



CRITERIUM ENERGY LTD.

FILING STATEMENT

November 14, 2023

Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover described in this Filing Statement.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Filing Statement, and in certain documents incorporated by reference into this Filing Statement, constitute forward-looking statements. All forward-looking statements are based on the Corporation's beliefs and assumptions based on information available at the time such assumptions were made. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this Filing Statement should not be unduly relied upon.

The reports of MNP LLP, Crowe MacKay LLP (the former auditor for Softrock Minerals Ltd.) and TSFBR included or incorporated by reference in this Filing Statement refer exclusively to the historical financial statements described therein and do not extend to the prospective financial information included in this Filing Statement and should not be read to do so.

In particular, this Filing Statement and the documents incorporated by reference herein contain forward-looking statements pertaining to, but not limited to, the following:

- the Offering, including the use of proceeds from the Offering and the Convertible Loan;
- the anticipated closing date of the Acquisition and the Convertible Loan;
- completion of the Offering, the Convertible Loan, the Acquisition and the timing thereof, including receipt of all required third party and regulatory approvals;
- the anticipated benefits of the Acquisition, including the impact of the Acquisition on the Corporation's operations, reserves, inventory and opportunities, financial condition, available tax pools, access to capital and overall strategy;
- expectations with respect to production, free funds flow, adjusted funds flow, EBITDA, capital expenditures and net debt relating to MOPL and Criterium following the Acquisition;
- expected improved netbacks achieved through operational efficiencies that are anticipated from the cash injected and resulting drilling activity post completion of the Acquisition;
- development and drilling plans for the MOPL Assets, including the drill locations associated therewith and timing of results therefrom;
- capacity of infrastructure;
- the performance characteristics of the oil and natural gas properties of the Corporation and MOPL;

- the estimated quantity of the Corporation's oil and natural gas reserves and anticipated future cash flows from such reserves;
- the estimated quantity of the oil and gas reserves associated with the MOPL Assets and anticipated future cash flows from such reserves;
- the source of funding for the Corporation's activities including development costs;
- projections of commodity prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the Corporation's ability to raise capital and to continually add to reserves through acquisitions and development;
- treatment under governmental regulatory regimes and tax laws;
- expected production rates;
- fluctuations in depletion, depreciation, and accretion rates;
- possible changes in regulatory regimes in respect of royalty curves and regulatory improvements and the effects of such changes; and
- Criterium's business and acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the material risk factors set forth below, elsewhere in this Filing Statement and in the documents incorporated by reference herein:

- inability to complete the Acquisition or the Convertible Loan;
- the conditions to the completion of the Offering, the Convertible Loan and the Acquisition may not be satisfied;
- the use of proceeds of the Offering by the Corporation may change if the board of directors of the Corporation determines that it would be in the best interests of the Corporation to deploy the proceeds for some other purpose;
- failure to realize the anticipated benefits of the Acquisition;
- unforeseen difficulties in integrating the business of MOPL into the Corporation's operations;
- volatility in market prices for oil and natural gas;
- operational risks and liabilities inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- changes in royalty regimes;

- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of benefits to be obtained from acquisitions and exploration and development programs (including the Acquisition);
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- adverse effects on general economic conditions in Canada, the United States and globally, including due to the COVID-19 pandemic;
- the accuracy of oil and gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates;
- the uncertainties in regard to the timing of Criterium's exploration and development program;
- fluctuations in the costs of borrowing;
- currency exchange rate fluctuations;
- political or economic developments;
- ability to obtain regulatory approvals;
- risks related to the environment and changing environmental laws such as, carbon tax and methane emissions regulation;
- the results of litigation or regulatory proceedings that may be brought against the Corporation;
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and
- the other factors discussed under "*Risk Factors*" herein and in the Annual Information Form, Annual MD&A and Interim MD&A.

In addition, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future.

This Filing Statement contains FOPI about the Corporation's prospective results of operations (including production), operating costs, expenditures, free funds flows, operating field netbacks, EBITDA, net debt, debt and components thereof, including pro forma the completion of the Offering, the Convertible Loan and the Acquisition, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOPI contained in this Filing Statement was made as of the date of this Filing Statement and was provided for the purpose of describing the anticipated effects of the Offering and the Acquisition on the Corporation's business operations. The Corporation disclaims any intention or obligation to update or revise any FOPI contained in this Filing Statement, whether as a

result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this Filing Statement should not be used for purposes other than for which it is disclosed herein. See "*Risk Factors*".

With respect to forward-looking statements contained in this Filing Statement, the Corporation has made assumptions regarding, among other things: the Corporation's ability to close the Offering and the Acquisition; the timing of obtaining regulatory and third party approvals and completion of the Offering and the Acquisition; information provided by MOPL and other third parties; that commodity prices will be consistent with the current forecasts of its engineers; operating field netbacks; average production rates; costs to drill and complete wells; ultimate recovery of reserves; royalty regimes will not be subject to material modification; that the Corporation will be able to obtain skilled labour and other industry services at reasonable rates; that the timing and amount of capital expenditures and the benefits therefrom will be consistent with the Corporation's expectations; the impact of increasing competition; that the conditions in general economic and financial markets will not vary materially; that the Corporation will be able to access capital, including debt, on acceptable terms; that drilling, completion and other equipment will be available on acceptable terms; that government regulations and laws will not change materially; that royalty rates will not change in any material respect; and that future operating costs will be consistent with the Corporation's expectations.

The Corporation has included the above summary of assumptions and risks related to forward-looking statements provided in this Filing Statement in order to provide investors with a more complete perspective on the Corporation's current and future operations and such information may not be appropriate for other purposes. Forward-looking statements contained in certain documents incorporated by reference into this Filing Statement are based on the key assumptions and are subject to the risks described herein and in the documents incorporated by reference herein. The reader is cautioned that such assumptions, although considered reasonable by the Corporation at the time of preparation, may prove to be incorrect.

GLOSSARY

"**ABCA**" means the Business Corporations Act (Alberta) as amended from time to time.

"**Acquisition**" means the acquisition of all issued and outstanding shares of MOPL pursuant to the terms of the Definitive Agreement.

"**Affiliate**" means a company that is affiliated with another company as described below.

A company is an "Affiliate" of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A company is "controlled" by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"**Amended Credit Facility**" means collectively, the amended agreements between MOPL and each of Eastspring ASEAN Mezzanine Debt Master Fund, Kendall Court Cambridge Investment Manager Ltd., and Summit Investments Pty. Ltd.

"**Associate**" when used to indicate a relationship with a person or company, means:

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of Criterium;
- (b) any partner of the person or company;
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity;
- (d) in the case of a person, a relative of that person, including:
 - (i) that person's spouse or child; or
 - (ii) any relative of the person or of his spouse who has the same residence as that person; but

- (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

"Board" means the board of directors of Criterium.

"Broker Warrants" means the warrants issued to the Underwriter immediately upon satisfaction of the Escrow Release Conditions, equal to 6% of the number of Subscription Receipts sold under the Offering (including the Over-Allotment Option). Each Broker Warrant shall entitle the holder thereof to acquire one unit (a **"Broker Unit"**), consisting of one Common Share (a **"Broker Unit Share"**) and one Common Share purchase warrant (a **"Broker Unit Warrant"**) at an exercise price per Broker Unit equal to the Offering Price for a period of 60 months from the Escrow Release Date. Each Broker Unit Warrant shall be exercisable into one Common Share, at an exercise price of \$0.14 per Broker Unit Warrant Share until 5:00 p.m. (Calgary time) on the date that is 60 months from the Escrow Release Date.

"Cash Consideration" means the cash consideration of US\$1 in accordance with the Definitive Agreement.

"Closing Date" means November 3, 2023, the closing date of the Offering.

"COGEH" means the Canadian Oil and Gas Evaluation Handbook maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time.

"Common Share" means one common share of the Corporation.

"company" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"Completion Loan" means the US\$12 million loan, subject to adjustment in accordance with the Definitive Agreement, from the Corporation to MOPL to be used to retire outstanding MOPL Debt and the development of assets.

"Control Person" means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of Criterium.

"Convertible Loan" means a convertible loan in the principal amount of \$12,200,000 to the Corporation from the Strategic Investor.

"Criterium" or the **"Corporation"** means Criterium Energy Ltd.

"Definitive Agreement" means the share purchase agreement entered into between the Corporation and MOPL Shareholders, dated June 14, 2023, as amended on October 6, 2023.

"EBITDA" means earnings before interest, taxes, depreciation and amortization.

"**ERCE**" means ERC Equipoise Ltd., independent reserve evaluator.

"**Escrow Release Date**" means date of the Escrow Release Deadline.

"**Escrow Release Deadline**" means on or before 5:00 p.m. (Calgary time) on the date that is 90 days following the Closing Date, or such later date as may be agreed to in writing between the Corporation and the Underwriter.

"**Exchange**" or "**TSXV**" means the TSX Venture Exchange Inc.

"**FOFI**" means future-oriented financial information and financial outlook information.

"**Insider**" if used in relation to Criterium, means:

- (a) a director or senior officer of Criterium;
- (b) a director or senior officer of Criterium that is an Insider or subsidiary of Criterium;
- (c) a Person that beneficially owns or controls, directly or indirectly, Criterium shares carrying more than 10% of the voting rights attached to all outstanding Criterium shares; or
- (d) Criterium itself if it holds any of its own securities.

"**Loan Agreement**" means the loan agreement in respect of the Convertible Loan which is expected to be entered into between the Strategic Investor and the Corporation.

"**Loan Warrants**" means the Common Share purchase warrants of the Corporation issued to the Strategic Investor, conditional on the closing of the Loan Agreement, which will entitle the holder thereof to acquire one Common Share at a price of \$0.14 per Loan Warrant Share for a period of 60 months following the Escrow Release Date.

"**MOPL**" or "**Mont D'Or**" means Mont D'Or Petroleum Limited.

"**MOPL Assets**" means the Tungkal and West Salawati PSCs.

"**MOPL Debt**" means US\$25.5 million in existing debts which will be outstanding on the closing date of the Acquisition after negotiated write-downs of US\$4.3 million.

"**MOPL Reserves Report**" means the reserve report prepared by ERCE estimated reserves of MOPL Assets.

"**MOPL Shareholders**" means Andy Kelana, Ann Rita King, Garibaldi Thohir, and Tourmalet Holdings Ltd.

"**MOPL Shares**" means all of the issued and outstanding shares of MOPL.

"**Offering**" means the distribution of 60,910,000 Subscription Receipts, plus the Over-Allotment Option.

"**Offering Price**" means \$0.11 per Subscription Receipt.

"Over-Allotment Option" means the option granted to the Underwriter to purchase up to an additional 9,136,500 Subscription Receipts, representing 15% of the Offering, at the election of the Underwriter at a price equal to \$0.11 per Subscription Receipt, on the same terms and conditions as the Offering.

"Person" means a company or individual.

"PSC" mean production sharing contract.

"QRE" means qualified reserve evaluator.

"Resulting Issuer" means Criterium upon completion of the Acquisition and related transaction.

"RSU" means restricted share units.

"Share Award Incentive Plan" means the Corporation's share award incentive plan approved by the board of directors and shareholders of Softrock Minerals Ltd. and made effective September 8, 2022 and still currently in place at Criterium.

"Share Consolidation" means the consolidation of the Common Shares on a five (5) for one (1) basis on June 7, 2023.

"Stock Option Plan" means the Corporation's amended and restated stock option plan approved by the board of directors and shareholders of Softrock Minerals Ltd. and made effective September 8, 2022 and still currently in place at Criterium.

"Strategic Investor" means the Person acting as a strategic investor that is funding the Convertible Loan.

"Subscription Receipt Agreement" means the subscription receipt agreement dated November 3, 2023 among the Corporation, Odyssey Trust Company and the Underwriter.

"Subscription Receipts" means up to 70,046,500 subscription receipts (inclusive of the Over-Allotment Option) sold as part of the Offering, entitling the holder, without the payment of additional consideration or further action on the part of the holder, to receive one Unit.

"Success Fee Shares" means the US\$900,000 equivalent in Common Shares to be offered to Tourmalet Holdings Ltd. at a price per Common Share equal to the lower of the Offering Price or the 10-day VWAP at closing.

"TSFBR" means Tanubrata Sutanto Fahmi Bambang & Rekan (Certified Public Accountant).

"Transfer Agent" means Computershare Trust Company of Canada.

"Underwriter" means Research Capital Corporation.

"Underwriter's Fee" means the fee to be paid to the Underwriter by the Corporation of a cash commission equal to 6% of the gross proceeds of the Offering, including the Over-Allotment Option.

"Underwriting Agreement" means the underwriting agreement dated effective September 22, 2023 between the Underwriter and the Corporation.

"Unit Warrant" means, as part of a Unit, the warrant to purchase one Common Share at a price of \$0.14 per Unit Warrant Share until 5:00 p.m. (Calgary time) on the date that is 60 months from the Escrow Release Date.

"Unit" means a unit of the Corporation comprising of one Common Share of the Corporation and one Unit Warrant.

"VWAP" means the volume-weighted average price of the Common Shares.

"Warrant Indenture" means the indenture dated November 3, 2023 between Odyssey Trust Company and the Corporation governing the terms of the Unit Warrants and the Broker Unit Warrants.

CONVENTIONS

Certain terms used herein but not defined herein are defined in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101. References to "oil" in this Filing Statement include heavy crude oil, light crude oil and medium crude oil, combined. NI 51-101 includes condensate within the product type of "natural gas liquids". References to "natural gas liquids" or "NGLs" include pentane, butane, propane, ethane and condensate. References to "gas" or "natural gas" relate to conventional natural gas.

Unless otherwise indicated, all financial information herein has been presented in Canadian dollars in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board for publicly accountable enterprises, or such other generally accepted accounting principles and practices applied in Canada from time to time ("IFRS"). All dollar amounts set forth in this Filing Statement are in Canadian dollars, except where otherwise indicated.

BARREL OF OIL EQUIVALENCY

The term "boe" means a barrel of oil equivalent on the basis of 5.615 Mcf of natural gas to 1 Bbl of oil. The term boe may be misleading, particularly if used in isolation. A boe conversion ratio of 5.615 Mcf : 1 Bbl is based on an energy equivalency at the wellhead. The boe conversion ratio of 5.615 Mcf : 1 Bbl was provided by MOPL. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 5.615 Mcfg : 1 Bbl, utilizing a conversion ratio at 5.615 Mcf : 1 Bbl may be misleading as an indication of value.

CONVERSIONS

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	cubic metres	28.317
cubic metres	cubic feet	35.315
Bbl	cubic metres	0.159
cubic metres	Bbl	6.289
Feet	Metres	0.305
Metres	Feet	3.281
Miles	kilometres	1.609
Kilometres	Miles	0.621
Acres	hectares	0.405
Hectares	Acres	2.471
Gigajoules	MMbtu	0.950
Mmbtu	Gigajoules	1.0526
Canadian Dollar	United States Dollar	0.73

ABBREVIATIONS

Oil and Natural Gas Liquids		Natural Gas	
Bbl or bbl	barrel	Mcf	thousand cubic feet

Bbls	or	barrels	MMcf	million cubic feet
bbls				
Bbl/d		barrels per day	Bcf	billion cubic feet
Mbbl		thousand barrels	Mcf/d	thousand cubic feet per day
Mbbl/d		thousand barrels per day	MMcf/d	million cubic feet per day
MMbbl		million barrels	MMbtu	million British Thermal Units
Mstb		thousand stock tank barrels of oil	MMbtu/d	Mmbtu per day
NGLs		natural gas liquids	GJ	Gigajoule
			GJ/d	Gigajoules per day

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to Criterium, MOPL, and the Resulting Issuer (assuming completion of the Acquisition, the Offering, and Convertible Loan) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

Acquisition of MOPL and the MOPL Assets

On June 14, 2023 and as amended on October 6, 2023, the Corporation entered into the Definitive Agreement with MOPL Shareholders pursuant to which the Corporation has agreed to pay the Cash Consideration to acquire all of the MOPL Shares. The transaction value of US\$26.5 million consists of the Cash Consideration, the MOPL Debts, and the Success Fee Shares. The Definitive Agreement also provides for MOPL to make contingent payments to the MOPL Shareholders, in amounts based on: (i) MOPL exceeding production thresholds in certain periods from the closing date of the Acquisition until the disposition of MOPL's direct or indirect interest in the Tungkal PSC or West Salawati PSC, respectively, or the normalisation of the same, and dependant on the average daily Indonesian Crude Price for such period, per diem amounts for such periods; and (ii) a percentage of gross revenues on the production of gas.

As set forth in the Definitive Agreement, the Corporation has agreed to a Completion Loan to MOPL of US\$12 million upon closing. The Completion Loan will consist of US\$7.4 million of working capital and US\$4.6 million to partially retire the MOPL Debts. The MOPL Debts will be furthered retired via the issuance of Common Shares under certain debt to equity and amendments to working capital loan facilities. As a result, MOPL Debts remaining at close will be US\$16.0 million in fully drawn debt facilities carrying a weighted average interest rate of 7.95%, repayment of which will be guaranteed by Criterium. It is intended that Criterium will issue to Tourmalet Holdings Ltd. the Success Fee Shares for its assistance in negotiating the write downs of the MOPL Debts. See "*The Offering and Acquisition*".

The Offering

The Offering was made pursuant to the Underwriting Agreement and consisted of the issuance of 60,910,000 Subscription Receipts at a price of \$0.11 per Subscription Receipt with aggregate gross proceeds of \$6,700,100.

Each Subscription Receipt will entitle the holder thereof to receive, without the payment of additional consideration or further action on the part of the holder, one Unit upon satisfaction of the Escrow Release Conditions. Each Unit consists of one Common Share and

one Unit Warrant. See "*The Offering and Acquisition - The Offering*".

Unit Warrants may be exercised to purchase one Common Share at a price of \$0.14 per Unit Warrant Share until 5:00 p.m. (Calgary time) on the date that is 60 months from the Escrow Release Date. Unit Warrants are governed by the Warrant Indenture.

The proceeds of the Offering are intended to be used to finance the Acquisition. See "*The Offering and Acquisition*".

Convertible Loan

In addition to the Offering, the Corporation has entered into a letter of intent dated September 8, 2023 with the Strategic Investor who intends to issue a convertible loan in the principal amount of \$12,200,000 pursuant to the terms of the Loan Agreement. The Loan Warrant can be exercised to purchase one Common Share at a price of \$0.14 per Unit Warrant Share until 5:00 p.m. (Calgary time) on the date that is 60 months from the Escrow Release Date. As a condition to closing the Loan Agreement, the Strategic Investor will also be issued an aggregate of 76,250,000 Loan Warrants. The Loan Agreement is expected to be issued on or before the closing of the Acquisition. Issuance of the Convertible Loan is subject to a number of conditions, including the closing of the Offering and the approval of the TSXV. The Loan Warrants and the Common Shares underlying the Loan Warrants will be subject to a statutory hold period lasting four months and one day following the issuance of the Convertible Loan pursuant to Canadian securities laws.

The principal amount of the Convertible Loan shall be convertible into Common Shares at the option of the holder at any time prior to the maturity date of the Convertible Loan at a conversion price equal to C\$0.16 per Common Share, subject to customary adjustments. The Convertible Loan shall bear interest at a rate of 14.75% per annum, such interest to accrue daily and be payable monthly in cash. See "*The Offering and Acquisition - Convertible Loan*".

Interests of Insiders

No Insider, promoter or Control Person of Criterium and no Associates and Affiliates of the same has any interest in the Acquisition.

After giving effect to the Acquisition and the Offering, Kendall Court will become an Insider and a new Control Person of Criterium. Kendall Court will hold 31,133,250

Common Shares or 22.0% of the issued and outstanding Common Shares.

After giving effect to the Acquisition, the Offering, and Convertible Loan, the Strategic Investor will become a new Control Person. The Strategic Investor will own *pro forma* 16.0% of outstanding Common Shares at closing, and 51% or 199,353,147 Common Shares on a fully diluted basis should the Strategic Investor choose to exercise warrants and the right to convert the Convertible Loan into Common Shares at an exercise price of \$0.16 per share.

The Strategic Investor will have one nominee on the Corporation's board of directors upon closing of the Acquisition, Offering, and Convertible Loan and an additional nominee at Criterium's next annual general meeting.

Non-Arm's Length Parties

The Acquisition is an arm's length transaction.

The Acquisition, the Offering and the Convertible Loan are arm's length transactions. Kendall Court will become an Insider and a new Control Person of Criterium on closing of the Acquisition and the Offering. The Strategic Investor will become a new Insider upon completion of the Offering and a new Control Person upon conversion of the Convertible Loan and upon exercise of the warrants issued pursuant to the Convertible Loan.

Funds Available

The estimated total funds available are C\$19,458,671 which consists of net proceeds to be received by Criterium from the Offering of approximately C\$6,742,808 (inclusive of the Over-Allotment Option), plus net proceeds to be received by Criterium from the Convertible Loan of approximately C\$11,346,000, plus C\$1,369,863 held within the MOPL account. This calculation assumes the Over-Allotment Option has been exercised. If the Over-Allotment Option is not exercised, total funds available will be \$18,513,957. These funds will be used to finance the Completion Loan and for general working capital requirements.

Due to the nature of the oil and gas industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities which may become available to the Resulting Issuer. Accordingly, while it is anticipated that the funds available will be spent as set forth above, there may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. While actual expenditures may in fact differ from the amounts and allocations

referenced above, the net proceeds will be used in furtherance of the Resulting Issuer's business.

Selected Pro-Forma Financial Information

The following table sets out certain pro forma financial information for Criterium and MOPL derived from the audited financial statements of Criterium and unaudited financial statements of MOPL. The following information should be read in conjunction with the pro forma consolidated financial statements of the Resulting Issuer set forth in Schedule "D" to this Filing Statement.

	Criterium as at June 30, 2023	MOPL as at six month periods ended 30 June 2023	Pro-Forma assuming a raise of \$18.9 million
Total Assets	\$4,611,494	C\$84,582,000	C\$91,482,000
Total Liabilities	\$1,672,112	C\$81,762,000	C\$69,765,000
Total Equity	\$8,699,392	C\$2,820,000	C\$21,717,000

Listing and Market Price

Criterium shares are currently listed for trading on the TSXV under the trading symbol "CEQ". On September 22, 2023, being the last trading day before the date of the announcement of the Acquisition, the Offering and the Convertible Loan, the closing price of the Common Shares on the TSXV was \$0.130.

There is no public market for MOPL Shares.

Conflicts of Interest

The directors and officers of the Resulting Issuer may also be involved in other projects, including other projects in the oil and gas exploration and development industry, and may have a conflict of interest in allocating their time between the business of the Corporation and other businesses or projects in which they are, or may become involved.

Interests of Experts

Certain reserve estimates in this Filing Statement are derived from the MOPL Reserves Report prepared by ERCE. As at the date hereof, the partners and associates of ERCE own, directly or indirectly, no securities of Criterium.

MNP LLP is the current auditor of Criterium, Crowe MacKay LLP is the former auditor of Softrock Minerals Ltd, and TSFBR, an Indonesian partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms is the current auditor for MOPL. The foregoing have confirmed with respect to Criterium and MOPL, respectively, that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant

professional bodies in Canada and any applicable legislation or regulations.

Risk Factors

The Acquisition should be considered highly speculative due to the nature of the proposed involvement in the exploration for and production of oil and natural gas. Future operations would be subject to all of the risks normally incident to the operation and development of oil and natural gas properties and the drilling of oil and natural gas wells, which could result in personal injuries, loss of life and damage to property of the Resulting Issuer and others.

The Resulting Issuer will operate in multiple jurisdictions. Operation of any assets acquired in the Acquisition will continue to depend on effectively managing the legislation and regulatory requirements in each jurisdiction.

The marketability and price of oil and natural gas that may be acquired or discovered by the Resulting Issuer will be affected by numerous factors beyond the control of the Resulting Issuer. The Resulting Issuer will be subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties relating to the proximity of its reserves to pipelines and processing facilities and extensive government regulations. The oil and gas industry is intensely competitive and the Resulting Issuer must compete in all aspects of their operations with a number of other entities that may have greater technical ability and/or financial resources. For a more detailed description of these risks, and others, see "*Risk Factors*".

THE OFFERING AND ACQUISITION

Included in this section is a summary of the Definitive Agreement. The summary does not purport to be a complete summary of the Definitive Agreement and is qualified entirely by reference to the full text of the Definitive Agreement, a copy of which is available for review under Criterium's SEDAR profile www.sedarplus.ca.

THE ACQUISITION

On June 14, 2023, and as amended on October 6, 2023, the Corporation entered into the Definitive Agreement with the MOPL Shareholders pursuant to which the Corporation has agreed to pay the Cash Consideration to acquire the MOPL Shares. The transaction value of approximately US\$26.5 million consists of (i) the Cash Consideration for the MOPL Shares, (ii) assumption of current MOPL Debts, and (iii) the value of the Success Fee Shares. The Definitive Agreement also provides for MOPL to make contingent payments to the sellers of MOPL Shares, in amounts based on: (i) MOPL exceeding production thresholds in certain periods from the closing date of the Acquisition until the disposition of MOPL's direct or indirect interest in the Tungkal PSC or West Salawati PSC, respectively, or the normalisation of the same, and dependant on the average daily Indonesian Crude Price for such period, per diem amounts for such periods; and (ii) a percentage of gross revenues on the production of gas.

After negotiated write-downs of US\$4.3 million by MOPL's lenders, MOPL Debt will be US\$25.5 million in existing debts which will be outstanding on the closing date of the Acquisition. As set forth in the Definitive Agreement, the Corporation has agreed to pay to MOPL the Completion Loan. In addition, US\$4.6 million from the Completion Loan and the issuance of US\$4.9 million equivalent in Common Shares to MOPL Lenders under certain debt to equity arrangements, and amendments to working capital loan facilities, will be used to partially retire the MOPL Debts, resulting in a remaining US\$16.0 million in fully drawn debt facilities carrying a weighted average interest rate of 7.95%, repayment of which will be guaranteed by MOPL. Additionally, as a success fee for their assistance in negotiating the write downs of the MOPL Debts, on closing of the Acquisition, Criterium will issue Tourmalet Holdings Ltd. an aggregate number of 11,207,971 Common Shares constituting the Success Fee Shares. The aggregate value of the Success Fee Shares shall be US\$900,000 (C\$1.233 million) in Common Shares at a price per Common Share equal to the lower of the Offering Price and the 10-day VWAP of the Common Shares on the TSXV prior to the closing date of the Acquisition, subject to approval of the TSXV.

THE DEFINITIVE AGREEMENT

The Definitive Agreement provides for the acquisition by Criterium of MOPL through the acquisition of all of the issued and outstanding MOPL Shares for the Cash Consideration. Conditions to closing under the Definitive Agreement include, but are not limited to, the following: (i) the accuracy of each party's representations and warranties and the performance of their respective covenants in all material respects; and (ii) payment of the Cash Consideration and the Completion Loan and issuance of the Success Fee Shares.

In accordance with the terms of the Definitive Agreement, Criterium has agreed to purchase MOPL with certain existing debts, subject to negotiated write-downs, and Lenders (as defined below) amending the terms of the agreements for the existing credit facilities. The amended agreements to be entered into concurrently with closing of the Acquisition between MOPL, or applicable MOPL subsidiary, and each of Eastspring ASEAN Mezzanine Debt Master Fund ("**Eastspring**"), Kendall Court Cambridge Investment Manager Ltd. ("**Kendall Court**") and

Summit Investments Pty. Ltd. ("**Summit**"), collectively (the "**Lenders**") replace the existing term credit facilities with amended facilities as follows:

- Eastspring - a term loan of US\$6.4 million (C\$8.7 million), amortized monthly commencing in Q2 2024 and maturing in 2026.
- Kendall Court - a US\$12.1 million facility, US\$2.5 million (C\$3.4 million) of which will be converted to Common Shares at the Offering Price (31,133,250 Common Shares) pursuant to a share for debt agreement, upon closing of the Acquisition and with the remainder to be amortized monthly, starting in Q2 2024 and maturing in 2026. This conversion will result in Kendall Court becoming a new Insider and Control Person Criterium.
- Summit - a US\$2.39 million (C\$3.2 million) facility, the entirety of which will be satisfied by the issuance of US\$2.75 million (C\$3.767 million) in Common Shares (34,246,575 Common Shares) at the 20-day VWAP of the Common Shares prior to May 31, 2025, pursuant to an amendment to working capital loan facility agreement involving shares for debt, to be entered into in conjunction with the closing of the Acquisition. This conversion in May 2025 has the potential result in Summit becoming a new Insider of Criterium.

The Amended Credit Facility will be secured against all of the MOPL Assets and its material subsidiaries and will bear interest at a substantial discount to current market rates with a weighted interest rate of approximately 7.95%. Repayments of principal under the Amended Credit Facilities will be required on a monthly basis with the remainder due on the maturity date.

THE OFFERING

The Offering consisted of the issuance of 60,910,000 Subscription Receipts at a price of \$0.11 per Subscription Receipt for gross proceeds of \$6,700,100. The net proceeds of the Offering will be used by the Corporation to finance the acquisition of all of the issued and outstanding shares of MOPL pursuant the terms of the Definitive Agreement, including (i) drilling activities in 2023 to ramp up oil production focused on the Tungkal PSC; (ii) execution work associated with the Tungkal PSC gas monetization tie-in project and (iii) partial repayment of certain debts of MOPL outstanding following the Acquisition, and development of the MOPL Assets acquired pursuant to the Acquisition and for general corporate and working capital purposes.

Each Subscription Receipt will entitle the holder thereof to receive, without the payment of additional consideration or further action on the part of the holder, one Unit of the Corporation upon the satisfaction of the Escrow Release Conditions (as defined below).

- (a) the completion, satisfaction or waiver of all conditions precedent to the Acquisition in accordance with the Definitive Agreement (except for those conditions precedent which will be completed, satisfied or waived concurrent with or as part of the closing of the Acquisition);
- (b) the receipt of all required shareholder and regulatory approvals, including, without limitation, the conditional approval of the Exchange for the Acquisition;
- (c) the Strategic Investor having completed and being satisfied with, in its sole discretion, its due diligence on the Corporation;

- (d) the Corporation obtaining shareholder approval for the Strategic Investor to become a "control person" of the Corporation;
- (e) the issuance of the Convertible Loan and the Loan Warrants on or before the closing of the Acquisition;
- (f) the representations and warranties of the Corporation contained in any underwriting agreement to be entered into in connection with the Offering being true and accurate in all material respects, as if made on and as of the Escrow Release Deadline; and
- (g) the Corporation and the Underwriter having delivered a joint notice and direction to the Transfer Agent, confirming that the conditions above have been met or waived (the "**Escrow Release Conditions**"), on or before the Escrow Release Deadline.

The Unit Warrants are governed by the terms of the Warrant Indenture. Each Unit Warrant will be transferrable and will entitle the holder thereof to purchase one Common Share at a price of \$0.14 per Common Share until 5:00 p.m. (Calgary time) on the date that is 60 months from the Escrow Release Date, subject to adjustment in certain events.

The gross proceeds from the Offering, together with the gross proceeds from the sale of Subscription Receipts sold pursuant to the exercise of the Over-Allotment Option, if any, less expenses of the Underwriter and 50% of the Underwriter's Fee payable thereon (collectively, the "**Escrowed Funds**") and interest or other income actually earned on the investment of the Escrowed Funds (the "**Earned Interest**"), will be held by the Transfer Agent for the Corporation, and invested in certain permitted investments, releasable on the satisfaction of the Escrow Release Conditions, all pursuant to the terms of a Subscription Receipt Agreement.

The Strategic Investor has agreed to purchase 22,727,300 Subscription Receipts and will own 16.0% of Common Shares after closing of the Offering. This will result in the Strategic Investor becoming a new Insider of the Corporation.

Upon satisfaction or waiver of the Escrow Release Conditions on or before 5:00 p.m. (Calgary time) on the Escrow Release Date on or prior to the date 90 days following the Closing Date, the Escrowed Funds together with the Earned Interest, less the balance of the Underwriter's Fee and the remaining expenses of the Underwriter, will be released to the Corporation, or an affiliate thereof at the direction of the Corporation, and each holder of Subscription Receipts will be entitled to receive, without the payment of additional consideration or further action on the part of the holder, and subject to adjustment in accordance with the provisions of the Subscription Receipt Agreement, one Unit for each Subscription Receipt held (subject to any applicable adjustments).

If the Escrow Release Conditions are not satisfied on or before the Escrow Release Deadline or the Corporation advises the Underwriter, or announces to the public, that it does not intend to proceed with the Acquisition or the Definitive Agreement is terminated in accordance with its terms prior to the closing date of the Acquisition (or the Corporation otherwise advises the Underwriter that it will not seek to satisfy the Escrow Release Conditions) (each, a "**Termination Event**"), holders of Subscription Receipts will be entitled to receive the Offering Price in respect of each Subscription Receipt so held by the holder (the "**Termination Payment**"). Such holders will be entitled to receive, in addition to the aggregate Offering Price of such holder's Subscription Receipts, such holder's pro rata share of the Earned Interest, if any. The Termination Payment and, if applicable, the holder's pro rata portion of

the Earned Interest will be payable from the balance of the Escrowed Funds and the Earned Interest, provided that if the balance of the Escrowed Funds and the Earned Interest is insufficient to satisfy such payment, the Corporation will be required to make up the deficiency, by payment to the Transfer Agent for subsequent delivery to holders.

THE CONVERTIBLE LOAN

On or prior to the closing of the Acquisition, the Corporation will enter into the Loan Agreement in connection with the Convertible Loan, pursuant to which an affiliate of the Strategic Investor will agree to advance a principal amount of \$12,200,000 to the Corporation. In addition, the Corporation will issue to the Strategic Investor an aggregate of 76,250,000 Loan Warrants. Each Loan Warrant will entitle the holder thereof to acquire one Common Share at a price of \$0.14 per Loan Warrant Share for a period of 60 months following the Escrow Release Date. The principal amount of the Convertible Loan shall be convertible into Common Shares at the option of the holder at any time prior to the maturity date of the Convertible Loan (the "**Maturity Date**") at a conversion price equal to \$0.16 per Common Share, subject to customary adjustments. The Convertible Loan shall bear interest at a rate of 14.75% per annum from the date of issue, accrued daily and payable monthly in cash. The outstanding principal amount of the Convertible Loan will be repaid in full on the Maturity Date in cash. On or following the date that is the second anniversary of the funding of the Convertible Loan, the Corporation shall have the right to fully repay the outstanding principal amount of the Convertible Loan in cash at a premium of 14.75% to the outstanding principal amount at the time of repayment, plus any accrued interest, by giving 30 days' written notice to the Strategic Investor. The Convertible Loan is expected to be funded substantially concurrently with the closing of the Acquisition. Issuance of the Convertible Loan is subject to a number of conditions, including the closing of the Offering and the approval of the TSXV.

The Convertible Loan will be secured by a general charge over the Corporation's assets.

At Closing, the Strategic Investor will be entitled to nominate one representative to be appointed to the board of directors of the Corporation and subsequently have a total of two nominees stand for election to the Board at the next annual meeting of the shareholders of the Corporation. In the event that its nominees are not duly elected to the Board, the Board shall appoint one nominee or a replacement to such nominee designated by the Strategic Investor as an additional director of the Corporation.

The Corporation shall be granted the right of first refusal on written notification from the Strategic Investor of an intention to convert the principal amount of the Convertible Loan to equity, to repurchase such principal amount and accrued interest thereon at greater of: (i) the sum of the outstanding principal amount of the Convertible Loan and all accrued interest and fees thereon plus an amount equal to the outstanding principal amount of the Convertible Loan multiplied by 14.75%; and (ii) the monetary value obtained by multiplying the number of Common Shares into which the outstanding principal amount of the Convertible Loan and accrued interest and fees thereon would otherwise convert, by the twenty (20) day volume average trading price of the Common Shares prior to the date on which the right of first refusal is exercised by the Corporation.

The net proceeds of the Convertible Loan will be used to partially fund the Completion Loan (including partially repaying certain debts assumed by the Corporation) and development of the assets acquired pursuant to the Acquisition and for general corporate and working capital purposes.

A one-time arrangement fee of 1% of the gross proceeds of the Convertible Loan will be payable by the Corporation to the Strategic Investor.

The Convertible Loan may be converted into 76,250,000 Common Shares and when combined with the Strategic Investor's previous shareholdings, will be approximately 31% of the issued and outstanding Common Shares.

In the event that the Strategic Investor exercises all of its 76,250,000 Loan Warrants, the Strategic Investor will hold an aggregate of 197,954,600 Common Shares representing approximately 51% of the issued and outstanding Common Shares.

NEW INSIDERS AND NEW CONTROL PERSONS

Kendall Court will become a new Insider and Control Person as a result of the Acquisition and the Offering with 31,133,250 Common Shares or 22.0% of the issued and outstanding Common Shares.

Note that the above percentage does not account for the exercise of all securities held by the Strategic Investor. Debt held by Summit will not convert to Common Shares until May 31, 2025 and Summit may become an Insider at that time (see *The Offering and Acquisition - The Definitive Agreement and Information Concerning the Resulting Issuer - Pro-Forma Capitalization* note 5). Should the Strategic investor exercise all its securities in the Corporation, Kendall Court and Summit will cease to be Insiders.

Assuming full exercise of all convertible securities, the following Persons will become new Insiders as a result of the Acquisition, Offering, and Convertible Loan, the Strategic Investor will become a Control Person holding an aggregate of 199,353,147 Common Shares representing 51% of outstanding Common Shares.

Criterion is seeking shareholder approval, by written resolution, of the new Control Persons. Such approval must be obtained from shareholders holding Common Shares totalling not less than 50% +1 of Common Shares outstanding.

RISK FACTORS

An investment in the Common Shares involves a number of risks and must be regarded as highly speculative. The following risks are those associated with Criterium, the Acquisition, and the Resulting Issuer. The following is not a definitive list of risk factors and there may be additional risk factors that are unknown to the Corporation or that are currently deemed immaterial to the Corporation's or Resulting Issuer's business.

Global Oil and Gas Markets

Criterium's financial performance and financial condition are dependent on the prevailing prices of crude oil and natural gas. Crude oil and natural gas prices have fluctuated widely in the recent past and are subject to fluctuations in response to relatively minor changes in supply, demand, market uncertainty and other factors that are beyond the Corporation's control. Crude oil and natural gas prices are impacted by a number of factors including, but not limited to: the global supply of and demand for crude oil and natural gas; global economic conditions; the actions of OPEC and OPEC+; government regulation; political stability; the ability to transport crude to markets; developments related to the market for liquefied natural gas; the availability and prices of alternate fuel sources; weather conditions; global economic conditions; fluctuations in interest rates and foreign exchange rates; stock market volatility; energy costs; geopolitical issues; Russia's military invasion of Ukraine; inflation; the availability and cost of credit; and the outbreak of COVID-19. Please see the Corporation's Annual Information Form for more details.

Effect of Commodity Prices on Operational and Financial Results

The Corporation's operational and financial results are dependent on the prices received for oil and natural gas production. Any substantial and extended decline in the price of oil and natural gas has had and, if such trends continue, will have an adverse effect on, among other things, the Corporation's revenues and financial condition. See also "Risks Relating to the Corporation's Industry – Price volatility, markets and marketing" in the Annual Information Form.

Volatility of Market Price of Common Shares

The market price of the Common Shares may be volatile. The volatility may affect the ability of holders to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "Special Note Regarding Forward-Looking Statements". In addition, the market price for securities in the stock markets, including the TSXV, recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of the Common Shares.

Dilutive Effects on Holders of Common Shares

The issuance of Common Shares and Unit Warrants upon satisfaction of the Escrow Release Conditions may have a dilutive effect on the existing holders of Common Shares and the

Corporation may issue additional Common Shares in subsequent offerings. While the Corporation cannot predict the size or timing of future issuances of securities, any future issuance of Common Shares may have a dilutive effect on those purchasers who receive Common Shares issuable pursuant to Subscription Receipts or the Unit Warrants.

Possible Failure to Realize Anticipated Benefits of the Acquisition

The Corporation is proposing to complete the Acquisition to establish Criterium's position in the oil and natural gas industry and to create the opportunity to realize certain benefits as described in "Recent Developments – Acquisition" and "Information Concerning MOPL and the MOPL Assets". Achieving the benefits of the Acquisition depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from integrating the MOPL Assets into Criterium's existing portfolio of properties. The integration of the MOPL Assets requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of the Acquisition.

Possible Failure to Complete the Acquisition

The Acquisition is subject to the satisfaction of the conditions set forth in the Definitive Agreement summarized herein, as well as normal commercial risk that the Acquisition may not be completed on the terms negotiated or at all. The completion of the Acquisition is also subject to receipt of approval from the TSXV and all other applicable regulatory approvals, which approvals may not be obtained.

Potential Undisclosed Liabilities Associated with the Acquisition

In connection with the Acquisition, there may be liabilities that Criterium fails to discover or is unable to quantify in the Corporation's due diligence which the Corporation conducted prior to the execution of the Definitive Agreement, and Criterium may not be indemnified for some or all of these liabilities.

Engineering, Title, Environmental and Economic Assessments required for the Acquisition that may be Materially Incorrect

Acquisitions of oil and natural gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the Corporation's control. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Although title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will

not arise to defeat the Corporation's title to certain assets or that environmental defects or deficiencies do not exist.

Operational, Environmental and Reserves Risks Relating to the Acquisition

The risk factors set forth in the Annual Information Form and in this Filing Statement relating to the oil and natural gas business, environmental and Criterium's operations and reserves apply equally in respect of the MOPL Assets.

Significant Transaction and Related Costs

The Corporation expects to incur a number of costs associated with completing the Acquisition and integrating the operations of MOPL into Criterium's existing operations. The substantial majority of such costs will be non-recurring expenses resulting from the Acquisition and will consist of transaction costs related to the Acquisition, facilities and systems consolidation costs and employment-related costs. Additional unanticipated costs may be incurred in the integration of Criterium and MOPL's respective businesses.

Use of Proceeds

The Corporation currently intends to allocate the net proceeds received from the Offering as described under the heading "Available Funds and Principal Purposes" in this Filing Statement. However, the Corporation will have discretion in the actual application of the net proceeds and may elect to allocate proceeds differently than described under the heading "Available Funds and Principal Purposes" if it believes it would be in its best interest to do so. The failure to apply these funds effectively could affect the success of the Corporation's business.

Completion of Offering

There is no guarantee that all of the conditions to the completion of the Offering will be satisfied. The completion of the Offering is also subject to receipt of approval from the TSXV and all other applicable regulatory approvals, which approvals may not be obtained.

Completion of the Convertible Loan

The Convertible Loan is subject to the satisfaction of the conditions set forth in the Loan Agreement, as well as normal commercial risk that the Convertible Loan may not be completed on the terms negotiated or at all. The completion of the Convertible Loan is also subject to receipt of approval from the TSXV and all other applicable regulatory approvals, which approvals may not be obtained.

Credit Facilities Risk

As part of the assumption of existing MOPL Debts, the Corporation is required to comply with covenants under the Amended Credit Facilities, which from time to time either affect the availability, or price, of additional funding, and in the event that the Corporation does not comply therewith its access to capital could be restricted or repayment could be required. The failure of the Corporation to comply with such covenants, which may be affected by events beyond the Corporation's control, could result in a default under such Amended Credit Facilities which could result in the Corporation being required to repay amounts owing thereunder. Even if the Corporation is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing, the lenders under the credit facilities could

proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of the Corporation's indebtedness under one Amended Credit Facility may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the credit facilities may, from time to time, impose operating and financial restrictions on the Corporation that could include restrictions on, the payment of dividends, repurchase or making of other distributions with respect to the Corporation's securities, incurring of additional indebtedness, provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

Effect of COVID-19 and Other Infectious Disease, Pandemic or a Similar Health Threat

An outbreak of infectious disease, a pandemic or a similar public health threat, such as an outbreak of a novel strain of coronavirus, COVID-19, or a fear of any of the foregoing, could adversely impact the Corporation by causing operating, supply chain and project development delays, disruptions and challenges, labour shortages and challenges and shutdowns (including as a result of government regulation and prevention measures), and increased costs to the Corporation. In addition, any disease outbreak or prevention measures related thereto may have an impact on the economic activity in the markets in which the Corporation and its subsidiaries operate, causing negative impacts on the Corporation's business and financial results. See "Results of Operations" and "Significant Estimates and Judgements" in the Interim MD&A. Given the unprecedented and changing developments surrounding the COVID-19 pandemic, it is not possible to reliably estimate the impact of the COVID-19 pandemic on the financial results and condition of the Corporation in future periods, but the impact could be significantly adverse.

Political Uncertainty

On February 24, 2022, Russia began a military operation in Ukraine. The UN General Assembly overwhelmingly condemned the invasion and has called for Russia to immediately and completely withdraw its troops. The United States, the European Union, the United Kingdom, Canada, Australia, Japan, Switzerland, and other countries have imposed new financial and trade sanctions against Russia, including prohibitions or restrictions from doing business anywhere in the world with listed Russian individuals or companies. The outcome of these events is uncertain at this time and may impact the peace and stability of the region and the world and could affect the global economy including regions and markets in which the Corporation operates. Any subsequent oil and gas supply shortages or volatile commodity prices could have adverse impacts on the world economy and the Corporation's business. To date these events have not impacted the Corporation's ability to carry on business.

Inflation and Cost Management

The Corporation's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations. The Corporation's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and funds from operations.

The cost or availability of oil and gas field equipment may adversely affect the Corporation's ability to undertake exploration, development and construction projects. The oil and gas industry is cyclical in nature and is prone to shortages of supply of equipment and services

including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects and construction materials generally. These materials and services may not be available when required at reasonable prices. A failure to secure the services and equipment necessary to the Corporation's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on its financial performance and funds from operations.

Forward-Looking Statements and FOFI may Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information included in this Filing Statement or the documents incorporated by reference in this Filing Statement. By their nature, forward-looking information and FOFI involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information and/or FOFI or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Some of the FOFI presented in this Filing Statement is based upon the completion of the Acquisition and the Offering, and if any of these transactions are not completed or not completed on the terms or timelines contemplated, this will impact the forward-looking FOFI provided herein and such impact may be material. See "*Special Note Regarding Forward-Looking Statements*".

Impact of Future Financings

In order to finance future operations, the Corporation may raise funds through the issuance of Common Shares or the issuance of debt instruments or securities convertible into Common Shares. The Corporation cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the effect, if any, that future issuances and sales of the Corporation's securities will have on the market price of the Common Shares.

Risks Relating to Indonesia

Criterion does and the Resulting Issuer will operate various assets located in Indonesia. The following factors are risk factors unique to operating in Indonesia. there may be additional risk factors that are unknown to the Corporation or that are currently deemed immaterial to the Corporation's or Resulting Issuer's business.

(a) Foreign Operations:

Criterion currently has its assets in Indonesia and expects to continue to have the majority of its operations outside of Canada. Exploration, development and operating activities in Indonesia are subject to the risks normally associated with the conduct of business in countries with less developed or emerging economies. As such, Criterion and the Resulting Issuer's operations, financial condition and operating results could be significantly affected by risks over which it has no control. These risks may include risks related to economic, social or political instability or change, terrorism, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, interpretation or renegotiation of existing contracts, government participation, taxation policies, including royalty and tax increases and retroactive tax claims, and investment restrictions, working conditions, rates of exchange, exchange control, exploration licensing, production leasing, petroleum and export licensing and export duties, government control over domestic oil and gas

pricing, currency fluctuations, devaluation or other activities that limit or disrupt markets and restrict payments or the movement of funds, the possibility of being subject to exclusive jurisdiction of foreign courts in connection with legal disputes relating to licenses to operate and concession rights in countries where Criterium currently operates, and difficulties in enforcing Criterium's rights against a governmental agency because of the doctrine of sovereign immunity and foreign sovereignty over international operations. Problems may also arise due to the quality or failure of equipment or technical support, which could result in failure to achieve expected target dates for exploration and development operations or result in a requirement for greater expenditure. Criterium will continue to operate in such a manner as to minimize and mitigate its exposure to these risks. However, there can be no assurance that Criterium will be successful in protecting itself from the impact of all of these risks and the related financial consequences.

(b) Government Rules and Regulations:

Criterium's operations are subject to various levels of government controls and regulations in the countries where it operates. Oil and gas exploration and production is a sensitive political issue and as a result there is a relatively higher risk of direct government intervention in respect of laws and regulations that can affect the property rights and title to Criterium's assets or the Resulting Issuer's assets in Indonesia. Such intervention can extend, in certain jurisdictions, to nationalization, expropriation or other actions that effectively deprive companies of their assets.

Existing laws and regulations include matters relating to land tenure, drilling, production practices, environmental protection, agricultural land use, marketing and pricing policies, royalties, various taxes and levies including income tax, foreign trade and investment and government approval of lease and license transfers, certain corporate transactions and other regulatory approvals that are subject to change from time to time. Current legislation is generally a matter of public record and Criterium cannot predict what additional legislation or amendments may be proposed that will affect Criterium's or the Resulting Issuer's operations or when any such proposals, if enacted, might become effective. There is no certainty regarding obtaining government approvals. Changes in government policy or laws and regulations could adversely affect Criterium's results of operations and financial condition. Failure to comply with applicable laws, regulations and legal requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions which could have an adverse effect on Criterium's business, financial condition or operations.

(c) Bribery and Corrupt Practices

Criterium maintains anti-bribery policies, codes of conduct, procedures and other safeguards designed to prevent the occurrence of fraud, bribery and corruption. Criterium has established a Code of Business Conduct and Ethics which includes policies and procedures covering anti-bribery and anti-corruption of foreign public officials, including regular reporting to management and the Board. While management believes these policies are adequate, and despite

careful establishment and implementation, there can be no assurance that these or other anti-bribery or anti-corruption policies and procedures are or will be sufficient to protect against corrupt activity. Wherever the Corporation operates it always needs to be aware of the potential risk of fraud, bribery and corruption. Instances of fraud, bribery and corruption, and violations of laws and regulations could have a material adverse effect on the Corporation's reputation, business, results of operations, financial condition and the price of the Common Shares.

In particular, Criterium, in spite of its best efforts, may not always be able to prevent or detect corrupt practices by employees, or third parties, such as sub-contractors or its operating partners, which may result in reputational damage, civil and/or criminal liability being imposed on Criterium, which could have an adverse effect on Criterium's business, financial condition or operations.

INFORMATION CONCERNING THE CORPORATION

CORPORATE STRUCTURE

Name and Incorporation

Criterion is based in Calgary, Alberta and was incorporated under the *Business Corporations Act* (Alberta) on March 26, 1993, as 564016 Alberta Inc. The name of the Corporation was changed to Softrock Petroleum Ltd. and the "private company" restrictions were removed on June 8, 1993. The name of the Corporation subsequently was changed to "Softrock Petroleum Ltd." on July 28, 1993. The Corporation amalgamated with its wholly owned subsidiary Petromax Resources Inc. effective December 29, 1993. The name of the Corporation was changed to "Softrock Minerals Ltd." on July 8, 1997.

On September 26, 2022, the Corporation underwent a restructuring transaction, which included a recapitalization, the reconstitution of the board of directors, the appointment of a new management team led by Robin Auld, and a change of name of the Corporation from "Softrock Minerals Ltd." to "Criterion Energy Ltd.".

Criterion owns Criterion Holding Pte Ltd., which owns AWE(Asia) Ltd, which owns AWE(Satria) Ltd., which holds a 42.5% non-operated interest in the Bulu PSC. See *Information Concerning the Corporation - General Development of the Business - History*.

Criterion's head and registered office is located at Bow Valley Square Tower #1, Suite 1120, 202 – 6th Avenue S.W., Calgary, Alberta, T2P 2R9.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Softrock Minerals Recapitalization and Private Placement

On September 26, 2022, Criterion announced the closing of a private placement for gross aggregate proceeds of C\$5.380MM. In connection with the private placement, Criterion issued 134,497,660 units, each unit comprised of one Common Share and one Common Share purchase warrant with an exercise price of \$0.04 per Common Share (prior to adjustment in connection with the Share Consolidation as defined below), expiring on September 26, 2027. The share purchase warrants have vested in accordance with their terms. Criterion also issued to former executives 1,786,325 Common Shares as severance at a deemed price of \$0.04 per Common Share. In conjunction with the aforementioned private placement, the Corporation announced a new management team consisting of Robin Auld (CEO), Dr. Henry Groen (CFO) and Matthew Klukas (COO). A new board of directors comprised of Datuk Brian Anderson (Chair), Robin Auld and Michèle Stanners were also appointed.

Bulu Acquisition

On December 20, 2022, the Corporation, through its wholly owned subsidiary Criterion Holdings Pte. Ltd., closed an acquisition of a 42.5% non-operated working interest in the Bulu production sharing contract ("**PSC**") located offshore East Java, Indonesia. Pursuant to an agreement with AWE Offshore Pty Limited, a wholly owned subsidiary of Mitsui E&P Australia Holdings Pty Ltd., Criterion Holdings Pte. Ltd. acquired the outstanding shares in AWE Asia Limited, a New Zealand registered company, which owned a 42.5% non-operated working interest in the Bulu PSC. The acquisition price of US\$1.6 million was funded through on

balance sheet cash of US\$400,000 paid upon closing and additional payments of US\$300,000 were made on March 31, June 30, September 30, with the remaining US\$300,000 payment to be made December 31, 2023.

Further 2023 Operations Updates

In the first half of 2023, Criterium continued to work with the joint venture partners in the Bulu PSC to look for alternative plans of development for the Lengo gas field, contained within the Bulu PSC. This work is ongoing and will continue as the parties work towards final investment decision in 2024 determining whether or not to proceed with developing the Lengo gas field.

Share Consolidation

On June 7, 2023, the Corporation completed a consolidation of its issued and outstanding Common Shares on the basis of five (5) pre-consolidation Common Shares for one (1) post-consolidation Common Share.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The table below sets out selected financial data derived from the Criterium's audited consolidated financial statements for year ended 2022 (available for review under Criterium's SEDAR profile www.sedarplus.ca) and the unaudited pro forma financial statements attached hereto as Schedule "A". The table below should be read in conjunction with Schedule "A".

	For the six months ended June 30, 2023	Year ending December 31, 2022
Total Expenses	\$1,788,360	\$1,517,922
Amounts Deferred in connection with Acquisition	Nil	Nil

MANAGEMENT DISCUSSION AND ANALYSIS

Criterium's management's discussion and analysis for the year ending December 31, 2022 and interim management's discussion and analysis for the three and six months ended June 30, 2023 are attached to this Filing Statement and should be read in conjunction with the Corporation's financial statements, including the notes thereto, attached in Schedule "A". The management's discussion and analysis is attached hereto as Schedule "B".

DESCRIPTION OF SECURITIES

The Corporation was authorized to issue an unlimited Number of Common Shares, an unlimited number of first preferred shares ("**Preferred Shares**"), and an unlimited number of second Preferred Shares. As at November 14, 2023, there were 38,389,982 Common Shares issued and outstanding. There are no first or second Preferred Shares issued and outstanding.

The holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders of the Corporation, with each Common Share entitling the holder to one vote on any resolution to be passed at such shareholder meetings. The holders of Common Shares

are entitled to dividends if and when declared by the board of directors of the Corporation. The holders of Common Shares are entitled, upon the liquidation, dissolution or winding up of Criterium, to receive the remaining assets of the Corporation available for distribution to shareholders of the Corporation.

STOCK OPTION PLANS

Share Award Incentive Plan

The board of directors of Softrock Minerals Ltd. approved a share award incentive plan which is still in place at Criterium. The maximum number of Common Shares issuable pursuant to the Share Award Incentive Plan is 10% of outstanding Common Shares subject to the following restrictions:

- (a) if the Common Shares are listed on the TSXV, the aggregate number of Common Shares issuable pursuant to all securities based compensation arrangements to any single holder in any 12 month period shall not exceed 5% of the Total Common Shares;
- (b) the number of Common Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements (including this Plan), shall not exceed 10% of the aggregate number of Total Common Shares;
- (c) the number of Common Shares issued to Insiders, within any one year period, under all securities based compensation arrangements, shall not exceed 10% of the aggregate number of total Common Shares;
- (d) if the Common Shares are listed on the TSXV, the aggregate number of Common Shares reserved for issuance to any one Consultant (as such term is defined in the policies of the TSXV) under all securities based compensation arrangements, in a 12 month period shall not exceed 2% of the aggregate number of total Common Shares;
- (e) each grant of share awards pursuant to this Share Award Incentive Plan and the execution by a Grantee of the written share award agreement, shall constitute a representation by the Corporation and the grantee, respectively, that the Grantee is a bona fide Director, Employee, Consultant or Management Company Employee (as such terms are defined in the policies of the TSXV) but the Grantee will not include any person retained by the Corporation to provide Investor Relation Activities (as that term is defined in the policies of the Exchange); and
- (f) share awards may be granted in excess of the limits set forth in the Share Award Incentive Plan provided that prior to the receipt of any required approvals, such share awards may not be paid until such approval has been received.

The Corporation's board of directors may impose conditions to vesting in its sole discretion and may determine that a share award is payable in relation to all or a percentage of the award value covered thereby for all or any share awards at any time and from time to time, provided that no share award shall vest prior to the date that is one year from the date of grant of such Share Award (other than in the case of a change of control or in the case of the death of a Grantee).

Share awards are based on "Award Value" which is calculated as an amount equal to the value of a notional number of Common Shares granted pursuant to such Share Award (as defined in the Share Award Incentive Plan), as such number may be adjusted in accordance with the terms of the Plan, multiplied by the fair market value of a Common Share. Any share award agreement made under the Share Award Incentive Plan may terminate on the grantee ceasing to be a directors, officers, consultants, employees and other service providers or death of the grantee. Fair market value is determined as at any date means the weighted average of the prices at which the Common Shares traded on the Exchange for the five (5) trading days on which the Common Shares traded on the said exchange immediately preceding such date.

Any share award agreement made under the Share Award Incentive Plan may terminate on grantees ceasing to be a directors, officers, consultants, employees and other service providers or on death of the grantee. Share awards may also terminate on any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge a share award. Share awards and the Share Award Incentive Plan may terminate in in the event of a transaction that results in all or substantially all of the Corporation's undertaking, property or assets would become the property of any other trust, body corporate, partnership or other person whether by way of takeover bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise.

Stock Option Plan

The board of directors of Softrock Minerals Ltd. approved a stock option plan which is still in place at Criterium. The Stock Option Plan is a 10% "rolling plan" whereby the total number of Common Shares issuable pursuant to options and any Common Shares issuable under any other Security Based Compensation Plans (as such term is defined in Policy 4.4 of the TSXV Corporate Finance Policies) outstanding at any time (including the Share Award Incentive Plan) shall not exceed 10% of the aggregate number of outstanding securities (meaning, at the time of any share issuance or grant of options, the aggregate number of Common Shares that are outstanding immediately prior to the share issuance or grant of options in question on a non-diluted basis, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation may be subject, including the TSXV), subject to adjustment as set forth in the Stock Option Plan, and further subject to the applicable rules and regulations of all regulatory authorities and the TSXV to which the Corporation may be subject.

The Stock Option Plan is subject to the following restrictions:

- (a) if the Common Shares are listed on the TSXV, the number of Common Shares issuable pursuant to the Stock Option Plan to any one person in any 12 month period shall not exceed 5% of the outstanding securities (unless the Corporation has obtained the requisite disinterested shareholder approval);
- (b) the number of Common Shares issuable to Insiders (as a group), at any time, under all Security Based Compensation Plans, including the Stock Option Plan and the Share Award Incentive Plan, shall not exceed 10% of the aggregate number of outstanding securities (unless the Corporation has obtained the requisite disinterested shareholder approval);
- (c) the number of Common Shares issued to Insiders (as a group), within any 12 month period, under all Security Based Compensation Plans, including the Stock Option Plan and the Share Award Incentive Plan, shall not exceed 10%

of the aggregate number of Outstanding Securities (unless the Corporation has obtained the requisite disinterested shareholder approval); and

- (d) if the Common Shares are listed on the TSXV, the aggregate number of Common Shares reserved for issuance to any Consultant (as such term is defined in the policies of the TSXV) in any 12 month period under all Security Based Compensation Plans, including the Stock Option Plan and the Share Award Incentive Plan, shall not exceed 2% of the aggregate number of outstanding securities; and (iv) if the Common Shares are listed on the TSXV, the aggregate number of Common Shares reserved for issuance to all persons employed to provide Investor Relations Activities (as such term is defined in the policies of the TSXV) in any 12 month period under all Security Based Compensation Plans, including the Stock Option Plan and the Share Award Incentive Plan, shall not exceed 2% of the aggregate number of Outstanding Securities.

A committee appointed by the Board may in its sole discretion, determine the time during which options vest and the method of vesting, provided that, if the Common Shares are listed on the TSXV, options issued to persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any 3-month period. That same committee may accelerate the vesting of options following the date on which they are granted subject to prior approval of the TSXV.

Options awarded under the Stock Option Plan may be terminated if the option holder is deceased, or is no longer a director, officer, or employee of the Corporation.

The exercise price of any option shall be fixed by the committee, as appointed by the Board, when such option is granted, provided that such price shall not be less than the market price of the Common Shares, or such other price as may be determined under the applicable rules and regulations of all regulatory authorities and the Exchange to which the Corporation may be subject.

For greater certainty, if an optionee is an Insider, the exercise price may only be reduced if disinterested shareholder approval is obtained, provided that such disinterested shareholder approval is then a requirement of the Exchange to which the Corporation may be subject or other regulatory body having jurisdiction.

PRIOR SALES

There were no issuances of Common Shares and securities convertible into Common Shares within the 12-month period prior to the date of this Filing Statement.

The following table sets out the number of shares sold to non-arms length parties during the 2022 recapitalization.

Officer, Director, Insider	Name	Shares Purchased (Post Consolidation)
Director/Officer	Robin Auld	2,500,000
Officer	Dr. Henry Groen	1,000,000

Officer	Matthew Klukas	625,000
Insider	Andrew Spitzer	500,000
Director	Brian Anderson	160,000

In the 12-months ended June 30, 2023, the Corporation granted 2,500,000 RSUs pursuant to the Corporation's Share Award Incentive Plan dated effective September 8, 2022 (the "**Share Award Incentive Plan**"). As of June 30, 2023, there were 2,500,000 RSUs outstanding. Each RSU entitles the holder thereof upon settlement to receive one Common Share in accordance with the Share Award Incentive Plan. An RSU holder may also elect to have RSUs settled in exchange for a payment by the Corporation of a cash amount per RSU equal to the closing price of the Common Shares before the distribution date for the settlement of the RSUs, provided; however, that the Corporation has the sole discretion to consent or refuse the election to receive cash. The RSU grants vest one-third on the first, second and third anniversary of the date of grant.

STOCK EXCHANGE PRICE

The outstanding Common Shares are listed and traded on the TSXV under the trading symbol "CEQ". The following table sets forth the price range and trading volume of the Common Shares as reported by the TSXV for the periods indicated.

Month	High (\$) ⁽¹⁾	Low (\$) ⁽¹⁾	Volume ⁽¹⁾
November 1-13, 2023	0.11	0.08	326,349
October 1-31, 2023	0.125	0.085	1,380,198
September, 2023	0.150	0.085	1,105,043
August, 2023	0.180	0.090	2,475,651
July 2023	0.210	0.170	1,136,007
June, 2023	0.340	0.200	1,757,261
May, 2023	0.375	0.275	1,058,805
April, 2023	0.375	0.325	1,485,782
March, 2023	0.425	0.325	1,053,474
February, 2023	0.525	0.25	3,373,448
January, 2023	0.275	0.20	692,209
December, 2022	0.25	0.20	165,100
November, 2022	0.225	0.125	116,994
October, 2022	0.275	0.225	158,018
September, 2022	0.225	0.20	159,267
August, 2022	0.25	0.20	104,667
October 1-19, 2023	0.125	0.085	1,244,621

Note:

1. All figures are shown on a Post-Share Consolidation basis. The Common Shares were consolidated on a five for one (5-1) basis on June 7, 2023.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The compensation program of the Corporation is designed to attract, motivate, reward, and retain knowledgeable and skilled executives and management team members required to achieve the Corporation's corporate objectives and increase shareholder value. The main objective of the compensation program is to recognize the contribution of the executive officers and management team members to the overall success and strategic growth of the Corporation and to align a component of the compensation with the Corporation's business performance and share value. The philosophy of the Corporation is to pay the management a total compensation amount that is competitive with other comparable Canadian oil and gas companies and is consistent with the experience and responsibility level of the management. The purpose of executive compensation is to reward the executives for their contributions to the achievements of the Corporation on both an annual and long-term basis. The Corporation does not have a pension plan or other form of formal retirement compensation. The Corporation's compensation plan consists of the following items: (i) base salary; (ii) short term incentive compensation in the form of bonuses, at the Company's discretion; and (iii) long term incentive compensation in the form of stock options, also at the discretion of the Company. Directors and officers of the Corporation are not currently permitted to purchase financial instruments which are designed to hedge or offset the market value of equity securities granted as compensation.

The Corporation has considered the risks associated with its compensation policies and practices and is of the view that they are appropriate for a company of its size within its industry sector.

The compensation of all of the Corporation's employees, including executive officers, is consistent with the above policies. A description of the criteria used in each element of compensation is set forth below.

Base Salaries

The Corporation's policy is that salaries for the executive officers and professionals shall be competitive with salaries paid among industry peer companies of similar size. Base salaries paid to the senior officers of the Corporation, including the President and Chief Executive Officer, are competitive with the comparative salaries of positions for the Corporation's peer group, using such criteria as revenue, production, cash flow and number of employees. Salaries of the executive officers, including that of the President and Chief Executive Officer, are reviewed annually.

Short Term Incentive Compensation - Bonuses

The Board uses a bonus plan for the President and Chief Executive Officer, which the Board believes aligns the interests with the Shareholders of the Corporation. The bonus allocation is discretionary and there are currently no specified targets or criteria set out, although matters such as contributions to the following factors are considered: (i) cost control effectiveness; (ii) finding, development and acquisition costs; (iii) growth in reserves per share; (iv) growth in production and cash flow per share; and (v) growth in net asset value per share.

Establishment and payment of bonuses is subject to approval of the Board and the Board has the right to amend or suspend the bonus plan at its discretion.

Long Term Incentive Compensation – Stock Options

The Corporation had previously established a stock option plan (the "**Option Plan**") which covers all officers, directors, employees, and consultants of the Corporation and was administered by the Board who determine to whom options to purchase Common Shares ("**Options**") should be granted, under what terms and the vesting periods of the Options.

Stock Appreciation Rights

Stock appreciation rights ("**SARs**") means a right, granted by the Corporation or any of its subsidiaries as compensation for services rendered or in connection with office or employment, to receive a payment of cash or an issue or transfer of Common Shares based wholly or in part on changes in the trading price of the Corporation's Shares.

No SARs were granted to, or exercised by, any named executive officer or any directors during the most recently completed financial year.

Director and Named Executive Officer Compensation, excluding Compensation Securities

The following table sets out details of all payments, executive compensation disclosure for each of the issuer's three most highly compensated executive officers, in addition to the Chief Executive Officer and Chief Financial Officer.

Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Robin Auld, President & CEO	2023	\$160,000 ⁴	Nil	Nil	Nil	\$88,829 ³	\$248,829
	2022	\$86,061	Nil	Nil	Nil	\$55,217 ²	\$141,278
	2021 ⁵	Nil	Nil	Nil	Nil	Nil	Nil
Matthew Klukas, COO	2023	\$95,000 ⁴	Nil	Nil	Nil	\$44,415 ³	\$139,415
	2022	\$51,098	Nil	Nil	Nil	\$27,609 ²	\$78,707
	2021 ⁵	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Henry Groen, CFO	2023	\$30,000	Nil	Nil	Nil	\$7,364 ³	\$37,364
	2022	\$15,000	Nil	Nil	Nil	\$1,890 ²	\$16,890
	2021 ⁵	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. Value of severance shares issued at time of September 26, 2022 recapitalization.
2. Included as part of Compensation Securities below.
3. Value of stock based compensation.
4. Includes value of deferred salary.
5. Did not join Criterium until 2022 after recapitalization (see *Information Concerning the Corporation - General Developments of the Business - History*).

Stock Options and other Compensation Securities

The following table sets out details of all compensation securities granted or issued to named executive officer by the Corporation in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Corporation.

Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class⁽¹⁾	Date of issue or grant	Issue conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Robin Auld, President & CEO	RSU	8,500,000	Sept 26, 2022	\$0.04	\$0.04	\$0.04	Dec 15, 2025
Matthew Klukas, COO	RSU	4,250,000	Sept 26, 2022	\$0.04	\$0.04	\$0.04	Dec 15, 2025
Dr. Henry Groen, CFO	Options	750,000	Sept 26, 2022	\$0.04	\$0.04	\$0.04	Sept 26, 2027

Note:

1. Pre-consolidation.

Equity Incentive Plan

The Corporation currently has in place a plan which was established by the Corporation to allow for the grant of stock options and restricted awards, namely, restricted share units and deferred share units to directors, officers, employees, and consultants of the Corporation. See "*Information Concerning the Issuer - Stock Option Plan*"

Management Contracts

Management functions of the Corporation are performed by the directors and executive officers of the Corporation and are not to any substantial degree by any other person.

Oversight and Description of Director and Named Executive Officer compensation

The Board has established the Compensation and Governance Committee ("**CGC**") who makes decisions regarding all forms of compensation for directors and named executive officers, including salaries, bonuses, and equity incentive compensation for directors and named executive officers, as well as approves corporate goals and objectives relevant to their compensation. The Board, on the recommendation of the CGC is responsible for setting the overall compensation strategy of the Corporation and evaluating and making determinations for the compensation of its directors and executive officers. The Board, on the

recommendation of CGC and in accordance with the CGC Charter, annually reviews and determines compensation for the Corporation's directors and named executive officers.

The Corporation does not pay compensation to its directors in the form of annual fees for attending meetings of the Board. Directors do not receive additional compensation for acting as chairs of committees of the Board. Directors are entitled to receive stock options and other applicable awards under the Plan and are reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Board, committees of the Board or meetings of Shareholders.

The Corporation compensates its executive officers based on their skill, qualifications, experience level, level of responsibility involved in their position, the existing stage of development of the Corporation, the Corporation's performance, industry practice and regulatory guidelines regarding executive compensation levels. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility, bearing in mind the limited cash reserves of the Corporation.

The Board has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders:

- (a) first, executive officers may be paid a monthly salary. In setting the recommended salary for its named executive officers, CGC, and ultimately the Board, takes into consideration the salaries or fees paid to other executive officers in similar industries and in the public company sector;
- (b) second, the Board may award executive officers long term incentives in the form of stock options and/or restricted share units. The Board has the overall responsibility to administer the Plan and the grant of awards under the Plan. For further details relating to the Plan and grant of awards see the heading titled, "Executive Compensation – Equity Incentive Plan"; and
- (c) finally, the Board may approve from time to time, the payment of a cash bonus for exceptional performance that results in a significant increase in shareholder value.

The Corporation does not provide pension or other benefits to its executive officers. In addition, the Corporation does not have pre-existing performance criteria or objectives, as such, all significant elements of compensation awarded to, earned by, paid or payable to named executive officers are determined by the Board on a subjective basis. The Corporation has not used any peer group to determine compensation for its directors and named executive officer.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to annual review by the CGC and Board approval.

Director Compensation Table

The following table sets out compensation provided to directors who are not also named executive officers of Criterium for year ending 2022.

Datuk Brian Anderson	\$22,500
David Dunlop	\$2,917
Michèle Stanners	\$8,750

Pension Disclosure

The Corporation does not have any pension plans that provide for payments or benefits to the named executive officers at, following, or in connection with retirement, including any defined benefits plan or any defined contribution plan. The Corporation does not have a deferred compensation plan with respect to any named executive officer.

NON-ARM'S LENGTH TRANSACTIONS

Office Furniture Lease

On October 1, 2022, the Corporation entered into an office furniture lease agreement with a company controlled by the CEO and director. The agreement is for a 56-month term and expires on May 31, 2027. The Corporation is required to make monthly lease payments. The total interest and principal payments made on the lease for the year ended December 31, 2022 was \$3,000 (2021 – \$nil). Rent payable under this lease is \$1,050 per month.

Office Lease

On October 1, 2022, the Corporation entered into an office lease agreement with a company controlled by the CEO and director. The agreement is for a 56-month term and expires on May 31, 2027. The Corporation is required to make monthly lease payments. The total interest and principal payments made on the lease for the year ended December 31, 2022 was \$8,725 (2021 – \$nil). Rent payable under this lease is \$10,471 per month.

LEGAL PROCEEDINGS

To the knowledge of management of Criterium, Criterium is not a party to any legal proceeding nor was it a party to, nor is or was any of its property the subject of, any legal proceeding.

AUDITOR, TRANSFER AGENTS AND REGISTRARS

The Corporation's auditors are MNP LLP, Chartered Professional Accountants Calgary office located at Suite 2000, 112-4th Ave SW, Calgary, Alberta, T2P 3G4.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal transfer office in Calgary located at Suite 800, 324 8 Avenue SW Calgary, Alberta.

MATERIAL CONTRACTS

Criterium has not entered into any material contracts other than the Definitive Agreement, and those listed below; The Corporation will enter into the Loan Agreement subject to the Offering. See "*The Offering and Acquisition - the Definitive Agreement*".

The contracts below may be viewed at Criterium's office by request during normal business hours. Criterium also intends to upload contracts to the Corporation's profile on www.sedarplus.ca.

Material Contracts Entered Into by Criterium

Contracting Party	Contract	Date	Description
Odyssey Trust Company ("Odyssey")	Subscription Receipt Agreement	November 3, 2023	<p>Agreement naming Odyssey as subscription receipt agent for up to 70,465,000 Subscription Receipts (including exercise of any over-allotment). Subscription Receipts will be delivered to Odyssey after the close of the Offering. Odyssey will keep the Subscription Receipts in escrow according to the conditions of the Offering.</p> <p>The Subscription Receipt Agreement may be terminated in the event that Criterium fails to satisfy applicable escrow release conditions prior to applicable deadlines or if Criterium no longer intends to proceed with the Acquisition.</p>
Odyssey	Warrant Indenture	November 3, 2023	<p>Agreement for the creation and issuance of the Unit Warrants underlying the Subscription Receipts. Odyssey will act as warrant agent and shall issue and deliver Unit Warrants in certificated or uncertificated to registered warrant holders and record the names of the registered warrant holders on the warrant register in accordance with the Warrant Indenture.</p> <p>Criterium will pay Odyssey from time to time reasonable remuneration for its service and all reasonable expenses, disbursements and advances incurred or made by Odyssey in the administration or execution of its duties created in the Warrant Indenture.</p>
Strategic Investor	Investor Agreement	TBA, draft	<p>in Agreement setting out the rights and conditions associated with the board nomination rights of the Strategic Investor.</p> <p>Additional terms are being negotiated as the document is still in draft.</p>
Strategic Investor	Loan Agreement	TBA, draft	<p>in Agreement setting out the terms of the Convertible Loan (see <i>Information Concerning the Corporation - Convertible Loan</i>).</p>

Criterion to receive a term loan of \$12,200,000 secured by first priority liens (subject to other permitted security interests) on, to and against all present and future property, assets of Criterion. Interest shall accrue at 14.75% per annum.

Additional terms are being negotiated as the document is still in draft.

MOPL Lenders Amended Credit Facilities -

Pursuant to the Definitive Agreement, Criterion has agreed to purchase MOPL with certain existing debts, subject to negotiated write-downs. See *The Offering and Acquisition - The Definitive Agreement*.

Ongoing loan agreements with MOPL Lenders. See *Information Concerning MOPL - Material Contracts*.

INFORMATION CONCERNING MOPL

CORPORATE STRUCTURE

MOPL was incorporated under the laws of the British Virgin Islands ("**BVI**") on September 7, 2007. MOPL's registered office is 2nd Floor, Abbott Building, Waterfront Drive, 87 Main Street, Road Town, Tortola, British Virgin Islands.

MOPL owns 100% of shares of each of Mont D'Or Venture Limited (BVI) ("**MOVL**"), Mont D'Or Petroleum Singapore Pte Ltd, and Mont D'or Resources Limited (BVI).

MOVL owns 100% of shares of each of Mont D'Or Asia Limited (BVI) ("**MOAL**"), and Mont D'or Salawati Limited (BVI).

MOAL owns 100% of shares of each Fuel-X Tungkal Limited (Cyprus) and Mont D'Or Oil Tungkal Limited (Bermuda).

GENERAL DEVELOPMENT OF THE BUSINESS

History

MOPL is an oil and gas exploration and development company holding rights to over 3,000 square kilometres of land that is prospective for future development opportunities in Indonesia. MOPL is focused on the operation, production and exploration of the Tungkal PSC area pursuant to the Tungkal PSC and the operation, production and exploration of the West Salawati PSC area pursuant to the West Salawati PSC.

Mont D'Or Petroleum: Indonesia focused upstream energy company

Mont D'Or Petroleum was established in 2007 with a focus on securing strategic assets in Indonesia, recognizing the country's immense potential in the upstream energy sector, a potential which still exists today with investment conditions which have now improved through government incentives and limited competition.

Establishing a cash flow base: Acquisition of the Tungkal PSC

In 2010, Mont D'Or achieved a significant milestone by acquiring the Tungkal PSC in South Sumatra from Mubadala Petroleum. The Tungkal PSC contains the Mengoepeh field, which has been on production since 2004, and the Pematang Lantih field, which has been on production since 2015. In 2022, the company received an extension to the Tungkal PSC, extending the contract to 2042. The extension not only provides long-term stability but also demonstrated the Government of Indonesia's confidence in the Mont D'Or operating teams ability to responsibly develop its resources.

Expanding Horizons: Acquisition of the West Salawati PSC

Following the acquisition of the Tungkal PSC, the company expanded its portfolio in 2011 by acquiring the West Salawati PSC in West Papua from Pearl Oil. This strategic move opened a wealth of exploration opportunities, adding another dimension to Mont D'Or's inventory of assets. In 2018, production from West Salawati begun from the BLL-A1 field which continues to support the company's overall production portfolio. The West Salawati PSC contains a

mature and material prospect and lead inventory, providing long term optionality to the Mont D'Or portfolio.

A responsible and long-term operator

Mont D'Or is committed to responsible resource development and production, coupled with a focus on innovation and sustainability, it has established itself as a reputable operator in Indonesia's energy sector. MOPL's management believes that the portfolios near-term production enhancement opportunities, monetization of discovered gas resources, and an extensive inventory of exploration prospects leads to a promising future.

Description of MOPL Assets

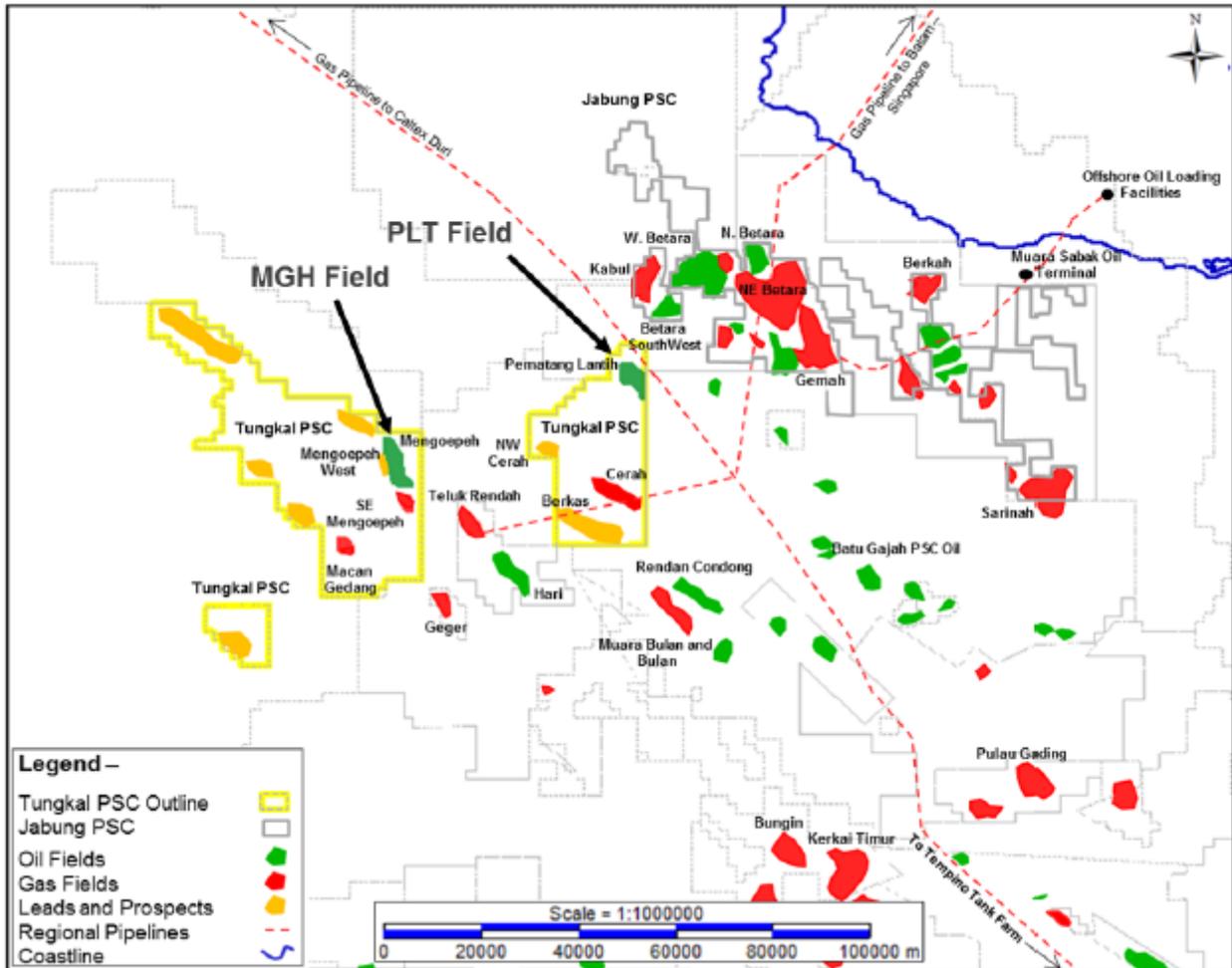
Drilling Locations

Reserves locations, contingent resources locations and prospective resources locations are derived from the Corporation's internal reserves evaluation as prepared by ERCE who is a qualified reserve evaluator, as such term is defined in NI 51-101, in accordance with NI 51-101 and the most recent publication of the COGEH and account for drilling locations that have associated reserves or resources, as applicable. Unbooked locations are internal estimates based on the Corporation's assumptions as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Of the total 15 (15 net) drilling locations identified herein, 10 (10 net) are attributed a reserves status, 2 (2 net) are attributed a contingent resources status and 3 (3 net) are attributed a prospective resources status. Unbooked locations have been identified by management as an estimation of the Corporation's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information assuming completion of the Acquisition. Assuming completion of the Acquisition, there is no certainty that the Corporation will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations considered for future development will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by the drilling of existing wells by MOPL in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Tungkal PSC

The Tungkal PSC is the production sharing contract in respect of the Tungkal PSC area originally entered into between Perusahaan Pertambangan Minyak Dan Gas Bumi Negara, whose rights and obligations under the production sharing contract were subsequently transferred to Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi, the regulator in the oil and gas sector of the Republic of Indonesia ("**SKK MIGAS**"), and Asamera (Tungkal) Limited dated August 26, 1992, of which Fuel-X Tungkal Limited and Mont D'Or Oil Tungkal Limited are the current successors in title (holding a 30% and 70% participating interest respectively).

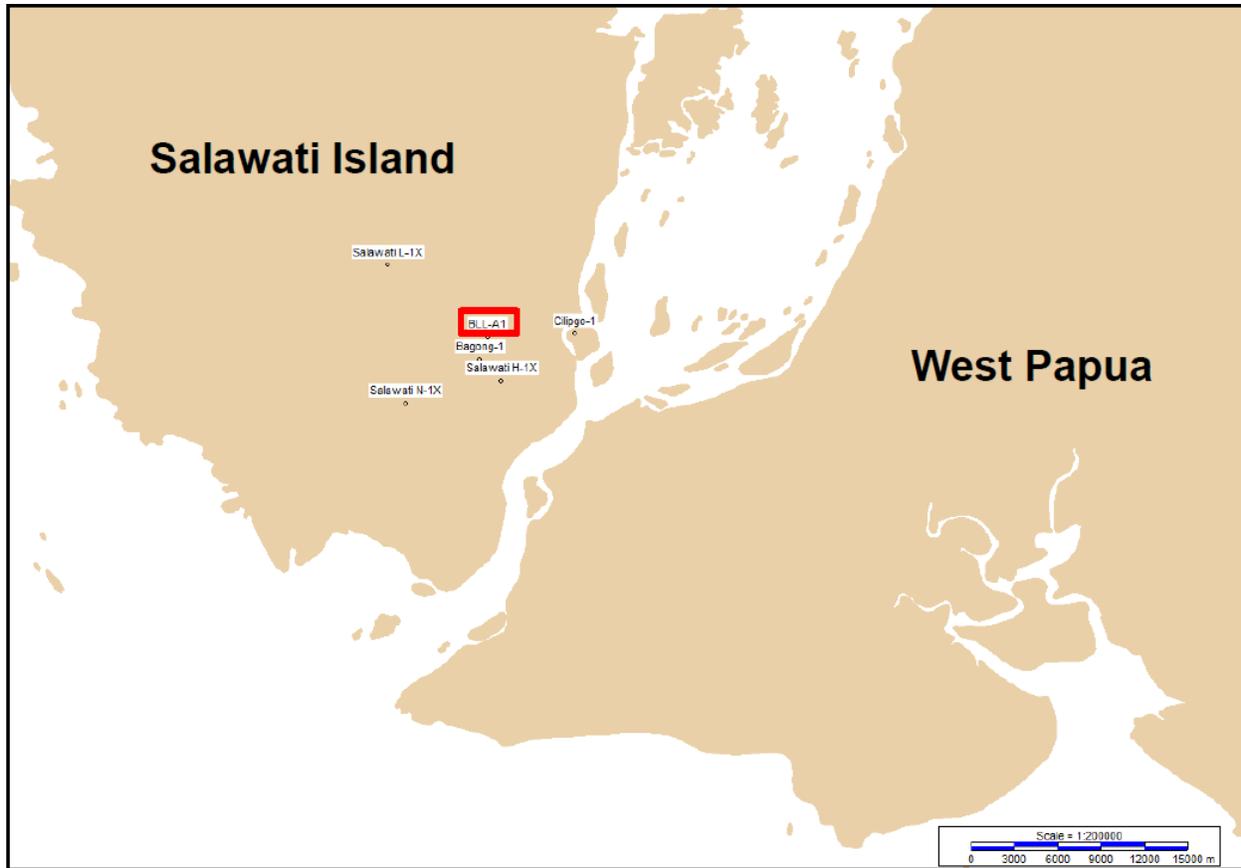
There are currently 39 wells in the Tungkai PSC, 12 of which are currently producing. According to the MOPL Reserve Report, the MGH field (see map below) had produced 4.7 MMstb of oil as of 31 December 2022 with an average oil rate in December 2022 of 424 stb/d.



West Salawati PSC

The West Salawati PSC is the production sharing contract in respect of the West Salawati PSC area originally entered into between Badan Pelaksana Kegiatan Usaha Hulu (BPMIGAS) and PearlOil (Salawati) Limited (whose rights and obligations under the production sharing contract were subsequently transferred to Mont D'Or Salawati Limited) dated December 13, 2016.

Well BLL-A1 (outlined in red on the map below) was spudded on November 27, 2015 and commenced production in January 2018 at an initial oil rate of 350 stb/d.



Significant Acquisitions and Distributions

MOPL has not completed any significant acquisitions which financial statements would be required under National Instrument 41-101 – General Prospectus Requirements ("**NI 41-101**") if this Filing Statement was a prospectus of MOPL nor has MOPL completed any significant disposition during the most recently completed financial year or the current financial year for which pro forma financial statements would be required under NI 41-101 if this Filing Statement was a prospectus of MOPL.

Reserve Data and Other Oil and Gas Information with Respect to MOPL Assets

Summary of Reserves

The reserves data for the MOPL Assets set forth below, and in the MOPL Reserves Report, has been externally estimated by ERCE, MOPL's independent QRE and prepared in accordance with NI 51-101 and the most recent publication of the COGEH with an effective date of December 31, 2022. "Internally estimated" means an estimate that is derived by the Corporation's internal QRE and prepared in accordance with NI 51-101 and COGEH. The properties evaluated include all of MOPL's petroleum interests in the Tungkal and West Salawati PSC areas in Indonesia. The reserves data summarizes the oil, natural gas liquids and natural gas interests reserves and the net present value of future net revenue for these reserves using forecast prices and costs. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The recovery and reserve estimates of the oil, natural gas liquids

and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil, natural gas liquids and natural reserves may be greater than or less than the estimates provided herein.

MOPL is not required to report reserve data under NI 51-101. MOPL has requested that ERCE prepare the MOPL Reserves Report complying with NI 51-101. A summary of the MOPL Reserves Report is attached hereto as Schedule "E".

**MOPL Reserves: Summary of Oil and Natural Gas Reserves as at December 31, 2022
– Forecast Prices and Costs**

RESERVES CATEGORY	Light and Medium Crude Oil		Conventional Natural Gas		Total	
	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (MBOE)	Net (MBOE)
Proved						
Proved Developed Producing	584	433	0	0	584	433
Developed Non-Producing	327	240	0	0	327	240
Undeveloped	1,383	1,019	0	0	1,383	1,019
Total Proved	2,294	1,692	0	0	2,294	1,692
Probable	2,373	1,742	0	0	2,373	1,742
Total Proved Plus Probable	4,667	3,433	0	0	4,667	3,433
Possible	3,041	2,249	0	0	3,041	2,249
Total Proved Plus Probable Plus Possible	7,708	5,696	0	0	7,708	5,696

MOPL Reserves: Net Present Value of Future Net Revenue of Reserves as at December 31, 2022 – Forecast Prices and Costs

RESERVE CATEGORY	After Income Tax Discounted at %/year C\$ millions					Unit Value After Income Tax Discounted at 10%/year
	0%	5%	10%	15%	20%	Net(\$/boe)
Proved						
Proved Developed Producing	\$4	\$4	\$4	\$4	\$4	\$18
Developed Non-Producing	\$7	\$6	\$5	\$4	\$4	\$36
Undeveloped	\$8	\$7	\$5	\$4	\$4	\$21
Total Proved	\$19	\$17	\$15	\$13	\$11	\$23
Probable	\$81	\$69	\$60	\$53	\$47	\$57

Total Proved Plus Probable	\$100	\$86	\$75	\$66	\$59	\$40
Possible	\$103	\$84	\$70	\$60	\$53	\$51
Total Proved Plus Probable Plus Probable	\$203	\$170	\$145	\$126	\$111	\$44

MOPL Contingent Resources: Summary of Oil and Natural Gas Risked Contingent Resources as at December 31, 2022

RESOURCES PROJECT MATURITY SUB-CLASS	Light and Medium Crude Oil		Conventional Natural Gas		Total	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (MBOE)	Net (MBOE)
Risked Resource						
Contingent (2C) <i>Development Pending</i>	214	156	-	-	214	156
Contingent (2C) <i>Development Unclarified</i>	1,365	n/a	5,910	n/a	2,418	n/a

MOPL Prospective Resource: Summary of Oil and Natural Gas Risked Prospective Resources as at December 31, 2022

RESOURCES PROJECT MATURITY SUB-CLASS	Light and Medium Crude Oil		Conventional Natural Gas		Total	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (MBOE)	Net (MBOE)
Risked Prospective Resources						
Prospective (2U)	3,654	n/a	12,000	n/a	5,791	n/a

Other Oil and Natural Gas Information

Principal Properties

The following is a description of MOPL's principal oil and natural gas properties that are on production or under development as at December 31, 2022. Information in respect of current production is average production, net to its working interest, except where otherwise indicated. Reserves noted are company interest reserves which include both working interest and royalty interest values.

MOPL's oil and natural gas properties are exclusively in the Tungkal PSC in South Sumatra and the West Salawati PSC in the West Papua region of Indonesia.

Oil and Natural Gas Wells

The following table sets forth the number and status of wells in which MOPL had a working interest as at December 31, 2022.

PSC	Category	Oil Wells		Natural Gas Wells	
		<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>
Tungkal	Producing	19.0	19.0	0.0	0.0
	Non-Producing	19.0	19.0	4.0	4.0
West Salawati	Producing	1.0	1.0	0.0	0.0
	Non-Producing	0.0	0.0	0.0	0.0
Total	Producing	20.0	20.0	0.0	0.0
	Non-Producing	19.0	19.0	4.0	4.0

Developed and Undeveloped Lands

The following table sets out MOPL's developed and undeveloped land holdings in hectares, as at December 31, 2022:

PSC	Undeveloped Areas		Developed Areas		Total	
	<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>
Tungkal	509,636	509,636	55,000	55,000	564,636	564,636
West Salawati	239,192	239,192	500	500	239,692	239,692
Total	748,828	748,828	55,500	55,500	804,328	804,328

MOPL had 804,328 gross acres (325,500 gross hectares) and 804,328 net acres (325,500 net hectares) of developed and undeveloped land as at June 30, 2023 located in the two Indonesian PSCs.

Forward Contracts

As at December 31, 2022, MOPL had no forward contracts relating to oil, natural gas or currency.

Tax Horizon

As at December 31, 2022, MOPL had approximately US\$25 million of available cost recovery pools as part of the West Salawati PSC, of which none are non-capital losses. MOPL is taxable effective 2022 and beyond.

Costs Incurred

The following table summarizes MOPL's property acquisition costs, exploration costs and development costs for the 12-months ended December 31, 2022. The summary of costs incurred relates to the properties to be acquired by Criterium. The amounts reported as

unproved acquisition costs and exploration costs are consistent with capital expenditures classified as exploration and evaluation assets under IFRS. The amounts reported as proved acquisition costs and development costs are consistent with capital expenditures classified as property, plant and equipment under IFRS.

		Acquisition and Capital Expenditures <i>Amount (US\$ thousands)</i>
Corporate Costs	Acquisition	-
Property Costs	Acquisition	-
	Unproved	-
	Proved	-
Exploration Costs		\$4,160
Development Costs		\$832
Total		\$4,992

Exploration and Development Activities

The following table sets forth the gross and net development wells completed by MOPL during the 12-months ended December 31, 2022, in respect of the MOPL Assets:

	Development Wells		Exploration Wells	
	<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>
Light and Medium Crude Oil	4	4	-	-
Heavy Crude Oil	-	-	-	-
Conventional Natural Gas	-	-	-	-
Service	-	-	-	-
Dry and Abandoned	-	-	-	-
Stratigraphic Test	-	-	-	-
Total	4	4	-	-

Production Estimates

The following table sets out the first-year proved plus probable production forecast of volumes of MOPL's working interest (Corporation Gross) production for each product type estimated by the Corporation's independent QRE, ERCE for the period of January 1, 2023 to December 31, 2023 which is reflected in the estimate of future net revenue disclosed in the tables above. These estimates do not include volumes attributed to future unbooked wells, downtime and unforeseen events and may vary from provided corporate guidance as a result.

	Light Oil <i>(bbl/d)</i>	Heavy Oil <i>(bbl/d)</i>	Gas <i>(MMcf/d)</i>	Total <i>(boe/d)</i>
2023	1,203 ⁽¹⁾	-	-	1,203

Note:

1. The MOPL Reserve Report contemplated drilling of 3 wells in 2023 adding ~250 bbl/d, to date these wells have not been drilled and are not expected to be drilled or placed on stream prior to year end 2023.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The table below sets out information derived from MOPL's audited financial statements for year end December 31, 2022 and interim unaudited statements

Annual Information

US\$'000	Six Month Period Ending June 30, 2023¹	Year Ended December 31, 2022	Year Ended December 31, 2021
Revenues	8,590	25,169	15,631
Income from Continuing Operations	2,518	7,665	4,311
Net Income (Loss)	(3,638)	3,623	(1,480)
Total Assets	62,753	68,934	59,300
Total Long-Term Liabilities	42,021	51,187	37,173
Cash Dividends	-	-	-

Note:

1. Unaudited.

Quarterly Information

US\$'000	Q2 2023⁽¹⁾	Q1 2023⁽¹⁾	Q4 2022 (Year End)	Q3 2022⁽¹⁾	Q2 2022⁽¹⁾	Q1 2022⁽¹⁾	Q4 2021 (Year End)	Q3 2021⁽¹⁾
Revenues	4,082	4,508	5,381	6,384	4,082	5,911	4,082	3,946
Income from Continuing Operations	(1,576)	(4,094)	(1,870)	8,521	1,576	(1,043)	(1,576)	1,769

Net (1,295) (2,343) (29) (1,317) (1,295) 1,694 (1,295) (183)
Income
(Loss)

Note:

1. Unaudited

The full text of MOPL's interim and audited financial statements are attached hereto as Schedule "C".

TRENDS

Prices for crude oil and natural gas are subject to volatility and it is expected that this volatility will continue given factors such as production, geopolitical relations, and markets for products.

MOPL is expecting that the Acquisition will positively impact MOPL by retiring those portions of the MOPL Debts described herein. See "*Information Concerning the Issuer - The Acquisition.*"

DESCRIPTION OF SECURITIES

Upon completion of the Acquisition, Criterium will own all issued and outstanding shares of MOPL.

MOPL shares comprise of Class A, Class B, and Class ARK. Each share class has the right to one vote at a meeting of the shareholders, the right to an equal dividend paid by MOPL, and the right to an equal distribution of assets on windup of MOPL. Class ARK shares have the same characteristics as Class A and Class B, all have the right to one vote at a meeting of shareholders and the right to an equal dividend paid by MOPL.

CONSOLIDATED CAPITALIZATION

Designation	Amount authorized or to be Authorized	Amount outstanding as of the date of the most recent balance sheet contained in the Filing Statement	Amount outstanding at the date hereof
Class A Shares	6,500,000	5,885,447	5,087,213
Class B Shares	50,000,000	32,523,114	32,523,114
Class ARK Shares	2,371,553	1,461,441	1,461,441

Note:

1. As at June 30, 2023, retained earnings were US\$(3,638,000).

PRIOR SALES

MOPL has not completed any prior sales within the last 12 months of the date hereof.

EXECUTIVE COMPENSATION

The Directors of MOPL are not compensated for their roles as directors.

NON-ARM'S LENGTH TRANSACTIONS

MOPL has not undergone any non-arm's length transactions in the last five years of the date hereof.

MATERIAL CONTRACTS

MOPL has entered into the following contracts within the last two years prior to the date hereof:

- (a) The Definitive Agreement provides for the acquisition by Criterium of MOPL through the acquisition of all of the issued and outstanding MOPL Shares for the Cash Consideration. Conditions to closing under the Definitive Agreement include, but are not limited to, the following: (i) the accuracy of each party's representations and warranties and the performance of their respective covenants in all material respects; and (ii) payment of the Cash Consideration, Completion Loan, and Issuance of the Success Fee Shares. For more details, please refer to the Definitive Agreement which may be viewed on the Corporation's SEDAR profile at www.sedarplus.com. (see "*The Offering and Acquisition - the Definitive Agreement*"); and
- (b) the MOPL Debts are on a rolling basis with the agreements being resigned every two years with no significant changes other than updating the values of amounts owing. The Amended Credit Facilities are being revised to reflect the Acquisition and terms of the Definitive Agreement. The Amended Credit Facilities will bear interest at a substantial discount to current market rates with a weighted interest rate of approximately 7.95%. Repayments of principal under the Amended Credit Facilities will be required on a monthly/quarterly and annual basis with the remainder due on the maturity date. See *The Offering and Acquisition - The Definitive Agreement*.

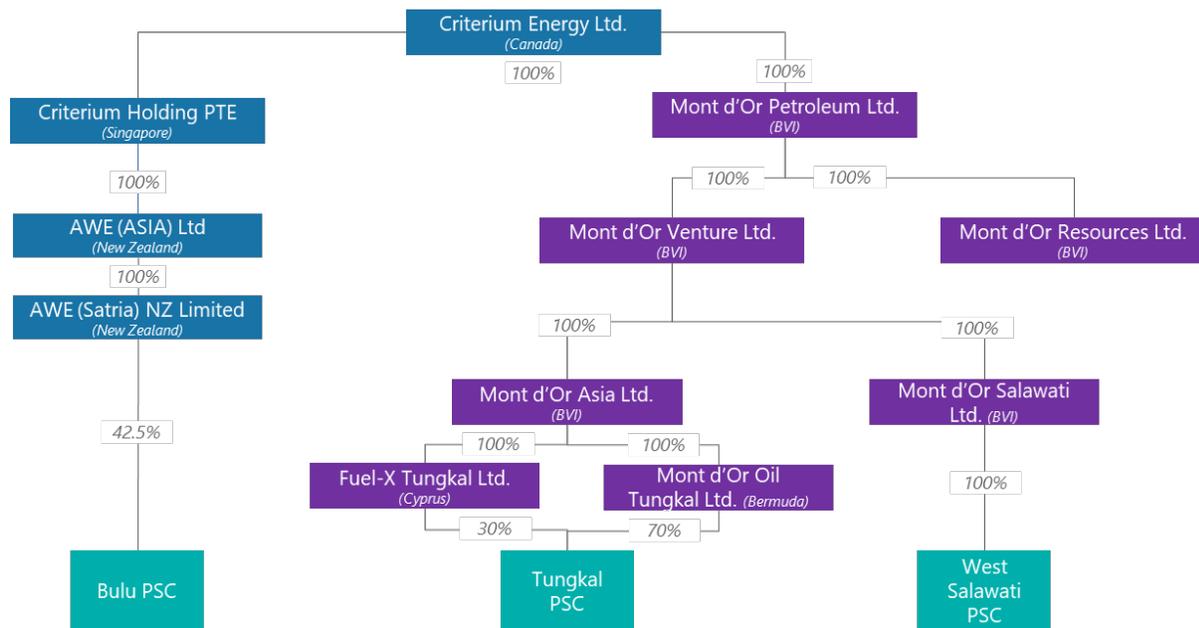
INFORMATION CONCERNING THE RESULTING ISSUER

CORPORATE STRUCTURE

The Resulting Issuer will continue as Criterium Energy Ltd. The Resulting Issuer will continue to be incorporated under the laws of the Province of Alberta with a registered office and head office at Bow Valley Square Tower #1, Suite 1120, 202 – 6th Avenue S.W., Calgary, Alberta, T2P 2R9.

Intercorporate Relationships

The Resulting Issuer will have new intercorporate relationships as follows:



Criterium will continue to hold its interest in the Bulu PSC through AWE(Satria) Ltd. See *Information Concerning the Corporation - General Development of the Business -Corporate Structure*.

NARRATIVE DESCRIPTION OF THE BUSINESS

Stated Business Objectives

The Resulting Issuer will continue to operate in oil and natural gas development and production. Closing of the Acquisition will represent a major milestone in the Corporation's growth strategy, solidifying Criterium's position as an independent operator in Southeast Asia. Average production from MOPL's assets, which include all of the assets, properties, permits, licenses, approvals, rights or other privileges (whether contractual or otherwise) of MOPL and, for greater certainty, includes the MOPL Assets, was approximately 1,050 boe/d on December 31, 2022.

Further future growth opportunities have been identified on the 3,255km² gross (3,255km² net) of land associated with the Tungkai and West Salawati PSCs. Management of the Resulting Issuer believes that the near-term drilling opportunities and longer-term step-out development associated with the identified prospects within the PSCs provide the Corporation with running room to grow production and ultimately create value for its shareholders.

The Resulting Issuer will continue with Criterium's stated business objectives of the exploration for and development and acquisition of oil and natural gas reserves.

The Completion Loan will be an intercorporate loan from Criterium to MOPL. The proceeds of the Completion Loan will be used to pay down outstanding MOPL debt and for development of its assets. Other than the successful completion of the Offering and the Acquisition, the success of the Corporation in meeting its business objectives will be dependent in part on the success of its drilling program and the availability of other accretive opportunities, which cannot be determined in advance. Upon completion of the Offering and the Acquisition, the Corporation believes it will be better positioned to further its business strategy to create long-term value for its shareholders and a base from which to grow the Corporation.

In the near-term, the Corporation anticipates that the cash injected into MOPL and resulting drilling activity post completion of the Acquisition will result in improved netbacks through operational efficiencies, including: (i) optimized capital deployment through continuity of operations and improved access to rigs and field services; (ii) optimized utilization of existing facilities that currently carry a high fixed operating cost per unit of production. To that end the Corporation anticipates mobilizing a two to three well drilling program once the Acquisition closes, along with a well work over program.

The Corporation views the transaction as providing two areas of value creation: (i) near-term development drilling and workovers, and (ii) step-out development and exploration in both PSCs with a focus on discovered gas resource in the Tungkai PSC and potential large accumulations of hydrocarbons in the West Salawati PSC.

The Corporation expects to leverage the foundational nature of the Acquisition to continue to evaluate further acquisition opportunities in the region.

Milestones

The Resulting Issuer intends to drill between two and six wells in the MOPL Assets in 2024. Any drilling operations are directly connected to the Acquisition and are dependant on closing same. Capital expenditures will be assessed pending closing of the Acquisition.

Criterium will need to purchase equipment and materials for drilling wells. Criterium is currently exploring available options for a drilling rig and materials for the 2024 drilling program. Well costs have been conservatively estimated at US\$2,000,000 per well (2022 average costs were US\$1,600,000).

The well work over program and two to six well drilling program are also contingent on closing of the Acquisition. Criterium can execute workovers at their discretion as all services required are on site and available. As stated above, Criterium has begun discussion to secure a rig and required material for the 2024 drilling program, which will occur in two phases (1) two to three wells in the first quarter of 2024 and (2) between zero and three wells in the third quarter of 2024.

The Resulting Issuer expects risks associated with drilling operations to be related to Indonesian regulatory approvals and weather.

The following table presents estimated costs and a timeline of milestones to be reached to obtain the business objectives:

	Tungkal PSC	West Salawati PSC
Year 1 (2023)	Study G&G – US\$72,000 ⁽¹⁾	N/A
	5 Development Wells - US\$10,000,000	
Year 2 (2024)	Study G&G – US\$75,000 200km 2D Seismic – US\$850,000	N/A
Year 3 (2025)	Study G&G – US\$78,000 Development Wells – US\$6,000,000	1 Exploratory Well US\$6,000,000
Year 4 (2026)	Study G&G – US\$81,000	1 Exploratory Well US\$6,000,000
Year 5 (2027)	Study G&G – US\$83,000 Development Wells – US\$6,000,000	246 km ² 3D Seismic US\$950,000

Note:

1 This study has been completed.

The pro forma working capital as of June 30, 2023 is \$6,409,000 (see Schedule D). The table in *Information Concerning the Resulting Issuer - Available Funds and Principal Purposes* (page 56) provides working capital and financial resources estimates for October 31, 2023. The pro forma working capital as of October 31, 2023 is \$3,714,000, the reduction is due to the purchase of long lead items by MOPL and transaction costs payable for Criterium.

DESCRIPTION OF SECURITIES

The Resulting Issuer will have the same securities as described above in *Information Concerning the Corporation - Description of Securities* contained herein.

The holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders of the Corporation, with each Common Share entitling the holder to one vote on any resolution to be passed at such shareholder meetings. The holders of Common Shares are entitled to dividends if and when declared by the board of directors of the Corporation. The holders of Common Shares are entitled, upon the liquidation, dissolution or winding up of Criterium, to receive the remaining assets of the Corporation available for distribution to shareholders of the Corporation.

The Resulting Issuer will hold the MOPL Shares after closing of the Acquisition but the share characteristics will not change as a result. See "*Information Concerning - Description of Securities*".

PRO-FORMA CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation as at June 30, 2023: (i) before giving effect to the Offering and the Acquisition; (ii) including adjustments for subsequent events, including the Share Consolidation; and (iii) after giving effect to the Offering and the Acquisition (assuming the Over-Allotment Option is not exercised and the Broker Warrants are issued). The table should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Corporation as at and for the six-month periods ended June 30, 2023 and 2022.

	As at June 30, 2023⁽¹⁾	Adjustment for the Offering and the Convertible Loan⁽²⁾	Adjustment for the Acquisition	Pro Forma June 30, 2023 Totals having given effect to the Acquisition, Offering and Convertible Loan
Cash	\$2,123,996	\$17,144,094	\$(5,634,000) ⁽³⁾	\$13,634,090
Debt	-	\$12,200,000	\$21,651,000 ⁽⁴⁾	\$33,851,000 ⁽⁴⁾
Shareholder's Equity	\$2,939,382	\$6,700,100	\$12,077,598 ⁽⁶⁾	\$21,717,080
Common Shares	38,389,982	60,910,000	42,341,221 ⁽⁵⁾	141,641,203
Stock Options	370,000	-	-	370,000
Warrants	27,155,032	145,389,600	-	172,544,632
RSUs	2,550,000	-	-	2,550,000

Notes:

- 1 As reflected in the June 30, 2023 interim condensed consolidated financial statements of Criterium.
- 2 Issuance of 60,910,000 Subscription Receipts under the Offering. Assumes no exercise of the Over-Allotment Option and the issuance of 60,910,000 underlying Common Shares and 60,910,000 Unit Warrants upon exchange of 60,910,000 Subscription Receipts for gross aggregate proceeds of \$6,700,100 and after taking into account the Underwriter's Fee of \$402,006 and estimated expenses of the Offering of \$500,000 (excluding taxes) and issuance of the Broker Warrants. Also, assuming the issuance of the Convertible Loan and issuance of 76,250,000 Loan Warrants. See "*Information Concerning the Corporation - Convertible Loan*".
- 3 Repayment of US\$4,600,000 of the MOPL Debts in cash converted to CAD using an exchange rate of \$0.73 CAD/USD, and including a cash balance of US\$1,000,000 within MOPL post-closing of the Acquisition, see pro forma financial statements.
- 4 MOPL Debts after repayment of US\$4,600,000 in cash and US\$4,890,000 through issuance of Common Shares under certain debt to equity arrangements with the Lenders, converted to CAD using an exchange rate of \$0.73 CAD/USD, and including the Convertible Loan. See "*Information concerning the Corporation - The Acquisition*".
- 5 Based on: (i) the issuance of US\$900,000 in Common Shares for an aggregate number of 11,207,971 Common Shares to Tourmalet Holdings Ltd. for its assistance in negotiating the write-downs of the MOPL Debts (ii) the issuance of 31,133,250 Common Shares to Lenders in satisfaction of a portion of the MOPL Debts on Closing of the Acquisition but does not include the issuance to Summit of US\$2.75 million in Common Shares at the 20-

day VWAP of the Common Shares prior to May 31, 2025, using an exchange rate of \$0.73 CAD/USD. See "Information concerning the Corporation – The Acquisition".

- 6 Retained earnings are as follows: Criterium \$(1,735,000), MOPL \$(4,903,000), pro forma of \$(6,151,000).
- 7 The number of securities subject to option is 166,667. See *Information Concerning the Resulting Issuer - Option to Purchase Securities* and *Information Concerning the Resulting Issuer - Escrowed Securities*.

The following is a table showing securities at closing and on a fully diluted basis.

Shares/Units	
Current Outstanding (fully diluted)	68,465,014
Current outstanding	38,389,982
PP Warrants	26,899,532
Legacy SFT Warrants	-
PP Broker Warrants	255,500
Existing Criterium Options & RSUs ¹	2,920,000
Total New Criterium Shares Issued	374,036,116
New Common Shares	60,910,000
New Warrants	60,910,000
Success Fee Shares	11,207,971
Kendall Court Debt to Equity (2023)	31,133,250
Short Form Prospectus Offering - Broker Warrants	3,654,600
Short Form Prospectus Offering - Broker Unit Warrants	3,654,600
Loan Advisory – Broker Warrants – Warrants	4,575,000
Summit Debt to Equity (2025)	34,246,575
Strategic Investor Debt to Equity	76,250,000
Strategic Investor Interest to Equity	76,250,000
Share Award Incentive Plan (10% Rolling) ¹	11,244,120
Total Pro-forma (Fully Diluted)	442,501,130
Total Pro-Forma Outstanding At Close	141,641,203
Over-Allotment Option, New Common Shares	9,136,500
Over-Allotment Option, New Warrants	9,136,500
Over-Allotment Option, Broker Warrants	548,190

Over-Allotment Option, Broker Unit Warrants	548,190
Increased Share Award Incentive Plan (10% Rolling) ¹	913,650
Total Pro-forma, including Over-Allotment Outstanding (Fully Diluted)	462,784,160
Total Pro-forma, including Over-Allotment Outstanding at Close	150,777,703

Note:

1. Current outstanding Share Award Incentives are 2,920,000 units

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

The estimated net proceeds to be received by Criterium from the Offering (excluding any exercise of the Over-Allotment Option) will be approximately \$5,798,094 excluding interest, if any, earned on the Escrowed Funds after deducting the estimated expenses of the Offering payable by Criterium of \$500,000 (excluding taxes) and the Underwriter's Fee of \$402,006. The net proceeds from the sale of the Subscription Receipts (following the release of the Escrowed Funds by the Transfer Agent and the payment of the Underwriter's Fee) will be used to finance the Acquisition. If the Over-Allotment Option is exercised in full, the net proceeds to Criterium after deducting the estimated expenses of the Offering payable by Criterium of \$500,000 (excluding taxes) and the Underwriter's Fee of \$462,307, will be approximately \$6,742,808. To the extent that the Over-Allotment Option is exercised, the amount of cash to be provided to MOPL will increase equal to the amount of the net proceeds from the exercise of the Over-Allotment Option. Total funds available after assuming closing of the Acquisition, Offering, and Convertible Loan, and assuming US\$1,000,000 (C\$1,369,863) within MOPL as per the Definitive Agreement is expected to be \$18,513,957 or \$19,458,671 for the Offering and Over-Allotment Option respectively. See "*Information Concerning the Resulting Issuer - Pro-Forma Capitalization*".

The table below sets out *pro forma* available funds. It summarizes the estimated costs and timelines for the use of funds after closing the Acquisition, the Offering, and the Convertible Loan.

Item	\$
Pro-Forma Working Capital as at October 31, 2023 Over-Allotment Option Not Exercised (net of the going public costs & required payments at closing) ¹	3,714,000
Expected Operating Income (18 months) ²	39,944,000
Other source of funds ²	177,000
Total financial Resources	43,835,000
18 months Exploration Program or Capital Expenditures ³	14,965,753
18 months Property Payments & Obligations ⁴	410,959
18 months Debt Payment Obligations ⁵	8,730,822
18 months G&A ⁶	12,909,000
18 months Other Expenses	0
Total expenses:	37,016,534

Unallocated Funds	6,818,466
Total use of financial resources	43,835,000

Notes:

1. The pro forma working capital as of June 30, 2023 is \$6,409,000 (see Schedule D). The reduction is due to the purchase of long lead items by MOPL and transaction costs payable for Criterium. As stated in June 30, 2023 Pro Forma, net of lender payments at closing and transaction costs. See Schedule D.
2. Operating income is based on Q3 2023 – Q4 2024 for MOPL and includes a 5-well drilling program and work-over program commencing in Q2 2024. Other source of funds is from the legacy Alberta Royalty income.
3. Includes Work Program for 2024 totaling US\$10,925,000. Development wells can be deferred if required.
4. Outstanding Bulu Payment of US\$300,000 due in December 2023.
5. Includes the amortization payments to MOPL lenders of US\$4,950,000 (US\$550,000 per month for 9 months in 2024) Plus C\$150,000 per month for 13 months to the Strategic Investor. Assumption of USD/CAD = 0.73.
6. As per Pro Forma G&A of US\$8,606,000 per year, see Schedule D.

The following table sets forth the principal purposes for which Criterium proposes to use the total funds available to the Corporation upon the completion of the Offering:

	Offering not including Over-Allotment Option	Offering including full exercise of Over-Allotment Option
Net Proceeds of the Offering ⁽¹⁾	\$5,798,094	\$6,742,808
Net Proceeds Convertible Loan ⁽²⁾	\$11,346,000	\$ 11,346,000
Total Net Proceeds	\$17,144,094	\$18,088,808
Completion Loan to MOPL ⁽³⁾⁽⁴⁾	\$14,931,507 ⁽⁴⁾	\$14,931,507 ⁽⁴⁾
General corporate purposes and working capital	\$2,212,587	\$3,157,301
Total Uses	\$17,144,094	\$18,088,808

Notes:

1. After taking into account the Underwriter's Fee of \$402,006 (or \$465,701 if the Over-Allotment Option is exercised in full) and estimated expenses of the Offering of \$500,000 (excluding taxes).
2. Not including the arrangement fee payable to the Strategic Investor in an amount equal to 1% (\$122,000) of the Convertible loan.
3. Does not include: (i) the non-cash, debt to equity conversion of existing MOPL Debt in the aggregate amount of US\$2,500,000, to be provided through the issuance of Common Shares at closing of the Acquisition and an additional US\$2,750,000 in Common Shares to be issued to Lenders in 2025; or (ii) expenses or costs related to the Acquisition, and the amount remains subject to adjustment in accordance with the Definitive Agreement. See "Information concerning the Corporation – The Acquisition and "Information Concerning MOPL - General Development of the Business".
4. The Completion Loan consists of a US\$4,600,000 cash payment to MOPL Lenders plus US\$6,300,000 for working capital. An additional US\$5,090,000 will be paid to the MOPL Lenders from the MOPL account upon closing, bringing the total payment to MOPL Lenders at close to US\$9,690,000. A portion of the Completion Loan will be retained by Criterium to account for technical services. These debts were incurred prior to 2021 primarily as a result of the following: (i) insufficient cash flow to cover MOPL's operating expenses during the COVID-19 pandemic; (ii) drilling an over budget exploration well in West Salawati; and (iii) for MOPL general corporate purposes. The Completion Loan cash payment will be US\$10,900,000 (assume 0.73 USD/CAD) to account for technical services prepaid and deposit paid for by the Corporation in October 2023.

DIVIDENDS

The acceleration of the Corporation's indebtedness under one Amended Credit Facility may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the credit facilities may, from time to time, impose operating and financial restrictions on the Corporation that could include restrictions on, the payment of dividends, repurchase or making of other distributions with respect to the Corporation's securities, incurring of additional indebtedness, provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

PRINCIPAL SECURITYHOLDERS

The following Persons will hold 10% or more securities of the corporation.

Name and Municipality	Number and Percentage of Securities owned after giving effect to the Acquisition	Ownership
Strategic Investor ^{1,2}	22,727,300 or 16.0%	Registered and Beneficial
Kendall Court ³	31,133,250 or 22.0%	Registered and Beneficial

Notes:

1. The Strategic Investor will own 51% or 197,954,600 Common Shares on a fully diluted basis should the investor choose to exercise warrants and the right to convert the loan into equity at \$0.16/share.
2. The Strategic Investor will become a new Insider following the Acquisition, the Offering and the Convertible Loan, and a new Control Person on a fully diluted basis.
3. Kendall Court will become a new Insider following the Acquisition, the Offering and the Convertible Loan, and a new Control Person on a pro forma basis. The primary security holders of Kendall Court is Andi Gunawan Wibowo.

DIRECTORS, OFFICERS, AND PROMOTERS

Each proposed director of the Resulting Issuer will hold office until the next annual meeting or until a successor is duly elected or appointed, unless their office is earlier vacated in accordance with the provisions of the ABCA or the constating documents of the Resulting Issuer.

The promoters are Robin Auld, Matthew Klukas and Dr. Henry Groen.

The following is a table of proposed directors.

Name, Residence, and Proposed Position	Director of Criterium or MOPL	Principal Occupation over the last five years	Anticipated Number and Percentage of Resulting Issuer Shares after giving effect to the Transaction and the Share Consolidation
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			(assuming a raise of \$6.7 million)
Datuk Brian Anderson, Hong Kong, Director	Criterion, 2022	Member of the Board of the Addax and Oryx Foundation Chairman ¹ and Managing Director of Anderson Energy (Hong Kong) Ltd. since 2000 Non-Executive Director of Kaisun Holdings Limited (Hong Kong) from 2009 to August 2021	160,000 Common Shares (0.12%)
Michèle Stanners, Calgary, Alberta, Director	Criterion, 2015	Principal, Stanners Strategic & Co ² since 2000. Senior Counsel at Vitreo Group ³ since 2020	114,316 Common Shares (0.087%)
David Dunlop, Calgary, Alberta, Director	Criterion, 2022	Senior Manager, Controller Transmission Business Unit at Pembina Pipeline Corporation since October 2017	Nil.
Robin Auld, Calgary, Alberta, Director and Chief Executive Officer	Criterion, 2022	President & CEO Criterion Energy since September 2022 Founder & President Criterion Group since December 1999	2,500,000 Common Shares (1.92%)
Matthew Klukas, Calgary, Alberta, Chief Operating Officer	Criterion, 2022	Managing Director, Asia Pacific at Criterion Group from May 2018 to August 2022	682,250 Common Shares (0.48%)
Dr. Henry Groen, Calgary, Alberta, Chief Financial Officer	Criterion, 2022	Managing Director Grey Power Services (Labuan) Inc. from June 2016 - October 2022	1,240,000 Common Shares (0.87%)
Andrew Spitzer, Calgary, Alberta, Vice President Corporate Development	Criterion, 2022	Consultant and Partner at Criterion Group from October 2022 to January 2023, Corporate	501,700 Common Shares (0.53%)

Planning and
Investment Analyst
at Kingston
Midstream from
September 2019 to
August 2021

Notes:

1. An independent Swiss non-profit foundation, registered in Geneva Switzerland. The organization has been supporting projects run by non-profit organisations since 1996, with the aim of helping poor communities in Africa and the Middle East to sustainably rise out of poverty.
2. A culture and communication firm, based in Calgary, Canada.
3. A full service fundraising non-profit leadership and development agency.
4. The audit committee of the Resulting Issuer is intended to be David Dunlop (Chair), Robin Auld and Michele Stanners.

Management

It is intended that the current Criterium management team will carry on in their present roles with the Resulting Issuer. In addition to the directors listed above, the executive management of the Resulting Issuer is summarized below.

Robin Auld (51 years old) - B. Eng. Computer Science, P. Eng., MBA, Chief Executive Officer, Director (full time employee)

Mr. Auld is the founder of the Criterium Group, a global management consulting firm. Criterium Group has worked extensively with oil and gas companies, specifically focused on strategy, portfolio rationalization, operating cost efficiencies, transportation, LNG, emission reduction, and energy transition. Mr. Auld will be responsible for the execution of the strategic plan of the Resulting Issuer as well as implementing the decisions, guidelines and policies of the board of directors.

Mr. Auld is the former Chairman & CEO of North American Gem (TSXV) & former CTO of TransAKT (TSXV). He has wide-ranging project and team leadership/management and financing experience for large scale capital projects and energy start-ups. His employment for the last 5 years has been as President and CEO of Criterium Group (2018-2022), and CEO of Criterium Energy (2022 – Present).

Matthew Klukas (37 years old) - B.Sc Geophysics, P. Geo, MBA, Chief Operating Officer (full time employee)

Mr. Klukas is the Chief Operating Officer of the Corporation. He will continue to be responsible for the operations of the Resulting Issuer and implement the business strategies, plans, procedures, and policies of the Resulting Issuer. Mr. Klukas will also oversee the day-to-day operations of the Resulting Issuer.

Mr. Klukas as been involved in sourcing, evaluating and executing business development plans in South East Asia for several years. He has managed multi-disciplinary teams and major projects involving gas developments, power generation, and hydrogen production. His employment for the past 5 years has been as Managing Director Asia Pacific with Criterium Group (2018-2022), and as COO of Criterium Energy (2022 – Present).

Dr. Henry Groen (67 years old) - BA Law and Political Science, BA Business, MBA, DBA, CMA/CA, Chief Financial Officer (full time employee)

Dr. Groen is the Chief Financial Officer of the Corporation and of the Resulting Issuer. Dr. Groen will be responsible for the financial actions of the Resulting Issuer including financial planning and analysis.

Dr. Groen was previously involved with several energy projects in South East Asia and has acted in finance, reporting, and senior leadership roles within the oil and gas sector, specifically Finance Manager for Talisman/Pertamina Joint Operating Body, Assistant GM at Talisman Asia Limited, Finance Manager at Thang Long JOC, VP and Deputy General Manager at Talisman Vietnam. Dr. Groen's employment for the past 5 years has been as consultant at Grey Power Services (2018-2022), and as CFO of Criterium Energy (2022 – Present).

Andrew Spitzer (36 years old) - B. Comm Finance, Vice President Corporate Development (full time employee)

Mr. Spitzer is Vice President of Corporate Development with the Corporation and will continue with this role with the Resulting Issuer. The responsibilities of this role will include continued business development and corporate planning.

Mr. Spitzer has successfully managed teams through corporate transactions as well as transitional activities. Mr. Spitzer has held a variety of progressive positions primarily focused on budgeting/forecasting, economic evaluation, portfolio optimization, reserves disclosures, business development/A&D, strategic planning, supporting investor relations, and contract negotiations.

Mr. Spitzer has been employed for the last five years as Manager North American Special Projects at Repsol Oil & Gas (2016 – 2019), Senior Analyst at Kingston Midstream (2019-2021), Associate Partner at Criterium Group (2021 – 2022), and Vice President of Corporate Development at Criterium Energy (2023 – Present).

Hendra Jaya (58 years old) - B. Eng Mining and Engineering, MBA, Director Indonesia (full time employee)

Mr. Jaya has held progressive leadership roles in the Indonesian oil and gas industry culminating in being named CEO of Pertamina in 2013. Mr. Jaya has extensive experience in navigating the regulatory and supply chain environment in the region and has an extensive network of strategic contacts.

He will continue in his current role with the Resulting Issuer and will oversee operations specific to Indonesia. Mr. Jaya has been employed over the last five years as a Technical Expert/Strategic Advisor to the CEO at PT Pertamina (2016 – 2020) and Director, Indonesia at Criterium Energy (2022 – Present).

Datuk Brian Anderson (80 years old) - B.Sc., M.Sc., Director

Datuk Anderson has extensive oil and gas experience over a period of five decades. He has held leadership positions in Brunei, Malaysia, Oman, Nigeria and East Asia. He has a background in engineering and has experience in developing both on and offshore assets.

David Dunlop (58 years old) - B.Comm, MBA, Director

Mr. Dunlop has held senior roles in the upstream and midstream oil and gas sectors, specifically VP Financial Reporting, VP Controller, and VP Planning Process Improvement

Project at Talisman Energy, CFO at Veresen Midstream, and Senior Manager, Controller Transmission Business Unit at Pembina Pipeline.

Michele Stanner (65 years old) - BA English Studies and North American, MBA and LLB, MA Theological Studies, Director

Ms. Stanners was a Director of Softrock Minerals, during which time the company was engaged in oil and gas activities in Canada.

Strategic Investor - Board Nominee

The Strategic Investor is entitled to nominate a representative to be appointed to the board of directors of the Resulting Issuer and as a result, it is expected that the Strategic Investor will have two nominees on the Resulting Issuer's board of directors.

Corporate Cease Trade Orders or Bankruptcies

Other than as set out below, to the knowledge of management, no director or executive officer of Criterium is, or has been, within the past 10 years before the date hereof, a director or executive officer of any issuer that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days.

David Dunlop - Ruby Pipelines LLC

David Dunlop, a director of the Criterium, was appointed by his employer, Pembina Pipeline Corporation ("**Pembina**") in March of 2022, to be the company's designee on the board of directors of Ruby Pipeline LLC, a joint venture entity between Kinder Morgan Inc. and Pembina. This appointment was made in anticipation of Ruby Pipeline LLC being placed into Chapter 11 bankruptcy in the United States on March 31, 2022. The board of Ruby Pipeline LLC consisted of one representative from each of Pembina and Kinder Morgan Inc. and three independent board members. The Chapter 11 process to emerge from bankruptcy is currently still in progress.

Penalties and Sanctions

To the knowledge of management, no director or executive officer of Criterium has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, other than penalties for late filing of insider reports; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

No proposed director, officer or Promoter of the Resulting Issuer, nor a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the 10 years before the date hereof, become bankrupt, made a proposal under any

legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the its assets.

Conflicts of Interest

Circumstances may arise where Board members are directors or officers of companies which are in competition to the interests of Criterium. No assurances can be given that opportunities identified by such Board members will be provided to Criterium. Pursuant to the ABCA, directors who have an interest in a proposed transaction upon which the Board is voting are required to disclose their interests and refrain from voting on the transaction.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Term
Robin Auld	North American Gem Inc. (Canada)	TSXV	Chief Executive Officer	January 2001 - October 2002
	TransAKT Corp. (Canada)	TSXV	Chief Technology Officer	January 2004 - October 2005
Michèle Stanners	Softrock Minerals (Canada)	TSXV	Director	2015-2022
Datuk Brian Anderson	Kaisun Holdings Ltd (Hong Kong)	Stock Exchange of Hong Kong	Director	2009-2021

EXECUTIVE COMPENSATION

Executive compensation for the Resulting Issuer is expected to follow the compensation plan and principles as Criterium's executive compensation. For additional information, see *Information Concerning the Corporation - Executive Compensation*.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No current director or officer of Criterium or MOPL, no proposed director or officer of the Resulting Issuer, and no associate of any such director or officer, is indebted to Criterium or MOPL or has any indebtedness to another entity that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Criterium or MOPL.

INVESTOR RELATIONS AGREEMENTS

It is not anticipated that the Resulting Issuer will enter into any investor relations agreements.

OPTIONS TO PURCHASE SECURITIES

The below table sets out the options to purchase securities. All outstanding options vest in 1/3 increments on September 26 2023, 2024, and 2025 respectively. These options are for Common Shares exercisable at \$0.20 per share.

Category	Number of Resulting Issuer Shares under option after giving effect to the Acquisition		Exercise Price	Expiry Date	Market Value on the Date of Grant
Existing Options Granted ⁽¹⁾	Stock	Options	\$0.20	September 26 2027	-
	370,000				
	Warrants		\$0.16	September 26, 2027	-
	27,155,032				
To be granted: any other person or company, including any agent or underwriter	Warrants	117,	\$0.14	5 years after grant	-
	322,727				
	Under Convertible loan:		\$0.16	60 months following the Escrow Release Date	-
	76,250,000 ⁽²⁾				
TOTAL	104,097,759				

Notes:

1. Held by Robin Auld, Dr. Henry Groen, Stuart McDowall (former CEO and Director), Matthew Klukas, and Datuk Brian Anderson, Andrew Spitzer, Hendra Jaya, and Jeff Calvert.
2. See "The Offering and Acquisition - The Convertible Loan" for further details.

Stock Option Plan

The Corporation's Share Award Incentive Plan and Stock Option Plan will continue in Resulting Issuer. See "Information Concerning the Corporation - Stock Option Plan".

ESCROWED SECURITIES

Pre-Acquisition	Post-Acquisition
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Name and Municipality of Residence of Securityholder	Designation of class	Number of securities held in escrow	Percentage of class	Number of securities to be held in escrow	Percentage of class
Robin Auld, Calgary Alberta	Common	2,500,000	6.5%	2,500,000	1.8%
Matthew Klukas, Calgary Alberta	Common	369,750	1.8%	369,750	0.3%
Dr. Henry Groen, Calgary Alberta	Common	1,240,000	3.2%	1,240,000	0.9%
Andrew Spitzer, Calgary Alberta	Common	501,700	1.3%	501,700	0.4%
Datuk Brian Anderson, Hong Kong	Common	160,000	0.4%	-	-
Michele Stanners, Calgary Alberta	Common	114,316	0.1%	-	-
Strategic Investor	Common	-	-	22,727,300	16.0%
Kendall Court	Common	-	-	31,133,250	22.0%

AUDITORS, TRANSFER AGENTS, AND REGISTRARS

The Resulting Issuer's auditors are expected to be MNP LLP, Chartered Professional Accountants Calgary office located at Suite 2000, 112-4th Avenue SW, Calgary, Alberta, T2P 3G4.

The Resulting Issuer's transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal transfer office in Calgary located at Suite 800, 324 8 Avenue SW Calgary, Alberta.

GENERAL MATTERS

EXPERTS

Certain reserve estimates in this Filing Statement and incorporated by reference in this Filing Statement are derived from the MOPL Reserves Report prepared by ERCE. As of the date hereof, to the knowledge of the Corporation, the directors, officers, employees and

consultants of ERCE who participated in the preparation of the MOPL Reserves Report who were in a position to directly influence the preparation or outcome of the preparation of the MOPL Reserves Report as a group, owned, directly or indirectly, none of the outstanding Common Shares. In addition, none of the officers, directors, employees or consultants of ERCE are currently expected to be elected, appointed or employed as a director, officer or employee of the Corporation or any of the Corporation's associates or affiliates.

MNP LLP is the current auditor of Criterium and TSFBR, an Indonesian partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms is the current auditor for MOPL. MNP LLP and TSFBR have confirmed with respect to Criterium and MOPL, respectively, that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXPERTISED REPORTS

MOPL Reserves Report

ERCE prepared the MOPL Reserves Report for MOPL. The MOPL Reserve Report is dated as of December 31, 2022. It evaluates the hydrocarbon reserves, contingent resources, and prospective resources held by MOPL within the Tungkal PSC and West Salawati PSC.

The Tungkal PSC contains two oil producing assets; MOPL owns a 100% working interest in the Tungkal PSC via its subsidiary companies (Fuel-X Tungkal Limited and Mont D'Or Oil Tungkal Limited). The West Salawati PSC contains the producing Balladewa-A field. MOVL owns a 100% working interest in the Tungkal PSC via its subsidiary companies (Mont D'Or Salawati Limited). See "*Information Concerning MOPL - Reserve Data and Other Oil and Gas Information with Respect to MOPL Assets*".

Average production from MOPL Assets was 1,050 boe/d on December 31, 2022 consisting of 100% oil. The MOPL Reserves Report confirms multiple drilling locations attributed with reserves. Further future growth opportunities have been identified on the 3,255km² gross (3,255km² net) of land associated with the Tungkal and West Salawati PSCs. See "*Information Concerning MOPL - Reserve Data and Other Oil and Gas Information with Respect to MOPL Assets*".

The MOPL Reserves Report is available during regular business hours at the offices of Criterium: Suite 1120, 202-6 Avenue S.W., Calgary, Alberta T2P 1C9.

Criterium is not aware of any material benefits that will accrue to non-arm's length parties.

BOARD APPROVAL

The Board has approved this Filing Statement.

SPONSORSHIP

Criterium is seeking an exemption from TSXV Policy 2.2 *Sponsorship and Sponsorship Requirements*.

CERTIFICATES

CERTIFICATE OF CRITERIUM ENERGY LTD.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Criterium Energy Ltd. assuming completion of the Acquisition, the Offering, and the Convertible Loan.

"Robin Auld"

Robin Auld

President and Chief Executive Officer

"Henry Groen"

Henry Groen

Chief Financial Officer

"Michèle Stanners"

Michèle Stanners

Director

"David Dunlop"

David Dunlop

Director

CERTIFICATE OF MOPL

The foregoing, as it relates to MOPL constitutes full, true and plain disclosure of all material facts relating to the securities of MOPL.

"Douglas Tay"

Douglas Tay, Director

"William Armstrong"

William Armstrong, Director

ACKNOWLEDGEMENT

ACKNOWLEDGEMENT – PERSONAL INFORMATION

"Personal Information" means any information about an identifiable individual, and includes information contained in any Items in the attached Filing Statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of the TSXV Form 3D1-3D2 and corresponding titled sections of this Filing Statement, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to [this Form]; and
- (b) the collection use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

"Henry Groen"

Henry Groen
Chief Financial Officer

SCHEDULE "A"
CRITERIUM FINANCIAL STATEMENTS



CRITERIUM
ENERGY

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

(unaudited)

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

For the Three and Six Months Ended June 30, 2023 and 2022

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CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income (unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Royalty revenue	\$ 30,369	\$ 62,671	\$ 59,449	\$ 102,442
Expenses				
Salaries and benefits	208,011	-	409,264	-
Professional fees	272,374	15,818	339,322	21,602
Consulting fees	210,863	-	292,312	-
Exploration expense	201,708	-	234,165	-
General and administrative	76,749	18,499	193,476	34,346
Stock-based compensation (Note 10)	73,545	-	147,090	-
Travel	49,880	-	106,643	-
Geological and geophysical expense	27,949	-	27,949	-
Depreciation (Note 6)	8,925	-	17,851	-
Finance expense (Note 8 and 9)	5,750	-	11,736	-
Operating expenses	4,052	4,337	8,552	6,961
	(1,139,806)	(38,654)	(1,788,360)	(62,909)
Net (loss) income before other items	(1,109,437)	24,017	(1,728,911)	39,533
Interest income	700	197	1,501	295
Foreign exchange loss	(1,391)	-	(7,328)	-
	(691)	197	(5,827)	295
Net (loss) income	\$ (1,110,128)	\$ 24,214	\$ (1,734,738)	\$ 39,828
Other comprehensive loss				
Items that may be reclassified subsequently to loss:				
Currency translation adjustment	(18,237)	-	(23,336)	-
Total other comprehensive loss	(18,237)	-	(23,336)	-
Total comprehensive (loss) income	\$ (1,128,365)	\$ 24,214	\$ (1,758,074)	\$ 39,828
Weighted average number of shares outstanding (Note 10)	37,665,639	8,970,585	37,183,596	8,970,585
Basic (loss) income per share	(0.03)	0.00	(0.05)	0.00

See accompanying notes to the condensed consolidated financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Statements of Financial Position

(unaudited)

(Expressed in Canadian Dollars)

	As at	
	June 30	December 31
	2023	2022
		(audited)
ASSETS		
Current assets		
Cash	\$ 2,123,996	\$ 3,720,751
Amounts receivable (Note 4)	56,769	160,829
Prepays and deposits (Note 5)	68,032	26,381
	2,248,797	3,907,961
Reclamation deposit (Note 8)	43,993	42,655
Right-of-use assets (Note 6)	139,836	157,687
Exploration and evaluation assets (Note 7)	2,178,868	2,228,896
	\$ 4,611,494	\$ 6,337,199
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 697,348	\$ 507,555
Acquisition payable (Note 3)	794,400	1,625,280
Current portion of lease obligations (Note 9)	26,256	24,370
Decommissioning liabilities (Note 8)	31,028	31,011
	1,549,032	2,188,216
Lease obligations (Note 9)	123,080	136,697
	1,672,112	2,324,913
Shareholders' equity		
Share capital (Note 10)	8,699,392	8,161,312
Other comprehensive loss	(29,003)	(5,667)
Contributed surplus (Note 11)	524,149	377,059
Deficit	(6,255,156)	(4,520,418)
	2,939,382	4,012,286
	\$ 4,611,494	\$ 6,337,199

Nature of operations and continuance of business (Note 1)

Mont D'Or Petroleum Ltd. transaction (Note 15)

Approved on Behalf of the Board

_____, "Dave Dunlop", Director

_____, "Robin Auld", Director

See accompanying notes to the condensed consolidated financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(unaudited)

(Expressed in Canadian Dollars)

	Share capital		Reserves	Other comprehensive loss	Deficit	Total equity
	# of shares	\$				
Balance, December 31, 2021	8,970,585	\$ 3,061,457	\$ 245,378	\$ -	\$ (3,197,273)	109,562
Net income	-	-	-	-	39,828	39,828
Balance, June 30, 2022	8,970,585	3,061,457	245,378	-	(3,157,445)	149,390
Balance, December 31, 2022	36,227,382	8,161,312	377,059	(5,667)	(4,520,418)	4,012,286
Share issue costs	-	(2,570)	-	-	-	(2,570)
Exercise of warrants (Note 10)	2,162,600	540,650	-	-	-	540,650
Stock-based compensation (Note 10)	-	-	147,090	-	-	147,090
Other comprehensive loss	-	-	-	(23,336)	-	(23,336)
Net loss	-	-	-	-	(1,734,738)	(1,734,738)
Balance, June 30, 2023	38,389,982	\$ 8,699,392	\$ 524,149	\$ (29,003)	\$ (6,255,156)	2,939,382

See accompanying notes to the condensed consolidated financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Cash flows from (used in) operating activities				
Net (loss) income	\$ (1,110,128)	\$ 24,214	\$ (1,734,738)	\$ 39,828
Items not affecting cash				
Stock-based compensation (Note 10)	73,545	-	147,090	-
Depreciation (Note 6)	8,925	-	17,851	-
Accrued interest on reclamation deposits	(674)	(197)	(1,338)	(295)
Finance expense (Note 8 and 9)	5,750	-	11,736	-
Change in non-cash working capital items				
Amounts receivable (Note 4)	7,469	(23,048)	104,060	(21,075)
Prepays and deposits (Note 5)	11,382	-	(41,651)	-
Accounts payable and accrued liabilities	485,706	(20,000)	189,793	(20,000)
Net cash flows (used in) operating activities	(518,025)	(19,031)	(1,307,197)	(1,542)
Cash flows (used in) investing activities				
Acquisition payable (Note 3)	(393,589)	-	(804,188)	-
Net cash flows (used in) investing activities	(393,589)	-	(804,188)	-
Cash flows from (used in) financing activities				
Issuance of common shares (warrants exercised) (Note 10)	247,467	-	540,650	-
Share issue costs	(2,570)	-	(2,570)	-
Principal payments on lease obligations (Note 9)	(11,725)	-	(23,450)	-
Net cash flows from financing activities	233,172	-	514,630	-
Decrease in cash	(678,442)	(19,031)	(1,596,755)	(1,542)
Cash at beginning of period	2,802,438	72,204	3,720,751	54,715
Cash at end of period	\$ 2,123,996	\$ 53,173	\$ 2,123,996	\$ 53,173

See accompanying notes to the condensed consolidated financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Notes to the Financial Statements

For the Three and Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

1. Nature of operations and continuance of business

Criterion Energy Ltd. (Formerly Softrock Minerals Ltd.), ("Criterion" or the "Company") is a public company incorporated under the Alberta Business Corporations Act with its shares traded on the TSX Venture Exchange. Criterion carries on the business of oil and gas exploration and development in Indonesia and Canada.

On September 26, 2022, the Company changed its name to Criterion Energy Ltd. from Softrock Minerals Ltd.

The registered and head office address of the Company is Suite 1120 202 – 6th Ave SW, Calgary, Alberta T2P 2R9.

The interim condensed consolidated financial statements ("consolidated financial statements") have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

2. Basis of presentation

The consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting and follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements. Certain information and disclosures normally required to be included in the notes to the consolidated financial statements have been condensed or omitted. Accordingly, these consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year-ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

On June 7, 2023, Criterion completed a share consolidation of the Company's common shares at a consolidation ratio of 5-for-1 (the "Share Consolidation"), the numbers for the average basic shares outstanding, the number of restricted share units ("RSUs"), stock options, warrants and the earnings per share for the current and prior periods have been adjusted and restated to reflect the effect of the Share Consolidation.

The consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2023.

Estimation uncertainty

Management makes judgments and assumptions about the future in deriving estimates used in preparation of these consolidated financial statements in accordance with IFRS. Sources of estimation uncertainty include estimates used to determine the economical viability of exploration and evaluation costs, the recoverable amount of long-lived assets or cash generating units ("CGUs"), the fair value of financial instruments, the provision for decommissioning liabilities, the provision for income taxes and the related deferred tax assets and liabilities, and the expenses recorded for stock-based compensation.

Significant accounting policies

The accounting policies, critical accounting judgments and significant estimates used in these consolidated financial statements are consistent with those used in the preparation of the 2022 annual consolidated financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Notes to the Financial Statements

For the Three and Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. Acquisition

On December 20, 2022, the Company entered into an agreement to acquire all of the issued and outstanding shares of AWE Asia Limited ("AWE"), a privately held New Zealand company (the "Transaction").

Under the terms of the Transaction, Criterium agreed to pay \$2.2 million (\$1.6 million USD) to the shareholder of AWE. In addition, Criterium incurred \$62,097 in closing costs. Under the terms of the agreement, Criterium is required to fund the purchase price in the following tranches:

- On closing of the agreement \$400,000 USD (paid);
- On or before March 31, 2023 \$300,000 USD (paid);
- On or before June 30, 2023 \$300,000 USD (paid);
- On or before September 30, 2023 \$300,000 USD; and
- On or before December 31, 2023 \$300,000 USD.

The Company concluded that substantially all the fair value of AWE's assets were concentrated in a single identifiable asset, the exploration and evaluation expenditures on the Bulu PSC. Consequently, the acquisition of AWE was accounted for as an asset acquisition in accordance with the concentration test permitted under IFRS 3, Business Combinations. At June 30, 2023, the balance owing on the acquisition was \$794,400 (\$600,000 USD). The acquisition payable is non-interest bearing and the carrying amount approximates fair value due to its short-term nature.

The net assets acquired by the Company were estimated at a fair value of \$2.2 million (\$1.6 million USD) and have been allocated to exploration and evaluation assets.

4. Amounts receivable

The Company's amounts receivable are non-interest bearing and detailed below:

	June 30, December 31	
	2023	2022
Trade accounts receivable	\$ 45,780	\$ 111,752
GST receivable	10,989	49,077
	\$ 56,769	\$ 160,829

5. Prepaids

	June 30 December 31	
	2023	2022
Prepaid expenses	\$ 68,032	\$ 26,381

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Notes to the Financial Statements

For the Three and Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

6. Right-of-use assets

Buildings	Cost	Accumulated depreciation	Net book value
Balance, December 31, 2022	\$ 166,613	\$ (8,926)	\$ 157,687
Depreciation	-	(17,851)	(17,851)
Balance, June 30, 2023	\$ 166,613	\$ (26,777)	\$ 139,836

7. Exploration and evaluation assets

The following table reconciles the Company's exploration and evaluation assets:

	Oil and gas properties	Mineral properties	Total
Cost, December 31, 2022	\$ 2,265,094	\$ 55,096	\$ 2,320,190
Accumulated impairment, beginning and end of period	(36,198)	(55,096)	(91,294)
Net book value, December 31, 2022	2,228,896	-	2,228,896
Effect of movements in exchange rates	(50,028)	-	(50,028)
Net book value, June 30, 2023	\$ 2,178,868	\$ -	\$ 2,178,868

On December 20, 2022, the Company incurred acquisition costs of \$2,234,563 for exploration and evaluation assets on the acquisition of AWE Asia Limited as described in note 3.

At June 30, 2023, there were no indicators of impairment or impairment reversal for exploration and evaluation assets in any of the Company's CGUs.

8. Decommissioning liabilities

The Company's decommissioning liabilities result from working interests in oil and natural gas wells. At June 30, 2023, the Company estimates the total undiscounted amount of cash required to settle its liabilities to be approximately \$31,009 (December 31, 2022 - \$31,110).

Balance, December 31, 2022	31,011
Accretion	17
Balance, June 30, 2023	31,028

Accretion expense is included in finance expense in the statements of consolidated (loss) income and comprehensive (loss) income.

During 2021, the Company abandoned a well under the Government of Alberta's Site Rehabilitation Program ("SRP") whereby qualified contractors (the "Contractors") apply for grants to assist with the abandonment and reclamation activities of upstream oil and gas wells, pipelines and associated facilities. The funding is provided directly to the Contractors by the Government of Alberta. No grant income under the SRP was recognized at June 30, 2023 (June 30, 2022 - \$nil).

At June 30, 2023 \$43,993 (December 31, 2022 - \$42,655) is held as a reclamation deposit with the applicable regulatory body as security for the settlement of these obligations.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Notes to the Financial Statements

For the Three and Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

9. Lease obligations

The Company's leases comprise only fixed payments over the term of the lease.

	Office	Furniture	Total
Balance, December 31, 2022	\$ 121,970	\$ 39,097	\$ 161,067
Non-cash changes			
Accretion	8,884	2,835	11,719
Cash flows			
Principal payments	(17,450)	(6,000)	(23,450)
Balance, June 30, 2023	\$ 113,404	\$ 35,932	\$ 149,336
Less: current portion	\$ (19,172)	\$ (7,084)	\$ (26,256)
Long-term portion	\$ 94,232	\$ 28,848	\$ 123,080

10. Share capital

Authorized Share Capital

Unlimited number of:

- Common shares without nominal or par value
- First and second preferred shares issuable in series

Issued and Outstanding Common Shares

	Shares	Amount
Balance, December 31, 2022	36,227,382	\$ 8,161,312
Exercise of warrants	2,162,600	540,650
Share issue costs	-	(2,570)
Balance, June 30, 2023	38,389,982	\$ 8,699,392

(Loss) income per share

The basic (loss) income per share as calculated was based on the weighted average number of shares outstanding as follows:

Six months ended June 30,	2023	2022
Weighted average number of common shares		
Issued and outstanding, beginning of period	36,227,382	8,970,585
Effect of exercise of warrants	956,214	-
Weighted average number of common shares - basic	37,183,596	8,970,585

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Notes to the Financial Statements For the Three and Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

10. Share capital (continued)

Stock Option Plan

For the three and six months ended June 30, 2023, the Company recorded total stock-based compensation of \$13,846 (June 30, 2022 - \$nil). At June 30, 2023, the total unvested stock-based compensation with respect to these options was \$30,556 (December 31, 2022 - \$44,402) .

The continuity of stock options at June 30, 2023 (restated for Share Consolidation) was as follows:

	Number	Weighted average exercise price \$
Balance, December 31, 2022 and June 30, 2023	370,000	0.22

The following stock options (restated for Share Consolidation) were outstanding at June 30, 2023:

Expiry date	Number	Number exercisable	Exercise price \$	Remaining life (years)
April 14, 2025	60,000	60,000	0.25	1.79
June 22, 2025	60,000	60,000	0.25	1.98
September 26, 2027	250,000	-	0.20	4.24
	370,000	120,000	0.22	3.48

Warrants

The continuity of share purchase warrants (restated for Share Consolidation) at June 30, 2023 was as follows:

	Number	Weighted average exercise price \$
Balance, December 31, 2022	30,173,788	0.21
Exercised	(2,162,600)	(0.25)
Expired	(856,156)	(0.25)
Balance, June 30, 2023	27,155,032	0.20

The following share purchase warrants (restated for Share Consolidation) were outstanding at June 30, 2023:

Expiry date	Number	Exercise price \$	Remaining life (years)
September 26, 2027	255,500	0.20	4.24
September 26, 2027	26,899,532	0.20	4.24
	27,155,032	0.20	4.24

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Notes to the Financial Statements

For the Three and Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

10. Share capital (continued)

Restricted share units

On September 26, 2022, 2,550,000 RSUs were issued pursuant to the terms of the Share Incentive Award Plan at a deemed price of \$0.20 per common share. The RSUs vest one-third on each of the first, second and third anniversary of the grant date and each is redeemable for one common share of the Company at the time of vesting. The RSUs expire December 15, 2025. At June 30, 2023, there were 2,550,000 RSUs outstanding and non-exercisable (December 31, 2022 - 2,550,000).

For the three and six months ended June 30, 2023, the Company recorded total stock-based compensation of \$133,244 (June 30, 2022 - \$nil). At June 30, 2023, the total unvested stock-based compensation with respect to these RSUs was \$293,929 (December 31, 2022 - \$427,174), calculated using the fair value of the Company's shares at issuance.

11. Contributed surplus

A summary of the changes in contributed surplus is presented below:

Balance, December 31, 2022	\$	377,059
Stock-based compensation		147,090
Balance, June 30, 2023	\$	524,149

12. Related party transactions and key management compensation

The Company has entered into transactions with related parties in the normal course of business that are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and which in management's opinion is comparable to amounts that would have been paid to non-related parties. The exchange amount approximates fair value. Transactions impacting the consolidated financial statements, which are not disclosed elsewhere in the statements are summarized below. During the three and six months ended June 30, 2023 and 2022, the Company paid to its directors and officers, either directly or indirectly, the following amounts:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Key management compensation	\$ 166,250	\$ -	\$ 326,042	\$ -
Stock-based compensation	69,589	-	139,178	-
Directors' fees (consulting fees)	40,000	-	80,000	-
Accounting and administrative services (professional fees)	32,287	4,420	72,390	6,220
Consulting services	14,224	-	36,261	-
Office allowance (general and administrative expenses)	-	1,316	-	2,632
	\$ 322,350	\$ 5,736	\$ 653,871	\$ 8,852

A company controlled by the CEO and director leases office furniture and office space to the Company. For the six months ended June 30, 2023, the Company paid total interest and principal payments of \$23,450 (June 30, 2022 - \$nil), see note 9.

As part of key management compensation, three officers of the Company (December 31, 2022 - two) have agreed to defer a portion of their salaries totaling \$128,304 (December 31, 2022 - \$41,148), included in accounts payable and accrued liabilities at June 30, 2023.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Notes to the Financial Statements

For the Three and Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

12. Related party transactions and key management compensation (continued)

The total amounts included in accounts payable and accrued liabilities at June 30, 2023 for the above items was \$144,961 (December 31, 2022 - \$88,973).

13. Risk and capital management

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

	June 30, 2023	December 31, 2022
Financial assets		
Cash	\$ 2,123,996	\$ 3,720,751
Amounts receivable	56,769	160,829
Reclamation deposit	43,993	42,655
Total financial assets	2,224,758	3,924,235
Financial liabilities		
Accounts payable and accrued liabilities	697,348	507,555
Acquisition payable	794,400	1,625,280
Total financial liabilities	\$ 1,491,748	\$ 2,132,835

Cash is carried at fair value using a level 1 fair value measurement and the amounts receivable, deposits, accounts payable and accrued liabilities, and acquisition payable approximate their fair value because of the short-term nature of these instruments.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Foreign currency risk

The Company reports its financial results in Canadian dollars but also undertakes transactions denominated in US dollars ("USD"), Indonesian Rupiah ("IDR"), and New Zealand dollars ("NZD"). As the exchange rates between the Canadian dollar and the US dollar, IDR and NZD fluctuates, the Company recognizes realized and unrealized foreign exchange gains and losses. At June 30, 2023, the Company has \$128,680 of accounts payable and accrued liabilities denominated in USD and NZD, which are subject to currency risk.

At June 30, 2023, a 10% appreciation or depreciation of USD or NZD against the Canadian dollar would result in an approximate \$12,868 increase or decrease in the Company's net loss (June 30, 2022 – \$nil).

The Company does not enter into any financial instruments to hedge currency risk, but the Company monitors its foreign exchange exposure and considers its exposure to foreign currency risk to be minimal at June 30, 2023.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Notes to the Financial Statements For the Three and Six Months Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

14. Segmented information

The Company currently operates in two geographically based industry segments: Canada and Indonesia. The Company's head office is in Calgary, Canada.

	Indonesia		Canada		Total	
	2023	2022	2023	2022	2023	2022
Three months ended June 30,						
Net (loss) income	\$ (185,308)	\$ -	\$ (924,820)	\$ 24,214	\$ (1,110,128)	\$ 24,214
Six months ended June 30,						
Net (loss) income	\$ (270,405)	\$ -	\$ (1,464,333)	\$ 39,828	\$ (1,734,738)	\$ 39,828
	June 30,	December	June 30,	December	June 30,	December
For the period ended,	2023	31, 2022	2023	31, 2022	2023	31, 2022
Right-of-use asset	\$ -	\$ -	\$ 139,836	\$ 157,687	\$ 139,836	\$ 157,687
Exploration and evaluation assets	2,178,868	2,228,896	-	-	2,178,868	2,228,896
Non-current assets	\$ 2,178,868	\$ 2,228,896	\$ 139,836	\$ 157,687	\$ 2,318,704	\$ 2,386,583

15. Mont D'Or Petroleum Ltd. transaction

On June 14, 2023, the Company announced the transaction to acquire 100% of Mont D'Or Petroleum Ltd. Further information related to the acquisition can be found on SEDAR+. The acquisition has not closed as of the date of the consolidated financial statements.



CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

Expressed in Canadian Dollars

To the Shareholders of Criterium Energy Ltd. (formerly Softrocks Minerals Ltd.):

Opinion

We have audited the consolidated financial statements of Criterium Energy Ltd. (formerly Softrocks Minerals Ltd.) and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of (loss) income and comprehensive (loss) income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for the Acquisition of AWE Asia Limited

Key Audit Matter Description

As described in Note 5 to the consolidated financial statements, the Company acquired all the issued and outstanding shares of AWE Asia Limited ("AWE") during the year ended December 31, 2022. Determination of whether this transaction represented a business or an asset acquisition required a significant amount of judgment.

We considered the accounting for the acquisition of AWE a key audit matter due to the significant judgments applied by management in concluding that this transaction didn't represent a business under IFRS 3 *Business Combinations*, and in estimating the fair value of the exploration and evaluation assets acquired.

Audit Response

We responded to this matter by performing procedures in relation to accounting for the acquisition of AWE. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained and examined the share purchase agreement related to the acquisition;
- Evaluated management's memo on the assessment of whether the acquisition represents an asset acquisition or a business under IFRS 3 *Business Combinations*;
- Assessed management's analysis on the determination of value of the acquired assets and evaluated management's assessment of the fair value of consideration;
- Obtained signed agreements, indicating AWE's interest in the Bulu Production Sharing Contract; and,
- Assessed the presentation and adequacy of the related consolidated financial statements disclosures.

Other Matter

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on March 21, 2022.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report.

If, based on the work we have performed on this other information, 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 Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 Canadian generally accepted 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 these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Craig Bloom.

Calgary, Alberta

April, 18, 2023

MNP LLP
Chartered Professional Accountants

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

For the years ended December 31, 2022 and 2021

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CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Statements of Consolidated (Loss) Income and Comprehensive (Loss) Income For the years ended December 31,

(Expressed in Canadian Dollars)

	2022	2021
Royalty revenue	\$ 187,838	\$ 158,935
Expenses		
Professional fees	608,665	75,184
Consulting fees	345,498	-
Salaries and benefits	214,893	-
Stock-based compensation (Note 12)	164,513	8,150
General and administrative	97,300	32,843
Travel	37,710	-
Non-recoverable deposit	12,500	-
Operating expenses	11,165	4,658
Decommissioning liability revisions (Note 10)	10,420	42,265
Depreciation (Note 7)	8,926	-
Finance expense	6,332	125
	1,517,922	163,225
Net loss before other items	(1,330,084)	(4,290)
Interest income	450	1,582
Government grants (Note 10)	9,500	43,282
Foreign exchange loss	(3,011)	-
Gain on sale of exploration and evaluation assets (Note 8)	-	25,000
	6,939	69,864
Net (loss) income for the year	\$ (1,323,145)	\$ 65,574
Other comprehensive loss		
Items that may be reclassified subsequently to loss:		
Currency translation adjustment	(5,667)	-
Total other comprehensive loss	(5,667)	-
Total comprehensive (loss) income for the year	\$ (1,328,812)	\$ 65,574
Weighted average number of shares outstanding	80,697,482	44,852,927
Basic and diluted loss per share	(0.01)	0.00

See accompanying notes to the financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Statements of Consolidated Financial Position

As at December 31,

(Expressed in Canadian Dollars)

	2022	2021
ASSETS		
Current assets		
Cash	\$ 3,720,751	\$ 54,715
Amounts receivable (Note 6)	160,829	50,080
Prepays and deposits	26,381	12,500
	3,907,961	117,295
Reclamation deposit (Note 10)	42,655	42,205
Right-of-use assets (Note 7)	157,687	-
Exploration and evaluation asset (Note 8)	2,228,896	-
	\$ 6,337,199	\$ 159,500
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 507,555	\$ 20,000
Acquisition payable (Note 5)	1,625,280	-
Current portion of lease obligations (Note 11)	24,370	-
Decommissioning liabilities (Note 10)	31,011	29,938
	2,188,216	49,938
Lease obligations (Note 11)	136,697	-
	2,324,913	49,938
Shareholders' equity		
Share capital (Note 12)	8,161,312	3,061,457
Other comprehensive loss	(5,667)	-
Contributed surplus (Note 13)	377,059	245,378
Deficit	(4,520,418)	(3,197,273)
	4,012,286	109,562
	\$ 6,337,199	\$ 159,500

Nature of operations and continuance of business (Note 1)

Subsequent events (Note 20)

Approved on Behalf of the Board

_____, "Dave Dunlop", Director

_____, "Robin Auld", Director

See accompanying notes to the financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share capital		Reserves	Other comprehensive loss	Deficit	Total equity
	# of shares	\$				
Balance, December 31, 2020	44,852,927	\$ 3,061,457	\$ 237,228	\$ -	\$ (3,262,847)	35,838
Stock-based compensation	-	-	8,150	-	-	8,150
Net income for the year	-	-	-	-	65,574	65,574
Balance, December 31, 2021	44,852,927	3,061,457	245,378	-	(3,197,273)	109,562
Units issued through private placement	134,497,660	5,379,906	-	-	-	5,379,906
Share issue costs	-	(351,504)	38,621	-	-	(312,883)
Severance shares issued	1,786,324	71,453	-	-	-	71,453
Stock-based compensation	-	-	93,060	-	-	93,060
Other comprehensive loss	-	-	-	(5,667)	-	(5,667)
Net loss for the year	-	-	-	-	(1,323,145)	(1,323,145)
Balance, December 31, 2022	181,136,911	\$ 8,161,312	\$ 377,059	\$ (5,667)	\$ (4,520,418)	4,012,286

See accompanying notes to the financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Statements of Consolidated Cash Flows

For the Years Ended December 31,

(Expressed in Canadian Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Net (loss) income	\$ (1,323,145)	\$ 65,574
Items not affecting cash:		
Stock-based compensation (Note 12)	164,513	8,150
Depreciation (Note 7)	8,926	-
Non-recoverable deposit	12,500	-
Decommissioning liability revisions (Note 10)	10,420	42,265
Decommissioning liability settled	-	(23,603)
Finance expense	6,332	125
Gain on sale of exploration and evaluation asset (Note 8)	-	(25,000)
Government grants (Note 10)	(9,500)	(43,282)
Accrued interest on reclamation deposits	(450)	(1,582)
Change in non-cash working capital items:		
Amounts receivable	(110,749)	(16,203)
Prepays and deposits	(26,381)	(12,500)
Accounts payable and accrued liabilities	487,555	(18,196)
Net cash flows from (used in) operating activities	(779,979)	(24,252)
Cash flows from (used in) investing activities		
Purchase of exploration and evaluation assets (Note 5, 8)	(2,234,563)	-
Acquisition payable, change in non-cash working capital (Note 5)	1,625,280	-
Proceeds from sale of exploration and evaluation asset (Note 8)	-	25,000
Net cash flows from (used in) investing activities	(609,283)	25,000
Cash flows from (used in) financing activities		
Issuance of common shares (Note 12)	5,379,906	-
Share issue costs (Note 12)	(312,883)	-
Principal payments on lease obligations (Note 11)	(11,725)	-
Net cash flows from financing activities	5,055,298	-
Increase in cash	3,666,036	748
Cash at beginning of year	54,715	53,967
Cash at end of year	\$ 3,720,751	\$ 54,715

See accompanying notes to the financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Notes to the Consolidated Financial Statements For the years ended December 31, 2022 and 2021 (Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Criterion Energy Ltd. (Formerly Softrock Minerals Ltd.), (“Criterion” or the “Company”) is a public company incorporated under the Alberta Business Corporations Act with its shares traded on the TSX Venture Exchange. Criterion carries on the business of oil and gas exploration and development in Indonesia and Canada.

On September 26, 2022, the Company changed its name to Criterion Energy Ltd. from Softrock Minerals Ltd.

The registered and head office address of the Company is Suite 1120 202 – 6th Ave SW, Calgary, Alberta T2P 2R9.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

The Company’s ability to maintain its current level of operations is dependent on its ability to generate sufficient cash to fund its operations and future business plans. To date, the Company is dependent on revenues from its gross overriding royalty (“GORR”) interests in certain wells located in Alberta, Canada. This revenue stream is highly dependent on global commodity prices and decisions by well operators that are outside of the control of management.

The Company continues to incur losses from operations and has an accumulated deficit at December 31, 2022 of \$4,520,418 (2021 - \$3,197,273). At December 31, 2022, the Company had cash on hand of \$3,720,751 (2021 - \$54,715) and working capital of \$1,719,745 (2021 – \$67,357). The volatility of commodity prices and capital markets will continue to have a significant impact on the Company’s revenues and access to capital in the future. These factors give rise to some uncertainty that may cast doubt as to the Company’s ability to continue as a going concern.

While Management believes the Company will have sufficient cash to discharge its obligations in the normal course of operations for the short-term, future operations will be dependent upon the raising of sufficient capital, the development of profitable operations and the corresponding generation of future cash flows. Management believes the going concern assumption is appropriate for these consolidated financial statements.

The Company has been successful to date in obtaining financing. However, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. If the going concern assumption were not appropriate for these consolidated financial statements, adjustments might be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the statement of financial position classifications used.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) that were in effect at January 1, 2022.

The consolidated financial statements were authorized for issue by the Board of Directors on April 18, 2023.

Basis of presentation

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable as disclosed in note 4. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Functional and reporting currencies

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, which are entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity's activities. The financial statements of subsidiaries are included in the consolidated financial statements as at the date that control commences until the date that control ceases. If the Company's interest in a subsidiary that it has determined it controls, is less than 100%, the interest attributable to non-controlling shareholders is recognized as non-controlling interest.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the Company.

At December 31, 2022, the Company's wholly-owned subsidiaries are as follows:

Entity	Country of Incorporation	Principal Activity	Functional Currency
Criterion Holding Pte. Ltd.	Singapore	Holding	US Dollar
AWE Asia Limited	New Zealand	Holding	US Dollar
AWE (Satria) NZ Limited	New Zealand	Operating	US Dollar

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash comprises demand deposits held with banks in Canada.

Asset acquisitions

Management's determination of whether a transaction constitutes a business combination, or an asset acquisition, is determined based on the criteria in IFRS 3 'Business Combinations'. An entity can also apply a 'concentration test' that, if met, eliminates the need for further assessment of whether a transaction constitutes the acquisition of a business or the acquisition of an asset. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

Entities may elect to apply the concentration test on a transaction-by-transaction basis. In asset acquisitions, the acquirer identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The consideration paid is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. When determining the initial measurement of an asset acquisition, the acquirer must assess both the fair value of the consideration paid as well as the fair value of each individual asset acquired, and liability assumed. The fair value of the consideration paid determines the cost to be allocated over the group of assets acquired and liabilities assumed. The fair values of the individual assets and liabilities are used to determine the proportional amount of that cost to be allocated to the identifiable assets and liabilities that make up the transaction.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing on the dates of the transactions. At each consolidated statement of financial position date, monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate on the statements of consolidated financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the exchange rate on the date when the fair value was measured. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in the consolidated statement of (loss) income and comprehensive (loss) income.

Foreign operations

The assets and liabilities of foreign operations are translated into Canadian dollars using the exchange rates as at the date of the statements of consolidated financial position. The income and expenses of foreign operations are translated into Canadian dollars using the exchange rates prevailing on the transaction dates.

Foreign currency differences are recognized in other comprehensive income (loss) and accumulated in other reserves within equity, except to the extent that the translation difference is allocated to non-controlling interests. On the disposal of a foreign operation, such exchange differences are reclassified from other reserves to the consolidated statement of (loss) income.

Financial instruments

The classification and measurement of the Company's financial instruments are set out below:

Financial assets

Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income ("FVTOCI") or measured at fair value through profit or loss ("FVTPL").

Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

The Company's cash and amounts receivable are classified as financial assets measured at amortized cost.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statements of consolidated (loss) income and comprehensive (loss) income.

However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the statement of (loss) income and comprehensive (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Financial liabilities

Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

Classification of financial liabilities

The Company recognizes financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at FVTPL.

Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company's accounts payable, accrued liabilities and acquisition payable are classified as financial liabilities measured at amortized cost.

Financial liabilities measured at FVTPL

A financial liability measured at FVTPL is initially measured at fair value with any associated transaction costs being recognized in the statements of consolidated (loss) income and comprehensive (loss) income when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in the statements of consolidated (loss) income and comprehensive (loss) income in the reporting period in which it arises.

The Company does not have any liabilities classified as financial liabilities measured at FVTPL.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of consolidated (loss) income and comprehensive (loss) income.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statements of consolidated financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Revenue recognition

Criterion collects royalties on production from gross overriding royalty interests that are tied to underlying third-party oil and gas leases. The continuation of a lease is typically dependent on the holder thereof continuing to produce hydrocarbons and maintaining the lease in good standing. Accordingly, Criterion's performance obligations with respect to production royalties are satisfied over time, as petroleum and natural gas are produced. Royalty revenue from the sale of crude oil, natural gas liquids and natural gas is recognized as it accrues in accordance with the terms of the royalty agreement, which is generally in the month when the product is produced.

Royalty revenue is measured at fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement. An accrual is included in revenue and accounts receivable for amounts not received at the reporting date based on reported production volumes and current market prices. Differences between the estimates and actual amounts are adjusted and recorded in the period when the actual amounts are received.

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Exploration expenditures are expensed as incurred until an economic feasibility study has established the presence of proven and probable reserves, at which time exploration expenditures incurred on the property thereafter are capitalized.

Gains and losses on disposal of capitalized oil and gas property costs are determined by comparing the proceeds from disposal with the net book value of the related costs and are recognized within "other income" or "other expenses" the statements of consolidated (loss) income and comprehensive (loss) income.

Oil and natural gas exploration and evaluation expenditures

Recognition and measurement

Costs of exploring for and evaluating oil and natural gas properties are initially capitalized within exploration and evaluation assets. Such exploration and evaluation costs may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing, directly attributable overhead and administration expenses and the projected costs of retiring the assets (if any), but do not include exploration or evaluation costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to the statements of consolidated (loss) income and comprehensive (loss) income as they are incurred.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Oil and natural gas exploration and evaluation expenditures *(continued)*

Exploration and evaluation assets are not amortized, but are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the net book value exceeds the recoverable amount. These assets are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. If an area or exploration well is no longer considered commercially viable, the assets may be transferred to intangible assets when it meets the recognition criteria for intangible assets. Not proceeding with development of the asset is an impairment indicator, and as a result of the decision, impairment testing would be performed.

When management determines with reasonable certainty that an exploration and evaluation asset will be developed, as evidenced by the classification of proved or probable reserves and the appropriate internal and external approvals, the asset is first tested for impairment and then reclassified to property, plant and equipment.

Impairment of non-financial assets

The net book value of the Company's non-financial assets, other than exploration and evaluation assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Exploration and evaluation assets are assessed for impairment when they are reclassified to property, plant and equipment and also if facts and circumstances suggest that the net book value exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or a CGU is the greater of its value in use ("VIU") and its fair value less costs to sell ("FVLCS").

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. VIU is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

In assessing FVLCS cost to sell, the fair value reflects the price a market participant would be willing to pay to acquire the asset or CGU less selling costs to complete the transaction. Fair value is generally determined based on recent transactions, crown land sales and other market metrics.

Exploration and evaluation assets are allocated to the CGUs on a geographical basis when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to petroleum and natural gas properties in property, plant and equipment.

An impairment loss is recognized if the net book value of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income or loss. Impairment losses recognized in respect of CGUs reduce the net book value of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognized in prior years is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's net book value does not exceed the net book value that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Joint arrangements

The Company currently conducts a substantial amount of its activities jointly with others through jointly controlled operations which involve the use of assets and other resources of the Company and other venturers rather than the establishment of a corporation, partnership or other entity. The consolidated financial statements include only the Company's proportionate share of jointly controlled sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

Basic and diluted per share amounts

Basic per share amounts are calculated by dividing net income or loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share amounts are calculated using the treasury stock method which adjusts the weighted average number of common shares outstanding by the effects of all dilutive potential common shares, which comprise, warrants, and share options granted to employees.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial asset or liability. The Company's common shares, warrants, and options are classified as equity instruments. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Warrants are classified as either a financial liability or equity consistent with the principles in IAS 32 'Financial Instruments: Presentation'. The Company determined that the warrants issued as part of the units were equity classified.

Measurement of equity instruments issued in private placements

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements are determined to be the more easily measurable component and as such are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any is allocated to the attached warrants and is recorded as such.

Stock-based compensation

Stock-based compensation is recorded in the statements of consolidated (loss) income and comprehensive (loss) income for all options granted on a graded basis over the vesting period of the option with a corresponding increase recorded as contributed surplus. Compensation expense is based on the estimated fair values of the options at the time of the grant as determined using a Black-Scholes option pricing model. The Company incorporates an estimated forfeiture rate, based on historical data, when determining compensation expense for stock options that will not vest.

Upon the exercise of the stock options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase in share capital. In the event that vested options expire, previously recognized compensation expense associated with such stock options is not reversed.

Equity-settled stock-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. Provisions are not recognized for future operating losses. Further details on specific provisions are as follows:

Decommissioning liabilities

The Company recognizes the estimated liability associated with decommissioning at the time the asset is acquired and the liability is incurred. The estimated present value of the future payments of the decommissioning liability is recorded as a long-term liability, with a corresponding charge recognized through the statement of (loss) income and comprehensive (loss) income. Amounts are discounted using the risk-free rate. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to the statements of consolidated (loss) income and comprehensive (loss) income in the period.

The liability can also increase or decrease due to changes in the estimated timing of cash flows, changes to the risk-free rate or changes in the original estimated undiscounted cost. The change in the provision is recognized through the statement of (loss) income and comprehensive (loss) income. Actual costs incurred upon settlement of decommissioning liabilities are charged against the decommissioning liability to the extent of the liability recorded.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net costs of continuing with the contract.

Leases

The Company assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration. The Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Leases are recognized as a Right-of-Use ("ROU") asset and a corresponding lease liability at the date on which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. These payments are discounted using the Company's incremental borrowing rate when the rate implicit in the lease is not readily available. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics. Lease payments are allocated between the liability and finance costs. The finance cost is charged to the statement of (loss) income and comprehensive (loss) income over the lease term.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in the statements of (loss) income and comprehensive (loss) income if the carrying amount of the ROU asset has been reduced to zero.

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3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability, any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located less any lease payments made at or before the commencement date. The ROU asset is depreciated, on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain re-measurements of the lease liability and impairment losses. Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the statements of consolidated (loss) income and comprehensive (loss) income on a straight-line basis over the lease term of 56 months. A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will re-measure the lease liability using the Company's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the ROU asset, and recognizing a gain or loss in net loss that reflects the proportionate decrease in scope.

ROU assets are assessed for impairment on initial recognition and subsequently on an annual basis, at a minimum. ROU assets subject to leases that have become onerous in nature are adjusted by the amount of any provision for onerous leases.

During the year ended December 31, 2022, the Company expensed \$nil (2021 - \$600) for short-term leases.

Government grants and assistance

Government grants or assistance is recognized when there is reasonable assurance that the funds will be received and all conditions of the assistance will be met. Government assistance related to assets and liabilities are recorded as a reduction of the asset's or liability's carrying value. Claims under government assistance programs related to income are recorded as a reduction of the related expense in the period in which eligible expenses were incurred or when the services have been performed.

The Company participated in the Alberta Site Rehabilitation Program ("SRP") which began in 2021 and has received approval for government funding to assist with abandonment activities. The Company does not recognize any of the grant income until completion of the individual projects. During the year ended December 31, 2022, the Company recorded a reduction in decommissioning liabilities of \$9,500 (2021 - \$43,282) with the offset being recorded as government grant income in the statements of consolidated (loss) income and comprehensive (loss) income.

Income taxes

Current tax:

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statements of consolidated (loss) income and comprehensive (loss) income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax:

Deferred tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Operating segments

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available.

At December 31, 2022, the Company has two operating segments, one being the acquisition, exploration and development of oil and gas properties in Indonesia and the second being oil and gas royalties from properties in Canada.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of operating segments, has been identified as the Chief Executive Officer of the Company.

Future accounting pronouncements

Several new accounting standards, and amendments to standards and interpretations, have been issued but are not yet effective for the current period ended December 31, 2022. None of these changes have been early adopted nor are they considered by management to be significant or likely to have a material impact on the Company's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the year. Accordingly, actual results could differ from these estimated amounts. Significant estimates and judgments used in the preparation of the consolidated financial statements include, but are not limited to, those areas discussed below.

Estimates

The key areas of estimates that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Exploration and evaluation costs

Certain exploration and evaluation costs are initially capitalized with the intent to establish commercially viable reserves. The Company is required to make estimates and judgments about the future events and circumstances regarding the economic viability of extracting the underlying resources.

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

Estimates (continued)

The costs are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. Unsuccessful drilling, or changes to project economics, resource quantities, expected production techniques, production costs and required capital expenditures, are important factors when making this determination. If a judgment is made that the extraction of resources is not viable, the associated exploration and evaluation costs are impaired and charged to net income or loss.

Decommissioning liabilities and other provisions

The Company recognizes liabilities for the future decommissioning and restoration of property, plant and equipment. These provisions are based on estimated costs, which take into account the anticipated method and extent of restoration, technological advances and the possible future use of the site. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technology, operating experience and prices. The expected timing of future decommissioning and restoration may change due to certain factors, including reserve life. Changes to assumptions related to future expected costs, discount rates and timing may have a material impact on the amounts presented. Other provisions are recognized in the period in which it becomes probable that there will be a future cash outflow.

Deferred taxes

Deferred tax assets are recognized when it is considered probable that unused tax losses, tax credits and deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the Company's estimate, the ability of the Company to realize the deferred tax asset could be impacted.

Deferred tax liabilities are recognized for taxable temporary differences. The Company records a provision for the amount that is expected to be settled, which requires the application of judgment as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the Company's estimate of the likelihood of a future outflow, the expected settlement amount, and the tax laws in the jurisdiction in which the Company operates.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Stock-based compensation

Expenses recorded for stock-based compensation require the input of highly subjective assumptions including the historical volatility of the Company's share price, estimated forfeiture, expected life, the estimated fair value of the options at the time of grant, and the risk-free interest rate. Accordingly, those amounts are subject to measurement uncertainty.

Impairment of assets

The allocation of assets into CGU's requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors the operations.

Impairment of Non-Financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or CGU based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (*continued*)

Judgments

The key areas of judgment that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Asset acquisitions

Management uses judgment when determining whether a transaction constitutes a business combination or an asset acquisition based on the criteria in IFRS 3 'Business Combinations'.

Amortization of E&E assets

The Company applies judgement with respect to its determination that none of its exploration and evaluation assets have reached a feasible stage of operations to warrant capitalization as developed and producing assets.

Establishing Cash-Generating Units ("CGU")

For the purpose of assessing impairment of its long-term assets, the Company determines the CGU, defined as being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The determination of the CGU and the classification of the Company's assets to the determined CGU require significant judgment having a potentially significant incidence on the result of the subsequent impairment analysis. The Company periodically reviews the determination of the CGU and the corresponding grouping of the Company's assets, including its assets classified as common assets.

Financial instruments

The Company is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgment as to the purpose of the financial instrument and to which category is most applicable.

Going concern

Management has applied judgment in the assessment of the Company's ability to continue as a going concern when preparing the consolidated financial statements. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considers a wide range of factors relating to current and expected profitability and potential sources of financing.

Impairment of E&E Assets

The Company's exploration and evaluation assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amounts is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amounts. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, commodity prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Judgments (continued)

Impairment of Non-Financial Assets

Judgment is required to assess when indicators of impairment or impairment reversal exist and when a calculation of the recoverable amount is required. The Company's oil and gas properties are reviewed at each reporting date to assess whether there is any indication of impairment or impairment reversal. The assessment considers significant changes in reservoir performance including forecasted production volumes, forecasted royalty, operating, capital and abandonment and reclamation costs, forecasted oil and gas prices and the resulting cash flows from proved plus probable oil and gas reserves.

Taxes

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgment on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

5. ACQUISITION

On December 20, 2022, the Company entered into an arrangement agreement to acquire all of the issued and outstanding shares of AWE Asia Limited. ("AWE"), a privately held New Zealand company (the "Transaction").

Under the terms of the Transaction, Criterium agreed to pay \$2.2 million (\$1.6 million USD) to the shareholder of AWE. In addition, the Criterium incurred \$62,097 in closing costs. Under the terms of the agreement, Criterium is required to fund the purchase price in the following tranches:

- On closing of the agreement \$400,000 USD (paid);
- On or before March 31, 2023 \$300,000 USD;
- On or before June 30, 2023 \$300,000 USD;
- On or before September 30, 2023 \$300,000 USD; and
- On or before December 31, 2023 \$300,000 USD.

The Company concluded that substantially all the fair value of AWE's assets were concentrated in a single identifiable asset, the exploration and evaluation expenditures on the Bulu gas field. Consequently, the acquisition of AWE was accounted for as an asset acquisition in accordance with the concentration test permitted under IFRS 3, *Business Combinations*. At December 31, 2022, the balance owing on the acquisition was \$1.6 million (\$1.2 million USD). The acquisition payable is non-interest bearing and the carrying amount approximates fair value due to its short-term nature.

The net assets acquired by the Company were estimated at a fair value of \$2.2 million (\$1.6 million USD) and have been allocated to exploration and evaluation assets.

6. AMOUNTS RECEIVABLE

The Company's amounts receivable are non-interest bearing and detailed below:

		2022		2021
Trade accounts receivable	\$	111,752	\$	50,080
GST receivable		49,077		-
	\$	160,829	\$	50,080

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7. RIGHT-OF-USE ASSETS

	Buildings
Cost	
Balance, December 31, 2021	\$ -
Additions	166,613
Balance, December 31, 2022	\$ 166,613
Accumulated Depreciation	
Balance, December 31, 2021	\$ -
Depreciation	8,926
Balance, December 31, 2022	\$ 8,926
Net Book Value December 31, 2021	\$ -
Net Book Value December 31, 2022	\$ 157,687

8. EXPLORATION AND EVALUATION ASSETS

The following table reconciles the Company's exploration and evaluation assets:

	Oil and gas properties	Mineral properties	Total
Cost, at December 31, 2022 and 2021	\$ 36,198	\$ 55,096	\$ 91,294
Acquisition	2,234,563	-	2,234,563
Effect of movements in exchange rates	(5,667)	-	(5,667)
Cost, at end of the year	2,265,094	55,096	2,320,190
Accumulated impairment, beginning and end of the year	36,198	55,096	91,294
Net Book Value, December 31, 2021	\$ -	\$ -	\$ -
Net Book Value, December 31, 2022	\$ 2,228,896	\$ -	\$ 2,228,896

During the year ended December 31, 2018, Criterium staked two mineral claims in the Shatford Lake area, 282 kilometers north of Winnipeg, Manitoba. The claims cover an area of 472 hectares and are prospective for lithium.

During the year ended December 31, 2021, the Company sold the Shatford Lake claims for gross proceeds of \$25,000. As partial consideration, the purchaser granted the Company a 2% Net Smelter Return Royalty on the claims, one-half of which can be re-purchased at the discretion of the purchaser for \$1,000,000. Since all capitalized costs related to the property had previously been impaired, a gain on sale of \$25,000 was recognized in the statements of consolidated (loss) income and comprehensive (loss) income.

On December 20, 2022, the Company incurred acquisition costs of \$2,234,563 for exploration and evaluation assets on the acquisition of AWE Asia Limited as described in note 5.

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9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are non-interest bearing and detailed below:

	2022		2021	
Trade accounts payable	\$	481,905	\$	-
Accrued accounts payable		25,650		20,000
	\$	507,555	\$	20,000

10. DECOMMISSIONING LIABILITIES

The Company's decommissioning liabilities result from working interests in oil and natural gas wells. As at December 31, 2022, the Company estimates the total undiscounted amount of cash required to settle its liabilities to be approximately \$31,110 (2021 - \$30,063).

	2022		2021	
Balance, beginning of year	\$	29,938	\$	54,433
Accretion		153		125
Changes in estimates		10,420		42,265
Government grants		(9,500)		(43,282)
Liabilities settled		-		(23,603)
	\$	31,011	\$	29,938

Accretion expense is included in finance expense in the statements of consolidated (loss) income and comprehensive (loss) income.

During 2021, the Company abandoned a well under the Government of Alberta's Site Rehabilitation Program ("SRP") whereby qualified contractors (the "Contractors") apply for grants to assist with the abandonment and reclamation activities of upstream oil and gas wells, pipelines and associated facilities. The funding is provided directly to the Contractors by the Government of Alberta. Under the SRP, Criterium recognized government grant income of \$9,500 (2021 - \$43,282).

During the years ended December 31, 2022 and 2021, the provision for decommissioning liabilities was revised for changes in the estimated reclamation costs and expected timing for reclamation. The assets to which the revisions relate to were impaired in a previous fiscal year. As such, these revisions have been included in the statements of consolidated (loss) income and comprehensive (loss) income.

Due to the uncertainty with respect to the timing of the reclamation, the liability is presented as current in nature. The Company expects to settle the obligations over the next twelve to eighteen months.

As at December 31, 2022, \$42,655 (2021 - \$42,205) is held as a reclamation deposit with the applicable regulatory body as security for the settlement of these obligations.

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11. LEASE OBLIGATIONS

The Company's leases comprise only fixed payments over the term of the lease.

		Office		Furniture		Total
Lease liability						
Balance, December 31, 2021	\$	-	\$	-	\$	-
Non-cash changes						
Addition		126,020		40,593		166,613
Accretion		4,675		1,504		6,179
Cash flows						
Principal payments		(8,725)		(3,000)		(11,725)
Balance, December 31, 2022	\$	121,970	\$	39,097	\$	161,067

Maturity analysis – contractual undiscounted cash flows						
Less than one year	\$	34,900	\$	12,000	\$	46,900
One to two years		34,900		12,000		46,900
Two to three years		38,390		12,000		50,390
Three to four years		41,880		12,000		53,880
Four to five years		20,940		6,000		26,940
Total undiscounted lease liabilities		171,010		54,000		225,010
Effect of discounting		(49,040)		(14,903)		(63,943)
Total lease liabilities		121,970		39,097		161,067
Less current portion		(17,795)		(6,575)		(24,370)
Long-term portion	\$	104,175	\$	32,522	\$	136,697

12. SHARE CAPITAL

Authorized Share Capital

Unlimited number of:

- Common shares without nominal par value.
- First and second preferred shares issuable in series.

Issued and Outstanding Common Shares

	Shares		Amount
Balance, December 31, 2020 and 2021	44,852,927	\$	3,061,457
Issued on private placement	134,497,660		5,379,906
Severance shares issued on closing of private placement	1,786,324		71,453
Share issue costs	-		(351,504)
	181,136,911	\$	8,161,312

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12. SHARE CAPITAL (continued)

On September 26, 2022, the Company closed a private placement (the "2022 Private Placement") for gross proceeds of \$5,379,906, issuing 134,497,660 units at \$0.04 per unit. Each unit consists of one common share and one warrant exercisable for one common share at an exercise price of \$0.04 for a period of 5 years from the date of issuance. All shares and warrants issued under the 2022 Private Placement were subject to a statutory four-month hold period from the date of closing.

The warrants issued under the 2022 Private Placement will vest and become exercisable as to one-third upon the 20-day volume weighted average trading price of the common shares on the TSXV (the "Market Price") equal to or exceeding \$0.055 per common share, an additional one-third upon the Market Price equal to or exceeding \$0.065 per common share and the final one-third upon the Market Price equal to or exceeding \$0.08 per common share. The expiry date of these warrants is September 26, 2027. These warrants have all vested as the three thresholds have been met but are not available to be exercised until the Company undertakes to consolidate the warrants at an exercise price of \$0.05 per common share.

In accordance with the Company's accounting policy, the gross proceeds of the 2022 Private Placement were allocated to common shares and share purchase warrants using the residual method, with proceeds being allocated to the common shares first based on the market value of the shares at the time of issuance.

On September 26, 2022, the former executives of the Company were issued 1,786,324 severance shares at a deemed price of \$0.04 per common share, the fair value of the shares at issuance, and a cash liability of \$30,623 for the withholding taxes on those shares was recorded to salaries and benefits. \$71,453 was recognized as stock-based compensation.

Stock Option Plan

The Company may grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares reserved for issuance under all securities compensation arrangements is limited to 10% of the Company's total number of issued and outstanding shares. The maximum number of shares that may be issued to any officer, director or employee shall not exceed 5% of the total number of issued and outstanding shares. The maximum number of shares that may be issued to technical consultants, including investor relations consultants, shall not exceed 2% of the total number of issued and outstanding shares. Under the plan, options are exercisable upon issuance and an option's maximum term is five years.

On April 14, 2020, the Company granted 2,100,000 options to officers and directors. The options have a term of 5 years and an exercise price of \$0.05 and were valued using the Black Scholes model using an average volatility of 177%, a risk-free rate of 0.42% and a dividend rate of nil%. The options vest one-third immediately and one-third on each of the first and second anniversary of the grant date and were granted when the stock price was trading at \$0.01. Total compensation expense recognized during the year ended December 31, 2022 in respect of these options was \$566 (December 31, 2021 - \$3,172). For the year ended December 31, 2022, the total unvested stock-based compensation expense with respect to these options was \$nil (December 31, 2021 - \$566). On September 26, 2022, 1,200,000 of the April 14, 2025 options were cancelled.

On June 22, 2020, the Company granted 1,500,000 options to officers and directors. The options have a term of 5 years and an exercise price of \$0.05 and were valued using the Black Scholes model using an average volatility of 180%, a risk-free rate of 0.33% and a dividend rate of nil%. The options vest one-third immediately and one-third on each of the first and second anniversary of the grant date and were granted when the stock price was trading at \$0.015.

Total compensation expense recognized during the year ended December 31, 2022 in respect of these options was \$1,164 (2021 - \$4,978). At December 31, 2022, the total unvested stock-based compensation expense with respect to these options was \$nil (2021 - \$1,164). On September 26, 2022, 900,000 of the June 22, 2020 options were cancelled.

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12. SHARE CAPITAL (continued)

On September 26, 2022, the Company granted 1,750,000 options to officers, employees and consultants with each option having a 5-year term and an exercise price of \$0.04. The options were valued using the Black Scholes model under the following assumptions: share price of \$0.04, annualized volatility of 100%, risk-free rate of 3%, expected life of 5 years and dividend rate of nil%. The options vest one-third on each of the first, second and third anniversary of the grant date and were granted when the stock price was trading at \$0.04. At December 31, 2022, the total unvested stock-based compensation expense with respect to these options was \$44,402 and during the year ended December 31, 2022, \$8,504 was recognized as stock-based compensation. On September 26, 2022, 500,000 of the September 26, 2022 options were cancelled.

The continuity of stock options for the year ended December 31, 2022, is as follows:

	Number	Weighted Average Exercise Price
		\$
Balance, December 31, 2020	3,600,000	0.05
Expired	(900,000)	0.05
Balance, December 31, 2021	2,700,000	0.05
Cancelled	(2,600,000)	0.05
Granted	1,750,000	0.04
Balance, December 31, 2022	1,850,000	0.04

The following stock options were outstanding as at December 31, 2022:

Expiry date	Number of options	Number exercisable	Exercise price	Remaining life (years)
April 14, 2025	300,000	300,000	\$0.05	2.29
June 22, 2025	300,000	300,000	\$0.05	2.48
September 26, 2027	1,250,000	-	\$0.04	4.74

Warrants

The continuity of share purchase warrants for the year ended December 31, 2022 is as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, December 31, 2020 and 2021	15,093,781	0.05
Issued	135,775,160	0.04
Balance, December 31, 2022	150,868,941	0.04

During the year ended December 31, 2022, the Company extended the maturity date of the common share purchase warrants outstanding at December 31, 2021. The warrants were originally set to expire on June 15, 2020, extended to June 15, 2022 during the year ended December 31, 2020, and will now expire on June 15, 2023.

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12. SHARE CAPITAL (continued)

In addition to the warrants issued under the 2022 Private Placement on September 26, 2022, 1,277,500 finder's warrants were issued to arm's length brokers for their services with each warrant having a 5-year term and an exercise price of \$0.04. The warrants were valued using the Black Scholes model under the following assumptions: share price of \$0.04, annualized volatility of 100%, a risk-free rate of 3%, expected life of 5 years and a dividend rate of nil%. The warrants are fully vested and were granted when the stock price was trading at \$0.04. At December 31, 2022, \$38,321 was recognized as share issue costs in relation to these warrants.

The following share purchase warrants were outstanding as at December 31, 2022:

Expiry date	Number of warrants	Exercise price	Remaining contractual life (years)
		\$	
June 15, 2023	15,093,781	0.05	0.45
September 26, 2027	1,277,500	0.04	4.74
September 26, 2027	134,497,660	0.04	4.74
	150,868,941	0.04	4.31

Restricted share units

On September 26, 2022, 12,750,000 restricted share units ("RSUs") were issued pursuant to the terms of the Share Incentive Award Plan at a deemed price of \$0.04 per common share. The RSUs vest one-third on each of the first, second and third anniversary of the grant date and each is redeemable for one common share of the Company at the time of vesting. The RSUs expire December 15, 2025. At December 31, 2022, there were 12,750,000 RSUs outstanding and non-exercisable (December 31, 2021 - \$nil). At December 31, 2022, the total unvested stock-based compensation expense with respect to these RSUs was \$427,174 and during the year ended December 31, 2022, \$82,826 was recognized as stock-based compensation (2021 - \$nil), calculated using the fair value of the Company's shares at issuance.

13. CONTRIBUTED SURPLUS

A summary of the changes in the status of contributed surplus is presented below:

	2022	2021
Balance, beginning of year	\$ 245,378	\$ 237,228
Share issue costs	38,621	-
Stock-based compensation	93,060	8,150
	\$ 377,059	\$ 245,378

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14. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company has entered into transactions with related parties in the normal course of business that are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and which in management's opinion is comparable to amounts that would have been paid to non-related parties. The exchange amount approximates fair value. Transactions impacting the consolidated financial statements, which are not disclosed elsewhere in the statements are summarized below. During the year, the Company paid to its directors and officers, either directly or indirectly, the following amounts:

	2022	2021
Stock-based compensation	\$ 156,169	\$ 8,150
Key management compensation	137,158	14,600
Consulting services	63,233	-
Accounting and administrative services (professional fees)	55,465	-
Directors' fees (consulting fees)	34,167	-
Payroll taxes	30,623	-
Office allowance (general and administrative expenses)	3,949	5,265
	\$ 480,764	\$ 28,015

On October 1, 2022, the Company entered into an office furniture lease agreement with a company controlled by the CEO and director. The agreement is for a 56 month term and expires on May 31, 2027. The Company is required to make monthly lease payments, see note 11. The total interest and principal payments made on the lease for the year ended December 31, 2022 was \$3,000 (2021 – \$nil).

On October 1, 2022, the Company entered into an office lease agreement with a company controlled by the CEO and director. The agreement is for a 56 month term and expires on May 31, 2027, see note 11. The Company is required to make monthly lease payments, see note 11. The total interest and principal payments made on the lease for the year ended December 31, 2022 was \$8,725 (2021 – \$nil).

As part of the key management compensation, two officers of the Company have agreed to defer a portion of their salaries totaling \$41,148 (2021 – \$nil), included in accounts payable and accrued liabilities.

On September 26, 2022, certain officers and directors, directly and indirectly, subscribed to 22,800,000 units for gross proceeds of \$912,000 under the private placement as disclosed in note 12.

The total amounts included in accounts payable and accrued liabilities at December 31, 2022 for the above items was \$88,973 (2021 - \$nil).

15. CONTINGENT ENVIRONMENTAL REGULATIONS

The Company's activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing in both Canada and abroad, generally are becoming more restrictive. The Company believes its operations comply in all material respects with all applicable laws and regulations and has recorded its best estimate of decommissioning liabilities (note 10).

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16. RISK AND CAPITAL MANAGEMENT

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

	2022	2021
Financial assets		
Cash	\$ 3,720,751	\$ 54,715
Amounts receivable	160,829	50,080
Reclamation deposit	42,655	42,205
Total financial assets	\$ 3,924,235	\$ 147,000
Financial liabilities		
Accounts payable and accrued liabilities	\$ 507,555	\$ 20,000
Acquisition payable	1,625,280	-
Total financial liabilities	\$ 2,132,835	\$ 20,000

Cash is carried at fair value using a level 1 fair value measurement and the amounts receivable, deposits, accounts payable and accrued liabilities, and acquisition payable approximate their fair value because of the short-term nature of these instruments.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to forecast its cash flows required for its planned operating, investing and financing activities so that it will have sufficient liquidity to meet liabilities when due.

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16. RISK AND CAPITAL MANAGEMENT (continued)

As at December 31, 2022, the Company had a cash balance of \$3,720,751 (2021 - \$54,715) to settle current liabilities of \$2,188,216 (2021 - \$49,938). All the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Amounts due to related parties are without stated terms of interest or repayment. While the Company's current cash is sufficient to settle its current liabilities and certain planned expenditures for the upcoming year, the Company will continue forecasting its cash flows to maintain liquidity and investigate opportunities to obtain further financing through transactions such as equity placements, debt or joint venture arrangements, when necessary.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its bank deposits, which is insignificant due to their short-term nature. The Company monitors the investments it makes and is satisfied with the credit ratings of its banks. As at December 31, 2022, the Company held all of its cash with a Canadian chartered bank.

Foreign currency risk

The Company reports its financial results in Canadian dollars but also undertakes transactions denominated in US dollars, Indonesian Rupiah, and New Zealand dollars ("NZD"). As the exchange rates between the Canadian dollar and the US dollar, Indonesian Rupiah and NZD fluctuates, the Company recognizes realized and unrealized foreign exchange gains and losses. As at December 31, 2022, the Company has \$2,393 of accounts payable and accrued liabilities denominated in US dollars and \$4,048 in NZD, which are subject to currency risk.

At December 31, 2022, a 10% appreciation or depreciation of the US dollar and NZD against the Canadian dollar would result in an approximate \$644 increase or decrease in the Company's net loss (2021 – \$nil).

The Company does not enter into any financial instruments to hedge currency risk, but the Company monitors its foreign exchange exposure and considers its exposure to foreign currency risk to be minimal as at December 31, 2022.

Price risk

The oil and gas industry is heavily dependent upon the market price of oil and gas being produced. There is no assurance that, even if commercial quantities of oil and gas reserves are discovered, a profitable market will exist for their sale. There can be no assurance that oil and gas prices will be such that the Company's properties can be produced at a profit. Factors beyond control of the Company may affect the marketability of any reserves discovered. The price of oil and gas has experienced volatile and significant price movements over short periods of time and is affected by numerous factors beyond the Company's control. The Company's profitability and ability to raise capital to fund exploration, evaluation and production activities is subject to risks associated with fluctuations in oil and gas prices. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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17. INCOME TAXES

The Company's income tax provision differs from that which would be expected from applying the combined effective federal and provincial tax rate of 23% (2021 – 23%) to the net (loss) income before taxes as follows:

	2022	2021
Income (loss) before income tax expense	\$ (1,323,145)	\$ 65,574
Expected income tax (recovery) expense	(304,323)	15,000
Increase (decrease) in taxes resulting from:		
Non-deductible stock-based compensation	37,838	2,000
Other	455	10,000
Change in tax benefits not recognized	266,030	(27,000)
	\$ -	\$ -

	2022	2021
Deferred tax asset (liability) is comprised of the following:		
Exploration and evaluation expenditures	(240,501)	-
Non-capital loss carryforwards	240,501	-
Net deferred tax asset (liability)	\$ -	\$ -

The unrecognized deferred tax assets offset the gross deferred tax assets for which there is no assurance of recovery. The unrecognized deferred tax assets are evaluated considering positive and negative evidence about whether the deferred tax assets will be realized. At the time of evaluation, the amount is either increased or reduced.

As at December 31, 2022, the Company has available for deduction, the following tax pools against future taxable income, and the approximate amounts are:

	2022	2021
Non-capital loss carry-forwards	\$ 1,310,875	\$ 1,104,000
Canadian exploration expenditures	-	249,000
Foreign exploration and development expenditures	-	934,000
Capital losses	17,885	18,000
Decommissioning liabilities	31,011	30,000
Lease obligation	3,380	-
Capital cost allowance	57,736	58,000
Share issue costs	291,186	15,000
	\$ 1,712,073	\$ 2,408,000

The operating loss carry forwards expire from 2026 to 2043.

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18. CAPITAL DISCLOSURES AND MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the acquisition and exploration of its exploration and evaluation assets. Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

The properties in which the Company currently has an interest are in the exploration stage and do not currently generate sufficient revenue; as such, the Company is dependent on external financing to fund its activities. The Company will spend its existing working capital and seek to raise additional amounts as needed by way of equity financing or debt to carry out its planned corporate development, general administrative costs and exploration and development programs. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

19. SEGMENTED INFORMATION

The Company currently operates in two geographically based industry segments: Canada and Indonesia. The Company's head office is in Calgary, Canada. The reported income (loss) from operations for the year ended December 31, 2022 and 2021, respectively in each segment is as follows:

	Indonesia		Canada		Total	
	2022	2021	2022	2021	2022	2021
Net income (loss)	\$ (21,080)	\$ -	\$(1,302,065)	\$ 65,574	\$(1,323,145)	\$ 65,574
Right-of-use asset	\$ -	\$ -	\$ 157,687	\$ -	\$ 157,687	\$ -
Exploration and evaluation assets	2,228,896	-	-	-	2,228,896	-
Non-current assets	\$ 2,228,896	\$ -	\$ 157,687	\$ -	\$ 2,386,583	\$ -

20. SUBSEQUENT EVENTS

Subsequent to December 31, 2022, 6,915,666 warrants expiring June 15, 2023 were exercised for gross proceeds of \$345,783.

SCHEDULE "B"
MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis ("MD&A") of the operating and financial results of Criterion Energy Ltd. (formerly Softrock Minerals Ltd.) ("Criterion" or the "Company") for the three and six months ended June 30, 2023 and 2022. This information is provided as of August 29, 2023. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements ("consolidated financial statements") for the three months ended June 30, 2023 and 2022, its audited consolidated financial statements for the years ended December 31, 2022 and 2021, together with the accompanying notes, and its Annual Information Form ("AIF") for the year ended December 31, 2022. These documents and additional information about Criterion are accessible on the SEDAR+ website at www.sedarplus.ca. All amounts are in Canadian dollars ("CAD"), unless otherwise stated.

SECOND QUARTER IN REVIEW

In the second quarter of 2023, whilst global crude prices fell, lower differentials meant that Western Canadian Select increased from the first quarter and North American natural gas prices remained steady.

Corporately, the company received royalty revenue of \$30,369, representing a decline of 52% year over year as Western Canadian natural gas and oil prices dropped by approximately two thirds and one third respectively.

On June 7, the Company completed a five (5) for one (1) consolidation of common shares to allow for the exercise of warrants associated with the private placement of September 26, 2022. Warrants were not consolidated and as such the exercise of five (5) warrants will be required for one (1) common share. All warrants are now exercisable as all performance conditions have been met.

On June 14, 2023, the Company announced the transaction to acquire 100% of Mont D'Or Petroleum Ltd. Further information related to the acquisition can be found on SEDAR+. The transaction has not closed as of the date of this management's discussion and analysis.

Also during the second quarter the Company continued to progress other potential M&A opportunities that underpin the Company's stated growth ambitions.

Q2 2023 OPERATIONAL AND FINANCIAL HIGHLIGHTS

	Three months ended June 30,			Six months ended June 30,		
	2023	2022	% Change	2023	2022	% Change
(\$ thousands, except per share)						
Total oil, natural gas and royalty revenue	30	63	(52)	59	102	(42)
Cash flow from operating activities	(518)	(19)	-	(1,307)	(2)	-
<i>Per share – basic</i>	<i>\$(0.01)</i>	<i>\$0.00</i>	-	<i>\$(0.04)</i>	<i>\$0.00</i>	-
Net Income	(1,110)	24	-	(1,735)	40	-
<i>Per share – basic</i>	<i>\$(0.03)</i>	<i>\$0.00</i>	-	<i>\$(0.05)</i>	<i>\$0.00</i>	-
Net Debt	-	-	-	-	-	-
Capital Expenditures	394	-	-	804	-	-
Weighted average shares outstanding (thousands)						
Basic	37,666	8,971	320	37,184	8,971	314
Diluted	66,489	11,989	455	66,629	11,989	456
Share Trading						
High	\$0.375	\$0.175	114	\$0.525	\$0.175	200
Low	\$0.200	\$0.175	14	\$0.200	\$0.075	166
Average daily trading volume	234,347	8,208	2,755	320,316	16,158	1,882

SUMMARY OF EXPENSES

(\$)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Salaries and benefits	\$ 208,011	-	\$ 409,264	-
Professional fees	272,374	15,818	339,322	21,602
Consulting fees	210,863	-	292,312	-
Exploration expense	201,708	-	234,165	-
General and administrative	76,749	18,499	193,476	34,346
Stock-based compensation	73,545	-	147,090	-
Travel	49,880	-	106,643	-
Geological and Geophysical expense	27,949	-	27,949	-
Depreciation	8,925	-	17,851	-
Finance expense	5,750	-	11,736	-
Operating expenses	4,052	4,337	8,552	6,961
	\$ 1,139,806	\$ 38,654	\$ 1,788,360	\$ 62,909

The Company incurred a net loss of \$1,110,128 for Q2/2023 (Q2/2022 – net income \$24,214). Total operating expense was \$1,139,806 for Q2/2023 compared to \$38,654 for Q2/2022. The increase in total operating expense is primarily due to the increased activity as it relates to evaluation of potential acquisitions including the Mont D'Or transaction, costs associated with the drafting and filing of the short

form prospectus and other financing and legal due diligence. Salaries and benefits increased \$208,011 (vs Q2/2022 - \$nil) with the addition of 4 employees. Other expenses contributing to the increase in operating expenses are an increase in consulting fees of \$210,863 attributable to consultants used for various project evaluations and the addition of paid directors' roles, share-based compensation of \$73,545 recorded for stock options and restricted share units ("RSUs") vested at June 30, 2023, increase in professional fees of \$272,374 due to general corporate items and the addition of a contract CFO and financial controller and accounting firm costs, the company also incurred exploration expenses of \$32,457. In addition, the Company incurred \$76,749 of general and administration expenses due to increased activity for Q2/2023 compared to Q2/2022 mainly resulting from transfer agent and filing expenses, insurance, IT support and rent charges. During the period, the Company incurred \$49,880 of travel expenses to support the Company's Indonesia operations and Mont D'Or transaction.

At June 30, 2023, the Company had assets of \$4,611,494 compared to \$179,329 as at June 30, 2022. The increase in assets is due to the issuance of common shares under the recapitalization transaction and the subsequent Bulu PSC acquisition.

ADJUSTED FUNDS FLOW AND NET INCOME

	Three months ended June 30,			Six months ended June 30,		
	2023	2022	% Change	2023	2022	% Change
<i>(\$ thousands, except per share)</i>						
Cash flow from operating activities	(518)	(19)	-	(1,307)	2	-
Current income tax expense	-	-	-	-	-	-
Income tax paid	-	-	-	-	-	-
Interest expense, ex fees	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-
Decommissioning expenditures	-	-	-	-	-	-
Changes in non-cash working capital	505	(43)	-	252	(41)	-
Adjusted funds flow	(13)	(62)	-	(1,055)	(39)	-
<i>Per share – basic</i>	\$(0.00)	<i>\$(0.00)</i>	-	\$(0.03)	<i>\$(0.00)</i>	-
Net income	(1,110)	24	-	(1,735)	40	-
<i>Per share – basic</i>	\$(0.03)	<i>\$0.00</i>	-	\$(0.05)	<i>\$0.00</i>	-

CAPITAL EXPENDITURES

	Three months ended June 30,			Six months ended June 30,		
	2023	2022	% Change	2023	2022	% Change
<i>(\$ thousands)</i>						
Drilling, completion and equipment	-	-	-	-	-	-
Facilities	-	-	-	-	-	-
Land, seismic and other	-	-	-	-	-	-
Total Capital Expenditures	-	-	-	-	-	-
Acquisitions (dispositions)	-	-	-	-	-	-
Net Capital Expenditures	-	-	-	-	-	-

SHARE CAPITAL

	June 30, 2023		December 31, 2022	
	Number	Amount	Number	Amount
(\$, except share counts)				
Balance, opening	36,227,382	\$ 8,161,312	8,970,585	\$ 3,061,457
Issue of common shares - cash	-	-	26,899,532	5,379,906
Issue of common shares - acquisitions	-	-	-	-
Issue of common shares – warrant, option, RSU exercise	2,162,600	540,650	-	-
Issue of common shares as severance on closing of private placement	-	-	357,265	71,453
Share issuance costs	-	(2,570)	-	(351,504)
Balance, ending	38,389,982	\$ 8,699,392	36,227,382	\$ 8,161,312

During the quarter the Company completed a five (5) for one (1) share consolidation of existing common shares, this was done to ensure that the Company is in compliance with TSX-V requirements that no new capital be issued below \$0.05/share. During the private placement of September 26, 2022, the Company had obtained an exemption to issue share capital at \$0.04 for common shares but required consolidation for the warrants to be exercisable. Warrants issued in connection with the private placement are now exercisable with five (5) warrants exercisable for one (1) common share. During the quarter 856,156 (post consolidation) warrants issued in connection with the Softrock Minerals rights offering closed June 14, 2018, expired.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

Management has determined that cash flows for operating, exploration and evaluation expenses, and general and administrative expenses will be funded by Criterium's existing cash on hand. Any expected short fall of cash required for these expenses will be funded by the issuance of common shares through private placements or short-term debt should the need arise.

CASH FLOW SUMMARY

	June 30, 2023	December 31, 2022
Cash at beginning of period	\$ 3,720,751	\$ 54,715
Cash flow from (used in) operations	(1,307,197)	(779,979)
Cash flow used in investing activities	(804,188)	(609,283)
Cash flow from financing activities	514,630	5,055,298
Cash at end of period	\$ 2,123,996	\$ 3,720,751

Cash flow used in operations for the first half of 2023, was \$1,307,197 resulting from the net loss incurred during the period related to expenses for the day-to-day operations of the Company and expenses related to the proposed Mont D'Or transaction. Changes in non-cash working capital resulted in outflow of \$252,202 for the period ended June 30, 2023 resulting from the timing of payment of the accounts receivable/payable, payments to prepaids and accrued liabilities. Cash flow used in operations for the first half of 2022 was \$1,542 resulting from the net income from the day-to-day management of the Company, royalty revenue and minimal operational activity.

Cash flows used in investing activities year to date were \$804,188 to satisfy the payment schedule for the acquisition of the Bulu PSC. The Company has \$794,400 remaining on the Bulu PSC acquisition payable. There were no cash flows from investing in the first half of 2022. Cash flows from financing were \$514,630 for the first half of 2023 as a result of the exercise of warrants related to the June 2018 Softrock Minerals private placement. In addition, the Company incurred \$23,450 of lease principal and interest payments on its lease obligations. There were no cash flows from financing in the first half of 2022.

WORKING CAPITAL

The Company has working capital of \$699,765 (Q2/2022 – \$110,798) as at June 30, 2023. The working capital is calculated using current assets of \$2,248,797 (Q2/2022 - \$136,828) and current liabilities of \$1,549,032 (Q2/2022 - \$26,030).

Current assets consist of cash of \$2,123,996 (Q2/2022 - \$53,172), amounts receivable of \$56,769 (Q2/2022 - \$71,155), and prepaids and deposits of \$68,032 (Q2/2022 - \$12,500).

Current liabilities consist of accounts payable of \$697,348 (Q2/2022 - \$nil), including payroll liabilities, acquisition payable of \$794,400 (Q2/2022 – \$nil) for the Bulu PSC acquisition, lease obligations of \$26,256 for the principal amount on the office and furniture lease, and \$31,028 of decommissioning liabilities for the site cleanup of shut-in wells.

COMMITMENTS & RELATED PARTY TRANSACTIONS

CONTRACTUAL OBLIGATIONS

The Company has a number of financial obligations that are incurred in the ordinary course of business. These obligations are:

Accounts payable and accrued liabilities of \$697,348 payable at June 30, 2023.

Ongoing decommissioning liabilities for site cleanup of shut-in wells which are expected to be completed within 2023.

Principle office lease obligation payments of \$149,336 over the next 5 years;

- 2023 \$ 26,256
- 2024 – 2027 \$123,080

The Bulu transaction installment payments to be funded in 2023;

- On or before March 31, 2023 \$300,000 USD (paid);
- On or before June 30, 2023 \$300,000 USD (paid);
- On or before September 30, 2023 \$300,000 USD; and
- On or before December 31, 2023 \$300,000 USD
-

Criterion funded the March 31 and June 30 payments and will fund the remainder of the purchase price for the Acquisition and near-term operating costs from cash on its balance sheet.

CONTINGENCIES

The Company does not have any contingent assets or liabilities.

RELATED PARTY TRANSACTIONS

The Company has entered into transactions with related parties in the normal course of business that are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and which in management's opinion is comparable to amounts that would have been paid to non-related parties. The exchange amount approximates fair value. Transactions impacting the consolidated financial statements, which are not disclosed elsewhere in the statements are summarized below. During the year, the Company paid to its directors and officers, either directly or indirectly, the following amounts:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Key management compensation	166,250	-	326,042	-
Stock- based compensation	69,589	-	139,178	-
Accounting and administrative services (professional fees)	17,287	4,420	57,390	6,220
Directors' fees (consulting fees)	40,000	-	80,000	-
Consulting services	18,224	-	36,261	-
Office allowance (General and administrative expenses)	-	1,316	-	2,632
	\$ 311,350	\$ 5,736	\$ 638,871	\$ 8,852

CRITICAL ACCOUNTING ESTIMATES

Management makes judgments and assumptions about the future in deriving estimates used in preparation of these consolidated financial statements in accordance with IFRS. Sources of estimation uncertainty include estimates used to determine the economic viability of exploration and evaluation costs, the recoverable amount of long-lived assets or cash generating units ("CGUs"), the fair value of financial instruments, the provision for decommissioning liabilities, the provision for income taxes and the related deferred tax assets and liabilities, and the expenses recorded for stock-based compensation.

Several new accounting standards, and amendments to standards and interpretations, have been issued but are not yet effective for the current period ended June 30, 2023. None of these changes have been early adopted nor are they considered by management to be significant or likely to have a material impact on the Company's consolidated financial statements.

BUSINESS RISKS

The Company's principal business activities are the acquisition, exploration, and definition of potentially economically viable mineral resource deposits on mineral properties, which, by nature, are speculative. Companies in this industry are subject to many and varied kinds of risks, including but not limited to; environmental, fluctuating commodity prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable. Due to the high-risk nature of the Company's business and the present stage of the Company's various mineral properties, an investment in the Company's

common shares should be considered a highly speculative investment that involves significant financial risks, and prospective investors should carefully consider all of the information disclosed in this MD&A, the risk factors discussed below, and the Company's other public disclosures, including the risks described in the "Risk Factors" section of the Company's Annual Information Form for the year ended December 31, 2022, prior to making any investment in the Company's common shares.

FINANCIAL RISKS & INSTRUMENTS

Risk is inherent in all business activities and cannot be eliminated. However, shareholder value can be maintained and enhanced by identifying, mitigating, and where possible, insuring against these risks. The following section addresses some, but not all, risk factors that could affect Criterium's future results, as well as activities used to mitigate such risks. These risks do not occur in isolation but must be considered in conjunction with each other.

The Board of Directors has overall responsibility for the establishment and oversight of Criterium's risk management framework. The Board is responsible for developing and monitoring Criterium's compliance with risk management policies and procedures.

Criterium's risk management policies are established to identify and analyze the risks faced by Criterium, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Criterium's activities.

The Company reports its financial results in Canadian dollars but also undertakes transactions denominated in US dollars ("USD"), Indonesian Rupiah ("IDR"), and New Zealand dollars ("NZD"). As the exchange rates between the Canadian dollar and the USD, IDR and NZD fluctuates, the Company recognizes realized and unrealized foreign exchange gains and losses. At June 30, 2023, the Company has \$128,680 of accounts payable and accrued liabilities denominated in USD and NZD, which are subject to currency risk.

At June 30, 2023, a 10% appreciation or depreciation of the US dollar and NZD against the Canadian dollar would result in an approximate \$12,868 increase or decrease in the Company's net loss (June 30, 2022 – \$nil).

The Company does not enter into any financial instruments to hedge currency risk, but the Company monitors its foreign exchange exposure and considers its exposure to foreign currency risk to be minimal as at June 30, 2023.

FINANCIAL INSTRUMENTS

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

	June 30, 2023	December 31, 2022
Financial assets		
Cash	\$ 2,123,996	\$ 3,720,751
Accounts receivable	56,769	160,829
Reclamation deposit	43,993	42,655
Total financial assets	\$ 2,224,758	\$ 3,924,235
Financial liabilities		
Accounts payable and accrued liabilities	\$ 697,348	\$ 507,555
Acquisition payable	794,400	1,625,280
Total financial liabilities	\$ 1,491,748	\$ 2,132,835

Cash is carried at fair value using a level 1 fair value measurement and the amounts receivable, deposits and accounts payable and accrued liabilities, and acquisition payable approximate their fair value because of the short-term nature of these instruments.

DIVIDEND ADVISORY

Criterion's future shareholder distributions, including but not limited to the payment of dividends, if any, and the level thereof is uncertain. Any decision to pay dividends on the common shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith and any special dividends) will be subject to the discretion of the Board of Directors of Criterion and may depend on a variety of factors, including, without limitation, Criterion's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions. There can be no assurance that Criterion will pay dividends in the future. As the Company does not intend to declare dividends, any gain on an investment in the Company will need to come through an increase in the stock's price.

SELECTED QUARTERLY FINANCIAL INFORMATION

	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
(\$, thousands, except per share amounts)								
Revenue	30	29	41	45	63	40	40	40
Cash flow from operations	(518)	(789)	(689)	91	(19)	17	(39)	(15)
Net income	(1,110)	(625)	(746)	(617)	24	16	23	(10)
<i>Per share – basic</i>	<i>\$(0.03)</i>	<i>\$(0.02)</i>	<i>\$(0.02)</i>	<i>\$(0.02)</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$(0.00)</i>

Significant factors and trends that have impacted the Company's results in the above periods include:

- The recapitalization of Softrock Minerals and the associated change in the Company's strategic direction.
- The costs associated with screening for and entering into international oil and gas transactions.

- The expenses arising from having acquired the Bulu asset, such as the acquisition payable and ongoing cash calls related to work to progress the asset to FID.
- The volatility in Western Canadian oil and natural gas prices, and the resulting effect on royalty revenue, cash flows and net income, in particular as it relates the period of time during which the Company operated as Softrock Minerals.

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A that are not based on historical facts constitute forward-looking information. Forward-looking information is not a promise or guarantee of future performance but is only a prediction that relates to future events, conditions or circumstances or the Company's future results, performance, achievements or developments and is subject to substantial known and unknown risks, assumptions, uncertainties and other factors that could cause the Company's actual results, performance, achievements or developments in its business or industry to differ materially from those expressed, anticipated or implied by such forward-looking information. Forward-looking statements include statements regarding the outlook for the Company's future operations, plans and timing for the introduction or enhancement of its services and products, statements concerning strategies or developments, statements about future market conditions, supply conditions, end customer demand conditions, channel inventory and sell through, revenue, gross margin, operating expenses, profits, forecasts of future costs and expenditures, and other expectations, intentions and plans that are not historical fact. The forward-looking statements in this MD&A are based on certain factors and assumptions regarding expected growth, results of operations, performance and business prospects and opportunities. Specifically, management has assumed that the Company's performance will meet management's internal projections. While management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Readers are also advised to consider such forward-looking statements in light of the risk factors and uncertainties that may affect the Company's actual results, performance, achievements or developments.

The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable law. Further information concerning risks and uncertainties associated with these forward-looking statements and the Company's business may be found in the Company's other filings.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated April 18, 2023 and should be read in conjunction with the audited consolidated financial statements of Criterium Energy Ltd. (formerly Softrock Minerals Ltd.) ("Criterium" or the "Company") for the years ended December 31, 2022 and 2021. Criterium prepares its audited consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), as set out in Part 1 of the Handbook of the Canadian Institute of Chartered Professional Accountants.

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A that are not based on historical facts constitute forward-looking information. Forward-looking information is not a promise or guarantee of future performance but is only a prediction that relates to future events, conditions or circumstances or the Company's future results, performance, achievements or developments and is subject to substantial known and unknown risks, assumptions, uncertainties and other factors that could cause the Company's actual results, performance, achievements or developments in its business or industry to differ materially from those expressed, anticipated or implied by such forward-looking information. Forward-looking statements include statements regarding the outlook for the Company's future operations, plans and timing for the introduction or enhancement of its services and products, statements concerning strategies or developments, statements about future market conditions, supply conditions, end customer demand conditions, channel inventory and sell through, revenue, gross margin, operating expenses, profits, forecasts of future costs and expenditures, and other expectations, intentions and plans that are not historical fact. The forward-looking statements in this MD&A are based on certain factors and assumptions regarding expected growth, results of operations, performance and business prospects and opportunities. Specifically, management has assumed that the Company's performance will meet management's internal projections. While management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Readers are also advised to consider such forward-looking statements in light of the risk factors and uncertainties that may affect the Company's actual results, performance, achievements or developments.

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OVERVIEW

The Company was incorporated on March 24, 1994 pursuant to the provisions of the Alberta Business Corporations Act. The Company is an oil and gas exploration company involved in the exploration and development of the Bulu PSC located in Indonesia. At present, none of the Company's interest in the Bulu PSC is at commercial development or production stage. In addition, the Company currently holds non-operated gross overriding royalty interests in producing oil and gas properties in Alberta within the Grand Forks and Charlie Lake formations.

Bulu PSC

Criterium entered into a binding agreement dated December 20, 2022 with a subsidiary of Mitsui E&P Australia Holdings Pty Ltd ("MEPAU"), an arm's length third party to Criterium, for the acquisition through a wholly-owned subsidiary of Criterium of the outstanding shares in AWE Asia Limited, a New Zealand registered company which owns a 42.5% non-operated working interest in the Bulu PSC via a wholly owned subsidiary also registered in New Zealand.

Pursuant to the binding agreement, Criterium agreed to pay MEPAU a total of approximately US\$1.6 MM in cash which consisted of a US\$1.0 MM purchase price plus working capital adjustments of approximately US\$600,000. The agreed cash payment schedule is five installments as follows: The first cash payment of US\$400,000 is “the Closing Installment”. The Closing Installment was made by Criterium concurrently with the execution of the binding agreement and transfer of ownership of the shares of AWE Asia Limited was completed. The remaining four payments are US\$300,000 at each of March 31, June 30, September 30, and December 31, 2023. Criterium funded the Closing Installment and the March 31 payment and will fund the remainder of the purchase price for the Acquisition and near-term operating costs from cash on its balance sheet. There are no finders' fees payable by Criterium in respect of the Acquisition.

As a result of this Acquisition, Criterium, through its wholly owned subsidiary and AWE Asia Limited became a 42.5% non-operated holder of the Bulu PSC. The remaining 57.5% participating interest in the Bulu PSC is held between the operator Kris Energy (Satria) 42.5% and two local partners, Satria Energiindo 10% and Satria Wijaya Kusuma 5%.

The Bulu PSC is located 65 km offshore of East Java in water depths of approximately 50m. The Bulu PSC contains the Lengo gas field which was discovered in 2008 by the Lengo-1 well which flow tested 12.9 MMscf/d and appraised in 2013 by the Lengo-2 well which flow tested 20.6 MMscf/d. The drilling results confirmed the top Kujung carbonate reservoir at approximately 700m True Vertical Depth Sub Sea (TVDSS) with a gross gas column of approximately 70m, consistent with indicators on 3D seismic. The reservoir is a high-quality carbonate reservoir with an average porosity of 26%.

The Kujung reservoir is a mid to lower Miocene carbonate build-up at a depth of approximately 700 meters and consists of an upper red algal zone and lower reefal zone that are in pressure communication. Following the successful appraisal program an independent report was issued in accordance with the Petroleum Resources Management System. Criterium commissioned an updated COGEH compliant independent report confirming the resource estimates and released this information on February 8, 2023. The plan of development was submitted and approved in 2014 and consists of an initial 4 well development with a pipeline delivering produced gas to the Tuban area in East Java. It is anticipated the production plateau will be 60 – 80 MMscf/d gross. The Lengo gas contains impurities, including 13% CO₂ which is common in many Indonesian basins. The CO₂ will be removed to meet pipeline specifications and Criterium will explore potential carbon sequestration options to mitigate environmental impacts.

The Bulu PSC was signed in 2004 and there are no outstanding commitments associated with exploration or relinquishment. All capital costs are recoverable under the cost recovery scheme and past exploration and appraisal costs have resulted in an approximate US\$100 MM gross cost recovery pool (net US\$42.5 MM). Criterium will benefit from the recovery of these costs in the initial production years of the field.

To support surging domestic demand and reduce the reliance on imports, Indonesia aims to boost domestic oil production from present day production of 616,000 bbl/d to 1,000,000 bbl/d by 2030 and natural gas from present day production of 5.3 bcf/d to and 12 bcf/d, also by 2030. Production from the Lengo gas field will support this objective by feeding natural gas into one of Indonesia's largest industrial hubs in East Java.

The Heads of Agreement was signed in August 2022 between the Bulu PSC Partners and an industrial end user in East Java. The gas will be used to supply the growing industrial demand and feed current infrastructure or upgrades to existing facilities. Gas prices reflect the increased demand and dwindling supply and are anticipated to be in the range of \$6 - \$8/MMbtu on a long term take or pay contract once a final Gas Sales Agreement (“GSA”) is signed.

Charlie Lake

Criterium currently holds a 2.5% gross overriding royalty (“GORR”) on two producing wells in the Charlie Lake formation in Northwest Alberta.

Grand Forks

Criterium currently holds a 3% GORR on three producing wells in the Grand Forks formation in Southern Alberta.

NOTABLE EVENTS

On July 12, 2022, the Company announced a proposed recapitalization transaction (the "Transaction"). Under the Transaction, the Company completed a non-brokered private placement of units at \$0.04 per unit consisting of one common share and one purchase warrant to purchase one common share at \$0.04 per share. The minimum gross proceeds under the offering was \$3 million with a stated maximum of \$5 million. In addition, the Company would appoint a new management team, restructure the Board of Directors, and change its name from Softrock Minerals Ltd.

On September 8, 2022, the above Transaction was approved by the shareholders of the Company.

On September 26, 2022, the Company closed the Transaction, having received total gross proceeds of \$5.38 million. As a result, the following individuals were appointed as the new management team, Robin Auld as Chief Executive Officer, Henry Groen as Chief Financial Officer, Matthew Klukas as Chief Operating Officer, and Hendra Jaya as Director, Indonesia. In addition, Robin Auld and Brian Anderson were appointed to the Board with one continuing director, Michèle Stanners.

In connection with the appointment of the new management team, the Company issued 1,786,324 Common Shares at \$0.04 as severance to the former executives of the Company.

The Company completed the financing, resulting in the issuance of 134,497,660 common shares of the Company for gross aggregate proceeds of approximately \$5.38 million. Each Unit was comprised of one common share of the Company ("Common Share") and one common share purchase warrant ("Warrant"). Each Warrant will entitle the holder thereof to acquire one Common Share prior to the date that is five years from the date of issuance of the Warrant at an exercise price of \$0.04. The warrants issued under the 2022 Private Placement vested and became exercisable as to one-third upon the 20-day volume weighted average trading price of the common shares on the TSXV (the "Market Price") equal to or exceeding \$0.055 per common share, an additional one-third upon the Market Price equal to or exceeding \$0.065 per common share and the final one-third upon the Market Price equal to or exceeding \$0.08 per common share. The expiry date of these warrants is September 26, 2027. These warrants have all vested as the three thresholds have been met but are not available to be exercised until the Company undertakes to consolidate the warrants at an exercise price of \$0.05 per common share.

Proceeds from the Private Placement are being used to increase Criterium's working capital position, for general corporate purposes, for future acquisitions of upstream energy assets, and supporting the New Management Team's strategy of building a portfolio of free cash flow generating assets with the ability to generate returns for shareholders.

The Common Shares and Warrants issued in connection with the Private Placement, and the Common Shares issuable on exercise of the Warrants, will be subject to a Canadian statutory hold period of four months plus one day from the closing of the Private Placement in accordance with applicable securities legislation.

On November 28, 2022, the Company announced the appointment of Mr. David Dunlop to the Board of Directors with immediate effect. Mr. Dunlop is well-credentialed, with a Chartered Accountant designation, an MBA from the Kellogg Schulich School of Business, a Certified Financial Analyst (CFA), a ICD.D designation from the Institute of Corporate Directors and a Bachelor of Commerce from the University of Alberta.

On December 20, 2022, the Company closed the acquisition of the 42.5% working interest in the Bulu PSC, which contains the fully appraised Lengo gas field located offshore East Java Indonesia for total consideration of \$1.6 million USD.

OVERALL PERFORMANCE

Key Performance Indicators

	2022	2021
Royalty revenue	\$ 187,838	\$ 158,935
Net income (loss)	\$ (1,323,145)	\$ 65,574
Income (loss) per share	\$ (0.01)	\$ 0.00
Total assets	\$ 6,337,199	\$ 159,500
Purchase of exploration and evaluation assets	\$ 2,234,563	\$ -

The Company incurred a net loss of \$1,323,145 for the year ended December 31, 2022 compared to net income of \$65,574 for the year ended December 31, 2021. This increased net loss is attributed to increased expenses incurred for professional fees of \$608,665 due to higher legal fees on the recapitalization transaction, an increase in consulting fees of \$345,498 from the various consultants due to the change in management and consultants used for various project evaluations, salary and benefits of \$214,893 due to the addition of employees during the year, increase in share-based compensation of \$156,363 resulting from the issuance of shares for severance and the granting of stock options during the year, and the recognition of prior and current year stock options vesting as well as restricted share units ("RSUs") vested at December 31, 2022. In addition, the Company incurred \$97,300 of general and administration expenses mainly resulting from transfer agent and filing expenses, insurance, IT support and rent charges. During the year, the Company incurred \$37,710 of travel expenses to support the Company's Indonesia operations.

At December 31, 2022, the Company had assets of \$6,337,199 compared to \$159,500 as at December 31, 2021. The increase in assets is due to the issuance of common shares under the recapitalization transaction and the subsequent Bulu PSC acquisition.

Results of Operations

	2022	2021
Royalty revenue	\$ 187,838	\$ 158,935

For the year ended December 31, 2022, the Company earned \$187,838 of royalty revenue compared to \$158,935 for the comparative period, representing an increase of \$28,903. The increase is due to the increase in commodity prices in the year.

	2022	2021
Professional fees	\$ 608,665	\$ 75,184

For the year ended December 31, 2022, the Company incurred \$608,665 of professional fees compared to \$75,184 for the comparative period, representing an increase of \$533,481. The increase in the professional fees is the result of the legal fees related to share issue, management contracts, and general corporate matters.

	2022	2021
Consulting fees	\$ 345,498	\$ -

For the year ended December 31, 2022, the Company incurred \$345,498 of consulting fees compared to nil for the prior year ended 2021. The increase is related to the increase in consultants resulting from the management change and the additional consultants used for project evaluations.

	2022	2021
Salaries and benefits	\$ 214,893	\$ -

During the year ended December 31, 2022, the Company incurred \$214,893 of salaries and benefits compared to nil for the same period ended December 31, 2021. During the year, the Company hired several employees, resulting from the change in management and the addition of employees as the Company increased activity.

	2022	2021
Stock-based compensation	\$ 164,513	\$ 8,150

Stock-based compensation increased \$156,363 to \$164,513 for the year ended December 31, 2022 compared to \$8,150 for the year ended December 30, 2021. The increase in stock-based compensation is related to the severance shares issued during the year and the expense on the stock options issued.

	2022	2021
General and administration	\$ 97,300	\$ 32,843

For the year ended December 31, 2022, the Company incurred \$97,300 of general and administration expenses, an increase of \$64,457 over \$32,843 for the year ended December 31, 2021. These expenses relate to the fees associated with the transfer agent, which increased year-over-year due to the share issuances, IT expenses, insurance and rent incurred during the year.

	2022	2021
Travel	\$ 37,710	\$ -

During the year ended December 31, 2022, the Company incurred \$37,710 of travel expenses compared to nil in the prior year. The increase is due to travel to Indonesia for operational purposes.

	2022	2021
Decommissioning liability revisions	\$ 10,420	\$ 42,265

Decommissioning liability revisions were \$10,420 for the year ended December 31, 2022 compared to \$42,265 for the year ended December 31, 2021. This expense is related to the revaluation of the decommissioning liability.

	2022	2021
Government grants	\$ 9,500	\$ 43,282

During the year ended December 31, 2022, the Company incurred \$9,500 of Government grants compared to \$43,282 in the prior year. The decrease in Government grants is due to the lower amounts received from the Government of Alberta on the Site Rehabilitation Programs.

	2022	2021
Gain on sale of exploration and evaluation assets	\$ -	\$ 25,000

During the year ended December 31, 2021, the Company recognized a gain of \$25,000 from the sale of fully impaired mineral property claims. No such transactions occurred during 2022.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Management has determined that cash flows for operating, exploration and evaluation expenses, and general and administrative expenses will be funded by Criterium's existing cash on hand. Any expected short fall of cash required for these expenses will be funded by the issuance of common shares through private placements.

Cash Flow Summary

	2022	2021
Cash on hand, January 1	\$ 54,715	\$ 53,967
Cash flow used in operations	(779,979)	(24,252)
Cash flow used in financing activities	5,055,298	-
Cash flow from investing activities	(609,283)	25,000
Cash on hand, December 31	\$ 3,720,751	\$ 54,715

Cash flow used in operations for the year ended December 31, 2022, was \$779,979 resulting from the net loss incurred during the year for expenses related to the recapitalization of the Company and the day-to-day operations of the Company. Cash flow used in operations for the period ended December 31, 2021 was \$24,252 resulting from the net income incurred for the day-to-day management of the Company. In addition, fluctuations from non-cash working capital resulted in cash inflow of \$48,481 for the period ended December 30, 2021 resulting from the timing of payment of the accounts payable and accrued liabilities.

Cash flows from financing were \$5,055,298 for the year-ended December 31, 2022. During the year, the company completed a private placement for gross proceeds of \$5,379,906 and paid \$312,883 of share issue costs. As a result of the Bulu PSC acquisition, the Company has a \$1,625,280 payable for the remaining balance owing on the acquisition. In addition, the Company incurred \$11,725 of lease principal and interest payments on the office and furniture lease obligations. Criterium did not have any cash flows from financing for the year-ended December 31, 2021.

For the year ended December 31, 2022, the Company incurred \$609,283 of cash expenses from investing activities resulting from the acquisition of the Bulu PSC.

During the year ended December 31, 2021, the Company had proceeds from the sale of mineral claims of \$25,000.

The following table represents the net capital of the Company:

	2022	2021
Shareholders' equity	\$ 4,012,286	\$ 109,562
Net capital	\$ 4,012,286	\$ 109,562

Criterium uses net working capital to monitor leverage. The net capital is the result of the issuance of common shares offset by the operating loss of the Company in the current period.

Working Capital

The Company has working capital of \$1,719,745 (2021 – \$67,357) as at December 31, 2022. The working capital is comprised of current assets of \$3,907,961 (2021 - \$117,295) and current liabilities of \$2,188,216 (2021 - \$49,938).

Current assets is comprised of cash of \$3,720,751 (2021 - \$54,715), amounts receivable of \$160,829 (2021 - \$50,080) consisting of trade receivables and GST receivable, and deposits of \$26,381 (2021 - \$12,500) comprising of various prepaid expenses.

Current liabilities is the result of accounts payable of \$507,555 (2021 - \$20,000) includes payroll liabilities, and various vendors' operating expenses, acquisition payable of \$1,625,280 (2021 – nil) due to the amounts owing on the Bulu PSC acquisition, lease obligations of \$24,370 for the principal amount on the office and furniture lease, and \$31,011 of decommissioning liabilities for the site cleanup of shut-in wells.

Contractual Obligations

The Company has a number of financial obligations that are incurred in the ordinary course of business. These obligations are:

Accounts payable and accrued liabilities of \$507,555 payable in 2023.

Ongoing decommissioning liabilities for site cleanup of shut-in wells which are expected to be completed within 2023.

Principle office lease obligation payments of \$161,067 over the next 5 years;

- 2023 \$ 24,370
- 2024 – 2027 \$136,697

Bulu transaction installment payments to be completed in 2023;

- On or before March 31, 2023 \$300,000 USD;
- On or before June 30, 2023 \$300,000 USD;
- On or before September 30, 2023 \$300,000 USD; and
- On or before December 31, 2023 \$300,000 USD

Contingencies

Contingent liabilities

The Company does not have any contingent liabilities.

Contingent assets

The Company does not have any contingent assets.

SELECTED QUARTERLY FINANCIAL INFORMATION

	Dec 31, 2022	Sept 30, 2022	Jun 30, 2022	Mar 31, 2022
Revenue	\$ 40,529	\$ 44,573	\$ 62,868	\$ 39,868
Net income (loss)	(746,378)	(616,594)	24,214	15,613
Loss per share	(0.01)	(0.01)	0.00	0.00

	Dec 31, 2021	Sept 30, 2021	Jun 30, 2021	Mar 31, 2021
Revenue	\$ 39,776	\$ 39,943	\$ 32,278	\$ 48,520
Net income (loss)	22,851	(9,568)	5,323	46,968
Loss per share	0.00	0.00	0.00	0.00

During the three-months ended December 31, 2022, the Company incurred a net loss of \$746,378. The loss is attributed to professional fees of \$200,175 resulting from legal fees for general corporate purposes, consulting fees of \$231,518 due to increased consultants used for day-to-day operations of the Company, and general and administrative expenses of \$47,549 due to increased head office cost from the increased activity.

For the three-months ended September 30, 2022, the Company incurred a net loss \$616,594 with the recapitalization of Criterium that took place in September, the Company incurred one-time costs of

\$392,355 for professional fees and \$103,806 related to stock-based compensation. Key management salaries, director's fees and consulting costs of \$108,514 further contributed to the loss.

For the three months ended June 30, 2022, the Company had net income of \$24,214. The income was attributed to royalty revenue of \$62,671 offset by operating expenses of \$4,337, professional fees of \$15,818, and general and administrative expenses of \$18,499.

For the three-months ended March 31, 2022, the Company had net income of \$15,613, which is the result of royalty revenue of \$39,770 offset by operating expenses of \$2,624, professional fees of \$5,784, and general and administrative expenses of \$15,847.

During the three months ended December 31, 2021, the Company incurred net income of \$22,851 which consisted of royalty revenue of \$38,479 offset by stock-based compensation of \$2,037, professional fees of \$13,382, general and administration expense recovery of \$2,395, and a revision to the decommissioning liability \$42,265.

For the three-months ended September 30, 2021, the Company incurred a net loss of \$9,568. The loss is attributed to professional fees of \$41,772, general and administration expenses of \$5,183, and \$2,557 of operating expenses. This was offset by royalty revenue of \$39,802.

For the three-months ended June 30, 2021, the Company had net income of \$5,323 resulting from royalty revenue of \$32,279 which was offset by professional fees of \$13,395 and general and administration expenses of \$15,664 offset by operating cost recovery of \$2,104.

For the three-months ended March 31, 2021, Criterium had net income of \$46,968. The income is attributed to royalty revenue of \$48,375 and a gain on the sale of mineral properties of \$25,000. This was offset by operating expenses of \$5,526, professional fees of \$6,635, and general and administrative expenses of \$14,391.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Exploration and evaluation assets

The Company has acquired exploration and evaluation assets, which consists of oil and gas properties, for use in its business activities. Depletion is recognized using the unit of production basis, once available for use, based upon management's estimate of the useful life.

Taxes

The determination of taxes is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for taxes. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

Going concern

While Management believes the Company will have sufficient cash to discharge its obligations in the normal course of operations for the short-term, future operations will be dependent upon the raising of sufficient capital, the development of profitable operations and the corresponding generation of future cash flows. Management believes the going concern assumption is appropriate for these consolidated financial statements. The Company has been successful to date in obtaining financing. However, there is no

assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. If the going concern assumption were not appropriate for these consolidated financial statements, adjustments might be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the statement of financial position classifications used.

Impairment of non-current assets

To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. Actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

In addition, when determining the applicable discount rate, estimation is involved in determining the appropriate adjustments to market risk and asset-specific risk factors.

Decommissioning and restoration provision

The decommissioning and restoration provision is based on future cost estimates using information available at the reporting date. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows, and the discount rate. The decommissioning and restoration provision requires other significant estimates and assumptions such as requirements of the relevant legal and regulatory framework, and the timing, extent, and costs of required decommissioning and restoration activities. Actual costs may differ from these estimates.

FUTURE ACCOUNTING PRONOUNCEMENTS

Several new accounting standards, and amendments to standards and interpretations, have been issued but are not yet effective for the current period ended December 31, 2022. None of these changes have been early adopted nor are they considered by management to be significant or likely to have a material impact on the Company's consolidated financial statements.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Risk is inherent in all business activities and cannot be eliminated. However, shareholder value can be maintained and enhanced by identifying, mitigating, and where possible, insuring against these risks. The following section addresses some, but not all, risk factors that could affect Criterium's future results, as well as activities used to mitigate such risks. These risks do not occur in isolation but must be considered in conjunction with each other.

The Board of Directors has overall responsibility for the establishment and oversight of Criterium's risk management framework. The Board is responsible for developing and monitoring Criterium's compliance with risk management policies and procedures.

Criterium's risk management policies are established to identify and analyze the risks faced by Criterium, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Criterium's activities.

Financial risks and financial instruments

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

	2022	2021
Financial assets		
Cash	\$ 3,720,751	\$ 54,715
Amounts receivable	160,829	50,080
Reclamation deposit	42,655	42,205
Total financial assets	\$ 3,924,235	\$ 147,000
Financial liabilities		
Accounts payable and accrued liabilities	\$ 507,555	\$ 20,000
Acquisition payable	\$ 1,625,280	\$ -
Total financial liabilities	\$ 2,132,835	\$ 20,000

Cash is carried at fair value using a level 1 fair value measurement and the amounts receivable, deposits and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to forecast its cash flows required for its planned operating, investing, and financing activities so that it will have sufficient liquidity to meet liabilities when due.

As at December 31, 2022, the Company had a cash balance of \$3,720,751 (2021 - \$54,715) to settle current liabilities of \$2,188,216 (2021 - \$49,938). All the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Amounts due to related parties are without stated terms of interest or repayment. While the Company's current cash is sufficient to settle its current liabilities and certain planned expenditures for the upcoming year, the Company will continue forecasting its cash flows to maintain liquidity and investigate opportunities to obtain further financing through transactions such as equity placements, debt or joint venture arrangements, when necessary.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its bank deposits, which is insignificant due to their short-term nature. The Company monitors the investments it makes and is satisfied with the credit ratings of its banks. As at December 31, 2022, the Company held all of its cash with a Canadian chartered bank.

Risk and Capital Management

The Company reports its financial results in Canadian dollars but also undertakes transactions denominated in US dollars, Indonesian Rupiah, and New Zealand dollars ("NZD"). As the exchange rates between the Canadian dollar and the US dollar, Indonesian Rupiah and NZD fluctuates, the Company recognizes realized and unrealized foreign exchange gains and losses. As at December 31, 2022, the Company has \$2,393 of accounts payable and accrued liabilities denominated in US dollars and \$4,048 in NZD, which are subject to currency risk.

At December 31, 2022, a 10% appreciation or depreciation of the US dollar and NZD against the Canadian dollar would result in an approximate \$644 increase or decrease in the Company's net loss (2021 – \$nil).

The Company does not enter into any financial instruments to hedge currency risk, but the Company monitors its foreign exchange exposure and considers its exposure to foreign currency risk to be minimal as at December 31, 2022.

Price risk

The oil and gas industry is heavily dependent upon the market price of oil and gas being produced. There is no assurance that, even if commercial quantities of oil and gas reserves are discovered, a profitable market will exist for their sale. There can be no assurance that oil and gas prices will be such that the Company's properties can be produced at a profit. Factors beyond control of the Company may affect the marketability of any reserves discovered. The price of oil and gas has experienced volatile and significant price movements over short periods of time and is affected by numerous factors beyond the Company's control. The Company's profitability and ability to raise capital to fund exploration, evaluation and production activities is subject to risks associated with fluctuations in oil and gas prices. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

RELATED PARTY TRANSACTIONS

The Company has entered into transactions with related parties in the normal course of business that are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and which in management's opinion is comparable to amounts that would have been paid to non-related parties. The exchange amount approximates fair value. Transactions impacting the consolidated financial statements, which are not disclosed elsewhere in the statements are summarized below. During the year, the Company paid to its directors and officers, either directly or indirectly, the following amounts:

	2022	2021
Stock-based compensation	\$ 156,169	\$ 8,150
Key management compensation	137,158	14,600
Consulting services	63,233	-
Accounting and administrative services (professional fees)	55,465	-
Directors' fees (consulting fees)	34,167	-
Payroll taxes	30,623	-
Office allowance (general and administrative expenses)	3,949	5,265
	\$ 480,764	\$ 28,015

SUBSEQUENT EVENTS

Subsequent to December 31, 2022, 6,915,666 warrants expiring June 15, 2023 were exercised for gross proceeds of \$345,783.

OTHER INFORMATION

Outstanding share data:

Issued and outstanding shares at December 31, 2022	181,136,911
Issued and outstanding options at December 31, 2022	1,850,000
Issued and outstanding warrants at December 31, 2022	150,868,941
Issued and outstanding fully diluted shares at December 31, 2022	333,855,852

INDUSTRY RISKS

The Company's principal business activities are the acquisition, exploration, and definition of potentially economically viable mineral resource deposits on mineral properties, which, by nature, are speculative. Companies in this industry are subject to many and varied kinds of risks, including but not limited to; environmental, fluctuating commodity prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable. Due to the high-risk nature of the Company's business and the present stage of the Company's various mineral properties, an investment in the Company's common shares should be considered a highly speculative investment that involves significant financial risks, and prospective investors should carefully consider all of the information disclosed in this MD&A, the risk factors discussed below, and the Company's other public disclosures, including the risks described in the "Risk Factors" section of the Company's MD&A for the year ended December 31, 2022 and 2021, prior to making any investment in the Company's common shares.

The risk factors described below do not necessarily comprise all of the risks and uncertainties that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also adversely affect the Company's business, results of operations, financial results, prospects and price of common shares. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Oil and gas property exploration and production risk

Oil and gas exploration and development are highly speculative and are characterized by a number of significant inherent risks, which may result in the inability to successfully develop a project for commercial, technical, political, regulatory or financial reasons, or if successfully developed, may not remain economically viable for their mine life owing to any of the foregoing reasons.

The Company's ability to identify Oil and Gas Resources in sufficient quantity and quality to justify development activities and/or its ability to commence and complete development work and/or commence and/or sustain commercial operations at any of its projects will depend upon numerous factors, many of which are beyond its control, including exploration success, the obtaining of funding for all phases of exploration, development and production, the adequacy of infrastructure, geological characteristics of any reserves, the availability of processing capacity, the availability of storage capacity, the supply of and demand for oil and gas, the availability of equipment and facilities necessary to commence and complete development, the cost of consumables and equipment, technological and engineering problems, accidents or acts of sabotage or terrorism, civil unrest and protests, currency fluctuations, changes in regulations, the availability and productivity of skilled labour, the receipt of necessary consents, permits and licenses, and political factors, including unexpected changes in governments or governmental policies towards exploration, development and commercial oil and gas activities.

Furthermore, cost over-runs or unexpected changes in commodity prices in any future development could make the projects uneconomic, even if previously determined to be economic under feasibility studies. Accordingly, notwithstanding the positive results of one or more feasibility studies on the projects, there is a risk that the Company would be unable to complete development and commence commercial operations at the property which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Key management

The success of the Company is dependent upon the ability, expertise, judgment, discretion, and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition.

Limited operating history

The Company has no present prospect of generating material revenue from the sale of oil and gas. The Company is therefore subject to many of the risks common to early-stage enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered, in light of the early stage of operations.

Financing and share price fluctuation risk

The Company has a stable stream of operating cash flow from its existing GORR properties. Future exploration and development of the Company's oil and gas properties may be dependent upon the Company's ability to obtain financing through equity, debt or other means. There can be no assurance that needed financing will be available in a timely or economically advantageous manner, or at all. Failure to obtain sufficient financing could result in delay or indefinite postponement of further exploration and development of on any or all of its oil and gas properties which could result in the loss of its property, in

which case, the Company's ability to operate would be adversely affected. To obtain substantial additional financing, the Company may have to sell additional securities including, but not limited to, its Common Shares or some form of convertible securities, the effect of which may result in substantial dilution of the present equity interests of the Company's shareholders.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

Commodity price risk

The Company, along with all oil and gas exploration and development companies, is exposed to commodity price risk. A decline in the market price of oil and gas may adversely affect the Company's ability to raise capital to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of its oil and gas property to a third party.

Title risk

Title on oil and gas properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many oil and gas properties. The Company has diligently investigated and continues to diligently investigate and validate title to its claims; however, this should not be construed as a guarantee of title. The Company cannot give any assurance that title to properties it acquired will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these properties.

Insured and uninsurable risks

In the course of exploration, development and production of oil and gas properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and could cause a decline in the value of the securities of the Company.

Competition risk

Significant and increasing competition exists in the oil and gas industry. The Company faces strong competition from other oil and gas companies in connection with the acquisition of properties producing, or capable of producing, oil and gas. Many of these companies are larger, more established, and have greater financial resources, operational experience and technical capabilities than the Company and make it difficult to compete for the acquisition of properties, leases and other oil and gas interests as well as for the recruitment and retention of qualified employees and other personnel. As a result of this competition, the Company may be unable to acquire additional attractive exploration properties on terms it considers acceptable or at all. Consequently, the Company's business, results of operation, financial conditions and prospects could be adversely affected.

Government regulations

Exploration and evaluation companies operate in a high-risk regulatory environment. The oil and gas activities are governed by numerous statutes and regulations in Canada and Indonesia, and other countries where Criterium intends to market its products. The subject matter of such legislation includes approval of oil and gas facilities and environmental regulations.

The process of completing exploration and evaluation activities and obtaining required approvals is likely to take several years and requires the expenditure of substantial resources. Furthermore, there can be no assurance that the regulators will not require modification to any submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of Criterium to utilize its assets, thereby adversely affecting operations. Further, there can be no assurance that Criterium's properties will achieve levels of sensitivity and specificity sufficient for regulatory approval or market acceptance. There is no assurance that Criterium will be able to timely and profitably produce its products while complying with all the applicable regulatory requirements. Foreign markets, other than Canada and Indonesia, generally impose similar restrictions.

Conflicts of interest risk

Certain of the Company's directors and officers may in the future, serve as directors, officers, promoters and members of management of other oil and gas exploration and development companies and, therefore, it is possible that a conflict may arise between their duties as a director, officer, promoter or member of the Company's management team and their duties as a director, officer, promoter or member of management of such other companies. The Company's directors and officers are aware of the laws establishing the fiduciary duties of directors and officers including the requirement that directors act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict is required under the Business Corporations Act (Alberta) to disclose their interest.

Environmental risk

All phases of the Company's operations are subject to extensive environmental regulations. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, mitigation of impact of activities to wildlife and plant life, and provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of these regulations may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental-related permits and/or environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to impact the timing of execution of work plans and reduce the viability or profitability of operations. Environmental hazards may exist on the properties in which the Company holds its interests or on properties that will be acquired which are unknown to the Company at present and which have been caused by previous or existing owners or operators of those properties.

Community relations risk

The Company's relationships with the communities in which it operates, and other stakeholders are critical to ensure the future success of the development of its properties. There is an increasing level of public concern relating to the perceived effect of oil and gas activities on the environment and on communities impacted by such activities. Publicity adverse to the Company, its operations or extractive industries generally, could have an adverse effect on the Company and may impact relationships with the communities in which the Company operates and other stakeholders. While the Company is committed to operating in a socially responsible manner, there can be no assurance that its efforts in this respect will mitigate this potential risk. Further, damage to the Company's reputation can be the result of the perceived

or actual occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regard to the Company and its activities, whether true or not. While the Company strives to uphold and maintain a positive image and reputation, the Company does not ultimately have control over how it is perceived by others. Reputation loss may lead to increased challenges in developing, maintaining community relations and advancing its projects and decreased investor confidence, all of which may have a material adverse impact on the financial performance and growth of the Company.

Litigation risk

All industries, including the oil and gas industry, may be made subject to legal claims and proceedings, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. The Company may also in the future become the subject of a legal claim or proceeding at any time, and without advance notice of the commencement of the proceeding. To the extent the Company becomes subject to any such claim or proceeding, it may materially impact management's time and the Company's financial resources to defend, even if it is without merit. As well, due to the inherent uncertainty of the litigation process, the resolution of any particular legal claim or proceeding could have a material adverse effect on the Company's business, results of operations, financial condition (including its cash position) and prospects.

Climate change risk

The potential physical impacts of climate change on the Company's exploration projects are highly uncertain and are particular to the geographic circumstances. These may include changes in rainfall and storm patterns and intensities, water shortages, changing sea levels and changing temperatures. The Company's future exploration programs in Indonesia may require water and a lack of necessary water could disrupt exploration programs and adversely impact future development and oil and gas activities. Climate change is an international concern and as a result poses the risk of changes in government policy including introducing climate change legislation and treaties at all levels of government that could result in increased costs. The trend towards more stringent regulations and carbon-pricing mechanisms aimed at reducing the effects of climate change could impact the Company's decision to pursue future opportunities, or maintain our existing exploration programs, which could have an adverse effect on our business.

No Anticipated Dividends

The Company does not intend to pay dividends on any investment in the shares of stock of the Company. The Company has never paid any cash dividends and currently do not intend to pay any dividends for the foreseeable future. To the extent that the Company requires additional funding currently not provided for in its financing plan, its funding sources may prohibit the payment of a dividend. Because the Company does not intend to declare dividends, any gain on an investment in the Company will need to come through an increase in the stock's price. This may never happen, and investors may lose all their investment in the Company.

SCHEDULE "C"
MOPL FINANCIAL STATEMENTS

**MONT D'OR PETROLEUM LIMITED
AND ITS SUBSIDIARIES**

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**AS OF 30 JUNE 2023
AND FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2023**

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
For the six month periods ended 30 June 2023

	<u>Notes</u>	<u>30 June 2023 US\$'000</u>	<u>30 June 2022 US\$'000</u>
Revenue		8,590	13,404
Operating expenses		(5,229)	(4,374)
Other operating expenses		(3,049)	(1,492)
Depreciation and depletion	6,18a	(2,475)	(954)
Finance expense		(1,427)	(1,159)
Foreign exchange (loss)/gain		(40)	109
(Loss)/profit before income tax		(3,630)	5,534
Income tax expense	17b	(8)	(565)
(Loss)/profit for the period		(3,638)	4,969
Other comprehensive income		-	-
Total comprehensive (loss)/income for the period		(3,638)	4,969

The accompanying notes form an integral part of these consolidated financial statements.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 30 June 2023

	Note	30 June 2023 US\$'000	31 December 2022 US\$'000
ASSETS			
Non-current assets			
Intangible assets	5	8,915	8,928
Property, plant and equipment	6	31,257	33,616
Goodwill		256	256
VAT receivables	17a	6,263	6,509
Restricted cash	9	2,258	2,242
Right of use assets	18a	535	-
Total non-current assets		49,484	51,551
Current assets			
Inventories	7	773	825
Trade and other receivables	8	6,509	8,652
Cash and cash equivalents	9	5,987	7,906
Total current assets		13,269	17,383
Total assets		62,753	68,934
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	10	10,882	11,309
Borrowings - current portion	11	7,055	-
Contingent consideration	19c	500	500
Lease liability - current	18b	203	-
Total current liabilities		18,640	11,809
Non-current liabilities			
Borrowings - non-current portion	11	21,216	30,848
Deferred tax liabilities	17c	13,962	13,954
Decommissioning obligation	13	5,289	5,172
Lease liability - non-current	18b	341	-
Post employment benefits liability		1,213	1,213
Total non-current liabilities		42,021	51,187
Equity			
Share capital	14	21,822	21,822
Treasury shares	15	(3,746)	(3,746)
Share premium	16	21,759	21,759
Redeemable preference shares	12	9,461	9,461
Other reserves		(122)	(122)
Accumulated losses		(47,082)	(43,236)
Total equity		2,092	5,938
Total liabilities and equity		62,753	68,934

The accompanying notes form an integral part of these consolidated financial statements.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month periods ended 30 June 2023

	Share capital US\$'000	Treasury shares US\$'000	Share premium US\$'000	Redeemable preference shares US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance at 1 January 2022	21,822	(3,746)	21,759	9,461	(24)	(46,548)	2,724
Dividend	-	-	-	-	-	(200)	(200)
Profit for the period	-	-	-	-	-	4,969	4,969
Balance at 30 June 2022	21,822	(3,746)	21,759	9,461	(24)	(41,779)	7,493
Balance at 1 January 2023	21,822	(3,746)	21,759	9,461	(122)	(43,236)	5,938
Dividend	-	-	-	-	-	(208)	(208)
Loss for the period	-	-	-	-	-	(3,638)	(3,638)
Balance at 30 June 2023	21,822	(3,746)	21,759	9,461	(122)	(47,082)	2,092

The accompanying notes form an integral part of these consolidated financial statements.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six month periods ended 30 June 2023

	Notes	30 June 2023 US\$'000	30 June 2022 US\$'000
Operating activities			
(Loss)/profit before tax		(3,630)	5,534
Adjustments for:			
- Depreciation and depletion	6,18a	2,475	954
- Finance expense		1,427	1,159
- Accretion expense	13	117	177
Operating cash flows before movements in working capital		389	7,824
Changes in working capital:			
- Inventories	7,23	23	(563)
- Trade and other receivables		2,410	25
- VAT receivables	17a	246	(4,331)
- Trade and other payables		(11)	(1,747)
Increase in other assets		(523)	-
Increase in restricted cash	9	(16)	(113)
Employee benefit paid		-	(81)
Net cash provided by operating activities		2,518	1,014
Investing activities			
Acquisition of property, plant and equipment		(10)	-
Addition of exploration and evaluation assets	5,23	(226)	(2,218)
Net cash used in investing activities		(236)	(2,218)
Financing activities			
Repayment of borrowings	11	(3,000)	1,200
Payment of borrowing costs		(150)	-
Interest paid	11	(834)	(885)
Dividend payment		(100)	-
Payment on lease liability		(117)	(123)
Net cash (used in)/provided by financing activities		(4,201)	192
Net decrease in cash and cash equivalents		(1,919)	(1,012)
Cash and cash equivalents at beginning of period		7,906	3,433
Cash and cash equivalents at end of the period	9	5,987	2,421

The accompanying notes form an integral part of these consolidated financial statements.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six month periods ended 30 June 2023

1. General information

Mont D'Or Petroleum Limited (the "Company") is a private limited company incorporated in the British Virgin Islands ("BVI").

The registered office of the Company is 2nd Floor, Abbott Building, Waterfront Drive, 87 Main Street, Road Town, Tortola, BVI. The principal place of operations is in Indonesia as further disclosed in Note 19(a).

The principal activities of the Company and its subsidiaries (the "Group") are to acquire and develop exploration and production assets and to produce hydrocarbons and to increase its oil and gas reserves and resources.

The interim consolidated financial statements of the Group for the six month periods ended 30 June 2023 were authorised for issue by the Board of Directors on 11 September 2023.

The Company is the ultimate parent of the Group. The Company has no the ultimate parent entity.

2. Significant accounting policies

2.1 Basis of preparation

The interim consolidated financial statements have been prepared interim in conformity with International Financial Reporting Standards ("IFRS"). The interim consolidated financial statements have been prepared under the historical cost convention and using accrual basis, except for certain accounts which are presented based on other measurements as stated in the accounting policies in each account, except for the statement of cash flows. The statement of cash flow is prepared using the indirect method with the classification of cash flows into operating, investing and financing activities.

The preparation of interim consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Those areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the interim consolidated financial statements are disclosed in Note 3.

2.2 Changes in accounting policies

The Group has applied the same accounting policies and methods of computation in its consolidated financial statements as in its 2022 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2023, and will be adopted in the 2023 annual financial statements.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six month periods ended 30 June 2023

2. Significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

2.3 Group accounting

(i) Consolidation

Subsidiaries are all entities over which the Group has obtained control. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the Group from the date that control ceases.

In preparing the interim consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company.

(ii) Acquisition

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and due to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's net assets.

If a business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six month periods ended 30 June 2023

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(ii) Acquisition (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration are recognised in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Intercompany transactions, balances, income and expenses and profits or losses on transactions between Group companies are eliminated on consolidation.

(iii) Changes in ownership interests in subsidiaries without a loss of control

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference before the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(iv) Interests in joint operations

A joint operation is a joint arrangement whereby the Group has rights to assets and obligations for the liabilities relating to the arrangement. Interests in joint operations are accounted for by recognising the Group's share of the assets, liabilities, revenues and expenses.

2.4 Revenue recognition

Revenue from the production and sale of crude oil is recognised based on the respective working interest per the terms of the Production Sharing Contracts ("PSC"). Revenue is recognised when the transfer of control of ownership have been transferred. Title passes to the customer when the fair value of revenue can be reliably measured when the crude oil is physically transferred into a pipeline or other delivery transportation method.

Expenses are recognised when incurred on an accrual basis.

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2. Significant accounting policies (continued)

2.5 Property, plant and equipment

(a) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

For plant and equipment, depreciation is charged so as to write-off the cost of the asset over their estimated useful lives, using the reducing balance method, on the following bases:

Plant and equipment: 25% to 50%

The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item for plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

(b) Production assets

Production assets are aggregated exploration and evaluation assets and development expenditures associated with the producing wells. Production assets are depleted using a unit-of-production method on the basis of proved reserves, from the date of commercial production of the respective field. The cost base used in the unit of production calculation includes the net book value of capitalised costs plus the estimated future field development costs. The impact of changes in reserves estimates are accounted for prospectively.

(c) Abandonment and site restoration

The Group's activities give rise to dismantling, decommissioning and site remediation activities. The Group recognises provisions for the estimated cost of site restoration which are capitalised in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimates of the expenditures required to settle the present obligation at the date of the statement of financial position. Over time the discounted liability is increased for the changes in present value. Decommissioning obligations are recognised as additions to the corresponding assets in the period they arise unless the obligation results directly from production activities, in which case the charge is recognised as a production expense. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent that the provision was established.

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2. Significant accounting policies (continued)

2.6 Intangible assets

(a) Exploration and evaluation assets

Oil and natural gas, exploration and evaluation expenditures are accounted for using the successful efforts method of accounting. Costs are accumulated on a field by field basis or well by well basis.

Geological and geophysical costs are expensed as incurred.

Costs to acquire rights to explore for and produce oil and gas are recorded as unproved property acquisition costs for properties where proved reserves have not yet been discovered, or proved property acquisition costs if proved reserves have been discovered. Proved property acquisition costs are amortised from the date of commercial production based on total estimated units of proved reserves.

The costs of drilling exploratory wells and the costs of drilling exploratory-type stratigraphic test wells are capitalised as part of assets under construction - exploratory and evaluation wells, within oil and gas properties pending determination of whether the wells have found proved reserves. If the wells have found proved reserves, the capitalised costs of drilling the wells are tested for impairment and transferred to assets under construction - development wells (even though the well may not be completed as a production well). If the well has not found proved reserves, the capitalised costs of drilling the well are then charged to profit and loss as a dry hole.

Exploration and evaluation assets are reclassified from exploration and evaluation assets when evaluation procedures have been completed. Exploration and evaluation assets for which commercially-viable reserves have been identified are reclassified to development assets. Exploration and evaluation assets are tested for impairment immediately prior to reclassification out of exploration and evaluation.

(b) Development assets

The costs of drilling development wells including the costs of drilling unsuccessful development wells and development-type stratigraphic wells are capitalised as part of assets under construction of development wells until drilling is completed. When the development well is completed on a specific field, it is transferred to the production wells.

The costs of successful exploration wells and development wells (production wells) are depleted using a units of production method on the basis of proved reserves, from the date of commercial production of the respective field.

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2. Significant accounting policies (continued)

2.7 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial assets are classified, at initial recognition, at amortised cost, financial assets at fair value through profit or loss, fair value through other comprehensive income as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

In order for a financial asset to qualify for measurement as either amortised cost or fair value through other comprehensive income, it has to pass both, the contractual cash flow characteristics test as well as the business model test. Under the contractual cash flow characteristics, an entity has to assess, whether the cash flows resulting from the financial asset are solely payments for principal and interest. The Group has not recognised any financial assets at fair value through other comprehensive income. An election can be made to designate a financial asset as measured at fair value through profit or loss on initial recognition if this significantly reduces an accounting mismatch. The designation at fair value through profit or loss is irrevocable.

The classification and measurement of financial liabilities are at either fair value through profit or loss or amortised cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective basis for debt instruments.

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2. Significant accounting policies (continued)

2.8 Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at banks that are readily convertible within 3 months or less to a known amount of cash and which are subject to an insignificant risk of change in value.

2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect amounts due according to original terms of the receivables.

2.11 Impairment of financial assets

The Group applies the simplified approach and records lifetime expected losses on all financial assets carried at amortised cost. The measurement of expected credit losses is based on the probability of default, the amount of loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. The Group considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

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2. Significant accounting policies (continued)

2.11 Impairment of financial assets (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment of a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

In a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.12 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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2. Significant accounting policies (continued)

2.13 Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

The equity instruments issued are recognised and measured initially at fair value at the date when the financial liability was extinguished. If the fair value of the equity instruments cannot be reliably measured, the fair value of the existing financial liability is used to measure the gain or loss.

Preference shares may be issued with various rights. In determining whether a preference share is a financial liability or an equity instrument, an issuer assesses the particular rights attaching to the share to determine whether it exhibits the fundamental characteristic of a financial liability, which is the existence of a contractual obligation of one party to the financial instruments (the issuer) either to deliver cash or another financial asset or financial liabilities with the holder under conditions that are potentially unfavourable to the issuer.

2.14 Borrowings

Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in profit or loss in the period in which they are incurred.

2.15 Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs. It is then subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

2.16 Leases

At the inception of a contract, the Group assesses whether the contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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2. Significant accounting policies (continued)

2.16 Leases (continued)

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has the substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the identified asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In certain circumstances where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
 - The Company has the right to operate the asset; and
 - The Company has designed the asset in a way that predetermined how and for what purpose it will be used.

At inception or on re-assessment of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of their relative stand-alone prices.

At initial recognition, the Group recorded the right-of-use asset and lease liability.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

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2. Significant accounting policies (continued)

2.16 Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liability remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.17 Inventories

Inventories are valued at cost less a provision for obsolete and slow-moving inventory. Cost is determined based on the weighted average method. A provision for obsolete and slow-moving inventory is determined on the basis of estimated future usage of individual inventory items.

Crude oil inventories are stated at the lower of cost or net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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2. Significant accounting policies (continued)

2.18 Impairment of non-financial assets

At the end of reporting dates, the Group reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of a non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately against earnings. Accounting policy for impairment of financial assets is discussed in Note 2.11.

2.19 Interests in joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

The Group's joint operations are non-incorporated entities carrying on operations under PSC in Indonesia. The Group reports its working interests using proportionate consolidation. Working interest refers to the percentage of ownership in a joint operation.

2.20 Reimbursement of costs of the operator of the joint arrangement

When the Group, acting as an operator or manager of a joint arrangement, receives reimbursement of direct costs recharged to the joint arrangement, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint arrangement and therefore have no effect on profit or loss.

When the Group charges a management fee (based on a fixed percentage of total costs incurred for the year) to cover other general costs incurred in carrying out the activities on behalf of the joint arrangement, it is not acting as an agent. Therefore, the general overhead expenses and the management fee are recognised in the statement of profit or loss and other comprehensive income as an expense and income, respectively.

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2. Significant accounting policies (continued)

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it remains probable that the Group will be required to settle the obligation with an outflow of cash, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is management's best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows as at the date of the statement of financial position.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.22 Provision for decommissioning costs

Decommissioning costs are provided at the present value of expected costs to settle the obligation in accordance with the obligations in the Tungkal Production Sharing Contract ("PSC"), using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the profit or loss.

2.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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2. Significant accounting policies (continued)

2.24 Post employment defined benefit liability

A subsidiary of the Group operates a defined benefit plan of post-employment termination benefits in Indonesia, which are governed by local labour laws.

No funding has been made to the defined benefit plan.

The actuarial valuation method used to determine the present value of the defined benefit liability plan, the related current service costs and the past service costs is determined via the Projected Unit Credit method.

Expenses charged to the statement of comprehensive income includes current service costs, interest expense and past service costs that have vested. Gains or losses on settlement of a defined benefit obligation are recognised within the statement of comprehensive income.

Termination benefits are payable when an employee's employment is terminated by the Group before the normal retirement age or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The liability recognised in the statement of financial position in respect of a defined benefit liability plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for any unrecognised past service costs. The defined benefit liability obligation is determined with reference to actuarial valuations issued by an independent actuary on an annual basis using the projected unit credit method of valuation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefit will be paid. The resulting defined benefit asset or liability is presented separately as other non-current assets or other non-current liabilities.

Actuarial gains and losses and adjustments arising are charged or credited to equity in other comprehensive income in the period when they arise. Past service costs are recognised immediately in the statement of comprehensive income.

2.25 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

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2. Significant accounting policies (continued)

2.25 Income taxes (continued)

The Group recognised deferred income tax liabilities for anticipated corporate tax liabilities due on revenue recognised for the Group's share of First Tranche Petroleum ("FTP") in accordance with the PSC. The deferred income tax liabilities is payable upon reaching the profit oil equity split under the Tungkal PSC.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively). Where current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
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2. Significant accounting policies (continued)

2.26 Foreign currency transactions

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group are presented in United States Dollars, which is both the functional and presentation currency of the Group, for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Translation differences arising on the settlement of monetary items, and on re-translation of monetary items are included in profit or loss for the period.

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3. Critical accounting estimates, assumptions and judgements

In the application of the Group's accounting policies, which are described in Note 2 to the consolidated financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical judgements in applying the entity's accounting policies

Information about critical estimates and judgements that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognised in the consolidated financial statements within the next financial year are noted below. The Group reviews its critical judgements in applying the entity's accounting policies on an annual basis.

(a) Reserves base

Oil and gas properties are depreciated on a unit of production basis at a rate calculated by reference to prove and probable reserves independently determined in accordance with the Society of Petroleum Engineers' rules and incorporating the estimated future cost of developing and extracting those reserves. The Group estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil in place, recovery factors and future oil prices, the latter having an impact on the proportion of the gross reserves which are attributable to the host government under the terms of the PSC.

Future development costs are estimated using assumptions as to number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

The level of estimated commercial reserves (i.e. proved and probable reserves) is also a key determinant in assessing whether the carrying value of any of the Group's development and production assets has been impaired.

(b) Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established.

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3. Critical accounting estimates, assumptions and judgements (continued)

(b) Exploration and evaluation expenditure (continued)

Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure in accordance with the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the consolidated statement of comprehensive income.

(c) Development expenditure

Development activities commence after a project is sanctioned by the appropriate level of management. Judgement is applied by management in determining when a project is economically viable. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditures.

(d) Income taxes

Judgement and assumptions are required in determining capital allowances and the deductibility of certain expenses during the estimation of the provision for income taxes for the Group. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences will have an impact on the income tax and deferred income tax provision in the period in which the determination was made.

Deferred income tax liabilities are recognised for the Group's share of FTP in accordance with the PSC. Deferred tax assets, including those arising from unrecouped tax losses, capital allowances and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on managements estimates of future cash flows. These depend on estimates of future production, sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions.

(e) Carrying amount of oil and gas properties

Oil and gas properties are depreciated using the units-of-production method over proved developed and undeveloped reserves.

The calculation of the unit-of-production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on independently assessed proved and probable reserves. This would generally result from significant changes in any of the factors or assumptions used in estimating reserves.

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3. Critical accounting estimates, assumptions and judgements (continued)

(e) Carrying amount of oil and gas properties (continued)

These factors could include:

- changes in proved and probable reserves;
- the effect on proved and probable reserves of differences between actual commodity prices and commodity price assumptions; and
- unforeseen operational issues.

(f) Impairment indicators

In accordance with the Group's accounting policy, each asset or CGU is evaluated every reporting period to determine whether there is any indication of impairment. If any indication exists, a formal estimate of the recoverable amount is performed and an impairment loss is recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of the fair value less costs to sell or value in use.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, closure and rehabilitation costs and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter these projections, which may have an impact on the recoverable amounts of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charges reduced with the impact recorded in profit or loss.

(g) Decommissioning costs

Decommissioning costs will be incurred by the Group at the end of the operating life of certain of the Group's facilities and properties. The decommissioning costs regarding the Tungkai PSC and Salawati PSC are in accordance with the Tungkai PSC and Salawati PSC decommissioning obligations. The expected timing and scheduling of decommissioning expenditure may be subject to change in response to changes in global oil and gas prices, changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be adjustments to the provisions established and the timing of such decommissioning which may affect future financial results.

(h) Joint arrangements

The Group has entered into joint arrangements to facilitate the development and production of oil and gas. The joint arrangements are governed by PSC and by joint operating agreements. Management has exercised judgement in concluding that joint arrangements are subject to joint control.

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3. Critical accounting estimates, assumptions and judgements (continued)

(h) Joint arrangements (continued)

Specifically, judgement has been used in determining that decisions concerning the relevant activities of each arrangement require the unanimous consent of at least two of the specified parties. The Group has classified and accounted for each of its interests in joint arrangements as joint operations in accordance with IFRS 11.

(i) Fair value

An assessment of fair value of assets and liabilities is required in accounting for derivative instruments and other items, principally available for sale financial assets and disclosures related to fair values of financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period and are therefore, not necessarily reflective of the likely cash flow upon settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty particularly where comparable market based transactions may not exist.

4. Production sharing contract

On 26 August 1992, the Tungkal PSC was signed between Perusahaan Pertambangan Minyak dan Gas Bumi Negara ("Pertamina") and Asamera (Tungkal) Limited as Contractors, for a period of 30 years.

On 30 December 2003, the West Salawati PSC was signed between Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi ("BP Migas") and Pearl Oil (Salawati) Limited as Contractors, for a period of 30 years.

The subsidiaries have no ownership interest in the producing assets or in the oil reserves, but rather have the rights to jointly operate the assets and receive the economic benefits arising from production and/or sale of oil in accordance with the PSC. Commercial reserves have therefore been determined on a net entitlement basis, which takes into account projections of SKK Migas' and the joint operation partners' share of production calculated on the basis of projected oil prices and expenditure levels. As at the end of the reporting period, all of the Group's activities are located in Indonesia under PSCs with the governmental energy regulator SKK Migas.

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4. Production sharing contract (continued)

PSC are entered into by PSC contractors with the Government through the Special Task Force For Upstream Oil and Gas Business Activities (“SKK MIGAS” - formerly Oil and Gas Upstream Activities Agency/“BP MIGAS”) acting on behalf of the Government for a period of 30 years. The period may be extended in accordance with applicable regulations. Of the remaining hydrocarbon proceeds, the Contractors are entitled to receive their share of oil (equity oil) on which they are required to pay their own Indonesian income taxes.

The accounting policies specified by the PSC are subject to interpretation by SKK Migas and the Government of the Republic of Indonesia. The accounting records and reports including tax returns of the subsidiaries and cumulative unrecovered costs are subject to audit by SKK Migas, Tax Authorities and the Government.

(a) Working area

The PSC working area is a designated area in which the PSC contractors may conduct oil and gas operations. PSC contractors must return a certain percentage of this designated working area to SKK MIGAS on behalf of the Government during the term of the PSC.

(b) Crude oil and natural gas production sharing

In Tungkal PSC, the Contractor’s and the Government’s share of equity (profit) of production are 38,4615% and 61,5385% for oil and 57,6923% and 42,3077% for gas production, respectively. In West Salawati PSC, the Contractor’s and the Government’s share of equity (profit) of production are 62,50% and 37,50% for oil and 71,4286% and 28,5714% for gas production, respectively. Equity oil and gas production is determined annually, representing the total liftings of oil and gas in each period ended 31 December net of investment credit, FTP and cost recovery.

The Group is subject to tax on their taxable income from their PSC operations based on its share of equity oil and gas production, less bonuses, at a combined rate comprising corporate income tax and dividend tax.

(c) Cost recovery

Annual cost recovery comprises:

- i. current year non-capital costs;
- ii. current year amortisation of capital costs; and
- iii. previous years’ unrecovered operating costs.

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4. Production sharing contract (continued)

(d) Crude oil and natural gas prices

The PSC contractors' crude oil production is priced at Indonesian Crude Prices ("ICP"). Gas delivered to third parties and related parties is valued based on the prices stipulated in the respective gas sales and purchase contracts.

(e) First Tranche Petroleum (FTP)

The Government and Contractors are entitled to receive an amount of 20% for Tungal PSC and 15% for West Salawati PSC of the total production of oil and gas each year, before any deduction for recovery of operating costs. FTP is shared between the Government and the Contractors in accordance with the entitlements to production in Note 4b above.

(f) Ownership of materials, supplies and equipment

Materials, supplies and equipment acquired by the PSC contractors for oil and gas operations belong to the Government, however, the PSC contractors have the right to utilise such materials, supplies and equipment until they are declared surplus or abandoned with the approval of SKK MIGAS.

On 29 November 2018, the Tungal PSC was signed an amended and restated production sharing contract with SKK Migas, for a period of 20 years from the effective date on 26 August 2022. The contract will be defined as gross split production sharing which have means production sharing principle without operating cost recovery.

The Contractor's and the Government's share of equity (profit) of production are 43% and 57% for oil and 52% and 48% for gas production, respectively.

The Contractor have a firm work commitment in conducting exploration operations pursuant to the terms of this contract during the 5 years after the effective date with the total projected estimated Work Program and Budget of Operating Cost amounting to US\$13,237,000.

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5. Intangible assets

	<u>Exploration and evaluation</u> US\$'000	<u>Computer license</u> US\$'000	<u>Total</u> US\$'000
<u>Cost:</u>			
At 1 January 2022	4,708	124	4,832
Additions	4,220	-	4,220
At 31 December 2022	<u>8,928</u>	<u>124</u>	<u>9,052</u>
Additions	248	-	248
Adjustment	(261)	-	(261)
At 30 June 2023	<u>8,915</u>	<u>124</u>	<u>9,039</u>
<u>Accumulated amortisation:</u>			
At 1 January 2022	-	124	124
Amortisation	-	-	-
At 31 December 2022	<u>-</u>	<u>124</u>	<u>124</u>
Amortisation	-	-	-
At 30 June 2023	<u>-</u>	<u>124</u>	<u>124</u>
<u>Carrying amount:</u>			
At 30 June 2023	<u>8,915</u>	-	<u>8,915</u>
At 31 December 2022	<u>8,928</u>	-	<u>8,928</u>

Management has exercised significant judgment in determining that there are no additional substantive indicators suggesting that the carrying amounts exceed their recoverable amounts. Assessments and estimates include management's current and future capital allocation priorities, the Group's ability to finance its commitments and the licence expiry limitations imposed by the PSC's.

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6. Property, plant and equipment

	<u>Plant and equipment</u> US\$'000	<u>Oil and gas properties</u> US\$'000	<u>Total</u> US\$'000
<u>Cost:</u>			
At 1 January 2022	16,607	54,883	71,490
Additions	2,569	-	2,569
Reclassification	7,351	(7,351)	-
At 31 December 2022	26,527	47,532	74,059
Additions	10	-	10
At 30 June 2023	26,537	47,532	74,069
<u>Accumulated depreciation and depletion:</u>			
At 1 January 2022	10,705	25,977	36,682
Depreciation and depletion	1,318	2,443	3,761
Reclassification	9,723	(9,723)	-
At 31 December 2022	21,746	18,697	40,443
Depreciation and depletion	2,137	232	2,369
At 30 June 2023	23,883	18,929	42,812
<u>Carrying amount</u>			
At 30 June 2023	2,654	28,603	31,257
At 31 December 2022	4,781	28,835	33,616

The Group's depletion rate based upon revised estimated Group 2P (proved and probable reserves) commercial reserves, using the most independent estimates of commercial reserves based upon production forecasts, recovery factors, future development costs and future oil prices certified under an independent reserves report.

7. Inventories

	<u>30 June 2023</u> US\$'000	<u>31 December 2022</u> US\$'000
Materials	1,281	1,345
Fuel	165	153
Allowance for obsolete inventory	(673)	(673)
Total	773	825

Management believes that the allowance for obsolete inventory is adequate to cover allowance for obsolete, unusable and slow-moving materials.

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8. Trade and other receivables

	30 June 2023	31 December 2022
	US\$'000	US\$'000
Trade receivables	5,119	6,908
Deposits	1,015	1,136
Prepayments	205	413
Other receivables	170	195
Total	6,509	8,652

The aging analysis of trade receivable is as follows:

	30 June 2023	31 December 2022
	US\$'000	US\$'000
Current	5,119	6,908
Overdue by 1 - 30 days	-	-
Overdue by 31 - 60 days	-	-
Overdue by 61 - 90 days	-	-
Overdue by more than 90 days	-	-
Total	5,119	6,908

Management believes that these trade receivable will be fully collected, and therefore an allowance for impairment losses of trade receivable was not considered necessary.

Trade receivables are non-interest bearing and are generally on 30-day payment term. The carrying amounts presented above are reasonable approximations of their fair value and are not past due or impaired.

9. Cash and cash equivalents

	30 June 2023	31 December 2022
	US\$'000	US\$'000
Cash on hand	27	20
Cash in bank	5,960	7,886
Bank deposits	2,258	2,242
Total cash and bank balances	8,245	10,148
Less: Decommissioning fund	(2,258)	(2,242)
Cash and cash equivalents	5,987	7,906

Cash and cash equivalents comprise cash and bank deposits. The carrying amounts approximate their fair values.

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9. Cash and cash equivalents (continued)

Included in bank balances are restricted cash deposits of US\$2,258,103 (31 December 2022: US\$2,241,936) for the Tungkal PSC and Salawati PSC decommissioning obligations as disclosed in Note 13. The restricted cash is subjected to regulatory restrictions and therefore not available for general use.

10. Trade and other payables

	30 June 2023	31 December 2022
	US\$'000	US\$'000
Trade payables	5,771	5,002
Accrued	1,967	2,936
Other payables	1,603	1,938
Redeemable preference share dividend payables (Note 12)	1,541	1,433
Total	10,882	11,309

The carrying amount of trade payables, other payables and accrued as presented approximate their fair values. These amounts are non-interest bearing.

11. Borrowings

	30 June 2023	31 December 2022
	US\$'000	US\$'000
Secured loan		
- Loan 1	18,330	17,920
- Loan 2	7,146	10,156
- Loan 3	2,886	2,772
Capitalised borrowing cost	(91)	-
Total	28,271	30,848
Current	7,055	-
Non-current	21,216	30,848
Total	28,271	30,848

Loan 1

On 29 May 2015, the Company's subsidiary, Mont D'Or Venture Limited ("MOVL"), entered into a secured term loan facility ("Loan 1") amounting to US\$9,000,000 drawn from a third party finance company ("Lender A"). The secured term loan facility bears a fixed interest rate of 10% per annum and is repayable in equal quarterly instalments of US\$1,125,000 commencing on 3 September 2017.

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11. Borrowings (continued)

Loan 1 (continued)

On 29 May 2015, MOVL entered into a deed poll agreement by issuance of 18 warrants to the lender for an option to exchange the warrants for a maximum of 4.5% of the enlarged issued share capital of a subsidiary, Mont D'Or Asia Limited. The warrants are exercisable upon maturity of the secured term loan facility or upon a liquidity event.

The written put options over the 18 warrants is initially recognised at fair value, with a corresponding charge directly to the borrowing. The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to profit or loss.

Released its loan and warrants and have executed the re-structuring of the existing loan facility with the US\$12,000,000 of loan to MOAL and extended its maturity date of the loan facility to June 2022. The restructured loan facility bears a fixed interest rate of 10% per annum and is repayable in equal quarterly instalments up to the maturity date. As part of the loan restructuring, the Group recognised gain of US\$4,228,000 which recognised as gain from loan restructuring in profit or loss.

On 17 January 2023, MOVL entered an amendment and restatement deed agreement which effective date from 1 July 2022 to extend final repayment date to 30 June 2025.

During 2023, MOVL has made a interest loan payment of US\$480,000.

Loan 2

On 12 February 2018, the Group along with Mont D'Or Venture Limited entered into a facility agreement ("Loan 2") amounting to US\$9,000,000 drawn from a major Singapore bank ("Lender B"). The facility agreement bears a fixed interest rate of 8% per annum and a loan facility acceptance fee of US\$100,000. The final repayment will be failing on one year after utilisation date.

There is mandatory repayment of principal if the Group receive any VAT Refunds, the Group shall notify Lender B and apply an amount equal to all VAT Refunds received by the Group towards repayment of the loan within 5 (five) days of receipt of such VAT Refund.

On 18 July 2018, the Group entered an amendment and restatement agreement dated 12 February 2018 to increase the commitment of Lender B under the term loan facility by US\$2,000,000. The Group has fully used its facility.

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11. Borrowings (continued)

Loan 2 (continued)

On 18 February 2022, MOVL entered a second amendment loan agreement with Lender B (Loan 2) to extend final repayment date from 18 February 2022 to 19 February 2023 and changes the clause related to payment of interest. On 7 July 2022, the Group entered an amendment loan to increase the commitment of Lender B under the term loan facility by US\$1,000,000 and extend final repayment date to 19 February 2024. The Group has fully used its facility.

During 2023, MOVL has made a payment of US\$3,353,778 including principal and interest loan (31 December 2022 : US\$1,828,389).

Loan 3

On August 2020, the Company entered a working capital loan facility agreement with Summit Investment Pty Ltd. The loan facility is US\$2,000,000 with interest rate of 8% per annum. Final maturity date will be on 31 December 2022.

On 20 April 2022, the Company entered an amendment of working capital loan facility agreement with Summit Investment Pty. Ltd (Loan 3) that increase the loan facility to US\$3,000,000 and final maturity date at 31 December 2024. On 30 April 2022, Summit Investment Pty Ltd agreed to assign entirely the amount due from the Company in the amount of US\$2,625,871 to Tourmalet Holdings Ltd. During 2022, the Company have received the loan facility amounting to US\$1,200,000.

During 2023 and 2022, the Company has no loan repayment.

12. Redeemable preference shares

	30 June 2023	31 December 2022
	US\$'000	US\$'000
Redeemable preference shares	9,461	9,461

On 4 September 2014, the Company's subsidiary, Mont D'Or Asia Limited ("MOAL"), entered into a secured term loan facility amounting to US\$7,500,000 drawn from a third party finance company ("Lender"). The secured term loan facility bears a fixed interest rate of 10% per annum and is repayable in equal quarterly instalments of US\$937,500 commencing 3 March 2016.

On 4 September 2014, MOAL entered into a deed poll agreement by issuance of 18 warrants to the Lender for an option to exchange the warrants for a maximum of 2% of the enlarged issued share capital of MOAL or 2% of the exchange valuation. The warrants are exercisable upon maturity of the secured term loan facility or upon a liquidity event.

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12. Redeemable preference shares (continued)

MOAL and the Lender entered into a supplemental deed poll agreement, granting the lender put options over the 18 warrants issued by MOAL which permit the lender to put their warrants back to MOAL at US\$60,000 for each warrant immediately after the expiry date of the warrants exercisable period.

The put options over the 18 warrants was initially recognised at fair value, with a corresponding charge directly to the borrowing. The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to profit or loss.

On 6 April 2016, MOAL had an event of default under the secured term loan facility with non-payment of quarterly instalment amounting to US\$937,500, which continued to 10 October 2017.

Effective 11 October 2017, MOAL and the Lender executed the restructuring of the secured term loan facility. The Lender waived any events of default, occurred in 6 April 2016, released the lender's security and the lenders warrants and finalised a debt to equity swap arrangement with the issuance of Redeemable Preference Shares ("RPS") on 11 October 2017.

On 11 October 2017, MOAL issued 7,000,000 the RPS at par value of US\$1.00 per share with 5% annual non-discretionary dividend entitlement rate. The cumulative unpaid dividend portion amount will be added to the outstanding RPS amount.

The RPS were initially recognised at fair value of US\$9,461,000, net of transaction costs. As of 30 June 2023 and 31 December 2022, the accrued dividend for RPS of US\$1,541,149 (full amount) and US\$1,433,006 (full amount) are recognised directly to the retained earnings and were recorded as dividend payables (refer to Note 10).

13. Decommissioning obligation

	30 June 2023	31 December 2022
	US\$'000	US\$'000
Balance at beginning of the year	5,172	4,836
Accretion expense	117	336
Balance at end of the period	5,289	5,172

The Group has obligations to decommission its oil and gas properties upon cessation of its operations, upon the expiry in August 2022 and will be extended for a period 20 years from the effective dated on 26 August 2022 for the Tungkai PSC and the expiry in December 2033 for Salawati PSC. This represents the net present fair value of the costs expected to be incurred by the Group for the abandonment and site restoration of the Tungkai PSC and Salawati PSC onshore wells and the production and surface facilities.

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13. Decommissioning obligation (continued)

The decommissioning requirements and obligations are in accordance with the Tungkal PSC, Salawati PSC and governmental regulations. The timing of the decommissioning is also likely to depend on when the fields cease to produce at economically viable rates, which will also depend on future oil and gas prices which are inherently uncertain.

14. Share capital

	Number of ordinary shares		US\$'000	
	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Ordinary shares of US\$1 each (Class A Shares)	5,885,447	5,885,447	5,886	5,886
Ordinary shares of US\$0.49 each (Class B Shares)	32,523,114	32,523,114	15,936	15,936
Ordinary shares of US\$0.000000422 each (Class ARK Shares)	1,461,441	1,461,441	*	*
At end of the year	<u>39,870,002</u>	<u>39,870,002</u>	<u>21,822</u>	<u>21,822</u>

* Less than US\$1,000

15. Treasury shares

In 2015, the Group acquired 798,234 of its own shares from its shareholders. The total amount paid to acquire the shares was US\$3,746,000 and has been deducted from shareholder's equity. The shares are held as 'treasury shares'. No Treasury shares were acquired during 2023 and 2022.

16. Share premium

This represents the excess over the issue price versus the par value of shares issued to shareholders as additional capital contributions.

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17. Taxation

(a) VAT receivables

	30 June 2023	31 December 2022
	US\$'000	US\$'000
Reimbursable VAT	9,718	9,964
Provision	(3,455)	(3,455)
Total	6,263	6,509

Reimbursable VAT by SKK Migas represents VAT paid by the contractor in relation to purchase of materials, equipments and services involving the PSC operations.

Management believes that the allowance for impairment of VAT receivables is adequate to cover possible arising losses.

(b) Income tax expense

	30 June 2023	30 June 2022
	US\$'000	US\$'000
Deferred tax expense	8	565

The Group recognised deferred tax liabilities for anticipated corporate tax liabilities due on revenue recognised for the Group's share of FTP in accordance with the PSC.

(c) Movement in deferred tax liabilities

	30 June 2023	31 December 2022
	US\$'000	US\$'000
Beginning of financial year	13,954	14,979
Income tax expense/(benefit)	8	(1,025)
End of financial period	13,962	13,954

The deferred tax liabilities is payable upon reaching the profit oil equity split under the Tungkal PSC and Salawati PSC. As at 30 June 2023, the Tungkal PSC and Salawati PSC have a total gross unrecovered cost pool, which is subject to Government audit of US\$60,838,585 (31 December 2022: US\$54,557,016).

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17. Taxation (continued)

(d) Deferred tax assets

As at 30 June 2023, the Group has not recognised deferred tax assets because there is uncertainty regarding that future taxable profits will be available to which the deferred tax assets can be utilised.

18. Leases

(a) Right-of-use assets

	30 June 2023	31 December 2022
	US\$'000	US\$'000
Balance at 1 January	-	214
Addition	641	-
Depreciation charge for the year	(106)	(214)
Total	535	-

(b) Lease liabilities

	30 June 2023	31 December 2022
	US\$'000	US\$'000
Office premises		
Current	203	-
Non - current	341	-
Total	544	-

Amounts recognised in profit or loss :

	30 June 2023	30 June 2022
	US\$'000	US\$'000
Interest on lease liabilities	20	11

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19. Investments in subsidiaries and interests in joint operations

(a) The details of the subsidiaries as at 30 June 2023 are as follows:

<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Country of incorporation/ operations</u>	<u>Group's effective interest and proportion of voting power held</u>	
			<u>2023</u> %	<u>2022</u> %
Mont D'Or Petroleum Singapore Pte Ltd ⁽¹⁾	Management services	Singapore	100	100
Mont D'Or Venture Limited	Exploration and production of hydrocarbons	British Virgin Islands	100	100
Mont D'Or Resource Limited	Exploration and production of hydrocarbons	British Virgin Islands/New Zealand	100	100
<i><u>Held by MOVL</u></i>				
Mont D'Or Asia Limited	Exploration and production of hydrocarbons	British Virgin Islands	100	100
Mont D'Or Salawati Limited	Exploration and production of hydrocarbons	British Virgin Islands/ Indonesia	100	100
<i><u>Held by MOAL</u></i>				
Mont D'Or Oil Tungkal Limited	Exploration and production of oil and gas	Bermuda/ Indonesia	100	100
Fuel-X Tungkal Limited	Exploration and production of oil and gas	Republic of Cyprus/ Indonesia	100	100

Notes:

(1) *Mont D'Or Petroleum Singapore Pte Ltd, 100% subsidiary of Mont D'Or Petroleum Limited has been strike off.*

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19. Investments in subsidiaries and interests in joint operations (continued)

(b) The details of the joint operations as at 30 June 2023 are as follows:

<u>Contract area/ Date of expiry</u>	<u>Held by</u>	<u>Description</u>	<u>Place of operation</u>	<u>Group's effective working interest</u>	
				<u>2023*</u> %	<u>2022*</u> %
Tungkal PSC 26 August 2042	Fuel-X Tungkal Limited	Production stage	Indonesia	30	30
	Mont D'Or Tungkal Limited	Production stage	Indonesia	70	70
Salawati PSC 30 December 2033	Mont D'Or Salawati Limited	Production stage	Indonesia	100	100
PEP 55789 31 March 2024***	Mont D'Or Resource Limited	Exploration stage	New Zealand	100	100
PEP 60095** 31 March 2028	Mont D'Or Resource Limited	Exploration stage	New Zealand	100	100

Notes:

* Contract areas wherein the Group's effective participating and working interest is at 100% are included in the details of joint operations for presentation purposes in order to disclose a complete list of all contract areas being held by the Group as at the end of the reporting period.

** In April 2016, the Group obtained a petroleum exploration permit ("PEP") 60095 for the right to explore petroleum resources (other than gas hydrates and coal steam gas) in New Zealand ("The Permit"). The Permit is granted subject to the Crown Minerals Act 1991 and all regulations made under that Act, and conditions of the Permit. License PEP 60095 has been relinquished on 5 July 2019.

*** License PEP 55789 has been relinquished on 17 May 2017. Intangible exploration costs incurred have been fully written off in the 2016 consolidated financial statements (Note 5).

The joint operations are non-incorporated entities carrying on joint operations under PSC and PEP licences under the laws and regulations of Indonesia and New Zealand.

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19. Investments in subsidiaries and interests in joint operations (continued)

(c) Contingent consideration payable

In 2011, the Group acquired 100% of Pearl Oil (Salawati) Limited, a Company holding certain exploration and development licenses.

Under the terms of the acquisition the Group is required to pay an amount of US\$3,500,000 for the contingent commercial production of hydrocarbons from the Group's West Salawati PSC. The estimated fair value of this contingent obligation at the acquisition date was US\$2,032,000 based on a discounted cash flow using a discount rate of 13% per annum.

In July 2022, the Company entered into a settlement deed whereas both parties agreed to amend the US\$3,500,000 liability to become US\$2,000,000 that consist of US\$1,500,000 of cash payment and US\$500,000 of future contingent payment. The fair value of the contingent consideration for the year ended 30 June 2023 is US\$500,000 (31 December 2022: US\$500,000).

As at 30 June 2023, the unwinding of discount on the contingent consideration is nil (31 December 2022: US\$1,300,577).

20. Commitments and contingent liabilities

In the normal course of operations, the Company may be subject to litigation and claims. In management's estimation, no litigation or claim, individually or in aggregate, would result in a significant adverse effect on the financial position or results of operations of the Company. There were no contingent liabilities as at the date of financial position. At the end of the reporting period, the Group has the following contractual obligations and lease commitments:

Contractual commitments

The Group has entered into agreements which contain provisions for the following commitments:

	30 June 2023 US\$'000	31 December 2022 US\$'000
Not later than one year	4,296	3,026

The commitments noted above reflect the Group's execution of currently budgeted and contracted exploration and development activities. Expenditure commitments may be subject to change and may be reduced. Determining expenditure commitments requires the use of estimates and judgments.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six month periods ended 30 June 2023

21. Financial instruments, financial risks and capital risks management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	30 June 2023 US\$'000	31 December 2022 US\$'000
Financial assets		
Cash and cash equivalents	5,987	7,906
Trade and other receivables	6,304	8,239
Restricted cash	2,258	2,242
Total	14,549	18,387
Financial liabilities		
Trade and other payables	10,882	11,309
Borrowings	28,271	30,848
Contingent consideration	500	500
Total	39,653	42,657

(b) Financial risk management policies and objectives

The Group's overall financial risk management seeks to minimise potential adverse effects on the financial performance of the Group. The board of directors reviews and sets policies and procedures for the management of these risks, which are executed by financial management.

The board of directors provides independent oversight to the effectiveness of the risk management process.

The Group does not hold or issue derivative financial instruments for speculative purposes. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Commodity price risk management

The Group has exposure to price risk in its exploration and production of crude oil.

The results of operations and cash flows of the crude oil production can vary significantly with fluctuations in the market prices of crude oil. These are affected by factors outside the Group's control, including the global market forces of supply and demand; regulatory and political actions of governments; and any attempts of international cartels to control or influence prices. Any significant or extended decrease in crude oil prices would adversely affect the profitability, financial condition and operations of the Group's crude oil business.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six month periods ended 30 June 2023

21. Financial instruments, financial risks and capital risks management (continued)

(b) Financial risk management policies and objectives (continued)

(i) Commodity price risk management (continued)

However, the management's financial assets as of 30 June 2023 are not significantly affected by the changes of commodity price.

(ii) Foreign exchange risk management

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than United States dollar. The currency giving rise to this risk is primarily Indonesian Rupiah.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities in currencies other than the respective Group entities' functional currencies are as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>30 June</u> <u>2023</u> US\$'000	<u>31 December</u> <u>2022</u> US\$'000	<u>30 June</u> <u>2023</u> US\$'000	<u>31 December</u> <u>2022</u> US\$'000
Indonesian Rupiah	1,570	1,122	2,558	2,688
New Zealand Dollar	1	1	-	-
Singapore Dollar	-	-	23	23

Foreign currency sensitivity

The following table details the sensitivity to a certain percentage increase and decrease in the relevant foreign currencies against the United States dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a certain percentage change in foreign currency rates.

If the relevant foreign currency strengthens/weakens by 10% against the United States dollar, the Group's loss before tax will decrease/ (increase) by:

	<u>30 June</u> <u>2023</u> US\$'000	<u>31 December</u> <u>2022</u> US\$'000
<u>Impact of:</u>		
Indonesian Rupiah	(99)	(157)
New Zealand Dollar	*	*
Singapore Dollar	2	2

* Less than US\$1,000

The opposite applies if the relevant foreign currency weakens by 10% against the United States Dollar.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six month periods ended 30 June 2023

21. Financial instruments, financial risks and capital risks management (continued)

(b) Financial risk management policies and objectives (continued)

(iii) Interest rate risk management

The Group's income and operating cash flows are independent of changes in market interest rates, with the exception of interest income from bank deposits with variable rates of interest. The Group is not exposed to significant or material interest rate risk within its borrowings as such facility agreements bear fixed interest rates.

(iv) Credit risk management

Credit risk is managed on a Group basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has a policy of only dealing with creditworthy counterparties based on their trading and payment history as well as such commercial information which the Group obtains from time to time. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the Group annually.

The Group's exposure to credit risks arises primarily from trade and other receivables. The Group's trade receivables pertain to proceeds from crude oil sales. All trade receivables are neither past due nor impaired. The Group trades only with recognised, creditworthy third parties.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Cash and bank balances are held with reputable financial institutions.

(v) Liquidity risk management

Liquidity risk management implies maintaining sufficient cash and the ability to secure sufficient funding on a timely basis to meet capital and operating expenditure obligations. Management uses budgets, cash flow models which are regularly updated to monitor liquidity risk.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents and access to timely funding sources through borrowings and/or additional equity deemed adequate by management to finance the Group and mitigate the effects of fluctuations in cash flows.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six month periods ended 30 June 2023

21. Financial instruments, financial risks and capital risks management (continued)

(b) Financial risk management policies and objectives (continued)

(v) Liquidity risk management (continued)

Non-derivative financial assets

All financial assets in 2023 and 2022 are repayable on demand or due within 1 year from the end of the reporting period except for cash and cash equivalents and trade and other receivables as disclosed in Note 9 and 8, respectively.

Non-derivative financial liabilities

The following table detail of the Groups' remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay. The "adjustment" column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liabilities.

	Weighted average effective interest rate	Within 1 year	Within 2 to 5 years	Total
	%	US\$'000	US\$'000	US\$'000
30 June 2023				
Trade and other payables	-	10,882	-	10,882
Borrowings	8-10	7,055	21,216	28,271
31 December 2022				
Trade and other payables	-	11,309	-	11,309
Borrowings	8-10	-	30,848	30,848

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Other non-current financial assets and liabilities are not significantly different with their fair value.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six month periods ended 30 June 2023

21. Financial instruments, financial risks and capital risks management (continued)

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and accumulated profits as disclosed in the notes to consolidated financial statements and borrowings.

The management reviews the capital structure on an on-going basis. The Group's overall strategy remains unchanged.

22. Related party transactions

(a) Related party transactions

Related companies in these consolidated financial statements refer to members of Mont D'Or's group of companies.

Management exercised judgment, which was based on its industry specific knowledge and experience to determine that the transactions, did not contain any unusual commercial terms, and the fees charged at arm's length under the agreements were reasonable. The related party balances are unsecured, non-trade, interest-free and repayable on demand unless otherwise stated.

During the financial year, the Group entered into the following trading transactions with related companies:

	30 June 2023 US\$'000	31 December 2022 US\$'000
Affiliated entity		
Data processing services	87	173

(b) Compensation of director and key management personnel

In 2023, total employee benefits for key management personnel and the directors amounting to US\$350,350 (31 December 2022: US\$679,830) was borne and paid by the Group.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six month periods ended 30 June 2023

23. Non-cash transactions

	30 June 2023	30 June 2022
	US\$'000	US\$'000
Increase in intangible assets due to reclass from inventory	29	509
Increase in intangible assets due to unpaid trade payables	1	1,368
Decrease in intangible assets through deposits	8	803

24. Capital Management

The Group's objectives when managing capital is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group regularly reviews and manages its capital structure to optimize the use of the Group's resources, takes into consideration the future capital requirements of the Group and projected strategic investment opportunities.

The Group also seeks to maintain a balance between its the level of borrowing and the equity position in order to ensure the optimal capital structure and return. There were no changes in the Group's approach to capital management during the year.

25. Subsequent Events

Up to the date of financial statements, MOVL has made a payment of US\$1,091,444.45 including principal and interest loan to Lender B (Loan 2).

**MONT D'OR PETROLEUM LIMITED
AND ITS SUBSIDIARIES**

**INDEPENDENT AUDITORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022**



Tel : +62-21 5795 7300
Fax : +62-21 5795 7301
www.bdo.co.id

Tanubrata Sutanto Fahmi Bambang & Rekan
Certified Public Accountant
Licence No. 622/KM.1/2016

Prudential Tower, 17th Floor
Jl. Jend. Sudirman Kav. 79
Jakarta 12910 - Indonesia

No. : 00464/2.1068/AU.1/02/1675-1/0/V/2023

Independent Auditors' Report

**Shareholders, Board of Commissioners, and Director
Mont D'Or Petroleum Limited and its subsidiaries**

Opinion

We have audited the consolidated financial statements of Mont D'Or Petroleum Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements paragraph of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

TANUBRATA SUTANTO FAHMI BAMBANG & REKAN

Tanubrata Sutanto Fahmi Bambang & Rekan (Certified Public Accountant), an Indonesian partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 ISAs 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 these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of The consolidated financial statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kantor Akuntan Publik
TANUBRATA SUTANTO FAHMI BAMBANG & Rekan



Tan Jimmy
NIAP AP.1675



26 May 2023

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
For the financial year ended 31 December 2022

	Note	2022 US\$'000	2021 US\$'000
Revenue		25,169	15,631
Operating expenses		(6,818)	(8,702)
Other operating expenses		(7,360)	(2,729)
Depreciation and depletion	6,18a	(3,975)	(2,686)
Finance expense		(2,755)	(2,168)
Foreign exchange gain		231	41
Profit/(loss) before income tax		4,492	(613)
Income tax expense	17b	(771)	(653)
Profit/(loss) for the year		3,721	(1,266)
<u>Other comprehensive income</u>			
<i>Items that will not be reclassified to profit or loss:</i>			
Loss on defined benefit obligations		(98)	(214)
Other comprehensive loss for the year		(98)	(214)
Total comprehensive income/(loss) for the year		3,623	(1,480)

The accompanying notes form an integral part of these consolidated financial statements.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	2022 US\$'000	2021 US\$'000
ASSETS			
Non-current assets			
Intangible assets	5	8,928	4,708
Property, plant and equipment	6	33,616	34,808
Goodwill		256	256
VAT receivables - non-current portion	17a	6,509	5,119
Restricted cash	9	2,242	2,081
Right of use assets	18a	-	214
Total non-current assets		51,551	47,186
Current assets			
Inventories	7	825	1,138
Trade and other receivables	8	8,652	3,796
VAT receivables - current portion	17a	-	3,747
Cash and cash equivalents	9	7,906	3,433
Total current assets		17,383	12,114
Total assets		68,934	59,300
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	10	11,309	7,442
Borrowings - current portion	11	-	8,339
Contingent consideration	19c	500	3,500
Lease liability - current	18b	-	122
Total current liabilities		11,809	19,403
Non-current liabilities			
Borrowings - non-current portion	11	30,848	16,212
Deferred tax liabilities	17c	13,954	14,979
Decommissioning obligation	13	5,172	4,836
Lease liability - non-current	18b	-	120
Post employment benefits liability		1,213	1,026
Total non-current liabilities		51,187	37,173
Equity			
Share capital	14	21,822	21,822
Treasury shares	15	(3,746)	(3,746)
Share premium	16	21,759	21,759
Redeemable preference shares	12	9,461	9,461
Other reserves		(122)	(24)
Accumulated losses		(43,236)	(46,548)
Total equity		5,938	2,724
Total liabilities and equity		68,934	59,300

The accompanying notes form an integral part of these consolidated financial statements.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2022

	<u>Share capital</u> US\$'000	<u>Treasury shares</u> US\$'000	<u>Share premium</u> US\$'000	<u>Redeemable preference shares</u> US\$'000	<u>Other reserves</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Total</u> US\$'000
Balance at 1 January 2021	21,822	(3,746)	21,759	9,461	190	(44,895)	4,591
Dividend	-	-	-	-	-	(387)	(387)
Loss for the year	-	-	-	-	(214)	(1,266)	(1,480)
Balance at 31 December 2021	21,822	(3,746)	21,759	9,461	(24)	(46,548)	2,724
Dividend	-	-	-	-	-	(409)	(409)
Profit for the year	-	-	-	-	(98)	3,721	3,623
Balance at 31 December 2022	21,822	(3,746)	21,759	9,461	(122)	(43,236)	5,938

The accompanying notes form an integral part of these consolidated financial statements.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the financial year ended 31 December 2022

	Note	2022 US\$'000	2021 US\$'000
Operating activities			
Profit/(loss) before tax		4,492	(613)
Adjustments for:			
- Depreciation and depletion	6,18a	3,975	2,686
- Finance expense		2,755	2,168
- Accretion expense	13	336	334
- Provision for employee benefit		(98)	(2)
Operating cash flows before movements in working capital		11,460	4,573
Changes in working capital:			
- Inventories	7,23	(782)	(49)
- Trade and other receivables		(3,315)	122
- VAT receivables	17a	2,357	(561)
- Trade and other payables		(1,820)	674
Increase in restricted cash	9	(161)	(109)
Employee benefit paid		(74)	(339)
Net cash provided by operating activities		7,665	4,311
Investing activities			
Acquisition of property, plant and equipment	6,23	(832)	(110)
Acquisition of exploration and evaluation assets	5,23	(4,160)	(843)
Contingent commercial production	19c	(1,500)	-
Net cash used in investing activities		(6,492)	(953)
Financing activities			
Proceeds from borrowings		5,570	-
Repayment of borrowings	11	(500)	-
Payment of borrowing costs		(200)	-
Interest paid	11	(1,328)	-
Payment on lease liability	18b	(242)	(246)
Net cash (used in)/provided by financing activities		3,300	(246)
Net increase in cash and cash equivalents		4,473	3,112
Cash and cash equivalents at beginning of year		3,433	321
Cash and cash equivalents at end of the year	9	7,906	3,433

The accompanying notes form an integral part of these consolidated financial statements.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

1. General information

Mont D'Or Petroleum Limited (the "Company") is a private limited company incorporated in the British Virgin Islands ("BVI").

The registered office of the Company is 2nd Floor, Abbott Building, Waterfront Drive, 87 Main Street, Road Town, Tortola, BVI. The principal place of operations is in Indonesia as further disclosed in Note 19(a).

The principal activities of the Company and its subsidiaries (the "Group") are to acquire and develop exploration and production assets and to produce hydrocarbons and to increase its oil and gas reserves and resources.

The consolidated financial statements of the Group for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 26 May 2023.

The Company is the ultimate parent of the Group. The Company has no the ultimate parent entity.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention and using accrual basis, except for certain accounts which are presented based on other measurements as stated in the accounting policies in each account, except for the statement of cash flows. The statement of cash flow is prepared using the indirect method with the classification of cash flows into operating, investing and financing activities.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Those areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 Changes in accounting policies

The Group has applied the same accounting policies and methods of computation in its consolidated financial statements as in its 2021 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2022, and will be adopted in the 2022 annual financial statements.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

2.3 Group accounting

(i) Consolidation

Subsidiaries are all entities over which the Group has obtained control. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the Group from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company.

(ii) Acquisition

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and due to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's net assets.

If a business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(ii) Acquisition (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration are recognised in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Intercompany transactions, balances, income and expenses and profits or losses on transactions between Group companies are eliminated on consolidation.

(iii) Changes in ownership interests in subsidiaries without a loss of control

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference before the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(iv) Interests in joint operations

A joint operation is a joint arrangement whereby the Group has rights to assets and obligations for the liabilities relating to the arrangement. Interests in joint operations are accounted for by recognising the Group's share of the assets, liabilities, revenues and expenses.

2.4 Revenue recognition

Revenue from the production and sale of crude oil is recognised based on the respective working interest per the terms of the Production Sharing Contracts ("PSC"). Revenue is recognised when the transfer of control of ownership have been transferred. Title passes to the customer when the fair value of revenue can be reliably measured when the crude oil is physically transferred into a pipeline or other delivery transportation method.

Expenses are recognised when incurred on an accrual basis.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.5 Property, plant and equipment

(a) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

For plant and equipment, depreciation is charged so as to write-off the cost of the asset over their estimated useful lives, using the reducing balance method, on the following bases:

Plant and equipment: 25% to 50%

The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item for plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

(b) Production assets

Production assets are aggregated exploration and evaluation assets and development expenditures associated with the producing wells. Production assets are depleted using a unit-of-production method on the basis of proved reserves, from the date of commercial production of the respective field. The cost base used in the unit of production calculation includes the net book value of capitalised costs plus the estimated future field development costs. The impact of changes in reserves estimates are accounted for prospectively.

(c) Abandonment and site restoration

The Group's activities give rise to dismantling, decommissioning and site remediation activities. The Group recognises provisions for the estimated cost of site restoration which are capitalised in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimates of the expenditures required to settle the present obligation at the date of the statement of financial position. Over time the discounted liability is increased for the changes in present value. Decommissioning obligations are recognised as additions to the corresponding assets in the period they arise unless the obligation results directly from production activities, in which case the charge is recognised as a production expense. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent that the provision was established.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. Significant accounting policies (continued)

2.6 Intangible assets

(a) Exploration and evaluation assets

Oil and natural gas, exploration and evaluation expenditures are accounted for using the successful efforts method of accounting. Costs are accumulated on a field by field basis or well by well basis.

Geological and geophysical costs are expensed as incurred.

Costs to acquire rights to explore for and produce oil and gas are recorded as unproved property acquisition costs for properties where proved reserves have not yet been discovered, or proved property acquisition costs if proved reserves have been discovered. Proved property acquisition costs are amortised from the date of commercial production based on total estimated units of proved reserves.

The costs of drilling exploratory wells and the costs of drilling exploratory-type stratigraphic test wells are capitalised as part of assets under construction - exploratory and evaluation wells, within oil and gas properties pending determination of whether the wells have found proved reserves. If the wells have found proved reserves, the capitalised costs of drilling the wells are tested for impairment and transferred to assets under construction - development wells (even though the well may not be completed as a production well). If the well has not found proved reserves, the capitalised costs of drilling the well are then charged to profit and loss as a dry hole.

Exploration and evaluation assets are reclassified from exploration and evaluation assets when evaluation procedures have been completed. Exploration and evaluation assets for which commercially-viable reserves have been identified are reclassified to development assets. Exploration and evaluation assets are tested for impairment immediately prior to reclassification out of exploration and evaluation.

(b) Development assets

The costs of drilling development wells including the costs of drilling unsuccessful development wells and development-type stratigraphic wells are capitalised as part of assets under construction of development wells until drilling is completed. When the development well is completed on a specific field, it is transferred to the production wells.

The costs of successful exploration wells and development wells (production wells) are depleted using a units of production method on the basis of proved reserves, from the date of commercial production of the respective field.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. Significant accounting policies (continued)

2.7 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial assets are classified, at initial recognition, at amortised cost, financial assets at fair value through profit or loss, fair value through other comprehensive income as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

In order for a financial asset to qualify for measurement as either amortised cost or fair value through other comprehensive income, it has to pass both, the contractual cash flow characteristics test as well as the business model test. Under the contractual cash flow characteristics, an entity has to assess, whether the cash flows resulting from the financial asset are solely payments for principal and interest. The Group has not recognised any financial assets at fair value through other comprehensive income. An election can be made to designate a financial asset as measured at fair value through profit or loss on initial recognition if this significantly reduces an accounting mismatch. The designation at fair value through profit or loss is irrevocable.

The classification and measurement of financial liabilities are at either fair value through profit or loss or amortised cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective basis for debt instruments.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. Significant accounting policies (continued)

2.8 Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at banks that are readily convertible within 3 months or less to a known amount of cash and which are subject to an insignificant risk of change in value.

2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect amounts due according to original terms of the receivables.

2.11 Impairment of financial assets

The Group applies the simplified approach and records lifetime expected losses on all financial assets carried at amortised cost. The measurement of expected credit losses is based on the probability of default, the amount of loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. The Group considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. Significant accounting policies (continued)

2.11 Impairment of financial assets (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment of a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

In a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.12 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
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2. Significant accounting policies (continued)

2.13 Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

The equity instruments issued are recognised and measured initially at fair value at the date when the financial liability was extinguished. If the fair value of the equity instruments cannot be reliably measured, the fair value of the existing financial liability is used to measure the gain or loss.

Preference shares may be issued with various rights. In determining whether a preference share is a financial liability or an equity instrument, an issuer assesses the particular rights attaching to the share to determine whether it exhibits the fundamental characteristic of a financial liability, which is the existence of a contractual obligation of one party to the financial instruments (the issuer) either to deliver cash or another financial asset or financial liabilities with the holder under conditions that are potentially unfavourable to the issuer.

2.14 Borrowings

Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in profit or loss in the period in which they are incurred.

2.15 Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs. It is then subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

2.16 Leases

At the inception of a contract, the Group assesses whether the contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
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2. Significant accounting policies (continued)

2.16 Leases (continued)

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has the substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the identified asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In certain circumstances where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
 - The Company has the right to operate the asset; and
 - The Company has designed the asset in a way that predetermined how and for what purpose it will be used.

At inception or on re-assessment of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of their relative stand-alone prices.

At initial recognition, the Group recorded the right-of-use asset and lease liability.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
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2. Significant accounting policies (continued)

2.16 Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liability remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.17 Inventories

Inventories are valued at cost less a provision for obsolete and slow-moving inventory. Cost is determined based on the weighted average method. A provision for obsolete and slow-moving inventory is determined on the basis of estimated future usage of individual inventory items.

Crude oil inventories are stated at the lower of cost or net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
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2. Significant accounting policies (continued)

2.18 Impairment of non-financial assets

At the end of reporting dates, the Group reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of a non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately against earnings. Accounting policy for impairment of financial assets is discussed in Note 2.11.

2.19 Interests in joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

The Group's joint operations are non-incorporated entities carrying on operations under PSC in Indonesia. The Group reports its working interests using proportionate consolidation. Working interest refers to the percentage of ownership in a joint operation.

2.20 Reimbursement of costs of the operator of the joint arrangement

When the Group, acting as an operator or manager of a joint arrangement, receives reimbursement of direct costs recharged to the joint arrangement, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint arrangement and therefore have no effect on profit or loss.

When the Group charges a management fee (based on a fixed percentage of total costs incurred for the year) to cover other general costs incurred in carrying out the activities on behalf of the joint arrangement, it is not acting as an agent. Therefore, the general overhead expenses and the management fee are recognised in the statement of profit or loss and other comprehensive income as an expense and income, respectively.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
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2. Significant accounting policies (continued)

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it remains probable that the Group will be required to settle the obligation with an outflow of cash, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is management's best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows as at the date of the statement of financial position.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.22 Provision for decommissioning costs

Decommissioning costs are provided at the present value of expected costs to settle the obligation in accordance with the obligations in the Tungkal Production Sharing Contract ("PSC"), using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the profit or loss.

2.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
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2. Significant accounting policies (continued)

2.24 Post employment defined benefit liability

A subsidiary of the Group operates a defined benefit plan of post-employment termination benefits in Indonesia, which are governed by local labour laws.

No funding has been made to the defined benefit plan.

The actuarial valuation method used to determine the present value of the defined benefit liability plan, the related current service costs and the past service costs is determined via the Projected Unit Credit method.

Expenses charged to the statement of comprehensive income includes current service costs, interest expense and past service costs that have vested. Gains or losses on settlement of a defined benefit obligation are recognised within the statement of comprehensive income.

Termination benefits are payable when an employee's employment is terminated by the Group before the normal retirement age or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The liability recognised in the statement of financial position in respect of a defined benefit liability plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for any unrecognised past service costs. The defined benefit liability obligation is determined with reference to actuarial valuations issued by an independent actuary on an annual basis using the projected unit credit method of valuation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefit will be paid. The resulting defined benefit asset or liability is presented separately as other non-current assets or other non-current liabilities.

Actuarial gains and losses and adjustments arising are charged or credited to equity in other comprehensive income in the period when they arise. Past service costs are recognised immediately in the statement of comprehensive income.

2.25 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
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2. Significant accounting policies (continued)

2.25 Income taxes (continued)

The Group recognised deferred income tax liabilities for anticipated corporate tax liabilities due on revenue recognised for the Group's share of First Tranche Petroleum ("FTP") in accordance with the PSC. The deferred income tax liabilities is payable upon reaching the profit oil equity split under the Tungkal PSC.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively). Where current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
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2. Significant accounting policies (continued)

2.26 Foreign currency transactions

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group are presented in United States Dollars, which is both the functional and presentation currency of the Group, for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Translation differences arising on the settlement of monetary items, and on re-translation of monetary items are included in profit or loss for the period.

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3. Critical accounting estimates, assumptions and judgements

In the application of the Group's accounting policies, which are described in Note 2 to the consolidated financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical judgements in applying the entity's accounting policies

Information about critical estimates and judgements that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognised in the consolidated financial statements within the next financial year are noted below. The Group reviews its critical judgements in applying the entity's accounting policies on an annual basis.

(a) Reserves base

Oil and gas properties are depreciated on a unit of production basis at a rate calculated by reference to prove and probable reserves independently determined in accordance with the Society of Petroleum Engineers' rules and incorporating the estimated future cost of developing and extracting those reserves. The Group estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil in place, recovery factors and future oil prices, the latter having an impact on the proportion of the gross reserves which are attributable to the host government under the terms of the PSC.

Future development costs are estimated using assumptions as to number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

The level of estimated commercial reserves (i.e. proved and probable reserves) is also a key determinant in assessing whether the carrying value of any of the Group's development and production assets has been impaired.

(b) Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
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For the financial year ended 31 December 2022

3. Critical accounting estimates, assumptions and judgements (continued)

(b) Exploration and evaluation expenditure (continued)

Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure in accordance with the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the consolidated statement of comprehensive income.

(c) Development expenditure

Development activities commence after a project is sanctioned by the appropriate level of management. Judgement is applied by management in determining when a project is economically viable. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditures.

(d) Income taxes

Judgement and assumptions are required in determining capital allowances and the deductibility of certain expenses during the estimation of the provision for income taxes for the Group. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences will have an impact on the income tax and deferred income tax provision in the period in which the determination was made.

Deferred income tax liabilities are recognised for the Group's share of FTP in accordance with the PSC. Deferred tax assets, including those arising from unrecouped tax losses, capital allowances and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on managements estimates of future cash flows. These depend on estimates of future production, sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions.

(e) Carrying amount of oil and gas properties

Oil and gas properties are depreciated using the units-of-production method over proved developed and undeveloped reserves.

The calculation of the unit-of-production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on independently assessed proved and probable reserves. This would generally result from significant changes in any of the factors or assumptions used in estimating reserves.

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For the financial year ended 31 December 2022

3. Critical accounting estimates, assumptions and judgements (continued)

(e) Carrying amount of oil and gas properties (continued)

These factors could include:

- changes in proved and probable reserves;
- the effect on proved and probable reserves of differences between actual commodity prices and commodity price assumptions; and
- unforeseen operational issues.

(f) Impairment indicators

In accordance with the Group's accounting policy, each asset or CGU is evaluated every reporting period to determine whether there is any indication of impairment. If any indication exists, a formal estimate of the recoverable amount is performed and an impairment loss is recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of the fair value less costs to sell or value in use.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, closure and rehabilitation costs and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter these projections, which may have an impact on the recoverable amounts of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charges reduced with the impact recorded in profit or loss.

(g) Decommissioning costs

Decommissioning costs will be incurred by the Group at the end of the operating life of certain of the Group's facilities and properties. The decommissioning costs regarding the Tungkal PSC and Salawati PSC are in accordance with the Tungkal PSC and Salawati PSC decommissioning obligations. The expected timing and scheduling of decommissioning expenditure may be subject to change in response to changes in global oil and gas prices, changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be adjustments to the provisions established and the timing of such decommissioning which may affect future financial results.

(h) Joint arrangements

The Group has entered into joint arrangements to facilitate the development and production of oil and gas. The joint arrangements are governed by PSC and by joint operating agreements. Management has exercised judgement in concluding that joint arrangements are subject to joint control.

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3. Critical accounting estimates, assumptions and judgements (continued)

(h) Joint arrangements (continued)

Specifically, judgement has been used in determining that decisions concerning the relevant activities of each arrangement require the unanimous consent of at least two of the specified parties. The Group has classified and accounted for each of its interests in joint arrangements as joint operations in accordance with IFRS 11.

(i) Fair value

An assessment of fair value of assets and liabilities is required in accounting for derivative instruments and other items, principally available for sale financial assets and disclosures related to fair values of financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period and are therefore, not necessarily reflective of the likely cash flow upon settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty particularly where comparable market based transactions may not exist.

4. Production sharing contract

On 26 August 1992, the Tungkal PSC was signed between Perusahaan Pertambangan Minyak dan Gas Bumi Negara ("Pertamina") and Asamera (Tungkal) Limited as Contractors, for a period of 30 years.

On 30 December 2003, the West Salawati PSC was signed between Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi ("BP Migas") and Pearl Oil (Salawati) Limited as Contractors, for a period of 30 years.

The subsidiaries have no ownership interest in the producing assets or in the oil reserves, but rather have the rights to jointly operate the assets and receive the economic benefits arising from production and/or sale of oil in accordance with the PSC. Commercial reserves have therefore been determined on a net entitlement basis, which takes into account projections of SKK Migas' and the joint operation partners' share of production calculated on the basis of projected oil prices and expenditure levels. As at the end of the reporting period, all of the Group's activities are located in Indonesia under PSCs with the governmental energy regulator SKK Migas.

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4. Production sharing contract (continued)

PSC are entered into by PSC contractors with the Government through the Special Task Force For Upstream Oil and Gas Business Activities (“SKK MIGAS” - formerly Oil and Gas Upstream Activities Agency/“BP MIGAS”) acting on behalf of the Government for a period of 30 years. The period may be extended in accordance with applicable regulations. Of the remaining hydrocarbon proceeds, the Contractors are entitled to receive their share of oil (equity oil) on which they are required to pay their own Indonesian income taxes.

The accounting policies specified by the PSC are subject to interpretation by SKK Migas and the Government of the Republic of Indonesia. The accounting records and reports including tax returns of the subsidiaries and cumulative unrecovered costs are subject to audit by SKK Migas, Tax Authorities and the Government.

(a) Working area

The PSC working area is a designated area in which the PSC contractors may conduct oil and gas operations. PSC contractors must return a certain percentage of this designated working area to SKK MIGAS on behalf of the Government during the term of the PSC.

(b) Crude oil and natural gas production sharing

In Tungkal PSC, the Contractor’s and the Government’s share of equity (profit) of production are 38,4615% and 61,5385% for oil and 57,6923% and 42,3077% for gas production, respectively. In West Salawati PSC, the Contractor’s and the Government’s share of equity (profit) of production are 62,50% and 37,50% for oil and 71,4286% and 28,5714% for gas production, respectively. Equity oil and gas production is determined annually, representing the total liftings of oil and gas in each period ended 31 December net of investment credit, FTP and cost recovery.

The Group is subject to tax on their taxable income from their PSC operations based on its share of equity oil and gas production, less bonuses, at a combined rate comprising corporate income tax and dividend tax.

(c) Cost recovery

Annual cost recovery comprises:

- i. current year non-capital costs;
- ii. current year amortisation of capital costs; and
- iii. previous years’ unrecovered operating costs.

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4. Production sharing contract (continued)

(d) Crude oil and natural gas prices

The PSC contractors' crude oil production is priced at Indonesian Crude Prices ("ICP"). Gas delivered to third parties and related parties is valued based on the prices stipulated in the respective gas sales and purchase contracts.

(e) First Tranche Petroleum (FTP)

The Government and Contractors are entitled to receive an amount of 20% for Tungal PSC and 15% for West Salawati PSC of the total production of oil and gas each year, before any deduction for recovery of operating costs. FTP is shared between the Government and the Contractors in accordance with the entitlements to production in Note 4b above.

(f) Ownership of materials, supplies and equipment

Materials, supplies and equipment acquired by the PSC contractors for oil and gas operations belong to the Government, however, the PSC contractors have the right to utilise such materials, supplies and equipment until they are declared surplus or abandoned with the approval of SKK MIGAS.

On 29 November 2018, the Tungal PSC was signed an amended and restated production sharing contract with SKK Migas, for a period of 20 years from the effective date on 26 August 2022. The contract will be defined as gross split production sharing which have means production sharing principle without operating cost recovery.

The Contractor's and the Government's share of equity (profit) of production are 43% and 57% for oil and 52% and 48% for gas production, respectively.

The Contractor have a firm work commitment in conducting exploration operations pursuant to the terms of this contract during the 5 years after the effective date with the total projected estimated Work Program and Budget of Operating Cost amounting to US\$13,237,000.

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5. Intangible assets

	<u>Exploration and evaluation</u> US\$'000	<u>Computer license</u> US\$'000	<u>Total</u> US\$'000
<u>Cost:</u>			
At 1 January 2021	2,460	124	2,584
Additions	2,248	-	2,248
At 31 December 2021	4,708	124	4,832
Additions	4,220	-	4,220
At 31 December 2022	8,928	124	9,052
<u>Accumulated amortisation:</u>			
At 1 January 2021	-	(124)	(124)
Amortisation	-	-	-
At 31 December 2021	-	(124)	(124)
Amortisation	-	-	-
At 31 December 2022	-	(124)	(124)
<u>Carrying amount:</u>			
At 31 December 2022	8,928	-	8,928
At 31 December 2021	4,708	-	4,708

Management has exercised significant judgment in determining that there are no additional substantive indicators suggesting that the carrying amounts exceed their recoverable amounts. Assessments and estimates include management's current and future capital allocation priorities, the Group's ability to finance its commitments and the licence expiry limitations imposed by the PSC's.

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6. Property, plant and equipment

	<u>Plant and equipment</u> US\$'000	<u>Oil and gas properties</u> US\$'000	<u>Total</u> US\$'000
<u>Cost:</u>			
At 1 January 2021	16,688	54,883	71,571
Additions	85	-	85
Written off	(166)	-	(166)
At 31 December 2021	16,607	54,883	71,490
Additions	2,569	-	2,569
Reclassification	7,351	(7,351)	-
At 31 December 2022	26,527	47,532	74,059
<u>Accumulated depreciation and depletion:</u>			
At 1 January 2021	9,760	24,451	34,211
Depreciation and depletion	945	1,526	2,471
At 31 December 2021	10,705	25,977	36,682
Depreciation and depletion	1,318	2,443	3,761
Reclassification	9,723	(9,723)	-
At 31 December 2022	21,746	18,697	40,443
<u>Carrying amount</u>			
At 31 December 2022	4,781	28,835	33,616
At 31 December 2021	5,902	28,906	34,808

The Group's depletion rate based upon revised estimated Group 2P (proved and probable reserves) commercial reserves, using the most independent estimates of commercial reserves based upon production forecasts, recovery factors, future development costs and future oil prices certified under an independent reserves report.

7. Inventories

	<u>2022</u> US\$'000	<u>2021</u> US\$'000
Materials	1,345	1,739
Fuel	153	72
Allowance for obsolete inventory	(673)	(673)
Total	825	1,138

Management believes that the allowance for obsolete inventory is adequate to cover allowance for obsolete, unusable and slow-moving materials.

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8. Trade and other receivables

	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000
Trade receivables	6,908	1,181
Deposits	1,136	1,336
Prepayments	413	439
Other receivables	195	840
Total	8,652	3,796

The aging analysis of trade receivable is as follows:

	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000
Current	6,908	1,181
Overdue by 1 - 30 days	-	-
Overdue by 31 - 60 days	-	-
Overdue by 61 - 90 days	-	-
Overdue by more than 90 days	-	-
Total	6,908	1,181

Management believes that these trade receivable will be fully collected, and therefore an allowance for impairment losses of trade receivable was not considered necessary.

Trade receivables are non-interest bearing and are generally on 30-day payment term. The carrying amounts presented above are reasonable approximations of their fair value and are not past due or impaired.

9. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000
Cash on hand	20	11
Cash in bank	7,886	3,422
Bank deposits	2,242	2,081
Total cash and bank balances	10,148	5,514
Less: Decommissioning fund	(2,242)	(2,081)
Cash and cash equivalents	7,906	3,433

Cash and cash equivalents comprise cash and bank deposits. The carrying amounts approximate their fair values.

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9. Cash and cash equivalents (continued)

Included in bank balances are restricted cash deposits of US\$2,241,936 (2021: US\$2,081,177) for the Tungkai PSC and Salawati PSC decommissioning obligations as disclosed in Note 13. The restricted cash is subjected to regulatory restrictions and therefore not available for general use.

10. Trade and other payables

	2022 US\$'000	2021 US\$'000
Trade payables	5,002	1,609
Accrued	2,936	4,701
Other payables	1,938	108
Redeemable preference share dividend payables (Note 12)	1,433	1,024
Total	11,309	7,442

The carrying amount of trade payables, other payables and accrued as presented approximate their fair values. These amounts are non-interest bearing.

11. Borrowings

	2022 US\$'000	2021 US\$'000
Secured loan		
- Loan 1	17,920	16,212
- Loan 2	10,156	6,953
- Loan 3	2,772	1,386
Total	30,848	24,551
Current	-	8,339
Non-current	30,848	16,212
Total	30,848	24,551

Loan 1

On 29 May 2015, the Company's subsidiary, Mont D'Or Venture Limited ("MOVL"), entered into a secured term loan facility ("Loan 1") amounting to US\$9,000,000 drawn from a third party finance company ("Lender A"). The secured term loan facility bears a fixed interest rate of 10% per annum and is repayable in equal quarterly instalments of US\$1,125,000 commencing on 3 September 2017.

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11. Borrowings (continued)

Loan 1 (continued)

On 29 May 2015, MOVL entered into a deed poll agreement by issuance of 18 warrants to the lender for an option to exchange the warrants for a maximum of 4.5% of the enlarged issued share capital of a subsidiary, Mont D'Or Asia Limited. The warrants are exercisable upon maturity of the secured term loan facility or upon a liquidity event.

The written put options over the 18 warrants is initially recognised at fair value, with a corresponding charge directly to the borrowing. The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to profit or loss.

Released its loan and warrants and have executed the re-structuring of the existing loan facility with the US\$12,000,000 of loan to MOAL and extended its maturity date of the loan facility to June 2022. The restructured loan facility bears a fixed interest rate of 10% per annum and is repayable in equal quarterly instalments up to the maturity date. As part of the loan restructuring, the Group recognised gain of US\$4,228,000 which recognised as gain from loan restructuring in profit or loss.

During 2022 and 2021, MOVL has no loan repayment.

Loan 2

On 12 February 2018, the Group along with Mont D'Or Venture Limited entered into a facility agreement ("Loan 2") amounting to US\$9,000,000 drawn from a major Singapore bank ("Lender B"). The facility agreement bears a fixed interest rate of 8% per annum and a loan facility acceptance fee of US\$100,000. The final repayment will be failing on one year after utilisation date.

There is mandatory repayment of principal if the Group receive any VAT Refunds, the Group shall notify Lender B and apply an amount equal to all VAT Refunds received by the Group towards repayment of the loan within 5 (five) days of receipt of such VAT Refund.

On 18 July 2018, the Group entered an amendment and restatement agreement dated 12 February 2018 to increase the commitment of Lender B under the term loan facility by US\$2,000,000. The Group has fully used its facility.

On 18 February 2021, the Group entered an amendment loan agreement to extend final repayment date from 19 February 2021 to 18 February 2022 and changes the clause related to payment of interest.

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11. Borrowings (continued)

Loan 2 (continued)

On 18 February 2022, MOVL entered a second amendment loan agreement with Lender B (Loan 2) to extend final repayment date from 18 February 2022 to 19 February 2023 and changes the clause related to payment of interest. On 7 July 2022, the Group entered an amendment loan to increase the commitment of Lender B under the term loan facility by US\$1,000,000 and extend final repayment date to 19 February 2024. The Group has fully used its facility.

During 2022, MOVL has made a payment of US\$1,828,389 including principal and interest loan.

Loan 3

On August 2020, the Company entered a working capital loan facility agreement with Summit Investment Pty Ltd. The loan facility is US\$2,000,000 with interest rate of 8% per annum. Final maturity date will be on 31 December 2021.

On 20 April 2022, the Company entered an amendment of working capital loan facility agreement with Summit Investment Pty Ltd (Loan 3) that increase the loan facility to US\$3,000,000 and final maturity date at 31 December 2024. On 30 April 2022, Summit Investment Pty Ltd agreed to assign entirely the amount due from the Company in the amount of US\$2,625,871 to Tourmalet Holdings Ltd. During 2022, the Company have received the loan facility amounting to US\$1,200,000.

During 2022 and 2021, the Company has no loan repayment.

12. Redeemable preference shares

	2022 US\$'000	2021 US\$'000
Redeemable preference shares	9,461	9,461

On 4 September 2014, the Company's subsidiary, Mont D'Or Asia Limited ("MOAL"), entered into a secured term loan facility amounting to US\$7,500,000 drawn from a third party finance company ("Lender"). The secured term loan facility bears a fixed interest rate of 10% per annum and is repayable in equal quarterly instalments of US\$937,500 commencing 3 March 2016.

On 4 September 2014, MOAL entered into a deed poll agreement by issuance of 18 warrants to the Lender for an option to exchange the warrants for a maximum of 2% of the enlarged issued share capital of MOAL or 2% of the exchange valuation. The warrants are exercisable upon maturity of the secured term loan facility or upon a liquidity event.

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12. Redeemable preference shares (continued)

MOAL and the Lender entered into a supplemental deed poll agreement, granting the lender put options over the 18 warrants issued by MOAL which permit the lender to put their warrants back to MOAL at US\$60,000 for each warrant immediately after the expiry date of the warrants exercisable period.

The put options over the 18 warrants was initially recognised at fair value, with a corresponding charge directly to the borrowing. The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to profit or loss.

On 6 April 2016, MOAL had an event of default under the secured term loan facility with non-payment of quarterly instalment amounting to US\$937,500, which continued to 10 October 2017.

Effective 11 October 2017, MOAL and the Lender executed the restructuring of the secured term loan facility. The Lender waived any events of default, occurred in 6 April 2016, released the lender's security and the lenders warrants and finalised a debt to equity swap arrangement with the issuance of Redeemable Preference Shares ("RPS") on 11 October 2017.

On 11 October 2017, MOAL issued 7,000,000 the RPS at par value of US\$1.00 per share with 5% annual non-discretionary dividend entitlement rate. The cumulative unpaid dividend portion amount will be added to the outstanding RPS amount.

The RPS were initially recognised at fair value of US\$9,461,000, net of transaction costs. As of 31 December 2022 and 2021, the accrued dividend for RPS of US\$1,433,006 (full amount) and US\$1,024,210 (full amount) are recognised directly to the retained earnings and were recorded as dividend payables (refer to Note 10).

13. Decommissioning obligation

	2022	2021
	US\$'000	US\$'000
Balance at beginning of the year	4,836	4,502
Accretion expense	336	334
Balance at end of the year	5,172	4,836

The Group has obligations to decommission its oil and gas properties upon cessation of its operations, upon the expiry in August 2022 and will be extended for a period 20 years from the effective dated on 26 August 2022 for the Tungkal PSC and the expiry in December 2033 for Salawati PSC. This represents the net present fair value of the costs expected to be incurred by the Group for the abandonment and site restoration of the Tungkal PSC and Salawati PSC onshore wells and the production and surface facilities.

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13. Decommissioning obligation (continued)

The decommissioning requirements and obligations are in accordance with the Tungkal PSC, Salawati PSC and governmental regulations. The timing of the decommissioning is also likely to depend on when the fields cease to produce at economically viable rates, which will also depend on future oil and gas prices which are inherently uncertain.

14. Share capital

	Number of ordinary shares		US\$'000	US\$'000
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Ordinary shares of US\$1 each (Class A Shares)	5,885,447	5,885,447	5,886	5,886
Ordinary shares of US\$0.49 each (Class B Shares)	32,523,114	32,523,114	15,936	15,936
Ordinary shares of US\$0.000000422 each (Class ARK Shares)	1,461,441	1,461,441	*	*
At end of the year	<u>39,870,002</u>	<u>39,870,002</u>	<u>21,822</u>	<u>21,822</u>

* Less than U\$1,000

15. Treasury shares

In 2015, the Group acquired 798,234 of its own shares from its shareholders. The total amount paid to acquire the shares was US\$3,746,000 and has been deducted from shareholder's equity. The shares are held as 'treasury shares'. No Treasury shares were acquired during 2022 and 2021.

16. Share premium

This represents the excess over the issue price versus the par value of shares issued to shareholders as additional capital contributions.

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17. Taxation

(a) VAT receivables

	2022	2021
	US\$'000	US\$'000
Reimbursable VAT	9,964	8,866
Provision	(3,455)	-
Total	6,509	8,866
Less: current portion	-	(3,747)
Total non-current portion	6,509	5,119

Reimbursable VAT by SKK Migas represents VAT paid by the contractor in relation to purchase of materials, equipments and services involving the PSC operations.

Management believes that the allowance for impairment of VAT receivables is adequate to cover possible arising losses.

(b) Income tax expense

	2022	2021
	US\$'000	US\$'000
Deferred tax expense	(771)	(653)

The Group recognised deferred tax liabilities for anticipated corporate tax liabilities due on revenue recognised for the Group's share of FTP in accordance with the PSC.

(c) Movement in deferred tax liabilities

	2022	2021
	US\$'000	US\$'000
Beginning of financial year	14,979	14,326
Income tax (benefit)/expense	(1,025)	653
End of financial year	13,954	14,979

The deferred tax liabilities is payable upon reaching the profit oil equity split under the Tungal PSC and Salawati PSC. As at 31 December 2022, the Tungal PSC and Salawati PSC have a total gross unrecovered cost pool, which is subject to Government audit of US\$54,557,016 (2021: US\$60,744,667).

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17. Taxation (continued)

(d) Deferred tax assets

As at 31 December 2022, the Group has not recognised deferred tax assets because there is uncertainty regarding that future taxable profits will be available to which the deferred tax assets can be utilised.

18. Leases

(a) Right-of-use assets

	2022 US\$'000	2021 US\$'000
Balance at 1 January	214	429
Depreciation charge for the year	(214)	(215)
Total	-	214

(b) Lease liabilities

	2022 US\$'000	2021 US\$'000
Office premises		
Current	-	122
Non - current	-	120
Total	-	242

Amounts recognised in profit or loss :

	2022 US\$'000	2021 US\$'000
Interest on lease liabilities	-	22

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19. Investments in subsidiaries and interests in joint operations

(a) The details of the subsidiaries as at 31 December 2022 are as follows:

<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Country of incorporation/ operations</u>	<u>Group's effective interest and proportion of voting power held</u>	
			<u>2022</u> %	<u>2021</u> %
Mont D'Or Petroleum Singapore Pte Ltd ⁽¹⁾	Management services	Singapore	100	100
Mont D'Or Venture Limited	Exploration and production of hydrocarbons	British Virgin Islands	100	100
Mont D'Or Resource Limited	Exploration and production of hydrocarbons	British Virgin Islands/New Zealand	100	100
<i><u>Held by MOVL</u></i>				
Mont D'Or Asia Limited	Exploration and production of hydrocarbons	British Virgin Islands	100	100
Mont D'Or Salawati Limited	Exploration and production of hydrocarbons	British Virgin Islands/ Indonesia	100	100
<i><u>Held by MOAL</u></i>				
Mont D'Or Oil Tungkal Limited	Exploration and production of oil and gas	Bermuda/ Indonesia	100	100
Fuel-X Tungkal Limited	Exploration and production of oil and gas	Republic of Cyprus/ Indonesia	100	100

Notes:

(1) *Mont D'Or Petroleum Singapore Pte Ltd, 100% subsidiary of Mont D'Or Petroleum Limited has been strike off.*

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19. Investments in subsidiaries and interests in joint operations (continued)

(b) The details of the joint operations as at 31 December 2022 are as follows:

<u>Contract area/ Date of expiry</u>	<u>Held by</u>	<u>Description</u>	<u>Place of operation</u>	<u>Group's effective working interest</u>	
				<u>2022*</u> %	<u>2021*</u> %
Tungkal PSC 26 August 2042	Fuel-X Tungkal Limited	Production stage	Indonesia	30	30
	Mont D'Or Tungkal Limited	Production stage	Indonesia	70	70
Salawati PSC 30 December 2033	Mont D'Or Salawati Limited	Production stage	Indonesia	100	100
PEP 55789 31 March 2024***	Mont D'Or Resource Limited	Exploration stage	New Zealand	100	100
PEP 60095** 31 March 2028	Mont D'Or Resource Limited	Exploration stage	New Zealand	100	100

Notes:

* Contract areas wherein the Group's effective participating and working interest is at 100% are included in the details of joint operations for presentation purposes in order to disclose a complete list of all contract areas being held by the Group as at the end of the reporting period.

** In April 2016, the Group obtained a petroleum exploration permit ("PEP") 60095 for the right to explore petroleum resources (other than gas hydrates and coal steam gas) in New Zealand ("The Permit"). The Permit is granted subject to the Crown Minerals Act 1991 and all regulations made under that Act, and conditions of the Permit.

*** License PEP 55789 has been relinquished on 17 May 2017. Intangible exploration costs incurred have been fully written off in the 2016 consolidated financial statements (Note 5).

The joint operations are non-incorporated entities carrying on joint operations under PSC and PEP licences under the laws and regulations of Indonesia and New Zealand.

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19. Investments in subsidiaries and interests in joint operations (continued)

(c) Contingent consideration payable

In 2011, the Group acquired 100% of Pearl Oil (Salawati) Limited, a Company holding certain exploration and development licenses.

Under the terms of the acquisition the Group is required to pay an amount of US\$3,500,000 for the contingent commercial production of hydrocarbons from the Group's West Salawati PSC. The estimated fair value of this contingent obligation at the acquisition date was US\$2,032,000 based on a discounted cash flow using a discount rate of 13% per annum.

In July 2022, the Company entered into a settlement deed whereas both parties agreed to amend the US\$3,500,000 liability to become US\$2,000,000 that consist of US\$1,500,000 of cash payment and US\$500,000 of future contingent payment. The fair value of the contingent consideration for the year ended 31 December 2022 is US\$500,000 (2021: US\$3,500,000).

As at 31 December 2022, the unwinding of discount on the contingent consideration is US\$1,300,577.

20. Commitments and contingent liabilities

In the normal course of operations, the Company may be subject to litigation and claims. In management's estimation, no litigation or claim, individually or in aggregate, would result in a significant adverse effect on the financial position or results of operations of the Company. There were no contingent liabilities as at the date of financial position. At the end of the reporting period, the Group has the following contractual obligations and lease commitments:

Contractual commitments

The Group has entered into agreements which contain provisions for the following commitments:

	2022 US\$'000	2021 US\$'000
Not later than one year	3,026	2,588

The commitments noted above reflect the Group's execution of currently budgeted and contracted exploration and development activities. Expenditure commitments may be subject to change and may be reduced. Determining expenditure commitments requires the use of estimates and judgments.

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21. Financial instruments, financial risks and capital risks management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2022 US\$'000	2021 US\$'000
Financial assets		
Cash and cash equivalents	7,906	3,433
Trade and other receivables	8,239	3,357
Restricted cash	2,242	2,081
Total	18,387	8,871
Financial liabilities		
Trade and other payables	11,309	7,442
Borrowings	30,848	24,551
Contingent consideration	500	3,500
Total	42,657	35,493

(b) Financial risk management policies and objectives

The Group's overall financial risk management seeks to minimise potential adverse effects on the financial performance of the Group. The board of directors reviews and sets policies and procedures for the management of these risks, which are executed by financial management.

The board of directors provides independent oversight to the effectiveness of the risk management process.

The Group does not hold or issue derivative financial instruments for speculative purposes. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Commodity price risk management

The Group has exposure to price risk in its exploration and production of crude oil.

The results of operations and cash flows of the crude oil production can vary significantly with fluctuations in the market prices of crude oil. These are affected by factors outside the Group's control, including the global market forces of supply and demand; regulatory and political actions of governments; and any attempts of international cartels to control or influence prices. Any significant or extended decrease in crude oil prices would adversely affect the profitability, financial condition and operations of the Group's crude oil business.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

21. Financial instruments, financial risks and capital risks management (continued)

(b) Financial risk management policies and objectives (continued)

(i) Commodity price risk management (continued)

However, the management's financial assets as of 31 December 2022 are not significantly affected by the changes of commodity price.

(ii) Foreign exchange risk management

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than United States dollar. The currency giving rise to this risk is primarily Indonesian Rupiah.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities in currencies other than the respective Group entities' functional currencies are as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000	US\$'000	US\$'000
Indonesian Rupiah	1,122	2,008	2,688	4,738
New Zealand Dollar	1	1	-	-
Singapore Dollar	-	-	23	-

Foreign currency sensitivity

The following table details the sensitivity to a certain percentage increase and decrease in the relevant foreign currencies against the United States dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a certain percentage change in foreign currency rates.

If the relevant foreign currency strengthens/weakens by 10% against the United States dollar, the Group's loss before tax will decrease/ (increase) by:

	<u>2022</u>	<u>2021</u>
	US\$'000	US\$'000
Impact of:		
Indonesian Rupiah	(157)	(273)
New Zealand Dollar	*	*
Singapore Dollar	2	-

* Less than US\$1,000

The opposite applies if the relevant foreign currency weakens by 10% against the United States Dollar.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

21. Financial instruments, financial risks and capital risks management (continued)

(b) Financial risk management policies and objectives (continued)

(iii) Interest rate risk management

The Group's income and operating cash flows are independent of changes in market interest rates, with the exception of interest income from bank deposits with variable rates of interest. The Group is not exposed to significant or material interest rate risk within its borrowings as such facility agreements bear fixed interest rates.

(iv) Credit risk management

Credit risk is managed on a Group basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has a policy of only dealing with creditworthy counterparties based on their trading and payment history as well as such commercial information which the Group obtains from time to time. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the Group annually.

The Group's exposure to credit risks arises primarily from trade and other receivables. The Group's trade receivables pertain to proceeds from crude oil sales. All trade receivables are neither past due nor impaired. The Group trades only with recognised, creditworthy third parties.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Cash and bank balances are held with reputable financial institutions.

(v) Liquidity risk management

Liquidity risk management implies maintaining sufficient cash and the ability to secure sufficient funding on a timely basis to meet capital and operating expenditure obligations. Management uses budgets, cash flow models which are regularly updated to monitor liquidity risk.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents and access to timely funding sources through borrowings and/or additional equity deemed adequate by management to finance the Group and mitigate the effects of fluctuations in cash flows.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

21. Financial instruments, financial risks and capital risks management (continued)

(b) Financial risk management policies and objectives (continued)

(v) Liquidity risk management (continued)

Non-derivative financial assets

All financial assets in 2022 and 2021 are repayable on demand or due within 1 year from the end of the reporting period except for cash and cash equivalents and trade and other receivables as disclosed in Note 9 and 8, respectively.

Non-derivative financial liabilities

The following table detail of the Groups' remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay. The "adjustment" column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liabilities.

	Weighted average effective interest rate %	Within 1 year US\$'000	Within 2 to 5 years US\$'000	Total US\$'000
2022				
Trade and other payables	-	11,309	-	11,309
Borrowings	8-10	-	30,848	30,848
2021				
Trade and other payables	-	7,442	-	7,442
Borrowings	8-10	8,339	16,212	24,551

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Other non-current financial assets and liabilities are not significantly different with their fair value.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

21. Financial instruments, financial risks and capital risks management (continued)

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and accumulated profits as disclosed in the notes to consolidated financial statements and borrowings.

The management reviews the capital structure on an on-going basis. The Group's overall strategy remains unchanged.

22. Related party transactions

(a) Related party transactions

Related companies in these consolidated financial statements refer to members of Mont D'Or's group of companies.

Management exercised judgment, which was based on its industry specific knowledge and experience to determine that the transactions, did not contain any unusual commercial terms, and the fees charged at arm's length under the agreements were reasonable. The related party balances are unsecured, non-trade, interest-free and repayable on demand unless otherwise stated.

During the financial year, the Group entered into the following trading transactions with related companies:

	2022 US\$'000	2021 US\$'000
Affiliated entity		
Data processing services	173	172

(b) Compensation of director and key management personnel

In 2022, total employee benefits for key management personnel and the directors amounting to US\$679,830 (2021: US\$664,388) was borne and paid by the Group.

MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

23. Non-cash transactions

	2022 US\$'000	2021 US\$'000
Increase in intangible assets due to reclass from inventory	1,095	126
Increase in intangible assets due to unpaid trade payables	244	1,757
Decrease in intangible assets through deposits	-	478
Increase in property, plant and equipment due to SKK Migas audit adjustment	1,737	922

24. Capital Management

The Group's objectives when managing capital is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group regularly reviews and manages its capital structure to optimize the use of the Group's resources, takes into consideration the future capital requirements of the Group and projected strategic investment opportunities.

The Group also seeks to maintain a balance between its the level of borrowing and the equity position in order to ensure the optimal capital structure and return. There were no changes in the Group's approach to capital management during the year.

25. Subsequent Events

- On 17 January 2023, MOVL entered an amendment and restatement deed agreement with Lender A (Loan 1) which effective date from 1 July 2022 to extend final repayment date to 30 June 2025.
- Up to the date of financial statements, MOAL has paid dividend payment of US\$100,000 for Redeemable Preference Shares.
- Up to the date of financial statements, MOVL has made a payment of US\$480,000 to Lender A (Loan 1).
- Up to the date of financial statements, MOVL has made a payment of US\$2,802,111 including principal and interest loan to Lender B (Loan 2).

SCHEDULE "D"
PRO-FORMA FINANCIAL STATEMENTS OF RESULTING ISSUER

Criterion Energy Ltd.

(formerly Softrock Minerals Ltd.)

Pro Forma Statements of Consolidated Financial Position As at June 30, 2023

(Expressed in thousand Canadian Dollars)

	Criterion Energy	Mont D'Or Petroleum ^(a)	Adjustments	Pro Forma
ASSETS				
Current assets				
Cash	\$ 2,124	\$ 8,070	\$ 3,440 ^(b)	\$ 13,634
Amounts receivable	57	8,773		8,830
Inventories	-	1,042		1,042
Prepays and deposits	68	-		68
	2,249	17,885	3,440	23,573
Non Current assets				
Exploration and development assets	2,179	-	(806) ^(c)	1,373
Property, plant & equipment	-	42,130		42,130
Intangible assets	-	12,016		12,016
VAT receivables	-	8,442		8,442
Restricted cash	44	3,042		3,087
Right-of-use assets	140	721		861
Goodwill	-	345	(345) ^(d)	-
	2,363	66,697	(1,151)	67,909
Total Assets	\$ 4,611	\$ 84,582	\$ 2,289	\$ 91,482
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	\$ 697	\$ 14,667	\$ (9,509) ^{(e)(f)}	\$ 15,365
Current debt	-	9,509		-
Acquisition payable	794	-		794
Contingent consideration	-	674		674
Current portion of lease obligations	26	274		300
Decommissioning liabilities	31	-		31
	1,549	25,124	(9,509)	17,164
Non Current liabilities				
Non Current debt	-	28,596	(4,160) ^(f)	24,436
Deferred tax	-	18,819		18,819
Decommissioning liabilities	-	7,129		7,129
Post employment benefit liabilities	-	1,635		1,635
Non current lease obligations	123	460		583
	123	56,638	(4,160)	52,601
Shareholders' equity				
Share capital	8,699	58,759	(43,573) ^(g)	23,885
Treasury shares	-	(5,067)	5,067 ^(h)	-
Redeemable Preference Shares	-	12,752	(2,977) ^{(f)(i)}	9,775
Other comprehensive loss	(29)	-		(29)
Contributed surplus	524	(164)	164 ^(j)	524
Deficit	(6,255)	(63,459)	57,276 ^(k)	(12,438)
	2,939	2,820	15,958	21,717
Total Liabilities and Shareholders' Equity	\$ 4,611	\$ 84,582	\$ 2,289	\$ 91,482

See accompanying notes to the financial statements.

Criterion Energy Ltd.

(formerly Softrock Minerals Ltd.)

Pro Forma Statements of Consolidated (Loss) Income and Comprehensive (Loss) Income For the six months ended June 30, 2023

(Expressed in thousand Canadian Dollars)

	Criterion Energy	Mont D'Or Petroleum ^(a)	Adjustments	Pro Forma
Net Revenue	\$ 59	11,578		11,637
Expenses				
Professional fees	339	-		339
Consulting fees	292	-		292
Salaries and benefits	409	-		409
Stock-based compensation	147	-		147
General and administrative	193	4,110		4,303
Travel	107	-		107
Geological & geophysical expense	28	-		28
Operating expenses	9	7,048		7,057
Depreciation	18	3,336		3,354
Exploration expense	234	-		234
Finance expense	12	1,923	6 ^(b)	1,941
	(1,788)	(16,417)	(6)	(18,211)
Net income (loss) before other items	(1,729)	(4,839)	(6)	(6,574)
Income tax expense	-	(11)		(11)
Interest income	2	-		2
Foreign exchange loss	(7)	(54)		(61)
	(6)	(65)		(71)
Net income (loss) income for the period	(1,735)	(4,903)	(6)	(6,645)
Other comprehensive loss				
Items that may be reclassified subsequently to loss:				
Currency translation adjustment	(23)	-		(23)
Total other comprehensive loss	(23)	-		(23)
Total comprehensive income (loss) for the period	\$ (1,758)	\$ (4,903)	\$ (6)	\$ (6,668)
Weighted average number of shares outstanding (Basic)^(c)	37,183,596		104,457,607	141,641,203
Weighted average number of shares outstanding (Diluted)^(c)	65,915,013		376,586,117	442,501,130
Basic and diluted (loss) per share	\$ (0.05)	N/A	N/A	\$ (0.05)

See accompanying notes to the financial statements.

Criterion Energy Ltd.

(formerly Softrock Minerals Ltd.)

Pro Forma Statements of Consolidated (Loss) Income and Comprehensive (Loss) Income

As at December 31, 2022

(Expressed in thousand Canadian Dollars)

	Criterion Energy	Mont D'Or Petroleum ^(a)	Adjustments	Pro Forma
Net Revenue	\$ 188	\$ 32,738		\$ 32,926
Expenses				
Professional fees	609	-		609
Consulting fees	345	-		345
Salaries and benefits	215	-		215
Stock-based compensation	165	-		165
General and administrative	97	9,573		9,670
Travel	38	-		38
Non-recoverable deposit	13	-		13
Operating expenses	11	8,868		8,879
Decommissioning liability revisions	10	-		10
Depreciation	9	5,170		5,179
Finance expense	6	3,584	(139) ^(b)	3,451
	1,518	27,196	(139)	28,574
Net income (loss) before other items	(1,330)	5,542	139	4,351
Income tax expense	0	(1,003)		(1,003)
Interest income	0	-		0
Government grants	10	-		10
Foreign exchange gain/(loss)	(3)	300		297
Gain on sale of exploration and evaluation assets	-	-		-
	7	(702)		(696)
Net income (loss) for the year	\$ (1,323)	\$ 4,840	\$ 139	\$ 3,655
Other comprehensive loss				
Items that may be reclassified subsequently to loss:				
Loss on defined benefit obligations	-	(127)		(127)
Currency translation adjustment	(6)	-		(6)
Total other comprehensive loss	(6)	(127)		(133)
Total comprehensive income (loss) for the year	\$ (1,329)	\$ 4,713	\$ 139	\$ 3,523
Weighted average number of shares outstanding				
(Basic) ^(c)	16,139,496		104,495,642	120,635,138
Weighted average number of shares outstanding				
(Diluted) ^(c)	26,468,010		377,792,562	404,260,572
Basic income/(loss) per share	\$ (0.08)	N/A	N/A	\$ 0.03
Diluted income/(loss) per share	\$ (0.08)	N/A	N/A	\$ 0.01

See accompanying notes to the financial statements.

Criterion Energy Ltd.

(formerly Softrock Minerals Ltd.)

Pro Forma Statements of Consolidated Financial Position and Income & Comprehensive Income For the Years Ended December 31,

(Expressed in Canadian Dollars)

1. BASIS OF PRESENTATION

On June 14, 2023 Criterion Energy Ltd. ("Criterion" or the "Corporation") entered into a definitive agreement (the "Acquisition Agreement") with Mont D'Or Petroleum Limited ("MOPL"). The Acquisition is expected to close on or about the week of November 6, 2023. The unaudited pro forma consolidated balance sheet of Criterion as at June 30, 2023 and the unaudited pro forma consolidated statement of income for the six months ended June 30, 2023 and the unaudited pro forma consolidated statement of income for the year ended December 31, 2022 (the "pro forma consolidated financial statements") have been prepared to reflect the acquisition by Criterion of all of the issued and outstanding common shares of MOPL.

The pro forma consolidated financial statements have been prepared from information derived from and should be read in conjunction with the following:

- Criterion's unaudited condensed consolidated interim financial statements, together with the accompanying notes thereto, as at and for the six months ended June 30, 2023 and the audited consolidated financial statements, together with the accompanying notes thereto, as at and for the year ended December 31, 2022.
- MOPL's unaudited interim financial statements as at and for the six months ended June 30, 2023 and the audited financial statements as at and for the year ended December 31, 2022.

The pro forma consolidated financial statements have been prepared in accordance with applicable Canadian securities legislation. The unaudited pro forma consolidated balance sheet gives effect to the assumed transactions and assumptions described herein as if they had occurred on June 30, 2023. The unaudited pro forma consolidated statements of income give effect to the transactions and assumptions described herein as if they had occurred on January 1, 2022. The pro forma consolidated financial statements may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or of the results which may be obtained in the future. In preparing these pro forma consolidated financial statements, no adjustments have been made to reflect the operating synergies and administrative cost savings that could result from the operations of the combined assets. The allocation of the total consideration to the net assets acquired in the Acquisition is preliminary and based on estimates of fair value and other amounts and such estimates may be adjusted in the future. As these amounts are preliminary, differences in the actual amounts assigned to the fair values of the identifiable assets and liabilities upon the completion of the detailed valuations and calculations could differ materially and results in changes in periods subsequent to the completion of the Acquisition. In accordance with International Financial Reporting Standards ("IFRS") #3 *Business Combinations*, the assets and liabilities have been measured at their fair value as of the date of the transaction. In the opinion of management, the pro forma information include all material adjustments necessary for a fair presentation of MOPL.

Accounting policies used in the preparation of the pro forma consolidated financial statements are in accordance with those disclosed in the consolidated financial statements of Criterion as at and for the year ended December 31, 2022 and Criterion's unaudited condensed consolidated interim financial statements as at and for the six months ended June 30, 2023, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management these pro forma consolidated financial statements include all of the necessary adjustments for a fair presentation of the ongoing entity.

See accompanying notes to the financial statements.

Criterion Energy Ltd.

(formerly Softrock Minerals Ltd.)

Pro Forma Statements of Consolidated Financial Position and Income & Comprehensive Income For the Years Ended December 31,

(Expressed in Canadian Dollars)

2. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS – CONSOLIDATED BALANCE SHEET

The unaudited pro forma consolidated balance sheet gives effect to the following transactions, assumptions and adjustments as if they occurred on June 30, 2023:

- (a) All MOPL figures have been converted from USD to CAD at an F/X rate of 0.74CAD/USD. The MOPL figures do not contemplate the impact of the proposed transaction as there was considerable risk of the transaction closing at that time.
- (b) Calculated as the C\$12,200,000 convertible loan plus C\$6,700,100 equity raise deducting broker fees of C\$402,006, transaction costs estimated at C\$500,000, for net proceeds of C\$17,998,094. Offset by cash payments to lenders on closing equal to pre closing of C\$7,434,000 from MOPL cash and at closing of C\$6,270,000 (US\$4,634,000).
- (c) Fair value adjustment equal to the assumption of adjusted liabilities plus share issuance, less value of MOPL assets as calculated below,

	MOPL	Adjustment	Total
Liabilities (inc. Redeemable preference shares as a debt instrument)	C\$94.514MM	C\$(12.436MM)	C\$82.078MM
Consideration (Shares to Tourmalet)		C\$1.353MM	\$1.353MM
Assets	C\$84.582MM	-	\$84.582MM
Removal of Goodwill (note d)		C\$(0.345MM)	C\$(0.345MM)
Adjustment to E&E (Liabilities + Consideration) less Assets		C\$(0.806MM)	C\$(0.806MM)

- (d) Removal of MOPL goodwill on a consolidated basis
- (e) UOB will be repaid in full at close, subsequent to June 30, 2023, UOB has been receiving monthly payments of US\$550,000 (C\$753,000) totaling C\$3,012,000, this offset by accrued interest of C\$346,000 has reduced the expected loan balance to C\$6,843,000 in October.
- (f) Non current debt is reduced on closing in the amount of C\$4,160,000 (as outlined in the table below), equal to the closing payment to Kendall Court of US\$3,600,000 (C\$
See accompanying notes to the financial statements.

4,871,000) and the outstanding debt converted to equity at close of US\$2,500,000 (\$3,383,000) and to Summit redeemable in 2025 of US\$2,390,000 (C\$3,234,000) as well as the lender adjustments for these two parties totaling US\$3,600,000 (C\$4,872,000) less the new convertible debt issued by the strategic investor of C\$12,200,000 and estimated accrued interest on MOPL debts between June 30, 2023 and close of C\$755,000.

Lender Adjustments	Estimated Debt Balance (Oct 1, 2023)	Balance Sheet Location	Adjustment at Close (from MOPL cash distributed prior to close and CEQ cash injection at close)	Remaining Balance
<i>New Strategic Investor</i>	\$0	Non Current Debt	+\$12.200MM	\$12.200MM
<i>UOB</i> - Writedown - Debt to Equity - Cash payment	\$6.834MM	Current Debt	\$0 \$0 \$(6.834)MM	\$0
<i>Eastspring</i> - Writedown - Debt to Equity - Cash payment	\$11.637MM ⁽¹⁾	Redeemable Preference Shares	\$(0.947)MM \$0 \$(2.030)MM	\$8.660MM
<i>Kendall Court</i> - Writedown - Debt to Equity - Cash payment	\$25.439MM	Non Current Debt	\$(4.195)MM \$(3.383)MM \$(4.871)MM	\$12.991MM
<i>Summit</i> - Writedown - Debt to Equity - Cash payment	\$3.911MM	Non Current Debt	\$(0.677)MM \$(3.234)MM \$0	\$0
TOTAL	\$47.832MM⁽²⁾		\$(13.981)MM	\$33.851MM
<i>Current debt</i>	\$6.834MM		\$(6.834)MM	\$0
<i>Non current debt</i>	\$29.350MM		\$(4.159)MM	\$25.191MM
<i>Redeemable preference shares</i>	\$11.637MM		\$(2.977)MM	\$8.660MM

Notes

¹ – Equal to principle outstanding US\$7.0MM (C\$9.472) plus accrued dividend payable of US\$1.6MM (C\$2.165MM)

² – The writedowns as negotiated by Provident Capital will be taken prior to close, and approximately C\$8,239,000 of current MOPL cash will be distributed to lenders

- (g) The adjustment to share capital is as follows, an adjustment eliminating all existing share capital in MOPL, offset by the issuance of C\$6,700,100 in common shares and conversion of debt into common shares in the amount of C\$7,104,000, plus

See accompanying notes to the financial statements.

C\$1,232,000 in shares to Tourmalet Holdings Ltd. as a success fee at the same price per share as this offering.

- (h) Elimination of MOPL on a consolidated basis
- (i) Calculated as the Q2 2023 Redeemable Preference Share value less the payment on completion of US\$1,500,000 (C\$2,030,000) and the lender adjustment of US\$700,000 (C\$947,000).
- (j) Elimination of MOPL on a consolidated basis
- (k) Credit to retained earnings equal to fair value adjustments of assets (equal to the assumption of adjusted liabilities plus share issuance, less value of MOPL assets) and liabilities (equal to adjustments in long term and preferred shares)

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS – STATEMENTS OF INCOME

The unaudited pro forma consolidated statements of income give effect to the following transactions, assumptions and adjustments as if they occurred on January 1, 2022:

- (a) All MOPL figures have been converted from USD to CAD at an F/X rate of 0.742CAD/USD for statements for the period ending June 30, 2023 and at 0.769CAD/USD for statements for the period ending December 31, 2022.
- (b) Reductions in MOPL debt result in decrease in interest expense of C\$1,949,000 in the year ended December 31, 2022, offset by interest paid to the strategic investor in Criterium of C\$1,810,000. For the six months ended June 30, 2023, interest reductions within MOPL total C\$899,000, offset by interest paid to the strategic investor in Criterium of C\$905,000.
- (c) All pro forma net income per share and weighted average shares outstanding are based on Note 4 below.

See accompanying notes to the financial statements.

Criterion Energy Ltd.

(formerly Softrock Minerals Ltd.)

Pro Forma Statements of Consolidated Financial Position and Income & Comprehensive Income For the Years Ended December 31,

(Expressed in Canadian Dollars)

4. PRO FORMA NET INCOME PER SHARE AND WEIGHTED AVERAGE SHARES OUTSTANDING

Pro forma basic and diluted net income per share was calculated using the pro forma net income divided by the weighted average number of Criterion shares outstanding after giving effect to the **Acquisition Agreement** as if it occurred on January 1, 2022.

The following table details the basic and diluted weighted average number of shares used to compute the pro forma net income per share:

	June 30, 2023	December 31, 2022
Criterion weighted average common shares – basic	37,183,596	16,139,496
Criterion weighted average common shares – diluted	65,915,013	26,468,010
Common shares issued – MOPL acquisition ¹	104,495,642	104,495,642
Pro forma weighted average common shares – basic	141,641,203	120,635,138
Pro forma weighted average common shares – diluted ^{2,3}	438,846,475	400,605,917

1. 60,910,000 common shares issued on conversion of the subscription receipt issued pursuant to the offering, 11,207,971 success fee shares to Tourmalet Holdings Ltd. at a price of \$0.11 per common share and 31,133,250 common shares issued in retirement of debts at a price of \$0.11 per common share.
2. Includes 8,299,545 broker unit and loan warrants, granting the warrant holder the right to purchase 1 common share at \$0.14/share, expiring 24 months from the closing of the offering.
3. Assumes full conversion of debt to equity

SCHEDULE "E"
SUMMARY OF MOPL RESERVES REPORT

SUMMARY OF MOPL RESERVES REPORT

The reserves data for the MOPL Assets set forth below, and in the MOPL Reserves Report, has been externally estimated by ERCE, the Corporation's independent QRE and prepared in accordance with NI 51-101 and the most recent publication of the COGEH with an effective date of December 31, 2022. "Internally estimated" means an estimate that is derived by the Corporation's internal QRE and prepared in accordance with NI 51-101 and COGEH. The properties evaluated include all of MOPL's petroleum interests in the Tungkal and West Salawati PSC areas in Indonesia. The reserves data summarizes the oil, natural gas liquids and natural gas interests reserves and the net present value of future net revenue for these reserves using forecast prices and costs. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The recovery and reserve estimates of the oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil, natural gas liquids and natural reserves may be greater than or less than the estimates provided herein.

Capitalized terms that are undefined have the same meaning given to them in the Criterium Energy Ltd. Filing Statement to which this summary is attached.

MOPL Reserves: Summary of Oil and Natural Gas Reserves as at December 31, 2022 – Forecast Prices and Costs

RESERVES CATEGORY	Light and Medium Crude Oil ⁽¹⁾⁽²⁾		Conventional Natural Gas ⁽¹⁾⁽²⁾		Total	
	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (MBOE)	Net (MBOE)
Proved						
Proved Developed Producing	584	433	0	0	584	433
Developed Non-Producing	327	240	0	0	327	240
Undeveloped	1,383	1,019	0	0	1,383	1,019
Total Proved	2,294	1,692	0	0	2,294	1,692
Probable	2,373	1,742	0	0	2,373	1,742
Total Proved Plus Probable	4,667	3,433	0	0	4,667	3,433
Possible	3,041	2,249	0	0	3,041	2,249
Total Proved Plus Probable Plus Probable	7,708	5,696	0	0	7,708	5,696

Notes:

BOE: 1 boe is equivalent to 5.615 Mcf, see "BARREL OF OIL EQUIVALENCY" in the Filing Statement

- 1 Gross reserves are the working interest share of Reserves and are prior to the application of the contractual terms of the PSC. Net reserves are the Corporation's net entitlement reserves and take into account the contractual terms of the PSC.

Columns may not add due to rounding.

MOPL Reserves: Net Present Value of Future Net Revenue of Reserves as at December 31, 2022 – Forecast Prices and Costs

RESERVE CATEGORY	After Income Tax Discounted AT (%/year) ⁽¹⁾⁽²⁾ C\$ millions					Unit Value After Income Tax Discounted at 10%/year
	0%	5%	10%	15%	20%	Net(\$/boe)
Proved						
Proved Developed Producing	\$4	\$4	\$4	\$4	\$4	\$18
Developed Non-Producing	\$7	\$6	\$5	\$4	\$4	\$36
Undeveloped	\$8	\$7	\$5	\$4	\$4	\$21
Total Proved	\$19	\$17	\$15	\$13	\$11	\$23
Probable	\$81	\$69	\$60	\$53	\$47	\$57
Total Proved Plus Probable	\$100	\$86	\$75	\$66	\$59	\$40
Possible	\$103	\$84	\$70	\$60	\$53	\$51
Total Proved Plus Probable Plus Probable	\$203	\$170	\$145	\$126	\$111	\$44

Notes:

BOE: 1 boe is equivalent to 5.615 Mcf, see "BARREL OF OIL EQUIVALENCY" in the Filing Statement

1 The prices used to estimate net present values are based on ERCE's internal estimates, and are in line with other qualified QRE estimates. The full table of assumptions are found under "Pricing Assumptions".

Columns may not add due to rounding.

MOPL Contingent Resources: Summary of Contingent Resources Sub-Classification

Field	Activity	Economic Status	Technical	Non-Technical	Statement of Project Maturity	Chance of Commerciality
PLT (Tungkal PSC)	Development of deep Reservoirs (D4 to E5)	Undetermined	n/a	Demonstration of flow to surface (at commercial rates)	Development Unclarified	50%
MGH (Tungkal PSC)	Drilling of 2 additional infill wells	Economic status	n/a	Maturation of drilling program	Development Pending	90%
Mangoepoh SE (Tungkal PSC)	Development of Batu Raja Formation	Undetermined	n/a	Maturation of development program and commercial flow	Development Unclarified	30%
Macan Gedang (Tungkal PSC)	Development of Gumai Formation	Undetermined	n/a	Maturation of development program and commercial flow	Development Unclarified	30%

MOPL Contingent Resources: Summary of Oil and Natural Gas Unrisked Contingent Resources as at December 31, 2022

	Light and Medium Crude Oil Gross ⁽¹⁾⁽²⁾			Conventional Natural Gas Gross ⁽¹⁾⁽²⁾		
	1C	2C	3C	1C	2C	3C
Field	(MMbbl)	(MMbbl)	(MMbbl)	(MMcf)	(MMcf)	(MMcf)
PLT (Tungkal PSC)	0.78	2.73	7.16	-	-	-
MGH (Tungkal PSC)	0.14	0.24	0.83	-	-	-
Mengoepeh SE (Tungkal PSC)	-	-	-	3,400	7,100	14,800
Macan Gedang (Tungkal PSC)	-	-	-	8,000	12,600	20,000

Notes:

- 1 Gross resources represent total working interest resources before the deduction of any royalties and including any royalty interest and are prior to the application of the contractual terms of the PSC.
- 2 These are un-risked contingent resources which have not been risked by the chance of commerciality. In the case of contingent resources, the chance of commerciality is equal to the chance of development.

MOPL Contingent Resources: Summary of Oil and Natural Gas Risked Contingent Resources as at December 31, 2022

RESOURCES PROJECT MATURITY SUB-CLASS	Light and Medium Crude Oil ⁽¹⁾		Conventional Natural Gas ⁽¹⁾		Total	
	Gross	Net	Gross	Net	Gross	Net
	(Mbbbl)	(Mbbbl)	(MMcf)	(MMcf)	(MBOE)	(MBOE)
Risked Contingent Resource⁽²⁾						
Contingent (2C) <i>Development Pending</i>	214	156	-	-	214	156
Contingent (2C) <i>Development Unclarified</i>	1,365	n/a	5,910	n/a	2,418	n/a

Notes:

BOE: 1 boe is equivalent to 5.615 Mcf, see "BARREL OF OIL EQUIVALENCY" in the Filing Statement

- 1 Gross resources represent total working interest resources before the deduction of any royalties and including royalty interests. Net resources are based on Corporation share of total cost and profit revenues. Where 'n/a' is reported under net resources, no economic evaluation has been carried out to determine the net resources.
- 2 Risked resources have been risked by the chance of commerciality. In the case of contingent resources, the chance of commerciality is equal to the chance of development.

MOPL Prospective Resource: Summary of Oil and Natural Gas Risked Prospective Resources as at December 31, 2022

RESOURCES PROJECT MATURITY SUB-CLASS	Light and Medium Crude Oil ⁽¹⁾		Conventional Natural Gas ⁽¹⁾		Total	
	Gross	Net	Gross	Net	Gross	Net
	(Mbbbl)	(Mbbbl)	(MMcf)	(MMcf)	(MBOE)	(MBOE)
Risked Prospective Resources⁽²⁾						
Prospective (2U)	3,654	n/a	12,000	n/a	5,791	n/a

Notes:

BOE: 1 boe is equivalent to 5.615 Mcf, see "BARREL OF OIL EQUIVALENCY" in the Filing Statement

1. Gross resources represent total working interest resources and are prior to the application of the contractual terms of the PSC. Net resources are based on Corporation share of total cost and profit revenues. Where 'n/a' is reported under net resources, no economic evaluation has been carried out to determine the net resources.
2. Risked resources have been risked by the chance of commerciality, which combines the chance of geological success and the chance of development. The Light and Medium crude oil prospective resources are a risked summation of 8 prospects with chance of geological success ranging from 15-50% and chance of development success ranging from 50-90%. The conventional natural gas prospective resource are the risked summation of 2 prospects, Cerah and NW Cerah, with geological chance of success of 45% and 30% respectively and chance of development of 60% and 40% respectively.

Pricing Assumptions

The forecast cost and price assumptions are in nominal terms and assume increases in wellhead selling prices and take into account inflation with respect to future operating and capital costs. They are based on ERCE pricing forecast in their capacity as a qualified QRE. Crude oil benchmark reference pricing, inflation and exchange rates utilized as at December 31, 2022, were as follows:

Year	Brent (C\$/bbl)	ICP Light Crude (Discount to Brent)	Tungkal Light Crude Oil (US\$/bbl vs ICP)	Cost Inflation (%/yr) ⁽¹⁾	Exchange Rate (C\$/US\$) ⁽¹⁾
2023	\$110	-1%	+\$2.3	2.0%	0.7692
2024	\$107	-1%	+\$2.3	2.0%	0.7692
2025	\$104	-1%	+\$2.3	2.0%	0.7692
2026	\$105	-1%	+\$2.3	2.0%	0.7692
2027	\$107	-1%	+\$2.3	2.0%	0.7692
Thereafter	+2%/yr	-1%	+\$2.3	+2.0%/year	0.7692

Notes:

1. MOPL Reserve Report

MOPL's weighted average realized sales prices for the 12-month period ended December 31, 2022 were \$109.25/bbl for light/medium crude oil and \$N/A/Mcf for natural gas. There were no sales during that period. The average realized price on a total oil equivalent basis was \$109.25/BOE.

Other Oil and Natural Gas Information

Principal Properties

The following is a description of MOPL's principal oil and natural gas properties that are on production or under development as at December 31, 2022. Information in respect of current production is average production, net to its working interest, except where otherwise indicated. Reserves noted are company interest reserves which include both working interest and royalty interest values.

MOPL's oil and natural gas properties are exclusively in the Tungkai PSC in South Sumatra and the West Salawati PSC in the West Papua region of Indonesia.

Oil and Natural Gas Wells

The following table sets forth the number and status of wells in which MOPL had a working interest as at December 31, 2022.

PSC ⁽¹⁾	Category	Oil Wells		Natural Gas Wells	
		Gross	Net	Gross	Net
Tungkai	Producing	19.0	19.0	0.0	0.0
	Non-Producing	19.0	19.0	4.0	4.0
West Salawati	Producing	1.0	1.0	0.0	0.0
	Non-Producing	0.0	0.0	0.0	0.0
Total	Producing	20.0	20.0	0.0	0.0
	Non-Producing	19.0	19.0	4.0	4.0

Note:

1 Totals do not include abandoned wells, water disposal/injectors and gas storage/injectors. Information was provided by MOPL.

Developed and Undeveloped Lands

The following table sets out MOPL's developed and undeveloped land holdings as at December 31, 2022:

PSC	Undeveloped Areas		Developed Areas		Total	
	Gross	Net	Gross	Net	Gross	Net
Tungkai	509,636	509,636	55,000	55,000	564,636	564,636
West Salawati	239,192	239,192	500	500	239,692	239,692
Total	748,828	748,828	55,500	55,500	804,328	804,328

MOPL had 804,328 gross acres (325,500 gross hectares) and 804,328 net acres (325,500 net hectares) of developed and undeveloped land as at June 30, 2023 located in the two Indonesian PSCs.

Forward Contracts

As at December 31, 2022, MOPL had no forward contracts relating to oil, natural gas or currency.

Tax Horizon

As at December 31, 2022, MOPL had approximately US\$55 million of available cost recovery pools as part of the West Salawati PSC, of which none are non-capital losses. MOPL is taxable effective 2022 and beyond.

Costs Incurred

The following table summarizes MOPL's property acquisition costs, exploration costs and development costs for the 12-months ended December 31, 2022. The summary of costs incurred relates to the properties to be acquired by Criterium. The amounts reported as unproved acquisition costs and exploration costs are consistent with capital expenditures classified as exploration and evaluation assets under IFRS. The amounts reported as proved acquisition costs and development costs are consistent with capital expenditures classified as property, plant and equipment under IFRS.

		Acquisition and Capital Expenditures
		<i>Amount (US\$ thousands)</i>
Corporate Acquisition Costs		-
Property Acquisition Costs		-
	Unproved	-
	Proved	-
Exploration Costs		\$4,160
Development Costs		\$832
Total		\$4,992

Exploration and Development Activities

The following table sets forth the gross and net development wells completed by MOPL during the 12-months ended December 31, 2022, in respect of the MOPL Assets:

	Development Wells⁽¹⁾		Exploration Wells	
	<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>
Light and Medium Crude Oil	4	4	-	-
Heavy Crude Oil	-	-	-	-
Conventional Natural Gas	-	-	-	-
Service	-	-	-	-
Dry and Abandoned	-	-	-	-
Stratigraphic Test	-	-	-	-
Total	4	4	-	-

Notes:

1. Wells drilled in the most recent year are classified as exploration until SKK Migas has deemed them development upon review.

Production Estimates

The following table sets out the first-year proved plus probable production forecast of volumes of MOPL's working interest (Corporation Gross) production for each product type estimated by the Corporation's independent QRE, ERCE for the period of January 1, 2023 to December 31, 2023 which is reflected in the estimate of future net revenue disclosed in the tables above. These estimates do not include volumes attributed to future unbooked wells, downtime and unforeseen events and may vary from provided corporate guidance as a result.

	Light Oil <i>(bbl/d)</i>	Heavy Oil <i>(bbl/d)</i>	Gas <i>(MMcf/d)</i>	Total <i>(boe/d)</i>
2023	1,203 ⁽¹⁾	-	-	1,203

Notes:

BOE: 1 boe is equivalent to 5.615 Mcf, see "BARREL OF OIL EQUIVALENCY" in the Filing Statement

- 1 The MOPL Reserve Report contemplated drilling of 3 wells in 2023 adding ~250 bbl/d, to date these wells have not been drilled and are not expected to be drilled or placed on stream prior to year end 2023.