



Market Announcements Platform
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

CALIMA
ENERGY

ASX Code: CE1

February 12, 2019

Drilling Operations Concluded Successfully

Highlights:

- Calima-3 horizontal Upper Montney well has reached its planned final location.
- Horizontal section of 2,561m.
- Calima-3 well was drilled within budget, ahead of schedule and without incident.
- Mobilisation of completion equipment is now underway to be followed by production testing of the Calima-2 and 3 wells.

Calima Energy Limited (ASX:CE1) (“Calima” or the “Company”) is pleased to advise that the Calima-3 horizontal well (official designation – Calima Hz Tommy a-A054-C/094-G09) has reached its planned total depth (TD). The horizontal section was completed with a total length of 2,561m.

The Calima-3 well is currently being cemented and cased, with the Precision Drilling PD379 rig due to move offsite this week.

The drilling phase of this campaign is now complete. The three wells in this campaign were drilled ahead of schedule and the performance of the drilling team has matched the best performance of other operators in the region (Figure 2). The data recovered to date has confirmed that the stratigraphy is directly comparable to offset producing wells and that the Montney section, as encountered by these wells, appears to be hydrocarbon saturated containing both gas and condensate.

The next stage of the operation is to run a production test on the Calima-2 and 3 horizontal wells. The equipment and materials required for fracture stimulation operations are currently moving onto location. Production testing should commence early in March with an anticipated duration of 25 days. The Company has a permit to produce 105 million cubic feet of gas and associated liquids per well during testing operations. The overall duration of the production test is determined by the time taken to produce the permitted volume of gas. The rate at which the wells will be tested has been optimised, based on reservoir modelling studies, to maximize the recovery of condensate and other natural gas liquids. This will provide the best estimate of the condensate yield that can be expected once the wells are put on long-term production.





Production test results, together with the data collected from the Calima-1 vertical well, will be provided to the reserves auditor, McDaniel & Associates, so that the Company's resource statement (see ASX announcement 14 March 2018) can be updated.

Alan Stein, Calima's Managing Director commented:

"The drilling team, under the direction of Calima's Operations Manager Aaron Bauer, has delivered a project that matches the best-in-class drilling performance of other Operators in the area. Ramdar Resource Management were pivotal in this result providing overall project management through the planning and execution phases. The Precision Drilling PD379 drilling rig has been faultless. Precision also provided directional drilling services while Cougar Consultants and White Eagle Energy provided well site and geo-steering services. The whole team has worked together to the highest professional standards to deliver an outstanding result and we would like to record our appreciation of their efforts. Some of the adjacent Operators have also been generous with their advice and their contribution is similarly appreciated. We are excited by the data generated to date which has confirmed our views on the prospectivity of the area and we look forward to reporting the results of production testing over the next few weeks."

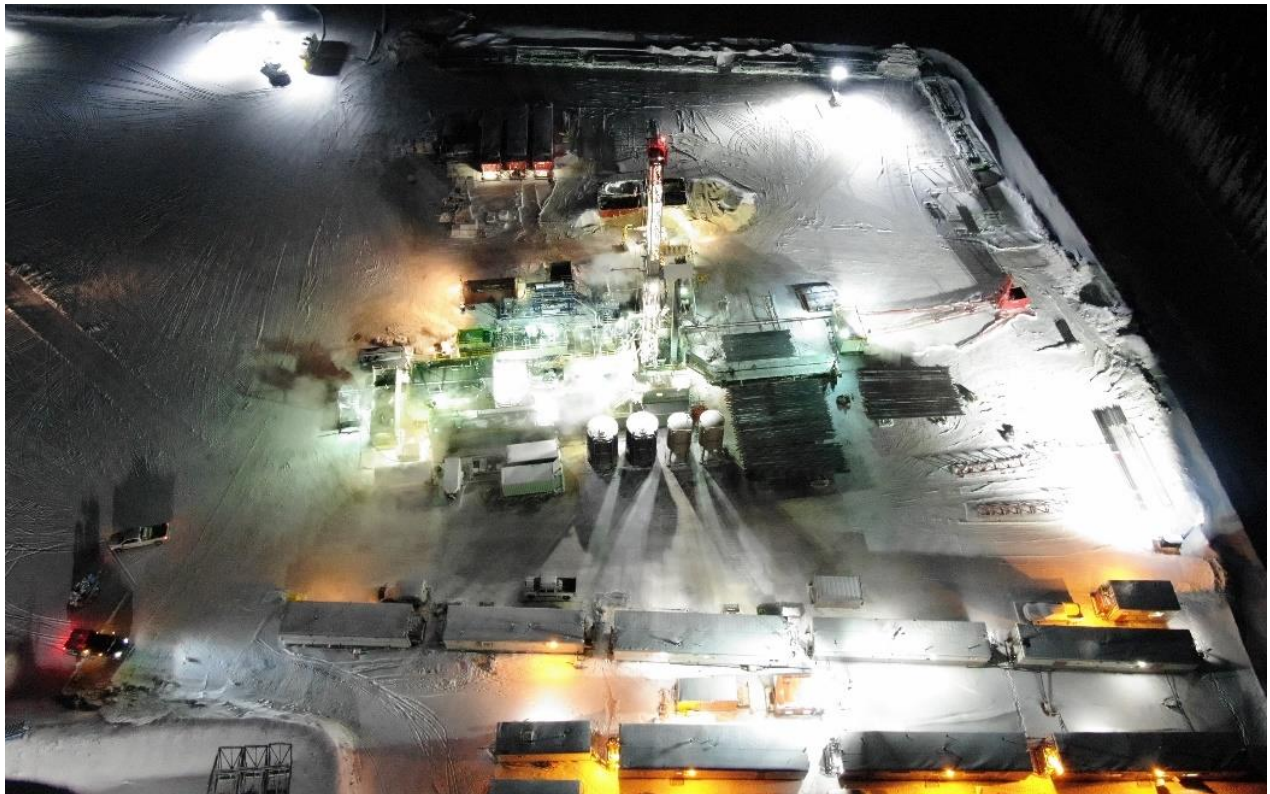


Figure One – Drilling operations are now complete and the Precision Drilling PS 379 rig will be moving off location later this week.

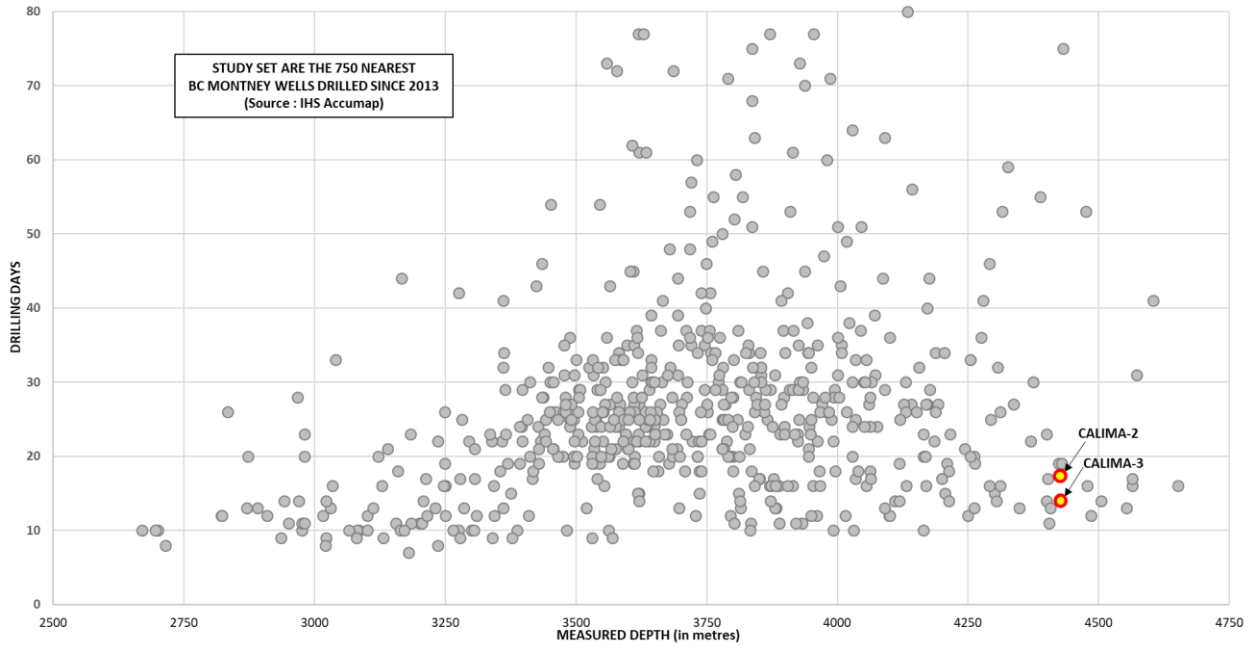


Figure Two – Depth drilled versus time for Montney horizontal wells drilled by other companies operating in NE British Columbia. Calima’s drilling performance matches the best results of other companies active in the area.

For further information visit www.calimaenergy.com or contact

Alan Stein Managing Director E: astein@calimaenergy.com T: +61 8 6500 3270	Jonathan Taylor Technical Director E: jtaylor@calimaenergy.com T+ 44 77391 77805	Glenn Whiddon Chairman E: glenn@lagral.com T: +61 0 410 612 920
David Tasker Chapter One Advisors E: dtasker@chapteroneadvisors.com.au T: +61 433 112 936		

About Calima Energy

Calima Energy Limited (ASX:CE1) is an international oil and gas company with more than 72,000 acres of drilling rights prospective for the Montney Formation in British Columbia, the most active oil and gas play in Canada.

Calima’s neighbours in the Montney include international operators Shell, ConocoPhillips and Petronas Canada, as well as Canadian producers Black Swan Energy, Saguaro Resources and Painted Pony Energy. The region’s liquids-rich hydrocarbon reserves are being targeted for LNG export alongside domestic and international oil market opportunities.