CALIMA ENERGY LIMITED
ABN 17 117 227 086
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

CORPORATE INFORMATION

Directors & Officers	**Name** Glenn Whiddon Karl DeMong Mark Freeman Johnathon Busing	**Title** Chairman Non-Executive Director Finance Director Company Secretary
Registered Office	**Perth, Australia** **(Corporate headquarters)** Unit 103, 28 Station Street, Cottesloe Australia 6011	
Contact information	Telephone: +61 (0) 8 6500 3270 Facsimile: +61 (0) 8 6500 3275 Email: info@calimaenergy.com Website: www.calimaenergy.com	
Auditor	BDO Audit Pty Ltd Level 9 Mia Yellagonga Tower 2 5 Spring Street PERTH WA 6000	
Bankers	**Australian Bankers** National Australia Bank Level 14, 100 St Georges Terrace Perth WA 6000	
Share registry	**Computershare Investor Services Pty Ltd** Level 11, 172 St. Georges Terrace, Perth WA 6000 Telephone: +61 (0) 8 9323 2000 Facsimile: +61 (0) 8 9323 2033	

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HIGHLIGHTS
For the year ended 31 December 2024

HIGHLIGHTS FOR THE COMPANY DURING THE 2024 FINANCIAL YEAR WERE:

- **$81.1 Million Cash Sale of Blackspur Oil Corp** – On 5 January 2024, the Company announced a binding definitive agreement with Astara Energy Corp., **to sell 100%** of its ownership in **Blackspur Oil Corp.** The sale settled on 23rd February 2024 with net cash consideration of ~A$81.1 million (post all estimated tax liabilities and foreign exchange movements).

- **$80 million (12.63c p/sh) returned to shareholders** – On 21 June 2024 shareholders received 12.63 cents per share capital return with a total of $80 million returned to shareholders.

- **ATO Ruling** – the Commissioner of Taxation has issued a Class Ruling consistent with the recent capital return. The ATO have released their tax ruling here: www.ato.gov.au/law/view/document?docid=CLR/CR202437/NAT/ATO/00001.

- **Shareholder Buy Backs:** – the Completed an unmarketable buy back and share buyback between September to December 2024 resulting in the Company acquiring and cancelling a totalling 178,996,128 shares at $0.0083373 per share. Total cost was $1.49m.

- **$1.3 Million Cash Sale of Calima Energy Inc** – On 10 September 2024, the Company announced a binding definitive agreement t**o sell 100%** of its ownership in **Calima Energy Inc.** The transaction settled in October 2024.

- **Over the last 2 years** the Company has returned over **$90 million** as capital returns and over $2 million in buybacks. Subject to shareholder approval on 1 April 2025 the Company will undertake an $5.4m capital return bringing total distributions and buy-backs to **~$97.5 million**.

CHAIRMAN'S LETTER
For the year ended 31 December 2024

Dear Shareholders,

It is with great pleasure that I present to you the Annual Report for Calima Energy Limited for the financial year ended 31 December 2024. This year marks a pivotal moment in the Company's journey, one defined by significant progress and transformative decisions aimed at delivering value to our shareholders.

Strategic Transactions and Value Delivery
2024 has been a year of meaningful milestones for Calima Energy. Following many years of investment and operations in Canada, we successfully executed our strategy to unlock and realize the intrinsic value of our Canadian assets that was not reflected in our share price.

On **5 January 2024**, we announced a binding definitive agreement with Astara Energy Corp. for the sale of 100% of our ownership in Blackspur Oil Corp. This transaction settled on **23 February 2024**, delivering **net cash proceeds of approximately A$81.1 million**, post-tax liabilities and foreign exchange movements. This follows our earlier divestment of the Montney gas condensate acreage in North-East British Columbia in **July 2023**.

Further, in **September 2024**, we announced the sale of Calima Energy Inc. for **A$1.3 million,** which settled in October 2024.

Returning Value to Shareholders
We remain deeply committed to maximizing shareholder value, and I am pleased to report that we distributed **A$80 million** in **June 2024** through a **12.63 cents per share capital return**. Additionally, between September and December 2024, we completed share buybacks totalling **178,996,128 shares** at an average price of **A$0.0083373 per share**, amounting to **A$1.49 million**.

In total, over the past two years, we have returned **A$91.5 million** to our shareholders—a remarkable testament to our unwavering focus on delivering tangible benefits to those who have supported us.

Taxation Clarity
The Australian Taxation Office (ATO) issued a Class Ruling consistent with our recent capital return. This ruling provides clarity and assurance to our shareholders regarding the tax treatment of these distributions. The ruling can be accessed on the ATO website: www.ato.gov.au/law/view/document?docid=CLR/CR202437/NAT/ATO/00001.

Looking Ahead
As we turn the page to the next chapter, we will continue to pursue investment opportunities that align with our strategic vision. With ~$7 million in net working capital the Board has resolved, subject to shareholders approval, to proceed with an additional capital return **of 1.2c per share (~$5.45 million) in April 2025**. Post-distributions, the Company will continue to focus on identifying new investment opportunities.

Acknowledgements
I would like to extend my heartfelt gratitude to all our stakeholders, including our employees, contractors, advisors, and the communities we have worked with over the years, particularly in Canada. Your efforts and contributions have been instrumental in our success.

To our shareholders, thank you for your continued trust and support. As we navigate this exciting phase of transformation, we remain steadfast in our commitment to delivering exceptional outcomes for you.

Thank you for being part of this journey.

Yours sincerely,

Glenn Whiddon
Chairman

ABOUT CALIMA ENERGY LIMITED

Following the sale of Blackspur Oil Corp and the Montney Assets and Calima Energy with the Paradise Field, the Company's focus has shifted to assessing new oil and gas project opportunities. The Company is dedicated to responsible corporate practices, and places high value on adhering to strong Environmental, Social and Governance ("ESG") principles.

OPERATIONAL AND FINANCIAL RESULTS
For the year ended 31 December 2024

Adjusted EBITDA

		Year ended 31 December 2024		Year ended 31 December 2023[2]
Oil and natural gas sales	$	-	$	93,366,740
Royalties		-		(19,246,026)
Operating and transportation expenses		-		(31,622,546)
General and administrative expenses		(1,393,220)		(8,932,519)
Adjusted EBITDA[1]	$	(1,393,220)	$	33,565,649

(1) Refer to Advisories and Guidance on page 43 for additional information regarding the Company's GAAP and non-GAAP measures.
(2) Included Discontinued operations in year ended December 31, 2023. If presenting only continued operations, adjusted EBITA was ($1,544,603).

Net income (loss)

For the year ended		Year ended 31 December 2024		Year ended 31 December 2023
Adjusted EBITDA [1]	$	(1,393,220)	$	33,564,899
Financing and interest		(5,395)		(1,296,356)
Interest income		1,406,109		-
Deferred income tax (expense) recovery		-		(2,104,389)
Depletion and depreciation		(20,833)		(21,538,490)
Impairment loss		-		(48,332,966)
Loss on equity investment		-		(4,167)
Realised loss on risk management contracts		-		(623,334)
Unrealised gain on risk management contracts		-		1,691,105
Share-based compensation		77,574		(2,743,165)
Foreign exchange and other		(118,140)		(7,809)
Net income (loss)	$	(209,053)	$	(41,394,672)

(1) Refer to Advisories and Guidance on page 43 for additional information regarding the Company's GAAP and non-GAAP measures.

Reserves update

During the year the Company disposed of all of its producing/exploration assets and accordingly no reserves exist.

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.

OUTLOOK

Calima confirmed the sale of Blackspur Oil Corp. to Astara Energy Corp for $81.6 million received, the sale of Calima Energy Inc to Aldon Energy for $1.3 million and the buy-back of 178,996,128 shares at $0.0083373 per share for a total of $1,492,345. The Company completed a capital return of A$80 million from the Blackspur Sale to Calima shareholders and following receipt of a private ATO tax ruling. The Company has net working capital of $7.1 million as at 31 December 2024 and is focused on (new project acquisition / or capital return).

DIRECTORS' REPORT

For the year ended 31 December 2024

The Directors of Calima Energy Limited ("**Calima**" or the "**Company**") are pleased to present the Directors' Report for the year ended 31 December 2024. This Director's Report primarily includes the financial results of Calima and its two wholly owned Canadian subsidiaries, Blackspur Oil Corp. ("Blackspur") and Calima Energy Inc. (collectively, the "Calima Group"). Dollar figures are expressed in Australian currency unless otherwise indicated.

Principal activities

Calima is an energy company pursuing the exploration and development of oil and natural gas.

Significant changes in state of affairs

During the year ended 31 December 2024, the following significant changes in the entity's state of affairs occurred:

- on 26 March 2024, 7,360,000 shares were issued upon the exercise of 7,360,000 Performance Rights to management and employees of Blackpur Oil Corp pursuant to the Employee Share Plan.
- On 30 April 2024, 2,500,000 unlisted options expired.
- on 14 June 2024, 355,250 shares were issued upon the exercise of 355,250 Performance Rights to management and employees pursuant to the Employee Share Plan.
- On 2 September 2024 the Company completed its unmarketable parcel buy back for a total of 14,365,781 shares with ~$119,772 returned to those shareholders.
- On 3 October 2024 the Company completed its stage 1 equal access buy back for a total of 46,909,296 shares with ~$391,097 returned to those shareholders.
- On 11 December 2024 the Company completed its stage 2 equal access buy back for a total of 117,721,051 shares with ~$981,476 returned to those shareholders.
- On 10 September 2024, the Company announced a binding definitive agreement to **sell 100%** of its ownership in **Calima Energy Inc.** The sale is closed on October 22, 2024.
- On 31 December 2024, 2,500,000 performance class C securities were relinquished and cancelled.

Operational and financial results

The operational and financial results for the year ended 31 December 2024 have been presented on pages 4 through 5.

Principal Risks Affecting the Group

Calima's management team is focused on long-term strategic planning and has identified the key risks, uncertainties and opportunities associated with the Company's business that can impact the financial results. They include, but are not limited to, the items listed below.

Acquisitions

The price paid for acquisitions is based on engineering and economic estimates of the potential reserves made by independent engineers modified to reflect the technical views of Management. These assessments include a number of material assumptions regarding such factors as recoverability and marketability of oil, natural gas, and NGLs, future prices of oil, natural gas and NGLs, and operating costs, future capital expenditures and royalties and other government levies that will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of Management. In particular, changes in the prices of and markets for oil, natural gas and NGLs from those anticipated at the time of making such assessments will affect the value of Calima. In addition, all such estimates involve a measure of geological and engineering uncertainty that could result in lower production and reserves. Actual reserves could vary materially from these estimates.

Variations in Foreign Exchange Rates and Interest Rates
World commodity prices are quoted in United States dollars. Prior to the sale of BSO and Calima Energy Inc, the Company revenue, expenses and capital costs were materially affected by movements in the United States dollar exchange rate. Moving forward the Company may acquire a new project offshore whose acquisition cost and capital development will be affected by material increases and reductions in FX.

Third Party Credit Risk
Calima assumes customer credit risk associated with oil and gas sales, financial risk management contracts and joint venture participants. In the event that Calima's counterparties default on payments to Calima, cash flows will be impacted. A diversified customer base is maintained and exposure to individual entities is reviewed on a regular basis.

ENVIRONMENTAL RISKS

General Risks
All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. The Company conducts its operations with high standards in order to protect the environment, its employees and consultants, and the general public. Although Calima believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on Calima's business, financial condition, results of operations and prospects.

There remains a great deal of uncertainty as to what regulatory measures will be developed by the provinces or in concert with the federal government to address the decommissioning liabilities and environmental liabilities in the future. In addition, the provincial and/or federal government decisions has had an impact and is expected to continue to have an impact on how much credit lenders are willing to provide to oil and gas companies. This could impact Calima's ability to obtain financing on acceptable terms and the willingness of the Company's lenders to continue to provide credit to the Company.

Climate Change Risks
Our exploration and production facilities and other operations and activities emit greenhouse gasses ("GHG") which may require us to comply with federal and/or provincial GHG emissions legislation. Climate change policy is evolving at regional, national, and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate our effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on our business, financial condition, results of operations and prospects. Some of our significant facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. In addition, climate change has been linked to long-term shifts in climate patterns and extreme weather conditions both of which pose the risk of causing operational difficulties.

PROJECT RISKS
Calima is set to acquire new projects. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. Calima's ability to execute projects and market oil depends upon numerous factors beyond the Company's control, including:

- commodity prices and oil differentials;
- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling and hydraulic fracturing, or Calima's ability to dispose of water used or removed from strata at a reasonable cost and within applicable environmental regulations;
- the supply of and demand for oil;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;

- accidental events;
- currency fluctuations;
- changes in regulations;
- the availability and productivity of skilled labour; and
- the regulation of the oil industry by various levels of government and governmental agencies.

Because of these factors, Calima could be unable to execute projects on time, on budget, or at all, and may be unable to market the oil that the Company produces.

CYBER-SECURITY

The Company employs and depends upon information technology systems to conduct its business. These systems have the potential to introduce information security risks, which are growing in both complexity and frequency and could include potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of Calima’s information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to our business activities or our competitive position. Further, disruption of critical information technology services, or breaches of information security, could have a negative effect on the Company's assets, performance and earnings, as well as on the Company's reputation. The significance of any such event is difficult to quantify but may in certain circumstances be material and could have a material adverse effect on the Company’s business, financial condition and results of operations.

Environmental regulation and performance

The Calima Group’s operations were subject to Canadian Federal and Provincial environmental regulations. These regulations govern the Company’s exploration, development and production of oil and gas reserves in the Western Canadian Sedimentary Basin. The regulations include, among other things, standards for emissions management, hydrocarbon handling and spill response as well as reclamation and abandonment requirements. Compliance with applicable standards is addressed through regular monitoring by the Company and through external audits conducted by regulatory authorities and consultants of Calima. There were no significant breaches of environmental regulations during the year ended 31 December 2024.

Events after the reporting period

The following events occurred subsequent to the year ended 31 December 2024:

- The Company has lodged a notice of meeting to approve a capital return of 1.2 cents per share (~$5.45 million) anticipated to be paid in mid-April 2025

Since the year ended 31 December 2024, the Directors are not aware of any other matter or circumstance that has significantly or may significantly affect the operations of the Company that has not already been disclosed in this Annual Report.

Likely developments and expected results

For 2025, the Calima Group is looking for new project acquisitions.

Dividends

No dividend has been paid or declared by the Company to shareholders since the end of the financial year. The Company may elect to pay future dividends during financial periods when it is considered appropriate to do so.

Stock options and performance rights

Equity compensation arrangements As at 31 December 2024	Number of unit holders	Number of unlisted units (thousands)	Date of expiry
Unlisted options – exercisable at $0.1838 per share (employees)	**15**	**7,827**	**May 2026**
Unlisted options – exercisable at $0. 1838 per share (employees)	**3**	**612**	**Jan 2027**
Unlisted options – exercisable at $0.1438 per share (service provider-fully vested)	**1**	**1,500**	**Oct 2025**
Class F Performance rights – 2022 grant	**3**	**152**	**Jun 2026**

Additional details regarding the Company’s outstanding unlisted options and performance rights are included in the remuneration section of the Director’s report and in the consolidated financial statements for the year ended 31 December 2024.

Indemnification of officers and insurance

The Calima Group has indemnified Directors and certain officers against any claims and related expenses which arise because of work completed in their respective capabilities. The Group has also paid premiums in respect of a contract insuring all the Directors and Officers of Calima Energy Limited against costs incurred in defending proceedings except for conduct involving a wilful breach of duty or a contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001. The total amount of insurance contract premiums paid in the year was $119,437 (2023: $196,904).

Directors and Key Management Personnel ("KMP")

The names of the Directors of Calima in office during the financial year were:

Glenn Whiddon **BCom** **Executive Chairman**	Mr Whiddon has an extensive background in equity capital markets, banking and corporate advisory, with a specific focus on natural resources. Mr. Whiddon holds a degree in Economics and has extensive corporate and management experience. He is currently Director of a number of Australian and international public listed companies in the resources sector. Mr. Whiddon was formerly Executive Chairman, Chief Executive Officer and President of Grove Energy Limited, a European and Mediterranean oil and gas exploration and development company.	**Appointed 2 June 2015** **Interest in Securities at 31 Dec. 2024** ▪ Direct shares 3,755,842 ▪ Indirect shares (1) 28,659,142 ▪ Performance rights (unvested) 60,000 **Other directorships held in listed entities over the last 3 years** ▪ Minrex Resources Ltd - since June 2023 ▪ Caprice Resources Limited – since January 2024 ▪ Carbine Resources Ltd – since August 2023
Karl DeMong **BSc (Mechanical Engineering)** **Executive Director**	Karl is a Canadian oil and gas engineer based in Calgary. He is an experienced technical advisor in unconventional and conventional fields both domestic (in the Brooks and Thorsby areas) and international. He holds several patents in surface and downhole oil and gas technologies. Mr. DeMong's prior roles include Apache Corporation, QuickSilver Resources Canada, Inc, Quantum Reservoir Impact, Sabretooth Energy and Halliburton Drilling Services.	Appointed 1 April 2022 and on 27 July 2023, Karl DeMong was appointed as President & CEO of Blackspur Oil Corp and resigned from that role on 22 February 2024 **Interest in Securities at 31 Dec. 2024** ▪ Direct shares 740,000 ▪ Performance rights 20,000 **Other directorships held in listed entities over the last 3 years** None
Mark Freeman **CA, F.Fin** **Finance Director & Company Secretary**	A Chartered Accountant with more than 20 years' experience in corporate finance and the resources industry. He has experience in strategic planning, business development, mergers and acquisitions, North American gas commercialisation, and project development general management. Mr. Freeman has worked with a number of successful public resource companies. A graduate of the University of Western Australia with a Bachelor of Commerce. Mr. Freeman also holds a Graduate Diploma in Applied Finance from the Securities Institute of Australia.	Appointed 23 June 2021 **Interest in Securities at 31 Dec. 2024** ▪ Indirect shares 3,276,492 ▪ Performance rights (unvested) 72,000 **Other directorships held in listed entities over the last 3 years** ▪ Doriemus Energy PLC – since 25.5.22 ▪ Grand Gulf Energy Ltd – resigned 8.4.22 ▪ Pursuit Minerals Ltd – resigned 31.8.23 ▪ Roquefort Therapeutics PLC – resigned 16.9.2022
P.L. (Lonny) Tetley **Blaw, Bcom** **Non-Executive Director**	Lonny Tetley is a securities lawyer and partner at Burnet, Duckworth and Palmer LLP with over 15 years of experience in corporate finance and the oil and gas industry. Mr. Tetley serves on the Board of a number of companies including Certarus Ltd., Beyond Energy Services & Technology Corp. and Accelerate Financial Technologies Inc. He is also a member of the Private Funds Independent Review Committee of Deans Knight Capital Management Ltd.	Appointed 28 May 2021, resigned 28 June 2024 **Interest in Securities at 28 June 2024** N/A **Other directorships held in listed entities over the last 3 years** None

Rod Monden **CFO**	Mr. Monden is a chartered professional accountant with 25 years of senior progressive financial experience in the energy sector, holding such positions as Manager Financial Reporting, Controller, VP Finance and CFO, with private and publicly reported companies in Canada.	Appointed CFO 18 July 2023 resigned 22 February 2024 **Interest in Securities at 23 Feb. 2024** ▪ N/A

* Glenn Whiddon: Please note that Mr. Whiddon only has a control in 5,791,549 shares in the indirect holdings. Mr. Whiddon does not control the remaining indirect holdings. They are held independently of Mr. Whiddon and are only included for good corporate governance purposes. Mr. Whiddon has no relevant interest in the indirect holdings.

Director meetings

	Directors' Meetings
Number of meetings held	**4**
Meeting attendance:	
Glenn Whiddon	**4 of 4**
Karl DeMong	**4 of 4**
Lonny Tetley	**2 of 2**
Mark Freeman	**4 of 4**

Proceedings on behalf of the company

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important. Details of the amount paid or payable to the auditor for services provided during the year are set out in Note 22. For the year ended 31 December 2023, there were non-audit related services provided by the Company's auditor, BDO Audit Pty Ltd ("BDO").

The board of directors are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 41. No officer or director of Calima belonged to an audit practice that audited the Company during the year.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the Director's Report and the financial report. Amounts in the Director's Report and half year financial statements have been rounded off to the nearest dollars in accordance with the instrument unless otherwise specified.

Signed in accordance with a resolution of the Directors.

Glenn Whiddon
Executive Chairman
1 April 2025

CALIMA ENERGY LIMITED
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Loss)
(Australian dollars)

For the year ended	Notes	31 December 2024	31 December 2023
Continuing operations			
Revenue			
Interest income		$ 1,406,109	$ -
		1,406,109	-
Expenses			
General and administrative		1,393,220	1,544,603
Financing and interest		5,395	(8,396)
Depletion and depreciation		20,833	-
Share-based compensation		77,574	1,433,285
Foreign exchange loss		118,140	7,809
		1,615,162	2,977,301
Net income before income taxes		(209,053)	(2,977,301)
Income tax expense	9	-	-
Net income from continuing operations after tax		(209,053)	(2,977,301)
Net income (loss) from discontinued operations after tax	7	14,021,688	(38,417,371)
Net income (loss)		13,812,635	(41,394,672)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit and loss			
Gain on foreign currency translations continuing operations	20	-	311,000
Gain on foreign currency translations discontinued operations	20	-	3,370,000
Total comprehensive income (loss)		$ 13,812,635	$ (37,713,672)
Total comprehensive income for the year attributable to owners of Calima Energy Limited arises from:			
Continuing operations		(209,053)	(2,666,301)
Discontinuing operations		14,021,688	(35,047,371)
Total comprehensive income (loss)		$ 13,812,635	$ (37,713,672)
Net income per share from continued operations			
Basic	15	$ (0.0003)	$ (0.0048)
Diluted	15	$ (0.0003)	$ (0.0047)

See accompanying notes to the consolidated financial statements.

CALIMA ENERGY LIMITED
Consolidated Statement of Financial Position
(Australian dollars)

As at	Notes	31 December 2024	31 December 2023
Assets			
Current assets			
Cash and cash equivalents	5	**$ 7,094,442**	$ 3,957,653
Accounts receivable	6	**40,251**	104,023
Deposits and prepaid expenses		**95,817**	91,291
Assets classified as held for sale	7	**-**	117,854,668
		7,230,510	122,007,635
Non-current assets			
Right-of-Use Asset		**45,343**	230,382
Office assets		**68,581**	-
Long-term deposits		**294,739**	617,947
		7,639,173	122,855,964
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**119,455**	371,356
Lease liability - current	16	**32,107**	-
Liabilities classified as held for sale	7	**-**	38,874,355
		151,562	39,245,711
Non-current liabilities			
Lease liability – non-current	16	**13,762**	-
Restoration provisions	13	**-**	204,811
		165,324	39,450,522
Shareholders' equity			
Share capital	14	**277,184,068**	358,676,217
Share-based payments	18	**22,213,675**	22,136,101
Foreign currency translations	20	**-**	8,329,653
Accumulated losses		**(291,923,895)**	(305,736,529)
		7,473,849	83,405,442
		$ 7,639,173	$ 122,855,964

See accompanying notes to the consolidated financial statements.

CALIMA ENERGY LIMITED
Consolidated Statement of Cash Flows
(Australian dollars)

For the year ended	Notes	31 December 2024	31 December 2023
Continuing operations			
Operating activities			
Net income		**$ (209,053)**	$ (2,977,301)
Items not affecting operating related cash flows:			
Depletion and depreciation		**20,833**	-
Share-based compensation	18	**77,574**	1,433,285
Funds flow from operations		**(110,646)**	(1,544,016)
Changes in non-cash working capital		**418,300**	(111,244)
Cash provided by (used in) continuing operating activities		**307,654**	(1,655,260)
Cash provided by discontinued operating activities	7	**3,592,847**	39,890,181
		3,900,501	38,234,921
Financing activities			
Return of capital		**(79,999,803)**	(7,508,649)
Common share buyback		**(1,492,345)**	-
Cash provided by (used in) continuing financing activities		**(81,492,148)**	(7,508,649)
Cash provided by (used in) discontinued financing activities	7	**(372,000)**	(563,969)
		(81,864,148)	(8,072,618)
Investing activities			
Proceeds from sale of subsidiary-Blackspur	7	**82,289,050**	-
Proceeds from sale of subsidiary-Calima Canada	7	**1,685,002**	-
Additions in office assets		**(70,743)**	-
Cash provided by (used in) continuing investing activities		**83,903,309**	-
Cash (used in) discontinued investing activities	7	**(2,168,346)**	(21,822,898)
		81,734,963	(21,822,898)
Cash as asset held for sale	7	**-**	3,328,604
Impact of foreign exchange translations		**(634,527)**	(7,976,172)
Increase in cash and cash equivalents		**3,136,789**	3,691,837
Cash and cash equivalents, beginning of year		**3,957,653**	265,816
Cash and cash equivalents, end of year	5	**$ 7,094,442**	$ 3,957,653

See accompanying notes to the consolidated financial statements.

CALIMA ENERGY LIMITED

Consolidated Statement of Changes in Equity

For the year ended	Notes		31 December 2024		31 December 2023
Share capital					
Balance, beginning of year		**$**	**358,676,217**	$	366,054,866
Issuance of common shares on exercise of performance warrants	13		**-**		130,000
Common shares buyback	13		**(1,492,346)**		-
Return of capital	13		**(79,999,803)**		(7,508,649)
Balance, end of year			**277,184,068**		358,676,217
Share-based payments reserve					
Balance, beginning of year			**22,136,101**		19,413,491
Share-based compensation	18		**77,574**		2,722,610
Balance, end year			**22,213,675**		22,136,101
Foreign currency translation reserve					
Balance, beginning of year			**8,329,653**		4,648,000
Other comprehensive income (loss)	20		**(8,329,653)**		3,681,653
Balance, end of year			**-**		8,329,653
Accumulated losses					
Balance, beginning of year			**(305,736,529)**		(264,341,857)
Accumulated gain on discontinued operations			**14,021,688**		-
Net income			**(209,053)**		(41,394,672)
Balance, end of year		**$**	**(291,923,894)**	$	(305,736,529)
Shareholders' equity, beginning of year		**$**	**83,405,442**	$	125,774,499
Shareholders' equity, end of year		**$**	**7,473,849**	$	83,405,442

See accompanying notes to the consolidated financial statements.

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1. NATURE OF BUSINESS

Calima Energy Limited ("Calima" or the "Company") was incorporated under the Australian Corporations Act 2001. The principal activity of the Calima is investing in oil and gas exploration and production projects internationally and more specifically in Canada.

Calima's Australian head office is domiciled at Unit 103, 28 Station St, Cottesloe, WA 6011. Calima's voting common shares was previously publicly traded on the Australian Stock Exchange under the symbol "CE1" and on the OTC under the symbol "CLMEF" until 18 December 2024. The Company formally applied for removal from the ASX official list on September 13, 2024. As a result, it was delisted from the Australian Stock Exchange on December 18, 2024. These audited consolidated financial statements for the year ended 31 December 2024 (the "annual financial statements") were approved and authorised by Calima's Board of Directors on 1 April 2025.

2. BASIS OF PRESENTATION

These general-purpose financial statements consist primarily of the financial records of Calima and its two previously wholly owned Canadian subsidiaries, Blackspur Oil Corp. ("Blackspur") and Calima Energy Inc. (the "Calima Group"). Blackspur was sold with an effective date of 23 February 2024 and its share of revenue and expenses for that period are consolidated into the accounts. Calima Energy Inc. was sold with an effective date of 22 October 2024 and its share of revenue and expenses for that period are consolidated into the accounts. All intercompany transactions have been eliminated.

These annual financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures that these annual financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, these annual financial statements are compliant with IFRS. Calima is a for-profit entity for the purposes of preparing the financial statements. The statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their estimated fair market value. These annual financial statements follow the same accounting policies that were utilised to prepare the audited consolidated financial statements for the year ended 31 December 2023.

The functional currency of Calima is the Australian dollar and the functional currency of both Blackspur and Calima Energy Inc. is the Canadian dollar. All amounts reported have been in presented in Australian dollars (A$ or AUD) unless otherwise noted. References to C$ denotes Canadian dollars and US$ denotes United States dollars.

3. MATERIAL ACCOUNTING POLICIES

Oil and natural gas assets

Oil and natural gas assets are measured at historical cost less accumulated depletion, depreciation and impairment (net of reversals). The Company begins capitalising oil and natural gas exploration costs after the right to explore has been obtained and includes land acquisition costs, geological and geophysical activities, drilling expenditures and costs incurred for the completion and testing of exploration wells. The Calima Group capitalises all subsequent investments attributable to the development of its oil and natural gas assets if the expenditures are considered a betterment and provide a future benefit beyond one year. The Company's capitalised costs primarily consist of pad construction, drilling activities, completion activities, well equipment, processing facilities, gathering systems, pipelines and employee costs directly attributable to development.

Capitalised costs are classified as exploration and evaluation assets (“E&E”) if technical feasibility and commercial viability have not yet been established. Technical feasibility and commercial viability are generally deemed to exist when proved and probable reserves are present. Generally, the acquisition of undeveloped mineral leases are initially capitalised as E&E assets and will be expensed if the lease expires, becomes impaired or management determines that no further exploration or evaluation activities are expected on the lease prior to expiry. If technical feasibility and commercial viability of E&E assets are established, the E&E assets are tested for impairment and reclassified to property, plant and equipment (“PP&E”). Costs are capitalised directly as PP&E if they are attributable to the development of oil and natural gas reserves after technical feasibility and commercial viability have been achieved.

The majority of PP&E is depleted using the unit-of-production method relative to the Company's estimated total recoverable proved plus probable reserves. For the purposes of the depletion calculation, natural gas reserves and production are converted to barrels of oil equivalent based upon the relative energy content (6:1). The depletion base consists of the historical net book value of capitalised costs, plus the estimated future costs required to develop the Company's estimated recoverable proved plus probable reserves. The depletion base excludes E&E and the cost of assets that are not yet available for use in the manner intended by Management.

Impairment

The Calima Group reviews its E&E and PP&E for indicators of impairment at each reporting period. For the purposes of the review, the Company’s assets are grouped into cash-generating units ("CGUs") which are defined as the smallest group of assets generating cash inflows that are largely independent from the cash inflows of other asset groups. The Calima Group’s PP&E are currently held in two CGUs (Brooks and Thorsby). The majority of the Company’s E&E assets are held in one CGU (Tommy Lakes Montney E&E). If impairment indicators exist, the CGU is tested for impairment and a loss is recognised to the extent that the carrying amount exceeds its estimated recoverable value.

The recoverable amount of the CGU is determined as the greater of its fair-value-less-costs-of-disposal ("FVLCOD") and its value-in-use ("VIU"). FVLCOD is based on the estimated recoverable amount from the sale of an asset or CGU in an arm’s length transaction between knowledgeable parties, less the cost of disposal. In assessing VIU, the estimated future cash flows of the CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, risks specific to the asset and overhead costs associated with operating the CGU. The recoverable amount of the Calima Group’s CGUs is generally based on after-tax discounted future cash flows from the Company’s proved plus probable reserves, contingent resources or by observable third-party land transactions adjacent to the Company's assets (Level 3 valuations). Key assumptions used to determine the recoverable amount of the CGUs include production rates, future commodity prices, discount rates and future royalty, operating and capital costs.

Following the recognition of an impairment loss, the Company reviews its CGU for indicators of impairment reversal at each subsequent reporting period. If there is observable evidence that the value of the CGU has increased significantly since the previous impairment loss, Calima performs a test for impairment reversal by comparing an updated estimate of the CGU’s recoverable amount to its current carrying amount. If the Company concludes that there has been a material and substantive change in the estimates used to assess the CGU’s recoverable amount, an impairment loss will be reversed to the extent that the recoverable amount exceeds its carrying value, less the incremental value of depletion and depreciation that otherwise would have been recognised by the Company, had the impairment loss not previously occurred.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, deposits, risk management contracts, accounts payable, accrued liabilities, other indebtedness, investments, a term loan and a credit facility. The Calima Group's financial instruments are measured on the consolidated statement of financial position at either fair market value or amortised cost. The carrying value of the Company's financial instruments generally approximate their fair market value.

The fair value measurement of the Company's financial instruments are classified according to the following hierarchy which is ranked based on the amount of publicly observable inputs available to value the instruments:

- **Level 1** - Quoted prices that are available in active markets for identical assets or liabilities at the reporting date
- **Level 2** - Values are based on various inputs, including quoted forward prices for commodities, time value of money and volatility factors, which are observed in the marketplace but are not readily observable in an actively traded market
- **Level 3** - Valuation inputs that are not based on observable market data

The following table summarises the method by which the Calima Group measures its financial instruments on the consolidated statement of financial position and the corresponding hierarchy rating for their derived fair value estimates:

Financial Instrument	Fair value Hierarchy	Classification & Measurement
Cash and cash equivalents	Level 1	**Amortised cost**
Accounts receivable	Level 2	**Amortised cost**
Deposits	Level 2	**Amortised cost**
Accounts payable and accrued liabilities	Level 2	**Amortised cost**
Credit facility	Level 2	**Amortised cost**
Risk management contracts	Level 2	**FV through profit and loss**
Term loan	Level 3	**Amortised cost**

The Calima Group's risk management contracts are measured at fair market value at each reporting period. Realised gains and losses from the settlement of risk management contracts as well as unrealised gains and losses from the remeasurement of these financial instruments to fair market value at each reporting period are recognised in net income (loss) as incurred. Transaction costs related to fair value through profit and loss financial instruments are immediately expensed. Financial instruments recognised at amortised cost are accreted through net income (loss) towards their settlement value over time. Transaction costs related to financial liabilities measured at amortised costs are initially capitalised and then amortised to net income (loss) over the life of the related host instrument.

Any impairment loss of financial assets is determined by assessing and measuring the expected credit losses of the instruments at each reporting period. The Calima Group measures expected credit losses using a lifetime expected loss allowance model for all trade receivables and contract assets. The credit-loss model groups receivables based on similar credit risk characteristics and the number of days past due in order to estimate and recognise bad debt expenses. When measuring expected credit losses, the Company considers a variety of factors including evidence of the debtor's financial condition, history of collections, the term of the receivable and any changes in economic conditions.

Foreign currency translations

With respect to transactions and balances of the Calima Group that are denominated in a foreign currency other than their respective functional currency, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Revenues and expenses are translated at the average foreign exchange rates during the period. Non-monetary items are translated at the foreign exchange rate in effect at the historical date of their last fair value measurement. The corresponding realised and unrealised gains and losses from these foreign currency translations are recognised in net income (loss) as incurred.

For financial reporting purposes, the presentation currency of the Calima Group is the Australian dollar. Accordingly, the Canadian dollar functional currencies of Blackspur and Calima Energy Inc. are translated to the Australian dollar presentation currency upon consolidation. Revenues and expenses are translated at the average exchange rate during the year and assets and liabilities are translated at the prevailing exchange rates at the reporting date.

The corresponding unrealised gains and losses stemming from the remeasurement of the subsidiary functional currencies to the presentation currencies at each reporting period are recognised as other comprehensive income by Calima. The corresponding cumulative foreign currency translation reserve is reflected in shareholder's equity on the consolidated statement of financial position until such time the subsidiary is disposed of, at which point, the balance is reclassified to net income (loss).

Revenue recognition

Revenues primarily relate to the sale of oil, natural gas and natural gas liquids ("NGLs") in Canada from the Company's Brooks and Thorsby assets. The products are classified and presented in the financial statements based on the physical characteristics of the hydrocarbons at the time of sale. Liquids extracted from the natural gas stream are presented as NGLs.

The Calima Group measures revenue from the sale of oil, natural gas and NGLs at the amount the Company expects to receive, which is based on an agreed upon transaction volume and price with the customer. Revenue is recognised when the Calima Group transfers control of products or provides services to a customer at the amount to which the Company expects to receive. If the consideration includes a variable component, the Group estimates the amount of the expected consideration receivable. Variable consideration is estimated throughout the contract and is constrained until it is highly probable a significant revenue reversal in the amount of cumulative revenue recognised will not occur. In most cases, revenue is recognised when the hydrocarbons have been delivered to the customer. Payment terms with the Company's customers are generally within 30 days following the month of product delivery.

The Calima Group recognises realised and unrealised gains and losses from the Company’s risk management contracts which are remeasured to fair market value at each reporting period (refer to the financial instruments accounting policy). The Company also earns other income primarily from interest on its cash and cash equivalent balances held. Excluded from revenues are amounts received in respect of government grants and subsidies that are instead reflected as a reduction to the related expenditure to which the recoveries are intended to compensate.

Provisions

Provisions are liabilities that are recognised when the Calima Group has a present legal or constructive obligation as a result of a past event and it is probable that the Company will be required to settle the obligation. The Calima Group’s provisions primarily consist of restoration provisions associated with the dismantling, decommissioning and site disturbance remediation activities for the Company's oil and natural gas assets.

At initial recognition, the Company recognises a restoration provision asset and corresponding liability on the statement of financial position. Restoration provisions are measured at the present value of expected future cash outflows required to settle the obligations. Restoration provisions are inflated based on the Bank of Canada's target inflation rate and then discounted to net present value using a risk-free discount rate. The liabilities are accreted upwards towards their estimated settlement value over the expected life of the assets in order to reflect the time value of money. Restoration provision assets are depleted over the remaining useful life of the related assets in order to reflect the associated decommissioning costs in net income (loss) over time. Restoration provision assets and liabilities are remeasured at each reporting period primarily to account for any changes in estimates or discount rates. Actual expenditures incurred to settle the obligations reduce the liability.

Income taxes

The Calima Group’s income taxes primarily relate to deferred income taxes that are recognised in respect of the Company’s earnings, which are expected in future years under the Income Tax Act (Canada) and Income Tax Assessment Act (Australia).

Deferred income tax assets and liabilities are recognised on temporary differences between the current carrying value of assets and liabilities for financial reporting purposes and their corresponding tax values. Deferred income taxes are determined on an undiscounted basis using tax rates that have been enacted or substantively enacted and that are expected to apply in future years when the temporary differences reverse. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will arise, such that the available carry-forward tax deduction can be utilised to shelter the taxable profits from income tax. The recoverability of deferred tax assets is assessed by comparing the Calima Group’s tax pools to the future undiscounted cash flows from the Company's proved plus probable reserves, less estimated financing and general and administrative expenses.

Income taxes are recognised in the statement of comprehensive income, except when they relate to share capital, in which case, the taxes are recognised directly in shareholders equity. Current income tax expense (recovery) is the expected cash tax payable or receivable on the Company's taxable income (loss) during the year, using tax rates that have been enacted or substantively enacted.

Stock-based compensation

The Calima Group’s stock-based compensation expense primarily relates to stock options and performance rights that are granted to employees, service providers and directors of the Company.

Grants issued under the Company’s plans are initially measured at their estimated fair market value and are expensed over the vesting periods under the terms of the compensation arrangement. Upon exercise, the plans allow the holder of an award to receive common shares or cash at the Company's discretion. The Company’s plans are all accounted for as equity-settled share-based compensation arrangements based on their anticipated settlement option. Accordingly, when equity compensation units are exercised or released, any consideration received, together with the expense previously recognised as contributed surplus, is recorded as an increase to share capital.

The primary non-market-based vesting condition for all the Company's stock-based compensation plans is generally continuous employment. An estimated forfeiture rate is applied to the valuation of the equity units over the vesting period and is subsequently adjusted to reflect the actual number of equity awards that ultimately vest. In some cases, performance rights are also granted with certain other market-based or non-market-based vesting conditions which are determined by the Company's Board of Directors. The fair market value of these performance rights at the date of grant is initially adjusted to reflect the probability of these possible outcomes.

Stock options and performance rights are valued at the date of grant primarily utilising a Black-Scholes pricing model. Performance rights that are subject to a minimum share price vesting condition are valued utilising a binomial barrier pricing model. Performance rights that vest immediately at issuance are valued at the Company's share price at the date of grant.

The stock-based compensation expense attributable to performance factors that are dependent upon market conditions are not subsequently adjusted for actual results. The stock-based compensation expense attributable to performance factors dependent upon non-market conditions are subsequently adjusted for actual results.

Leases

At the inception of a contract, the Calima Group assesses if an agreement contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For all in-scope lease arrangements, a right-of-use asset and corresponding lease liability is initially recognised at the commencement date of the lease and measured at the net present value of all future non-cancellable lease payments. The payments are discounted using the rate implicit in the lease unless that rate is not readily determined, in which case, the Company's incremental borrowing rate is utilised. The estimated lease term consists of all non-cancellable periods under the contract and includes periods covered by an extension or termination option if the Calima Group is reasonably certain that it will exercise the option.

Right-of-use assets are depreciated to net income (loss) over the expected utilisation period of the underlying assets using the straight-line method. The depreciation of right-of-use assets that are utilised in respect of development activities are initially capitalised to PP&E and then depleted to net income over the remaining life of the developed assets once they are ready for use in the manner intended. Lease liabilities are accreted upwards toward their settlement value over the expected life of the contract in order to reflect the cost of borrowing under the indebted contract. The interest portion of the lease payment is recognised as an operating activity in the consolidated statement of cash flows. The principal portion of the lease payment reduces the lease liability and is reflected as a financing activity in the consolidated statement of cash flows. Right-of-use assets and lease liabilities are remeasured at each reporting period to reflect any contract modifications or reassessments that impact the anticipated remaining cash outflows under the contract.

Jointly operated assets

The Calima Group’s oil and natural gas activities include jointly operated oil and natural gas assets and liabilities. These annual financial statements only include the Company’s share of these jointly operated assets and liabilities and a proportionate share of the related revenue and expenses.

Per share information

Basic per share information is calculated using the weighted average number of common shares outstanding during the year. Diluted per share information is calculated using the basic weighted average number of common shares outstanding during the year, adjusted for the number of shares which could have had a dilutive effect on net income during the year had outstanding in-the-money equity compensation units been exercised.

Assets Held for Sale

PP&E and E&E assets are classified as held for sale if it is highly probable their carrying amounts will be recovered through a capital disposition rather than through future operating cash flows. Before PP&E and E&E assets are classified as held for sale, they are assessed for indicators of impairment or reversal of previously recorded impairments and are measured at the lower of their carrying amount and fair value less costs of disposal. Any impairment charges or reversals are recognized in net income. Assets held for sale are classified as current assets and are not subject to DD&A. Decommissioning liabilities associated with assets held for sale are classified as current liabilities.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant judgements

Oil and natural gas assets

Oil and natural gas assets are grouped into CGUs based on their ability to generate largely independent cash flows. The determination of the Calima Group's CGUs are subject to judgment as the Company is required to define and establish these asset groupings based on their specific nature and characteristics in a reasonable manner. The Calima Group applies judgment when determining the classification of its oil and natural gas assets as either E&E or PP&E assets because it requires the Company to define and establish thresholds for when a particular project has achieved technical feasibility and commercial viability. When the Calima Group assesses its CGU for indicators of impairment or impairment reversal at each reporting period, judgment is applied in establishing the qualitative and quantitative thresholds that are used to assess if an indicator is present, such that an impairment test is then required.

Liquidity and access to Credit Facility and Term Loan

As at 31 December 2024, the Calima Group's net debt was nil (Note 16). The Company also had a net working capital surplus of $7.1 million (current assets of $7.2 million in excess of current liabilities of $0.1 million).

Borrowings under the Credit Facility incur interest at a market-based interest rate plus an applicable margin which varies depending on Blackspur's net debt to cash flow ratio. As a demand facility, the Credit Facility does not have a specific maturity date which means that the lender could demand repayment of all outstanding indebtedness or a portion thereof at any time. If such an event were to occur, the Calima Group would be required to source alternative sources of capital or sell assets to repay the indebtedness.

Other significant judgements

The determination of the Company's income tax and royalty expenses require interpretation of complex laws and regulations and are subject to judgement. Judgement is also applied when interpreting contractual commitments to assess whether or not they contain a lease arrangement.

Significant estimates

Depletion of oil and natural gas assets

Amounts recorded for the depletion of oil and natural gas assets rely on estimates and assumptions regarding the Company's proved plus probable reserves and future development costs. Fair value estimates that are utilised in a test for impairment or impairment reversal often rely upon estimates and assumptions regarding the future cash flows from the Calima Group's proved plus probable reserves as well as the recoverable resale value of undeveloped exploratory acreage.

Reserve estimates are primarily based on the Calima Group's reserve reports prepared by an independent third-party engineering firm. The reports include estimates for production rates, future commodity prices, discount rates, and future royalty, operating and capital costs. These estimates were prepared by experts in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook but are still subject to measurement uncertainty. The Calima Group may also utilize observable third-party land transactions adjacent to the Company's assets for estimating the value of undeveloped exploration acreage. Actual results may differ from the Company's estimates.

Other significant estimates

Estimates and assumptions are utilised to assess the Company's ability to continue as a going concern which includes future cash flow projections for operating, investing and financing related activities. The value of the Company's restoration provisions is based on estimates and assumptions regarding current legal requirements, future costs to settle the provisions and the expected timing of the remediations. The valuation of level 2 and level 3 financial instruments are subject to measurement uncertainty because there is no observable actively traded market and, therefore, estimates are required to estimate their fair market value at each reporting period for the purposes of valuation or disclosure.

The Company records deferred income tax assets and liabilities using income tax rates that are enacted or substantively enacted at the statement of financial position date, which are subject to change. The recoverability of loss carryforwards, investment tax credits and royalty incentives require estimates and assumptions regarding future operating results that will allow the Company to ultimately utilize those assets. All tax filings are also subject to audit and potential reassessment.

The Calima Group's stock-based compensation expense is subject to measurement uncertainty as a result of estimates and assumptions related to volatility, forfeiture rates, expected life, market-based vesting conditions and non-market-based vesting conditions. Estimates and assumptions are utilised in the Company's cash flows forecasts in assessing the Company's ability to continue as a going concern, future cash flows and access to credit.

5. CASH AND CASH EQUIVALENTS

As at 31 December 2024, the Calima Group held cash and cash equivalents of $7.1 million (31 December 2023 - $4.0 million). The Company is exposed to credit risk associated with its cash and cash equivalent balances held by third party institutions. The credit risk associated with the Calima Group's cash and cash equivalents was considered low as the Company's balances were all held with National Australia Bank (AA rating) located in Australia.

6. ACCOUNTS RECEIVABLE

As at (A$)		31 December 2024		31 December 2023
Oil and natural gas sales	**$**	**-**	$	33,886
GST and other		**40,251**		70,137
Accounts receivable	**$**	**40,251**	$	104,023

The Calima Group is exposed to collection risk from receivables associated with the Company's oil and natural gas sales. The customer base primarily consists of integrated oil and natural gas producers, midstream and downstream companies and energy traders. The Company manages credit risk by principally transacting with high-quality counterparties.

As at 31 December 2024, credit risk from outstanding accounts receivable was considered low given the history of collections and because the majority of the Company's outstanding receivables from oil and natural gas sales were held with four investment-grade counterparties. Substantially all of the Company's accounts receivable from oil and natural gas sales were collected within 30 days following the month of sale or settlement date and there were no material amounts past due as at 31 December 2024 or 2023.

7. ASSETS HELD FOR SALE AND DISCOUNTINUED OPERATIONS

Sale of Blackspur Oil Corp.

On 27 December 2023, Calima announced it has entered into a binding definitive agreement with Astara Energy Corp., pursuant to which Calima had agreed to sell 100% of its ownership in its wholly owned Canadian subsidiary, Blackspur Oil Corp., the owner of the Company's Brooks and Thorsby production assets for a cash consideration of ~A$83.3 million (C$75 million) prior to customary completion adjustments for net debt. The transaction closed 23 February 2024. Calima received cash proceeds of C$72.7 million (A$82.6 million) before income tax.

Financial information relating to the discontinued operations for the year ended 31 December 2024 and prior year ended 31 December 2023 are set out below. The 12-month period ended 31 December 2023 were included in the year end 2023 financial statements. At 31 December 2023, the Blackspur subsidiary was stated at fair value less costs to sell and comprised the following assets and liabilities. The assets and liabilities were reclassified as held for sale in relation to the discontinued operations of Blackspur as at 31 December 2023. The purchase price equation was finalized in the first quarter of 2024.

As at		23 February 2024
Assets classified as held for sale	**$**	
Property, plant and equipment		**104,366,088**
Other assets		**2,362,714**
Inventory		**1,009,963**
Accounts receivable		**9,010,752**
Cash		**4,626,442**
Total Assets of Blackspur held for sale	**$**	**121,375,959**
Liabilities classified as held for sale		
Accounts payable		**13,524,866**
Risk management contracts		**-**
Term loan		**3,447,055**
Asset retirement obligation		**21,832,000**
Total Liabilities of Blackspur held for sale	**$**	**38,803,921**
Net assets of Blackspur held for sale		**82,572,038**

The net income from the Blackspur assets generated net income of $2.6 million, net of income tax expenses of $1.4 million. The cumulative foreign exchange translation equity balance is reversed into the statement of earnings in the current period, resulting in a net income of $11.3 million.

An impairment loss of $45.7 million was recorded in the 31 December 2023 financial year to reduce the carrying amounts of property, plant and equipment within the disposal group to the lower of the carrying amount and the fair value less costs to sell. Following the sale of the assets, the net proceeds for year ended 31 December 2023 to 23 February 2024 resulted in a reversal of $2.2 million.

For the year ended		31 December 2024		31 December 2023
Revenue (point in time)	**$**		$	
Oil and natural gas sales		**9,995,030**		92,263,761
Royalties expense		**(1,497,237)**		(19,195,447)
		8,497,793		73,068,314
Risk management contracts				
Realized gain (loss)		**150,895**		(623,334)
Unrealized gain		**-**		1,691,105
		8,648,688		74,136,085
Expenses				
Operating		**2,204,198**		26,410,238
Transportation		**775,726**		4,913,059
Depletion and depreciation		**2,254,000**		21,274,261
Impairment (reversal)		**(2,216,270)**		45,684,240
General and administrative		**1,152,753**		7,139,063
Share-based compensation		**-**		1,309,880
Financing and interest		**47,652**		611,872
Accretion expense		**-**		661,769
		4,218,059		108,004,382
Net income (loss) before the following		**4,430,629**		(33,868,297)
Foreign exchange cumulative translation gain		**9,743,776**		-
Loss on equity investment		**-**		(4,167)
Net income (loss) before income taxes		**14,174,406**		(33,872,464)
Income tax expense-current*		**-**		-
Income tax expense-deferred		**-**		2,104,389
Net income (loss)-discontinued operations	**$**	**14,174,406**	$	(35,976,853)

* The tax obligation previously accrued as at 30 June 2024 of $1,418,625 has been eliminated due to the offset of losses following the Calima Energy Inc sale.

For the year ended	Notes		31 December 2024		31 December 2023
Operating activities					
Net income (loss)		**$**	**14,174,406**	$	**(35,976,853)**
Items not affecting operating related cash flows:					
Depletion and depreciation			**2,254,000**		**21,274,261**
Impairment (reversal)			**(2,216,270)**		**45,684,240**
Unrealised (gain) on risk management contracts	11		**-**		**(1,691,105)**
Deferred income tax expense	9		**-**		**2,104,389**
Share-based compensation	19		**-**		**1,309,880**
Accretion of liabilities			**-**		**661,769**
Unwinding of cumulative foreign exchange effect			**(9,743,776)**		**-**
Non-cash expenses			**-**		**43,280**
Funds flow from operations			**4,468,359**		**33,409,861**
Changes in non-cash working capital			**(913,766)**		**(1,678,626)**
Cash provided by operating activities			**3,554,593**		**31,731,235**
Financing activities					
Repayment of credit facility	10		**-**		**(4,033,324)**
Repayment of term loan	12		**(372,000)**		**(430,138)**
Cash provided by (used in) financing activities			**(372,000)**		**(430,138)**
Investing activities					

Investments in oil and natural gas assets	8	**(1,504,129)**	**(22,232,310)**
Loss on equity investment		**-**	**(4,167)**
Changes in non-cash working capital		**(869,197)**	**(8,744,178)**
Cash provided by (used in) investing activities		**(2,373,326)**	**(30,980,655)**
Impact of foreign exchange translations		**74,175**	**208,185**

Sale of Calima Energy Inc. ("Calima Canada")

On 10 September 2024, the Company announced a binding definitive agreement to sell 100% of its ownership in Calima Energy Inc. ("Calima Canada"). The sale was closed on October 22, 2024. Calima received cash proceeds of AUD$1.7 million. Financial information related to the discontinued operations for the year ended 31 December 2024 and the prior year ended 31 December 2023 are set out below.

At 22 October 2024, the Calima Canada subsidiary was stated at fair value less cost to sell and comprised the following assets and liabilities. The assets and liabilities were reclassified as held for sale to the discontinued operations as at 30 June 2024. The purchase price was finalized in the fourth quarter of 2024.

As at		22 October 2024
Assets classified as held for sale	$	
Property, plant and equipment		**1,503,645**
Accounts receivable		**33,424**
Prepaids and deposit		**382,257**
Cash		**21,090**
Total Assets of Calima Canada held for sale	**$**	**1,940,416**
Liabilities classified as held for sale		
Accounts payable		**29,840**
Asset retirement obligation		**200,900**
Total Liabilities of Calima Canada held for sale	**$**	**230,740**
Net assets of Calima Canada held for sale	**$**	**1,709,676**

For the year ended		31 December 2024		31 December 2023
Revenue (point in time)				
Oil and natural gas sales	**$**	**438,623**	$	1,102,979
Other income		**70,762**		-
Royalties expense		**(24,774)**		(50,579)
		484,611		1,052,400
Expenses				
Operating		**90,967**		264,304
Transportation		**56,329**		35,694
Depletion and depreciation		**5,130**		264,644
Financing and Interest		**5,596**		(36,142)
Accretion expense		**4,547**		66,840
General and administrative		**220,808**		248,854
Loss on sale		**253,952**		-
		637,329		844,194
Net (loss) profit before the following		**(152,718)**		208,206
Foreign exchange cumulative translation gain		**-**		
Net (loss) profit before income taxes		**(152,718)**		208,206
Income tax expense		**-**		-
Net (loss) profit – discontinued operations	**$**	**(152,718)**	$	208,206

For the year ended	Notes		31 December 2024		31 December 2023
Operating activities					
Net (loss) profit		**$**	**(152,718)**	**$**	208,206
Items not affecting operating related cash flows:					
Depletion and depreciation			**5,130**		264,644
Accretion of liabilities			**4,547**		66,840
Non-cash expenses and other			**253,952**		-

Funds flow from operations		**110,911**	539,690
Changes in non-cash working capital		**(72,657)**	(164,894)
Cash provided by operating activities		**38,254**	374,796
Financing activities			
Repayment of leases		**-**	(133,831)
(Repatriation) contribution of capital	12	**(3,777,828)**	(5,799,338)
Cash (used in) financing activities		**(3,777,828)**	(5,933,169)
Investing activities			
Investments in oil and natural gas assets	8	**-**	(2,050,732)
Change in long-term deposit		**204,980**	-
Proceeds from disposition of assets		**-**	11,208,491
Cash provided by investing activities		**204,980**	9,157,759
Impact of foreign exchange translations		**227,080**	(348,006)
Change in cash in the period		**(3,307,514)**	3,251,380

8. DEFERRED INCOME TAXES

	31 December 2022	Change in tax position	31 December 2023	Change in tax position	31 December 2024
Non-capital losses	29,343,000	(21,415,000)	7,928,000	(1,784,000)	6,144,000
Oil and natural gas assets	(11,448,000)	13,001,000	1,553,000	(1,553,000)	-
Restoration provisions	6,993,000	(9,529,000)	(2,536,000)	2,536,000	-
Investments	583,000	476,000	1,059,000	(1,059,000)	-
Risk management contracts	(65,000)	65,000	-	-	-
Share issuance costs	1,145,000	-	1,145,000	-	1,145,000
Tax credits and other	809,000	(940,000)	(131,000)	131,000	-
	27,360,000	(18,342,000)	9,018,000	(1,729,000)	7,289,000
Unrecognised deferred tax assets	(23,348,000)	14,330,000	(9,018,000)	1,729,000	(7,289,000)
Deferred income tax asset	4,012,000	(4,012,000)	-	-	-

As at 31 December 2024, the Calima Group did not recognize any deferred income tax asset. In 2024, Calima sold its wholly owned subsidiaries Blackspur Oil Corp. and Calima Energy Inc., which contained majority of the tax pools. At 31 December 2024, the Calima Group held unrecognised deferred income tax assets of $7.3 million (31 December 2023 - $9.0 million) consisting primarily of carry-forward tax losses held by Calima Energy Limited of 20.5 million with no expiries.

The following table reconciles the change in the deferred income tax asset during the years ended 31 December 2024 and 31 December 2023:

Continuity schedule	31 December 2024	31 December 2023
Deferred income tax asset, beginning of year	**$ -**	$ 4,012,000
Deferred income tax expense recognised through profit or loss	**1,729,000**	(2,104,000)
Deferred income tax asset disposed in the year	**(1,729,000)**	(1,656,000)
Impact of foreign exchange translations	**-**	(252,000)
Deferred income tax asset, end of year	**$ -**	$ -

The following table reconciles the Company's consolidated income tax expense (recovery) compared to that computed using the current effective Australian tax rate of 30% (31 December 2023 – 30%):

For the year ended	31 December 2024	31 December 2023
Net income (loss) from continuing operations before income taxes	**$ (209,053)**	$ (2,977,301)
Net income (loss) from discontinuing operations before income taxes	**14,021,688**	(38,417,371)
	13,812,635	(41,394,672)
Statutory income tax rate	**30%**	30%
Expected income tax expense (recovery)	**4,143,791**	(12,418,402)
Adjustments related to the following:		
Change in unrecognised deferred income tax assets	**1,729,000**	12,889,000
Foreign rate differential	**(966,685)**	824,000
Share-based compensation	**23,272**	429,986
Impact of foreign exchange translations and other	**(4,929,178)**	379,402
Deferred income tax expense (recovery)	**$ -**	$ 2,103,986

Tax loss carry forwards by jurisdiction	31 December 2024	31 December 2023
Canada	**$ -**	$ 33,045,000
Australia	**20,481,000**	20,359,343
Total non-capital tax losses	**$ 20,481,000**	$ 53,404,343

As at 31 December 2024, the Company had estimated non-capital losses ("NCL") that may be applied to reduce future taxable income in Australia of $20,481,000 which can be carried forward indefinitely. Non-capital losses in Canada of $36,939,000 (31 December 2023 of 33,045,000 was disposed through the sale of Calima Canada with expiries starting 2032 to 2043. The Company has available cost base in Canada of $44 million to offset capital gains.

9. CREDIT FACILITY

As at	Financial Covenant	31 December 2024	31 December 2023
Credit facility details:			
Credit facility draws		**$ -**	$ -
Issued letters of credit		**-**	152,000
Undrawn capacity		**-**	22,007,000
Credit facility capacity		**$ -**	$ 22,159,000
Credit Facility maturity date		**-**	On demand
Effective annual interest rate on revolving draws		**-**	8.3%
Covenants (1):			
Working capital ratio	1:1	**-**	48.0:1.00

(1) The Credit Facility contains certain covenants that limit the Company's ability to, among other things: incur additional indebtedness; create or permit liens to exist; and make certain dispositions and transfers of assets.

As at 31 December 2024, the Calima Group no longer has a credit facility. This was closed in conjunction with the sale of Blackspur. As at 31 December 2023, the Calima Group held a C$20 million demand revolving credit facility with a Canadian chartered bank (the "Credit Facility"). The borrowing base review was completed as at 22 March 2023 and resulted in a decrease to the credit facility from $24.2M to $20.0M as well as the removal of the affirmative covenant which had a mandatory hedging requirement if the Company were to utilize the bank line at greater than 50% over any quarter end.

Borrowings under the Credit Facility incur interest at a market-based interest rate plus an applicable margin which varies depending on Blackspur's net debt to cash flow ratio. Interest charges are between 150 bps to 350 bps on Canadian bank prime borrowings and between 275 bps and 475 bps on Canadian dollar bankers' acceptances. Any undrawn portion of the demand facility is subject to a standby fee in the range of 20 bps to 45 bps. Security for the credit facility is provided by a $150 million demand debenture.

Under the terms of the facility, a financial covenant must be maintained. The Company must not permit the working capital ratio, as defined by the bank, to fall below 1:1. The bank defines the working capital ratio as the ratio of (i) current assets plus any undrawn availability under the facility to (ii) current liabilities less any amount drawn under the facilities. For the purposes of the covenant calculation, risk management contract assets and liabilities are excluded. At 31 December 2023, the Company was in compliance with its banking covenants. Not applicable at 31 December 2024.

The following table summarises the change in the Credit Facility during the years ended 31 December 2024 and 31 December 2023:

For the year ended	31 December 2024	31 December 2023
Credit Facility, beginning of year	$ -	$ -
Credit Facility draws	-	(311,376)
Credit Facility repayment	-	311,376
Credit Facility, end of year	$ -	$ -

10. RISK MANAGEMENT CONTRACTS

For the year ended	31 December 2024	31 December 2023
Derivative liability, beginning of year	$ -	$ 218,000
Realisation of derivative losses	-	623,000
Net unrealised decrease in fair value	-	1,236,000
Transferred to assets held for sale	-	(2,514,000)
Transferred to liabilities held for sale	-	435,000
Impact of foreign currency translations	-	2,000
Derivative asset (liability), end of year	$ -	$ -

The Company's risk management portfolio consists of instruments that are intended to mitigate the Calima Group's exposure to commodity price risks in the Western Canadian Sedimentary Basin consisting primarily of the US$WTI benchmark price and the C$ WCS differential to US$ WTI. The net unrealized decrease in fair value is determined using Level 2 prices sourced from observable data or market corroboration and are measured at mark to market.

Subsequent to 31 December 2023, in support of the Blackspur transaction the Company was required to entered into the following risk management contracts. These risk management contracts were assumed by Astara through the acquisition of Blackspur. Thus, there were no risk management contracts post February 2024.

Contract	Reference	Remaining term	Volume (bbl/day)	Average Price per bbl CAD$
SWAP	**US NGX Oil-WCS-Blended**	Apr 2024 - Jun 2024	1,200	($21.90)
SWAP	**US NGX Oil-WCS-Blended**	Jul 2024 - Sep 2024	1,100	($19.55)
SWAP	**US NGX Oil-WCS-Blended**	Oct 2024 - Dec 2024	1,000	($22.15)
SWAP	**US NGX Oil-WCS-Blended**	Jan 2025 - Dec 2025	750	($20.30)

11. TERM LOAN

On 31 January 2022 the Calima Group entered into a long-term financing arrangement with a strategic infrastructure and midstream company to construct a pipeline connecting the Company's 02-29 battery in the northern portion of its Brooks, Alberta asset base to its wells, lands, and gathering system in the southern portion of the asset base. The Calima Group is the sole owner of the pipeline and will repay the capital costs to construct the pipeline over a term of seven years at a 12% cost of financing with fixed monthly payments of approximately C$65,000 based on the cost of the pipeline project of C$3.7 million.

As at 31 December 2024, the Calima Group no longer has a term loan as this was closed in conjunction with the sale of Blackspur.

12. RESTORATION PROVISIONS

As at	31 December 2024	31 December 2023
Restoration provision, beginning of year	**$ 201,528**	$ 23,311,000
Development of oil and natural gas assets	**-**	471,000
Accretion	**4,547**	728,609
Changes in estimate and other	**(6,732)**	521,000
Transfer to liabilities held for sale (Note 7)	**(200,899)**	(21,832,000)
Montney Asset disposition (Note 8)	**-**	(3,659,000)
Impact of foreign exchange translations	**1,556**	660,919
Restoration provision, end of year	**$ -**	$ 201,528
Presented as:		
Current restoration provisions	**-**	-
Restoration provisions	**-**	201,528

The Calima Group's restoration provisions reflect the estimated cost to dismantle, abandon, reclaim and remediate the Company's oil and natural gas assets at the end of their useful lives. As at 31 December 2024, the total estimated undiscounted, uninflated cash flows required to settle the Calima Group's asset retirement obligations was approximately nil (31 December 2023 – $305 thousand). These liabilities were anticipated to be incurred over the next 15 years.

As at 30 June 2024, the Company used a risk-free rate of 3.0% (31 December 2023 – 3.0%) and an inflation rate of 3.0% (31 December 2023 – 2.0%). Not applicable as at 31 December 2024 as the Calima Group had disposed of all of its oil and gas interests, thus at year end 31 December 2024, there are restoration provision required.

13. SHARE CAPITAL

	31 December 2024		31 December 2023	
Equity unit continuity	Shares	Amount	Shares	Amount
Balance, beginning of year	**625,720,769**	**$ 358,676,217**	611,750,769	$ 366,054,866
Preferred share conversion	**7,715,250**	**-**	13,970,000	130,000
Share buyback	**(178,996,128)**	**(1,492,346)**	-	-
Return of capital	**-**	**(79,999,803)**	-	(7,508,649)
Balance, end of year	**454,439,891**	**$ 277,184,068**	625,720,769	$ 358,676,217

During the 2024 fiscal year, the Company repurchased common share of 178,996,128 at an average price of $0.0083373 per share for a total of $1.49 million.

On 21 June 2024 shareholders received 12.63 cents per share capital return with a total of $80 million returned to shareholders.
On 26 March 2024, the Company issued 7,360,000 shares following the exercise of 7,360,000 performance rights to management and employees of Blackspur Oil Corp. pursuant to the Employee Share Plan. On 14 June 2024, the Company issued 355,250 shares following the exercise of 355,250 Class F performance rights.

On 25 October 2023, the Company completed a return of capital dividend payment to shareholders of 7.5 million. On 14 March 2023, 1,000,000 performance rights were converted to ordinary shares.

14. PER SHARE AMOUNTS

For the year ended	31 December 2024	31 December 2023
Weighted average number of common shares – basic	**631,546,466**	617,348,000
Dilutive effect of outstanding equity compensation units	**-**	12,826,000
Weighted average number common shares - diluted	**631,546,466**	630,174,000
Net income (loss) from continuing operations	**$ (209,053)**	$ (2,977,714)
Net income (loss) per share (basic and diluted) from continuing operations	**$ (0.0003)**	$ (0.004)
Net income (loss) from discontinued operations	**$ 14,021,688**	**$** (38,416,208)
Net income (loss) per share (basic and diluted) from discontinued operations	**$ 0.0230**	$ (0.06)

15. CAPITAL MANAGEMENT

The Calima Group's objective for managing capital is to maintain a strong statement of financial position in order to provide financial liquidity to fund ongoing development programs.

The Calima Group manages liquidity risk by complying with debt covenants and designing field development plans in conjunction with production, commodity price and available credit forecasting which provides the Company with an opportunity to fund its investments in oil and natural gas assets and expenses within cash flows or available sources of capital on hand. Calima also manages liquidity risk by preserving borrowing capacity under the Credit Facility.

Management believes the Company has sufficient funding to meet near-term liquidity requirements. On 27 December 2023, Calima announced it has entered into a binding definitive agreement with Astara Energy Corp., pursuant to which Calima had agreed to sell 100% of its ownership in its wholly owned Canadian subsidiary, Blackspur Oil Corp., the owner of the Company's Brooks and Thorsby production assets for a cash consideration of ~A$83.3 million (C$75 million) prior to customary completion adjustments for net debt. The transaction closed 23 February 2024. Calima received cash proceeds of C$72.7 million (A$82.56 million). As at 31 December 2024, the Company has cash on hand to assess potential investments.

The following tables reconciles the Company's net debt and adjusted funds flow from operations as at 31 December 2024 and 31 December 2023:

As at		31 December 2024		31 December 2023
Long-term portion of term loan	**$**	**-**	$	-
Current assets		**7,230,510**		4,152,967
Other current liabilities		**(151,562)**		(371,356)
Net (debt) assets		**7,078,948**		3,781,611

For the year ended		31 December 2024		31 December 2023
Funds flow from operations (per cash flow statement)	**$**	**3,900,501**	$	38,234,921
Less: Funds flow from discontinued operations		**(3,592,847)**		(39,890,181)
Less: Cash related transaction costs		**-**		-
Adjusted funds flow from (used in) operations	**$**	**(307,654)**	$	(1,655,260)

The Company utilises net debt as an important measure to assess the Company's liquidity by incorporating long-term debt, lease liabilities, the term loan and working capital. Adjusted funds flow from operations is utilised as a measure of operational performance and cash flow generating capability which impacts the level and extent of funding available for capital project investments, reduction of net debt or returning capital to shareholders. These measures are also consistent with the formulas prescribed under the Company's Credit Facility covenants.

Net debt and adjusted funds flow from operations are not standardised measures and may not be comparable with the calculation of similar measures by other companies without also taking into account any differences in the method by which the calculations are prepared.

16. COMMITMENTS & CONTINGENCIES

		2025		2026		2027		2028		thereafter		Total
Accounts payable and accrued liabilities	$	119,455	$		$	-	$	-	$	-	**$**	**119,455**
Office lease		32,107		13,762								**45,869**
Total contractual cash outflows	$	151,562	$	13,762		-		-		-	**$**	**165,324**

The accounts payable and accrued liabilities and the term loan are recognised on Calima's consolidated statement of financial position.

The Company incurred $70,743 in office assets associated with its corporate office in Australia in 2024. This has been classified as office assets on the balance sheet. A lease for the office space was entered into on 1 June 2024 with a term of 2 years. Monthly lease costs are $450 net of subleasing arrangement (gross is $1,733 per month) plus outgoings. The lease has been recognized as a right of use asset on the balance sheet with the corresponding lease liabilities.

17. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal management reports that are reviewed and used by the executive management team in assessing the performance and in determining the allocation of resources. The operating segments identified by management are based on the geographical locations of the business.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. The Group operates as one segment being Oil & Gas Production and Exploration in Canada.

18. STOCK-BASED COMPENSATION

The following table presents consolidated stock-based compensation for the current year of ($0.18 million), which is made up of ($0.18 million) to continuing operations and $ nil related to discontinued operations (Note 7).

For the year ended		31 December 2024		31 December 2023
Stock options	**$**	**(175,691)**	$	162,000
Performance rights		**253,267**		2,581,000
Gross stock-based compensation cost		**77,574**		2,743,000
Capitalised stock-based compensation		**-**		(1,309,715)
Stock-based compensation expense	**$**	**77,574**	$	1,433,285

The following table summarises the changes in equity compensation units during the years ended 31 December 2024 and 2023:

Equity unit continuity	Stock options	Performance rights	Total
Balance, 31 December 2022	17,800,000	29,261,000	**47,061,000**
Issuance of stock options to other service providers	500,000	-	**500,000**
Issuance of performance rights to employees	-	8,850,000	**8,850,000**
Conversion of performance rights to common shares	-	(10,329,000)	**(10,329,000)**
Forfeitures	-	-	**-**
Expiry	-	(15,780,000)	**(15,780,000)**
Balance, 31 December 2023	18,300,000	12,002,000	**30,302,000**
Conversion of performance rights to common shares	-	(7,715,000)	**(7,715,000)**
Forfeitures	(5,861,000)	(4,135,000)	**(9,996,000)**
Expiry	(2,500,000)	-	**(2,500,000)**
Balance, 31 December 2024	9,939,000	152,000	**10,091,000**

Stock options

			Outstanding		Exercisable	
Grant date [1]		Exercise price (A$/share)	Number of options	Weighted average remaining life (years)	Number of options	Weighted average remaining life (years)
2023 grants (Service Providers)	$	0.0175	1,500,000	0.8	**1,500,000**	**0.8**
2022 grants (Employees)		0.0575	612,000	2.1	**612,000**	**2.1**
2021 grants		0.0575	7,827,000	1.3	**7,872,000**	**1.3**
	$	0.0514	9,939,000	1.3	**9,939,000**	**1.3**

(1) All information presented in this table have been adjusted to reflect the impact of the Company's share consolidation which occurred on August 30, 2021 at a conversion rate of 20:1 (Note 14).

During the year ended 31 December 2023, Calima's board approved 0.5 million stock options for grant to service providers of Calima and Blackspur. The primary vesting condition of the stock options is continuous employment or service and 1/3 of the options vest each year over three years and are exercisable at $0.0175 per unit and $0.0575 per unit within five years from the date of grant.

Performance rights

		Outstanding		Exercisable	
Grant date[1]	Exercise price (A$/share)	Number of performance rights/options	Weighted average remaining life (years)	Number of performance rights/options	Weighted average remaining life (years)
2022[2]	-	152,000	0.5	-	-
	$ -	152,000	0.5	-	-

1) Units are subject to a market-based and/or non-market based vesting condition.
2) At 31 December 2024 the Company had 152,000 performance class F rights on issue, these securities were tied to continued employment with the Company and would partially vest on 13 June 2025.

During the year ended 31 December 2024, no equity compensation grants were issued. The following existing performance securities were converted to common shares during the year ended 31 December 2024:

- 355,250 shares were issued on 14 June 2024 following the exercise of 355,250 Class F performance rights.
- 7,360,000 shares were issued on 26 March 2024 following the exercise of 7,360,000 Performance Rights to management and employees of Blackspur Oil Corp pursuant to the Employee Share Plan.
- On 31 December 2024, 2,500,000 performance class C securities were relinquished and cancelled.

There were 10.3 million performance rights converted to common shares during the year ended 31 December 2023.

19. RELATED PARTY TRANSACTIONS

The Calima Group's related parties primarily consist of the Company's directors and officers. Amounts paid to directors and officers for the year ended 31 December 2024 and 2023 were as follows:

For the year ended	31 December 2024	31 December 2023
Short-term employer benefits	$ 573,015	$ 1,328,814
Other long-term benefits	400,281	87,339
Termination benefits	469,384	450,930
Stock-based compensation*	293,631	635,379
Total remuneration paid to directors and officers	$ 1,736,311	$ 2,502,461

* Includes the full value of performance rights that were relinquished and cancelled which total $253,267 which are required to be expensed under the accounting standards.

For the year ended 31 December 2024, in addition to remuneration paid as disclosed above, $82,600 was paid to Burnett, Duckworth & Palmer LLP, a related party to Mr. Tetley, for legal services related to the sale of the Company's assets and A$45,000 was paid to Meccano Consulting Pty Ltd., a related party to Mr. Freeman, for bookkeeping services related to the Company's operations. As at 31 December 2024 nil remained outstanding to either party.

For the year ended 31 December 2023, in addition to remuneration paid as disclosed above, $347,618 was paid to Burnett, Duckworth & Palmer LLP, a related party to Mr. Tetley, for legal services related to the sale of the Company's assets and A$32,000 was paid to Meccano Consulting Pty Ltd., a related party to Mr. Freeman, for bookkeeping services related to the Company's operations. As at 31 December 2023 $222,000 remained unpaid to Mr. Tetley and $nil remained unpaid to Mr. Freeman.

20. OTHER COMPREHENSIVE INCOME

Continuity schedule	31 December 2024	31 December 2023
Foreign currency reserve, opening	**$ 8,329,653**	**$ 4,648,000**
Unrealised gain (loss) recognised through other comprehensive income	**-**	**3,681,653**
Realisation on sale of subsidiary	**(8,329,653)**	
Foreign currency reserve, ending	**$ -**	**$ 8,329,653**

Calima's investments in its two Canadian subsidiaries, Blackspur and Calima Energy Inc., are exposed to fluctuations in foreign currency exchange rates between the Australian and Canadian dollar. A foreign currency translation reserve is utilised to record exchange differences arising from the translation of the financial statements of these foreign subsidiaries. As the Company sold both of its Canadian subsidiaries in 2024, the foreign currency reserve has been extinguished.

21. AUDITOR REMUNERATION

For the year ended	31 December 2024	31 December 2023
Pricewaterhouse Coopers		
Audit and assurance related services	**$ -**	$ 325,817
Tax and other non-assurance related services	**-**	-
Total remuneration of external auditors	**$ -**	$ 325,817
BDO Audit Pty Ltd		
Audit and assurance related services	**$ 44,224**	$ 3,500
Tax and other non-assurance related services	**105,216**	10,000
Total remuneration of external auditors	**$ 149,440**	$ 13,500

22. SUPPLEMENTAL CASH FLOW INFORMATION

For the year ended	31 December 2024	31 December 2023
Non-cash investing and financing activities		
Purchase of common shares	**(1,492,345)**	-
Repayment of term loan	**(372,000)**	(430,000)
Dividend paid and return of capital	**(79,999,803)**	(7,509,000)
Lease payments	**-**	(133,000)
Investments in oil and natural gas assets	**(70,744)**	(24,283,000)
Proceeds from sale of subsidiaries	**83,974,052**	-
Proceeds from property disposal	**-**	11,208,000
Gain (loss) on equity investment	**-**	(4,000)
	$ 2,039,160	$ (21,151,000)
Net Assets		
Cash and cash equivalents	**$ 7,094,442**	$ 3,958,000
Accounts receivable	**40,251**	104,000
Deposits and prepaid expenses	**95,817**	91,000
Accounts payable and accrued liabilities	**(119,450)**	(372,000)
Net working capital	**7,111,060**	3,781,000
Net assets	**$ 7,111,060**	$ 3,781,000

	Liabilities arising from financing activities			
	Credit Facility	Term Loan/ Other Indebtedness	Leases	Total Indebtedness
Total indebtedness – 31 December 2022 (1)	$ -	$ (3,787,000)	$ (252,000)	$ (4,039,000)
Financing cash flows	-	-	-	-
Foreign exchange adjustments	-	(91,000)	-	(91,000)
Transfer on disposition of property	-	-	252,000	252,000
Payment on term loan	-	430,000	-	430,000
Total indebtedness – 31 December 2023 (1)	$ -	$ (3,448,000) (2)	$ -	$ (3,448,000)
Payment on term loan	-	372,000	-	372,000
Transfer on disposition of property	-	3,076,000	-	3,076,000
Total indebtedness – 31 December 2024	$ -	$ -	$ -	-

(1) Interest expense and payments included in the operating cash flows were equivalent in the year and have not been included in the table above.
(2) Includes long term portion of $2,967,736 and current portion of $480,203 included in accounts payable of discontinued operations, see Note 7.

23. PARENT COMPANY FINANCIAL INFORMATION

As at and for the year ended		31 December 2024		31 December 2023
Statement of financial position				
Current assets	**$**	**7,230,510**	$	**754,396**
Non-current assets		**408,663**		**90,181,510**
Total assets		**7,639,173**		**90,935,906**
Current liabilities		**(151,562)**		**(232,226)**
Non-current liabilities		**(13,762)**		**-**
Total liabilities		**(165,324)**		**(232,226)**
Net assets		**7,473,849**		**90,703,680**
Share capital		**277,184,068**		**358,676,217**
Share-based payments		**22,213,675**		**22,136,101**
Foreign currency translations		**-**		**(118,203)**
Accumulated losses		**(291,923,895)**		**(289,990,435)**
Total shareholders' equity	**$**	**7,473,849**	$	**90,703,680**
Statement of profit or loss				
Net income/(loss)	**$**	**(209,053)**	$	**(4,428,298)**
Total comprehensive income/(loss)	**$**	**(209,053)**	$	**(4,428,298)**

Guarantees

Calima Energy Ltd provided a guarantee to National Bank of Canada in respect of the unused loan facility of Blackspur Oil Corp. This guarantee was extinguished following the sale of Blackspur Oil Corp.

Other Commitments and Contingencies

The parent entered into an office lease in 2024 for office space. The term of the lease is from 1 June 2024 to 31 May 2026.

24. INVESTMENT IN CONTROLLED ENTITIES

Investments in controlled entities held by Calima Energy Limited	Country	31 December 2024	31 December 2023
Calima Energy Inc	Canada	-	100%
Calima Energy Holdings Ltd	Canada	-	100%
Blackspur Oil Corp	Canada	-	100%
Blackspur Holdings Inc.	Canada	-	100%

25. FINANCIAL RISK MANAGEMENT

The Calima Group's policies with regard to financial risk management are clearly defined and consistently applied. They are a fundamental part of the Calima Group's long term strategy covering areas such as foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk and capital management. The natural hedges provided by the relationship between commodity prices and the US currency reduces the necessity for using derivatives or other forms of hedging. The Group does not issue derivative financial instruments, nor does it believe that it has exposure to such trading or speculative holdings through its investments in wholly owned subsidiaries. Risk management is carried out by the Board as a whole, which provides written principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Market Risk

(i) Foreign exchange risk

The Group is exposed to material foreign currency exposure on a group or company level. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Calima Group currently engages in hedging and/or derivative transactions to manage foreign currency risk. Refer note 10 above.

(ii) Commodity price risk

Due to the nature of the Calima Group's principal operations being oil & gas exploration and production the Group is exposed to the fluctuations in the price of oil & gas. The Group currently engages in hedging or derivative transactions to manage foreign currency risk. Refer note 11 above.

(iii) Interest rate risk

Interest rate risk relates to the statement of financial position values of the consolidated cash at bank at 31 December 2024 and 31 December 2023.

(iv) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is not significantly exposed to credit risk from its operating activities, however the Board constantly monitors customer receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. The Group does not hold collateral as security. No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments and cash deposits. Credit rating of cash is A+; all funds are held by Bank of Canada and NAB which have government guarantees on deposits.

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised below, none of which are impaired or past due.

Carrying Amount	31 December 2024	31 December 2023
Statement of financial position		
Cash	**$ 7,094,442**	$ 3,957,653
Receivables	**40,251**	104,023

(v) Capital Risk and Liquidity Risk Management

The Calima Group's overriding objectives when managing capital are to safeguard the business as a going concern; to maximise returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate credit facility. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

Financing Arrangements

The Calima Group's access to borrowings were extinguished upon the sale of Blackspur Oil Corp in February 2024.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities and relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

At 31 December 2024	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
Financial Liabilities							
Trade creditors	119,455	-	-	-	-	119,455	119,455
Total	119,455	-	-	-	-	119,455	119,455

At 31 December 2023	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
Financial Liabilities							
Trade creditors	371,356	-	-	-	-	371,356	371,356
Total	371,356	-	-	-	-	371,356	371,356

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

Calima Energy Limited has no controlled entities and as at 31 December 2024. As a result, section 295(3A)(a) of the Corporations Act 2001 does not apply to the entity.

DIRECTORS' DECLARATION

The Directors of Calima Energy Limited declare that:

(a) In the Directors' opinion, the annual financial statements and notes, set out on pages 10 to 33, are in accordance with the Corporations Act 2001, including:
   i. Complying with relevant Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and,
   ii. Giving a true and fair view of the Calima Group's financial position as at 31 December 2024 and of its performance for the financial year ended on that date.

(b) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) The consolidated entity disclosure statement is true and correct.

Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Executive Chairman and Finance Director/Chief Financial Officer, Canada required by Section 295A of the Corporations Act 2001 for the financial period ended 31 December 2024.

This Directors' Declaration is made in accordance with a resolution of the Directors.

On behalf of the Board of Directors:

Glenn Whiddon
Executive Chairman

1 April 2025

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INDEPENDENT AUDITOR'S REPORT

To the members of Calima Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Calima Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

i) Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards.Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for* Professional *Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia.We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information.The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/media/apzlwn0y/ar3_2024.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

Jarrad Prue

Director

Perth, 01 April 2025

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF CALIMA ENERGY LIMITED

As lead auditor of Calima Energy Limited for the year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Calima Energy Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit Pty Ltd

Perth

01 April 2025

ADVISORIES & GUIDANCE

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.

Non-GAAP measures

This annual report includes certain meaningful performance measures commonly used in the oil and natural gas industry that are not defined under IFRS, consisting of "adjusted EBITDA", "adjusted working capital", "available funding" and "net debt". These performance measures presented in this annual report should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS and should be read in conjunction with the financial statements. Readers are cautioned that these non-GAAP measures do not have any standardised meanings and should not be used to make comparisons between Calima and other companies without also considering any differences in the method by which the calculations are prepared. Refer to the other sections of this annual report and the definitions below for additional details regarding the calculations.

Corporate governance

Information related to the Calima Group's corporate governance practices can be found on the Company's website located here: (https://calimaenergy.com/corporate-governance/).

Oil and Gas Glossary and Definitions

Term	Meaning
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 gains on acquisition, gains and losses on financial instruments, transaction and advisory costs, exploration expenses 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.
Adjusted working capital:	Adjusted working capital is comprised of current assets less current liabilities on the Company's statement of financial position and excludes the current portions of risk management contracts and credit facility draws. Adjusted working capital is utilised by Management and others as a measure of liquidity because a surplus of adjusted working capital will result in a future net cash inflow to the business which can be used for future funding, and a deficiency of adjusted working capital will result in a future net cash outflow which will require a future draw from Calima's existing funding capacity.
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
Available funding:	Available funding is comprised of adjusted working capital and the undrawn component of Blackspur's credit facility. The available funding measure allows Management and other users to evaluate the Company's liquidity.
Credit Facility Interest:	Borrowings under the Credit Facility incur interest at a market-based interest rate plus an applicable margin which varies depending on Blackspur's net debt to cash flow ratio. Interest charges are between 150 bps to 350 bps on Canadian bank prime borrowings and between 275 bps and 475 bps on Canadian dollar bankers' acceptances. Any undrawn portion of the demand facility is subject to a standby fee in the range of 20 bps to 45 bps. Security for the credit facility is provided by a C$150 million demand debenture
CO_2e:	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 Income:	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 from operations:	Funds flow is comprised of cash provided by operating activities, excluding the impact of changes in non-cash working capital. Calima utilises funds flow as a measure of operational performance and cash flow generating capability. Funds flow also impacts the level and extent of funding for investment in capital projects, returning capital to shareholders and repaying debt. By excluding changes in non-cash working capital from cash provided by operating activities, the funds flow measure provides a meaningful metric for Management and others by establishing a clear link between the Company's cash flows, income statement and operating netbacks from the business by isolating the impact of changes in the timing between accrual and cash settlement dates.
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
LMR:	The LMR (Liability Management Ratio) is determined by the Alberta Energy Regulator ("AER") and is calculated by dividing Blackspur's deemed assets by its deemed liabilities, both values of which are determined by the AER.
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
Net Debt / working capital surplus	Net debt/working capital surplus is calculated as the current and long-term portions of Calima's credit facility draws, lease liabilities, term loan and other borrowings net of adjusted working capital. The credit facility draws are calculated as the principal amount outstanding converted to Australian dollars at the closing exchange rate for the period. Net debt is an important measure used by Management and others to assess the Company's liquidity by aggregating long-term debt, lease liabilities and working capital.
NGL / Natural Gas Liquids:	hydrocarbon components of natural gas that can be separated from the gas state in the form of liquids
Net Debt/Adjusted EBITDA (Leverage)	a measure of financial liquidity and flexibility calculated as Net Debt divided by Hedged Adjusted EBITDA
Net Revenue Interest:	a share of production after all burdens, such as royalty and overriding royalty, have been deducted from the working interest. It is the percentage of production that each party receives
Operating Costs:	total lease operating expense (LOE) plus gathering & compression expense
Operating Netback:	Operating netback is calculated on a per boe basis and is determined by deducting royalties, operating and transportation from oil and natural gas sales, after adjusting for realised hedging gains or losses. Operating netback

Term	Meaning
	is utilised by Calima and others to assess the profitability of the Company's oil and natural gas assets on a standalone basis, before the inclusion of corporate overhead related costs. Operating netback is also utilised to compare current results to prior periods or to peers by isolating for the impact of changes in production volumes.
Physical Contract:	a marketing contract between buyer and seller of a physical commodity which locks in commodity pricing for a specific index or location and that is reflected in the Company's commodity revenues Production Taxes: state taxes imposed upon the value or quantity of oil and gas produced
Promote:	an additional economic ownership interest in the jointly-owned properties that is conveyed cost-free to the operator in consideration for operating the assets
PDP/ Proved Developed Producing:	a reserve classification for proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods
PV10:	a standard metric utilised in SEC filings for the valuation of the Company's oil and gas reserves; the present value of the estimated future oil and gas revenues, reduced by direct expenses, and discounted at an annual rate of 10%
RBL / Reserve Based Lending	a revolving credit facility available to a borrower based on (secured by) the value of the borrower's oil and gas reserves
Royalty Interest or Royalty:	Interest in a leasehold area providing the holder with the right to receive a share of production associated with the leasehold area
Terminal decline:	represents the steady state decline rate after early (initial) flush production
tCO2:	Tonnes of Carbon Dioxide
Unconventional Well:	a well that produces gas or oil from an unconventional underground reservoir formation, such as shale, which typically requires hydraulic fracturing to allow the gas or oil to flow out of the reservoir
Upstream:	a segment of the oil and gas industry that focuses on the exploration and production of oil and natural gas
Working Capital Ratio:	The working capital ratio as the ratio of (i) current assets plus any undrawn availability under the facility to (ii) current liabilities less any amount drawn under the facilities. For the purposes of the covenant calculation, risk management contract assets and liabilities are excluded.
WI/ Working Interest:	a type of interest in an oil and gas property that obligates the holder thereof to bear and pay a portion of all the property's maintenance, development, and operational costs and expenses, without giving effect to any burdens applicable to the property

Abbreviation	Abbreviation meaning	Abbreviation	Abbreviation meaning
1P	proved reserves	**IP30**	Average oil production rate over the first 30 days
2P	proved plus Probable reserves	**A$ or AUD**	Australian dollars
3P	proved plus Probable plus Possible Reserves	**C$ or CAD**	Canadian dollars
bbl or bbls	barrel of oil	**US$ or USD**	United states dollars
boe	barrel of oil equivalent (1 bbl = 6 Mcf)	**($ thousands)**	figures are divided by 1,000
d	suffix – per day	**($ 000s)**	figures are divided by 1,000
GJ	gigajoules	**Q1**	first quarter ended March 31st
mbbl	thousands of barrels	**Q2**	second quarter ended June 30th
mboe	thousands of barrels of oil equivalent	**Q3**	third quarter ended September 30th
Mcf	thousand cubic feet	**Q4**	fourth quarter ended December 31st
MMcf	million cubic feet	**YTD**	year-to-date
NGTL	Nova Gas Transmission Line	**YE**	Year end
PDP	proved developed producing reserves	**H1**	six months ended June 30th
PUD	Proved Undeveloped Producing	**H2**	six months ended December 31st
C	Contingent Resources – 1C/2C/3C – low/most likely/high	**B**	Prefix – Billions
Net	Working Interest after Deduction of Royalty Interests	**MM**	Prefix - Millions
NPV (10)	Net Present Value (discount rate), before income tax	**M**	Prefix - Thousands
EUR	Estimated Ultimate Recovery per well	**/d**	Suffix – per day
WTI	West Texas Intermediate Oil Benchmark Price	**bbl**	Barrel of Oil
WCS	Western Canadian Select Oil Benchmark Price	**boe**	Barrel of Oil Equivalent (1bbl = 6 mscf)
1P or TP	Total Proved	**scf**	Standard Cubic Foot of Gas
2P or TPP	Total Proved plus Probable Reserves	**Bcf**	Billion Standard Cubic Foot of Gas
3P	Total Proved plus Probable plus Possible Reserves	**tCO_2**	Tonnes of Carbon Dioxide
EBITDA	Earnings before interest, tax, depreciation, depletion and amortisation	**OCF**	Operating Cash Flow, ex Capex
Net Acres	Working Interest	**E**	Estimate
IP24	The peak oil production rate over 24 hours of production	**CY**	Calendar Year
TD	Total depth		