



17 June 2021

Drilling Update – Gemini 1 & 2 Sunburst, Brooks

Highlights:

- **Gemini #2 well drilled** and rig released
 - Drilling time 7 days from spud to rig release
 - Drilling costs C\$675,000 (~C\$100,000 under budget).
 - Total depth – 1,686 meters (measured depth)
 - 486 meters of “open hole” after intermediate casing point
 - Oil and gas shows as prognosed – type curve predicted
- **Bonanza rig moved back to Gemini #1 well**
 - Well to be re-entered – 3D seismic interpretation indicates that well can be further optimized out of same intermediate casing
 - Re-entry budgeted at C\$350,000 however will ensure efficient drainage of reservoir and maximum rate of return
 - Additional horizontal leg will take 2-3 days to drill
- Bonanza rig will then be moved to Gemini #3 well location
- **Additional 1 Sunburst well (Gemini #4) is committed** – well will be drilled following the drilling of Gemini #3
- **Brooks 2P (Proved & Probable) Reserves total 11.62 mmboe¹** with year-round access and 143 new well locations and approx. 50 wells drilled to date
- Capital program funded from **operational cash flows** and **National Bank debt facility**
- At US\$70 WTI - wells are extremely economic with short paybacks of **~5-6 months**

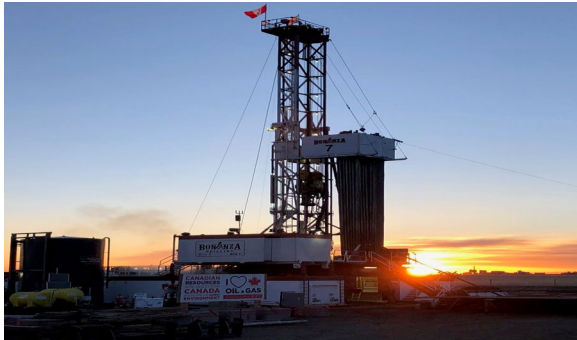
Jordan Kevol, CEO and President:

“I am pleased with the solid progress of the Gemini drilling campaign and happy we are able to efficiently optimize the Gemini #1 well whilst the rig is close by. Calima has committed to drilling an additional well in the campaign and continues to review adding one more Sunburst well. With the oil price above \$70 WTI the Company is very enthusiastic about completing our top-tier Sunburst program.”

¹ Refer announcement dated 25 February 2021 and the InSite 2019 YE Reserves Report
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Calima Energy Limited ("**Calima**" or the "Company") (ASX: **CE1**) is pleased to announce that the drilling program of the Gemini 1, 2, 3 and 4 wells are progressing well.



Drilling an open hole Sunburst well in Brooks



Overhead drone shot of the Bantry 2-29 oil battery

Gemini #2 Well

On 13 June 2021 the Company finished drilling the second well of the 4 well Sunburst horizontal drilling program, at Brooks Alberta. The well was drilled within 7 days and drilling costs came in approximately C\$100,000 under budget, at C\$675,000. The well was drilled to 1,686m (measured depth), with 486m 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 (IP30 200 boe/d, 80% oil).

Gemini #1 Well

After further 3D seismic interpretation, refinement and utilising the geological data received from drilling Gemini 1, the geoscience team have determined that the productivity of Gemini 1 can be further optimized by drilling a second horizontal leg out of the same intermediate casing.

With the Bonanza rig less than 1 km away from the well site, the decision was made to undertake the work now for an incremental cost of C\$350,000. The Bonanza rig #8 has now moved back to Gemini 1 well location, and the work is anticipated to take 3 days to complete. Upon completion of the additional horizontal leg, the rig will move to the Gemini #3 location, which is approximately 15 km away.

Gemini #3 and #4 Wells

Gemini #3 is going to be drilled on a multi-well pad, that is designed to also accommodate Gemini #4. After the two wells are drilled, completed and equipped, they will both be tied into the Blackspur oil processing facility that is on the same section as the multi-well pad. It is "economies of scale" like this, that help keep costs low for Calima in both of its core areas of Brooks and Thorsby. Calima always



aims to either drill wells from existing well pads with the ability to have an on-lease tie-in, or else drill multiple wells at a time on a new pad, to create efficiencies, and keep costs low.

Calima has ample room at its existing oil processing facilities for all of the production for these new wells, as well as gas takeaway solutions through third parties for the associated gas from the drilling of these new wells.

Gemini #5 Well

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

Calima continues to add more locations to its already robust Sunburst location 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 we drill every year.

Sunburst Wells

The Sunburst wells being drilled 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 four wells (Gemini 1, 2, 3 and 4) 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:

		<i>Sunburst Conventional \$60 WTI Type Curve</i>	
ECONOMI 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
	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.

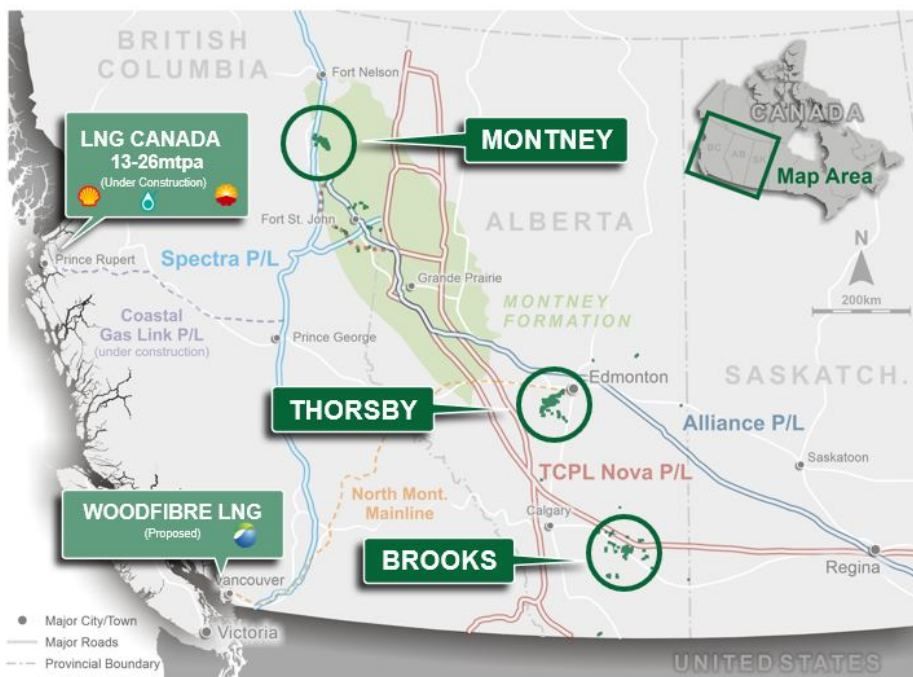
⁴ Break-even prices include DCET and the point at which IRR is zero and it is no longer economic to drill that play type. They are calculated by sensitizing WTI while maintaining other price streams constant.

This release has been approved by the Board.

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

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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