CRITERIUM ENERGY LTD.

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022
(*Expressed in Canadian Dollars*)

CRITERIUM ENERGY LTD.

For the years ended December 31, 2023 and 2022

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To the Shareholders of Criterium Energy Ltd.:

Opinion

We have audited the consolidated financial statements of Criterium Energy Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of assets held for sale

Key Audit Matter Description

The Company had $2.2 million of assets held for sale and $0.7 million in liabilities directly associated with the disposal group as at December 31, 2023. Immediately prior to classification as held for sale, the components of a disposal group, are measured at the lower of their carrying amount and fair value less cost to sell ("FVLCS"). Impairment losses, or impairment reversals to the extent allowable, on initial classification are recognized in the statement of loss and comprehensive loss.

Please refer to Note 3 - Material accounting policy information, and Note 10 - Assets held for sale in the consolidated financial statements.

We identified the valuation of assets held for sale as a key audit matter due to:
• The significant estimates and judgments used by management.
• The significant auditor judgment required.
• The effort in performing procedures related to the key assumptions used.

Audit Response

We responded to this matter by performing procedures in relation to the valuation of assets held for sale. Our audit work in relation to this included, but was not restricted to, the following:

- Evaluated the design and implementation of essential controls related to the measurement of the assets held for sale.
- Assessed management's determination of the FVLCS of the assets held for sale by inspecting the signed letter of intent, reviewing the acquisition agreement dated December 20, 2022, and performing a review of subsequent events.
- Evaluated management's judgment and conclusions with respect to the classification of the assets as held for sale.
- Evaluated the financial statement presentation and disclosures related to the assets for sale.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Craig Bloom.

Calgary, Alberta

MNP LLP

April 25, 2024

Chartered Professional Accountants

CRITERIUM ENERGY LTD.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31,

(Expressed in Canadian Dollars)

	2023	2022
Royalty revenue	**$ 105,891**	$ 187,838
Expenses		
Salaries and benefits	**810,004**	214,893
Exploration expense	**744,754**	-
Transaction costs	**563,760**	-
General and administrative	**423,192**	97,300
Consulting fees	**397,362**	345,498
Professional fees	**345,112**	608,665
Stock-based compensation (Note 16)	**304,494**	164,513
Travel	**217,755**	37,710
Depreciation (Note 9)	**35,703**	8,926
Geological and geophysical expense	**28,098**	-
Finance expense (Note 13, 14)	**22,547**	6,332
Operating expenses	**8,552**	11,165
Non-recoverable deposit	**-**	12,500
Decommissioning liability revisions (Note 13)	**-**	10,420
	3,901,333	1,517,922
Net loss before other items	**(3,795,442)**	(1,330,084)
Interest income	**3,236**	450
Government grants (Note 13)	**-**	9,500
Foreign exchange loss	**(16,360)**	(3,011)
	(13,124)	6,939
Net loss	**$ (3,808,566)**	$ (1,323,145)
Other comprehensive loss		
Items that may be reclassified subsequently to loss:		
Currency translation adjustment	**(30,848)**	(5,667)
Total other comprehensive loss	**(30,848)**	(5,667)
Total comprehensive loss for the year	**$ (3,839,414)**	$ (1,328,812)
Weighted average number of shares outstanding	**37,726,275**	16,139,496
Basic and diluted loss per share	**(0.10)**	(0.08)

See accompanying notes to the financial statements.

CRITERIUM ENERGY LTD.

Consolidated Statements of Financial Position
As at December 31,
(Expressed in Canadian Dollars)

	2023	2022
ASSETS		
Current assets		
Cash	**$ 432,898**	$ 3,720,751
Short-term deposit	**10,187**	-
Amounts receivable (Note 6)	**64,154**	160,829
Prepaids and deposits (Note 7)	**336,218**	26,381
Subscription receipts (Note 8)	**6,739,461**	-
Asset held for sale (Note 10)	**2,176,564**	-
	9,759,482	3,907,961
Deposit (Note 23)	**264,520**	-
Reclamation deposit (Note 13)	**45,528**	42,655
Right-of-use assets (Note 9)	**121,984**	157,687
Exploration and evaluation asset (Note 11)	**-**	2,228,896
	$ 10,191,514	$ 6,337,199
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	**$ 1,220,328**	$ 507,555
Liabilities directly associated with asset held for sale (Note 10)	**656,742**	-
Acquisition payable (Note 5)	**396,780**	1,625,280
Current portion of lease obligations (Note 14)	**28,287**	24,370
Decommissioning liabilities (Note 13)	**31,028**	31,011
Subscription receipts (Note 8)	**6,739,461**	-
	9,072,626	2,188,216
Lease obligations (Note 14)	**108,410**	136,697
	9,181,036	2,324,913
Shareholders' equity		
Share capital (Note 15)	**8,694,424**	8,161,312
Other comprehensive loss	**(36,515)**	(5,667)
Contributed surplus (Note 16)	**681,553**	377,059
Deficit	**(8,328,984)**	(4,520,418)
	1,010,478	4,012,286
	$ 10,191,514	$ 6,337,199

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 23)

Approved on Behalf of the Board

"Dave Dunlop", Director "Robin Auld", Director

See accompanying notes to the financial statements.

CRITERIUM ENERGY LTD.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share capital # of shares	Share capital $	Reserves	Other comprehensive loss	Deficit	Total equity
Balance, December 31, 2021	8,970,585	$ 3,061,457	$ 245,378	$ -	$ (3,197,273)	$ 109,562
Units issued through private placement (Note 15)	26,899,532	5,379,906	-	-	-	5,379,906
Share issue costs	-	(351,504)	38,621	-	-	(312,883)
Severance shares issued (Note 15)	357,265	71,453	-	-	-	71,453
Stock-based compensation (Note 16)	-	-	93,060	-	-	93,060
Other comprehensive loss	-	-	-	(5,667)	-	(5,667)
Net loss	-	-	-	-	(1,323,145)	(1,323,145)
Balance, December 31, 2022	36,227,382	8,161,312	377,059	(5,667)	(4,520,418)	4,012,286
Share issue costs	-	(7,538)	-	-	-	(7,538)
Exercise of warrants (Note 15)	2,162,599	540,650	-	-	-	540,650
Stock-based compensation (Note 16)	-	-	304,494	-	-	304,494
Other comprehensive loss	-	-	-	(30,848)	-	(30,848)
Net loss	-	-	-	-	(3,808,566)	(3,808,566)
Balance, December 31, 2023	**38,389,981**	**$ 8,694,424**	**$ 681,553**	**$ (36,515)**	**$ (8,328,984)**	**$ 1,010,478**

See accompanying notes to the financial statements.

CRITERIUM ENERGY LTD.

Consolidated Statements of Cash Flows
For the Years Ended December 31,
(Expressed in Canadian Dollars)

	2023	2022
Cash flows used in operating activities:		
Net loss	**$ (3,808,566)**	$ (1,323,145)
Items not affecting cash:		
Stock-based compensation (Note 15, 17)	**304,494**	164,513
Depreciation (Note 9)	**35,703**	8,926
Non-recoverable deposit	**-**	12,500
Decommissioning liability revisions (Note 13)	**-**	10,420
Finance expense (Note 13), (Note 14)	**22,547**	6,332
Government grants (Note 13)	**-**	(9,500)
Accrued interest on reclamation and short-term deposit	**(3,060)**	(450)
Change in non-cash working capital items:		
Short-term deposit	**(10,000)**	-
Amounts receivable	**96,675**	(110,749)
Prepaids and deposits	**(309,837)**	(26,381)
Prepaid share issuance costs (Note 8)	**(394,993)**	-
Accounts payable and accrued liabilities	**712,773**	487,555
Accounts payable and accrued liabilities, asset held for sale (Note 10)	**656,742**	-
Net cash flows used in operating activities	**(2,697,522)**	(779,979)
Cash flows from (used in) investing activities		
Purchase of exploration and evaluation assets (Note 5, 11)	**-**	(2,234,563)
Deposit related to MOPL Acquisition (Note 23)	**(264,520)**	-
Acquisition payable, change in non-cash working capital (Note 5, 11)	**(812,023)**	1,625,280
Net cash flows used in investing activities	**(1,076,543)**	(609,283)
Cash flows from (used in) financing activities		
Issuance of common shares (Note 15)	**-**	5,379,906
Issuance of common shares (warrants exercised) (Note 15)	**540,650**	-
Share issue costs (Note 15)	**(7,538)**	(312,883)
Principal payments on lease obligations (Note 14)	**(46,900)**	(11,725)
Net cash flows from financing activities	**486,212**	5,055,298
Increase (decrease) in cash	**(3,287,853)**	3,666,036
Cash at beginning of year	**3,720,751**	54,715
Cash at end of year	**$ 432,898**	$ 3,720,751

See accompanying notes to the financial statements.

1. Nature of operations and continuance of business

Criterium Energy Ltd. (“Criterium” or the “Company”) is a public company incorporated under the Alberta Business Corporations Act with its shares traded on the TSX Venture Exchange. Criterium 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 Criterium 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.

These 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.

The Company’s ability to maintain its current level of operations is dependent on its ability to generate sufficient cash to fund its operations and future business plans. To date, the Company is dependent on revenues from its gross overriding royalty (“GORR”) interests in certain wells located in Alberta, Canada. This revenue stream is highly dependent on global commodity prices and decisions by well operators that are outside of the control of management.

The Company continues to incur losses from operations and has an accumulated deficit at December 31, 2023 of $8,328,984 (2022 - $4,520,418). At December 31, 2023, the Company had cash on hand of $432,898 (2022 - $3,720,751) and working capital of $686,856 (2022 – $1,719,745). The volatility of commodity prices and capital markets will continue to have a significant impact on the Company’s revenues and access to capital in the future. These factors give rise to some uncertainty that may cast doubt as to the Company’s ability to continue as a going concern.

The agreement to purchase 100% of the issued and outstanding shares of Mont D'Or Petroleum Limited ("MOPL")(the "MOPL Acquisition") that closed on January 4, 2024 will provide the Company access to additional working capital and the related proceeds of the subscription receipts as discussed in Note 8.

While Management believes the Company will have sufficient cash to discharge its obligations in the normal course of operations for the short-term, future operations will be dependent upon the raising of sufficient capital, the development of profitable operations and the corresponding generation of future cash flows. Management believes the going concern assumption is appropriate for these consolidated financial statements.

The Company has been successful to date in obtaining financing. However, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. If the going concern assumption were not appropriate for these consolidated financial statements, adjustments might be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the statement of financial position classifications used.

2. Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) that were in effect at January 1, 2023.

The consolidated financial statements were authorized for issue by the Board of Directors on April 24, 2024.

2. Basis of presentation (continued)

Basis of presentation

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable as disclosed in Note 4. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

On June 7, 2023, Criterium completed a share consolidation of the Company's common shares at a consolidation ratio of 5-for-1 (the "Share Consolidation"), the numbers for the average basic shares outstanding, the number of restricted share units ("RSUs"), stock options, warrants and the earnings per share for the current and prior periods have been adjusted and restated to reflect the effect of the Share Consolidation.

Functional and reporting currencies

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, which are entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity's activities. The financial statements of subsidiaries are included in the consolidated financial statements as at the date that control commences until the date that control ceases. If the Company's interest in a subsidiary that it has determined it controls, is less than 100%, the interest attributable to non-controlling shareholders is recognized as non-controlling interest.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the Company.

At December 31, 2023, the Company's wholly-owned subsidiaries are as follows:

Entity	Country of Incorporation	Principal Activity	Functional Currency
Criterium Holding Pte. Ltd.	Singapore	Holding	US Dollar
AWE Asia Limited	New Zealand	Holding	US Dollar
AWE (Satria) NZ Limited	New Zealand	Operating	US Dollar

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

3. Material accounting policy information

Cash

Cash comprises demand deposits held with banks in Canada.

Asset acquisitions

Management's determination of whether a transaction constitutes a business combination, or an asset acquisition, is determined based on the criteria in IFRS 3 'Business Combinations'. An entity can also apply a 'concentration test' that, if met, eliminates the need for further assessment of whether a transaction constitutes the acquisition of a business or the acquisition of an asset. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

Entities may elect to apply the concentration test on a transaction-by-transaction basis. In asset acquisitions, the acquirer identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The consideration paid is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. When determining the initial measurement of an asset acquisition, the acquirer must assess both the fair value of the consideration paid as well as the fair value of each individual asset acquired, and liability assumed. The fair value of the consideration paid determines the cost to be allocated over the group of assets acquired and liabilities assumed. The fair values of the individual assets and liabilities are used to determine the proportional amount of that cost to be allocated to the identifiable assets and liabilities that make up the transaction.

Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing on the dates of the transactions. At each consolidated statement of financial position date, monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate on the statements of consolidated financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the exchange rate on the date when the fair value was measured. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in the statements of consolidated loss and comprehensive loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Canadian dollars using the exchange rates as at the date of the statements of consolidated financial position. The income and expenses of foreign operations are translated into Canadian dollars using the exchange rates prevailing on the transaction dates.

Foreign currency differences are recognized in other comprehensive loss and accumulated in other reserves within equity, except to the extent that the translation difference is allocated to non-controlling interests. On the disposal of a foreign operation, such exchange differences are reclassified from other reserves to the statements of consolidated loss.

3. Material accounting policy information (continued)

Financial instruments

The classification and measurement of the Company's financial instruments are set out below:

Financial assets

Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income ("FVTOCI") or measured at fair value through profit or loss ("FVTPL").

Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

The Company's cash and amounts receivable are classified as financial assets measured at amortized cost.

Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statements of consolidated loss and comprehensive loss.

However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the statement of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities

Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

Classification of financial liabilities

The Company recognizes financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at FVTPL.

Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company’s accounts payable, accrued liabilities and acquisition payable are classified as financial liabilities measured at amortized cost.

Financial liabilities measured at FVTPL

A financial liability measured at FVTPL is initially measured at fair value with any associated transaction costs being recognized in the statements of consolidated loss and comprehensive loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in the statements of consolidated loss and comprehensive loss in the reporting period in which it arises.

The Company does not have any liabilities classified as financial liabilities measured at FVTPL.

Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of consolidated loss and comprehensive loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statements of consolidated financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Revenue recognition

Criterium collects royalties on production from gross overriding royalty interests that are tied to underlying third-party oil and gas leases. The continuation of a lease is typically dependent on the holder thereof continuing to produce hydrocarbons and maintaining the lease in good standing. Accordingly, Criterium’s performance obligations with respect to production royalties are satisfied over time, as petroleum and natural gas are produced. Royalty revenue from the sale of crude oil, natural gas liquids and natural gas is recognized as it accrues in accordance with the terms of the royalty agreement, which is generally in the month when the product is produced.

Royalty revenue is measured at fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreement. An accrual is included in revenue and accounts receivable for amounts not received at the reporting date based on reported production volumes and current market prices. Differences between the estimates and actual amounts are adjusted and recorded in the period when the actual amounts are received.

3. Material accounting policy information (continued)

Property, plant and equipment

Recognition and measurement

On initial recognition, property, plant and equipment ("PP&E") is valued at cost, being the purchase price and directly attributable costs of acquisition required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

PP&E is subsequently measured at cost less accumulated depreciation and impairment losses. When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

Gains and losses

Gains and losses on disposal of an item of PP&E are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized within “other income” or “other expenses” in the statements of consolidated loss and comprehensive loss.

Depreciation

Depreciation is recognized through profit and loss and PP&E is amortized on a declining-balance basis at rates of 20 to 50 percent per year.

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Exploration expenditures are expensed as incurred until an economic feasibility study has established the presence of proven and probable reserves, at which time exploration expenditures incurred on the property thereafter are capitalized.

Gains and losses on disposal of capitalized oil and gas property costs are determined by comparing the proceeds from disposal with the net book value of the related costs and are recognized within “other income” or “other expenses” in the statements of consolidated loss and comprehensive loss.

Oil and natural gas development and production

Development and production costs

Items of PP&E, which include oil and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into cash-generating units ("CGUs") for impairment testing. When significant parts of an item of PP&E, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (major components). Gains and losses on disposal of an item of PP&E, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of PP&E and are recognized in earnings.

Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the cost of replacing parts of PP&E are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they related.

3. Material accounting policy information (continued)

Oil and natural gas development and production (continued)

All other expenditures are recognized in earnings as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and probable reserves and bringing in or enhancing production from such proved and probable reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of PP&E are recognized in earnings as incurred.

Depletion and depreciation

The net carrying value of oil and natural gas assets included in PP&E is depleted by area using the unit of production method by reference to the ratio of production in the year to the related proved and probable reserves (before royalties) taking into account estimated future development costs necessary to bring those proved and probable reserves into production. Future development costs are estimated taking into account the level of development required to produce the proved and probable reserves for each area. These estimates are reviewed by independent reserve engineers at least annually.

Exploration and evaluation expense

Upon determination that an exploration and evaluation CGU is impaired, the Company will transfer costs associated with the applicable CGU to exploration and evaluation expense in the period.

Oil and natural gas exploration and evaluation expenditures

Recognition and measurement

Costs of exploring for and evaluating oil and natural gas properties are initially capitalized within exploration and evaluation assets. Such exploration and evaluation costs may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing, directly attributable overhead and administration expenses and the projected costs of retiring the assets (if any), but do not include exploration or evaluation costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to the statements of consolidated loss and comprehensive loss as they are incurred.

Exploration and evaluation assets are not amortized, but are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the net book value exceeds the recoverable amount. These assets are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. If an area or exploration well is no longer considered commercially viable, the assets may be transferred to intangible assets when it meets the recognition criteria for intangible assets. Not proceeding with development of the asset is an impairment indicator, and as a result of the decision, impairment testing would be performed.

When management determines with reasonable certainty that an exploration and evaluation asset will be developed, as evidenced by the classification of proved or probable reserves and the appropriate internal and external approvals, the asset is first tested for impairment and then reclassified to PP&E.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if their carrying amounts will be recovered through a sale rather than through continuing use. The assets, or disposal groups, must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets held for sale are measured at the lower of its carrying amount and fair value, less costs to sell. Assets held for sale are not subject to depreciation or amortization while classified as held for sale.

3. Material accounting policy information (continued)

Impairment of non-financial assets

The net book value of the Company's non-financial assets, other than exploration and evaluation assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Exploration and evaluation assets are assessed for impairment when they are reclassified to PP&E and also if facts and circumstances suggest that the net book value exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use ("VIU") and its fair value less costs to sell ("FVLCS").

In assessing VIU, 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. VIU is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

In assessing FVLCS cost to sell, the fair value reflects the price a market participant would be willing to pay to acquire the asset or CGU less selling costs to complete the transaction. Fair value is generally determined based on recent transactions, crown land sales and other market metrics.

Exploration and evaluation assets are allocated to the CGUs on a geographical basis when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to petroleum and natural gas properties in PP&E.

An impairment loss is recognized if the net book value of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income or loss. Impairment losses recognized in respect of CGUs reduce the net book value of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognized in prior years is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's net book value does not exceed the net book value that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

Joint arrangements

The Company currently conducts a substantial amount of its activities jointly with others through jointly controlled operations which involve the use of assets and other resources of the Company and other venturers rather than the establishment of a corporation, partnership or other entity. The consolidated financial statements include only the Company's proportionate share of jointly controlled sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

Basic and diluted per share amounts

Basic per share amounts are calculated by dividing net income or loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share amounts are calculated using the treasury stock method which adjusts the weighted average number of common shares outstanding by the effects of all dilutive potential common shares, which comprise, warrants, and share options granted to employees.

3. Material accounting policy information (continued)

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial asset or liability. The Company's common shares, warrants, and options are classified as equity instruments. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Warrants are classified as either a financial liability or equity consistent with the principles in IAS 32 'Financial Instruments: Presentation'. The Company determined that the warrants issued as part of the units were equity classified.

Measurement of equity instruments issued in private placements

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements are determined to be the more easily measurable component and as such are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any is allocated to the attached warrants and is recorded as such.

Stock-based compensation

Stock-based compensation is recorded in the statements of consolidated loss and comprehensive loss for all options granted on a graded basis over the vesting period of the option with a corresponding increase recorded as contributed surplus. Compensation expense is based on the estimated fair values of the options at the time of the grant as determined using a Black-Scholes option pricing model. The Company incorporates an estimated forfeiture rate, based on historical data, when determining compensation expense for stock options that will not vest.

Upon the exercise of the stock options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase in share capital. In the event that vested options expire, previously recognized compensation expense associated with such stock options is not reversed.

Equity-settled stock-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. Provisions are not recognized for future operating losses. Further details on specific provisions are as follows:

Decommissioning liabilities

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. A provision is made for the estimated costs of site restoration and capitalized in the relevant asset category. Decommissioning liabilities are measure at the present value of management's best estimate of expenditures required to settle the present obligation at the statement of financial position date.

3. Material accounting policy information (continued)

Provisions (continued)

The Company uses a credit adjusted interest rate in the measurement of the present value of its decommissioning liabilities. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs where increases/decreases due to changes in the estimated cash flows are capitalized. If the asset to which the decommissioning liability applies is fully impaired, then increases/decreases due to changes in the estimated future cash flows are recognized through the statement of loss and comprehensive loss. Actual costs incurred upon settlement of the decommissioning liabilities are charged against the provision to the extent the provision was established.

Leases

The Company assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration. The Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Leases are recognized as a Right-of-Use (“ROU”) asset and a corresponding lease liability at the date on which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. These payments are discounted using the Company’s incremental borrowing rate when the rate implicit in the lease is not readily available. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics. Lease payments are allocated between the liability and finance costs. The finance cost is charged to the statement of loss and comprehensive loss over the lease term.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in the statements of loss and comprehensive loss if the carrying amount of the ROU asset has been reduced to zero.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability, any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located less any lease payments made at or before the commencement date. The ROU asset is depreciated, on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain re-measurements of the lease liability and impairment losses. Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the statements of consolidated loss and comprehensive loss on a straight-line basis over the lease term. A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will re-measure the lease liability using the Company’s incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the ROU asset, and recognizing a gain or loss in net loss that reflects the proportionate decrease in scope.

3. Material accounting policy information (continued)

Leases (continued)

ROU assets are assessed for impairment on initial recognition and subsequently on an annual basis, at a minimum. ROU assets subject to leases that have become onerous in nature are adjusted by the amount of any provision for onerous leases.

During the year ended December 31, 2023, the Company expensed $1,584 (2022 - $nil) for short-term leases.

Government grants and assistance

Government grants or assistance is recognized when there is reasonable assurance that the funds will be received and all conditions of the assistance will be met. Government assistance related to assets and liabilities are recorded as a reduction of the asset's or liability's carrying value. Claims under government assistance programs related to income are recorded as a reduction of the related expense in the period in which eligible expenses were incurred or when the services have been performed.

The Company participated in the Alberta Site Rehabilitation Program ("SRP") which began in 2021 and has received approval for government funding to assist with abandonment activities. The Company does not recognize any of the grant income until completion of the individual projects. During the year ended December 31, 2023, the Company recorded a reduction in decommissioning liabilities of $nil (2022 - $9,500) with the offset being recorded as government grant income in the statements of consolidated loss and comprehensive loss.

Income taxes

Current tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statements of consolidated loss and comprehensive loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Material accounting policy information (continued)

Operating segments

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available.

At December 31, 2023, the Company has two operating segments, one being the acquisition, exploration and development of oil and gas properties in Indonesia and the second being oil and gas royalties from properties in Canada.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of operating segments, has been identified as the Chief Executive Officer of the Company.

Future accounting pronouncements

Several new accounting standards, and amendments to standards and interpretations, have been issued but are not yet effective for the current period ended December 31, 2023. None of these changes have been early adopted nor are they considered by management to be significant or likely to have a material impact on the Company’s consolidated financial statements.

4. Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the year. Accordingly, actual results could differ from these estimated amounts. Significant estimates and judgments used in the preparation of the consolidated financial statements include, but are not limited to, those areas discussed below.

Estimates

Exploration and evaluation costs

Certain exploration and evaluation costs are initially capitalized with the intent to establish commercially viable reserves. The Company is required to make estimates and judgments about the future events and circumstances regarding the economic viability of extracting the underlying resources.

The costs are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. Unsuccessful drilling, or changes to project economics, resource quantities, expected production techniques, production costs and required capital expenditures, are important factors when making this determination. If a judgment is made that the extraction of resources is not viable, the associated exploration and evaluation costs are impaired and charged to net income or loss.

Decommissioning liabilities and other provisions

The Company recognizes liabilities for the future decommissioning and restoration of PP&E. These provisions are based on estimated costs, which take into account the anticipated method and extent of restoration, technological advances and the possible future use of the site. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technology, operating experience and prices. The expected timing of future decommissioning and restoration may change due to certain factors, including reserve life. Changes to assumptions related to future expected costs, discount rates and timing may have a material impact on the amounts presented. Other provisions are recognized in the period in which it becomes probable that there will be a future cash outflow.

4. Significant accounting estimates and judgments (continued)

Estimates (continued)

Deferred taxes

Deferred tax assets are recognized when it is considered probable that unused tax losses, tax credits and deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the Company's estimate, the ability of the Company to realize the deferred tax asset could be impacted.

Deferred tax liabilities are recognized for taxable temporary differences. The Company records a provision for the amount that is expected to be settled, which requires the application of judgment as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the Company's estimate of the likelihood of a future outflow, the expected settlement amount, and the tax laws in the jurisdiction in which the Company operates.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Stock-based compensation

Expenses recorded for stock-based compensation require the input of highly subjective assumptions including the historical volatility of the Company's share price, estimated forfeiture, expected life, the estimated fair value of the options at the time of grant, and the risk-free interest rate. Accordingly, those amounts are subject to measurement uncertainty.

Assets held for sale

The determination of the estimated fair value less costs to sell of assets held for sale is a monetary amount that is subject to measurement uncertainty.

Impairment of assets

The allocation of assets into CGU's requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors the operations.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or CGU based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Judgments

The key areas of judgment that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Asset acquisitions

Management uses judgment when determining whether a transaction constitutes a business combination or an asset acquisition based on the criteria in IFRS 3 'Business Combinations'.

Assets held for sale

Management uses judgment when determining whether a non-current asset or a disposal group is classified as held for sale and whether its carrying amount will be recovered primarily through sale instead of continuing use based on the criteria in IFRS 5 'Assets Held for Sale'.

4. Significant accounting estimates and judgments (continued)

Judgments (continued)

Amortization of E&E assets

The Company applies judgment with respect to its determination that none of its exploration and evaluation assets have reached a feasible stage of operations to warrant capitalization as developed and producing assets.

Establishing Cash-Generating Units ("CGU")

For the purpose of assessing impairment of its long-term assets, the Company determines the CGU, defined as being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The determination of the CGU and the classification of the Company's assets to the determined CGU require significant judgment having a potentially significant incidence on the result of the subsequent impairment analysis. The Company periodically reviews the determination of the CGU and the corresponding grouping of the Company's assets, including its assets classified as common assets.

Financial instruments

The Company is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgment as to the purpose of the financial instrument and to which category is most applicable.

Going concern

Management has applied judgment in the assessment of the Company's ability to continue as a going concern when preparing the consolidated financial statements. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considers a wide range of factors relating to current and expected profitability and potential sources of financing.

Impairment of E&E Assets

The Company's exploration and evaluation assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amounts is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amounts. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, commodity prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

Impairment of Non-Financial Assets

Judgment is required to assess when indicators of impairment or impairment reversal exist and when a calculation of the recoverable amount is required. The Company's oil and gas properties are reviewed at each reporting date to assess whether there is any indication of impairment or impairment reversal. The assessment considers significant changes in reservoir performance including forecasted production volumes, forecasted royalty, operating, capital and abandonment and reclamation costs, forecasted oil and gas prices and the resulting cash flows from proved plus probable oil and gas reserves.

Taxes

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgment on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

(Expressed in Canadian Dollars)

5. Acquisition

On December 20, 2022, the Company entered into an arrangement 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 (paid);
- On or before September 30, 2023 $300,000 USD (paid); and
- On or before December 31, 2023 $300,000 USD (paid as of the date of approval of the consolidated financial statements) .

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 December 31, 2023, the balance owing on the acquisition was $396,780 ($300,000 USD) (December 31, 2022 $1.6 million ($1.2 million 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 were allocated to exploration and evaluation assets at acquisition. At December 31, 2023, the asset and its directly associated liabilities have been transferred to asset held for sale as described in Note 10.

6. Amounts receivable

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

	2023	2022
Trade accounts receivable	**$ 36,418**	$ 111,752
GST receivable	**27,736**	49,077
	$ 64,154	$ 160,829

7. Prepaids and deposits

	2023	2022
Prepaid share issuance costs (Note 8)	**$ 280,776**	$ -
Prepaid expenses	**55,442**	26,381
	$ 336,218	$ 26,381

(Expressed in Canadian Dollars)

8. Subscription receipts

On June 14, 2023, the Company announced that it had entered into an agreement to purchase 100% of the issued and outstanding shares of MOPL. The MOPL Acquisition closed on January 4, 2024 as discussed in Note 23.

In connection with the MOPL Acquisition, the Company issued 60,910,000 subscription receipts on November 3, 2023 at a price of $0.11 for one unit (a "Unit"), each Unit consisted of one common share and one warrant exercisable for the purchase of one common share at a price of $0.14 for a period of 60 months from the closing date of the MOPL Acquisition. The subscription receipts entitle the holder to receive a Unit automatically upon the closing of the MOPL Acquisition with no further action required of the subscription receipt holder. If the subscription receipt agreement was terminated for any other reason, the subscription receipt holder would receive their full subscription price plus any interest accrued in the escrow account. For the period November 3, 2023 to January 4, 2024, the proceeds of the offering were held in escrow by Odyssey Trust Company ("Odyssey") as escrow agent.

Total proceeds were $6,700,100 from subscribers plus $39,361 interest earned for a total of $6,739,461.

The subscription receipts create a separate non-cash financial asset for the proceeds expected to be received by the Company upon closing of the MOPL Acquisition. The underwriter's fees and expenses are prepaid share issuance costs. As at December 31, 2023, there is also a financial liability for the obligation to reimburse the holders of subscription receipts pursuant to the terms of the subscription receipt agreement. The escrow release conditions were connected to the MOPL Acquisition and the shares were subsequently released upon completion of the acquisition in January 2024.

9. Right-of-use assets

	Cost	Accumulated depreciation	Net book value
Buildings			
Balance, December 31, 2021	$ -	$ -	$ -
Additions	166,613	-	166,613
Depreciation	-	(8,926)	(8,926)
Balance, December 31, 2022	166,613	(8,926)	157,687
Depreciation	-	(35,703)	(35,703)
Balance, December 31, 2023	**$ 166,613**	**$ (44,629)**	**$ 121,984**

10. Asset held for sale

On December 14, 2023, the Company announced the execution of a non-binding Letter of Intent ("LOI") for the arm's length sale of its wholly-owned subsidiary which holds a 42.5% non-operated working interest in the Bulu PSC (the "Transaction") for total cash consideration of C$10,516,000 (US$7,750,000) with C$2,714,000 (US$2,000,000) to be received as a non-refundable deposit upon signing of the Definitive Agreement and the remaining C$7,802,000 (US$5,750,000) due upon closing. There are no finder fees payable under the Transaction. Deal completion is subject to regulatory approvals and completion of the Definitive Agreement. The transaction is expected to close in 2024 with an effective date of July 1, 2023.

(Expressed in Canadian Dollars)

10. Asset held for sale (continued)

As at December 31, 2023, assets and liabilities held for sale include the assets and liabilities of AWE as a disposal group. The following table summarizes the major classes:

	Total
Asset held for sale	
Exploration and evaluation asset (Note 11)	$ 2,176,564
Balance, December 31, 2023	**$ 2,176,564**
Liabilities directly associated with the asset held for sale	
Accounts payable	656,742
Balance, December 31, 2023	**$ 656,742**

11. 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, 2021	$ 36,198	$ 55,096	$ 91,294
Acquisition	2,234,563	-	2,234,563
Effect of movements in exchange rates	(5,667)	-	(5,667)
Accumulated impairment, beginning and end of the year	(36,198)	(55,096)	(91,294)
Net book value, December 31, 2022	2,228,896	-	2,228,896
Effect of movements in exchange rates	(52,332)	-	(52,332)
Transfer to asset held for sale (Note 10)	(2,176,564)	-	(2,176,564)
Net book value, December 31, 2023	**$ -**	**$ -**	**$ -**

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 5.

At December 31, 2023, the asset and its directly associated liabilities have been transferred to asset held for sale as described in Note 10.

At December 31, 2023, upon transfer of the exploration and evaluation assets to asset held for sale, there were no indicators of impairment or impairment reversal.

12. Accounts payable and accrued liabilities

	2023	2022
Trade accounts payable	**$ 1,190,328**	$ 481,905
Accrued accounts payable	**30,000**	25,650
	$ 1,220,328	$ 507,555

(Expressed in Canadian Dollars)

13. Decommissioning liabilities

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

	2023	2022
Balance, beginning of the year	**31,011**	29,938
Accretion	**17**	153
Changes in estimates	**-**	10,420
Government grants	**-**	(9,500)
Balance, end of the year	**31,028**	31,011

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

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. Under the SRP, Criterium recognized government grant income of $nil (2022 - $9,500).

At December 31, 2023, there were no revisions to the provision for decommission liabilities. During the year ended December 31, 2022, the provision for decommissioning liabilities was revised for changes in the estimated reclamation costs and expected timing for reclamation. The assets to which the revisions relate to were impaired in a previous fiscal year. As such, these revisions have been included in the statements of consolidated loss and comprehensive loss.

Due to the uncertainty with respect to the timing of the reclamation, the liability is presented as current in nature. The Company expects to settle the obligations over the next six months.

As at December 31, 2023, $45,528 (2022 - $42,655) is held as a reclamation deposit with the applicable regulatory body as security for the settlement of these obligations.

14. Lease obligations

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

	Office	**Furniture**	**Total**
Lease liability			
Balance, December 31, 2021	$ -	$ -	$ -
Non-cash changes			
Additions	126,020	40,593	166,613
Accretion	4,675	1,504	6,179
Cash flows			
Principal payments	(8,725)	(3,000)	(11,725)
Balance, December 31, 2022	121,970	39,097	161,067
Non-cash changes			
Accretion	17,105	5,425	22,530
Cash flows			
Principal payments	(34,900)	(12,000)	(46,900)
Balance, December 31, 2023	**$ 104,175**	**$ 32,522**	**$ 136,697**

(Expressed in Canadian Dollars)

14. Lease obligations (continued)

	Office	Furniture	Total
Maturity analysis - contractual undiscounted cash flows			
Less than one year	$ 34,900	$ 12,000	$ 46,900
One to two years	38,390	12,000	50,390
Two to three years	41,880	12,000	53,880
Three to four years	20,940	6,000	26,940
Total undiscounted lease liabilities	136,110	42,000	178,110
Effect of discounting	(31,935)	(9,478)	(41,413)
Total lease liabilities	**104,175**	**32,522**	**136,697**
Less: current portion	(20,655)	(7,632)	(28,287)
Long-term portion	$ 83,520	$ 24,890	$ 108,410

15. 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, 2021	8,970,585	$ 3,061,457
Issued on private placement	26,899,532	5,379,906
Severance shares issued upon closing of private placement	357,265	71,453
Share issue costs	-	(351,504)
Balance, December 31, 2022	36,227,382	8,161,312
Exercise of warrants	2,162,599	540,650
Share issue costs	-	(7,538)
Balance, December 31, 2023	**38,389,981**	**$ 8,694,424**

On September 26, 2022, the Company closed a private placement (the "2022 Private Placement") for gross proceeds of $5,379,906, issuing 26,899,532 Units at $0.20 per unit. Each Unit consisted of one common share and one warrant exercisable for one common share at an exercise price of $0.20 for a period of 5 years from the date of issuance. All shares and warrants issued under the 2022 Private Placement were subject to a statutory four-month hold period from the date of closing.

The warrants issued under the 2022 Private Placement would vest and become exercisable as to one-third upon the 20-day volume weighted average trading price of the common shares on the TSXV (the "Market Price") equal to or exceeding $0.275 per common share, an additional one-third upon the Market Price equal to or exceeding $0.325 per common share and the final one-third upon the Market Price equal to or exceeding $0.40 per common share. These warrants have all vested as the three thresholds have been met. The warrants expire September 26, 2027.

(Expressed in Canadian Dollars)

15. Share capital (continued)

Issued and Outstanding Common Shares (continued)

In accordance with the Company's accounting policy, the gross proceeds of the 2022 Private Placement were allocated to common shares and share purchase warrants using the residual method, with proceeds being allocated to the common shares first based on the market value of the shares at the time of issuance.

On September 26, 2022, the former executives of the Company were issued 357,265 severance shares at a deemed price of $0.20 per common share, the fair value of the shares at issuance, and a cash liability of $30,623 for the withholding taxes on those shares was recorded to salaries and benefits. $71,453 was recognized as stock-based compensation.

Prior to their expiry on June 15, 2023, 2,162,599 of the common share purchase warrants were exercised for proceeds of $540,650.

Loss per share

The basic loss per share as calculated was based on the weighted average number of shares outstanding as follows:

Twelve months ended December 31,	**2023**	2022
Weighted average number of common shares		
Issued and outstanding, beginning of period	**36,227,382**	8,970,585
Effect of units issued through private placement	**-**	7,074,945
Effect of exercise of warrants	**1,498,893**	93,966
Weighted average number of common shares - basic	**37,726,275**	16,139,496

Stock Option Plan

The Company may grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares reserved for issuance under all securities compensation arrangements is limited to 10% of the Company's total number of issued and outstanding shares. The maximum number of shares that may be issued to any officer, director or employee shall not exceed 5% of the total number of issued and outstanding shares. The maximum number of shares that may be issued to technical consultants, including investor relations consultants, shall not exceed 2% of the total number of issued and outstanding shares. Under the plan, options are exercisable upon issuance and an option's maximum term is five years.

On April 14, 2020, the Company granted 420,000 options to officers and directors. The options have a term of 5 years and an exercise price of $0.25 and were valued using the Black Scholes model using an average volatility of 177%, a risk-free rate of 0.42% and a dividend rate of nil%. The options vest one-third immediately and one-third on each of the first and second anniversary of the grant date and were granted when the stock price was trading at $0.05. Total compensation expense recognized during the year ended December 31, 2023 in respect of these options was $nil (2022 - $566) as there was no remaining unvested stock-based compensation balance with respect to these options. On September 26, 2022, 240,000 of the April 14, 2020 options were cancelled.

On June 22, 2020, the Company granted 300,000 options to officers and directors. The options have a term of 5 years and an exercise price of $0.25 and were valued using the Black Scholes model using an average volatility of 180%, a risk-free rate of 0.33% and a dividend rate of nil%.

(Expressed in Canadian Dollars)

15. Share capital (continued)

Stock Option Plan (continued)

The options vest one-third immediately and one-third on each of the first and second anniversary of the grant date and were granted when the stock price was trading at $0.075. Total compensation expense recognized during the year ended December 31, 2023 in respect of these options was $nil (2022 - $1,164) as there was no remaining unvested stock-based compensation balance with respect to these options. On September 26, 2022, 300,000 of the June 22, 2020 options were cancelled.

On September 26, 2022, the Company granted 350,000 options to officers, employees and consultants with each option having a 5-year term and an exercise price of $0.20. The options were valued using the Black Scholes model under the following assumptions: share price of $0.20, annualized volatility of 100%, risk-free rate of 3%, expected life of 5 years and dividend rate of nil%. The options vest one-third on each of the first, second and third anniversary of the grant date and were granted when the stock price was trading at $0.20. For the year ended December 31, 2023, the Company recorded total stock-based compensation of $27,692 in respect of these options (2022 - $8,504). At December 31, 2023, the total unvested stock-based compensation expense with respect to these options was $16,710 (2022 - $44,402). On September 26, 2022, 100,000 of the September 26, 2022 options were cancelled.

The continuity of stock options at December 31, 2023 (restated for Share Consolidation) was as follows:

	Number	Weighted average exercise price $
Balance, December 31, 2022 and December 31, 2023	**370,000**	**0.22**

The following stock options (restated for Share Consolidation) were outstanding at December 31, 2022 and December 31, 2023:

	Number of options	Number exercisable	Exercise price $	Remaining life (years)
Expiry date				
April 14, 2025	60,000	60,000	0.25	2.29
June 22, 2025	60,000	60,000	0.25	2.48
September 26, 2027	250,000	-	0.20	4.74
As at December 31, 2022	370,000	120,000	0.22	3.97
Expiry date				
April 14, 2025	60,000	60,000	0.25	1.28
June 22, 2025	60,000	60,000	0.25	1.47
September 26, 2027	250,000	83,333	0.20	3.74
As at December 31, 2023	**370,000**	**203,333**	**0.22**	**2.97**

(Expressed in Canadian Dollars)

15. Share capital (continued)

Warrants

The continuity of share purchase warrants (restated for Share Consolidation) at December 31, 2023 was as follows:

	Number of warrants	Weighted average exercise price $
Balance, December 31, 2021	3,018,756	0.25
Issued	27,155,032	0.20
Balance, December 31, 2022	30,173,788	0.21
Exercised	(2,162,600)	0.25
Expired	(856,156)	0.25
Balance, December 31, 2023	**27,155,032**	**0.20**

In addition to the warrants issued under the 2022 Private Placement on September 26, 2022, 255,500 finder's warrants were issued to arm's length brokers for their services with each warrant having a 5-year term and an exercise price of $0.20.

The warrants were valued using the Black Scholes model under the following assumptions: share price of $0.04, annualized volatility of 100%, a risk-free rate of 3%, expected life of 5 years and a dividend rate of nil%. The warrants are fully vested and were granted when the stock price was trading at $0.20. At December 31, 2023, $nil was recognized as share issue costs in relation to these warrants (2022 - $38,321).

The following share purchase warrants (restated for Share Consolidation) were outstanding at December 31, 2023:

	Number of warrants	Exercise price $	Remaining contractual life (years)
Expiry date			
June 15, 2023	3,018,756	0.25	0.45
September 26, 2027	27,155,032	0.20	4.74
As at December 31, 2022	30,173,788	0.20	4.31
Expiry date			
September 26, 2027	27,155,032	0.20	3.74
As at December 31, 2023	**27,155,032**	**0.20**	**3.74**

(Expressed in Canadian Dollars)

15. Share capital (continued)

Restricted share units

On September 26, 2022, 2,550,000 RSUs were issued pursuant to the terms of the Share Incentive Award Plan (the "Award Plan") at a price of $0.20 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 December 31, 2023, of the 2,550,000 outstanding RSUs, 850,000 were exercisable and 1,700,000 were non-exercisable (2022 - 2,550,000 non-exercisable).

At December 31, 2023, the Company recorded total stock-based compensation of $266,489 (2022 - $82,826). At December 31, 2023, the total unvested stock-based compensation with respect to these RSUs was $160,685 (2022 - $427,174), calculated using the fair value of the Company's shares at issuance.

Performance share units

On November 16, 2023, 1,030,000 performance share units ("PSUs") were issued pursuant to the terms of the Award Plan at a price of $0.13 per common share. The PSUs 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 PSUs expire January 15, 2027. At December 31, 2023, there were 1,030,000 PSUs outstanding and non-exercisable.

At December 31, 2023, the Company recorded total stock-based compensation of $10,313. At December 31, 2023, the total unvested stock-based compensation with respect to these PSUs was $123,587, calculated using the fair value of the Company's shares at issuance and probabilities of meeting the performance conditions.

16. Contributed surplus

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

		2023		2022
Balance, beginning of year	**$**	**377,059**	$	245,378
Share issue costs		**-**		38,621
Stock-based compensation		**304,494**		93,060
	$	**681,553**	$	377,059

(Expressed in Canadian Dollars)

17. 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 years ended December 31, 2023 and 2022, the Company paid to its directors and officers, either directly or indirectly, the following amounts:

		2023		2022
Key management compensation	**$**	**658,542**	$	137,158
Stock-based compensation		**287,919**		156,169
Directors' fees (consulting fees)		**160,000**		34,167
Accounting and administrative services (professional fees)		**109,890**		55,465
Consulting services		**72,793**		63,233
Payroll taxes		**-**		30,623
Office allowance (general and administrative expenses)		**-**		3,949
	$	**1,289,144**	$	480,764

A company controlled by the CEO and director leases office furniture and office space to the Company. The agreement is for a 56 month term and expires on May 31, 2027. The Company is required to make monthly lease payments. For the year ended December 31, 2023, the Company paid total principal payments of $46,900 (2022 - $11,725), see Note 14.

As part of the key management compensation, two officers of the Company have agreed to defer a portion of their salaries totaling $194,148 (2022 – $41,148), included in accounts payable and accrued liabilities at December 31, 2023.

On September 26, 2022, certain officers and directors, directly and indirectly, subscribed to 4,560,000 units for gross proceeds of $912,000 under the private placement, see Note 15.

The total amounts included in accounts payable and accrued liabilities at December 31, 2023 for the above items was $229,557 (2022 - $88,973).

18. Contingent environmental regulations

The Company’s activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing in both Canada and abroad, generally are becoming more restrictive. The Company believes its operations comply in all material respects with all applicable laws and regulations and has recorded its best estimate of decommissioning liabilities (Note 13).

(Expressed in Canadian Dollars)

19. 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.

	2023	2022
Financial assets		
Cash	**$ 432,898**	$ 3,720,751
Short-term deposit	**10,187**	-
Amounts receivable	**64,154**	160,829
Subscription receipts	**6,739,461**	-
Reclamation deposit	**45,528**	42,655
Total financial assets	**7,292,228**	3,924,235
Financial liabilities		
Accounts payable and accrued liabilities	**1,220,328**	507,555
Liabilities directly associated with asset held for sale	**656,742**	-
Acquisition payable	**396,780**	1,625,280
Subscription receipts	**6,739,461**	-
Total financial liabilities	**$ 9,013,311**	$ 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:

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

19. Risk and capital management (continued)

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its bank deposits, which is insignificant due to their short-term nature. The Company monitors the investments it makes and is satisfied with the credit ratings of its banks. As at December 31, 2023, the Company held all of its cash with a Canadian chartered bank.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its ongoing liabilities, obligations, and commitments. With the ongoing development of the Company's recently acquired properties in Indonesia and the Company's debt obligations assumed in the acquisition, the Company has significant commitments and capital expenditure plans.

The Company plans to service debt and capital expenditures from cash flow from operations. Any additional financing that may be required is subject to the financial markets, economic conditions for the oil and gas industry, and volatility in the debt and equity markets. These factors have made, and will likely continue to make, it challenging to obtain cost-effective funding. There is no assurance this capital will be available. In the event the Company is not successful in funding activities through cash flow, maintaining its financial arrangements, obtaining additional funding or of obtaining funding on terms that are acceptable to the Company, this will significantly impact the Company's ability to develop its oil and gas properties acquired as a result of the closing of the MOPL Acquisition. The Company maintains and monitors a certain level of cash which is used to finance operations and capital expenditures.

As at December 31, 2023, the Company had a cash balance of $432,898 (2022 - $3,720,751) to settle adjusted current liabilities of $2,333,165 (2022 - $2,188,216). All the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Amounts due to related parties are without stated terms of interest or repayment.

Foreign currency risk

The Company reports its financial results in Canadian dollars but also undertakes transactions denominated in US dollars ("USD"), Indonesian Rupiah ("IDR"), UK Pound Sterling ("GBP"), and New Zealand dollars ("NZD"). As the exchange rates between the Canadian dollar and the USD, IDR, GBP and NZD fluctuates, the Company recognizes realized and unrealized foreign exchange gains and losses. As at December 31, 2023, the Company has $14,250 of accounts payable and accrued liabilities denominated in USD and $13,750 of accounts payable and accrued liabilities denominated in GBP, which are subject to currency risk.

At December 31, 2023, a 10% appreciation or depreciation of USD and GBP against the Canadian dollar would result in an approximate $3,443 increase or decrease in the Company's net loss (2022 – $644).

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 as at December 31, 2023.

Price risk

The oil and gas industry is heavily dependent upon the market price of oil and gas being produced. There is no assurance that, even if commercial quantities of oil and gas reserves are discovered, a profitable market will exist for their sale. There can be no assurance that oil and gas prices will be such that the Company's properties can be produced at a profit. Factors beyond control of the Company may affect the marketability of any reserves discovered. The price of oil and gas has experienced volatile and significant price movements over short periods of time and is affected by numerous factors beyond the Company's control. The Company's profitability and ability to raise capital to fund exploration, evaluation and production activities is subject to risks associated with fluctuations in oil and gas prices. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(Expressed in Canadian Dollars)

20. Income taxes

The Company's income tax provision differs from that which would be expected from applying the combined effective federal and provincial tax rate of 23% (2022 – 23%) to the net loss before taxes as follows:

	2023	2022
Income loss before income tax recovery	**$ (3,808,566)**	$ (1,323,145)
Expected income tax recovery	**(875,970)**	(304,323)
Increase (decrease) in taxes resulting from:		
Non-deductible stock-based compensation	**70,035**	37,838
Other	**885**	455
Change in tax benefits not recognized	**805,050**	266,030
	$ -	$ -

As as December 31, 2023, the Company has available for deduction, the following tax pools against future taxable income, and the approximate amounts are:

	2023	2022
Non-capital loss carry forwards	**$ 5,847,530**	$ 1,310,875
Capital losses	**17,885**	17,885
Decommissioning liabilities	**31,028**	31,011
Lease obligations	**14,713**	3,380
Capital cost allowance	**57,736**	57,736
Share issue costs	**224,420**	291,186
Total	**$ 6,193,312**	$ 1,712,073

The non-capital loss carry forwards expire from 2026 to 2043.

21. Capital disclosures and management

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the acquisition and exploration of its exploration and evaluation assets. Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

The properties in which the Company currently has an interest are in the exploration stage and do not currently generate sufficient revenue; as such, the Company is dependent on external financing to fund its activities. The Company will spend its existing working capital and seek to raise additional amounts as needed by way of equity financing or debt to carry out its planned corporate development, general administrative costs and exploration and development programs. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

(Expressed in Canadian Dollars)

22. 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	
	2023	2022	**2023**	2022	**2023**	2022
Net loss	**$ (824,006)**	$ (21,080)	**$ (2,984,560)**	$ (1,302,065)	**$ (3,808,566)**	$ (1,323,145)
Asset held for sale	**$ 2,176,564**	$ -	**$ -**	$ -	**$ 2,176,564**	$ -
Current assets	**2,176,564**	-	**-**	-	**2,176,564**	-
Right-of-use asset	**-**	-	**121,984**	157,687	**121,984**	157,687
Exploration and evaluation asset	**-**	2,228,896	**-**	-	**-**	2,228,896
Non-current assets	**-**	2,228,896	**121,984**	157,687	**121,984**	2,386,583
Assets	**$ 2,176,564**	$ 2,228,896	**$ 121,984**	$ 157,687	**$ 2,298,548**	$ 2,386,583

23. Subsequent events

MOPL Acquisition

During the year ended December 31, 2023, the Company paid a deposit of $264,520 related to the acquisition of MOPL.

On January 4, 2024 the Company announced that it closed the acquisition of all issued and outstanding shares of MOPL. The Company advanced the following consideration in connection with the closing of the MOPL Acquisition:

- A US$1 payment to current MOPL shareholders;
- Issuance of 10,821,273 common shares at $0.11 per share to Tourmalet Holdings Ltd. ("Tourmalet") in satisfaction of the fee payable by the Company to Tourmalet for negotiating potential write-downs to current MOPL lenders;
- Issuance of 27,053,182 common shares at C$0.11 per share to one of MOPL's lenders in exchange for the retirement of US$2,250,000 of debt; and
- A convertible note equivalent to approximately US$3,000,000 to one of MOPL's lenders.

The net proceeds from the equity financing pursuant to the previously announced public offering that was completed on November 7, 2023 (the "Offering") will be used for working capital to execute the Company's upcoming workover and development drilling campaign. Net proceeds, less 50% of the underwriting fee ($174,777) and underwriting expenses ($220,216), were $6,344,468.

As a result of the satisfaction of the escrow release conditions under the subscription receipt agreement entered into among the Company, Research Capital Corporation ("RCC") and Odyssey, 60,910,000 subscription receipts under the Offering were converted, without payment of any additional consideration and with no further action on the part of the holder thereof, into one Unit of the Company. For more information regarding the subscription receipts, refer to Note 8.

23. Subsequent events (continued)

MOPL Acquisition (continued)

In addition, RCC was issued 2,960,193 broker warrants (each exercisable for a Unit) pursuant to the Offering.

Kendall Court Cambridge Investment Manager

In conjunction with the MOPL Acquisition, 22,235,055 common shares were issued to Kendall Court Cambridge Investment Manager ("Kendall Court") in exchange for retirement of US$2,250,000 of existing debt owed by a subsidiary of MOPL. Post closing and debt retirement, the outstanding debt owed to Kendall Court was approximately US$17,039,000.

The issuance of shares makes Kendall Court an insider (or related party) of the Company, as per National Instrument 55-104. Kendall Court as of the date of these financial statements is believed to own 22,235,055 shares representing 16.8% of all issued and outstanding common shares of the Company.

Additionally, Kendall Court and the Company entered into a contingent rights agreement whereby on the third anniversary of the transaction date, Kendall Court is entitled to payment of up to US$3,421,969 should a share price threshold of $0.2035478 per share not be met. These rights are only valid if Kendall Court retains the original shares issued by the Company.