

# Criterion Energy Ltd. Announces Closing of Previously Announced Recapitalization Transactions

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CALGARY, Sept. 26, 2022 - [Criterion Energy Ltd.](#) ("Criterion" or the "Company") (TSXV: SFT) is pleased to announce the closing of its previously announced non-brokered private placement (the "Private Placement"), the appointment of a new management team (the "New Management Team"), the reconstitution of the board of directors of the Company (the "Board") (collectively, the "Recapitalization Transactions") and the change of the Company's name from Softrock Minerals Ltd. to Criterion Energy Ltd (the "Name Change").

## Private Placement

The Private Placement was oversubscribed and accordingly, the Company issued an aggregate of approximately 134.5 million units of the Company ("Units") for gross aggregate proceeds of approximately \$5.4 million. Each Unit was comprised of one common share of the Company ("Common Share") and one common share purchase warrant ("Warrant"). The Warrants were issued pursuant to an indenture (the "Warrant Indenture") on the terms previously announced in the Company's July 12, 2022 press release.

The Company paid each of Echelon Wealth Partners Inc., Canaccord Genuity Corp., Haywood Securities Inc. and iA Capital Markets (collectively, the "Finders") a commission (the "Commission") for their role in introducing purchasers (the "Finder's Purchasers") to the Company. The Commission was comprised of: (i) a cash fee equal to 5.0% of the gross proceeds received by the Company from the Finder's Purchasers; and other than in the case of iA Capital Markets, (ii) such number of warrants equal to 5.0% of the number of Units issued to the Finder's Purchasers (the "Finder's Warrants"). Although not issued under the Warrant Indenture, the Finders' Warrants have substantially the same terms and conditions as the Warrants issued under the Private Placement other than such changes as required to comply with the policies of the TSX Venture Exchange (the "TSXV"). An aggregate of 1,277,500 Finder's Warrants were issued and an aggregate of \$52,100 in cash was paid to the Finders.

Net proceeds from the Private Placement will be used to increase Criterion's working capital position which will be used for general corporate purposes, future acquisitions of upstream energy assets, and supporting the New Management Team's strategy of building a portfolio of free cash flow generating assets with the ability to generate returns for shareholders.

## New Management Team and Reconstituted Board

The New Management Team, which was appointed concurrently with the completion of the Private Placement, includes Robin Auld as President and Chief Executive Officer, Matthew Klukas as Chief Operating Officer, Henry Groen as Chief Financial Officer, and Hendra Jaya as Director, Indonesia. Following the reconstitution of the Board, the Board now consists of two new directors, Robin Auld and Brian Anderson, and one continuing director, Michèle Stanners.

## Severance Shares

In connection with the Recapitalization Transactions, the former executives of Softrock received severance payments comprised of an aggregate of 1,786,324 Common Shares (the "Severance Shares") issued at a deemed price of \$0.04 per Common Share and a cash payment equal to the applicable withholding taxes on the Severance Shares.

Following the completion of the Private Placement and the issuance of the Severance Shares, there are approximately 181.1 million Common Shares issued and outstanding.

## Related Party Transactions

Certain of the Former Executives, including Michèle Stanners, who remains a member of the Board following

completion of the Recapitalization Transactions, participated in the Private Placement. Additionally, the Former Executives received the Severance Payments. The participation of such Former Executives in the Private Placement and the receipt of the Severance Payments by the Former Executives constitute "related party transactions" as defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Corporation relied upon the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 under sections 5.5(b) and 5.7(1)(a) of MI 61-101 as the Common Shares are only listed on the TSXV and neither the fair market value (as determined under MI 61-101) of the subject matter of, nor the fair market value of the consideration for, the aggregate of the total dollar amount of the Private Placement, insofar as it may involve "interested parties" (as defined under MI 61-101), and the Severance Payments, exceeded 25% of Sofrock's market capitalization (as determined under MI 61-101).

## **Name Change**

Immediately following the completion of the Recapitalization Transactions, the Company filed all necessary documents with the Alberta Corporate Registry to complete the Name Change. The Company expects that the Common Shares will begin trading under the new name and the symbol "CEQ" on the TSXV within the next three trading days. The Company's new CUSIP number is 226747103. Shareholders are not required to take any steps to exchange their share certificates or direct registration system statements as a result of these changes.

## **Security-Based Equity Incentives**

Criterion also announces that pursuant to its share award incentive plan ("Share Award Plan"), an aggregate of 12.75 million restricted awards were granted to certain officers of the Company. The restricted awards vest as to one-third on each of September 26, 2023, September 26, 2024, and September 26, 2025 and expire December 15, 2025. The restricted awards may be settled by Criterion, at the Company's sole discretion, in cash and/or Common Shares, in accordance with the terms of the Share Award Plan.

In addition, the Company announces that pursuant to its amended and restated option plan, an aggregate of 750,000 options to purchase Common Shares ("Options") were granted to an officer of the Company. Each Option is exercisable for one Common Share at a price of \$0.04 per Common Share until September 26, 2027.

## **About Criterion Energy Ltd.**

Criterion Energy Ltd. is an upstream energy company focused on the acquisition and sustainable development of assets in SE Asia that are capable of scalable growth and cash generation. The Company focuses on maximizing total shareholder return by executing on three strategic pillars, (1) Successful and sustainable reputation, (2) Innovation and technology arbitrage, and (3) Operational and safety excellence.

*This press release is not an offer of the securities for sale in the United States. The securities have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.*

## **Cautionary Note Regarding Forward-Looking Statements**

*This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains statements concerning the anticipated use of the net proceeds of the Private Placements, the strategic plans of the New Management Team including its plans to build a portfolio of free cash flow generating assets with the ability to generate returns for shareholders of the Company, the symbol that the Company expects the Common Shares to trade under on the TSXV and the anticipated timing of the trading of the Common Shares. Although Criterion believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because Criterion can give no assurance that they will prove to be correct. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The intended use of the net proceeds of the Private Placements by Criterion might change if the New Management Team determines that it would be in the best interests of Criterion to deploy the proceeds for some other purpose.*

*Factors that could cause actual results to vary from forward-looking statements or may affect the operations, performance, development and results of the Company's businesses include, among other things: risks and assumptions associated with operations; risks inherent in the Company's future operations; increases in maintenance, operating or financing costs; the availability and price of labour, equipment and materials; competitive factors, including competition from third parties in the areas in which the New Management Team intends to operate, pricing pressures and supply and demand in the oil and gas industry; fluctuations in currency and interest rates; inflation; risks of war, hostilities, civil insurrection, pandemics (including COVID-19), instability and political and economic conditions in or affecting countries in which the New Management Team intends to operate (including the ongoing Russian-Ukrainian conflict); severe weather conditions and risks related to climate change; terrorist threats; risks associated with technology; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to the Company's future business; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals and the maintenance of such approvals; general economic and business conditions and markets; and such other similar risks and uncertainties. The impact of any one assumption, risk, uncertainty or other factor on a forward-looking statement cannot be determined with certainty, as these are interdependent and the Company's future course of action depends on the assessment of all information available at the relevant time.*

*With respect to forward-looking statements contained in this press release, the Company has made assumptions regarding, among other things: the COVID-19 pandemic and the duration and impact thereof; future exchange and interest rates; supply of and demand for commodities; inflation; the availability of capital on satisfactory terms; the availability and price of labour and materials; the impact of increasing competition; conditions in general economic and financial markets; access to capital; the receipt and timing of regulatory and other required approvals; the ability of the New Management Team to implement its business strategies; the continuance of existing and proposed tax regimes; and effects of regulation by governmental agencies.*

*The forward-looking statements contained in this press release are made as of the date hereof and the parties do not undertake any obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

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

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**For further information:**

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