



CRITERIUM
ENERGY

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

(unaudited)

CRITERIUM ENERGY LTD.

For the Three and Nine Months Ended September 30, 2023 and 2022

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CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(unaudited)

(Expressed in Canadian Dollars)

	Three Months		Nine Months	
	Ended September 30		Ended September 30	
	2023	2022	2023	2022
Royalty revenue	\$ 27,507	\$ 44,418	\$ 86,956	\$ 146,859
Expenses				
Professional fees	314,685	392,355	654,007	408,490
Salaries and benefits	200,775	15,277	610,039	15,277
Consulting fees	58,164	108,514	350,476	113,980
Exploration (recovery) expense	318,984	-	553,149	-
General and administrative	106,299	15,404	299,775	49,751
Stock-based compensation (Note 10 and 11)	73,545	103,806	220,635	103,806
Travel	49,501	8,058	156,144	8,058
Geological and geophysical (recovery) expense	-	-	27,949	-
Depreciation (Note 6)	8,926	-	26,777	-
Finance expense (Note 8 and 9)	5,523	129	17,259	129
Operating expenses	-	4,204	8,552	11,165
Non-recoverable deposit	-	12,500	-	12,500
Decommissioning liability revisions	-	10,420	-	10,420
	(1,136,402)	(670,667)	(2,924,762)	(733,576)
Net loss before other items	(1,108,895)	(626,249)	(2,837,806)	(586,717)
Interest income	763	155	2,264	450
Government grants (Note 8)	-	9,500	-	9,500
Foreign exchange loss	(632)	-	(7,960)	-
	131	9,655	(5,696)	9,950
Net loss	\$ (1,108,764)	\$ (616,594)	\$ (2,843,502)	\$ (576,767)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to loss:				
Currency translation adjustment	22,784	-	(552)	-
Total other comprehensive income (loss)	22,784	-	(552)	-
Total comprehensive loss	\$ (1,085,980)	\$ (616,594)	\$ (2,844,054)	\$ (576,767)
Weighted average number of shares outstanding (Note 10)	38,389,982	10,145,365	37,710,194	9,369,952
Basic loss per share	(0.03)	(0.06)	(0.08)	(0.06)

See accompanying notes to the interim condensed consolidated financial statements.

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Statements of Financial Position

(unaudited)

(Expressed in Canadian Dollars)

	As at	
	September 30 2023	December 31 2022
		(audited)
ASSETS		
Current assets		
Cash	\$ 1,520,147	\$ 3,720,751
Short-term deposit	10,000	-
Amounts receivable (Note 4)	53,071	160,829
Prepays (Note 5)	72,725	26,381
	1,655,943	3,907,961
Reclamation deposit (Note 8)	44,750	42,655
Right-of-use assets (Note 6)	130,910	157,687
Exploration and evaluation assets (Note 7)	2,224,947	2,228,896
	\$ 4,056,550	\$ 6,337,199
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,144,241	\$ 507,555
Acquisition payable (Note 3)	811,200	1,625,280
Current portion of lease obligations (Note 9)	27,253	24,370
Decommissioning liabilities (Note 8)	31,028	31,011
	2,013,722	2,188,216
Lease obligations (Note 9)	115,881	136,697
	2,129,603	2,324,913
Shareholders' equity		
Share capital (Note 10)	8,699,392	8,161,312
Other comprehensive loss	(6,219)	(5,667)
Contributed surplus (Note 11)	597,694	377,059
Deficit	(7,363,920)	(4,520,418)
	1,926,947	4,012,286
	\$ 4,056,550	\$ 6,337,199

Nature of operations and continuance of business (Note 1)

Mont D'Or Petroleum Ltd. transaction (Note 15)

Subsequent events (Note 16)

Approved on Behalf of the Board

_____, "Dave Dunlop", Director

_____, "Robin Auld", Director

See accompanying notes to the interim condensed consolidated financial statements.

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(*unaudited*)

(Expressed in Canadian Dollars)

	Share capital		Reserves	Other comprehensive loss	Deficit	Total equity
	# of shares	\$				
Balance, December 31, 2021	8,970,585	\$ 3,061,457	\$ 245,378	\$ -	\$ (3,197,273)	109,562
Units issued through private placement (Note 10)	26,899,532	5,379,906	-	-	-	5,379,906
Share issue costs	-	(363,983)	-	-	-	(363,983)
Severance shares issued	357,265	71,453	-	-	-	71,453
Stock-based compensation (Note 10 and 11)	-	-	52,830	-	-	52,830
Net income	-	-	-	-	(576,767)	(576,767)
Balance, September 30, 2022	36,227,382	8,148,833	298,208	-	(3,774,040)	4,673,001
Balance, December 31, 2022	36,227,382	8,161,312	377,059	(5,667)	(4,520,418)	4,012,286
Share issue costs	-	(2,570)	-	-	-	(2,570)
Exercise of warrants (Note 10)	2,162,600	540,650	-	-	-	540,650
Stock-based compensation (Note 10 and 11)	-	-	220,635	-	-	220,635
Other comprehensive loss	-	-	-	(552)	-	(552)
Net loss	-	-	-	-	(2,843,502)	(2,843,502)
Balance, September 30, 2023	38,389,982	8,699,392	597,694	(6,219)	(7,363,920)	1,926,947

See accompanying notes to the interim condensed consolidated financial statements.

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

(Expressed in Canadian Dollars)

	Nine Months Ended September 30	
	2023	2022
Cash flows from (used in) operating activities		
Net loss	\$ (2,843,502)	\$ (576,767)
Items not affecting cash		
Stock-based compensation (Note 10 and 11)	220,635	73,183
Depreciation (Note 6)	26,777	-
Non-recoverable deposit	-	12,500
Decommissioning liability settled	-	1,050
Accrued interest on reclamation deposits	(2,095)	(450)
Finance expense (Note 8 and 9)	17,259	-
Change in non-cash working capital items		
Short-term deposit	(10,000)	-
Amounts receivable (Note 4)	107,758	(38,010)
Prepays and deposits (Note 5)	(46,344)	(2,452)
Accounts payable and accrued liabilities	636,686	620,618
Net cash flows (used in) operating activities	(1,892,826)	89,672
Cash flows (used in) investing activities		
Acquisition payable (Note 3)	(810,683)	-
Net cash flows (used in) investing activities	(810,683)	-
Cash flows from (used in) financing activities		
Issuance of common shares (Note 10)	-	5,379,906
Issuance of common shares (warrants exercised) (Note 10)	540,650	-
Share issue costs	(2,570)	(312,883)
Principal payments on lease obligations (Note 9)	(35,175)	-
Net cash flows from financing activities	502,905	5,067,023
Decrease in cash	(2,200,604)	5,156,695
Cash at beginning of period	3,720,751	54,715
Cash at end of period	\$ 1,520,147	\$ 5,211,410

See accompanying notes to the interim condensed consolidated financial statements.

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Notes to the Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars)

1. Nature of operations and continuance of business

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

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

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

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

2. Basis of presentation

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

On June 7, 2023, Criterion 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.

The consolidated financial statements were authorized for issue by the Board of Directors on November 28, 2023.

Estimation uncertainty

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

Significant accounting policies

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

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Notes to the Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars)

3. Acquisition

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

Under the terms of the Transaction, Criterium agreed to pay \$2.2 million (\$1.6 million USD) to the shareholder of AWE. In addition, 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 as of the date of the consolidated financial statements); and
- On or before December 31, 2023 \$300,000 USD.

The Company concluded that substantially all the fair value of AWE's assets were concentrated in a single identifiable asset, the exploration and evaluation expenditures on the Bulu PSC. Consequently, the acquisition of AWE was accounted for as an asset acquisition in accordance with the concentration test permitted under IFRS 3, Business Combinations. At September 30, 2023, the balance owing on the acquisition was \$811,200 (\$600,000 USD). The acquisition payable is non-interest bearing and the carrying amount approximates fair value due to its short-term nature.

The net assets acquired by the Company were estimated at a fair value of \$2.2 million (\$1.6 million USD) and have been allocated to exploration and evaluation assets (note 7).

4. Amounts receivable

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

	September 30	December 31
	2023	2022
Trade accounts receivable	\$ 44,984	\$ 111,752
GST receivable	8,087	49,077
	\$ 53,071	\$ 160,829

5. Prepaids

	September 30	December 31
	2023	2022
Prepaid expenses	\$ 72,725	\$ 26,381

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Notes to the Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars)

6. Right-of-use assets

Buildings		Cost	Accumulated depreciation	Net book value
Balance, December 31, 2022	\$	166,613	\$ (8,926)	157,687
Depreciation		-	(26,777)	(26,777)
Balance, September 30, 2023	\$	166,613	\$ (35,703)	130,910

7. Exploration and evaluation assets

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

	Oil and gas properties	Mineral properties	Total
Cost, December 31, 2022	\$ 2,265,094	\$ 55,096	\$ 2,320,190
Accumulated impairment, beginning and end of period	(36,198)	(55,096)	(91,294)
Net book value, December 31, 2022	2,228,896	-	2,228,896
Effect of movements in exchange rates	(3,949)	-	(3,949)
Net book value, September 30, 2023	\$ 2,224,947	\$ -	\$ 2,224,947

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

At September 30, 2023, there were no indicators of impairment or impairment reversal for exploration and evaluation assets in any of the Company's CGUs.

8. Decommissioning liabilities

The Company's decommissioning liabilities result from working interests in oil and natural gas wells. At September 30, 2023, the Company estimates the total undiscounted amount of cash required to settle its liabilities to be approximately \$31,110 (December 31, 2022 - \$31,110).

Balance, December 31, 2022	31,011
Accretion	17
Balance, September 30, 2023	31,028

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

During 2021, the Company abandoned a well under the Government of Alberta's Site Rehabilitation Program ("SRP") whereby qualified contractors (the "Contractors") apply for grants to assist with the abandonment and reclamation activities of upstream oil and gas wells, pipelines and associated facilities. The funding is provided directly to the Contractors by the Government of Alberta. No grant income under the SRP was recognized at September 30, 2023 (September 30, 2022 - \$nil).

At September 30, 2023 \$44,750 (December 31, 2022 - \$42,655) is held as a reclamation deposit with the applicable regulatory body as security for the settlement of these obligations.

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Notes to the Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars)

9. Lease obligations

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

	Office	Furniture	Total
Balance, December 31, 2022	\$ 121,970	\$ 39,097	\$ 161,067
Non-cash changes			
Accretion	13,080	4,162	17,242
Cash flows			
Principal payments	(26,175)	(9,000)	(35,175)
Balance, September 30, 2023	\$ 108,875	\$ 34,259	\$ 143,134
Less: current portion	\$ (19,900)	\$ (7,353)	\$ (27,253)
Long-term portion	\$ 88,975	\$ 26,906	\$ 115,881

10. Share capital

Authorized Share Capital

Unlimited number of:

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

Issued and Outstanding Common Shares

	Shares	Amount
Balance, December 31, 2022	36,227,382	\$ 8,161,312
Exercise of warrants	2,162,600	540,650
Share issue costs	-	(2,570)
Balance, September 30, 2023	38,389,982	\$ 8,699,392

Loss per share

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

Nine months ended September 30,	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	-	399,367
Effect of exercise of warrants	1,482,812	-
Weighted average number of common shares - basic	37,710,194	9,369,952

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Notes to the Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars)

10. Share capital (continued)

Loss per share (continued)

On September 26, 2022, the Company closed a 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.

Stock Option Plan

For the nine months ended September 30, 2023, the Company recorded total stock-based compensation of \$20,769 (September 30, 2022 - \$52,830). At September 30, 2023, the total unvested stock-based compensation with respect to these options was \$23,633 (December 31, 2022 - \$44,402).

The continuity of stock options at September 30, 2023 (restated for Share Consolidation) was as follows:

	Number	Weighted average exercise price \$
Balance, December 31, 2022 and September 30, 2023	370,000	0.22

The following stock options (restated for Share Consolidation) were outstanding at September 30, 2023:

Expiry date	Number	Number exercisable	Exercise price \$	Remaining life (years)
April 14, 2025	60,000	60,000	0.25	1.54
June 22, 2025	60,000	60,000	0.25	1.73
September 26, 2027	250,000	83,333	0.20	3.99
	370,000	203,333	0.22	3.22

Warrants

The continuity of share purchase warrants (restated for Share Consolidation) at September 30, 2023 was as follows:

	Number	Weighted average exercise price \$
Balance, December 31, 2022	30,173,788	0.21
Exercised	(2,162,600)	(0.25)
Expired	(856,156)	(0.25)
Balance, September 30, 2023	27,155,032	0.20

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Notes to the Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars)

10. Share capital (continued)

Warrants (continued)

The following share purchase warrants (restated for Share Consolidation) were outstanding at September 30, 2023:

Expiry date	Number	Exercise price \$	Remaining life (years)
September 26, 2027	255,500	0.20	3.99
September 26, 2027	26,899,532	0.20	3.99
	27,155,032	0.20	3.99

Restricted share units

On September 26, 2022, 2,550,000 RSUs were issued pursuant to the terms of the Share Incentive Award Plan at a deemed 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 September 30, 2023, of the 2,550,000 outstanding RSUs, 850,000 were exercisable and 1,700,000 were non-exercisable (December 31, 2022 - 2,550,000 non-exercisable).

For the nine months ended September 30, 2023, the Company recorded total stock-based compensation of \$199,866 (September 30, 2022 - \$nil). At September 30, 2023, the total unvested stock-based compensation with respect to these RSUs was \$227,308 (December 31, 2022 - \$427,174), calculated using the fair value of the Company's shares at issuance.

11. Contributed surplus

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

Balance, December 31, 2022	\$	377,059
Stock-based compensation		220,635
Balance, September 30, 2023	\$	597,694

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Notes to the Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars)

12. Related party transactions and key management compensation

The Company has entered into transactions with related parties in the normal course of business that are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and which in management's opinion is comparable to amounts that would have been paid to non-related parties. The exchange amount approximates fair value. Transactions impacting the consolidated financial statements, which are not disclosed elsewhere in the statements are summarized below. During the three and nine months ended September 30, 2023 and 2022, the Company paid to its directors and officers, either directly or indirectly, the following amounts:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Key management compensation	\$ 166,250	\$ 52,239	\$ 492,292	\$ 52,239
Stock-based compensation	69,589	71,453	208,767	71,453
Directors' fees (consulting fees)	40,000	-	120,000	-
Accounting and administrative services (professional fees)	19,950	7,065	92,340	13,285
Consulting services	18,164	-	54,425	-
Payroll taxes	-	30,623	-	30,623
Office allowance (general and administrative expenses)	-	1,316	-	3,949
	\$ 313,953	\$ 162,696	\$ 967,824	\$ 171,549

A company controlled by the CEO and director leases office furniture and office space to the Company. For the nine months ended September 30, 2023, the Company paid total interest and principal payments of \$35,175 (September 30, 2022 - \$nil), see note 9.

As part of key management compensation, two officers of the Company (December 31, 2022 - two) have agreed to defer a portion of their salaries totaling \$155,898 (December 31, 2022 - \$41,148), included in accounts payable and accrued liabilities at September 30, 2023.

The total amounts included in accounts payable and accrued liabilities at September 30, 2023 for the above items was \$174,680 (December 31, 2022 - \$88,973).

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Notes to the Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars)

13. Risk and capital management

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

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

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

	September 30, 2023	December 31, 2022
Financial assets		
Cash	\$ 1,520,147	\$ 3,720,751
Short-term deposits	10,000	-
Amounts receivable	53,071	160,829
Reclamation deposit	44,750	42,655
Total financial assets	1,627,968	3,924,235
Financial liabilities		
Accounts payable and accrued liabilities	1,144,241	507,555
Acquisition payable	811,200	1,625,280
Total financial liabilities	\$ 1,955,441	\$ 2,132,835

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

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

Foreign currency risk

The Company reports its financial results in Canadian dollars but also undertakes transactions denominated in US dollars ("USD"), Indonesian Rupiah ("IDR"), and New Zealand dollars ("NZD"). As the exchange rates between the Canadian dollar and the US dollar, IDR and NZD fluctuates, the Company recognizes realized and unrealized foreign exchange gains and losses. At September 30, 2023, the Company has \$145,621 of accounts payable and accrued liabilities denominated in USD, which are subject to currency risk.

At September 30, 2023, a 10% appreciation or depreciation of USD against the Canadian dollar would result in an approximate \$14,562 increase or decrease in the Company's net loss (September 30, 2022 – \$nil).

The Company does not enter into any financial instruments to hedge currency risk, but the Company monitors its foreign exchange exposure and considers its exposure to foreign currency risk to be minimal at September 30, 2023.

CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Notes to the Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022 (Expressed in Canadian Dollars)

14. Segmented information

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

	Indonesia		Canada		Total	
	2023	2022	2023	2022	2023	2022
Three months ended September 30,						
Net loss	\$ (351,996)	\$ -	\$ (756,768)	\$ (616,594)	\$ (1,108,764)	\$ (616,594)
Nine months ended September 30,						
Net loss	\$ (622,401)	\$ -	\$ (2,221,101)	\$ (576,767)	\$ (2,843,502)	\$ (576,767)
For the period ended,	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Right-of-use asset	\$ -	\$ -	\$ 130,910	\$ 157,687	\$ 130,910	\$ 157,687
Exploration and evaluation assets	2,224,947	2,228,896	-	-	2,224,947	2,228,896
Non-current assets	\$ 2,224,947	\$ 2,228,896	\$ 130,910	\$ 157,687	\$ 2,355,857	\$ 2,386,583

15. Mont D'Or Petroleum Ltd. transaction

On June 14, 2023, the Company announced the transaction to acquire 100% of Mont D'Or Petroleum Ltd. ("MOPL") Further information related to the acquisition can be found on SEDAR+. The acquisition has not closed as of the date of the consolidated financial statements.

16. Subsequent events

The Company has entered into a letter of intent and the Company intends to enter into a loan agreement (the "Loan Agreement") prior to the closing of the MOPL transaction (the "Acquisition") in connection with the Convertible Loan (the "Loan") under which the Strategic Investor (the "Investor") will agree to advance \$12.2 million in principal loan amount to the Company. In addition, the Company will issue to the Investor 76,250,000 Warrants (the "Loan Warrants"). The Loan will be issued on or before the closing of the Acquisition and is subject to several conditions, including the closing of the Public Offering and the approval of the TSX Venture Exchange ("TSXV").

The Loan shall bear interest at a rate of 14.75% per annum from the date of issue, accrued daily and payable monthly in cash. The principal amount of the Loan shall be convertible, for no additional consideration, into Common Shares at the option of the holder at any time prior to the close of business on the third business day preceding the date that is 60 months from the date following the satisfaction or waiver of the Escrow Release Conditions (the "Maturity Date") at a conversion price equal to \$0.16 per Common Share, subject to customary adjustments.

The Loan will be subordinated in right of payment of principal and interest to all senior obligations of the Company and will be secured by a general charge over the Company's assets. The outstanding principal amount of the Loan will be repaid in full on the Maturity Date (five years post-transaction close) in cash. On, and following, the date that is the second anniversary of the transaction closing, the Company shall have the right to partially or fully repay the outstanding principal amount of the Loan in cash at a premium of 14.75% to the outstanding principal amount at the time of repayment, plus any unpaid accrued interest, by giving 30-days written notice to the Investor.

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Interim Condensed Consolidated Notes to the Financial Statements For the Three and Nine Months Ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

16. Subsequent events (continued)

The Company intends to use the net proceeds from the Financing for: (i) drilling activities in 2023/2024 to ramp up oil production focused on the Tungkal PSC; (ii) planning associated with the Tungkal PSC gas monetization tie-in project; and (iii) repaying a portion of debt with certain MOPL's existing lenders in connection with the Acquisition to reduce the total debt.

The Company announced a revised financing of \$6,700,000 in subscription receipts at a price of \$0.11, which entitles each unit holder to one common share and one warrant (with a \$0.14 exercise price) for five years. This offering closed into escrow on November 7 and cash will be released upon closing of the transaction.