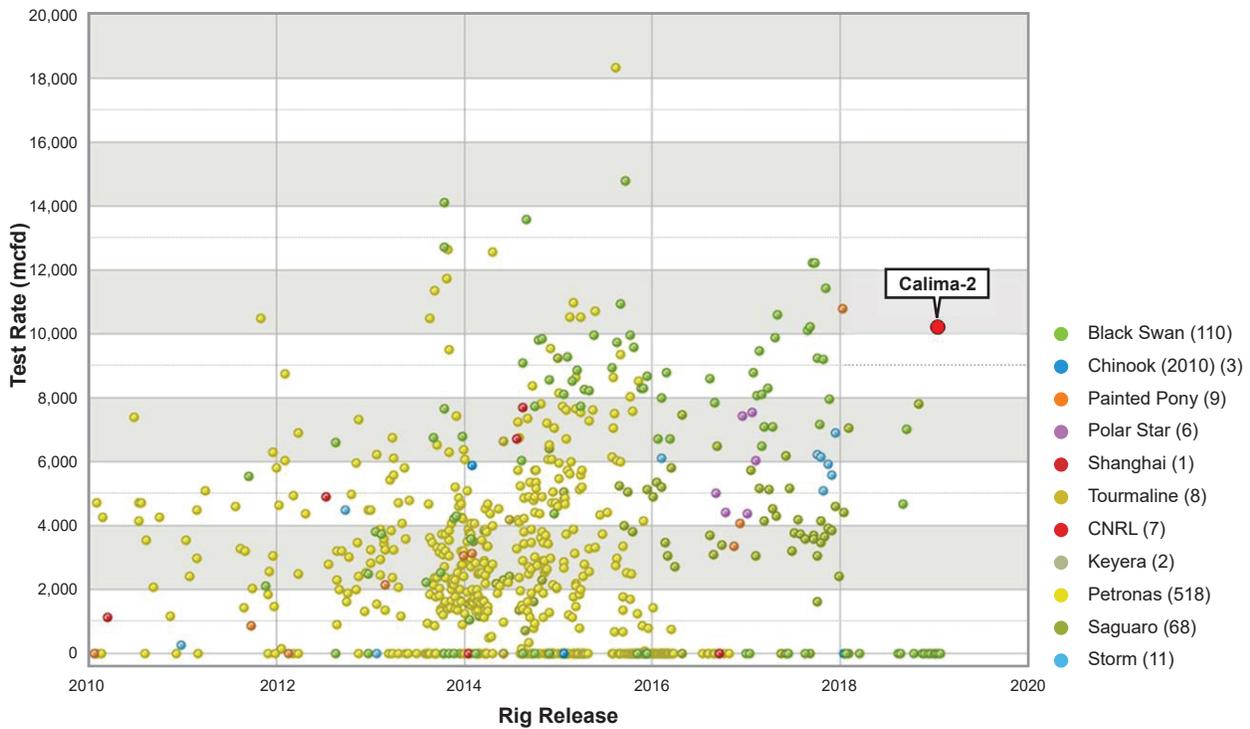


From Calima Investor Presentation, May 2019

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6

Calima-2 Maximum Test Rate vs Offsets



From Calima Investor Presentation, May 2019

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Conclusion

Calima's test results at Tommy Lakes are a significant indicator of the potential for northerly expansion of the Montney play.

Selected References

- Horton, J. 2019. September 2019 Montney and Duvernay Completions Update. Accessed October 2019. <https://digest.canadiandiscovery.com/ep-analysis/september-2019-montney-and-duvernay-completions-update>
- Calima Energy, 2019. Investor Presentation May 2019. Accessed October 2019. <http://www.calimaenergy.com/wp-content/uploads/2019/05/CE-1-Investor-Presentation-30-05-19.pdf>

Canadian Discovery Related Technical Studies

- Montney Hydrodynamics Project III (MRHS-III), 2019.
- Charlie Lake and Montney C₃₊ and C₅₊ Deep-Cut Yield Maps (NADY-II), 2014.