



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

CALIMA
ENERGY

ASX Code: CE1

March 25, 2019

Calima-2 Initial Results - Outperforms Peer Group

Highlights:

- Calima-2 test rate delivers top quartile performance against peer group.
- Production tubing being installed with testing to recommence imminently delivering further results.

Calima Energy Limited (ASX:CE1) (“Calima” or the “Company”) is pleased to provide an update regarding production testing on the Calima-2 well.

The maximum flow rate achieved during the clean-up phase of the production test was 10.2 mmcf/d.

The ratio of liquids to gas continues to improve as the well cleans up. Based on the latest production numbers collected immediately prior to the installation of production tubing the condensate to gas ratio (CGR) had climbed to 17.6 bbl/mmcf. Assuming typical plant recoveries for Montney liquids rich gas this would equate to a final CGR of 35-38 bbl/mmcf ⁽¹⁾.

Based on other results in the area the CGR would be expected to improve once the wells are brought on long-term production and the gas production rate is optimised. Comparisons with nearby wells suggests that Calima-2 should match or exceed the liquids rates from adjacent areas.

Alan Stein, Calima’s Managing Director commented:

“We have some strong results coming out of Calima-2 which firms up our belief that we have opened up a new extension to the liquids-rich Montney play in British Columbia. The team in Canada are doing an outstanding job to collect all the data we need in a race against time ahead of the end of winter. In common with most new areas across the Montney there is a window of opportunity to operate while the ground is frozen. Now that we have such positive results building all-weather access can be planned for the future. In the meantime, we are successfully gathering all the data we need to determine exactly how we can expect wells in this area to perform. We can also provide these data to our reserve auditors as the basis of an updated report”.

The Company has retained one of Calgary’s leading oil and gas consultancies, GLJ Petroleum Consultants, to analyse the test results and provide commentary on the data being generated. Further

Calima Energy Ltd ACN 117 227 086
1A/1 Alvan St, Subiaco Perth WA 6008: +61 8 6500 3270 Fax: + 61 8 6500 3275
Email: info@calimaenergy.com.au www.calimaenergy.com.au

FOLLOW US





details will be released as the data becomes available over the next 14 days however some early data provided by GLJ (Figure 1) demonstrates that Calima-2 has delivered initial performance in the upper quartile of the peer group.

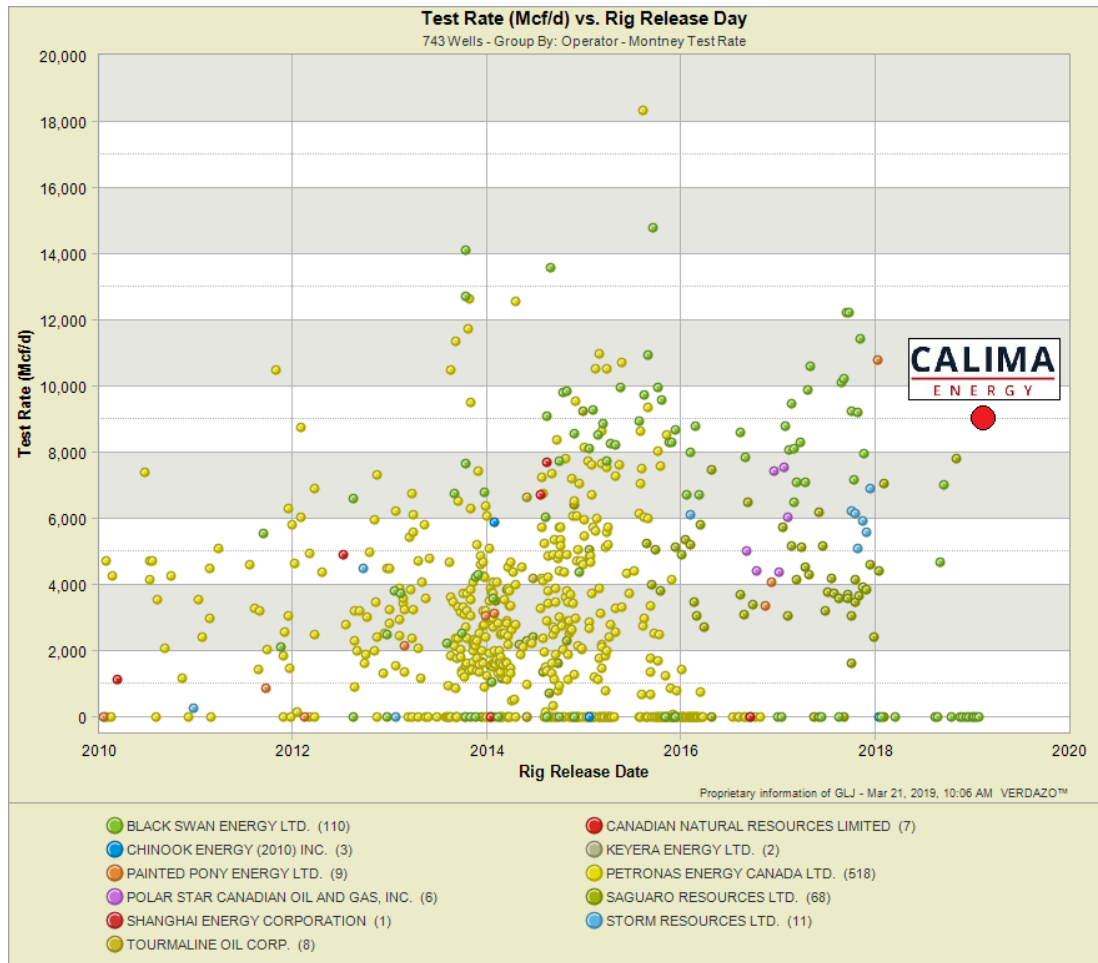


Figure One – Test rate (mmcf/d) after 48 hours vs rig release date showing that in terms of initial performance Calima-2 has performed within the top quartile of the peer group.

In analyzing the results Michael Morgan, Director of Analytics at GLJ Petroleum Consultants in Calgary commented;

“In reviewing the test results, it looks like the Calima-2 well is going to meet its primary objective in matching or exceeding the performance of adjacent wells. Gas and light oil or condensate flow rates compare very favourably with the peer group at this early stage of testing.

The condensate recovery rates are typical for wells in the liquids rich zone of the Montney and the liquid chromatography results are also typical for condensates recovered from wells adjacent to the Calima Lands”.

The Company cautions that the information in this release relates to initial flow rates which may not necessarily be indicative of the results which will be obtained upon the conclusion of the full testing



programme or from longer term production. Further announcements will be made once stabilised flow rates have been established.

Appendix One

Name & Type	Calima 02 Hz Tommy a-054-C/094-G-09 (Horizontal)
Location	NE British Columbia, Canada
Working Interest	100%
Rock Type	Montney Formation - siltstone
Vertical Depth / Lateral Length	1683m TVD / 2508m
Test Type & Duration	Initial clean-up and flow back – 48 hours
Hydrocarbon phases recovered	Gas and Light Oil/Condensate
Other recoveries	Stimulation water
Completion Stages	92 stages at 30m spacing with 1.5t/m proppant loading
Choke size	63.5mm

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.



Notes

(1) The numbers of barrels recovered at the well-head is not indicative of the total number of barrels typically won from production. Based on expected deep cut recoveries through standard processing facilities in the area the liquids recoveries would be expected to increase by more than 100% after treatment.

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 Sundance, 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.