



Market Announcements Platform
ASX Limited
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CALIMA
ENERGY

ASX Code: CE1

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Exceptional Results from Calima's Montney Core & Logging Analyses

Highlights:

- Oil saturation values measured from **core** of up to 59% in the Upper Montney target and 64% in the Middle Montney target are significantly higher than those recorded in adjacent areas.
 - Excellent reservoir properties in comparison to nearby wells determined from recent **wireline log** analyses. Log-derived Upper Montney target porosities in Calima-1 are 28% higher than the average of nearby peer group wells and 20% higher in the Middle Montney target. Average hydrocarbon saturations in the Calima-1 well are 14% higher in both the Upper and Middle Montney targets.
 - Results from the log and core analyses combined with the production test data confirm that both the Upper and Middle targets lie within the liquids-rich Montney fairway.
 - McDaniel and Associates have been retained to provide an updated Reserves Statement that is expected in May/June 2019. No further testing of Calima-2 or -3 is required.
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Calima Energy Limited (ASX:CE1) ("Calima" or the "Company") is pleased to provide an update on the ongoing core and log data analyses from the Company's recent Montney drilling campaign that has confirmed a significant extension of the liquids-rich Montney fairway in British Columbia.

Alan Stein, Calima's Managing Director commented:

We continue to be delighted with the results from our recent drilling campaign. In combination with the flow-test results, new log and core analyses just received have further confirmed our predictions that the Calima Lands are situated within the liquids-rich fairway of the Montney Formation. We now have all the data necessary to commission an independent reserves audit and move forwards on negotiations regarding pipeline access and marketing agreements as well as exploring A&D opportunities with other companies and investors active in the region."





Core Analyses - Studies of the Calima-1 Montney core, conducted by AGAT Laboratories, a leading Calgary-based provider of laboratory services, have determined **significantly elevated oil saturations throughout the entire 230m of core**. Oil saturations of up to 59% and 64% have been measured in the Upper and Middle Montney targets respectively. Comparisons of oil saturations (shown in green in Figure 1) from the nearest offset wells with Montney core confirm that the oil saturations encountered in Calima-1 are elevated. These elevated oil saturation measurements might explain why the condensate-gas ratios (CGRs) were increasing during testing operations, and reaffirms Management's anticipation of further enhancement to CGRs once both wells are brought onto production.

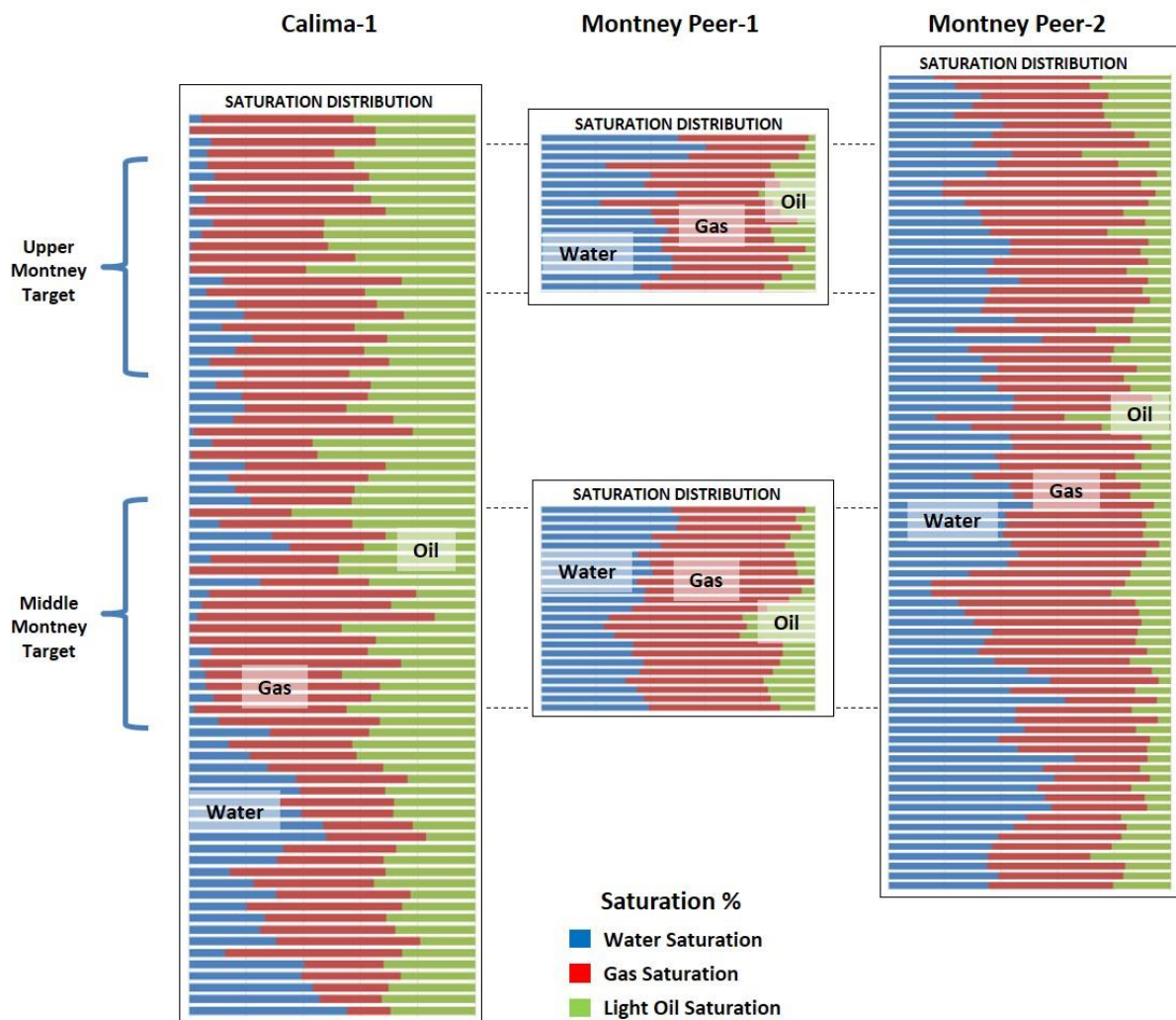


Figure 1 – Oil-gas-water saturations calculated from core data in Calima-1 (left) relative to saturation data calculated from core acquired in nearby wells by Montney peers. Data are aligned relative to Top Montney depth.



Wireline Log Analyses - Following the acquisition of wireline log data in the Calima-1 vertical well, Calima contracted NUTECH Energy, a leader in reservoir intelligence, to conduct analyses of the Montney reservoirs for comparison with nearby wells (well locations shown in Appendix 1/Figure 2). Results from the study, summarised in **Table 1**, highlight the reservoir quality of the Montney reservoir targets in Calima-1. Notably, the key reservoir parameters of porosity and hydrocarbon saturation are far superior to the average of those calculated in the offset wells.

Porosity –Average porosities in Calima-1, for the Upper and Middle Montney targets, are **28% and 20% higher**, respectively, than the average of the offset wells. Porosity is a measure of the available pore-space capable of holding hydrocarbons and water and thus has a direct influence on the volumes of hydrocarbons in-place.

Hydrocarbon saturation – Average hydrocarbon saturations in Calima-1, for both the Upper and Middle Montney targets, are **14% greater** than the average of the offset wells. The hydrocarbon saturations calculated in the wireline analyses are confirmed by AGAT’s core analyses. Hydrocarbon saturation defines the percentage of hydrocarbons taking up pore space within the reservoir rock and will have a direct bearing on the volumes of hydrocarbons in-place.

Compiled for Calima Energy (March 2019) by: NUTECH

		LOCATION A	LOCATION B	CALIMA ENERGY CALIMA-1	LOCATION C	LOCATION D
UPPER TARGET (tested with Calima-3)	Porosity (%)	3.8	4.5	5.3	4.1	4.1
	Hydrocarbon Sat. (1-Sw) %	67.8	87.7	87.5	68.7	82.6
	Thickness (m)	48	49	46	38	35
	Clay (%)	18.6	16.6	14.3	18.2	16.1
	TOC (%)	1.48	2.13	1.7	1.36	2.0
MIDDLE TARGET (tested with Calima-2)	Porosity (%)	3.7	4.1	4.5	3.8	3.4
	Hydrocarbon Sat. (1-Sw) %	67.7	82.0	75.2	65.9	48.5
	Thickness (m)	73	70	73	65	64
	Clay (%)	23.7	23.3	20.6	20.8	18.8
	TOC (%)	1.05	1.33	1.3	0.92	0.93
LOWER TARGET (upside potential)	Porosity (%)	4.3	5.1	4.9	4.7	4.5
	Hydrocarbon Sat. (1-Sw) %	70.3	72.5	62.0	63.1	62.7
	Thickness (m)	146	132	136	158	136
	Clay (%)	30.0	27.4	27.0	30.2	28.4
	TOC (%)	0.87	0.87	1.1	0.65	0.59

Table 1 – Reservoir parameters determined from Calima-1 wireline log data (highlighted in red) compared with wireline log analyses of nearby wells by Montney peers. Location B (grey outline) lies within the Calima Lands and providing further evidence that the exceptional reservoir quality encountered in the Calima wells extends further north into the Calima Lands.



Management are also pleased by the results calculated for the closest of the offset wells as part of this analysis, as it is located within the Calima Lands. The well, identified as Location B in Table 1, is located ~8km northwest of Calima-1 and only 5km from the bottom hole location of Calima-3. Well B was drilled vertically by a previous operator to target a conventional reservoir below the Montney. **The results of the Well B analysis validate the northwards extension of the exceptional Montney reservoir quality encountered in the Calima wells. The Well B location could be a de-risked future well pad.**

The recent core and log analyses of the Calima-1 well confirm the liquids-rich nature of the Montney Formation in the Calima Lands, including the Upper Montney target as tested by Calima-3. The Calima-1 log and core analyses support the production test results and together will allow for a full evaluation of the Upper and Middle Montney targets, with no further testing of Calima-2 or -3 being required.

McDaniel appointed as Independent Reserves Auditor - With all necessary data having been acquired, Calima has commissioned an updated Reserves Statement and will retain the services of Independent Reserves Auditor, McDaniel and Associates (McDaniel). McDaniel are a leading independent geological consulting firm with extensive experience of the Montney Formation. The final report is expected to be completed during May 2019.



Appendix 1

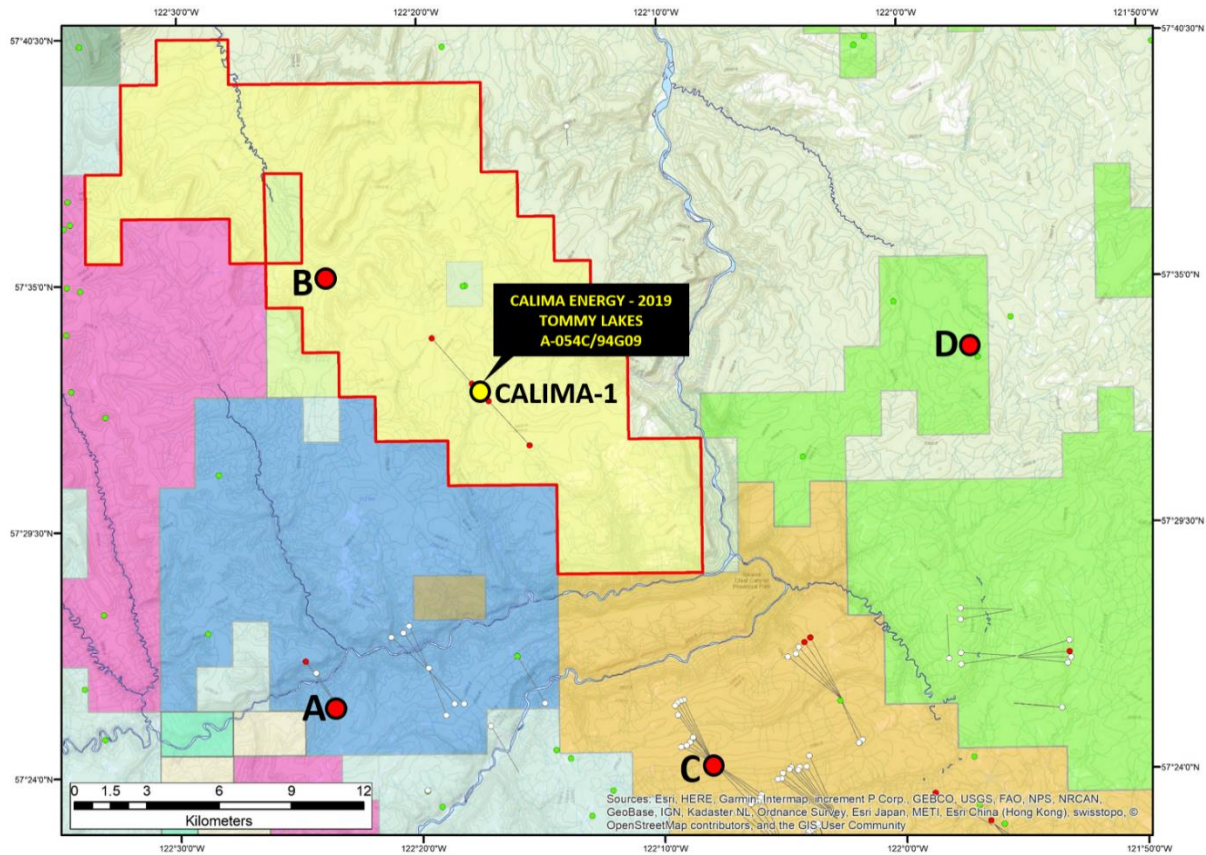


Figure 2 – Location map of vertical wells summarised in Table 1. Calima Lands shown in yellow.

For further information visit www.calimaenergy.com or contact

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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.

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.