



Criterium Energy Ltd. (TSXV: CEQ) announces confirmation of significant 2C gas resource in the Lengo Gas Field, East Java Indonesia and provides operational update.

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All amounts in this press release are U.S. dollars unless otherwise specified.

February 8, 2023 - Calgary, Alberta, Criterium Energy Ltd. ("Criterium") (TSXV: CEQ), an independent upstream energy development and production company focused in Southeast Asia, is pleased to announce that an independent assessment of the Company's Contingent Resources (the "Resource Report") in the Lengo gas field located in the Bulu Production Sharing Contract ("PSC") area in Indonesia has been completed by Netherland, Sewell & Associates, Inc. ("NSAI").

Highlights

- **Significant Gas Resource:** The estimated gross un-risked 2C recoverable gas resource in the Lengo gas field is 359 bcf, 134 bcf net to Criterium.¹
- **Optimizing development plan:** Criterium and its JV Partners are addressing select elements of the approved development plan to accelerate first gas and reduce upfront capital costs.
- **Updating economic case in Q2 2023:** Criterium anticipates an updated economic case in Q2 2023 upon which the Lengo resource category may be upgraded from 'Development on Hold' to 'Development Pending'.
- **Identified and manageable contingencies:** The Lengo field resource contingencies are: a signed Gas Sales Agreement ("GSA"), secured financing, and an approved final investment decision ("FID").
- **Progressing towards a GSA in Q4 2023:** The Bulu PSC JV Partners signed a Heads of Agreement ("HOA") in August 2022 with a credible gas offtaker and are now progressing to a formal GSA. It is anticipated the GSA will be signed in Q4 2023.
- **Planned FID in 2024:** Criterium anticipates FID to be taken on the Lengo development in Q2 2024.

The Resource Report is one of many key activities that Criterium has advanced since acquiring AWE(Asia) Ltd. and a 42.5% participating interest in the Bulu PSC in December 2022. These activities have confirmed the Lengo gas field is a large-scale gas resource with strong development potential.

Robin Auld, President and CEO, commented, "NSAI's independent assessment of the Lengo gas discovery confirms the significant gas resource and value contained in the Bulu PSC, which we are eager to realize with our JV partners. Criterium's priority is to develop the Lengo gas field rapidly and efficiently to the mutual benefit of Indonesia and Criterium shareholders."



Summary of Bulu PSC Unrisked Contingent Gas Resources as of December 31, 2022ⁱ

Category	Unrisked Gross Estimate (bcf)	Unrisked Net Criterium (bcf)	Chance of Commerciality (%)	NI 51-101 Resource Category
Low Estimate (1C)	307.8	114.6	76.5	
Best Estimate (2C)	358.8	133.6	76.5	Development on Hold
High Estimate (3C)	419.6	156.2	76.5	

Note: Gross Contingent resources are 100% of the volumes estimated to be recoverable from the field in the event it is developed and includes CO₂ content estimated at 12.4%. Net Criterium Volumes are working interest volumes after removal of the CO₂.

The independent assessment of Criterium's Contingent Resources in the Bulu PSC has been completed by NSAI in accordance with Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities with an effective date of December 31, 2022.

Lengo Gas Development: Project Description

The Bulu PSC is located 65 km offshore of East Java in water depths of approximately 50 m. The Bulu PSC contains the Lengo gas field which was discovered in 2008 by the Lengo-1 well which flow tested 12.9 MMscf/d and appraised in 2013 by the Lengo-2 well which flow tested 20.6 MMscf/d. The drilling results identified a gas-water contact consistent with indicators on 3D seismic and a high-quality carbonate reservoir with an average porosity of 26%ⁱⁱ.

Summary of Lengo Well Testsⁱ

Well/Test	Open-Hole Interval (ft MD) Top/Bottom	Duration (hr)	Choke (in)	FWHP (psig)	Gas Rate (MMscf/d)
Lengo-1 Test 1	2,480/2,640	13.00	128/64	650	12.9
Lengo-2 Test 1 (Upper Zone)	2,415/2,485	3.95	48/64	348	4.5
Lengo-2 Test 2 (Upper + Lower Zone)	2,415/2,571	3.15	96/64	476	20.6

The reservoir is a mid to lower Miocene carbonate build-up at a depth of approximately 700 meters and consists of an upper red algal zone and lower reefal zone that are in pressure communication. It is not uncommon for these carbonate reservoirs to produce above the 2C resource estimate.

The Plan of Development ("POD") was approved in 2014 and consists of an initial 4 well development with a pipeline delivering produced gas to the Tuban area in East Java. The Lengo gas contains impurities, including 12.4% CO₂ which is common in many Indonesian basins. The CO₂ will be removed to meet



pipeline specifications and Criterium is exploring potential carbon sequestration options to mitigate environmental impacts.

Criterium recently met with key project stakeholders who emphasized their desire for a quick and efficient development of the Lengo gas field. Criterium and its JV partners, are reviewing select elements of the approved POD to meet stakeholder requirements and optimize capital costs. As the development plan is refined Criterium will establish an updated economic case, expected in Q2 2023, when the Contingent Resources are anticipated to be upgraded from ‘*Development on Hold*’ to ‘*Development Pending*’.

In August 2022, the Bulu PSC partners reached a key project milestone in signing the HOA with an industrial end-user in East Java. The gas is intended to supply growing industrial demand and feed current infrastructure and/or upgrades to existing facilities. Gas prices reflect the increased demand and dwindling supply and are anticipated to be in the range of \$6.5 - \$7.5/MMbtu on a long term take or pay contract. Criterium anticipates that the Bulu PSC partners will sign a binding GSA in Q4 2023.

Contingenciesⁱ

The key contingencies associated with the development of the Lengo gas field by Criterium and its joint venture partners are as follows;

Contingency	Mitigation	Probability of removing contingency ⁱ	Anticipated date contingency is removed
A. Gas Sales Agreement: Approval of a plan to market the gas and completion of a gas sales agreement	An offtaker has been identified and key terms are outlined in Heads of Agreement signed in August 2022	85%	Q4 2023
B. Financing: Securing financing and final investment decision	Ongoing project financing discussions	90%	Q2 2024

Operations Update

In addition to developing the Lengo gas field, Criterium is active in numerous M&A processes and expects to be able to continue its growth trajectory in 2023. The priority will be to complement the Lengo development with cash-flowing producing assets where Criterium plans to create near term value.

About Criterium Energy Ltd.

Criterium Energy Ltd. is an upstream energy company focused on the acquisition and sustainable development of assets in SE Asia that are capable of scalable growth and cash generation. The Company focuses on maximizing total shareholder return by executing on three strategic pillars, namely (1) successful and sustainable reputation, (2) innovation and technology arbitrage, and (3) operational and safety excellence.

For further information please visit our website (www.criteriumenergy.com) or contact:



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Cautionary Note Regarding Forward-Looking Statements

This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends", "seek", "aims" and similar expressions are intended to identify forward-looking information or statements.

In particular, but without limiting the forgoing, this press release contains statements concerning, among other things: Criterion's intention to work with the Bulu PSC Partners to improve project economics and risk profile and to accelerate initial production from the Lengo gas field while reducing upfront capital costs through innovative project design; the Company's expectation that multiple near-term accretive milestones are achievable with minimal capital, including the signing of a key gas sales agreement and the Company's intention to, through such near-term milestones, convert certain contingent resources to reserves at minimal costs in advance of project development; the anticipated production from the Lengo gas field and the anticipated timing of such production; expectations with respect to future commodity prices, including that gas prices are expected to be in the range of US\$6.5-\$7.5/MMbtu; the anticipated signing of a gas sales agreement for long-term gas offtake and the anticipated timing of such; expectations with respect to market activity in SE Asia, including the anticipated growth in oil and gas production; Criterion's expectation that CO₂ will be removed from produced gas and the Company's intention to explore carbon sequestration options; the Company's expectation that it will reach a final investment decision in Q2 2024; and expectations in connection with the HOA, including that such is expected to progress to a binding gas sales agreement in Q4 2023 and the anticipated use of the associated gas.

Factors that could cause actual results to vary from forward-looking statements or may affect the operations, performance, development and results of Criterion's businesses include, among other things: risks and assumptions associated with operations; risks inherent in Criterion's future operations; increases in maintenance, operating or financing costs; the availability and price of labour, equipment and materials; competitive factors, including competition from third parties in the areas in which Criterion intends to operate, pricing pressures and supply and demand in the oil and gas industry; fluctuations in currency and interest rates; inflation; risks of war, hostilities, civil insurrection, pandemics (including COVID-19), instability and political and economic conditions in or affecting Indonesia or other countries in which Criterion intends to operate (including the ongoing Russian-Ukrainian conflict); severe weather conditions and risks related to climate change; terrorist threats; risks associated with technology; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to Criterion future business; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals and the maintenance of such approvals; general economic and business conditions and markets; and such other similar risks and uncertainties. The impact of any one assumption, risk, uncertainty or other factor on a forward-looking statement cannot be determined with certainty, as these are interdependent and the Company's future course of action depends on the assessment of all information available at the relevant time.

With respect to forward-looking statements contained in this press release, Criterion has made assumptions regarding, among other things: the COVID-19 pandemic and the duration and impact thereof; future exchange and



interest rates; supply of and demand for commodities; inflation; the availability of capital on satisfactory terms; the availability and price of labour and materials; the impact of increasing competition; conditions in general economic and financial markets; access to capital; the receipt and timing of regulatory and other required approvals; the ability of Criterium to implement its business strategies; the continuance of existing and proposed tax regimes; and effects of regulation by governmental agencies.

The forward-looking statements contained in this press release are made as of the date hereof and the parties do not undertake any obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Oil and Gas Advisories

Contingent resources disclosed in this announcement in respect of the Bulu PSC and Lengo gas field are based on an independent evaluation conducted by Netherland, Sewell & Associates, Inc. (NSAI), with an effective date of December 31, 2022. The NSAI estimates of resources were prepared using guidelines outlined in the Canadian Oil and Gas Evaluation Handbook and in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. The contingent resources are estimates only and there is no guarantee that the estimated contingent resources will be recovered.

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies are conditions that must be satisfied for a portion of the contingent resources to be classified as reserves that are: (a) specific to the project being evaluated; and (b) expected to be resolved within a reasonable timeframe. In the case of the contingent resources estimated in the Contingent Resource Report, contingencies include signing of a binding gas sales agreement and securing financing and a final investment decision. Confirmation of intent to proceed with remaining capital expenditures within a reasonable timeframe is a requirement for the assessment of reserves. Finalization of a development plan includes timing, infrastructure spending and the commitment of capital. Determination of productivity levels is generally required before the company can prepare firm development plans and commit required capital for the development of the contingent resources. There is uncertainty that it will be commercially viable to produce any portion of the contingent resources.

The project maturity subclasses include development pending, development on hold, development unclarified and development not viable. All the contingent resources disclosed in this announcement are classified as development on hold. To be classified as contingent resources development on hold the following conditions must be met, (1) resources must have been discovered and evaluated through appropriate means such as drilling or tested, (2) the reservoir must have attributes that indicate potential for commercial production, (3) the development plan for the resources must have been postponed for specific reasons, and (4) the postponement of development must not be considered permanent and the resources must be expected to be produced in future years if the contingencies can be overcome.

Any references in this presentation to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. Management of Criterium believes the information may be relevant to help determine the expected results that Criterium may achieve within oil and gas interests and such information has been presented to help demonstrate the basis for Criterium's business plans and strategies with respect to the Bulu PSC. There is no certainty that the results of the analogous information or inferred thereby will be achieved by Criterium and such information should not be construed as an estimate of future production levels, reserves or the actual characteristics and quality of Criterium's assets.



Any references in this press release to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Criterium.

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 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. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Glossary

bcf	billion cubic feet
boe	barrel of oil equivalent
FHWP	flowing well head pressure
ft	feet
hr	hour
in	inch
MD	measured depth
MMbtu	million british thermal units
MMscf	million standard cubic feet
MMscf/d	million standard cubic feet per day
psig	pounds per square inch gauge

ⁱ Resource Report prepared by Netherland, Sewell & Associates, Inc. dated February 6, 2023 with an effective date of December 31, 2022 (the "Resource Report"), which was prepared in accordance with the definitions, standards, and procedures contained in the Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

ⁱⁱ Lengo Gas Field Plan of Development, 2014