Criterium Energy Ltd. (CEQ) announces strategic South East Asia market entry with the acquisition of a 42.5% interest in the Bulu Production Sharing Contract containing the Lengo gas field, offshore East Java Indonesia

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

December 20, 2022 - Calgary, Alberta, Criterium Energy Ltd. ("Criterium") (TSXV: CEQ) is delighted to announce the completion of the accretive acquisition of a 42.5% interest in the Bulu Production Sharing Contract ("Bulu PSC") which contains the fully appraised Lengo gas field located offshore East Java Indonesia (the "Acquisition") for a total consideration of US$1.6 MM.

Acquisition Highlights

- **Strategic Market Entry:** The Acquisition is Criterium's low-risk market entry into its target region of SE Asia, and in line with Criterium's strategic interest in developing natural gas assets near to high demand markets.
- **Sizeable gas resource:** The Bulu PSC contains the fully appraised Lengo Gas Field which tested 20.6 MMscf/d from the Kujung Carbonate Formation[1]. The field has been independently assessed in accordance with the Petroleum Resources Management System to support a plan of development[2]. Criterium will commissioning a COGEH compliant report in Q1 2023.
- **Plan of Development Approved:** The Government of Indonesia has approved the Plan of Development for the Lengo Gas Field in 2014 with first gas anticipated in 2026-2027 and sales gas of 60 – 80 MMscf/d gross (25 - 30 MMscf/d net Criterium)
- **Near major energy demand center:** The Bulu PSC is located 60km offshore from the large industrial complex in Tuban with access to other Central and East Java end-users.
- **Heads of Agreement for Gas Sales signed**: The Bulu PSC partners have entered into a Heads of Agreement ("HOA") for long-term gas offtake, which is expected to progress to a binding Gas Sales Agreement in 2023. Favorable gas prices are expected to be in the range of US$6-$8/MMbtu**.**
- **Collaborative Joint Venture:** Criterium intends to work with the Bulu PSC Joint Venture Partners to improve project economics and risk profile by reducing capital and operating costs, increasing sales gas, minimizing environmental impacts, and evaluating carbon sequestration potential.
- **Optimize net carried interest:** Through its engagement with Joint Venture Partners and via M&A activity, Criterium will seek to increase total shareholder return by optimizing its net carried interest in the project.
- **Attractive economics and cost pool:** US$100 MM gross cost recovery pool enhances project economics by accelerating return of capital.
- **Favorable acquisition terms:** Acquiring the Bulu PSC at US$0.04/2C boe, a 90% discount to market average over the past 3 years.[3]

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[1] The Lengo-2 DST #2 tested 156 ft of the upper and lower Kujung I formation and flowed at a rate of 20.6 MMSCFGD through a 96/64" choke with a WHP of 476 psi for a duration of 3.15 hours.

[2] Resource report prepared by Netherland, Sewell and Associates dated March 2015 with an effective date of January 1, 2015 (the "**Contingent Resource Report**"), which was prepared in accordance with the definitions, standards and procedures contained in the Petroleum Resources Management System.

[3] Calculated based on publicly announced acquisitions of contingent resources in Asia Pacific from 2018 to July 2023.

- **Market Tailwinds:** Conrad Asia's recent IPO and equity raise on the ASX for a similar gas development in Indonesia shows strong market support for sizeable gas developments in SE Asia.

Robin Auld, Chief Executive Officer, commented

"The acquisition of an interest in the Bulu PSC provides Criterium a strong foundation from which to execute our SE Asia growth and income business model. This fully appraised gas resource together with encouraging progress made on the Gas Sales Agreement sets the stage for value accretion in the short and long term. We are enthusiastic to be joining the existing partners in the Bulu PSC Joint Venture. Together, we intend to augment the development plan and reduce the environmental impact to deliver a project that can help Indonesia sustainably reach its domestic production target of 12 bcf/d by 2030[4].

Criterium will seek to assemble a portfolio of complimentary assets to optimize its working interest in the Bulu PSC and maximize total shareholder return."

The Acquisition

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

Pursuant to the binding agreement, Criterium agreed to pay MEPAU a total of approximately US$1.6 MM in cash which consists of a US$1.0 MM purchase price plus working capital adjustments of approximately US$600,000. Cash payments will be made in five installments of US$400,000 at close (the "Closing Installment"), US$300,000 at each of March 31, June 30, September 30, December 31 with the final payment delivered by December 31st, 2023. The Closing Installment was made by Criterium concurrently with the execution of the binding agreement and transfer of ownership of the shares AWE(Asia) Ltd. was completed. Criterium funded the Closing Installment and will fund the remainder of the purchase price for the Acquisition and near-term operating costs from cash on its balance sheet. There are no finders' fees payable by Criterium in respect of the Acquisition.

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

The Bulu PSC and Lengo Gas Field

The Bulu PSC is located 65 km offshore East Java in water depths of approximately 50m. The Bulu PSC contains the Lengo gas field which was discovered in 2008 by the Lengo-1 well which flow tested 12.9 MMscf/d and appraised in 2013 by the Lengo-2 well which flow tested 20.6 MMscf/d[5]. The drilling results confirmed the top Kujung carbonate reservoir at approximately 700 m TVDSS with a gross gas column of

[4] Antara, Indonesia News Agency, *Government expects gas production to reach 12 bcf/d by 2030,* dated June 2, 2022

[5] The Lengo-1 DST #1 tested 160 ft of the Kujung I formation, which includes both upper and lower intervals and flowed at a rate of 12.9 MMscf/d through a 128/64" choke with a WHP of 650 psi for a duration of 13 hours. The Lengo-2 DST #2 tested 156 ft of both the upper and lower Kujung I interval and flowed at a rate of 20.6 MMscf/d through a 96/64" choke with a WHP of 476 psi for a duration of 3.15 hours.

approximately 70 m, consistent with indicators on 3D seismic. The reservoir is a high-quality carbonate reservoir with an average porosity of 26%[6].

The Kujung reservoir is a mid to lower Miocene carbonate build-up at a depth of approximately 700 meters and consists of an upper red algal zone and lower reefal zone that are in pressure communication. Following the successful appraisal program an independent report[7] was issued in accordance with the Petroleum Resources Management System. Criterium will commission an updated COGEH compliant independent report in Q1 2023.

The plan of development was submitted and approved in 2014 and consists of an initial 4 well development with a pipeline delivering produced gas to the Tuban area in East Java. It is anticipated the production plateau will be 60 – 80 MMscf/d gross[8]. The Lengo gas contains impurities, including 13% CO_2 which is common in many Indonesian basins. The CO_2 will be removed to meet pipeline specifications and Criterium will explore potential carbon sequestration options to mitigate environmental impacts.

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

The Indonesia Gas Market

To support surging domestic demand and reduce the reliance on imports, Indonesia aims to boost domestic oil production from present day production of 616,000 bbl/d to 1 million bbl/d by 2030 and natural gas from present day production of 5.3 bcf/d to and 12 bcf/d, also by 2030[9]. Production from the Lengo gas field will support this objective by feeding natural gas into one of Indonesia's largest industrial hubs in East Java.

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

Criterium's Development Approach

Criterium intends to work collaboratively with the Bulu PSC Partners to accelerate initial production from the Lengo gas field while reducing upfront capital costs through innovative project design. Multiple near-term accretive milestones are achievable with minimal capital and include the signing of a gas sales agreement which is key to reducing project risk and securing financing for field development. Criterium's Director in Indonesia, Hendra Jaya, has extensive experience with gas sales agreements and gas

[6] Lengo Gas Field Plan of Development, 2014

[7] Resource report prepared by Netherland, Sewell and Associates dated March 2015 with an effective date of January 1, 2015 (the "**Contingent Resource Report**"), which were prepared in accordance with the definitions, standards and procedures contained in the Petroleum Resources Management System.

[8] Lengo Gas Field Plan of Development, 2014

[9] The Jakarta Post, *Indonesia again misses oil, gas production targets: SKK MIGAS,* July 19, 2022

development projects in Indonesia having previously held the position of CEO with PT Pertamina Gas ("Pertagas").

Through these near-term milestones Criterium intends to convert the contingent resources stated above to reserves at minimal costs in advance of project development.

First asset in a growing portfolio

The Bulu PSC is the first asset in a larger SE Asia focused portfolio and Criterium confirms that it continues to identify and assess multiple opportunities prioritizing immediate and scalable cash flows.

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, (1) Successful and sustainable reputation, (2) Innovation and technology arbitrage, and (3) Operational and safety excellence.

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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: Criterium's intention to complete the Acquisition and intention to do so through its wholly-owned subsidiary; the benefit to the Company and the Company's shareholders that the Acquisition is anticipated to have; the expected terms and conditions of the Acquisition, including with respect to the purchase price payable by Criterium and expected working capital adjustments; the expectation that Criterium will fund the Acquisition and near-term operating costs from cash on its balance sheet; the expectation that payment of the purchase price by the Company for the Acquisition will be paid in installments, the anticipated amount and timing of each installment; Criterium'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 intention of the Company to commission an updated COGEH compliant independent reserve report following closing of the Acquisition; 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 Company's intention that the Acquisition is to be the first asset in a larger SE Asia focused portfolio for the Company and that the Company intends to build a portfolio of complimentary assets; 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-$8/MMbtu; the anticipated signing of a gas sales agreement for long-term gas offtake in Tuban and the anticipated timing of such; expectations with respect to market activity in SE Asia, including the anticipated growth in oil and gas production; Criterium's expectation that CO_2 will be removed from produced gas and the Company's intention to explore carbon sequestration options; the Company's intention to reduce environmental impact and to help Indonesia sustainably reach its domestic oil production from present day production of 616,000 bbl/d to 1 million bbl/d by 2030 and natural gas production from present day production of 5.3 bcf/d to and 12 bcf/d by 2030; the Company's expectation that it will benefit from past exploration and appraisal costs having resulted in a US$100 MM gross cost recovery pool; and expectations in connection with the HOA, including that such is expected to progress to a binding gas sales agreement in 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 the Criterium's businesses include, among other things: risks and assumptions associated with operations; risks inherent in the Criterium'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 the Criterium 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 Criterium 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 the Criterium 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, Criterium 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

Certain information in this press release is derived from the Contingent Resource Report. 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. In the case of the contingent resources estimated in the Contingent Resource Report, contingencies include signing of a binding gas sales agreement. 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.

Certain information in this press release may constitute "analogous information" as defined in NI 51-101, with respect to the Bulu PSC including, but not limited to, information relating to certain historical drilling results that are believed to be on-trend with other drilling locations to be acquired by the Company pursuant to the Acquisition. There is no certainty that the results of the analogous information or inferred thereby will be achieved by the Company and such information should not be construed as an estimate of future production levels or the actual characteristics and quality of the assets to be acquired pursuant to the Acquisition.

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 to be acquired pursuant to the Acquisition and such information has been presented to help demonstrate the basis for Criterium's business plans and strategies with respect to the Acquisition. 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.