



9 June 2021

Blackspur May 2021 Operational Update & Revised Guidance

Highlights

- **Exit Production¹ for month 3,100 boep/d**
- **Funds Flow² from Operations for May A\$2.6 million**
- **December 2021 guidance exit increased to 4,500 boep/d**
- **Adjusted 2021 (8 months) EBITDA A\$26.3 million**

Calima Energy Limited ("Calima" or the "Company") (ASX: CE1) is pleased to announce a financial and operational update for its wholly owned subsidiary, Blackspur Oil Corp. ("Blackspur") for the month of May 2021 and revised guidance through to year end 2021.

May 2021 Operational & Financial Estimate Highlights

	April	May	% Change
Exit Production (boe/d)	2,800	3,100	11%
Average Production (boe/d)	2,836	2,900	2%
Revenue, net of royalties (C\$ Millions)	\$3.4	\$3.9	15%
Operating Netback (C\$ Millions) ³	\$2.2	\$2.4	9%
Funds flow from operations (C\$ Millions)	\$1.7	\$2.0	18%
Net Debt (C\$ Millions) ⁴	\$12	\$11	-8%
Realised Oil Price (C\$/bbl)	\$64.77	\$68.07	5%
Realised Gas Price (C\$/mcf)	\$3.04	\$2.97	-2%

May - December 2021 Guidance Highlights:

The following revised guidance for the 8 months to year end reflects the impact of higher realized oil and gas prices than previously forecasted, increased sales volumes based on production results to-date, and production results expected from the commencement of the Company's drilling campaign through the year end.

	Previous Guidance 8 Months	Current Guidance	% Change
Forecast Average (boe/d) ⁵	3,000	3,700	23.3%
Exit Production (boe/d) ⁶	3,400	4,500	32%
Capital Expenditure (C\$ million) ⁷	17.0	20.0	36%
Adjusted EBITDA (C\$ million) ⁸	18.0	21.2	18%
Operating Cost (\$ per boe)	10.20	10.20	-
Net Debt (C\$ Millions)	\$9.5	\$14.0	47%

¹ Exit production is defined as the average daily volume on the last week of the period

² Funds flow from operations is a non-IFRS measure calculated based on operating netback, less general & administrative expenses, and interest and other financing costs

³ Operating netback is a non-IFRS measure calculated based on revenue (net of royalties), less transportation & operating expenses, and realized hedging gains (losses)

⁴ Net debt is defined as cash plus receivables and prepaid expenses, less payables and bank indebtedness

⁵ From Acquisition date of 30 April 2021 – December 2021

⁶ Refer to Investor Update 2nd May, 2021.

⁷ due to the addition of 2 Sunburst horizontal wells, increased capital deployed on Blackspur's waterflood and enhanced oil recovery project on its J2J pool at Brooks, and a plan to deploy increased hydraulic fracturing intensity and extended well length on the 3 Sparky horizontal drilling locations currently planned to be drilled in August 2021.

⁸ EBITDA is adjusted for 2021 expected realised hedging losses of C\$3.0 million for May- Dec 2021. EBITDA is based on US\$64 WTI, -US\$14 WCS differential, 1.21 CAD/USD FX rate, \$2.70/GJ AECO, corporate average royalty rates of 17%, and operating costs and G&A assumptions that are based off historical financial performance.

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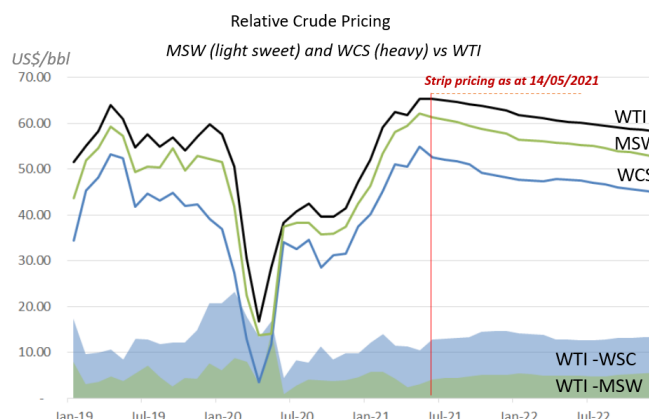
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Hedging Strategy:

Following a strong recovery of West Texas Intermediate (“WTI”) benchmark prices back to pre-Covid levels coupled with Western Canadian Select (“WCS”) differentials remaining tight, producers are in an environment which provides for robust netbacks, the Company has put in place a fairly aggressive hedging mandate to mitigate downside commodity price exposure for the current three (3) well drill program and has entered into WTI and WCS swap contracts for the next 12 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.



As decisions are made to drill more wells, the Company will protect the capital on each well by executing hedges on expected cumulative production that is required to achieve payback of the capital invested. Both Sunburst and Sparky wells have payback periods of six to nine months. In addition, the Company will progressively layer in WTI and WCS swaps to the extent that approximately 50% of forecast production for the forward 12 month period is protected with fixed price terms, thereby ensuring robust netbacks at current prices, while still maintaining upside exposure to rising energy prices.

On 26 May 2021, Calima executed swaps totalling 163.8 Mbbbl WTI (~450 bbl/d) at an average of US\$62.23/bbl (C\$75.30/bbl) for July 2021 to June 2022.

On 2 June 2021, Calima executed swaps totalling 163.8 Mbbbl WCS basis (~450 bbl/d) at an average of US -\$14.66/bbl (C \$17.73/bbl) for July 2021 to June 2022.

Drilling and Operational Update:

In addition to the three drilling operations (2 new wells and 1 re-entry) completed in March 2021, the Company completed additional workovers and well optimizations in April and May, resulting in May exit production of 3,100 boe/d.

Brooks Drilling Update

On 31 May 2021 the Company spudded the first of **three (3) Sunburst⁹** horizontal wells (“Gemini #1”) at its Brooks core area. On June 7, the rig was released from Gemini #1 and the rig was moved to the second well of the Brooks Sunburst program (“Gemini #2”). Completion operations on Gemini #1 will commence in the coming days. As no fracture stimulation is required on these conventional open-hole horizontal wells, the completion process is minimal, and Gemini #1 will soon thereafter be tied in to existing Blackspur infrastructure via an “on-lease tie in”.

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



At the Brooks area the Company has year-round access and 147 new well locations. Brooks wells in the Sunburst formation have EUR's of 218 Mboe with IRR of over 500% at US\$60 WTI. Well paybacks are six to nine months and the net present value of future cash flows discounted at 10% ("NPV10") is estimated at C\$3.2 million. The Company's proved plus probable ("2P") reserves at Brooks are 11.6 mmbœ and growing.



Gemini #1 Drilling Operations at the
Brooks 02-29-1913 Gas Plant and Oil Battery



Oil Battery 10-20-20-16W4
Processing Capacity 3,500 bbl/d
Storage: 7.6 mbbls



Gas Plant / Oil Battery 02-29-19-13
Processing Capacity: 4,000 bbl/d
Storage: 3.0 mbbls

With the continued strong WTI oil and AECO natural gas pricing, the Company is reviewing plans to add 1-2 additional Sunburst wells bringing the Sunburst Well Campaign to 5 wells. These 1-2 additional wells are expected to be drilled in late June to early July 2021.

Thorsby Drilling Update

The Company is presently finalising plans to undertake a three (3) well Thorsby drilling campaign in July/August 2021.

All three wells are classified as development wells, as they are being drilled into existing Sparky oil pools, which have been delineated by both existing Sparky wells, and 3D seismic. The Company has ~108 net sections on 63,946 net acres. There are 11 wells drilled to date with well recoveries estimated at 358 mboe to 468 mboe and 79% oil. Thorsby wells are drilling on multi-well pads which reduce overall capital costs and minimise the environmental footprint. There are 89 net Sparky and 12 net Nisku wells in inventory identified with multiple pools to be delineated (28



booked Sparky locations). Select wells demonstrated significant type curve outperformance in the Sparky formation. Total 2P reserves at Thorsby are 10.9 Mmboe.

Prior to finalising this program, the Company is also evaluating a longer horizontal component and a higher proppant hydraulic fracture stimulation (“frac”) to increase recoveries and returns. The new wells will flow into existing Blackspur oil facilities. Well economics¹⁰ are summarised below:

			Sparky Type Curve Economics		
			Tier 1 \$60 WTI ¹¹	Tier 2 \$60 WTI ¹²	Illustrative 40 T/Stage \$60 WTI ¹³
RESOURCE	EUR – Oil & Liquids/Well	Mbbl	323	288	364
	EUR – Gas/Well	MMcf	551	419	622
	Total EUR	Mboe	414	358	468
	% Liquids (Oil & NGLs)	%	78%	80%	78%
	Avg. Royalty Rate	%	16%	15%	15%
ECONOMICS	CAPEX/Well	\$M	C\$2,500	C\$2,500	C\$2,800
	F&D	\$/boe	C\$6.03	\$6.99	\$5.98
	BTAX IRR	%	382%	242%	> 500%
	BTAX NPV10	\$M	C\$6,100	C\$5,027	C\$7,039
	P/I 10%	x	2.4	2.0	2.5
	Payout	Years	0.5	0.7	0.5
	IP90 Oil (Wellhead)	bbl/d	336	274	460
	Netback (Year 1)	\$/boe	C\$34.40	C\$34.40	C\$34.40
	Recycle Ratio	x	5.7	4.9	5.7
	Break-even to WTI	US\$/bbl	US\$34.00	US\$35.10	US\$33.22

Jordan Kevol, CEO, states that:

“Gemini 1 encountered the Sunburst sand at the target depth in the first of three horizontal wells. The initial oil and gas shows were excellent, and the chip samples show very high reservoir quality sand. Based on the initial sand quality encountered, we are pleased with the potential for this horizontal well. We are excited to move to the Gemini #2 well.”

This release has been approved by the Board.

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

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¹⁰ 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. Flat pricing: US\$60/bbl WTI, C\$2.50/GJ AECO, US\$12/bbl WCS differential and 1.25 CAD or AUS/USD. 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.

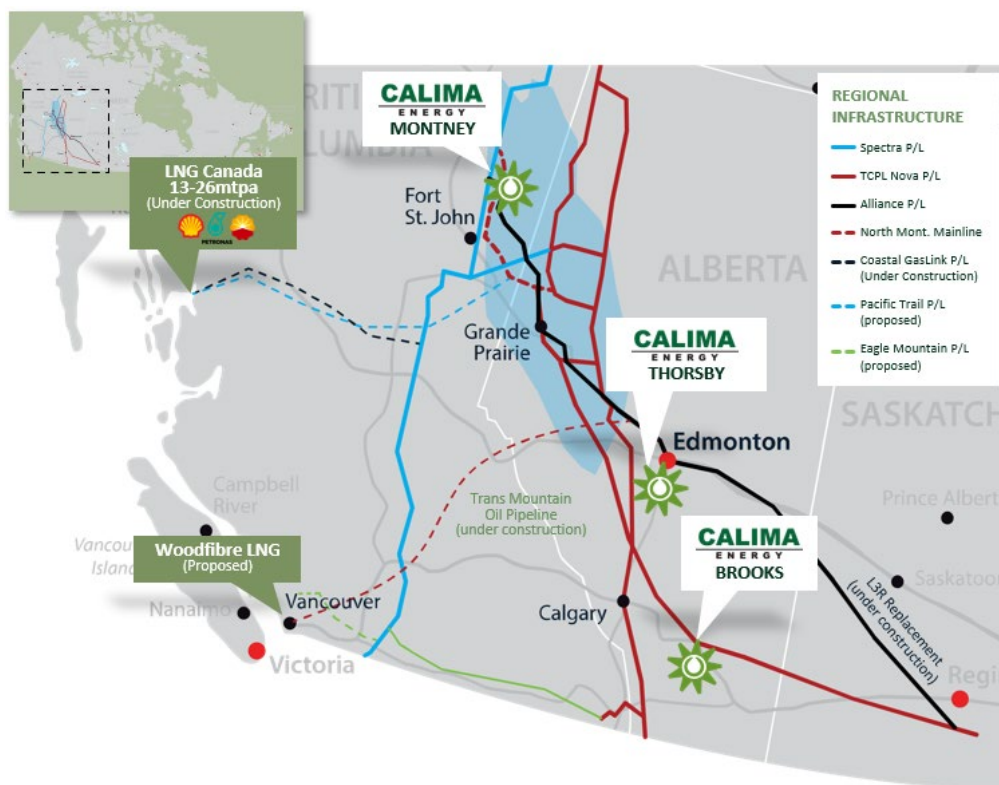
¹¹ Tier 1 are planned future wells incorporating all technical learnings over the wells drilled to date and based on best 2 wells drilled to date.

¹² Tier 2 adds a third well with sand issues and downtime but still consistent with all the learnings in tier 1 (away from fault).

¹³ The illustrative curve is based on increasing the frac size to 1 T/m, this increase in planned on future wells.



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
Exit Production	Exit production is defined as the average daily volume on the last week of the period	Operating Netback	Operating netback is a non-IFRS measure calculated based on revenue (net of royalties), less transportation & operating expenses, and realized hedging gains (losses)
Funds Flow	Funds flow from operations is a non-IFRS measure calculated based on operating netback, less general & administrative expenses, and interest and other financing costs	Net Debt	Net debt is defined as cash plus receivables and prepaid expenses, less payables and bank indebtedness