

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada except Québec but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

**No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.** This preliminary short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities to be offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws. Accordingly, these securities may not be offered, sold or delivered within the United States (as defined herein) except in accordance with the Underwriting Agreement (as defined herein) and pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This preliminary short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

**Information has been incorporated by reference in this preliminary short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, Corporate Development or the Chief Financial Officer of Criterium Energy Ltd. at Tower #1 Bow Valley Square, Suite 1120, 202 – 6th Avenue S.W., Calgary, Alberta, T2P 2R9, Telephone: (403) 668-1630, and are also available electronically at [www.sedarplus.com](http://www.sedarplus.com).

## PRELIMINARY SHORT FORM PROSPECTUS



New Issue

September 22, 2023

**\$5,300,020**  
**48,182,000 Subscription Receipts**  

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**\$ 0.11 per Subscription Receipt**

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This preliminary short form prospectus qualifies the distribution (the "**Offering**") of up to 48,182,000 Subscription Receipts (the "**Subscription Receipts**") of Criterium Energy Ltd. ("**Criterium**" or the "**Corporation**") at a price of \$0.11 per Subscription Receipt (the "**Offering Price**"). The Offering will be made pursuant to an Underwriting Agreement (the "**Underwriting Agreement**") to be dated effective as of September 22, 2023, between the Corporation and Research Capital Corporation (the "**Underwriter**"). The terms of the Offering, including the Offering Price, were determined by arm's

length negotiation between the Corporation and the Underwriter, with reference to the prevailing market price of the Common Shares (as defined below). See "*Plan of Distribution*".

The net proceeds of the Offering will be used by the Corporation to finance the acquisition (the "**Acquisition**") of all of the issued and outstanding shares of Mont D'Or Petroleum Limited ("**MOPL**") pursuant to the terms of the Definitive Agreement (as defined herein), 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 (as defined herein) acquired pursuant to the Acquisition and for general corporate and working capital purposes. See "*Use of Proceeds*" and "*The Acquisition*".

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 ("**Unit**"), each Unit comprised of one common share of the Corporation (a "**Common Share**" and each Common Share underlying a Unit, a "**Unit Share**") and one Common Share purchase warrant (a "**Unit Warrant**"), upon the satisfaction of certain conditions including, without limitation: (i) the completion, satisfaction or waiver of all conditions precedent to the Acquisition in accordance with the share purchase agreement entered into between the Corporation and MOPL, dated June 14, 2023 (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); (ii) the receipt of all required shareholder and regulatory approvals, including, without limitation, the conditional approval of the TSX Venture Exchange (the "**TSX-V**") for the Acquisition; (iii) the Strategic Investor (as defined below) having completed and being satisfied with, in its sole discretion, its due diligence on the Corporation; (iv) the Corporation obtaining shareholder approval for the Strategic Investor to become a "control person" of the Corporation; (v) the issuance of the Convertible Loan (as defined herein) and the Loan Warrants (as defined herein) on or before the closing of the Acquisition; (vi) the representations and warranties of the Corporation contained in the 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 (as defined herein); and (vii) the Corporation and the Underwriter having delivered a joint notice and direction to the Escrow Agent (as defined herein), confirming that the conditions above have been met or waived (the "**Escrow Release Conditions**"), on or before the Escrow Release Deadline.

The Unit Warrants will be governed by the terms of a warrant indenture (the "**Warrant Indenture**") to be entered into prior to the Closing Date (as defined below) between the Corporation and Computershare Trust Company of Canada, as warrant agent. Each Unit Warrant will be transferrable and will entitle the holder thereof to purchase one Common Share (a "**Unit Warrant 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 defined below), subject to adjustment in certain events. See "*Summary Description of Subscription Receipts*".

This prospectus qualifies the distribution of the Unit Shares and Unit Warrants comprising the Units, the Unit Warrant Shares issuable upon exercise of the Unit Warrants, the Broker Unit Shares and Broker Unit Warrants comprising the Broker Units (each as defined below), and the Broker Unit Warrant Shares issuable upon exercise of the Broker Unit Warrants (each as defined below).

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 (as defined below), if any, less expenses of the Underwriter and 50% of the Underwriter's Fee (as defined herein) payable thereon (the "**Initial Underwriter's Fee Payment**") (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 Computershare Trust Company of Canada, as subscription receipt agent (the "**Escrow 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 "**Subscription Receipt Agreement**") among the Corporation, the Escrow Agent and the Underwriter to be entered into on the Closing Date (as defined herein). See "*Summary Description of Subscription Receipts*" and "*Plan of Distribution*".

Upon satisfaction or waiver of the Escrow Release Conditions on or before 5:00 p.m. (Calgary time) on the date (such date, the "**Escrow Release Date**") on or prior to the date 90 days following the Closing Date (as defined herein) (the "**Escrow Release Deadline**"), 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). See "*Summary Description of Subscription Receipts*".

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 Escrow Agent for subsequent delivery to holders. See "*Summary Description of Subscription Receipts*".

The outstanding Common Shares are listed for trading on the TSX-V under the trading symbol "CEQ". On September 21, 2023, being the last trading day before the date of this preliminary short form prospectus, the closing price of the Common Shares on the TSX-V was \$0.1300.

	<u>Price to the Public</u>	<u>Underwriter's Fee<sup>(1)</sup></u>	<u>Net Proceeds to the Corporation<sup>(1)(2)</sup></u>
Per Subscription Receipt	\$0.11	\$0.0066	\$0.1034
Total <sup>(3)</sup>	\$5,300,020	\$318,001	\$4,982,019

**Notes:**

- (1) The Corporation has agreed to pay the Underwriter a cash commission equal to 6% of the gross proceeds of the Offering, including the Over-Allotment Option (the "**Underwriter's Fee**"). The Initial Underwriter's Fee Payment is payable on closing of the Offering (the "**Closing**"), with the remaining 50% of the Underwriter's Fee payable on satisfaction of the Escrow Release Conditions. If a Termination Event occurs, no further payment on account of the Underwriter's Fee will be payable by the Corporation to the Underwriter. In addition, the Corporation has agreed to issue the Underwriter, immediately upon satisfaction of the Escrow Release Conditions, broker warrants (the "**Broker Warrants**") 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 (a "**Broker Unit Warrant 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. This preliminary short form prospectus also qualifies the grant of the Broker Warrants, the Broker Unit Shares, the Broker Unit Warrants and the Broker Unit Warrant Shares. See "*Plan of Distribution*".
- (2) Before deducting expenses of the Offering estimated to be \$500,000 (exclusive of GST), which will be paid out of the Corporation's general funds.
- (3) In addition to the above, the Corporation has also granted to the Underwriter an over-allotment option (the "**Over-Allotment Option**") to purchase up to an additional 7,227,300 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. The Over-Allotment Option is exercisable, in whole or in part, at any time up to the earlier of: (i) the 30<sup>th</sup> day following the Closing Date (as defined herein); and (ii) the occurrence of a Termination Event, to cover over-allotments, if any, and for market stabilization purposes. If the Underwriter exercises the Over-Allotment Option relating to the Subscription Receipts in full, the total Offering price to the public, the Underwriter's Fee and net proceeds to the Corporation (before deducting expenses) will be

approximately \$6,095,023, \$365,701 and \$5,729,322, respectively. This preliminary short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of any Subscription Receipts issued pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Subscription Receipts forming part of the Underwriter's over-allocation position acquires such securities under this preliminary short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

The following table sets forth the number of securities that may be issued by the Corporation pursuant to the Over-Allotment Option and the Broker Warrants:

<b>Underwriter's Position</b>	<b>Maximum Size or Number of Securities Available</b>	<b>Exercise Period</b>	<b>Exercise Price</b>
Over-Allotment Option	7,227,300 Subscription Receipts <sup>(1)</sup>	The earlier of (i) the 30 <sup>th</sup> day following the Closing Date; and (ii) the occurrence of a Termination Event	\$0.11 per Subscription Receipt
Broker Warrants	3,324,558 Broker Warrants <sup>(1)</sup>	For a period of 60 months from the Escrow Release Date	\$0.11 per Broker Warrant

**Notes:**

<sup>(1)</sup> Assuming the Offering is fully subscribed and the exercise of the Over-Allotment Option in full.

Prospective purchasers should rely only on the information contained in this preliminary short form prospectus and the documents incorporated by reference herein. The Corporation has not authorized anyone to provide investors with different information. The Corporation is not offering the Subscription Receipts in any jurisdiction in which the Offering is not permitted. Investors should not assume that the information contained in this preliminary short form prospectus is accurate as of any date other than the date of this preliminary short form prospectus. Subject to the Corporation's obligations under applicable securities laws, the information contained in this preliminary short form prospectus is accurate only as of the date of this preliminary short form prospectus regardless of the time of delivery of this preliminary short form prospectus or of any sale of the Subscription Receipts.

**The Underwriter, as principal, conditionally offers the Subscription Receipts in connection with the Offering, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriter in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Corporation by McLeod Law LLP and on behalf of the Underwriter by McCarthy Tétrault LLP.**

Subject to applicable laws, the Underwriter may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market in accordance with applicable stabilization rules. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

**The Underwriter proposes to offer the Subscription Receipts initially at the Offering Price. After a reasonable effort has been made to sell all of the Subscription Receipts at the Offering Price, the Underwriter may offer the Subscription Receipts at prices lower than the Offering Price. Notwithstanding any reduction by the Underwriter in the Offering Price, any such reduction will not affect the proceeds received by the Corporation. See "*Plan of Distribution*".**

Purchase orders will be received subject to rejection or allotment in whole or in part, and the Underwriter reserves the right to close the purchase order book at any time without notice. It is expected that the closing of the Offering will occur on or about the week of October 2, 2023, or such earlier or later date

as the Corporation and the Underwriter may agree (the "**Closing Date**"). Except for Subscription Receipts offered or sold in the United States which will be issued in certificated form, the Subscription Receipts will be registered and deposited directly with CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee on a non-certificated basis and no certificates evidencing Subscription Receipts will be issued to purchasers thereof. A purchaser of such Subscription Receipts will only receive a customer confirmation from the registered dealer that is a participant in CDS (a "**CDS Participant**") and from or through whom the Subscription Receipts are purchased. See "*Summary Description of Subscription Receipts – Non-Certificated Issue*".

The Corporation will apply to list the Unit Shares and Broker Unit Shares issuable pursuant to the Subscription Receipts and Broker Warrants, respectively, including Subscription Receipts and Broker Warrants issuable upon exercise of the Over-Allotment Option, on the TSX-V. The Corporation will make commercially reasonable efforts to list the Unit Warrants and Broker Unit Warrants issuable pursuant to the Subscription Receipts and Broker Warrants, including Subscription Receipts and Broker Warrants issuable upon exercise of the Over-Allotment Option, and the Unit Warrant Shares and Broker Unit Warrant Shares issuable on exercise of the Unit Warrants and Broker Unit Warrants, on the TSX-V. Listing is subject to the approval of the TSX-V in accordance with its applicable listing requirements.

In addition to the Offering, the Corporation has entered into a letter of intent and intends to issue, on or before the closing of the Acquisition, a convertible loan in the principal amount of \$10,000,000 (the "**Convertible Loan**") pursuant to the terms of a loan agreement (the "**Loan Agreement**") between the Corporation and a strategic investor (the "**Strategic Investor**"). The Strategic Investor will also be issued an aggregate of 62,500,000 common share purchase warrants of the Corporation (the "**Loan Warrants**"). Each Loan Warrant will entitle the holder thereof to acquire one Common Share (the "**Loan Warrant Share**") at a price of \$0.14 per Loan Warrant Share for a period of 60 months following the Escrow Release Date. The Prospectus does not qualify the distribution of the Convertible Loan, the Loan Warrants or the Loan Warrant Shares. The Convertible Loan 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 TSX-V. The Loan Warrants and the Loan Warrant Shares 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. See "*Convertible Loan*".

**There is currently no market through which the Subscription Receipts or the Unit Warrants may be sold and purchasers may not be able to resell the Subscription Receipts purchased under this prospectus or the underlying Unit Warrants. This may affect the pricing of the Subscription Receipts and the Unit Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See "*Risk Factors*". An investment in the securities offered hereunder is speculative and involves a high degree of risk. The risk factors identified under the heading "*Risk Factors*" in this Prospectus and in the documents incorporated by reference herein, should be carefully reviewed and evaluated by prospective subscribers before purchasing the securities being offered hereunder. See "*Risk Factors*" and "*Special Note Regarding Forward-Looking Statements*".**

Mr. Brian Anderson, a director of the Corporation, resides outside of Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See "*Enforcement of Judgments Against Foreign Persons or Companies*".

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

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this preliminary short form prospectus, and in certain documents incorporated by reference into this preliminary short form prospectus, 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 preliminary short form prospectus should not be unduly relied upon.

The reports of MNP LLP and Tanubrata Sutanto Fahmi Bambang & Rekan (Certified Public Accountant) ("**TSFBR**") included or incorporated by reference in this preliminary short form prospectus refer exclusively to the historical financial statements described therein and do not extend to the prospective financial information included in this preliminary short form prospectus and should not be read to do so.

In particular, this preliminary short form prospectus 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, earnings before interest, taxes, depreciation and amortization ("**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 preliminary short form prospectus 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 preliminary short form prospectus contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") 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. FOFI contained in this preliminary short form prospectus was made as of the date of this preliminary short form prospectus 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 FOFI contained in this preliminary short form prospectus, 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 preliminary short form prospectus 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 preliminary short form prospectus, 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; fulfillment by the Underwriter of its obligations under the Underwriting Agreement and the entering into thereof; that commodity prices will be consistent with the current forecasts of its engineers; operating field netbacks; average production rates; costs to drill, complete and tie-in 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 preliminary short form prospectus 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 preliminary short form prospectus 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.

**Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this preliminary short form prospectus, and the documents incorporated by reference herein, are expressly qualified by this cautionary statement. The forward-looking statements contained in this preliminary short form prospectus are made as of the date of this preliminary short form prospectus, or in the case of the documents incorporated by reference herein, as of the dates of such documents, and except as required by applicable securities laws, neither Criterium nor the Underwriter undertake any obligation to publicly update or revise any forward-looking statements. Readers should also carefully consider the matters discussed under the heading "Risk Factors" in this preliminary short form prospectus and in the Annual Information Form (as defined herein).**

### 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 preliminary short form prospectus 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 preliminary short form prospectus are in Canadian dollars, except where otherwise indicated.

### SPECIFIED FINANCIAL MEASURES

References are made herein, and in certain of the documents incorporated by reference herein, to various specified financial measures, including non-IFRS financial measures, non-IFRS financial ratios and capital management measures. These measures do not have a standardized meaning prescribed by

IFRS and, therefore, may not be comparable with the calculation of similar measures by other companies. These measures are further described and defined below.

**"adjusted funds flow" (capital management measure)** is calculated by taking cash-flow from operating activities, on a periodic basis, deducting current income taxes and adding back changes in non-cash working capital, expenditures on decommissioning obligations and transaction costs since Criterium believes the timing of collection, payment or incurrence of these items is variable. Adjusted funds flow excludes only non-cash items for the period, including non-cash deferred tax liabilities. Expenditures on decommissioning obligations may vary from period to period depending on capital programs and the maturity of the Corporation's operating areas. Expenditures on decommissioning obligations are managed through the capital budgeting process which considers available adjusted funds flow. Criterium uses adjusted funds flow as a key measure to demonstrate the Corporation's ability to generate funds to repay debt and fund future capital investment. Adjusted funds flow per share is calculated using the same weighted average basic and diluted shares that are used in calculating income (loss) per share.

**"EBITDA" (non-IFRS financial measure)** is calculated as consolidated net income (loss) before interest and financing expenses, income taxes, depletion, depreciation, and amortization, adjusted for certain non-cash, extraordinary and non-recurring items primarily relating to unrealized gains and losses on financial instruments and impairment losses. EBITDA excludes all interest and taxes. The Corporation considers this metric as a key measure that demonstrates the ability of the Corporation's continuing operations to generate the cash flow necessary to maintain production at current levels and fund future growth through capital investment and to service and repay debt. The most directly comparable IFRS measure to EBITDA is cash provided by operating activities.

**"free funds flow" (capital management measure)** (previously referred to as "free adjusted funds flow") is calculated by taking adjusted funds flow and subtracting capital expenditures, excluding acquisitions and dispositions. Management believes that free funds flow provides a useful measure to determine Criterium's ability to improve returns and to manage the long-term value of the business. Free funds flow per share is calculated using the same weighted average basic and diluted shares that are used in calculating income (loss) per share.

**"operating field netback" (non-IFRS financial measure or ratio)** is calculated as total petroleum and natural gas sales, less royalties, net production expenses and transportation expense. These metrics can also be calculated on a per boe basis. Management considers operating netback and operating field netback important measures to evaluate Criterium's operational performance, as it demonstrates field level profitability relative to current commodity prices. See the Interim MD&A (as defined herein) for a detailed calculation and reconciliation of operating field netback per boe to the most directly comparable measure calculated and presented in accordance with IFRS.

**"Net debt" (capital management measure)** is calculated as bank debt plus working capital surplus or deficit, plus other liability, including the fair value of cross-currency swaps and excluding the fair value of financial instruments and lease liabilities.

**"Year-End Net Debt / EBITDA" (non-IFRS financial ratio)** is calculated as net debt at a point in time divided by EBITDA. Management considers the ratio of Net Debt to EBITDA an important measure as it is a key metric to identify the Corporation's ability to fund financing expenses, net debt reductions and other obligations. When this measure is presented quarterly, EBITDA is annualized by multiplying by four. When this measure is presented on a trailing twelve-month basis, EBITDA for the 12-months preceding the net debt date is used in the calculation.

## CONVERSIONS

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

<b>To Convert From</b>	<b>To</b>	<b>Multiply By</b>
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

### ABBREVIATIONS

<b>Oil and Natural Gas Liquids</b>		<b>Natural Gas</b>	
Bbl or bbl	barrel	Mcf	thousand cubic feet
Bbls or bbls	barrels	MMcf	million cubic feet
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

### OTHER

API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale
BOE or boe	barrel or barrels of oil equivalent, using the conversion factor of 5.615 Mcf of natural gas being equivalent to one barrel of oil
boe/d	barrels of oil equivalent per day
CAD	Canadian dollars
M\$	thousands of dollars
MM\$	millions of dollars
Mboe	thousand barrels of oil equivalent.
MMboe	million barrels of oil equivalent
USD	United States dollars
ICP	Indonesian Crude Price
Brent	Brent crude oil, the reference price paid in USD for international standard grade crude oil

### 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 conversion method primarily applicable at the burner tip and does not represent a value 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 Mcf: 1Bbl, utilizing a conversion ratio at 5.615 Mcf: 1 Bbl may be misleading as an indication of value.

## DRILLING LOCATIONS

This preliminary short form prospectus discloses drilling locations with respect to the MOPL Assets in four categories: (i) reserves locations; (ii) contingent resources locations; (iii) prospective resources locations; and (iv) unbooked locations. Reserves locations, contingent resources locations and prospective resources locations are derived from the Corporation's internal reserves evaluation as prepared by ERC Equipoise Ltd. ("**ERCE**") who is a qualified reserve evaluator ("**QRE**"), as such term is defined in NI 51-101, in accordance with NI 51-101 and the most recent publication of the Canadian Oil and Gas Evaluations Handbook effective December 31, 2022 ("**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.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this preliminary short form prospectus from documents filed with securities commissions or similar authorities in certain of the provinces of Canada.** Copies of the documents incorporated by reference herein may be obtained on request without charge from the Vice President, Corporate Development or the Chief Financial Officer of the Corporation at Tower #1 Bow Valley Square, Suite 1120, 202 – 6<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2R9, telephone (403) 668-1630 These documents are also available through the internet on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"), which can be accessed at [www.sedarplus.com](http://www.sedarplus.com).

The following documents, filed with the securities commissions or similar authorities in certain of the provinces of Canada, are specifically incorporated by reference in, and form an integral part of, this preliminary short form prospectus, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this preliminary short form prospectus or in any other subsequently filed document that is also incorporated by reference in this preliminary short form prospectus:

1. the amended and restated annual information form of the Corporation for the year ended December 31, 2022 dated June 12, 2023 (the "**Annual Information Form**");
2. the audited consolidated financial statements of the Corporation as at and for the years ended December 31, 2022 and 2021, together with the notes thereto and the auditors' report thereon (the "**Annual Financial Statements**");
3. the management's discussion and analysis of the operational and financial results of the Corporation for the years ended December 31, 2022 and 2021 (the "**Annual MD&A**");

4. the unaudited condensed consolidated financial statements of the Corporation as at and for the three and six month periods ended June 30, 2023 and 2022 (the "**Interim Financial Statements**");
5. the management's discussion and analysis of the operational and financial results of the Corporation for the three and six month periods ended June 30, 2023 (the "**Interim MD&A**");
6. the management information circular of the Corporation dated April 26, 2023, with respect to the annual general and special meeting of the shareholders of the Corporation held on May 24, 2023;
7. the material change report of the Corporation dated June 7, 2023 in respect of the Share Consolidation;
8. the material change report of the Corporation dated June 15, 2023 in respect of entering into the Definitive Agreement;
9. the material change report of the Corporation dated August 30, 2023 in respect of terminating a marketed public offering;
10. the "template version" (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements* ("**NI 41-101**") of the term sheet for the Offering dated and filed on SEDAR on September 22, 2023;
11. the "template version" (as such term is defined in NI 41-101) of the corporate presentation for the Offering filed on September 22, 2023; and

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including any material change reports (excluding material change reports filed on a confidential basis), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, management's discussion and analysis of financial condition and results of operations, information circulars, annual information forms, marketing materials (as such term is defined in NI 41-101) and business acquisition reports filed by the Corporation with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this preliminary short form prospectus and prior to the termination of this Offering are deemed to be incorporated by reference in this preliminary short form prospectus.

**Any statement contained in this preliminary short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this preliminary short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. Any statement so modified or superseded shall not constitute a part of this preliminary short form prospectus, except as so modified or superseded.**

#### **MARKETING MATERIALS**

Any "template version" of any "marketing materials" (as such terms are defined in NI 41-101) that are utilized by the Underwriter in connection with the Offering are not part of this preliminary short form prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this preliminary short form prospectus. Any template version of any marketing materials that has been, or will be, filed on SEDAR before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated into this preliminary short form prospectus.

## THE CORPORATION

Criterion is an oil and natural gas development and production company committed to creating long-term value for its shareholders through sustainable production underpinned by deploying proven technologies to traditional undercapitalized assets in Southeast Asia. The Corporation continues to assemble a portfolio of assets that aim to deliver a balanced portfolio through high cash flow later life assets, near-term growth assets and longer life development assets. Operating as a responsible corporate citizen is a key focus to ensure the Corporation delivers on its environmental, social and governance commitments and goals. With this type of portfolio, and a talented and committed team, Criterion intends to continue delivering on its strategy to maximize shareholder returns while managing its balance sheet.

The Corporation 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 is a "reporting issuer", or the equivalent, in the Provinces of Alberta and British Columbia. The Common Shares have traded on the TSX-V under the symbol "CEQ" since September 26, 2022. Upon issuance of the final receipt for this short form prospectus, Criterion will be a reporting issuer in each of the provinces of Canada, excepting Québec.

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

## RECENT DEVELOPMENTS

### 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 ("**Warrants**") 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 Warrants have vested in accordance with their terms. In conjunction with the aforementioned private placement, the Corporation announced a new management team consisting of Robin Auld (CEO), Henry Groen (CFO) and Matthew Klukas (COO). A new board of directors comprised of 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 payable upon closing and additional payments of US\$300,000 each to be made on March 31, June 30, September 30, and 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 (the "**Share Consolidation**").

In addition, as a result of the Share Consolidation, there were certain consequential adjustments to the outstanding Warrants and stock options ("**Stock Options**") to purchase Common Shares to preserve, proportionately, the rights of holders of outstanding Stock Options and Warrants.

## The Acquisition

### Overview

On June 14, 2023, the Corporation entered into an acquisition agreement (the "**Definitive Agreement**") with MOPL pursuant to which the Corporation has agreed to acquire all of the issued and outstanding shares of MOPL (the "**MOPL Shares**") in a transaction with a value of approximately US\$26.5 million (calculated as the sum of the Cash Consideration, MOPL Debts and the value of the Success Fee Shares (each as defined herein)). The consideration for the MOPL Shares (the "**MOPL Consideration**") consists of: (i) cash consideration of US\$1, subject to adjustment in accordance with the Definitive Agreement (the "**Cash Consideration**"); (ii) and a US\$12 million loan from the Corporation to MOPL (the "**Completion Loan**"). The Definitive Agreement also provides for MOPL to make contingent payments to the sellers of MOPL Shares, including: (i) subject to 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 the Lenders (as defined herein), MOPL will have US\$25.5 million in existing debts which will be outstanding on the closing date of the Acquisition (the "**MOPL Debts**"). US\$4.6 million of the Completion Loan, as well as the issuance of Common Shares under certain debt to equity arrangements, 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 Criterium. 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. US\$1 million in Common Shares at a price per Common Share equal to the lower of the Offering Price and the 10-day volume-weighted average price ("**VWAP**") of the Common Shares on the TSX-V prior to the closing date of the Acquisition, subject to approval of the TSX-V (the "**Success Fee Shares**"). The terms of the debt assumption and debt to equity conversions are described in greater detail under the heading "*Recent Developments – The Acquisition – Amended Credit Facilities*".

### 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 MOPL Consideration, subject to certain adjustments. 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 MOPL Consideration. For more details, please refer to the Definitive Agreement which may be viewed on the Corporation's SEDAR profile at [www.sedarplus.com](http://www.sedarplus.com).

### **Benefits of the Acquisition**

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 Tungkai and West Salawati PSCs (the "**MOPL Assets**"), is expected to be approximately 1,050 boe/d for the 2023 financial year as per the reserves report prepared by ERCE (the "**MOPL Reserves Report**") consisting of 100% oil and natural gas liquid. The MOPL Reserves Report confirms multiple drilling locations attributed with reserves. These locations provide Criterium immediate opportunities to create value for shareholders by executing a development program. Further future growth opportunities have been identified on the 3,255km<sup>2</sup> gross (3,255km<sup>2</sup> net) of land associated with the Tungkai and West Salawati PSCs. 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.

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 three well drilling program once the Acquisition closes, along with a well work over program, both of which are expected to drive production growth that supports the 2024 guidance outlined in the following tables.

The Corporation views the transaction as providing three areas of value creation: (i) near-term development drilling and workovers; (ii) opportunities to tie-in shut-in gas, and identified gas prospects; and (iii) step-out exploration in both PSCs with a focus on potential large accumulations of hydrocarbons in West Salawati.

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

The Acquisition has the following characteristics:

<b>Purchase Price<sup>(1)</sup></b>	US\$26.5 million
<b>Production</b>	1,050 boe / d (December 31, 2022)
<b>Oil Weighting</b>	~ 100% oil
<b>Drilling Locations<sup>(2)</sup></b>	15
<b>2024 EBITDA<sup>(3)(4)</sup></b>	~ US\$24-30 million

<b>Reserves volumes:<sup>(5)</sup></b>	<b>Gross Reserves<sup>(6)</sup> (MMboe)</b>	<b>Net Reserves<sup>(6)</sup> (MMboe)</b>	<b>After Tax NPV10 (C\$ millions/US\$ millions)</b>
Total Proved	2.29 (100% liquids)	1.69 (100% liquids)	C\$15 / US\$11
Total Proved Plus Probable	4.67 (100% liquids)	3.43 (100% liquids)	C\$75 / US\$58
Total Proved Plus Probable Plus Possible	7.71 (100% liquids)	5.70 (100% liquids)	C\$145 / US\$112

**Notes:**

- (1) The purchase price is calculated as the sum of the Cash Consideration, the amount of the MOPL Debts (US\$29.8 million) less negotiated write-downs of US\$4.3 million, and the value of the Success Fee Shares. See "*Recent Developments – The Acquisition – Overview*".
- (2) Of the total 15 (15 net) drilling locations identified herein, 10 (10 net) are attributed as proved undeveloped reserves status, 2 (2 net) are attributed a contingent resources status (Sub-Class 'Development Pending' with a 90% chance of development) and 3 (3 net) are attributed a prospective resources status (Sub-Class 'Prospect' with a 50% chance of geological success and a 90% chance of development).
- (3) See "*Specified Financial Measures*".
- (4) Guidance numbers are based on pricing assumptions of: a Brent crude oil price of US\$80.00/bbl; a differential between the price of Brent crude oil and the price index for crude oil from Indonesia published by the Ministry of Energy and Mineral Resources, and issued by the Director General of Oil and Gas, or (the "**Indonesian Crude Price**" or "**ICP**") of US+\$1.50/bbl; USD/CAD exchange rate of \$1.3699.
- (5) Reserves volumes have been externally estimated by ERCE, a qualified QRE and prepared in accordance with NI 51-101 and the most recent publication of the COGEH effective as of December 31, 2022.
- (6) 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.

**Fundamental Acquisition**

The Acquisition will represent a "significant acquisition" for the Corporation for the purposes of Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*. Accordingly, Criterium will be required under Canadian securities laws to file a business acquisition report in respect of closing of the Acquisition.

**2024 Preliminary Corporate Guidance**

The following table summarizes the Corporation's preliminary outlook for 2024. Criterium is forecasting 2024 EBITDA of \$24 to \$30 million on a capital expenditure budget of \$13 to \$15 million. See "*Specified Financial Measures*" for additional details.

<b>Preliminary 2024 Guidance <sup>(1)</sup></b>		<b>Criterium Post-Acquisition</b>
<b>2024 Production <sup>(2)</sup></b>	<i>boe/d</i>	2,000 – 2,200
<b>Oil &amp; NGL Weighting</b>	%	100%
<b>2024 EBITDA <sup>(3)</sup></b>	<i>US\$ MM</i>	\$24 - \$30
<b>Capital Budget <sup>(3)</sup></b>	<i>US\$ MM</i>	\$13 - \$15
<b>2024 Year-End Net Debt</b>	<i>US\$ MM</i>	\$18 - \$19
<b>2024 Year-End Net Debt / EBITDA<sup>(3)</sup></b>	<i>US\$ MM</i>	~0.7x

**Notes:**

- (1) Guidance numbers are based on pricing assumptions of: a Brent oil price of US\$80.00/bbl; a Brent/ICP differential of US+\$1.50/bbl; USD/CAD exchange rate of \$1.3699.
- (2) Comprised of 2,000 to 2,200 bbl/d light and medium oil.
- (3) See "*Specified Financial Measures*".

For further information in respect of the MOPL Assets, please see: (i) the audited financial statements of MOPL as at and for the years ended December 31, 2022 and 2021, and the unaudited financial statements of MOPL as at and for the six month periods ended June 30, 2023 and 2022 (the "**MOPL Financial Statements**"), copies of which are appended hereto as Appendix "A" and (ii) the unaudited

pro forma financial statements in respect of the Corporation after giving effect to the Acquisition (the "**Pro Forma Financial Statements**"), a copy of which is appended hereto as Appendix "B".

**All information regarding the MOPL Assets contained herein, including all reserves and related information, financial information and all pro forma financial information reflecting the pro forma effects of the Acquisition, has been derived in part from the information provided by MOPL and other third parties. See "Risk Factors".**

### ***Underlying Assumptions***

The material budget and underlying assumptions used by the Corporation in preparation of its pro-forma guidance for 2023 after giving effect to the Acquisition are as set forth below. See "*Special Note Regarding Forward-Looking Statements*" and "*Specified Financial Measures*".

		2024E <sup>(1)</sup>
Brent	US\$/bbl	\$80.00
Foreign Exchange Rate	CDN\$/US\$	1.3699
Production	boe/d	2,000-2,200
Royalties	\$/boe	\$24.50 - \$24.60
Operating & Transportation Costs	\$/boe	\$22.00 - \$25.00
Interest	\$/boe	\$4.00 - \$4.50
General & Administrative Costs	\$/boe	\$4.25 - \$5.50
Capital Expenditures	\$MM	\$13 - \$15
Decommissioning Expenditures	\$MM	\$0
Net Debt (exit)	\$MM	\$18 - \$19
2024 EBITDA	\$MM	\$24 - \$30
2024 Free Funds Flow	\$MM	\$2 - \$4

#### **Note:**

<sup>(1)</sup> All figures in US\$ unless otherwise noted.

### ***Amended Credit Facilities***

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 (collectively, the "**Amended Credit Facilities**") as follows:

- Eastspring - a term loan of US\$6.4 million, amortized monthly commencing in Q2 2024 and maturing in 2026.
- Kendall Court - a US\$12.1 million facility, US\$2.5 million of which will be converted to Common Shares at the Offering Price, upon closing of the Acquisition and with the remainder to be amortized monthly, starting in Q2 2024 and maturing in 2026.
- Summit - a US\$2.39 million facility, the entirety of which will be satisfied by the issuance of US\$2.75 million in Common Shares at the 20-day VWAP of the Common Shares prior to May 31, 2025, pursuant to a shares for debt agreement to be entered into in conjunction with the closing of the Acquisition.

The Amended Credit Facilities 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/quarterly and annual basis with the remainder due on the maturity date.

The following table sets forth the interest rates, amortization schedules, and maturity dates for the facilities constituting the Amended Credit Facilities, after retirement of debts and write-downs described in greater detail under the heading "*Recent Developments – The Acquisition - Overview*".

<b>Lender</b>	<b>Principal Amount</b> (US\$ million)	<b>Interest Rate</b> (p.a.)	<b>Amortization</b>	<b>Maturity</b>
<b>Eastspring</b>	\$6.4	5%	\$150,000/month	2026
<b>Kendall Court</b>	\$12.1 <sup>(1)</sup>	10%	\$400,000/month	2026
<b>Summit<sup>(2)</sup></b>	\$2.39		N/A	2025

**Notes:**

- (1) US\$2.5 million of which will be converted to Common Shares at the Offering Price upon closing of the Acquisition.
- (2) Outstanding Summit loan will be satisfied by the issuance of US\$2.75 million in Common Shares at the 20-day VWAP prior to May 31, 2025.

## **INFORMATION CONCERNING MOPL AND THE MOPL ASSETS**

### **MOPL**

MOPL was incorporated under the laws of the British Virgin Islands ("**BVI**") on September 7, 2007. Its direct and indirect subsidiaries are Mont D'Or Venture Limited (BVI), Mont D'or Resources Limited (BVI), Mont D'Or Asia Limited (BVI), Fuel-X Tungkal Limited (Cyprus), Mont D'Or Oil Tungkal Limited (Bermuda) and Mont D'or Salawati Limited (BVI).

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.

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).

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.

### **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, 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 Tungkai 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.

See "Risk Factors – Engineering, Title, Environmental and Economic Assessments required for the Acquisition that may be Materially Incorrect".

**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 <sup>(1)(2)</sup>		Conventional Natural Gas <sup>(1)(2)</sup>		Total	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (MBOE)	Net (MBOE)
<b>Proved</b>						
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
<b>Total Proved</b>	<b>2,294</b>	<b>1,692</b>	<b>0</b>	<b>0</b>	<b>2,294</b>	<b>1,692</b>
Probable	2,373	1,742	0	0	2,373	1,742
<b>Total Proved Plus Probable</b>	<b>4,667</b>	<b>3,433</b>	<b>0</b>	<b>0</b>	<b>4,667</b>	<b>3,433</b>
Possible	3,041	2,249	0	0	3,041	2,249
<b>Total Proved Plus Probable Plus Probable</b>	<b>7,708</b>	<b>5,696</b>	<b>0</b>	<b>0</b>	<b>7,708</b>	<b>5,696</b>

**Notes:**

(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.

(2) 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) <sup>(1)(2)</sup> C\$ millions					Unit Value After Income Tax Discounted at 10%/year
	0%	5%	10%	15%	20%	Net(\$/boe)
<b>Proved</b>						
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
<b>Total Proved</b>	<b>\$19</b>	<b>\$17</b>	<b>\$15</b>	<b>\$13</b>	<b>\$11</b>	<b>\$23</b>

	Probable	\$81	\$69	\$60	\$53	\$47	\$57
<b>Total Proved Plus Probable</b>		<b>\$100</b>	<b>\$86</b>	<b>\$75</b>	<b>\$66</b>	<b>\$59</b>	<b>\$40</b>
	Possible	\$103	\$84	\$70	\$60	\$53	\$51
<b>Total Proved Plus Probable Plus Probable</b>		<b>\$203</b>	<b>\$170</b>	<b>\$145</b>	<b>\$126</b>	<b>\$111</b>	<b>\$44</b>

**Notes:**

- (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".
- (2) 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
<b>PLT (Tungkal PSC)</b>	Development of deep Reservoirs (D4 to E5)	Undetermined	n/a	Demonstration of flow to surface (at commercial rates)	Development Unclarified	50%
<b>MGH (Tungkal PSC)</b>	Drilling of 2 additional infill wells	Economic status	n/a	Maturation of drilling program	Development Pending	90%
<b>Mangoepoh SE (Tungkal PSC)</b>	Development of Batu Raja Formation	Undetermined	n/a	Maturation of development program and commercial flow	Development Unclarified	30%
<b>Macan Gedang (Tungkal PSC)</b>	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**

Field	Light and Medium Crude Oil Gross <sup>(1)(2)</sup>			Conventional Natural Gas Gross <sup>(1)(2)</sup>		
	1C	2C	3C	1C	2C	3C
	(MMbbl)	(MMbbl)	(MMbbl)	(MMcf)	(MMcf)	(MMcf)
<b>PLT (Tungkal PSC)</b>	0.78	2.73	7.16	-	-	-
<b>MGH (Tungkal PSC)</b>	0.14	0.24	0.83	-	-	-
<b>Mangoepoh SE (Tungkal PSC)</b>	-	-	-	3,400	7,100	14,800
<b>Macan Gedang (Tungkal PSC)</b>	-	-	-	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 <sup>(1)</sup>		Conventional Natural Gas <sup>(1)</sup>		Total	
	Gross	Net	Gross	Net	Gross	Net
	(Mbbbl)	(Mbbbl)	(MMcf)	(MMcf)	(MBOE)	(MBOE)
<b>Risked Contingent Resource<sup>(2)</sup></b>						
Contingent (2C) Development Pending	214	156	-	-	214	156
Contingent (2C) Development Unclassified	1,365	n/a	5,910	n/a	2,418	n/a

**Notes:**

- (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 <sup>(1)</sup>		Conventional Natural Gas <sup>(1)</sup>		Total	
	Gross	Net	Gross	Net	Gross	Net
	(Mbbbl)	(Mbbbl)	(MMcf)	(MMcf)	(MBOE)	(MBOE)
<b>Risked Prospective Resources<sup>(2)</sup></b>						
Prospective (2U)	3,654	n/a	8,058	n/a	5,090	n/a

**Notes:**

- (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 18-50% 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:

<b>Year</b>	<b>Brent</b> (C\$/bbl)	<b>ICP Light Crude</b> (Discount to Brent)	<b>Tungkal Light</b> <b>Crude Oil</b> (US\$/bbl vs ICP)	<b>Cost Inflation</b> (%/yr) <sup>(1)</sup>	<b>Exchange Rate</b> <b>(C\$/US\$)</b> <sup>(1)</sup>
<b>2023</b>	\$110	-1%	+\$2.3	2.0%	0.7692
<b>2024</b>	\$107	-1%	+\$2.3	2.0%	0.7692
<b>2025</b>	\$104	-1%	+\$2.3	2.0%	0.7692
<b>2026</b>	\$105	-1%	+\$2.3	2.0%	0.7692
<b>2027</b>	\$107	-1%	+\$2.3	2.0%	0.7692
<b>Thereafter</b>	+2%/yr	-1%	+\$2.3	+2.0%/year	0.7692

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 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.

<b>PSC</b> <sup>(1)</sup>	<b>Category</b>	<b>Oil Wells</b>		<b>Natural Gas Wells</b>	
		<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>
<b>Tungkal</b>	Producing	17.0	17.0	0.0	0.0
	Non-Producing	19.0	19.0	4.0	4.0
<b>West Salawati</b>	Producing	1.0	1.0	0.0	0.0
	Non-Producing	0.0	0.0	0.0	0.0
<b>Total</b>	Producing	18.0	18.0	0.0	0.0
	Non-Producing	19.0	19.0	4.0	4.0

#### **Note:**

<sup>(1)</sup> 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
<b>Tungkal</b>	509,636	509,636	55,000	55,000	564,636	564,636
<b>West Salawati</b>	239,192	239,192	500	500	239,692	239,692
<b>Total</b>	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.

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

### **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 <sup>(1)</sup>		Exploration Wells	
	Gross	Net	Gross	Net
<b>Light and Medium Crude Oil</b>	4	4	-	-
<b>Heavy Crude Oil</b>	-	-	-	-
<b>Conventional Natural Gas</b>	-	-	-	-
<b>Service</b>	-	-	-	-
<b>Dry and Abandoned</b>	-	-	-	-
<b>Stratigraphic Test</b>	-	-	-	-
<b>Total</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>

**Notes:**

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

**Notes:**

<sup>(1)</sup> 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.

**EFFECT OF THE ACQUISITION ON THE CORPORATION****Selected Financial Information**

The following is a summary of selected financial information for Criterium, MOPL, and for the Corporation following the Acquisition on a pro forma basis. Please review Appendix "A" for the MOPL Financial Statements, and Appendix "B" for the Pro Forma Financial Statements. The following is a summary only and must be read in conjunction with the financial statements and pro forma financial statements contained or incorporated by reference herein. The Annual Financial Statements and Interim Financial Statements in respect of the Corporation may be reviewed through Criterium's SEDAR profile at [www.sedarplus.com](http://www.sedarplus.com).

**For the six months ended June 30, 2023**

(\$ thousands)	Criterium	MOPL	Pro Forma
Net Revenues	59	8,590	8,649
Production & Transportation Expenses	-	(5,229)	(5,229)
Operating Field Netback	59	3,361	3,420

**For the year ended December 31,  
2022**

(\$ thousands)	Criterium	MOPL	Pro Forma
Net Revenues	188	32,738	32,926
Production & Transportation Expenses	-	(8,868)	(8,868)
Operating Field Netback	188	23,870	24,058

**Selected Operational Information (six months ended June 30, 2023)**

Average Daily Production	Criterium	MOPL	Pro Forma
Oil (bbl/d)	-	886	886
Conventional Natural Gas (MMcf/d)	-	-	-
NGL & Condensate (boe/d)	-	-	-
Combined (boe/d)	-	886	886

**CONSOLIDATED 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 <sup>(1)</sup>	Adjustment for the Offering and the Convertible Loan <sup>(2)</sup>	Adjustment for the Acquisition	Pro Forma June 30, 2023
Cash	\$2,123,996	\$14,482,019	\$(4,931,507) <sup>(3)</sup>	\$11,674,508
Debt	-	\$10,000,000	\$21,657,534 <sup>(4)</sup>	\$31,657,534 <sup>(4)</sup>
Shareholder's Equity	\$2,939,382	\$5,300,020	\$15,694,598 <sup>(3)</sup>	\$23,934,000
Common Shares	38,389,982	48,182,000	43,586,550 <sup>(5)</sup>	130,158,532
Stock Options	370,000	-	-	370,000
Warrants	27,155,032	113,572,920	-	140,727,952

**Notes:**

<sup>(1)</sup> As reflected in the June 30, 2023 interim condensed consolidated financial statements of Criterium.

<sup>(2)</sup> Assuming the Offering is fully subscribed and no exercise of the Over-Allotment Option and the issuance of 48,182,000 underlying Unit Shares and 48,182,000 Unit Warrants upon exchange of 48,182,000 Subscription Receipts for gross aggregate proceeds of \$5,300,020 and after taking into account the Underwriter's Fee of

\$318,001 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 no exercise of the Loan Option and issuance of 62,500,000 Loan Warrants (as defined below). See "*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 "*Recent Developments – The Acquisition – Overview*".
- (5) Based on: (i) the issuance of US\$1,000,000 in Common Shares at the Offering for an aggregate number of 12,453,300 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 "*Recent Developments – The Acquisition – Overview*".

### PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES

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

Month	High (\$) <sup>(1)</sup>	Low (\$) <sup>(1)</sup>	Volume <sup>(1)</sup>
September 1-21, 2023	0.150 <sup>(2)</sup>	0.090 <sup>(2)</sup>	535,000
August, 2023	0.180 <sup>(2)</sup>	0.090 <sup>(2)</sup>	2,475,651
July 2023	0.210 <sup>(2)</sup>	0.170 <sup>(2)</sup>	1,136,398
June, 2023	0.340 <sup>(2)</sup>	0.200 <sup>(2)</sup>	2,040,941 <sup>(2)</sup>
May, 2023	0.080	0.055	5,294,025
April, 2023	0.075	0.065	7,428,911
March, 2023	0.085	0.065	5,267,372
February, 2023	0.105	0.050	16,867,238
January, 2023	0.055	0.040	3,461,314
December, 2022	0.050	0.040	825,589
November, 2022	0.045	0.025	584,969
October, 2022	0.055	0.045	790,089
September, 2022	0.045	0.040	796,337
August, 2022	0.050	0.040	523,633
July, 2022	0.050	0.020	1,769,000
June, 2022	0.020	0.020	188,721

#### Notes:

(1) Pre-Share Consolidation figures unless otherwise noted.

(2) Post-Share Consolidation figure.

On September 21, 2023, being the last trading day before the date of this preliminary short form prospectus, the closing price of the Common Shares on the TSX-V was \$0.1300.

### PRIOR SALES

The following table summarizes the issuances of Common Shares and securities convertible into Common Shares within the 12-month period prior to the date of this preliminary short form prospectus.

<b>Date of Issuance</b>	<b>Type of Security</b>	<b>Price per Security<sup>(1)</sup></b>	<b>Number of Securities<sup>(1)</sup></b>
September 26, 2022	Common Shares	\$0.04	134,497,660
September 26, 2022	Warrants <sup>(2)</sup>	\$0.04	135,775,160
September 26, 2022	Stock Options	\$0.04	1,750,000 <sup>(3)</sup>

#### Notes:

- (1) Pre-Share Consolidation figures.
- (2) Each five warrants are exercisable for one Common Share at an exercise price of \$0.20 until September 26, 2027.
- (3) 500,000 options were cancelled post-grant.

#### RSU Grants

In the 12-months ended June 30, 2023, the Corporation granted 2,500,000 restricted share units ("**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.

### USE OF PROCEEDS

The estimated net proceeds to be received by Criterium from the Offering (excluding any exercise of the Over-Allotment Option) will be approximately \$4,482,020 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 \$318,001 (exclusive of the Underwriter's Fee if the Over-allotment Option is exercised in full). The net proceeds from the sale of the Subscription Receipts (following the release of the Escrowed Funds by the Escrow Agent and the payment of the Underwriter's Fee) will be used to finance the Acquisition and for general working capital requirements. 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 \$365,701, will be approximately \$5,229,322. 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. See "*Plan of Distribution*".

The Escrowed Funds and the Earned Interest will be held by the Escrow Agent for the Corporation, and invested in certain permitted investments, pending the satisfaction of the Escrow Release Conditions, all pursuant to the terms of the Subscription Receipt Agreement among the Corporation, the Escrow Agent and the Underwriter to be entered into on the Closing Date. Upon satisfaction of the Escrow Release Conditions on or before the Escrow Release Deadline, the Escrowed Funds and the Earned Interest, less the balance of the Underwriter's Fee and any remaining expenses of the Underwriter, will be released to, or to 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, one Unit for each Subscription Receipt held (subject to any applicable adjustments). Criterium will utilize the Escrowed Funds to complete the Acquisition pursuant to the Definitive Agreement. See "*Summary Description of Subscription Receipts*" and "*Plan of Distribution*".

The following table sets forth the principal purposes for which Criterium proposes to use the total funds available to the Corporation (assuming no exercise of the Over-Allotment Option) upon the completion of the Offering:

	<b>Offering not including Over-Allotment Option</b>	<b>Offering including full exercise of Over-Allotment Option</b>
Net Proceeds of the Offering <sup>(1)</sup>	\$4,482,020	\$5,229,322
Convertible Loan <sup>(2)</sup>	\$10,000,000	\$10,000,000
Completion Loan to MOPL <sup>(3)(4)</sup>	\$14,482,020 <sup>(4)</sup>	\$15,229,322 <sup>(5)</sup>
General corporate purposes and working capital	Nil	Nil
Total Uses	\$14,482,020	\$15,229,322

**Notes:**

- (1) After taking into account the Underwriter's Fee of \$318,001 (or \$365,701 if the Over-Allotment Option is exercised in full) and estimated expenses of the Offering of \$500,000 (excluding taxes).
- (2) Assuming no exercise of the Loan Option and not including the arrangement fee payable to the Strategic Investor in an amount equal to 1% 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 "*Recent Developments – Acquisition*" and "*Information Concerning MOPL and the MOPL Assets*".
- (4) The Completion Loan will be used to make payments to the Lenders in the amount of US\$4,600,000 at closing of the Acquisition. 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.
- (5) Shortfall for payment of the Completion Loan in the aggregate amount of \$16,438,356 (calculated using an exchange rate of \$0.73 CAD/USD) may be funded from the Corporation's cash reserves.

The use of net proceeds of the Offering by the Corporation is consistent with the Corporation's stated business objectives and strategic goals of the exploration for and development and acquisition of oil and natural gas reserves. 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.

While Criterium believes that it has the skills and resources necessary to accomplish its stated business objectives and strategic goals, participation in the acquisition of, exploration for and development of oil and natural gas reserves has a number of inherent risks. See "*Risk Factors*" herein and in the Annual Information Form and "*Industry Risks*" in each of the Interim MD&A and the Annual MD&A, which are incorporated by reference herein.

**SUMMARY DESCRIPTION OF SUBSCRIPTION RECEIPTS**

*The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, the terms of the Subscription Receipt Agreement. A copy of the Subscription Receipt Agreement will be filed by the Corporation with the securities commissions or similar regulatory authorities and will be available at [www.sedarplus.com](http://www.sedarplus.com).*

## General

The Subscription Receipts will be issued on the Closing Date (or on the closing of any sale under the Over-Allotment Option, as the case may be) pursuant to the Subscription Receipt Agreement. The Escrowed Funds will be delivered to and held by the Escrow Agent and invested in certain permitted investments, as directed by the Corporation, pending the earlier to occur of: (i) the satisfaction of the Escrow Release Conditions; and (ii) a Termination Event. The Subscription Receipt Agreement will contain customary anti-dilution provisions with respect to the Subscription Receipts. In addition, the Subscription Receipt Agreement will provide that any material amendment to or waiver of the terms and conditions of the Definitive Agreement will require the prior approval of the Underwriter.

Upon satisfaction of the Escrow Release Conditions on or before the Escrow Release Deadline, the Escrowed Funds and the Earned Interest, less the balance of the Underwriter's Fee and any remaining expenses of the Underwriter, will be released to, or to 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, one Unit Share and one Unit Warrant for each Subscription Receipt held (subject to any applicable adjustments).

Upon satisfaction of the Escrow Release Conditions on or before the Escrow Release Deadline, the Corporation will direct the Escrow Agent to issue and deposit or deliver the Unit Shares and Unit Warrants comprising the Units to holders of Subscription Receipts and will issue a press release specifying that the Escrow Release Conditions have been satisfied and that the Units have been issued. For greater certainty, until the Escrow Release Conditions have been satisfied, the Subscription Receipts are not exchangeable into Units by holders and will only be automatically converted into Unit Shares and Unit Warrants upon satisfaction of the Escrow Release Conditions. Further, the remaining 50% of the Underwriter's Fee and the expenses of the Underwriter in connection with the Offering (and exercise of the Over-Allotment Option, if applicable) will be paid to the Underwriter from the Escrowed Funds. In accordance with the settlement procedures of CDS, the exchange of the Subscription Receipts for Units may not be immediately reflected in the accounts of beneficial holders.

If a Termination Event occurs, holders of Subscription Receipts will be entitled to receive the Termination Payment and 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 Escrow Agent. The obligation to make the payment of the amounts specified above shall be satisfied through the payment procedures of CDS.

### **Holders of Subscription Receipts are Not Shareholders**

**Holders of Subscription Receipts are not shareholders of the Corporation and the Subscription Receipts do not carry any voting rights whatsoever in the Corporation.** Holders of Subscription Receipts are entitled only to receive, without the payment of additional consideration or further action on the part of the holder, one Unit per Subscription Receipt held (subject to applicable adjustments) following the satisfaction of the Escrow Release Conditions. If a Termination Event occurs, holders of Subscription Receipts will be entitled to receive the Termination Payment and, if applicable, the holder's *pro rata* portion of the Earned Interest.

### **Amendments, Modifications or Alterations**

From time to time while the Subscription Receipts are outstanding, the Corporation, the Underwriter and the Escrow Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that, in the opinion of the Escrow Agent, does not prejudice the rights of the holders of Subscription Receipts. The Subscription Receipt Agreement provides for the making of other modifications and alterations thereto and to the terms of the Subscription Receipts issued thereunder by way of a special resolution. The term "special resolution" is defined in the Subscription Receipt Agreement to mean a resolution passed by the affirmative votes of the holders of not less than 66 ⅔% of the number of outstanding Subscription Receipts represented and voting at a meeting of Subscription Receipt holders or an

instrument in writing signed by the holders of not less than 66 ⅔% of the number of outstanding Subscription Receipts.

### **Right of Rescission**

Original purchasers of Subscription Receipts are further advised that in certain provinces there is a statutory right of action for damages in connection with a prospectus misrepresentation, which is limited to the amount paid for the convertible, exchangeable or exercisable security that was purchased under a prospectus. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights, or consult a legal advisor. See "*Statutory and Contractual Rights of Withdrawal and Rescission*".

### **Non-Certificated Issue**

The Subscription Receipts will be issued in "book-entry-only" form on a non-certificated basis and must be purchased or transferred through a CDS Participant. On the Closing Date, the Subscription Receipts will be issued and deposited directly to CDS or its nominee, CDS & CO. A purchaser acquiring a beneficial interest in a Subscription Receipt (a "**Subscription Receipt Beneficial Owner**") will not be entitled to receive a certificate for Subscription Receipts or for the underlying Unit Shares and Unit Warrants. Purchasers of Subscription Receipts will not be shown on the records maintained by CDS, except through a CDS Participant.

Beneficial interests in Subscription Receipts will be represented solely through a non-certificated position which will be evidenced by customer confirmations of purchase from the registered dealer from which the Subscription Receipts are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Subscription Receipts will be made only through the depository service of CDS. Subscription Receipt Beneficial Owners should be aware that they (subject to the situations described below): (i) may not have Subscription Receipts registered in their name; (ii) will not have physical certificates representing their interest in the Subscription Receipts; (iii) may not be able to sell the Subscription Receipts to institutions required by law to hold physical certificates for securities they own; and (iv) may be unable to hypothecate or pledge Subscription Receipts as security.

Subscription Receipt Beneficial Owners will receive a physical subscription receipt certificate only if: (i) required to do so by applicable law (which, for the avoidance of doubt, will include any Subscription Receipts offered or sold in the United States); or (ii) CDS advises the Escrow Agent that CDS is no longer able or willing to properly discharge its responsibilities as depository with respect to the Subscription Receipts and the Corporation (and/or the Escrow Agent) is unable to locate a qualified successor.

Neither the Corporation nor the Underwriter will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or any payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (iii) any advice or representation made by or with respect to CDS and contained in this Prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a CDS Participant. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and Subscription Receipt Beneficial Owners must look solely to CDS Participants for any payments relating to the Subscription Receipts paid by or on behalf of the Corporation to CDS.

### **Warrants**

*The following is a summary of the material attributes and characteristics of the Unit Warrants. This summary does not purport to be complete and is subject to, and qualified in its entirety by, the terms of the Warrant Indenture. A copy of the Warrant Indenture will be filed by the Corporation with the securities commissions or similar regulatory authorities and will be available at [www.sedarplus.com](http://www.sedarplus.com).*

The Unit Warrants to be issued on exchange of the Subscription Receipts will be governed by the terms of the Warrant Indenture between the Corporation and the Warrant Agent.

The Unit Warrants and Unit Warrant Shares have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws, and the Unit Warrants may not be exercised by or on behalf of a person in the United States unless an exemption from such registration is available and documentation to that effect is provided in accordance with the terms of the Warrant Indenture.

Each Unit Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, a Unit Warrant Share at an exercise price of \$0.14 until the date that is 60 months following the Escrow Release Date, after which time the Unit Warrants will be void and of no value.

The Unit Warrants may be issued in uncertificated form. Any Unit Warrants issued in certificated form shall be evidenced by a warrant certificate in the form attached to the Warrant Indenture. All Unit Warrants issued in the name of CDS may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book-entry position on the register of warrant holders to be maintained by the Warrant Agent at its principal offices in Calgary, Alberta.

The Warrant Indenture will provide that the share ratio and exercise price of the Unit Warrants will be subject to adjustment in the event of a subdivision or consolidation of the Common Shares. The Warrant Indenture will also provide that if there is: (i) a reclassification or change of the Common Shares, (ii) any consolidation, amalgamation, arrangement or other business combination of the Corporation resulting in any reclassification, or change of the Common Shares into other shares, or (iii) any sale or conveyance of all or substantially all of the Corporation's assets to another entity, then each holder of a Unit Warrant which is thereafter exercised shall receive, in lieu of Common Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such holder had exercised the Unit Warrants prior to the event.

The Corporation will also covenant in the Warrant Indenture that, during the period in which the Unit Warrants are exercisable, it will give notice to holders of Unit Warrants of certain stated events, including events that would result in an adjustment to the exercise price of the Unit Warrants or the number of Unit Warrant Shares issuable upon exercise of the Unit Warrants at least 14 days prior to the record date or effective date, as the case may be, of such events.

No fractional Common Shares will be issuable to any holder of Unit Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional shares. The holding of Unit Warrants will not make the holder thereof a shareholder of the Corporation or entitle such holder to any right or interest in respect of the Unit Warrants except as expressly provided in the Warrant Indenture. Holders of Unit Warrants will not have any voting rights, pre-emptive rights or any rights of a holder of Common Shares in respect of such Unit Warrants held.

From time to time, the Corporation and the Warrant Agent, without the consent of the holders of Unit Warrants may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Unit Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Unit Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of the Unit Warrants at which there are holders present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Unit Warrants and passed by the affirmative vote of holders representing not less than 66% of the aggregate number of all the then outstanding Unit Warrants represented at the meeting and voted on the poll upon such resolution or (ii) adopted by an instrument in writing signed by the holders of not less than 66% of the aggregate number of all the then outstanding Unit Warrants.

### **SUMMARY DESCRIPTION OF COMMON SHARES**

The authorized capital of the Corporation is 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 September 22, 2023, there were 38,389,981 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.

### **PLAN OF DISTRIBUTION**

The Corporation and the Underwriter intend to enter into the Underwriting Agreement upon successful marketing of the Offering. Pursuant to the Underwriting Agreement, the Corporation will agree to issue and sell an aggregate of 48,182,000 Subscription Receipts to the Underwriter and the Underwriter will agree to purchase such Subscription Receipts on the Closing Date, at a price of \$0.11 per Subscription Receipt, payable in cash by the Underwriter to the Corporation against delivery of the Subscription Receipts, subject to the termination rights described below and to compliance with all necessary legal requirements and terms and conditions of the Underwriting Agreement.

The obligations of the Underwriter under the Underwriting Agreement may be terminated at their discretion on the basis of industry standard "disaster out", "regulatory out", "due diligence out", "market out" and "material adverse change out" provisions and may also be terminated upon the occurrence of certain other stated events. The Underwriter will, however, be obligated to take up and pay for all of the Subscription Receipts that are purchased under the Underwriting Agreement if any of the Subscription Receipts are purchased under the Underwriting Agreement. The Underwriter is offering the Subscription Receipts, subject to prior sale, if, as and when issued by the Corporation, subject to certain conditions which will be contained in the Underwriting Agreement, such as receipt by the Underwriter of officers' certificates and legal opinions. The Offering Price and certain terms of the Offering were determined by negotiation between the Corporation and the Underwriter, with reference to the prevailing market price of the Common Shares. The Subscription Receipts initially are offered at the Offering Price. After a reasonable effort has been made to sell all of the Subscription Receipts at the Offering Price, subject to applicable law, the Underwriter may subsequently reduce the selling prices to investors from time to time in order to sell any of the Subscription Receipts that remain unsold. The compensation realized by the Underwriter will be decreased by the amount that the aggregate price paid by purchasers for the Subscription Receipts is less than the gross proceeds paid to the Corporation by the Underwriter. Any such reduction will not affect the proceeds received by the Corporation.

The Corporation has granted to the Underwriter the Over-Allotment Option to purchase up to an additional 7,227,300 Subscription Receipts on the same terms and conditions as the Offering, to cover over-allotments, if any, and for market stabilization purposes, exercisable from time to time, in whole or in part, at any time until the earlier of: (i) the 30<sup>th</sup> day following the Closing Date; and (ii) the occurrence of a Termination Event. If the Over-Allotment Option is exercised in full, the gross proceeds of the Offering, Underwriter's Fee and net proceeds to the Corporation (before deducting expenses of the Offering) will be \$6,095,023, \$365,701 and \$5,729,322, respectively. This preliminary short form prospectus also qualifies the distribution of the Subscription Receipts issuable pursuant to the exercise of the Over-Allotment Option and the Broker Warrants. A purchaser who acquires Subscription Receipts forming part of the Underwriter's over-allocation position acquires those Subscription Receipts under this preliminary short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for its services in connection with the Offering, the Underwriter will be paid the Underwriter's Fee comprised of a cash commission equal to 6% of the gross proceeds of the Offering. The Underwriter's fee is payable as to 50% upon closing of the Offering and exercise of the Over-Allotment Option, as applicable, and 50% upon the satisfaction of the Escrow Release Conditions, payable from the Escrowed Funds and the Earned Interest, if any, in accordance with the terms and conditions of the Subscription Receipt Agreement. If a Termination Event occurs, the Escrowed Funds will be refunded to the purchasers of Subscription Receipts and the Underwriter's fee shall consist solely of the Initial Underwriter's Fee Payment. In addition, the Corporation has agreed to issue the Underwriter, immediately upon satisfaction of the Escrow Release Conditions, Broker Warrants equal to 6% of the number of Subscription Receipts sold under the Offering (including the Over-Allotment

Option). Provided the Escrow Release Conditions are satisfied, each Broker Warrant shall entitle the holder thereof to acquire one Broker Unit, comprised of one Broker Unit Share and one Broker Unit Warrant, at a price per Broker Unit equal to the Offering Price for a period of 60 months from the Escrow Release Date. Each Broker Unit Warrant will entitle the holder thereof to acquire one Broker Unit Warrant Share at a price of \$0.14 per Broker Unit Warrant Share for a period of 60 months from the Escrow Release Date.

It is expected that Closing will occur on or about the week of October 2, 2023, or such other date as the Corporation and the Underwriter may agree, but in any event no later than the date that is 42 days after the date of the receipt for this preliminary short form prospectus. The Subscription Receipts shall be taken up by the Underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for this preliminary short form prospectus.

Subject to applicable laws, the Underwriter may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market in accordance with applicable stabilization rules. Such transactions, if commenced, may be discontinued at any time.

Pursuant to policies of certain Canadian securities regulatory authorities, the Underwriter may not, throughout the period of distribution under the Offering, bid for or purchase Common Shares for their own accounts or for accounts over which they exercise control or direction. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. These exceptions include a bid or purchase permitted under Universal Market Integrity Rules for Canadian marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, the Underwriter may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. These stabilizing transactions and syndicate covering transactions may have the effect of preventing or mitigating a decline in the market price of the Common Shares and may cause the price of the Common Shares to be higher than would otherwise exist in the open market absent such stabilizing activities. These transactions, if commenced, may be discontinued at any time.

**There is currently no market through which the Subscription Receipts or the Unit Warrants may be sold and purchasers may not be able to resell the Subscription Receipts purchased under this prospectus or the Unit Warrants issuable on exchange of the Subscription Receipts.** See "*Risk Factors*". Criterium has applied to list the Unit Shares and the Broker Unit Shares issuable upon exchange of the Subscription Receipts and exercise of the Broker Warrants (including the Subscription Receipts and Broker Warrants issuable under the Over-Allotment Option) on the TSX-V. The Corporation will use commercially reasonable efforts to list the Unit Warrants and Broker Unit Warrants issuable on exchange of the Subscription Receipts and exercise of the Broker Warrants and the Unit Warrant Shares and Broker Unit Warrant Shares issuable on exercise of the Unit Warrants and the Broker Unit Warrants on the TSX-V. Listing will be subject to Criterium fulfilling all of the requirements of the TSX-V.

Pursuant to the terms of the Underwriting Agreement, the Corporation will not, directly or indirectly, sell, agree or offer to sell, authorize, issue, announce or grant any option for the sale of, or otherwise dispose of any securities of the Corporation or any securities convertible into or exchangeable or exercisable for securities of the Corporation during the period commencing on the date of this preliminary short form prospectus dated September 22, 2023 and ending 120 days after the satisfaction of the Escrow Release Conditions, without the prior written consent of the Underwriter, such consent not to be unreasonably withheld.

The Corporation will use its commercially reasonable efforts to cause each of its directors and senior officers to execute agreements, in favour of the Underwriter, pursuant to which each of such individuals will agree not to, without the prior written consent of the Underwriter, such consent not to be unreasonably withheld, sell, transfer or otherwise dispose of or transfer the economic consequences of

any securities of the Corporation held by such individuals until the date which is 120 days following the satisfaction of the Escrow Release Conditions except pursuant to: (i) the Offering; (ii) equity securities which may be issued from time to time as agreed to in employee compensation arrangements (including the grant of Stock Options, the issue of shares or other securities in the normal course pursuant to any stock option plan or other incentive plan of the Corporation existing on the Closing Date); (iii) as a result of acquisitions or upon the conversion, exercise or exchange of convertible, exercisable or exchangeable securities or other arrangements or agreements (other than Stock Options) existing on the Closing Date; or (iv) the exercise of Stock Options or previously issued Warrants or vesting of securities existing or subsequently granted as permitted by this section.

The Subscription Receipts and the Unit Shares and Unit Warrants issuable pursuant to such Subscription Receipts have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and accordingly, the Subscription Receipts may not be offered, sold or delivered within the United States, directly or indirectly, unless registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. The Underwriter, through their U.S. registered broker-dealer affiliates, may offer and resell the Subscription Receipts that they have acquired pursuant to the Underwriting Agreement only to (1) "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) in the United States provided that such offers and sales are made in accordance with Rule 144A and in accordance with applicable U.S. state securities laws, and (2) with the consent of the Corporation, persons to whom the Corporation will sell such securities directly as substituted purchasers, where such persons are U.S. "accredited investors" (as defined in Rule 501(a) of Regulation D under the U.S. Securities Act), in a private placement under Section 4(a)(2) under the U.S. Securities Act and applicable U.S. state securities laws. In addition, the Underwriter will offer and sell the Unit Shares or the Unit Warrants outside of the United States only in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of this Offering, an offer or sale of Subscription Receipts within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. The Subscription Receipts issued in the Offering and the Unit Shares and Unit Warrants issuable pursuant to such Subscription Receipts to persons in the United States will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act. Any certificates representing such securities will bear a legend to the effect that the securities represented thereby are not registered under the U.S. Securities Act or any applicable U.S. state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. Terms used and not defined in this paragraph shall have the meanings ascribed thereto by Regulation S under the U.S. Securities Act.

### **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 \$10,000,000 to the Corporation. In addition, the Corporation will issue to the Strategic Investor an aggregate of 62,500,000 Loan Warrants. Each Loan Warrant will entitle the holder thereof to acquire one Loan Warrant 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, for no additional consideration, into Common Shares at the option of the holder at any time prior to the close of business on the third business day preceding the date that is 60 months from the date following the satisfaction or waiver of the Escrow Release Conditions (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 of the satisfaction or waiver of the Escrow Release Conditions, 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 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 TSX-V.

The Convertible Loan will be subordinated in right of payment of principal and interest to all senior obligations of the Corporation. 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 the principal amount at the greater of the face value of the principal amount and the market equity value of the principal amount, on an as-converted basis, equal to the 20-day volume weighted average price of the Common Shares on the TSX-V immediately preceding such notification.

The Corporation will grant the Strategic Investor an option (the "**Loan Option**") to increase the principal amount of the Convertible Loan by up to 15% by giving written notice of the exercise of the Loan Option, or a part thereof, to the Corporation exercisable at any time up to 48 hours prior to the Escrow Release Date. If the Loan Option is fully exercised by the Strategic Investor, the aggregate gross proceeds to the Corporation will be \$11,500,000.

The net proceeds of the Convertible Loan will be used to fund the Acquisition of all of the outstanding shares of MOPL (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.

This Prospectus does not qualify any securities issued under the Convertible Loan. The Convertible Loan, Loan Warrants and the Loan Warrant Shares will be subject to a statutory hold period lasting four months and one day following the date of issue of the Convertible Loan.

A one-time arrangement fee of 1% of the gross proceeds of the Convertible Loan, including the Loan Option will be payable by the Corporation to the Strategic Investor. See "*Use of Proceeds*" for the principal purposes for which the net proceeds of the Convertible Loan will be used by the Corporation.

#### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of McLeod Law LLP, counsel to the Corporation, and McCarthy Tétrault LLP, counsel to the Underwriter, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations pursuant to the *Income Tax Act* (Canada), as amended from time to time, and regulations promulgated thereunder (the "**Tax Act**") in force on the date hereof generally applicable to a purchaser who acquires Subscription Receipts pursuant to the Offering and, if applicable, the Units issuable pursuant to the Subscription Receipts or Unit Warrant Shares (together with the Subscription Receipts, the "**Offered Securities**"), as beneficial owner pursuant to this Prospectus and who, at all relevant times, for the purposes of the Tax Act: (i) deals at arm's length with, and is not affiliated with, the Corporation and the Underwriter or any subsequent purchaser of the Offered Securities; and (ii) will acquire and hold the Offered Securities as capital property (each, a "**Holder**"), all within the meaning of the Tax Act. The Offered Securities will generally be considered to be capital property to a Holder provided the Holder does not hold or use the Offered Securities, or is deemed to hold or use the Offered Securities, in the course of carrying on a business of trading or dealing in securities and the Holder has not acquired them, or been deemed to have acquired them, in a transaction or transactions considered to be an adventure in the nature of trade.

This summary does not apply to a Holder (i) that is a "financial institution" as defined in the Tax Act for the purposes of the mark-to-market rules contained in the Tax Act; (ii) an interest in which is or would

constitute a "tax shelter investment" as defined in the Tax Act; (iii) that is a "specified financial institution" as defined in the Tax Act; (iv) that has elected to determine its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency; (v) that is exempt from tax under Part I of the Tax Act; (vi) that has entered into, or will enter into, a "synthetic disposition arrangement" or a "derivative forward agreement" (as those terms are defined in the Tax Act) with respect to the Offered Securities; (vii) that would receive dividends on Unit Shares and/or Unit Warrant Shares under or as part of a "dividend rental arrangement" as defined in the Tax Act; (viii) that is a partnership; or (ix) that is a corporation resident in Canada (for purposes of the Tax Act) and is, or becomes, or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or event or series of transactions or events that includes the acquisition of the Offered Securities, controlled by a non-resident person, or if no single non-resident person has or acquires control, by a group of non-resident persons that do not deal with each other at arm's length (for purposes of the Tax Act) for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to an investment in Offered Securities.

This summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of the Offered Securities.

This summary is based upon: (i) the current provisions of the Tax Act in force as of the date hereof; (ii) all specific proposals to amend the Tax Act (the "**Tax Proposals**") which have been announced by or on behalf of the Minister of Finance (Canada) ("**Finance**") prior to the date hereof; (iii) the provisions of the Canada-United States Income Tax Convention (1980) (the "**Canada-U.S. Tax Convention**") in effect as of the date hereof; and (iv) counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published by it prior to the date hereof. This summary assumes that the Tax Proposals will be enacted in the form proposed and does not take into account or anticipate any other changes in law, whether by way of legislative, regulatory, administrative governmental or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations discussed herein. No assurances can be given that the Tax Proposals will be enacted as proposed or at all, or that legislative, judicial or administrative changes will not modify or change the accuracy of the statements expressed herein. This summary also does not take into account or anticipate any change in the administrative policies or assessing practices of the CRA.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Offered Securities. This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or income tax advice to any particular Holder or prospective Holder of Offered Securities, and no representations with respect to the tax consequences to any Holder or prospective Holder are made herein. Holders and prospective Holders of Offered Securities should consult their own tax advisors with respect to the tax consequences applicable to them of acquiring and holding the Offered Securities pursuant to this Offering, having regard to their own particular circumstances.**

#### *Currency Conversion*

For the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of the Offered Securities (including dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars based on the rate as quoted by the Bank of Canada for the applicable day or such other rate of exchange that is acceptable to the CRA.

#### *Cost of Offered Securities*

The adjusted cost base to a Holder of a Subscription Receipt at any time will be determined by averaging the cost of such Subscription Receipts acquired under the Offering with the adjusted cost base of any other Subscription Receipts (if any) held by the Holder as capital property at such time.

A Holder who acquires Units under the Subscription Receipts issued pursuant to this Offering will be required to allocate the purchase price paid for each Subscription Receipt (plus such Holder's *pro rata*

share of any Earned Interest or other income credited or received on the Escrowed Funds, if any, that is included in the Holder's income) on a reasonable basis between the Unit Share and Unit Warrant comprising such Unit in order to determine their respective costs to such Holder for the purposes of the Tax Act. For its purposes, the Corporation has advised counsel that it intends to allocate \$0.1099 of the Offering Price per Unit to each Unit Share and \$0.0001 to each Unit Warrant. The Corporation believes that such allocations are reasonable; however such allocations are not binding on the CRA or on a Holder.

The adjusted cost base to a Holder of Unit Shares comprising part of a Unit acquired under the terms of a Subscription Receipt will be determined by averaging the cost of such Unit Shares with the adjusted cost base to such Holder of all other Common Shares (if any) then held by the Holder as capital property immediately prior to the acquisition. The adjusted cost base to a Holder of Unit Warrants comprising part of a Unit acquired under the terms of a Subscription Receipt issued pursuant to this Offering will be determined by averaging the cost of such Unit Warrants with the adjusted cost base to such Holder of all other Unit Warrants (if any) held by the Holder as capital property immediately prior to the acquisition.

#### *Acquisition of Common Shares*

The acquisition of a Unit Share pursuant to the terms of a Subscription Receipt or a Unit Warrant Share pursuant to the exercise of a Unit Warrant will not constitute a disposition of property for the purposes of the Tax Act, and, consequently, no gain or loss will be realized by a Holder of a Subscription Receipt or Unit Warrant, as the case may be, upon the exercise of the rights thereunder to acquire a Unit Share or Unit Warrant Share, as the case may be. When a Unit Warrant is exercised, the Holder's cost of the Unit Warrant Share acquired thereby will be equal to the adjusted cost base of the Unit Warrant to such holder, plus the exercise price paid for the Unit Warrant Share. For the purpose of computing the adjusted cost base to a Holder of each Unit Warrant Share acquired on the exercise of a Unit Warrant, the cost of such Unit Warrant Share (and any other Unit Warrant Share acquired concurrently with that Unit Warrant Share) must be averaged with the adjusted cost base to such Holder of all other Common Shares (if any) held by such Holder as capital property immediately prior to the exercise of the Unit Warrant.

#### ***Residents of Canada***

The following portion of this summary is generally applicable to a Holder who, for the purposes of the Tax Act, is resident or deemed to be resident in Canada at all relevant times (a "**Resident Holder**"). Certain Resident Holders whose Unit Shares or Unit Warrant Shares, as the case may be, might not otherwise qualify as capital property may be entitled to make an irrevocable election pursuant to subsection 39(4) of the Tax Act to have the Unit Shares and Unit Warrant Shares, and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election, and in all subsequent taxation years, deemed to be capital property. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their particular circumstances. An election under subsection 39(4) of the Tax Act is not available in respect of Subscription Receipts or Unit Warrants.

#### *Disposition of Offered Securities*

A disposition or deemed disposition by a Resident Holder of an Offered Security (other than on the exchange of a Subscription Receipt for a Unit, the exercise of a Unit Warrant or a disposition to the Corporation that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market) will generally result in such Resident Holder realizing a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition are greater (or less) than the aggregate of the Resident Holder's adjusted cost base thereof immediately before the disposition or deemed disposition and any reasonable costs of disposition. In the event of the expiry of an unexercised Unit Warrant, a Resident Holder generally will realize a capital loss equal to the holder's adjusted cost base of such Unit Warrant. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Residents of Canada - Taxation of Capital Gains and Capital Losses*".

In the event that a Resident Holder becomes entitled to the repayment of the issue price of a Subscription Receipt as a consequence of a Termination Event, any amount that is accrued or paid to the Resident Holder by the Corporation as, or on account of, interest and that is included in the Resident Holder's income, will be excluded from such Resident Holder's proceeds of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Residents of Canada - Taxation of Capital Gains and Capital Losses*".

#### *Pro Rata Share of Interest*

If a Termination Event occurs, Resident Holders of Subscription Receipts will be entitled to receive from the Escrow Agent an amount equal to the full Subscription Price thereof and, if applicable, such Resident Holder's *pro rata* portion of the Earned Interest.

A Resident Holder of Subscription Receipts that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year the amount of the Earned Interest that accrues or is deemed to accrue to the Resident Holder to the end of the Resident Holder's particular taxation year, or that is receivable or received by such Resident Holder before the end of that taxation year, except to the extent that such Earned Interest was included in computing the Resident Holder's income for a preceding taxation year. However, in certain circumstances, an offsetting deduction may be available for any such interest which is remitted to the Corporation upon the acquisition of Unit Shares.

Any other Resident Holder of Subscription Receipts, including an individual, that is entitled to receive its share of Earned Interest will be required to include in computing income for a taxation year such Earned Interest that is receivable or received by such Resident Holder in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income), except to the extent that such Earned Interest was included in computing the Resident Holder's income for a preceding taxation year.

A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) or a "substantive CCPC" (as proposed to be defined in the Tax Act pursuant to the Tax Proposals released on August 9, 2022) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which includes interest income.

#### *Taxation of Dividends Received by Resident Holders*

Dividends received or deemed to be received on the Unit Shares or Unit Warrant Shares held by a Resident Holder will be included in the Resident Holder's income for the purposes of the Tax Act.

In the case of a Resident Holder who is an individual (including certain trusts), any dividends received or deemed to be received on the Unit Shares or Unit Warrant Shares will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by an individual from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit for "eligible dividends" properly designated as such by the Corporation. There may be limitations on the ability of the Corporation to designate dividends as eligible dividends and the Corporation has made no commitments in this regard.

Taxable dividends received or deemed to be received by a Resident Holder who is an individual may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. The 2023 Federal Budget proposes amendments to the alternative minimum tax including to increase the tax rate, raise the exemption and broaden the base for taxation years that begin after 2023. Draft Tax Proposals to implement the proposed amendments were released on August 4, 2023 (the "**August Tax Proposals**"). Resident Holders who are individuals (including certain trusts) should consult their own tax advisors in this regard.

In the case of a Resident Holder that is a corporation, the amount of dividends received or deemed to be received on the Unit Shares or Unit Warrant Shares will generally be deductible in computing such

Resident Holder's taxable income for that taxation year, subject to all relevant restrictions under the Tax Act. In certain circumstances, a dividend received or deemed to be received by a Resident Holder that is a corporation may be deemed to be proceeds of disposition or a capital gain pursuant to subsection 55(2) of the Tax Act. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) or a "substantive CCPC" (as proposed to be defined in the Tax Act pursuant to the Tax Proposals released on August 9, 2022) at any time in a taxation year may be liable to pay an additional tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which is defined to include an amount in respect of dividends or deemed dividends that are not deductible in computing taxable income for the year. Such additional tax may be refundable in certain circumstances.

A Resident Holder that is a "private corporation" or "subject corporation" (as such terms are defined in the Tax Act) may be liable to pay an additional tax under Part IV of the Tax Act on dividends received or deemed to be received on a Unit Share or Unit Warrant Share to the extent that such dividends are deductible in computing the Resident Holder's taxable income for that taxation year. Such additional tax may be refundable in certain circumstances.

### *Taxation of Capital Gains and Losses*

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for that year. Subject to and in accordance with the provisions of the Tax Act, one-half of any capital loss (an "**allowable capital loss**") incurred by a Resident Holder in a taxation year must generally be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, but not against other income, to the extent and in the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Unit Share or Unit Warrant Share by a Resident Holder that is a corporation may in certain circumstances be reduced by the amount of dividends which have been previously received or deemed to have been received by it on such Unit Share or Unit Warrant Share, as the case may be. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns the Unit Shares or Unit Warrant Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant are urged to consult their own tax advisor.

Capital gains realized by an individual (including certain trusts) may give rise to liability for minimum tax calculated under the detailed rules set out in the Tax Act. Resident Holders who are individuals (including certain trusts) should consult their own tax advisors in this regard.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) or that isor is deemed to be a "substantive CCPC" (as proposed to be defined in the Tax Act pursuant to the Tax Proposals released by Finance on August 9, 2022) at any time in a taxation year may be liable to pay an additional tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which is defined to include an amount in respect of taxable capital gains realized in respect of the Common Shares. Such additional tax may be refundable in certain circumstances.

### ***Non-Residents of Canada***

The following summary applies to a Holder who, for purposes of the Tax Act and at all relevant times: (i) is neither resident nor deemed to be resident in Canada; (ii) does not use or hold, and will not be deemed to use or hold, the Offered Securities in the course of carrying on a business in Canada; and (iii) is not an insurer that carries on business in Canada and elsewhere or an "authorized foreign bank" as defined in the Tax Act (a "**Non-Resident Holder**").

### *Disposition of Common Shares and Subscription Receipts*

A disposition or deemed disposition by a Non-Resident Holder of an Offered Security (other than on the exchange of a Subscription Receipt for a Unit, the exercise of a Unit Warrant or a disposition to the Corporation that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market), such Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder, unless the Offered Security constitutes "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax convention.

Generally, as long as the Common Shares are then listed on a designated stock exchange (which currently includes the TSX-V), a Common Share (including Unit Shares and Unit Warrant Shares) will not constitute taxable Canadian property to a Non-Resident Holder, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are met concurrently: (i) one or any combination of (A) the Non-Resident Holder; (B) persons with which the Non-Resident Holder does not deal at arm's length; or (C) partnerships in which the Non-Resident Holder or a person described in (B) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class of shares of the capital stock of the Corporation, and (ii) more than 50% of the fair market value of the Common Share was derived, directly or indirectly, from one or any combination of: (A) real or immovable property situated in Canada, (B) "Canadian resource property" (as defined in the Tax Act); (C) "timber resource property" (as defined in the Tax Act); and (D) options in respect of, or interests in, or for civil law rights in, property described in (A) to (C), whether or not such property exists. In the case of the Subscription Receipts, a Subscription Receipt would generally be taxable Canadian property to a Non-Resident Holder at a particular time if, at any time in the previous 60-month period: (a) the Non-Resident Holder held Subscription Receipts that would represent an interest in 25% or more of the outstanding Common Shares of the Corporation or the Non-Resident Holder and other persons and/or partnerships held shares of the Corporation at that time that satisfy the requirement in paragraph (i) above; and (b) the requirement in paragraph (ii) above is satisfied at that time. In the case of the Unit Warrants, a Unit Warrant would generally be taxable Canadian property to a Non-Resident Holder at a particular time if, at any time in the previous 60-month period: (a) the Non-Resident Holder held Unit Warrants that provided such Non-Resident Holder with the right to acquire 25% or more of the outstanding Common Shares of the Corporation or the Non-Resident Holder and other person and/or partnerships held shares of the Corporation at that time that satisfy the requirement in paragraph (i) above; and (b) the requirement in paragraph (ii) is satisfied at that time. Notwithstanding the foregoing, a Common Share, Subscription Receipt or Unit Warrant may also be deemed to be taxable Canadian property to a Non-Resident Holder under other provisions of the Tax Act. **Non-Resident Holders should consult their own tax advisors as to whether their Offered Securities constitute "taxable Canadian property" in their own particular circumstances.**

In the event that a Subscription Receipt is taxable Canadian property to a Non-Resident Holder and a Non-Resident Holder becomes entitled to the repayment of the issue price of a Subscription Receipt as a consequence of a Termination Event, any amount that is paid or credited or deemed to have been paid or credited to the Non-Resident Holder by the Corporation as, or on account of, interest will be excluded from such Resident Holder's proceeds of disposition.

See *"Residents of Canada - Taxation of Capital Gains and Losses"* for the consequences that will generally apply to a Non-Resident Holder if the Offered Securities are taxable Canadian property of the Non-Resident Holder and are not treaty-protected property of the Non-Resident Holder at the time of their disposition.

### *Pro Rata Share of Interest*

If a Termination Event occurs, Non-Resident Holders of Subscription Receipts will be entitled to receive from the Escrow Agent an amount equal to the full Subscription Price thereof and, if applicable, such Non-Resident Holder's *pro rata* portion of the Earned Interest. A Non-Resident Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited as, on account or in lieu of payment of, or in satisfaction of, any such interest.

### *Taxation of Dividends*

Dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder on the Unit Shares or Unit Warrant Shares will be subject to Canadian withholding tax under the Tax Act at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence. For instance, where the Non-Resident Holder is a resident of the United States that is entitled to full benefits under the *Canada-United States Tax Convention* (1980) as amended (the "**Canada-US Tax Treaty**"), and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15% (or 5% in the case of a Non-Resident Holder that is a company entitled to full benefits under the Canada-US Tax Treaty beneficially owning at least 10% of the Corporation's voting shares). Non-Resident Holders should consult their own tax advisors to determine their entitlement to benefits under any applicable tax treaty or convention based on their particular circumstances.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of McLeod Law LLP, counsel to the Corporation, and McCarthy Tétrault LLP, counsel to the Underwriter, based on the provisions of the Tax Act in force on the date hereof, the Offered Securities would be, if issued on the date hereof, qualified investments under the Tax Act for a trust governed by a "first home savings account" ("**FHSA**") (provided that at such time the August Tax Proposals regarding section 4901 of the regulations under the Tax Act are enacted as proposed), "registered retirement savings plan" ("**RRSP**"), "registered retirement income fund" ("**RRIF**"), "registered education savings plan" ("**RESP**"), "registered disability savings plan" ("**RDSP**"), "tax-free savings account" ("**TFSA**"), and each a "**Registered Plan**"), or a "deferred profit sharing plan" ("**DPSP**") (each as defined in the Tax Act), provided that:

(i) in the case of the Unit Shares and Unit Warrant Shares, the Unit Shares and Unit Warrant Shares, as the case may be, are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX-V) at all relevant times or the Corporation is a "public corporation" as defined in the Tax Act;

(ii) in the case of the Subscription Receipts, the Unit Shares and Unit Warrant Shares are qualified investments as described in (i) and at all relevant times the Corporation is not a "connected person" as defined in the Tax Act under such Registered Plan or DPSP as defined in the Tax Act; and

(iii) in the case of the Unit Warrants, the Unit Warrant Shares are qualified investments as described in (i) and at all relevant times the Corporation is not a "connected person" as defined in the Tax Act under such Registered Plan or DPSP as defined in the Tax Act.

Notwithstanding the foregoing, if the Offered Securities are a "prohibited investment" as defined in the Tax Act for a particular Registered Plan, the annuitant of a RRSP or RRIF, the holder of a TFSA, FHSA or RDSP or the subscriber of a RESP (each such person a "**Plan Subscriber**"), as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Offered Securities generally will not be a "prohibited investment" for a Registered Plan provided that the Plan Subscriber of the Registered Plan (i) deals at arm's length with the Corporation for purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act) in the Corporation. In addition, the Offered Securities will not be a "prohibited investment" if the Offered Securities are "excluded property" (as defined for purposes of the prohibited investment rules in the Tax Act) for trusts governed by a Registered Plan. Plan Subscribers should consult with their own tax advisors as to whether the Offered Securities will be a prohibited investment for such Registered Plans in their particular circumstances.

**Persons who intend to hold the Offered Securities in a Registered Plan or a DPSP should consult their own tax advisors with respect to the application of these rules in their particular circumstances.**

## **RISK FACTORS**

An investment in the Subscription Receipts involves a number of risks. Before investing, prospective purchasers of Subscription Receipts should carefully consider, in light of their own financial circumstances, the factors set out below, as well as other information and risk factors contained in or incorporated by reference in this preliminary short form prospectus, including those risk factors set forth under the heading "*Risk Factors*" in the Annual Information Form, and those risk factors set forth under the headings "*Risk Management and Financial Instruments*" and "*Industry Risks*" in each of the Interim MD&A and the Annual MD&A, which are incorporated by reference herein.

### **No Existing Public Market for the Subscription Receipts or Unit Warrants**

There is no market through which the Subscription Receipts or the Unit Warrants may be sold, and purchasers of Subscription Receipts may not be able to resell the Subscription Receipts purchased under this preliminary short form prospectus or the Unit Warrants issued in exchange for the Subscription Receipts. The Subscription Price and the number of Subscription Receipts to be issued have been determined by negotiation between the Underwriter and the Corporation, with reference to the market price for the Common Shares and other factors. The Corporation has not applied to list the Subscription Receipts on the TSX-V and there can be no assurance that a holder of Subscription Receipts will be able to sell his or her Subscription Receipts prior to the Escrow Release Conditions being satisfied on or before the Escrow Release Deadline or the occurrence of a Termination Event.

### **Subscription Receipt Structure**

Holders of the Subscription Receipts will be entitled to receive Common Shares upon the satisfaction of the Escrow Release Conditions on or before the Escrow Release Deadline. There can also be no assurance that the Escrow Release Conditions will be satisfied on or prior to the Escrow Release Deadline. Each subscriber's subscription proceeds will be held in escrow pending satisfaction of the Escrow Release Conditions or a Termination Event and, accordingly, subscribers will not be able to use such funds to take advantage of other investment opportunities. Until the Escrow Release Deadline occurs and the Common Shares are delivered pursuant to the Subscription Receipt Agreement, holders of Subscription Receipts have only the rights described under the heading "*Summary Description of Subscription Receipts*".

### **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.

### **The Subscription Receipts are Equity Interests and are Subordinate to Existing and Future Indebtedness**

The Subscription Receipts are equity interests. This means the Subscription Receipts will rank junior to all other indebtedness and to other non-equity claims of the Corporation and the Corporation's assets available to satisfy claims, including claims in bankruptcy or similar proceedings. Further, the Subscription Receipts place no restrictions on the Corporation's business or operations or the ability to incur indebtedness or engage in any transactions, subject only to the voting rights available to shareholders generally.

### **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, 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 TSX-V 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 preliminary short form prospectus 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 "*Use of Proceeds*" in this preliminary short form prospectus. 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 "*Use of Proceeds*" 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 TSX-V 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 TSX-V 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.

The Corporation's borrowing base is determined and re-determined by its lenders based on the Corporation's reserves, commodity prices, applicable discount rate and other factors as determined by the Corporation's lenders. A material decline in commodity prices could reduce the Corporation's borrowing base, therefore reducing the funds available to the Corporation under its credit facilities which could result in a portion, or all, of the Corporation's bank indebtedness being required to be repaid.

### **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 TSX-V, 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.

### **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.

### **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.

## **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 preliminary short form prospectus or the documents incorporated by reference in this preliminary short form prospectus, including the forward- looking information under "Recent Developments". 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 preliminary short form prospectus 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.

## **ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES**

Mr. Brian Anderson, a director of the Corporation, resides outside of Canada. Mr. Anderson has appointed the Corporation, located at Bow Valley Square Tower #1, Suite 1120, 202 – 6th Avenue S.W., Calgary, Alberta, T2P 2R9, as his agent for service of process in Alberta. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against a person that resides outside of Canada, even if the party has appointed an agent for service of process.

## **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The Corporation's auditors are MNP LLP, Chartered Professional Accountants. The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal transfer office in Calgary, Alberta.

## **INTERESTS OF EXPERTS**

Certain legal matters relating to the Offering will be passed upon by McLeod Law LLP, on behalf of the Corporation, and by McCarthy Tétrault LLP on behalf of the Underwriter. Based on security holdings as of September 22, 2023, the partners and associates of McLeod Law LLP, as a group, own, directly or

indirectly, less than 1% of the outstanding Common Shares and the partners and associates of McCarthy Tétrault LLP, as a group, own, directly or indirectly, less than 1% of the outstanding Common Shares. In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation except as disclosed under "Directors and Officers" in the Annual Information Form.

Certain reserve estimates in this preliminary short form prospectus and incorporated by reference in this preliminary short form prospectus 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, less than 1% 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.

Netherland, Sewell & Associates, Inc. ("**NSAI**") prepared an independent engineering evaluation of the conventional contingent resources attributable to the properties of Criterium, specifically the Bulu PSC, (the "**NSAI Report**") which was described in the Annual Information Form and incorporated by reference in this preliminary short form prospectus. As of the date hereof, to the knowledge of the Corporation, the directors, officers, employees and consultants of NSAI who participated in the preparation of the NSAI Report who were in a position to directly influence the preparation or outcome of the preparation of the NSAI Report as a group, owned, directly or indirectly, less than 1% of the outstanding Common Shares. In addition, none of the officers, directors, employees or consultants of NSAI 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.

#### **STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts pursuant to the Offering will have a non-assignable contractual right of rescission entitling the purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Subscription Receipts or the Units, as applicable, if this Prospectus and/or any amendment thereto contains a misrepresentation, provided such remedy for rescission is exercised within 180 days of the Closing Date. This contractual right of rescission extends only to initial purchasers of Subscription Receipts and will not extend to any holders of Subscription Receipts who acquire such Subscription Receipts from an initial purchaser in the open market or otherwise. This contractual right of rescission shall be subject to the defences, limitations and other provisions described under applicable securities laws, and is in addition to any other right or remedy available to original purchasers of Subscription Receipts under section 130 of the *Securities Act* (Ontario) and similar provisions of Canadian securities laws, or otherwise at law. For greater certainty,

this contractual right of rescission under the Subscription Receipt Agreement is only in connection with a misrepresentation and is not a right to withdraw from an agreement to purchase securities within two business days as provided in securities legislation in certain provinces of Canada.

**APPENDIX "A"**  
**MONT D'OR PETROLEUM FINANCIAL STATEMENTS**

(Please see *attached*)

**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**

	Notes	30 June 2023 US\$'000	30 June 2022 US\$'000
<b>Revenue</b>		<b>8,590</b>	<b>13,404</b>
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
<b>(Loss)/profit before income tax</b>		<b>(3,630)</b>	<b>5,534</b>
Income tax expense	17b	(8)	(565)
<b>(Loss)/profit for the period</b>		<b>(3,638)</b>	<b>4,969</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(3,638)</b>	<b>4,969</b>

*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
<b>ASSETS</b>			
<b>Non-current assets</b>			
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	-
<b>Total non-current assets</b>		<b>49,484</b>	<b>51,551</b>
<b>Current assets</b>			
Inventories	7	773	825
Trade and other receivables	8	6,509	8,652
Cash and cash equivalents	9	5,987	7,906
<b>Total current assets</b>		<b>13,269</b>	<b>17,383</b>
<b>Total assets</b>		<b>62,753</b>	<b>68,934</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
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	-
<b>Total current liabilities</b>		<b>18,640</b>	<b>11,809</b>
<b>Non-current liabilities</b>			
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
<b>Total non-current liabilities</b>		<b>42,021</b>	<b>51,187</b>
<b>Equity</b>			
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)
<b>Total equity</b>		<b>2,092</b>	<b>5,938</b>
<b>Total liabilities and equity</b>		<b>62,753</b>	<b>68,934</b>

*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
<b>Balance at 30 June 2022</b>	<b>21,822</b>	<b>(3,746)</b>	<b>21,759</b>	<b>9,461</b>	<b>(24)</b>	<b>(41,779)</b>	<b>7,493</b>
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)
<b>Balance at 30 June 2023</b>	<b>21,822</b>	<b>(3,746)</b>	<b>21,759</b>	<b>9,461</b>	<b>(122)</b>	<b>(47,082)</b>	<b>2,092</b>

*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
<b>Operating activities</b>			
(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)
<b>Net cash provided by operating activities</b>		<b>2,518</b>	<b>1,014</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(10)	-
Addition of exploration and evaluation assets	5,23	(226)	(2,218)
<b>Net cash used in investing activities</b>		<b>(236)</b>	<b>(2,218)</b>
<b>Financing activities</b>			
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)
<b>Net cash (used in)/provided by financing activities</b>		<b>(4,201)</b>	<b>192</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,919)</b>	<b>(1,012)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>7,906</b>	<b>3,433</b>
<b>Cash and cash equivalents at end of the period</b>	9	<b>5,987</b>	<b>2,421</b>

*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**

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**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 2<sup>nd</sup> 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**

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**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**

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**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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six month periods ended 30 June 2023**

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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.

**MONT D'OR PETROLEUM LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six month periods ended 30 June 2023**

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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.

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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
<b><u>Cost:</u></b>			
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>
<b><u>Accumulated amortisation:</u></b>			
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>
<b><u>Carrying amount:</u></b>			
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
<b><u>Cost:</u></b>			
At 1 January 2022	16,607	54,883	71,490
Additions	2,569	-	2,569
Reclassification	7,351	(7,351)	-
<b>At 31 December 2022</b>	<b>26,527</b>	<b>47,532</b>	<b>74,059</b>
Additions	10	-	10
<b>At 30 June 2023</b>	<b>26,537</b>	<b>47,532</b>	<b>74,069</b>
<b><u>Accumulated depreciation and depletion:</u></b>			
At 1 January 2022	10,705	25,977	36,682
Depreciation and depletion	1,318	2,443	3,761
Reclassification	9,723	(9,723)	-
<b>At 31 December 2022</b>	<b>21,746</b>	<b>18,697</b>	<b>40,443</b>
Depreciation and depletion	2,137	232	2,369
<b>At 30 June 2023</b>	<b>23,883</b>	<b>18,929</b>	<b>42,812</b>
<b><u>Carrying amount</u></b>			
<b>At 30 June 2023</b>	<b>2,654</b>	<b>28,603</b>	<b>31,257</b>
<b>At 31 December 2022</b>	<b>4,781</b>	<b>28,835</b>	<b>33,616</b>

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)
<b>Total</b>	<b>773</b>	<b>825</b>

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
<b>Total</b>	<b>6,509</b>	<b>8,652</b>

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	-	-
<b>Total</b>	<b>5,119</b>	<b>6,908</b>

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
<b>Total cash and bank balances</b>	<b>8,245</b>	<b>10,148</b>
Less: Decommissioning fund	(2,258)	(2,242)
<b>Cash and cash equivalents</b>	<b>5,987</b>	<b>7,906</b>

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**

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
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
<b>Total</b>	<b>10,882</b>	<b>11,309</b>

The carrying amount of trade payables, other payables and accrued as presented approximate their fair values. These amounts are non-interest bearing.

**11. Borrowings**

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Secured loan		
- Loan 1	18,330	17,920
- Loan 2	7,146	10,156
- Loan 3	2,886	2,772
Capitalised borrowing cost	(91)	-
<b>Total</b>	<b>28,271</b>	<b>30,848</b>
Current	7,055	-
Non-current	21,216	30,848
<b>Total</b>	<b>28,271</b>	<b>30,848</b>

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 US\$'000	31 December 2022 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
<b>Balance at end of the period</b>	<b>5,289</b>	<b>5,172</b>

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	*	*
<b>At end of the year</b>	<b><u>39,870,002</u></b>	<b><u>39,870,002</u></b>	<b><u>21,822</u></b>	<b><u>21,822</u></b>
* 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

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Reimbursable VAT	9,718	9,964
Provision	(3,455)	(3,455)
<b>Total</b>	<b>6,263</b>	<b>6,509</b>

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

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
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

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Beginning of financial year	13,954	14,979
Income tax expense/(benefit)	8	(1,025)
<b>End of financial period</b>	<b>13,962</b>	<b>13,954</b>

The deferred tax liabilities is payable upon reaching the profit oil equity split under the Tungkai PSC and Salawati PSC. As at 30 June 2023, the Tungkai 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

	<u>30 June 2023</u>	<u>31 December 2022</u>
	<u>US\$'000</u>	<u>US\$'000</u>
Balance at 1 January	-	214
Addition	641	-
Depreciation charge for the year	(106)	(214)
<b>Total</b>	<b><u>535</u></b>	<b><u>-</u></b>

(b) Lease liabilities

	<u>30 June 2023</u>	<u>31 December 2022</u>
	<u>US\$'000</u>	<u>US\$'000</u>
Office premises		
Current	203	-
Non - current	341	-
<b>Total</b>	<b><u>544</u></b>	<b><u>-</u></b>

Amounts recognised in profit or loss :

	<u>30 June 2023</u>	<u>30 June 2022</u>
	<u>US\$'000</u>	<u>US\$'000</u>
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 <sup>(1)</sup>	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**

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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:

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Financial assets</b>		
Cash and cash equivalents	5,987	7,906
Trade and other receivables	6,304	8,239
Restricted cash	2,258	2,242
<b>Total</b>	<b>14,549</b>	<b>18,387</b>
<b>Financial liabilities</b>		
Trade and other payables	10,882	11,309
Borrowings	28,271	30,848
Contingent consideration	500	500
<b>Total</b>	<b>39,653</b>	<b>42,657</b>

(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
<b>Impact of:</b>		
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**

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**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**

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**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
<b>30 June 2023</b>				
Trade and other payables	-	10,882	-	10,882
Borrowings	8-10	7,055	21,216	28,271
<b>31 December 2022</b>				
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**

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**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
<b>Affiliated entity</b>		
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**

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**23. Non-cash transactions**

	<u>30 June 2023</u>	<u>30 June 2022</u>
	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).

**APPENDIX "B"**  
**CRITERIUM ENERGY LTD.**  
**PRO FORMA FINANCIAL STATEMENTS**

*(Please see attached)*

# 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 <sup>(a)</sup>	Adjustments	Pro Forma
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	\$ 2,124	\$ 8,070	\$ 3,192 <sup>(b)</sup>	\$ 13,386
Amounts receivable	57	8,773		8,830
Inventories	-	1,042		1,042
Prepays and deposits	68	-		68
	2,249	17,885	3,192	23,326
<b>Non Current assets</b>				
Exploration and development assets	2,179	42,130		44,309
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	(474) <sup>(c)</sup>	(129)
	2,363	66,697	(474)	68,586
Total Assets	\$ 4,611	\$ 84,582	\$ 2,718	\$ 91,911
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 697	\$ 14,667	\$	\$ 15,365
Current debt	-	9,509	(3,789) <sup>(d)</sup>	5,720
Acquisition payable	794	-		794
Contingent consideration	-	674		674
Current portion of lease obligations	26	274		300
Decommissioning liabilities	31	-		31
	1,549	25,124	(3,789)	22,884
<b>Non Current liabilities</b>				
Non Current debt	-	28,596	(15,683) <sup>(e)</sup>	12,913
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	(15,683)	41,078
<b>Shareholders' equity</b>				
Share capital	8,699	53,692	(38,457) <sup>(f)</sup>	23,934
Redeemable Preference Shares	-	12,752	(2,977) <sup>(g)</sup>	9,775
Other comprehensive loss	(29)	-		(29)
Contributed surplus	524	(164)	164	524
Deficit	(6,255)	(63,459)	63,459 <sup>(h)</sup>	(6,255)
	2,939	2,820	22,190	27,949
	\$ 4,611	\$ 84,582	\$ 2,718	\$ 91,911

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 <sup>(a)</sup>	Adjustments	Pro Forma
<b>Net Revenue</b>	\$ 59	11,578		<b>11,637</b>
<b>Expenses</b>				
Professional fees	339	-		<b>339</b>
Consulting fees	292	-		<b>292</b>
Salaries and benefits	409	-		<b>409</b>
Stock-based compensation	147	-		<b>147</b>
General and administrative	193	4,110		<b>4,303</b>
Travel	107	-		<b>107</b>
Geological & geophysical expense	28	-		<b>28</b>
Operating expenses	9	7,048		<b>7,057</b>
Depreciation	18	3,336		<b>3,354</b>
Exploration expense	234	-		<b>234</b>
Finance expense	12	1,923		<b>1,935</b>
	(1,788)	(16,473)		<b>(18,261)</b>
<b>Net loss before other items</b>	<b>(1,729)</b>	<b>(4,839)</b>		<b>(6,568)</b>
Income tax expense	-	(11)		<b>(11)</b>
Interest income	2	-		<b>2</b>
Foreign exchange loss	(7)	(54)		<b>(61)</b>
	(6)	(65)		<b>(71)</b>
<b>Net (loss) income for the period</b>	<b>(1,735)</b>	<b>(4,903)</b>		<b>(6,638)</b>
<b>Other comprehensive loss</b>				
Items that may be reclassified subsequently to loss:				
Currency translation adjustment	(23)	-		<b>(23)</b>
Total other comprehensive loss	(23)	-		<b>(23)</b>
<b>Total comprehensive (loss) income for the period</b>	<b>\$ (1,758)</b>	<b>\$ (4,903)</b>		<b>\$ (6,661)</b>
<b>Weighted average number of shares outstanding (Basic)</b>	37,183,596	-	91,768,369	128,951,965
<b>Weighted average number of shares outstanding (Diluted)</b>	65,915,013	-	285,453,204	351,368,217
<b>Basic and diluted loss per share</b>	<b>\$ (0.05)</b>	-		<b>(0.03)</b>

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 <sup>(a)</sup>	Adjustments	Pro Forma
<b>Net Revenue</b>	\$ 188	\$ 32,738		\$ 32,926
<b>Expenses</b>				
Professional fees	609	-		609
Consulting fees	345	-		345
Salaries and benefits	215	-		215
Stock-based compensation	165	-		165
General and administrative	97	9,573		9,573
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		3,590
	1,518	27,196		28,714
<b>Net loss before other items</b>	(1,330)	5,542		4,212
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)		(695)
<b>Net (loss) income for the year</b>	\$ (1,323)	\$ 4,840		\$ 3,517
<b>Other comprehensive loss</b>				
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)	-		(133)
<b>Total comprehensive (loss) income for the year</b>	\$ (1,329)	\$ 4,713		3,394
<b>Weighted average number of shares outstanding (Basic)</b>	16,139,496	-	91,768,369	107,907,865
<b>Weighted average number of shares outstanding (Diluted)</b>	26,468,010	-	286,659,589	313,127,599
<b>Basic loss per share</b>	\$ (0.08)	-		0.01
<b>Diluted loss per share</b>	\$ (0.08)	-		0.01

See accompanying notes to the financial statements.

# Criterion Energy Ltd.

(formerly Softrock Minerals Ltd.)

## Pro Forma Statements of Consolidated Cash Flows 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 September 25, 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 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 Cash Flows

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 0.742CAD/USD.
- (b) Calculated as the \$15,300,020 equity raise deducting broker fees of \$918,000, transaction costs estimated at \$500,000, and cash payments to lenders on closing equal to \$6,575,342.
- (c) Fair value adjustment equal to the assumption of adjusted liabilities plus share issuance, less value of MOPL assets
- (d) The cash on closing payable to UOB equal to US\$2,800,000.
- (e) Long term debt is reduced on closing in the amount equal to the closing payment to Kendall Court of US\$3,600,000 and the outstanding debt converted to equity at close of US\$2,500,000 and to Summit redeemable in 2025 of US\$2,490,000 as well as the lender adjustments for these two parties totaling US\$3,600,000.
- (f) The adjustment to share capital is as follows, an adjustment removing all existing share capital in MOPL, offset by the issuance of \$15,300,020 in common shares and conversion of debt into common shares in the amount of \$7,104,000, plus \$1,353,000 in shares to Tourmalet Holdings Ltd. as a success fee at the same price per share as this offering.
- (g) Calculated as the Q2 2023 Redeemable Preference Share value less the payment on completion of US\$1,500,000 and the lender adjustment of US\$700,000.
- (h) 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) 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 Cash Flows

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 <sup>1</sup>	91,768,369	91,768,369
Pro forma weighted average common shares – basic	128,951,956	107,907,865
Pro forma weighted average common shares – diluted <sup>2</sup>	351,368,217	313,127,599

1. 48,182,000 common shares issued on conversion of the subscription receipt issued pursuant to the offering, 12,453,300 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 6,600,000 broker warrants totaling \$924,000, granting the warrant holder the right to purchase 1 common share at \$0.14/share, expiring 24 months from the closing of the offering.

See accompanying notes to the financial statements.

## CERTIFICATE OF THE CORPORATION

Dated: September 22, 2023

This preliminary short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this preliminary short form prospectus as required by the securities legislation of each of the Provinces of Canada, except Québec.

*"Robin Auld"*

**Robin Auld**

President and Chief Executive Officer

*"Henry Groen"*

**Henry Groen**

Chief Financial Officer

## ON BEHALF OF THE BOARD OF DIRECTORS

*"Michele Stanners"*

**Michèle Stanners**

Director

*"David Dunlop"*

**David Dunlop**

Director

## **CERTIFICATE OF THE UNDERWRITER**

Dated: September 22, 2023

To the best of our knowledge, information and belief, this preliminary short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this preliminary short form prospectus as required by the securities legislation of each of the Provinces of Canada, except Québec.

### **RESEARCH CAPITAL CORPORATION**

Per: "Kevin Shaw"  
Kevin Shaw  
Managing Director,  
Investment Banking, Head of Energy  
Capital Markets

## **CERTIFICATE OF THE PROMOTERS**

Dated: September 22, 2023

This preliminary short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this preliminary short form prospectus as required by the securities legislation of each of the Provinces of Canada, except Québec.

*"Robin Auld"*

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**ROBIN AULD**

*"Matthew Klukas"*

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**MATTHEW KLUKAS**

*"Henry Groen"*

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**HENRY GROEN**