



1 June 2021

3 Well Sunburst (Brooks) Drilling Campaign Commenced

Calima Energy Limited ("Calima" or the "Company") (ASX: CE1) is pleased to announce the commencement of a 3 horizontal Sunburst Formation drilling campaign at its core Brooks area.

Highlights:

- **3 Sunburst¹** horizontal well drilling program commenced (Gemini 1, 2 & 3 designation)
 - Gemini 1 spudded on Monday May 31, 2021
- Each well takes between **7-10 days to drill, and thereafter 20 – 35 days to complete and tie-in** to existing infrastructure and facilities
 - IP30 production rates on the three wells due August 2021
- Total **capital program of C\$2.7 million** net to Calima for the 3 wells
- At US\$60 WTI - wells are extremely economic with short paybacks of **~6 months**
 - **Short term hedging** to ensure full capital recovery in less than 12 months
- Capital program funded from **operational cash flows** and **National Bank debt facility**
- **Additional 1-2 Sunburst wells under review** – decision expected early June 2021
- **Brooks 2P (Proved & Probable) Reserves total 11.62 mmb²** with year-round access and 147 new well locations and 48 wells drilled to date

Jordan Kevol, CEO and President:

"I am pleased to advise that a multi well drilling campaign targeting the Sunburst Formation in the Brooks area has commenced. Calima has committed to drilling 3 conventional horizontal wells with the program beginning today. Based upon our extensive drilling experience in the area, we are confident these 3 development wells will come in on budget and produce at or above the well type curves. With low geological risk and short (typically on-lease) tie-ins, our drill to on-stream time is extremely fast at 30-45 days. If we like what we see on the first three wells, and oil prices continue to be strong, we have two more top-tier Sunburst drill locations ready to go."

Hedging Strategy

The Company will mitigate downside commodity price exposure for this 3 well drill program by executing West Texas Intermediate ("WTI") and Western Canada Select ("WCS") swap contracts for the next 12

¹ Three (3) gross wells being 2.5 net wells to Calima, Calima has a JV on one well with an industry partner owning 50%.

² Refer announcement dated 25 February 2021 and the InSite 2019 YE Reserves Report



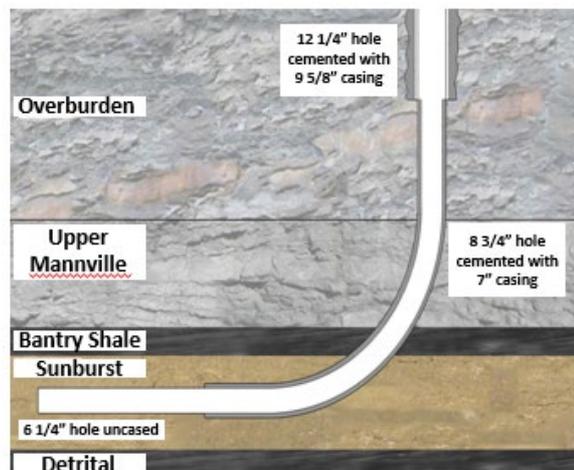
months. This strategy will ensure the cost recovery of the capital program is secure and will allow for net cash flow to be recycled into future drilling programs over the coming 24 months.



Brooks Drilling Operations

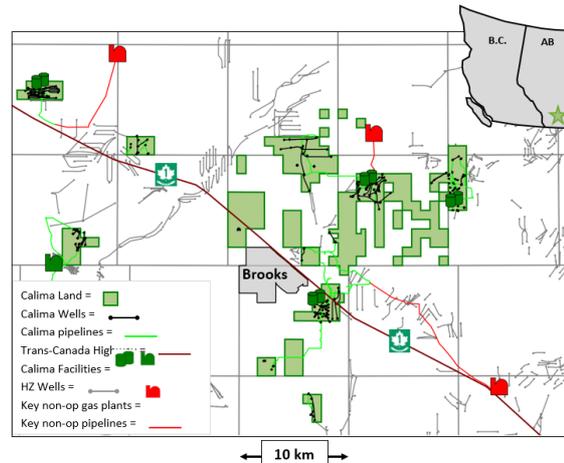
Sunburst Wells

The Sunburst wells are conventional 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 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.





All three wells (Gemini 1, 2 and 3) are classified as development wells, as they are being drilled into existing Sunburst oil pools, which have been extensively delineated by existing Sunburst wells, and 3D seismic. The new wells will flow into existing Blackspur oil facilities. Well economics are summarised below:



Sunburst Conventional
\$60 WTI Type Curve

RESOURCE	EUR – Oil & Liquids/Well	Mbbl	168
	EUR – Gas/Well	MMcf	301
	Total EUR	Mboe	218
	% Liquids (Oil & NGLs)	%	77%
	Avg. Royalty Rate	%	17%
	CAPEX/Well	\$M	C\$1,000
ECONOMICS	F&D	\$/boe	C\$4.59
	BTAX IRR	%	>500%
	BTAX NPV10	\$M	C\$3,245
	P/I 10%	x	3.2
	Payout	Years	0.5
	IP90 Oil (Wellhead)	bbl/d	139
	Netback (Year 1)	\$/boe	C \$34.04
	Recycle Ratio	x	7.4
	Break-even to WTI	US\$/bbl	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\$60.00/bbl WTI, 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.

This release has been approved by the Board.

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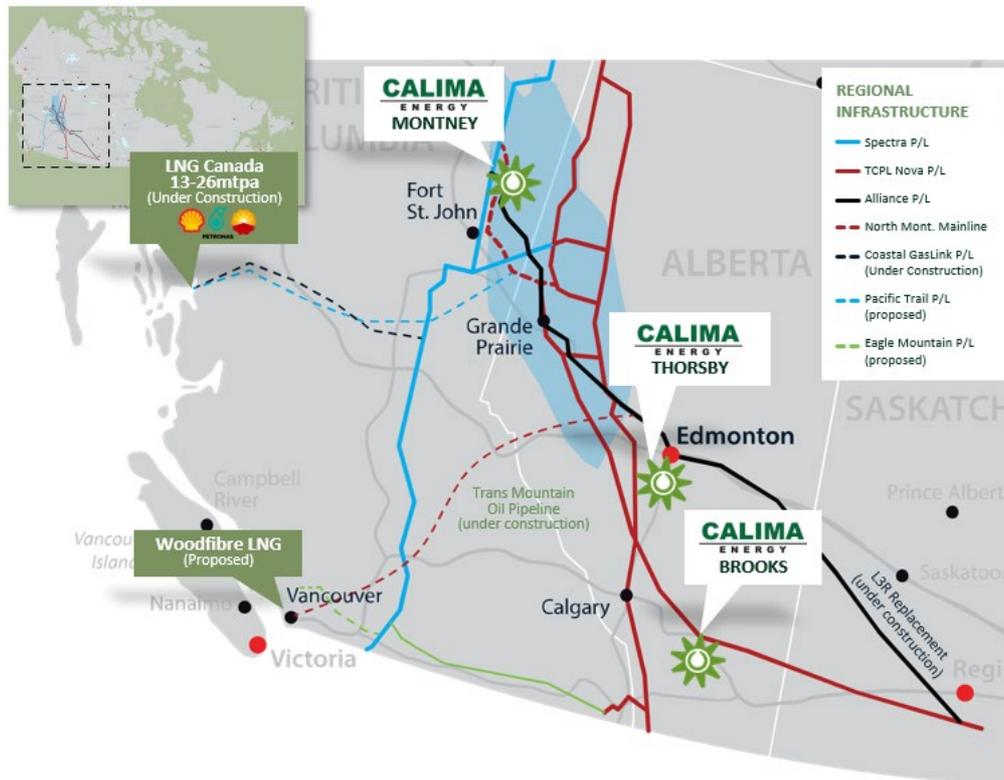
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Calima Assets



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.

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.





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