

# INVESTOR UPDATE

FREE CASH FLOW, GROWTH-FOCUSED  
CANADIAN OIL & GAS PRODUCER

**CALIMA**  
ENERGY

FEBRUARY 2022

Not for release to US wire services or distribution in the United States



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## **Qualified petroleum reserves and resources evaluator statement**

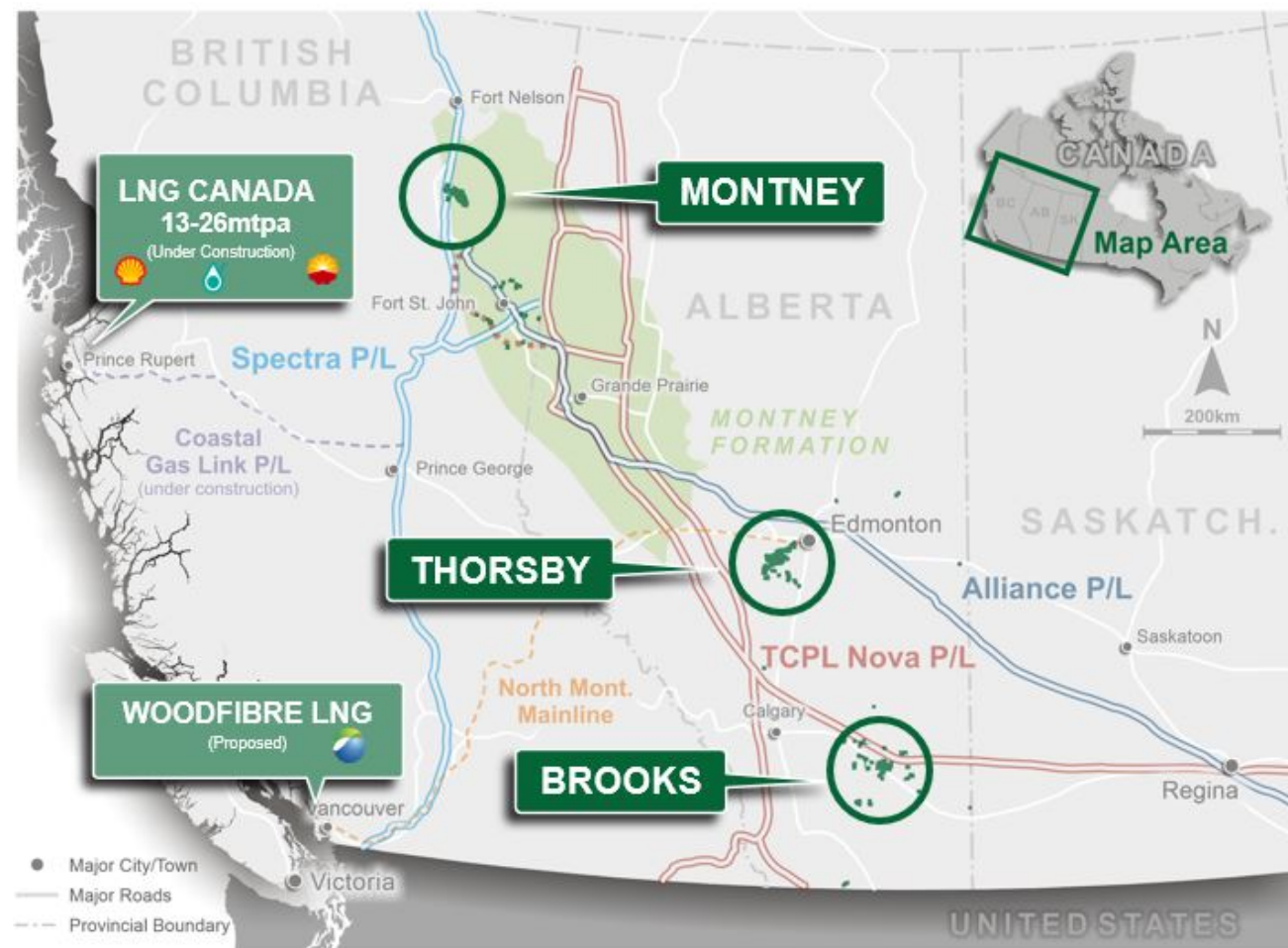
The petroleum reserves and resources information in this announcement in relation to Blackspur Oil Corp is based on, and fairly represents, information and supporting documentation in a report compiled by InSite Petroleum Consultants Ltd. (InSite) for the June 30, 2021 Reserves Report. InSite is a leading 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 June 30, 2021 Reserves Report and the values contained therein are based on InSite’s June 30, 2021 price deck (<https://www.insitepc.com/pricing-forecasts>). 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.

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# ASSETS & OPERATIONAL HIGHLIGHTS

- Conventional oil & gas producer focused on generating free cash flow from the responsible development of high-quality assets in Western Canada
- January exit Production of 4,300 boe/d (74% Oil)
- At US\$80 WTI, high netback production drives significant operating profit
- Top-tier asset base with breakeven at US\$26 WTI, strong economics and robust rates of return
- 2021 - Drilled 7 wells, 4 Sunburst and 3 Sparky during the 8 months ended December 31, 2021
- H1 2022 - Drilled 7 (6.5 net) wells as part of a C\$19M capital program, targeting average production of 4,000 – 5,000 boe/d in H1 2022
- 14 of 24 wells initially planned for 2021/2022 have been drilled, remaining 10 planned for H2 2022
- Stable, low decline base production from Brooks and Thorsby offering significant development opportunities for growth
- Liquids rich Montney acreage provides upside to domestic gas and global LNG markets





# EQUITY RAISING STRUCTURE

Calima undertaking an equity placement to raise A\$20 million at 20 cents

ASX Trading Symbol	CE1
Shares on Issue	514,084,228
New Shares	100,000,000
Total Post Placement	614,084,228
Raising Dilution on Ord Shares	16%
Post Raise Market Cap (20c)	A\$120 million
Net debt (post raise 31 Dec)	A\$13.7 million
EV	A\$133.7 million
Analyst valuations range	50 – 120 cents
Discount to last trade	13%
Discount to 15-day vwap	13%



# EQUITY RAISING TIMETABLE

EVENT	DATE
Trading halt	7 February 2022
Announcement of Transaction and Placement	9 February 2022
Settlement of New Shares under Placement	16 February 2022
Allotment and normal trading of New Shares under the Placement	17 February 2022

# CORPORATE SNAPSHOT

Calima is a **returns and growth-focused energy producer** with top tier assets, positive cash flow and is ESG goal orientated

## FINANCIAL INFORMATION

January Exit Production	4,300 boe/d
Oil Weighting	74%
2021 Revenue	A\$48 million
2021 Adjusted EBITDA	A\$21.6 million
2021 Production	779,570 boe
2021 Capital Expenditure	A\$27 million
Opex & Transportation Costs	C\$14/boe
Breakeven <sup>3</sup>	US\$26/bbl

Adjusted EBITDA<sup>1</sup> (6 months ending 30/6/2022) A\$31 – \$37 million

H1 2022 AVG. DAILY  
PRODUCTION

**4,000-5,000** boe/d

PDP RESERVES<sup>2</sup>

**5.2** mmboe

TOTAL PROVED + PROBABLE+  
POSSIBLE (3P) RESERVES<sup>2</sup>

**25.7** mmboe (63% Oil)

2C CONTINGENT RESOURCE<sup>2</sup>

**192.1** mmboe (77% Gas)



### De-risked asset base

Brooks & Thorsby operating areas have been developed by Blackspur continually since 2014, with >60 booked PUD locations



### Free cash flow generating

Capital allocation flexibility and increased base production provides for free cash flow generation starting 2022



### Global Access to Capital



### Robust operating netbacks

Low breakeven and low production costs with high torque to commodity prices



### Skilled executive team

Management brings track record of Western Canadian asset development



### Montney Liquids Rich Gas

Development ready project at Tommy Lakes with capacity of >10,000 boe/d

<sup>1</sup>H1 2022 forecasted production is based on current PDP production, plus production additions from drilling 3 Sunburst and 3 glauconitic wells in H1 2022. EBITDA Ais based on US\$80 WTI, -US\$13.50 WCS differential, 1.25 CAD/USD FX rate, \$3.50/GJ AECO, corporate average royalty rates of 19% and operating costs and G&A assumptions that are based off historical financial statements.

<sup>2</sup>InSite Reserves Report June 30, 2021 announced on ASX on 1 September 2021. 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.

<sup>3</sup>Breakeven excludes finding and development costs

\*Unless otherwise stated, all financial amount are expressed in Canadian dollars through this presentation, which is the Company's functional currency





# MANAGEMENT & BOARD

## LEADERSHIP



### Jordan Kevol

Managing Director & CEO

- 9 years at Blackspur (Founder & CEO)
- Geology background with 15+ years of public and private Canadian junior E&P experience



### Braydin Brosseau

CFO & VP Finance - Canada

- 7 years at Blackspur
- 15 years Canadian E&P experience
- Ex West Valley Energy, Aston Hill Financial, PwC



### Mark Freeman

Finance Director - Australia

- >20 years oil and gas development and corporate finance expertise
- Grand Gulf Energy, Golden Gate Petroleum, Quest Petroleum



### Dorn Cassidy

VP Operations

- 7 years at Blackspur
- 15+ years Canadian E&P experience
- Ex Capio Exploration, Hunt Oil, Sheritt, Enerplus



### Graham Veale

VP Engineering

- 9 years at Blackspur
- 25+ years Canadian E&P experience
- Ex Milestone Exploration, Devon Energy, Anderson Exploration & Mobil Oil

## DIRECTORS

### Glenn Whiddon

Chairman

- Commercial >30 years in equity capital markets, banking and corporate advisory
- Bank of New York, Grove Energy and various ASX listed companies

### Brett Lawrence

Non-Exec Director

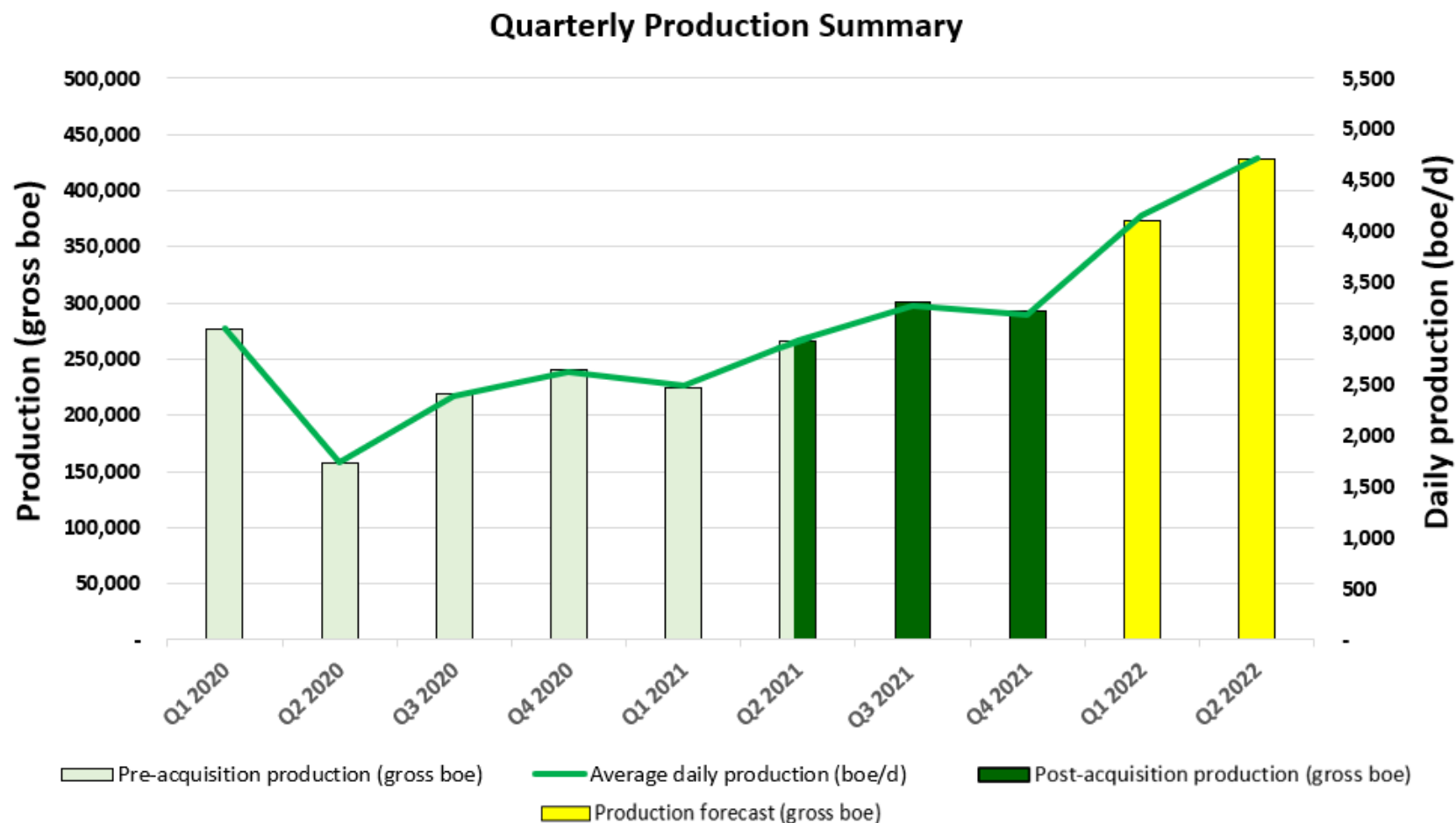
- Commercial and petroleum engineering > 15 years in international E&P
- Executive experience in public companies and private equity investing

### Lonny Tetley

Non-Exec Director

- Partner at Burnet, Duckworth and Palmer LLP
- Currently serves on the Board of Certarus, Beyond Energy Services & Accelerate Financial Technologies Inc.

# CALIMA QUARTERLY PERFORMANCE



## December 2021 Quarterly Highlights

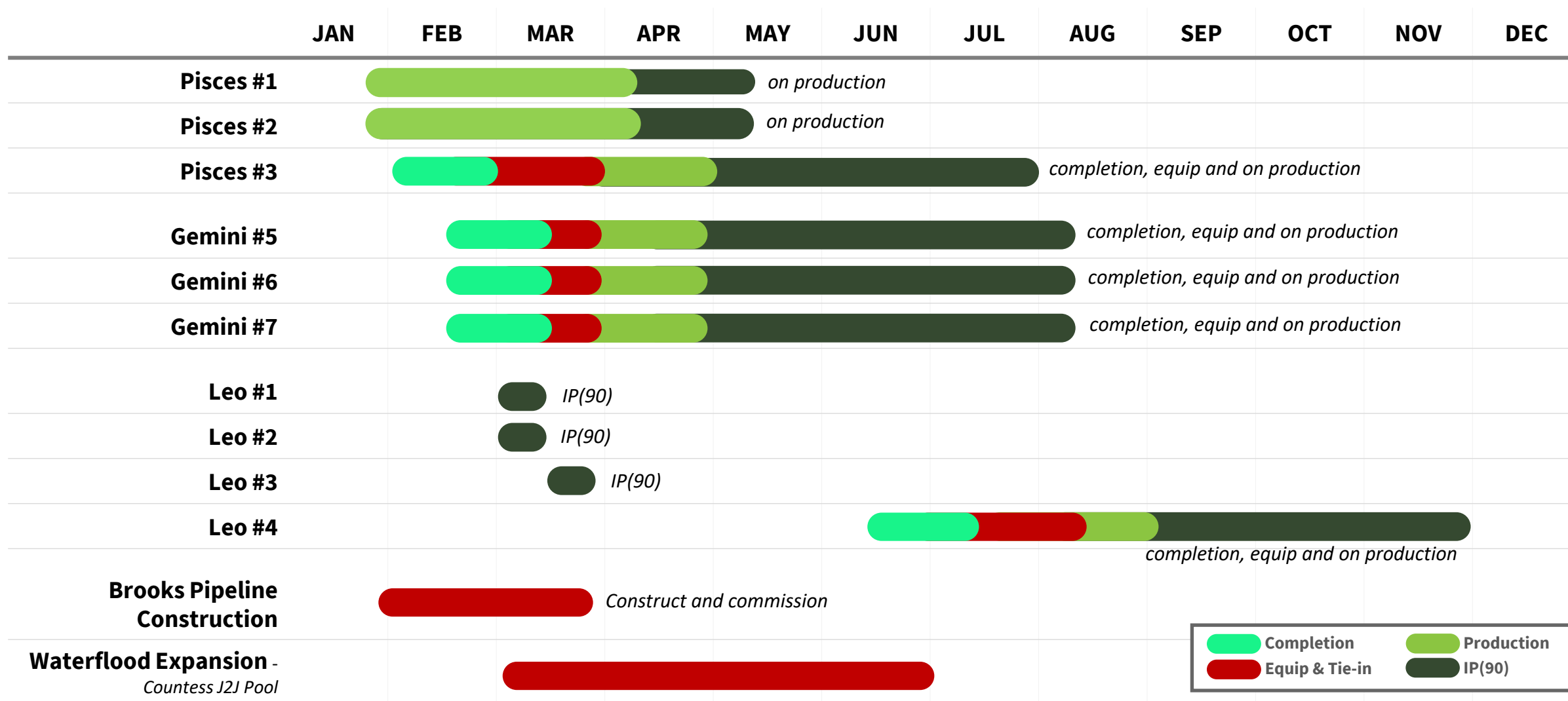
**A\$19.8 million**  
in oil & gas sales

**3,200 boe/d**  
Q4 2021 average production

**A\$9.4 million**  
Q4 2021 adjusted EBITDA



# NEAR-TERM OPERATIONAL TIMELINES





# CALIMA GUIDANCE

## Corporate Guidance & Sensitivity for the 6 month period ended June 30, 2022<sup>1</sup>

WTI US\$/bbl	\$70	\$80	\$90
Average production (boe/d)	4,000 – 5,000	4,000 – 5,000	4,000 – 5,000
Revenue (A\$ million)	48 – 59	55 – 66	60 – 74
Operating netback (A\$ million)	29 – 35	34 – 40	39 – 48
Adjusted EBITDA (A\$ million)	26 – 31	31 – 37	36 – 45
Capital expenditures (A\$ million)	20 - 22	20 – 22	20 – 22
Net debt June 30 pre-raise (A\$ million) <sup>2</sup>	22 - 27	21 – 24	18 – 22
Net debt June 30 post-raise (A\$ million) <sup>2</sup>	3-8	2-5	0-3

<sup>1</sup>H1 2022 forecasted production is based on current PDP production, plus production additions from drilling 3 Sunburst and 3 glauconitic wells in H1 2022. EBITDA is based on WTI as per above, -US\$13.50 WCS differential, 1.25 CAD/USD FX rate, \$3.60/gj AECO, corporate average royalty rates of 19% and operating costs and G&A assumptions that are based off historical financial statements. CAD to AUD FX rate of 1.12.

<sup>2</sup>Includes pipeline financing ~ C\$4.3m

# Equity Financing

Proposed **A\$20 million placement** to provide **greater operational flexibility** and **improve access to accretive M&A opportunities**

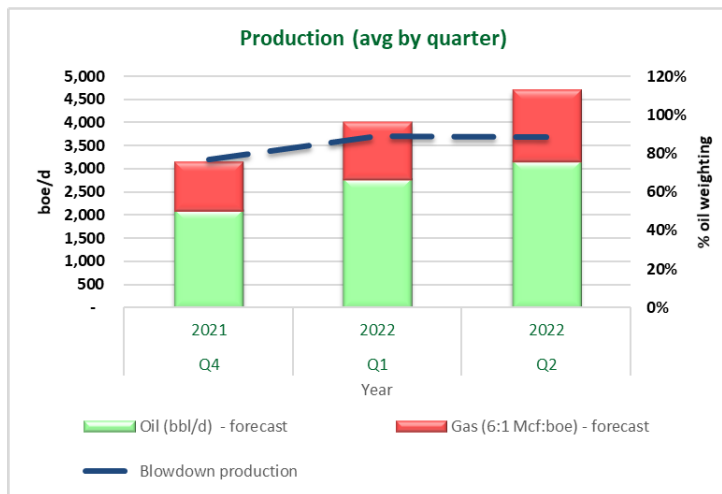
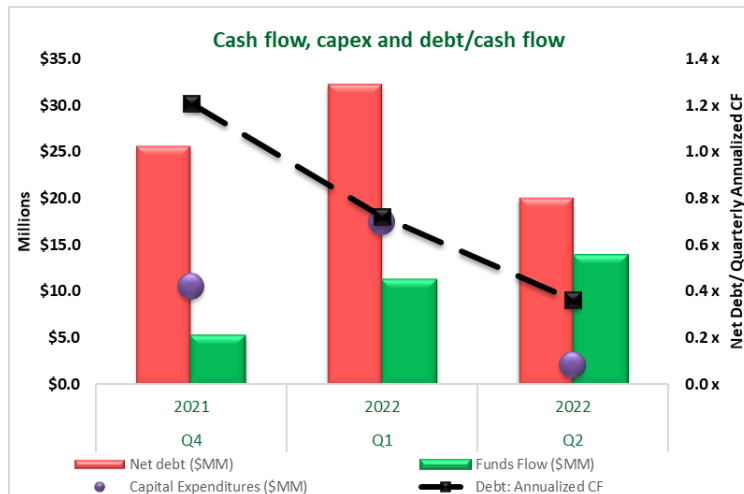
## Use of Proceeds:

- In the immediate term, the net proceeds will reduce the amount drawn on the Company's revolving credit facility which also reduces hedging requirements under the facility
- Short-Medium term capital investments:
  - C\$2.1 million – **Complete Q1 Wells** – Stimulation and tie in Pisces 3, Completion and tie-in of Gemini Wells
  - C\$1.6 million - **Waterflood** – facilitates the timing of investment vs. return (invest in slow decline production)
  - C\$1.5 million - **North Thorsby completion**, 3<sup>rd</sup> party gas tie-in, and single well battery. With success, considerable expansion of booked drilling inventory
  - C\$2.0 million - **Expansion** to the **Thorsby main battery** to accommodate further H2 2022 development
  - C\$2.0 million - **Forward planning** – **supply chain management**, getting ahead of logistics bottlenecks
- Strengthen the balance sheet to optimise capital management and reduce volatility in working capital drawdowns



# H1 2022 Indicative Forecast - C\$19 million capital program

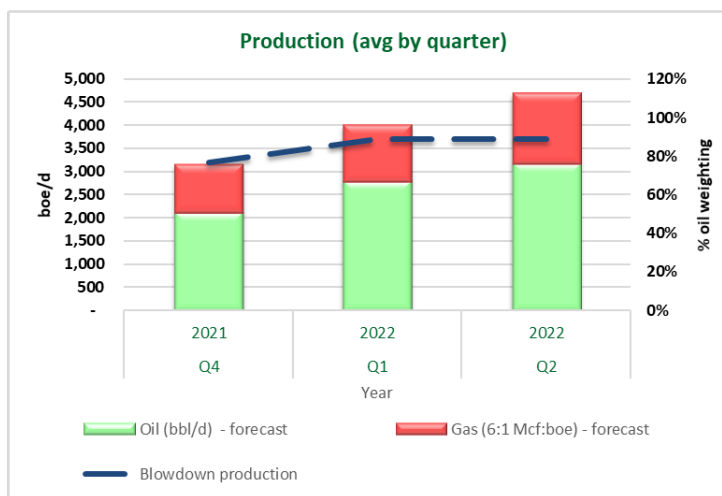
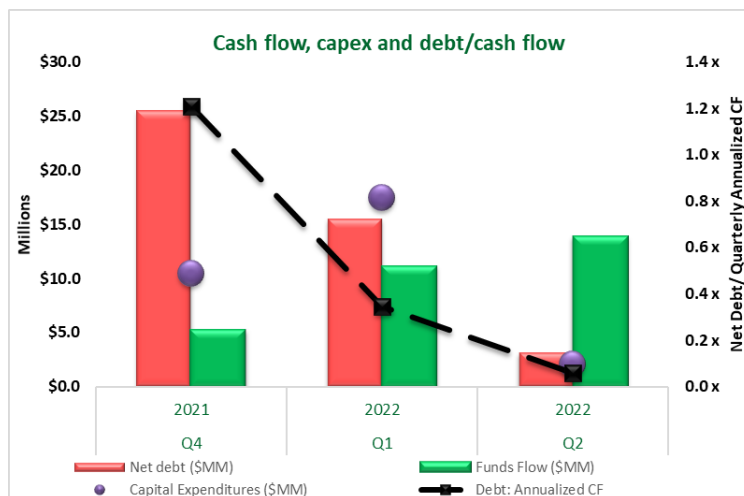
## Pre-Raise Forecast



- H1 2022 capital program of C\$19 million
- Net debt forecast at June 30 of C\$20 million

H1 2022 forecasted production is based on current PDP production, plus production additions from 3 Sunburst and 3 glauconitic wells. Capex also includes drilling costs for 1 (0.5 net) Sparky well and \$4.3 million for the pipeline in H1 2022. Funds Flow is based on US\$80 WTI, -US\$13.50 WCS differential, 1.25 CAD/USD FX rate, \$3.50/gj AECO, corporate average royalty rates of 19% and operating costs assumptions that are based off historical financial statements. Funds flow includes effect of the current hedge position at estimated mark-to-market loss of C\$4 million, and interest expense of C\$0.4 million.

## Post-Raise (A\$20 million) Forecast



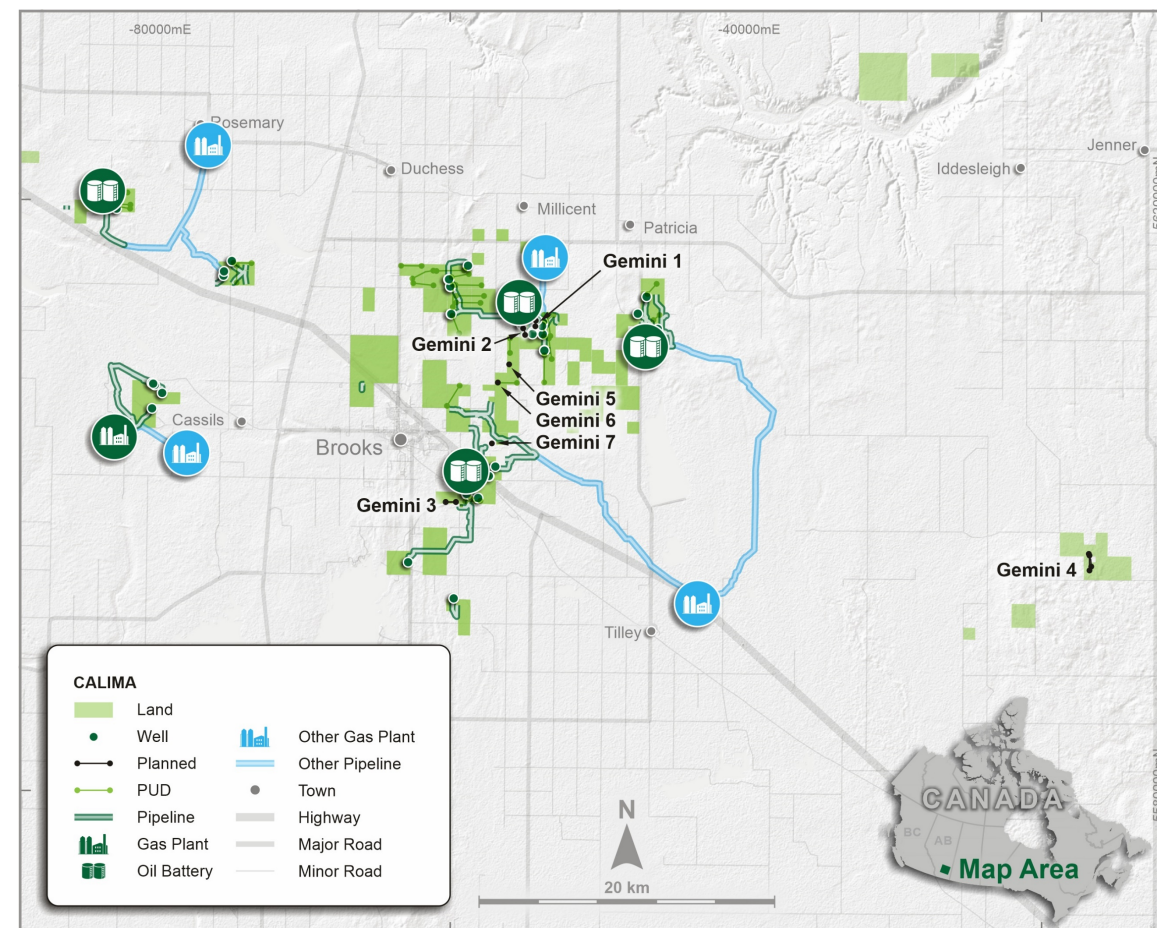
- Net debt forecast of ~C\$3 million at June 30 (\$4MM of which is 7 year term debt), providing flexibility into H2 2022 for:
  - Further organic growth
  - M&A activity

# **BROOKS**

- Large resource in place with multiple oil pools identified, delineated and developed
- ~67.5 net sections across ~43,200 net acres in total, with year-round access and >60 wells drilled to date
- Owned and operated infrastructure; large production growth capacity
- 130 net locations identified; 30.5 net booked
  - 4 Sunburst wells drilled in June and July 2021 with average IP30 rates of 176 boe/d (75% oil)
  - The total costs averaged \$1.2 million per horizontal well inclusive of drilling, completing, equipping and tie-in
  - 6 wells - 3 Sunburst & 3 Glauconitic were drilled in Dec/Jan 22
- Waterflood initiated in 2020 at the Brooks Sunburst J2J pool; expect to continue to expand the waterflood through YE2022

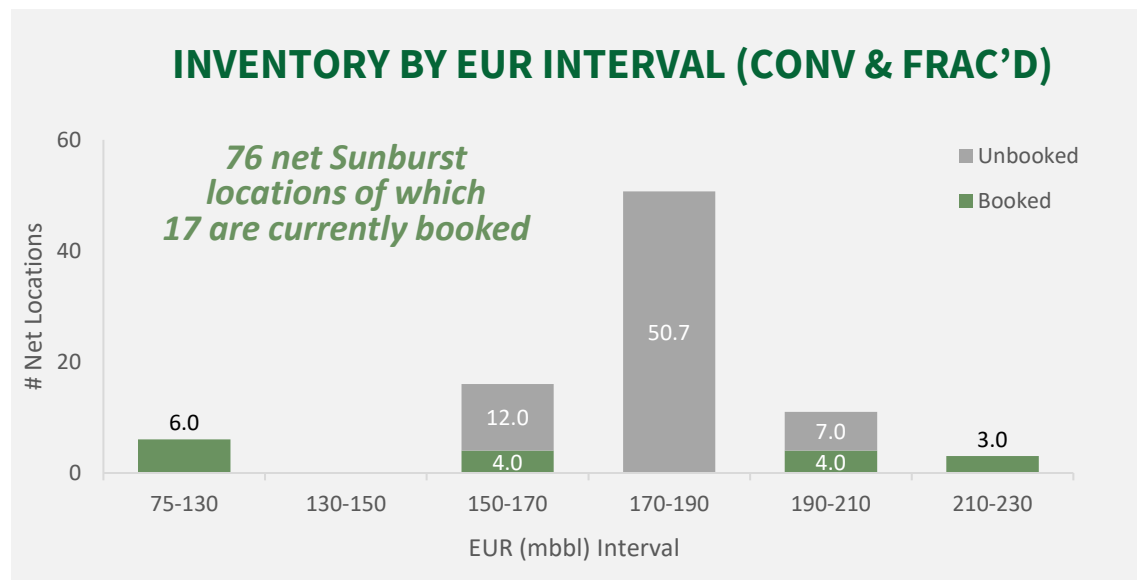
## RESERVES DETAIL (mmboe)<sup>1</sup>

PDP	3.6
Proved Undeveloped	4.9
Total 1P	8.5
Total 2P	10.9
Total 3P	12.9



# BROOKS

- Current production ~2,450 boe/d (1/2/22)
- Open hole Sunburst wells have top tier economics at current pricing (no fracs required)
- Drilled 31 Sunburst conventional HZ wells since 2014 that continue to provide robust economics
- Low OPEX (including transportation) of ~C\$10-12/boe
- Average Working Interest: 94%
- Low base decline rate of ~24%



ASX: CE1

## BROOKS ECONOMICS<sup>1,2,3,4</sup>

Sources: Company disclosure, geoSCOUT

			Brooks Type Curve Economics	
			Glaucionitic – 1 mile lateral US\$70 WTI	Sunburst Conventional US\$70 WTI
RESOURCE	EUR – Oil & Liquids/Well	Mbbl	115	168
	EUR – Gas/Well	MMcf	325	306
	Total EUR	Mboe	168	222
	% Liquids (Oil & NGLs)	%	68%	77%
ECONOMICS	Avg. Royalty Rate	%	19%	19%
	CAPEX/Well	\$MM	C\$2.1	C\$1.2
	F&D	\$/boe	C\$12.5	C\$5.4
	BTAX IRR	%	90%	400%
	BTAX NPV10	\$MM	C\$1.9	C\$3.8
	P/I 10%	x	1.0	3.4
	Payout	months	14	6
	IP90 Oil (Wellhead)	bbl/d	155	135
	Netback (Year 1)	\$/boe	C\$40.5	C\$41
	Recycle Ratio	x	3.2	7.6
	Break-even to WTI	US\$/bbl	US\$45.5	US\$32

<sup>1</sup> The Sunburst type curve is based on the 22 wells Blackspur drilled that produced and the 2P Insite EUR from our YE 2020 evaluation – single leg on lease tie-in

The Glauc type curve is based on the representative industry wells to encompass a meaningful size including Blackspur drills – on lease tie-in

<sup>2</sup> Refer to the Reserve Evaluation – Blackspur Oil Corp. announcement dated 1 September 2021. 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.

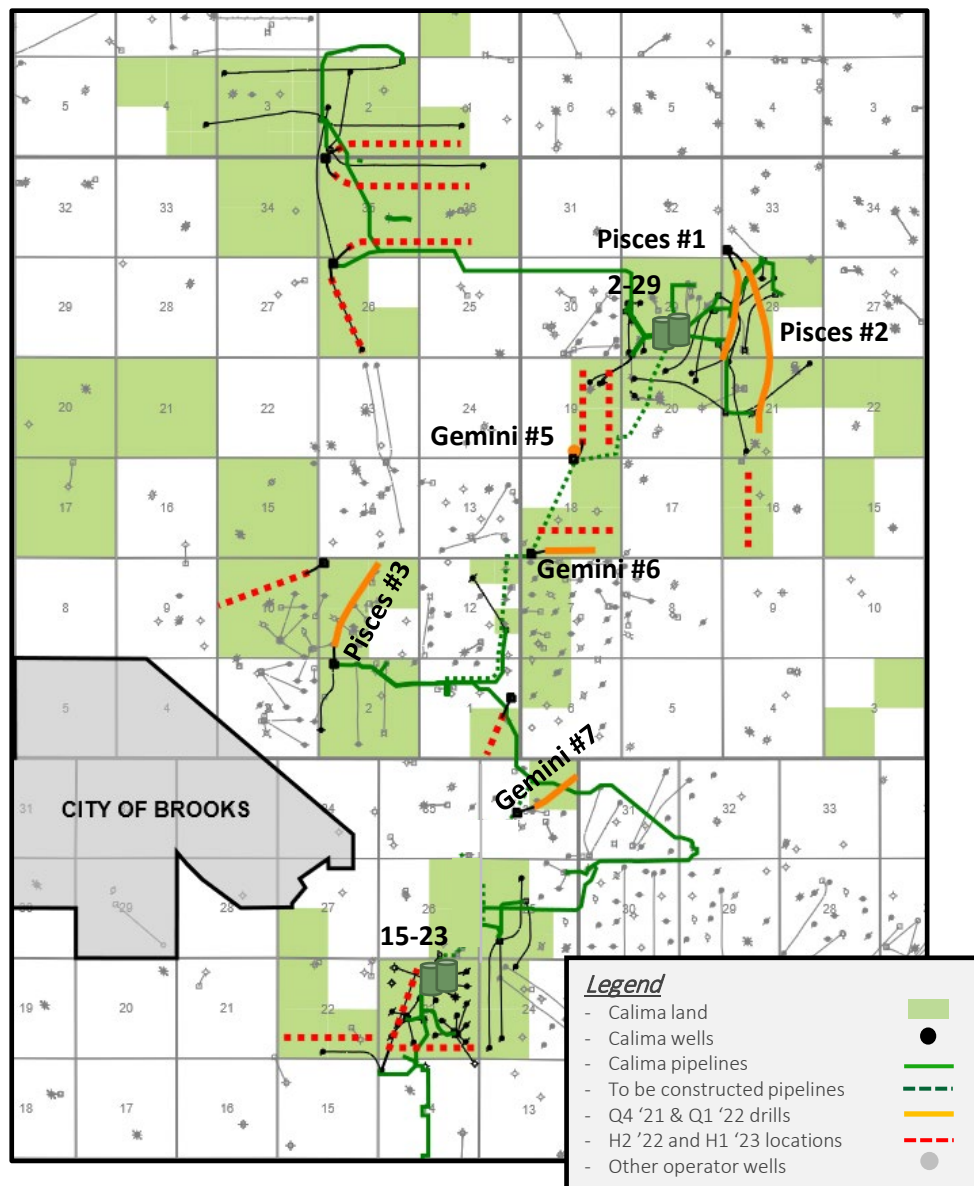
<sup>3</sup> Flat pricing: US\$70.00/bbl WTI, C\$2.50/GJ AEEO, US\$16.00/bbl WCS differential and 1.29 CAD/USD - capital updated to account for recent inflationary pressure

<sup>4</sup> 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 OPTIMIZATION PROJECT AND NEAR TERM DEVELOPMENT



## Overview

- Construct a key pipeline connecting Blackspur's 02-29 battery in the northern portion of Brooks asset to our wells, lands, and gathering system in the southern portion of the Company's asset base
- C\$4.3 million cost estimated cost of the pipeline is being financed through a strategic infrastructure and midstream company over a 7 year term at 12%. Can be terminated starting on the 3<sup>rd</sup> anniversary, subject to an early termination provision

## Economic Benefits

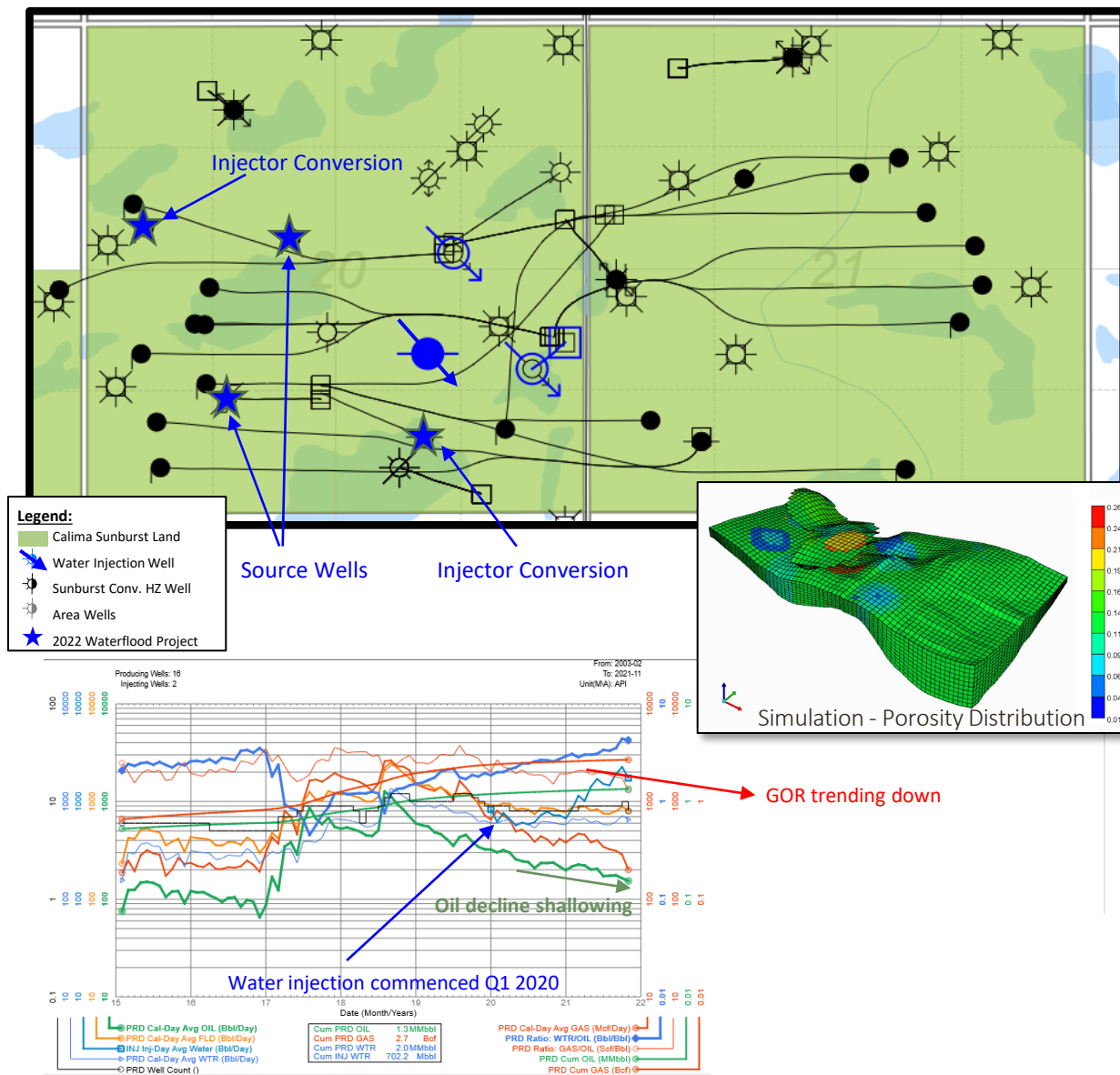
- Immediate displacement of C\$55,000 per month in emulsion hauling and equipment rental
- Will eliminate emulsion hauling for four wells already drilled in H1 2022 (Piscis #3, and Gemini #5-#7)
- Provides egress for multiple future drilling locations in the Sunburst and Glauconitic Formations
- Operating costs savings will provide a net immediate uplift to funds flow, provides capacity for growth, and further operating cost compression
- Economic benefits expected to be realised in 3rd party prepared reserve report, providing an increase in value to all reserve categories (PDP, 1P, 2P)
- Improved full cycle economics on the development of future drilling locations

## ESG Benefits

- Improvement of the Company's ESG score via the further displacement of hydrocarbon combusting vehicles that would otherwise be trucking produced emulsion, and enhanced safety and spill prevention profiles
- Reduced flare volumes of 400 tCO<sub>2</sub>e to 800 tCO<sub>2</sub>e for each new well tied-into the pipeline upon completion as opposed to the allowable flared volume under current regulations in Alberta, Canada



# BROOKS WATERFLOOD EXPANSION



## Overview – J2J Sunburst Oil Pool

- In-depth technical work completed including a classical reservoir study followed by a full field 3D reservoir simulation built to assess field optimization strategies
- Reservoir characteristics evaluated under simulation are indicative of a successful waterflood project
  - Management has extensive experience implementing and managing waterfloods
- Pilot waterflood and full battery buildout was completed in Q1 2020
  - Based on the initial results, waterflood expansion planned for 2022 with the goal of field wide waterflood development in 2023
- Ultimate recovery factor from primary production estimated at 14%, leaving significant recoverable reserves. Current recovery factor 5%
- Water injection into vertical wells can increase the recovery factor to ~25%

## Capital Plans and Economic Benefits

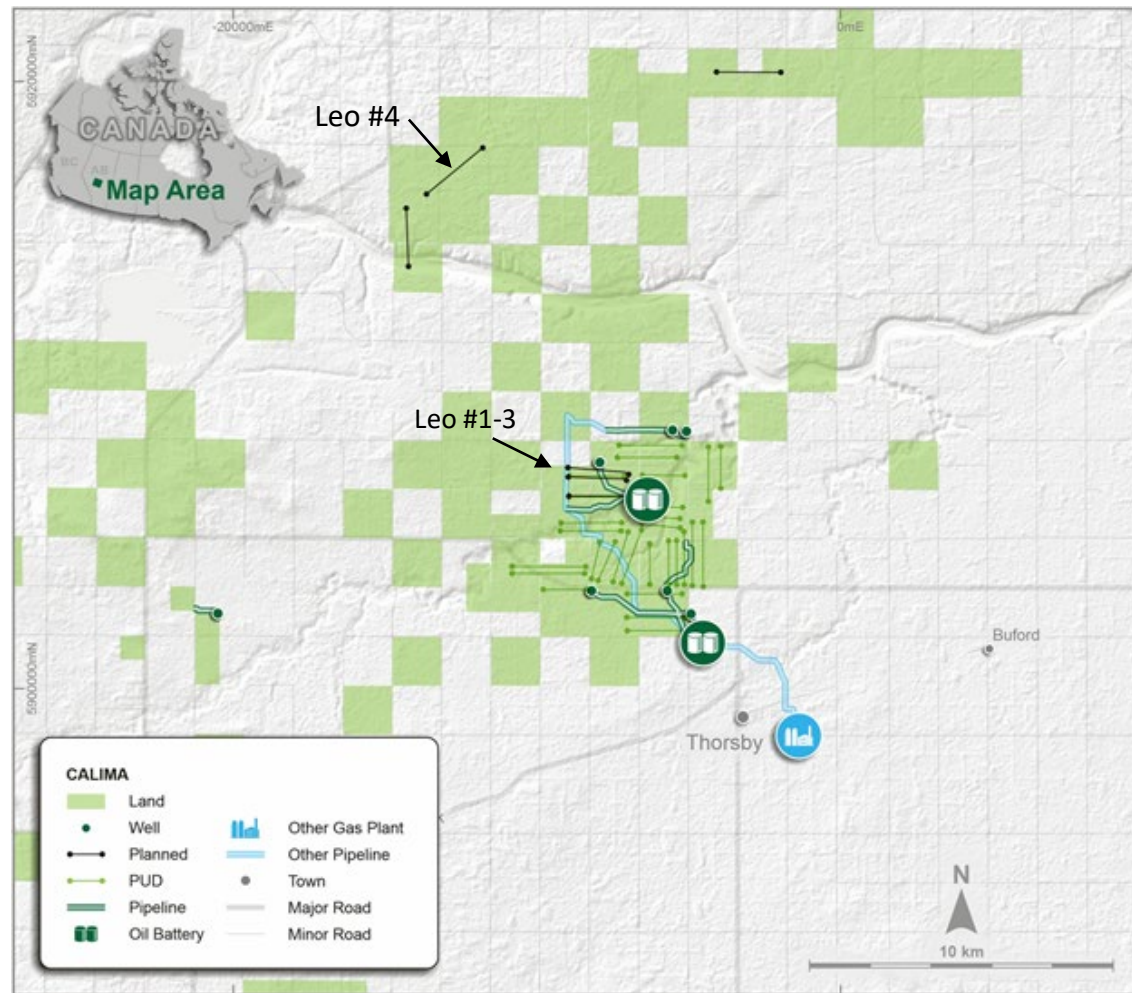
- Oil decline is shallowing and gas oil ratio (GOR) is trending down providing the first evidence of pilot waterflood success
- Current pilot includes 3 injectors, 2 water source wells, and an oil processing battery which reduced previous operating costs ~\$4/boe
- 2022 expansion includes 2 well conversions to water injectors, associated injection pipelines, and further water source development - C\$1.6 million
- OOIP estimated at 10 - 12 million barrels, estimated at ~2 million barrels of recoverable oil under full field development
- One injector and one horizontal producer to drill after 2022

# THORSBY

- Current production 1,850 boe/d (1/2/22)
- 3 Thorsby development wells were drilled in Q3 2021 and commenced flowback in mid November
- 1 (0.5 net) well drilled in North Thorsby January 2022
- ~98 net sections on ~62,900 net acres total
- 15 wells drilled since 2014
- Multi-well pads reduce overall capital costs
- 86 net Sparky; 12 net Nisku inventory identified with multiple pools to be delineated (27 booked Sparky locations)

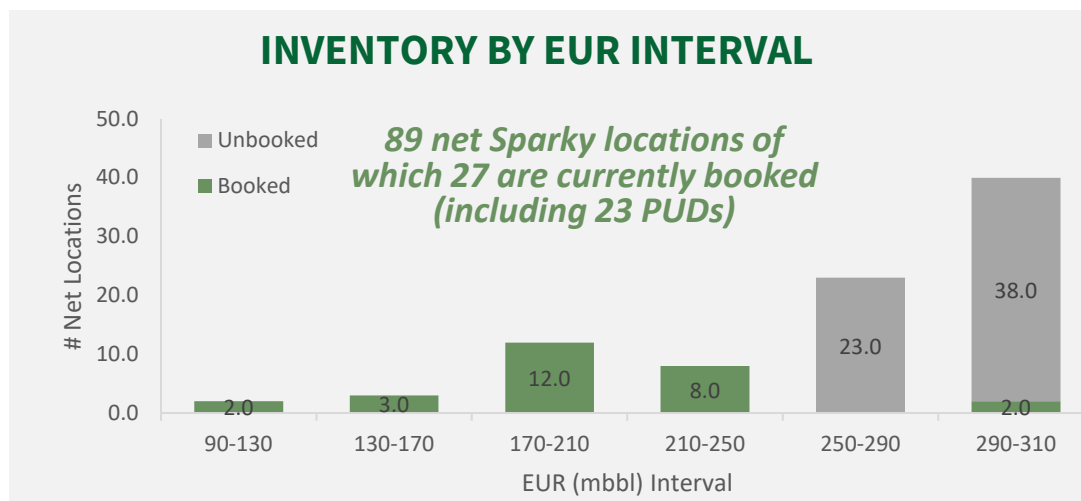
## RESERVES DETAIL (mmboe)<sup>1</sup>

PDP	1.6
Proved Undeveloped	6
Total 1P	7.6
Total 2P	10.6
Total 3P	12.8



# THORSBY

- Significant type curve outperformance by select wells in the Sparky Formation
- Additional opportunities with Nisku and Duvernay potential; offsetting results are supportive
- Upside potential by improving capital efficiencies and further scaling
- Low OPEX (including transportation) of ~C\$10-12/boe
- Working Interest: 100%
- Low area decline rate of ~15%



## THORSBY ECONOMICS<sup>1,2</sup>

Sources: Company disclosure, geoSCOUT

THORSBY ECONOMICS <sup>1,2</sup> <i>Sources: Company disclosure, geoSCOUT</i>			Sparky Type Curve Economics		
			Tier 1 (a) US\$70 WTI	Tier 2 (b) US\$70 WTI	Illustrative 40 T/Stage (c) US\$70 WTI
RESOURCE	EUR – Oil & Liquids/Well	Mbbl	318	283	360
	EUR – Gas/Well	MMcf	543	412	614
	Total EUR	Mboe	409	352	462
	% Liquids (Oil & NGLs)	%	78%	80%	78%
ECONOMICS	Avg. Royalty Rate	%	17%	17%	17%
	CAPEX/Well	\$MM	C\$2.5	C\$2.5	C\$3.2
	F&D	\$/boe	C\$6.10	\$7.10	\$6.90
	BTAX IRR	%	>500%	442%	>500%
	BTAX NPV10	\$MM	C\$7.8	C\$6.5	C\$9.0
	P/I 10%	x	3.1	2.6	2.8
	Payout	months	5	6	5
	IP90 Oil (Wellhead)	bbl/d	336	274	460
	Netback (Year 1)	\$/boe	C\$42.00	C\$43.50	C\$42.70
	Recycle Ratio	x	6.9	6.1	6.2
	Break-even to WTI	US\$/bbl	US\$34.00	US\$35.10	US\$33.22

<sup>1</sup> Refer to the Reserve Evaluation – Blackspur Oil Corp. announcement dated 1 September 2021. 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.

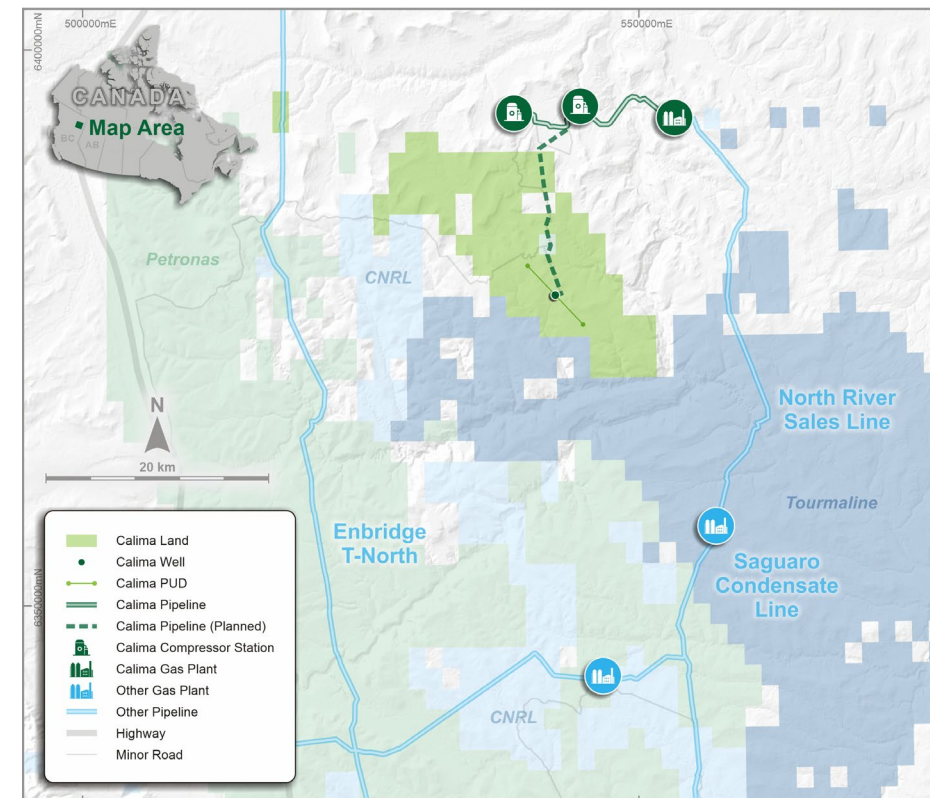
<sup>2</sup> Flat pricing: US\$70/bbl WTI, C\$2.50/GJ AEEO, US\$12/bbl WCS differential and 1.25 CAD/USD. Break-even prices include DCET and the point at which IRR is zero and it is no longer economic to drill that play type. They are calculated by sensitizing WTI while maintaining other price streams constant.

- a) 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.
- b) Tier 2 adds a third well with sand issues and downtime but still consistent with all the learnings in tier 1 (away from fault).
- c) The illustrative curve is based on increasing the frac size to 1 T/m, this increase in planned on future wells.



# CALIMA'S FOOTPRINT IN THE MONTNEY

- 100% interest in >33,643 acres of Montney drilling rights in BC, with 10-year continuation lease over 49 sections due to successful 2019 drilling campaign
- Owns Tommy Lakes facilities and pipeline infrastructure with replacement cost estimated at A\$85 million
- 'Development Ready' project:
  - Existing pipeline capacity of >11,000 boe/d = quick ramp up
  - BC Oil and Gas Commission ('OGC') provided approval to construct and operate a multi-well production facility
  - Permit granted to construct pipeline to connect the Calima well-pad with regional pipeline and processing infrastructure
- **192.1 MMboe (2C) resources<sup>1</sup>** (based on McDaniels & Associates best estimate gross unrisksed contingent resource)
- 2C resource elevated to Development Pending category; will be **recategorized as 2P Reserves** once funding secured<sup>1</sup>
- Estimated Ultimate Recovery (EUR) **8.4 Bcf** per well yields **~50 barrels per Mmcf** of high-value liquids

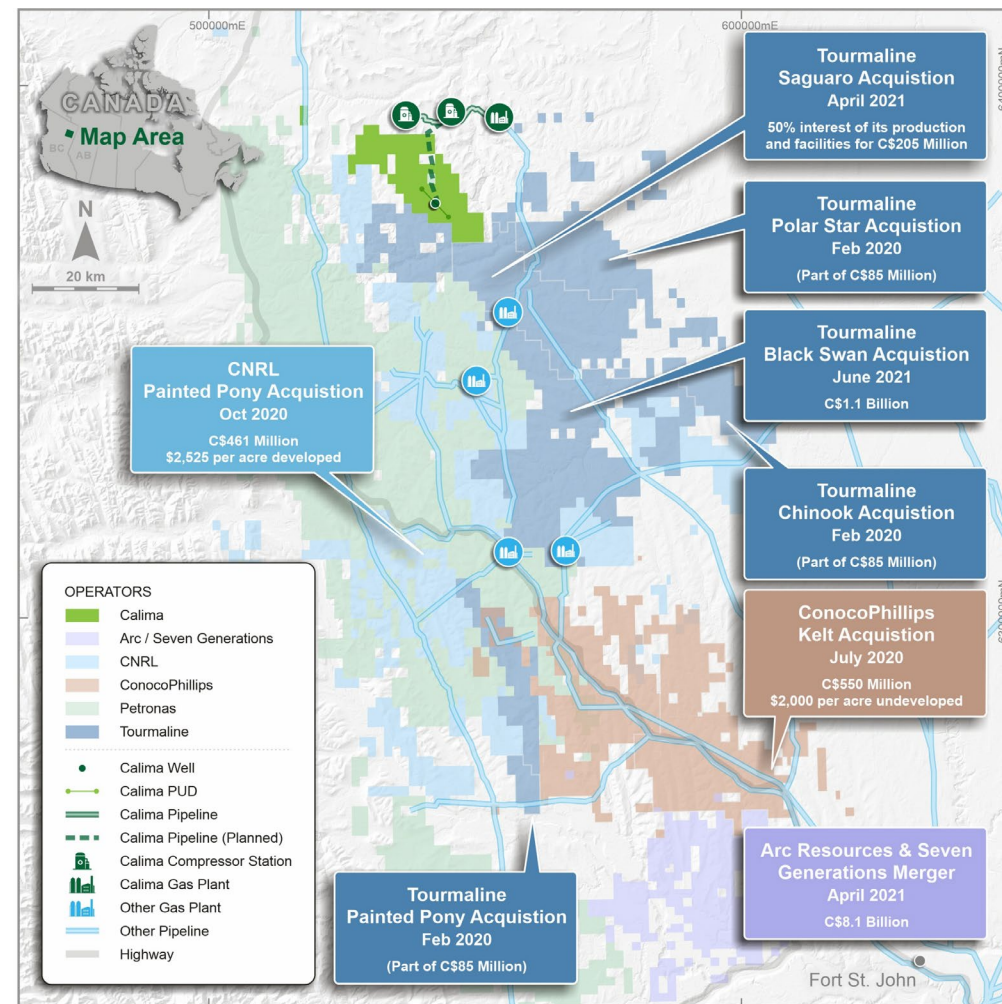


	Contingent Resource (2C)		
	Dev on hold	Dev Pending	Total Contingent
Natural Gas (mcf)	638,220	248,401	886,621
Total Liquids (mbbl)	31,997	12,442	44,339
Total BOE (Mbbl)	138,267	53,542	192,109

<sup>1</sup> McDaniel & Associates Reserve Report as announced on ASX on 30 April 2021.

# CALIMA – FUTURE DEVELOPMENT OPPORTUNITY

- Strategy to prepare for future development while **unlocking value** short term via joint ventures, partnerships or an asset transaction
- Montney remains a strategic source for oil & gas for Eastern Canada and the US market as evidenced with the recent wave of corporate activity including:
  - Cenovus sold Montney acreage and 3,200 boe/d for **C\$238 million**
  - Black Swan sold to Tourmaline for **C\$1.1 Billion**
  - Saguaro sold 50% interest in production and facilities to Tourmaline in the June Qtr 2021 for **\$205 million** (9,000 boe/d, 25% condensate/NGL's).
  - ARC Resources and Seven Generations Energy **C\$8.1 billion** merger
  - Canadian Natural Resources (CNRL) **C\$461 million** purchase of Painted Pony
  - ConocoPhillips **C\$550 million** purchase of Kelt asset package
  - Tourmaline's **C\$85 million** purchase of select acreage from Painted Pony, Polar Star and Chinook for **C\$85 million**



<sup>1</sup> McDaniel & Associates Reserve Report as announced on ASX on 30 April 2021.

<sup>2</sup> Subsequent to this report 2022 land expiries account for ~60% of the land base being lost and the associated locations and reserves will be removed in the YE2021 report. Total removals are 68 locations in both the upper and lower (136 total). Further detail will be provided when the evaluation is released. The majority of the land is associated with the prospective resource. Due to recent success in the area Calima expects to see positive reserve revisions to the remaining locations.





# CALIMA INVESTMENT SUMMARY

Quality **free-cash flowing assets**, low-leverage and significant exposure to rising oil and gas prices

## PRODUCTION

Continue development drilling to achieve **~4,500 boe/d<sup>1</sup>** in H1 2022,  
 Drilled 6 Brooks wells in Q1 '22;  
 Drilled 1 (0.5 net) Thorsby well in Q1 '22.  
 Additional development program to follow in H2 2022

## POSITION

**Maintain ~4,500 boe/d<sup>1</sup>** at Brooks and Thorsby thru H1 2022

FID or completion of a strategic transaction on Calima Montney lands and infrastructure

**Net debt** of \$nil by YE 2022 at \$US80 WTI



## GROWTH

Increase production to **~6,000 boe/d** through development drilling

Potential Montney production. **Existing infrastructure** allows for production of **up to 10,000 boe/d**

## ACQUIRE

**Acquire offsetting sections** through Crown and freehold leasing

Grow reserves in the Brooks and Thorsby areas with Mannville & Nisku targets

Execute on **strategic acquisitions**

The equity raise will improve on our ability to **quickly respond to rising energy prices** by accelerating drilling programs given our ability to convert wells from spud to on-stream in **30-60 days**

# Contact Us

For further information visit [www.calimaenergy.com](http://www.calimaenergy.com) or contact:

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The logo for CALIMA ENERGY. The word "CALIMA" is in a large, bold, green sans-serif font. Below it, the word "ENERGY" is in a smaller, bold, black sans-serif font. A thin horizontal line separates "CALIMA" from "ENERGY". The background of the logo area is a photograph of a mountain range under a blue sky with some clouds.

**CALIMA**  
**ENERGY**

# Appendices

**CALIMA**  
ENERGY



# KEY RISKS

This section sets out some key risks associated with any investment in Calima, which may affect the value of shares in Calima.

The risks set out are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Calima.

Before investing in Calima you should be aware that a number of risks and uncertainties, which are both specific to Calima and of a more general nature, may affect the future operating and financial performance of Calima and the value of the shares.

Before investing in the shares, you should carefully consider the risk factors and your personal circumstances. Potential investors should consider publicly available information on Calima (such as that available on the ASX website), and consult their stockbroker, solicitor, accountant or other professional advisor before making an investment decision.

## Material Business Risks

- The international scope of Calima's operations, the nature of the oil and gas industry and external economic factors mean that a range of factors may impact results. Material macro-economic risks that could impact the Company's results and performance include oil and gas commodity prices, exchange rates and global factors affecting capital markets and the availability of financing. Material business risks that could impact the Company's performance are described below. Calima updates the corporate risk register on a quarterly basis and maintains and regularly updates risk registers for key projects. Group risk is reviewed at all meetings of the board of directors.
- The market price of the securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for securities in general and oil and gas stocks in particular. These factors may cause the shares to trade at prices above or below the price at which the shares were acquired. Neither Calima nor the Directors warrant the future performance of Calima or any return on an investment in Calima.

## Technical and Operational Risk

- Oil and Gas exploration and production is speculative by nature and therefore carries a degree of risk associated with the discovery of hydrocarbons in commercial quantities. Exploration activity may be adversely influenced by a number of different factors including, amongst other things, new subsurface geological and geophysical data, drilling results including the presence, prevalence and composition of hydrocarbons, force majeure circumstances, drilling cost overruns for unforeseen subsurface operating conditions or unplanned events or equipment difficulties, changes to resource estimates, lack of availability of drill rigs, seismic vessels and other integral exploration equipment and services..
- In addition to the risks listed above, Calima's operations are potentially subject to other industry operating risks including but not limited to fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. The occurrence of any of these risks could result in substantial losses to Calima due to injury or loss of life; damage to or destruction of property, natural resources, or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may also give rise to claims against Calima.
- Calima manages operational risk through a variety of means including selecting suitably experienced qualified joint arrangement partners, contractors and operators, regular monitoring of the performance of contractors and operators in accordance with Calima's policies; recruitment and retention of appropriately qualified employees and contractors, establishment and use of Group-wide risk management systems. In addition, Calima has insurance programs in place and specific insurance policies in relation to drilling operations that are consistent with good industry practice.



# KEY RISKS (cont.)

Requirements to Raise Additional Funding	<ul style="list-style-type: none"> <li>Calima may be required to raise additional funds in the future, in respect of the Calima Lands development or otherwise. There is no guarantee that Calima will be able to raise such additional capital when it is required, or on terms satisfactory to Calima. If Calima is unsuccessful in obtaining funding when required, it may need to consider alternatives including reducing or selling its participating interest in the project</li> </ul>
Operational Risks	<ul style="list-style-type: none"> <li>Successful production operations are still subject to a range of risks and uncertainties. These risks and uncertainties in part relate to the estimated quantities of petroleum that may potentially be recovered. They also relate to the costs involved of asset development and subsequent production, which are subject to a range of qualifications, assumptions and limitations. They also relate to the timing of project development and subsequent production, which is subject to a range of factors many of which are not within Calima's control.</li> </ul>
Lead Manager	<ul style="list-style-type: none"> <li>Calima has entered into a Placement Agreement with Canaccord Genuity (Australia) Limited on the basis set out in this presentation.</li> <li>Canaccord Genuity (Australia) Limited has agreed to lead the Placement in accordance with agreed terms and conditions.</li> <li>The arrangements with the Lead Manager are on customary and usual terms for a transaction of this nature.</li> </ul>
Government and Regulator Risk	<ul style="list-style-type: none"> <li>Calima's rights, obligations and commercial arrangements through all stages of the oil and gas lifecycle (exploration, development, production) in international oil and gas permits are commonly defined in agreements entered into with the relevant country's Government as well as in the Country's petroleum and tax related legislation and other laws. These agreements and laws are at risk of amendment by a Government which accordingly could materially impact on Calima's rights and commercial arrangements adversely. Furthermore, due to the evolving nature of exploration work programs (as new technical data becomes available) and due to the fluctuating availability of petroleum equipment and services, Calima may seek to negotiate variations to permit agreements in particular in relation to the duration of the exploration phase in the permit and the work program commitments.</li> <li>Calima manages Government and Regulator risk through careful Government and Regulator relationship management. Failure to maintain mutually acceptable arrangements between Calima and Government and regulator could have a material impact on Calima's business including forfeit or relinquishment of permits or commercially less advantageous terms being imposed on permits.</li> <li>The renewal or extension of license or contract terms with the regulator in the countries in which the Company operates is an ongoing risk.</li> </ul>
Sovereign Risk	<ul style="list-style-type: none"> <li>Calima's strategy is focused on oil &amp; gas exploration and production in Canada. While a stable development country, at times there maybe some uncertainty as to the stability of the regulatory and political environment towards the energy sector and there is potential for events to have a material impact on the investment environment within the country. Calima manages sovereign risk by closely monitoring political developments and events in country. Calima also has a regional office in Calgary, Alberta, staffed to ensure close monitoring and feedback.</li> </ul>



# KEY RISKS (cont.)

## Environmental Risks

- Oil and gas operations have inherent risks and liabilities associated with ensuring operations are carried out in a manner that is responsible to the environment. Although Calima operates within the prevailing environmental laws and regulations, such laws and regulations are continually changing and as such, Calima could be subject to changing obligations or unanticipated environmental incidents that, as a result, could impact costs, provisions and other facets of Calima's operations.
- Calima aims to comply with all environmental laws and regulations and, where laws and regulations do not exist, it aims to operate at industry standard for environmental compliance. Calima seeks to identify risks, threats, hazards and other environmental considerations and implement control measures to mitigate such risks. Any accidents, incidents or near misses are reported to the Board. Careful selection and engagement of contractors is undertaken to ensure adherence to Calima's policies and appropriate contingency arrangements are put in place which include but are not limited to having insurances in place that are consistent with good industry practice; and, selection and retention of appropriately qualified personnel.

## Climate Change Risks

- Calima considers that oil and gas will remain a large part of the global energy mix into the future and recognises its responsibility to support national greenhouse gas emissions reduction initiatives where it can. Calima supports the Canadian government in their efforts to take action on these emissions whilst maintaining a secure and affordable energy supply during a transition to a lower emissions future. Calima acknowledges its own responsibilities in this context and its commitment to be part of a combined approach of a reduction in greenhouse gas emissions, including the application of its own technologies such as H<sub>2</sub>Sweet. Calima's greenhouse gas emissions are currently negligible. Accordingly, there is limited scope to reduce these further at present. At the same time, Calima undertakes prudent, practical and cost-effective actions to be energy efficient to support emission reductions.
- Calima intends to monitor climate change matters as it increases oil or gas production in order to assess whether such matters might become a material risk. This will continue as Paris Agreement climate change commitments from various organisations throughout the world evolve and technology advances. Calima recognises that the climate change landscape continues to evolve and commits to regularly reviewing and updating its climate change policy in order to consider ongoing developments, including regulatory developments, community expectations and peer approaches to climate change.

## COVID-19 Risk

- Uncertainties of COVID-19 impacts on operational processes at times can put a strain on operational risks. Calima seeks to manage these risks with additional operational support when required.





# INTERNATIONAL SELLING RESTRICTIONS

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## Canada

- This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are "accredited investors" within the meaning of National Instrument 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.
- No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence.
- No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.
- The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.
- Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.
- *Statutory rights of action for damages and rescission.* Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.
- *Certain Canadian income tax considerations.* Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.
- *Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

## Germany

- This document has not been, and will not be, registered with or approved by any securities regulator in Germany or elsewhere in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in Germany except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").
- In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in Germany is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).



# INTERNATIONAL SELLING RESTRICTIONS

## Hong Kong

- WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).
- No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.
- The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## New Zealand

- This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:
  - is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
  - meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
  - is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
  - is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
  - is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.



# INTERNATIONAL SELLING RESTRICTIONS

## United Kingdom

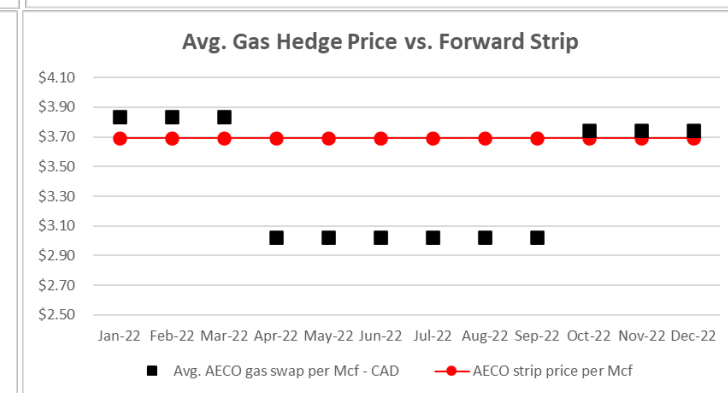
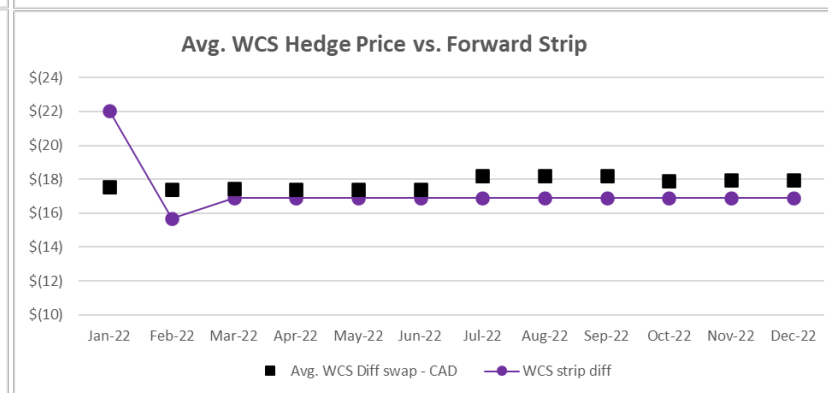
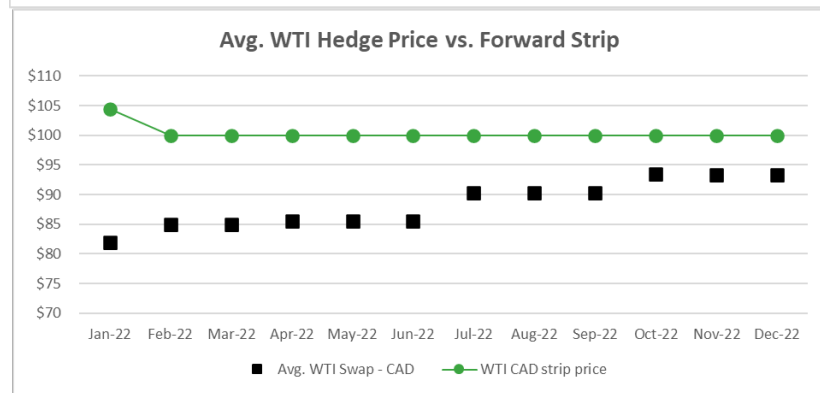
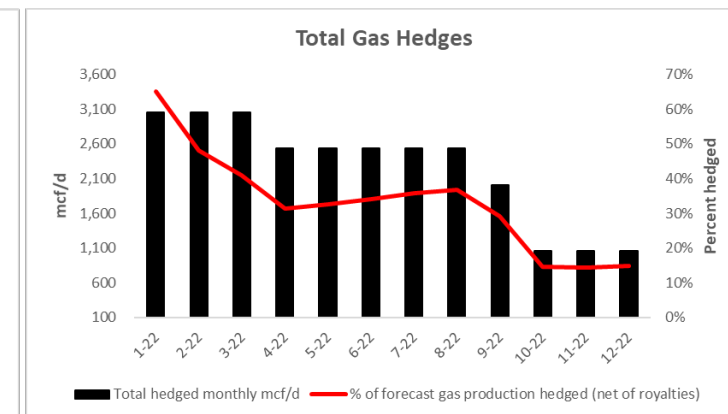
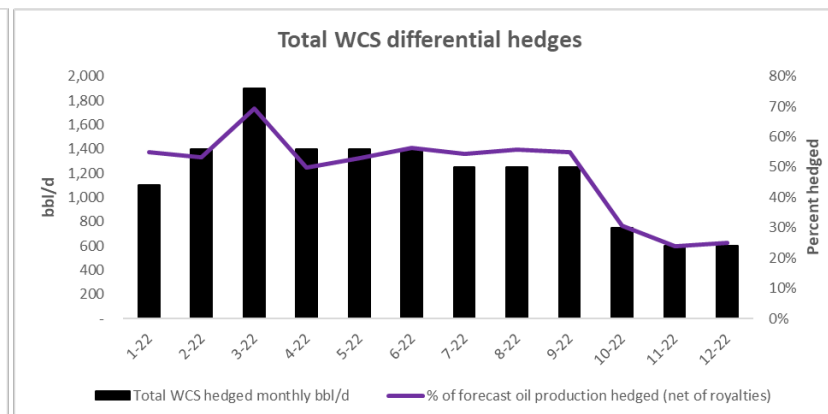
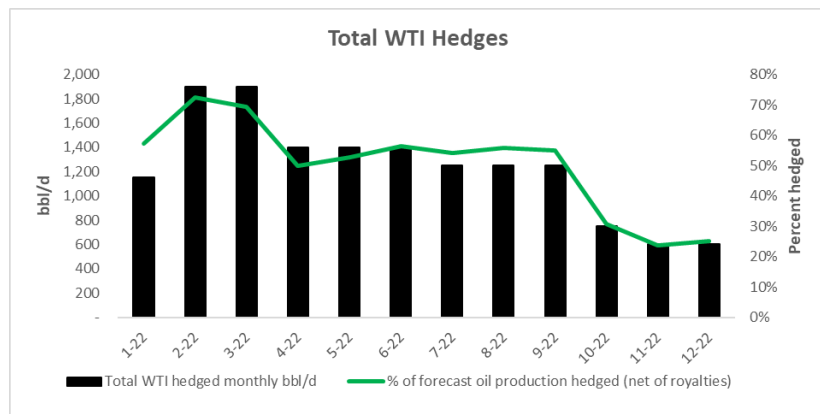
- Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.
- The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.
- Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21 (1) of the FSMA does not apply to the Company.
- In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

## United States

- This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.
- The New Shares will only be offered and sold in the United States to:
  - i. institutional accredited investors (within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) and (12) under the US Securities Act); and
  - ii. dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.



# ROBUST HEDGE POSITION TO MITIGATE DOWNSIDE PRICE EXPOSURE



2022 hedge position	Gross hedge volume	Hedge volume per day (365 day average)	Average price	Units
WTI (bbl/d)	440,800	1,208	81.68	C\$/bbl
WCS basis (bbl/d)	429,800	1,178	(17.07)	C\$/bbl
AECO (gj/d)	792,200	2,170	3.20	C\$/GJ



# COMMITMENT TO ESG

## ENVIRONMENT

### GHG Emissions



Strive to minimize fuel, flare and vent emissions from the Company's oil and gas facilities. To also reduce truck traffic and other sources of GHG emissions that occur in respect of our operations



### Asset Retirement Obligations



Strive to reclaim and remediate the Company's inactive or abandoned oil and gas facilities in a timely manner and in accordance with regulatory requirements.

### Spill Prevention & Reporting



Strive to prevent and minimize the volume of hydrocarbon release on surface and to protect the environments surrounding our oil and gas facilities.



## SOCIAL

### Safe Operations



Strive to prevent workplace injuries, reduce the risks associated with dangerous worksites and empower service providers to recognize and reject any unsafe working conditions.

### Community & Stakeholders



Strive to engage and support our local communities and minimize the impact of our oil and natural gas activities on our neighboring stakeholders. Always be a good corporate citizen and do the right thing



## GOVERNANCE

### Corporate Governance & Policies



Strive to establish and maintain strong corporate policies which promotes employees to act ethically, act responsibly and do the right thing. To promote the pursuit of corporate initiatives that enhances both shareholder value and ESG performance.



# 2022

*Calima to publish annual sustainability report*



# CREDIT FACILITY TERMS

Terms	Revolving Credit Facility
Facility Size	<ul style="list-style-type: none"> <li>C\$27 million</li> </ul>
Provider	<ul style="list-style-type: none"> <li>National Bank of Canada</li> </ul>
Interest Rate*	<ul style="list-style-type: none"> <li>Refer to interest pricing grid</li> </ul>
Tenor	<ul style="list-style-type: none"> <li>No expiry, semi-annual review</li> </ul>
Security	<ul style="list-style-type: none"> <li>C\$150,000,000 demand debenture, parent Guarantee</li> </ul>
Financial Covenants	<ul style="list-style-type: none"> <li>Net Debt to Cash Flow</li> <li>Adjusted Working Capital Ratio &gt; 1.0x</li> </ul>
Negative Covenants	<ul style="list-style-type: none"> <li>Strict prohibition on any non-permitted senior, pari passu, or junior debt and lien incurrence</li> </ul>

\* Calima current effective interest rate is ~4%-5%

Interest Pricing Grid

Net Debt / Cash Flow	Canada Prime Rate + basis points per below	Banker's Acceptance + basis points per below	Standby fees
≤ 1.0x	150	275	20
> 1.0x - ≤ 1.5x	175	300	25
> 1.5x - ≤ 2.0x	200	325	30
> 2.0x - ≤ 2.5x	250	375	35
> 2.5x - ≤ 3.0x	300	425	40
> 3.0x	350	475	45





# GLOSSARY

Abbreviation	Description
WI	Working Interest
C	Contingent Resources – 1C/2C/3C – low/most likely/high
NRI	Net Revenue Interest (after royalty)
Net	Working Interest after Deduction of Royalty Interests
NPV (10)	Net Present Value (discount rate), before income tax
EUR	Estimated Ultimate Recovery per well
WTI	West Texas Intermediate Oil Benchmark Price
WCS	Western Canadian Select Oil Benchmark Price
PDP	Proved Developed Producing
PUD	Proved Undeveloped
1P or TP	Total Proved
2P or TPP	Total Proved plus Probable Reserves
3P	Total Proved plus Probable plus Possible Reserves
EBITDA	Earnings before interest, tax, depreciation, depletion and amortization
Net Acres	Working Interest
IP24	The peak oil production rate over 24 hours of production
IP30/90	The average oil production rate over the first 30/90 days of production

Abbreviation	Description
B	Prefix – Billions
MM	Prefix - Millions
M	Prefix - Thousands
/d	Suffix – per day
bbl	Barrel of Oil
boe	Barrel of Oil Equivalent (1bbl = 6 mscf)
scf	Standard Cubic Foot of Gas
Bcf	Billion Standard Cubic Foot of Gas
tCO <sub>2</sub>	Tonnes of Carbon Dioxide
OCF	Operating Cash Flow, ex Capex
E	Estimate
YE	Year End 31 December
CY	Calendar Year
LMR	Liability Management Ratio



# GLOSSARY

Terms	Description
Adjusted EBITDA	Adjusted EBITDA is calculated as net income (loss) before interest and financing expenses, income taxes, depletion, depreciation and amortisation, and adjusted to exclude certain non-cash, extraordinary and non-recurring items primarily relating to bargain purchase gains, gains and losses on financial instruments, transaction and advisory costs and impairment losses. Calima utilises adjusted EBITDA as a measure of operational performance and cash flow generating capability. Adjusted EBITDA impacts the level and extent of funding for capital projects investments or returning capital to shareholders.
ARO / Asset Retirement Obligation	the process of permanently closing and relinquishing a well by using cement to create plugs at specific intervals within a well bore.
CO2e:	carbon dioxide equivalent
Conventional Well:	a well that produces gas or oil from a conventional underground reservoir or formation, typically without the need for horizontal drilling or modern completion techniques
Compression:	a device or facility located along a natural gas pipeline that raises the pressure of the natural gas flowing in the pipeline, which in turn compresses the natural gas, thereby both increasing the effective capacity of the pipeline and allowing the natural gas to travel longer distances
Corporate Decline:	consolidated, average rate decline for net production from the Company's assets
Exit Production	Exit production is defined as the average daily volume on the last week of the period
Operating Netback	Oil and gas sales net of royalties, transportation and operating expenses
Financial Hedge:	a financial arrangement which allows the Company to protect against adverse commodity price movements, the gains or losses of which flow through the Company's derivative settlements on its financial statements
Free Cash Flow (FCF):	represents Hedged Adjusted EBITDA less recurring capital expenditures, asset retirement costs and cash interest expense
Free Cash Flow Yield:	represents free cash flow as a percentage of the Company's total market capitalisation at a certain point in time
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
Gathering & Compression (G&C):	owned midstream expenses; the costs incurred to transport hydrocarbons across owned midstream assets
Gathering & Transportation (G&T):	third-party gathering and transportation expense; the cost incurred to transport hydrocarbons across third-party midstream assets
G&A:	general and administrative expenses; may be represented by recurring expenses or non-recurring expense
Hyperbolic Decline:	non-exponential with subtle multiple decline rates; hyperbolic curves decline faster early in the life of the well and slower as time increases
LOE:	lease operating expense, including base LOE, production taxes and gathering & transportation expense
Midstream:	a segment of the oil and gas industry that focuses on the processing, storing, transporting and marketing of oil, natural gas, and natural gas liquids