



CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

(unaudited)

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

For the Three Months Ended March 31, 2023 and 2022

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CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

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

(Expressed in Canadian Dollars)

For the Three Months
Ended March 31

	2023	2022
Royalty revenue	\$ 29,080	\$ 39,770
Expenses		
Salaries and benefits	201,253	-
General and administrative	116,727	15,847
Consulting fees	81,449	-
Stock-based compensation (Note 10)	73,545	-
Professional fees	66,948	5,784
Travel	56,763	-
Exploration expense	32,457	-
Depreciation (Note 6)	8,926	-
Finance expense (Note 8 and 9)	5,986	-
Operating expenses	4,500	2,624
	(648,554)	(24,255)
Net (loss) income before other items	(619,474)	15,515
Interest income	801	98
Foreign exchange loss	(5,937)	-
	(5,136)	98
Net (loss) income	\$ (624,610)	\$ 15,613
Other comprehensive loss		
Items that may be reclassified subsequently to loss:		
Currency translation adjustment	(5,099)	-
Total other comprehensive loss	(5,099)	-
Total comprehensive (loss) income	(629,709)	15,613
Weighted average number of shares outstanding (Note 10)	182,153,367	44,852,927
Basic and diluted (loss) income per share	(0.00)	0.00

See accompanying notes to the financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Statements of Financial Position

(unaudited)

(Expressed in Canadian Dollars)

	As at	
	March 31	December 31
	2023	2022
		(audited)
ASSETS		
Current assets		
Cash	\$ 2,802,438	\$ 3,720,751
Amounts receivable (Note 4)	64,238	160,829
Prepays and deposits (Note 5)	79,414	26,381
	2,946,090	3,907,961
Reclamation deposit (Note 8)	43,319	42,655
Right-of-use assets (Note 6)	148,761	157,687
Exploration and evaluation assets (Note 7)	2,227,086	2,228,896
	\$ 5,365,256	\$ 6,337,199
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 211,642	\$ 507,555
Acquisition payable (Note 3)	1,217,970	1,625,280
Current portion of lease obligations (Note 9)	25,296	24,370
Decommissioning liabilities (Note 8)	31,028	31,011
	1,485,936	2,188,216
Lease obligations (Note 9)	130,015	136,697
	1,615,951	2,324,913
Shareholders' equity		
Share capital (Note 10)	8,454,495	8,161,312
Other comprehensive loss	(10,766)	(5,667)
Contributed surplus (Note 11)	450,604	377,059
Deficit	(5,145,028)	(4,520,418)
	3,749,305	4,012,286
	\$ 5,365,256	\$ 6,337,199

Nature of operations and continuance of business (Note 1)

Subsequent event (Note 15)

Approved on Behalf of the Board

_____, "Dave Dunlop", Director

_____, "Robin Auld", Director

See accompanying notes to the financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(unaudited)

(Expressed in Canadian Dollars)

	Share capital		Reserves	Other comprehensive loss	Deficit	Total equity
	# of shares	\$				
Balance, December 31, 2021	44,852,927	\$ 3,061,457	\$ 245,378	\$ -	\$ (3,197,273)	109,562
Net income	-	-	-	-	15,613	15,613
Balance, March 31, 2022	44,852,927	3,061,457	245,378	-	(3,181,660)	125,175
Balance, December 31, 2022	181,136,911	8,161,312	377,059	(5,667)	(4,520,418)	4,012,286
Exercise of warrants	5,863,666	293,183	-	-	-	293,183
Stock-based compensation	-	-	73,545	-	-	73,545
Other comprehensive loss	-	-	-	(5,099)	-	(5,099)
Net loss	-	-	-	-	(624,610)	(624,610)
Balance, March 31, 2023	187,000,577	\$ 8,454,495	\$ 450,604	\$ (10,766)	\$ (5,145,028)	3,749,305

See accompanying notes to the financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

(Expressed in Canadian Dollars)

	As at	
	March 31, 2023	March 31, 2022
Cash flows from (used in) operating activities		
Net (loss) income	\$ (624,610)	\$ 15,613
Items not affecting cash		
Stock-based compensation (Note 10)	73,545	-
Depreciation (Note 6)	8,926	-
Accrued interest on reclamation deposits	(664)	-
Finance expense	5,986	-
Change in non-cash working capital items		
Amounts receivable (Note 4)	96,591	(39)
Prepays and deposits (Note 5)	(53,033)	-
Accounts payable and accrued liabilities	(295,913)	1,915
Net cash flows (used in) from operating activities	(789,172)	17,489
Cash flows from (used in) investing activities		
Acquisition payable (Note 3)	(410,599)	-
Net cash flows used in investing activities	(410,599)	-
Cash flows from (used in) financing activities		
Issuance of common shares (warrants exercised) (Note 10)	293,183	-
Principal payments on lease obligations (Note 9)	(11,725)	-
Net cash flows from financing activities	281,458	-
(Decrease) increase in cash	(918,313)	17,489
Cash at beginning of period	3,720,751	54,715
Cash at end of period	\$ 2,802,438	\$ 72,204

See accompanying notes to the financial statements.

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Notes to the Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

1. Nature of operations and continuance of business

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

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

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

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

2. Basis of presentation

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

The consolidated financial statements were authorized for issue by the Board of Directors on May 17, 2023.

Estimation uncertainty

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

Significant accounting policies

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

CRITERIUM ENERGY LTD.

(formerly Softrock Minerals Ltd.)

Interim Condensed Consolidated Notes to the Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

3. Acquisition

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

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

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

The Company concluded that substantially all the fair value of AWE's assets were concentrated in a single identifiable asset, the exploration and evaluation expenditures on the Bulu PSC. Consequently, the acquisition of AWE was accounted for as an asset acquisition in accordance with the concentration test permitted under IFRS 3, Business Combinations. At March 31, 2023, the balance owing on the acquisition was \$1.2 million (\$900,000 USD). The acquisition payable is non-interest bearing and the carrying amount approximates fair value due to its short-term nature.

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

4. Amounts receivable

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

	March 31	December 31
	2023	2022
Trade accounts receivable	\$ 44,077	\$ 111,752
GST receivable	20,161	49,077
	\$ 64,238	\$ 160,829

5. Prepaids and deposits

	March 31	December 31
	2023	2022
Prepaid expenses	\$ 48,128	\$ 26,381
Prepaid expenses, Bulu PSC	31,286	-
	\$ 79,414	\$ 26,381

CRITERIUM ENERGY LTD.

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Interim Condensed Consolidated Notes to the Financial Statements For the Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

6. Right-of-use assets

Buildings	Cost	Accumulated depreciation	Net book value
Balance, December 31, 2022	\$ 166,613	\$ (8,926)	157,687
Depreciation	-	(8,926)	(8,926)
Balance, March 31, 2023	\$ 166,613	\$ (17,852)	148,761

7. Exploration and evaluation assets

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

	Oil and gas properties	Mineral properties	Total
Cost, December 31, 2022	\$ 2,265,094	\$ 55,096	\$ 2,320,190
Accumulated impairment, beginning and end of period	(36,198)	(55,096)	(91,294)
Net book value, December 31, 2022	2,228,896	-	2,228,896
Effect of movements in exchange rates	(1,810)	-	(1,810)
Net book value, March 31, 2023	\$ 2,227,086	\$ -	\$ 2,227,086

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

At March 31, 2023, there were no indicators of impairment or impairment reversal for exploration and evaluation assets in any of the Company's CGUs.

8. Decommissioning liabilities

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

Balance, December 31, 2022	31,011
Accretion	17
Changes in estimates	-
Government grants	-
Balance, March 31, 2023	31,028

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

During 2021, the Company abandoned a well under the Government of Alberta's Site Rehabilitation Program ("SRP") whereby qualified contractors (the "Contractors") apply for grants to assist with the abandonment and reclamation activities of upstream oil and gas wells, pipelines and associated facilities. The funding is provided directly to the Contractors by the Government of Alberta. No grant income under the SRP was recognized at March 31, 2023 (March 31, 2022 - \$nil).

At March 31, 2023 \$43,319, (December 31, 2022 - \$42,655) is held as a reclamation deposit with the applicable regulatory body as security for the settlement of these obligations.

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Interim Condensed Consolidated Notes to the Financial Statements For the Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

9. Lease obligations

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

	Office	Furniture	Total
Balance, December 31, 2022	\$ 121,970	\$ 39,097	\$ 161,067
Non-cash changes			
Accretion	4,522	1,447	5,969
Cash flows			
Principal payments	(8,725)	(3,000)	(11,725)
Balance, March 31, 2023	\$ 117,767	\$ 37,544	\$ 155,311
Less: current portion	\$ (18,471)	\$ (6,825)	\$ (25,296)
Long-term portion	\$ 99,296	\$ 30,719	\$ 130,015

10. Share capital

Authorized Share Capital

Unlimited number of:

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

Issued and Outstanding Common Shares

	Shares	Amount
Balance, December 31, 2022	181,136,911	\$ 8,161,312
Exercise of warrants	5,863,666	293,183
Balance, March 31, 2023	187,000,577	\$ 8,454,495

(Loss) income per share

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

Three months ended March 31,	2023	2022
Weighted average number of common shares		
Issued and outstanding, beginning of year	181,136,911	44,852,927
Effect of exercise of warrants	1,016,456	-
Weighted average number of common shares - basic and diluted	182,153,367	44,852,927

All warrants, broker warrants and stock options have been excluded from the calculation of diluted shares outstanding as they would be anti-dilutive to the loss position of the Corporation.

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Interim Condensed Consolidated Notes to the Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

10. Share capital (continued)

Stock Option Plan

For the three months ended March 31, 2023, the Company recorded total stock-based compensation of \$6,923 (March 31, 2022 - \$nil). At March 31, 2023, the total unvested stock-based compensation with respect to these options was \$37,479 (December 31, 2022 - \$44,402).

The continuity of stock options at March 31, 2023 was as follows:

	Number	Weighted average exercise price \$
Balance, December 31, 2022 and March 31, 2023	1,850,000	0.04

The following stock options were outstanding at March 31, 2023:

Expiry date	Number	Number exercisable	Exercise price \$	Remaining life (years)
April 14, 2025	300,000	300,000	0.05	2.04
June 22, 2025	300,000	300,000	0.05	2.23
September 26, 2027	1,250,000	-	0.04	4.49
	1,850,000	600,000	0.04	3.73

Warrants

The continuity of share purchase warrants at March 31, 2023 was as follows:

	Number	Weighted average exercise price \$
Balance, December 31, 2022	150,868,941	0.04
Exercised	(5,863,666)	(0.05)
Balance, March 31, 2023	145,005,275	0.04

The following share purchase warrants were outstanding at March 31, 2023:

Expiry date	Number	Exercise price \$	Remaining life (years)
June 15, 2023	9,230,115	0.05	0.21
September 26, 2027	1,277,500	0.04	4.49
September 26, 2027	134,497,660	0.04	4.49
	145,005,275	0.04	4.06

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Interim Condensed Consolidated Notes to the Financial Statements For the Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

10. Share capital (continued)

Restricted share units

On September 26, 2022, 12,750,000 restricted share units ("RSUs") were issued pursuant to the terms of the Share Incentive Award Plan at a deemed price of \$0.04 per common share. The RSUs vest one-third on each of the first, second and third anniversary of the grant date and each is redeemable for one common share of the Company at the time of vesting. The RSUs expire December 15, 2025. At March 31, 2023, there were 12,750,000 RSUs outstanding and non-exercisable (December 31, 2022 - 12,750,000).

For the three months ended March 31, 2023, the Company recorded total stock-based compensation of \$66,622 (March 31, 2022 - \$nil). At March 31, 2023, the total unvested stock-based compensation with respect to these RSUs was \$360,551 (December 31, 2022 - \$427,174), calculated using the fair value of the Company's shares at issuance.

11. Contributed surplus

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

Balance, December 31, 2022	\$	377,059
Stock-based compensation		73,545
Balance, March 31, 2023	\$	450,604

12. Related party transactions and key management compensation

The Company has entered into transactions with related parties in the normal course of business that are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and which in management's opinion is comparable to amounts that would have been paid to non-related parties. The exchange amount approximates fair value. Transactions impacting the consolidated financial statements, which are not disclosed elsewhere in the statements are summarized below. During the three months ended March 31, 2023 and 2022 the Company paid to its directors and officers, either directly or indirectly, the following amounts:

Three months ended March 31,	2023	2022
Key management compensation	\$ 159,792	\$ -
Stock-based compensation	69,589	-
Accounting and administrative services (professional fees)	40,103	1,800
Directors' fees (consulting fees)	40,000	-
Consulting services	18,037	-
Office allowance (general and administrative expenses)	-	1,316
	\$ 327,521	\$ 3,116

A company controlled by the CEO and director leases office furniture and office space to the Company. For the three months ended March 31, 2023, the Company paid total interest and principal payments of \$11,725 (March 31, 2022 - \$nil), see note 7.

As part of key management compensation, three officers of the Company (December 31, 2022 - two) have agreed to defer a portion of their salaries totaling \$84,241 (December 31, 2022 - \$41,148), included in accounts payable and accrued liabilities at March 31, 2023.

The total amounts included in accounts payable and accrued liabilities at March 31, 2023 for the above items was \$101,894 (December 31, 2022 - \$88,973).

CRITERIUM ENERGY LTD.

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Interim Condensed Consolidated Notes to the Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

13. Risk and capital management

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

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

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

	March 31, 2023	December 31, 2022
Financial assets		
Cash	\$ 2,802,438	\$ 3,720,751
Amounts receivable	64,238	160,829
Reclamation deposit	43,319	42,655
Total financial assets	2,909,995	3,924,235
Financial liabilities		
Accounts payable and accrued liabilities	211,642	507,555
Acquisition payable	1,217,970	1,625,280
Total financial liabilities	\$ 1,429,612	\$ 2,132,835

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

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

Foreign currency risk

The Company reports its financial results in Canadian dollars but also undertakes transactions denominated in US dollars, Indonesian Rupiah ("IDR"), and New Zealand dollars ("NZD"). As the exchange rates between the Canadian dollar and the US dollar, IDR and NZD fluctuates, the Company recognizes realized and unrealized foreign exchange gains and losses. At March 31, 2023, the Company has \$11,062 of accounts payable and accrued liabilities denominated in US dollars, which are subject to currency risk.

At March 31, 2023, a 10% appreciation or depreciation of the US dollar against the Canadian dollar would result in an approximate \$1,106 increase or decrease in the Company's net loss (March 31, 2022 – \$nil).

The Company does not enter into any financial instruments to hedge currency risk, but the Company monitors its foreign exchange exposure and considers its exposure to foreign currency risk to be minimal at March 31, 2023.

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Interim Condensed Consolidated Notes to the Financial Statements For the Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

14. Segmented information

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

	Indonesia		Canada		Total	
Three Months Ended March 31,	2023	2022	2023	2022	2023	2022
Net loss	\$ (85,097)	\$ -	\$ (539,513)	\$ 15,613	\$ (624,610)	\$ 15,613
For the period ended,	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Right-of-use asset	\$ -	\$ -	\$ 148,761	\$ 157,687	\$ 148,761	\$ 157,687
Exploration and evaluation assets	2,227,086	2,228,896	-	-	2,227,086	2,228,896
Non-current assets	\$ 2,227,086	\$ 2,228,896	\$ 148,761	\$ 157,687	\$ 2,375,847	\$ 2,386,583

15. Subsequent event

Subsequent to March 31, 2023, 1,758,334 warrants expiring June 15, 2023 were exercised for gross proceeds of \$87,917.