Criterium Energy Announces Transaction Updates in connection with the Acquisition of Mont D'Or Petroleum Ltd.

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December 18, 2023 - Calgary, Alberta - **Criterium Energy Ltd. ("Criterium" or the "Company") (TSXV: CEQ)**, an independent upstream energy development and production company focused in Southeast Asia, is pleased to announce the Company has entered into an amended Sale and Purchase Agreement ("**SPA**") dated December 18, 2023 in connection with the previously announced acquisition of all the issued and outstanding shares of Mont D'Or Petroleum Limited ("**MOPL**") (the "**Acquisition**").

Positive Updates to Revised Mont D'Or Transaction

- **Improved transaction terms:** Completion payment for the Acquisition reduced by 60% to US$4.5 million[1]. Reduced payment means the entirety of net equity proceeds will fund Criterium's drilling program in the first half of 2024 with no overall change to available working capital.

- **Reduced financing requirement and reduced dilution for shareholders:** Restructured transaction eliminates the need for the previously announced convertible loan financing which held significantly higher cost of capital, this results in a 40% reduction in fully diluted share count and US$1.3 million in annual interest savings[2].

- **Accelerated de-leveraging plan:** At closing of the Acquisition, net debt will be US$17 million with further reduction to approximately US$8 million upon Criterium exercising its repayment option to MOPL's existing lenders which will trigger lender write-downs in Q1 2024[3], resulting in 36% less total debt as compared to the previous transaction structure. The Company anticipates YE2024 debt-to-cashflow (D/CF) of ~0.4x and a net cash position in Q4 2025. The restructured debt provides a favorable 7.95% interest rate.

- **Strong working capital position:** Approximately US$8 million working capital in pro forma MOPL, funded by: (i) the equity financing upon the release from escrow of the subscription receipts of Criterium that were issued pursuant to the previously completed public offering ("**Offering**"), and (ii)the existing working capital in MOPL, collectively providing sufficient resources to execute a low-risk development program resulting in material production growth in 2024.

- **Preliminary 2024 guidance**

  1. **Executing low-risk development program resulting in 1,800 – 2,200 bbl/d by YE 2024[4]**
     - **Low-cost workover program:** Utilize onsite service rig to perform identified workovers and production optimization.
     - **Execute identified infill well program:** Drill 4-5 wells in the Mengoepeh field each of which payback in 6-12 months[5].
  2. **Progressing monetization of over 20 bcf of contingent gas resource[4]**
     - Finalize plan of development and gas sales agreement in 2024, resulting in an anticipated upgrade from contingent resource to reserves.
     - Utilize existing infrastructure to achieve initial production in 2025.

- **Forecasted US$20 million operating cash flow in 2024:** Equivalent to C$0.20/share[6].

- **Mont D'Or provides a proven operating team with long-life assets:**
  - Cohesive team with a track record of safe and efficient operations.
  - 2P Reserves of 4.7 MMbbl represents ~10% recovery factor[4]. Nearby fields from similar reservoirs can produce up to 30% with secondary recovery techniques[7] (e.g. waterflood or chemical injection).
  - 2C Contingent resources of 3 MMbbl oil and 20 bcf of gas[4].
  - High impact step out exploration adjacent to underutilized infrastructure.
  - The recently extended Tungkal PSC expires in 2042.

- **Supportive government:** The Government of Indonesia has set domestic production targets of 1.0 million bbl/d and 12 bcf/d by 2030, a 63% and 100% increase from 2022 levels[8].

- **An under-focused Southeast Asia region suitable for consolidation:** Under-capitalized assets combined with supportive fiscal terms, and limited competition creates an arena primed for consolidation. Criterium's extensive experience in the region has the Company well-positioned to be the consolidator of choice.

The Company believes this revised capital structure combined with interest savings will deliver new and current shareholders superior returns going forward and allow the Company more flexibility with less dilution, delivering a stronger balance sheet. The revised financing is expected to drive strong per share accretion into 2024 and beyond while also providing a more resilient free cash flow stream.

Amendments to Acquisition

The Company will purchase all outstanding and issued shares of MOPL under the terms of the amended SPA. The Company expects that the closing of the Acquisition to be on or before January 4, 2024. As set forth in the amended SPA, Criterium has committed to the following payments and issuance of securities upon closing:

(1) a US$1 payment to current MOPL Shareholders (the "**Sellers**"),
(2) issuance of Common Shares equivalent to US$0.900 million to Tourmalet Holdings Ltd. ("**Tourmalet**")[9],
(3) working capital injection of US$4.5 million,
(4) issuance of Common Shares and/or convertible notes equivalent to approximately US$5.2 million to select MOPL lenders[9], and
(5) current MOPL shareholders, including Tourmalet, receive contingency payments upon certain price and production thresholds[10].

Criterium holds an option, to be exercised at the Company's discretion, to make a US$5.5 million cash payment to the debt holders by March 31, 2024 (the "**Optional Debt Payment**") in exchange for US$3.1 million of write-downs. After the Optional Debt Payment and write downs, gross debt will equal approximately US$16 million. Criterium intends to fund the Optional Debt Payment from cash on the Company's balance sheet. The Company had previously provided an additional non-refundable deposit of US$0.200 million under an amendment to the SPA dated October 26, 2023.

Financing

The Company is proceeding with securing the release of the escrowed funds from the Offering that was completed on November 7, 2023, and deposited into escrow. The Offering was led by Research Capital Corporation as the sole underwriter and sole bookrunner. The revised transaction terms of the Acquisition will allow Criterium to move forward in closing the MOPL transaction without the requirement of the convertible loan agreement as previously announced. As a result of the restructured transaction structure, the Company will be seeking amendments to the escrow release conditions as set forth in the subscription receipt agreement dated November 3, 2023, under the offering.

Approvals

The Acquisition is subject to Criterium receiving TSX Venture Exchange ("**TSXV**") approval for the Acquisition. The Acquisition constitutes a Fundamental Transaction under TSXV Policy 5.3, and the Company has provided the necessary documentation to receive the required TSXV approval.

In Indonesia, the Acquisition is classified as an indirect change of control and all required notifications have been submitted to the necessary authorities.

Bulu Transaction

The Company had previously entered into a letter of intent for the arm's length sale of its wholly owned subsidiary which holds a 42.5% non-operated working interest in the Bulu PSC ("**Bulu Transaction**") which will have an effective date of July 1, 2023. The total cash consideration to the Company from the Bulu Transaction will be US$7.75 million (equivalent to approximately C$10.516 million), with US$2 million (C$2.714 million) received as a non-refundable deposit upon signing of the definitive agreement and the remaining US$5.75 million (C$7.802 million) due upon closing which is expected in Q1 2024.

About Criterium Energy Ltd.

Criterium Energy Ltd. is an upstream energy company focused on the acquisition and sustainable development of assets in Southeast Asia that can deliver 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.

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Completion of the Acquisition is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable, disinterested shareholder approval. Where applicable, the Acquisition cannot close until the required shareholder approval is obtained. There can be no assurance that the Acquisition will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Acquisition, any information released or received with respect to the Acquisition may not be accurate or complete and should not be relied upon. Trading in the securities of Criterium should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed Acquisition and has neither approved nor disapproved the contents of this news release.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

[1] Previous completion payment of US$11 million as disclosed on November 7, 2023
[2] Assuming fully diluted share count of 236 million shares in comparison to previously announced transaction of 393 million shares as a result of the Convertible Loan and associated warrants no longer being issued. Savings represents the annual avoidance of interest on the previously announced C$12.2 million Convertible Loan with 14.75% interest compounded daily.
[3] Criterium holds an option, exercised at the Company's discretion, to pay US$5.5 million by March 31, 2024 to existing MOPL lenders. Upon receipt of payment, the lenders will take a collective US$3.1 million write-down resulting in the overall reduction of US$8.6 million of debt.
[4] Reserve report commissioned by MOPL and prepared by ERCE Limited dated September 21, 2023 with effective date of December 31, 2022 (the "**Reserve Report**"), which was prepared in accordance with the definitions, standards, and procedures contained in the Canadian National Instrument 51-101 Standards of Disclosure of Oil and Gas Activities. Gross reserves and resources are the working interest share of Reserves and Resources and are prior to the application of the contractual terms of the PSC. Stated production data is as of December 31, 2022
[5] Well payback is based on Central Mengoepeh type curve and capital and operating costs as represented in the Reserve Report. Revenue is forecasted using a US$80/bbl Brent price.
[6] Operating cash flow projections are based on 2P Reserve Report case for 2024 with management estimate for phased activity (Reserve report US$37 million operating cash flow for 2024). Per share metrics based on 139 million proforma shares outstanding.
[7] Enhanced oil recovery factors are based on management estimates based on analogous fields which produce from the Talang Aker Formation in South Sumatra.
[8] Reuters January 18, 2023 *"Indonesia oil lifting miss target, hopes stalled projects resume"*
https://www.reuters.com/business/energy/indonesias-2022-oil-lifting-below-target-investment-rising-2023-01-18/
[9] Common Shares issued to Tourmalet are in satisfaction of the fee payable by Criterium to Tourmalet for negotiating potential write-downs to current MOPL lenders and will be issued at the lower of the Equity Subscription Receipt issue price or the 10-day VWAP prior to closing. The Common Shares issued to the lenders in exchange for debt (approximately US$2.2 million) will be issued at the greater of the Equity Subscription Receipt issue price or 20 day VWAP. The convertible shares issued to the lenders will convert approximately US$2.5 million of existing debt and an additional US$0.5 million to Common Shares in 2025 at an issue price equivalent to the 20-day VWAP.
[10] The contingency payments are calculated and paid semi-annually and are based on asset performance and commodity price, specifically (1) 'Oil Production' payment of US$3 per barrel of incremental production above 1,200 bbl/d when ICP is greater than US$80/bbl and less than US$90/bbl or US$7.5 per barrel of incremental production above 1,200 bbl/d when ICP is greater than US$90/bbl. (2) 'Oil Price' payment payable if average daily production exceeds 1,200 bbl/d and if ICP is greater than US$100/bbl. The contingency payment is US$1/bbl and increases by US$1/bbl for every US$10 increase of ICP above US$100/bbl/ (3) 'Gas Production' contingency payment equal to 1.82% of gross revenue from third party gas sales.

Cautionary Note Regarding Forward-Looking Statements

This press release contains certain forward–looking information and statements that are based on expectations, estimates, projections and interpretations as at the date of this news release. 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.

This press release contains statements of forward looking information including, without limitation, statements with respect to intended use of net proceeds of the Offering, generation of stated net operating income by the Company for the second half of 2023, the forecasted operating cash flow for 2024, the low cost workover program, the intention to drill 4-5 wells in the Mengoepeh field and approval by all regulatory authorities of the Acquisition.

Factors that could cause actual results to vary from forward-looking statements or may affect the operations, performance, development and results of Criterium's businesses include, among other things: risks and assumptions associated with operations; risks inherent in 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 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 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. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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

Total proved, probable and possible reserves disclosed in this announcement in respect of the Tungkal PSC are based on the Reserve Report commissioned by MOPL and prepared by ERCE Limited dated September 21, 2023 with effective date of December 31, 2022, which was prepared in accordance with the definitions, standards, and procedures contained in the Canadian National Instrument 51-101 *Standards of Disclosure of Oil and Gas Activities.*

The Resource Report describes reserves as "*…estimated remaining quantities of commercially recoverable oil, natural gas, and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data, the use of established technology, and specified economic conditions, which are generally accepted as being reasonable."*

These reserves are further classified based on the level of certainty and status of development or production.

The Reserve Report classifies levels of uncertainty in accordance with the Canadian Oil and Gas Evaluation Handbook. These levels are described as PDP, PD, 1P, 2PD, 2P and 3P levels of status and uncertainty (see glossary for summarized definitions). According to the Reserve Report, estimates and uncertainty are further influenced by: (1) a variety of market factors which may influence the commerciality of resource recovery; and (2) the Reserve Report is based on estimates only and there is no guarantee of actual recovery.

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. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Criterium. 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 Tungkal 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.

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.6 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 5.6:1, utilizing a conversion on a 5.6:1 basis may be misleading as an indication of value.