

Criterion Energy Announces Upsized C\$18.9 Million Financing in Connection with Transformative Acquisition of Mont D'Or Petroleum Ltd., Led by a Strategic Investor

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Calgary, October 4, 2023 - [Criterion Energy Ltd.](#) (TSXV: CEQ) ("Criterion" or the "Company"), an independent upstream energy development and production company focused in Southeast Asia, is pleased to announce that, due to strong investor demand, it is increasing the size of its financing for aggregate gross proceeds of approximately C\$18.9 million, led by Research Capital Corporation, in connection with the acquisition ("Acquisition") of all the issued and outstanding shares of Mont D'Or Petroleum Limited ("MOPL") pursuant to a sale and purchase agreement ("SPA").

The increased size of the financing consists of:

- an underwritten offering of 60,910,000 equity subscription receipts of the Company (the "Equity Subscription Receipts") at a price of C\$0.11 per Equity Subscription Receipt for gross proceeds of approximately C\$6.7 million by way of a short form prospectus (the "Public Offering"). The Company will enter into an underwriting agreement with Research Capital Corporation as the sole underwriter and sole bookrunner (the "Underwriter") for the Public Offering. Each Equity Subscription Receipt will entitle the holder thereof to receive, without payment of any additional consideration and with no further action on the part of the holder thereof, one unit of the Company (a "Unit") upon satisfaction of certain Escrow Release Conditions (as defined below) prior to the Escrow Release Deadline (as defined below). Each Unit will consist of one common share in the capital of the Company (a "Common Share") and one Common Share purchase warrant (each, a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share (a "Warrant Share") at an exercise price of C\$0.14 per Warrant Share until the date that is 60 months following the satisfaction or waiver of the Escrow Release Conditions;
- a convertible loan in the principal amount of C\$12.2 million ("Convertible Loan").

(the Public Offering and the Convertible Loan collectively referred to as the "Financing" herein)

The Financing is anchored by a strategic investor (the "Strategic Investor") participating for an aggregate of C\$14.7 million, including the entirety of the C\$12.2 million Convertible Loan and C\$2.5 million in the Public Offering. Certain directors, officers and employees of the Company have provided indication of interests to participate in the Public Offering alongside other investors.

Financing Details

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

The Convertible 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 Convertible 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

C\$0.16 per Common Share, subject to customary adjustments.

The Convertible 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 Convertible Loan will be repaid in full on the Maturity Date in cash. On and following the date that is the second anniversary of the satisfaction of the Escrow Release Conditions, the Company shall have the right to partially or fully repay the outstanding principal amount of the Convertible 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 Strategic Investor.

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 in order to reduce the total debt.

Upon closing of the Public Offering, the net proceeds will be placed in escrow (the "Escrowed Proceeds") with an escrow agent ("Escrow Agent") and will be released to the Company (together with the interest thereon) upon satisfaction of certain escrow release conditions ("Escrow Release Conditions") and the Underwriter receiving a certificate from the Company prior to the Termination Time (as defined below) to the effect that:

(a) the completion, satisfaction or waiver of all conditions precedent to the Acquisition in accordance with the SPA (save and except for those conditions precedent which are contingent upon and/or will be completed, satisfied or waived concurrent with or as part of the closing of the Acquisition (the "Concurrent Conditions Precedent"), provided that the Chief Executive Officer of the Company (or such other officers as may be acceptable to the Underwriter, acting reasonably) has certified to the Underwriter that, to the best of his information, knowledge or belief, no event, circumstance or condition exists which could reasonably be expected to result in any of the Concurrent Conditions Precedent not being completed, satisfied or waived concurrent with or as part of the closing of the Acquisition; it being understood and agreed that certain of the Concurrent Conditions Precedent may be completed or satisfied pursuant to the giving and acceptance of solicitors' undertakings, as applicable, to the satisfaction of the Underwriter, acting reasonably;

(b) the receipt of all required shareholder and regulatory approvals, including, without limitation, the conditional approval of the TSXV for the Acquisition;

(c) the Strategic Investor having completed satisfactory due diligence on the Company, in its sole discretion;

(d) the Company obtaining shareholder approval for the Strategic Investor to become a "control person" of the Company;

(e) the issuance of the Convertible Loan and the Loan Warrants on before the closing of the Acquisition;

(f) the representations and warranties of the Company contained in the underwriting agreement to be entered into in connection with the Public Offering being true and accurate in all material respects, as if made on and as of the escrow release date; and

(g) the Company and the Underwriter having delivered a joint notice and direction to the Escrow Agent, confirming that the conditions set forth in (a) to (f) above have been met or waived.

If (i) the Escrow Release Conditions are not satisfied or waived on or prior to 5:00 p.m. (Toronto time) on the date that is 90 days following the closing of the Public Offering (or such later date as the Underwriter may consent in writing); (ii) the Acquisition is terminated in accordance with its terms; or (iii) the Company has advised the Underwriter or the public that it does not intend to proceed with the Acquisition (in each case, the earliest of such times being the "Termination Time"), the Company would then be responsible to refund the gross proceeds of the Public Offering (including the amount of the Underwriter's commission and the Underwriter's expenses) to the holders of Equity Subscription Receipts.

The Public Offering is expected to close on or about the week of October 16, 2023, or such other date as the Company and the Underwriter may agree. Closing of the Public Offering is subject to customary closing conditions, including, but not limited to, the receipt of all necessary regulatory approvals, including the approval of the securities regulatory authorities and the TSXV.

The Convertible Loan and Warrants issuable pursuant to the Convertible Loan will be subject to a statutory hold period lasting four months and one day following the closing of the Convertible Loan pursuant to Canadian securities laws. The Equity Subscription Receipts will be offered by way of a short form prospectus to be filed in each of the provinces of Canada (other than Québec) and may be offered in the United States on a private placement basis pursuant to an appropriate exemption from the registration requirements under applicable U.S. law, and outside of Canada and the United States on a private placement or equivalent basis. An amended and restated preliminary short form prospectus will be available on SEDAR at www.sedarplus.ca shortly. The Company will make commercially reasonable efforts to list the Warrants issuable underlying the Subscription Receipts.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

The Acquisition is subject to Criterium successfully completing the Financing and receiving TSXV approval for the Acquisition.

About Criterium Energy Ltd.

[Criterium Energy Ltd.](http://www.criteriumenergy.com) is an upstream energy company focused on the acquisition and sustainable development of assets in Southeast Asia that can deliver scalable growth and cash generation. The Company focuses on maximizing total shareholder return by executing on three strategic pillars, namely (1) successful and sustainable reputation, (2) innovation and technology arbitrage, and (3) operational and safety excellence.

For further information please visit our website (www.criteriumenergy.com) or contact:

Robin Auld
Chief Executive Officer
[Criterium Energy Ltd.](http://www.criteriumenergy.com)
Email: info@criteriumenergy.com

Matt Klukas
Chief Operating Officer
[Criterium Energy Ltd.](http://www.criteriumenergy.com)
Email: info@criteriumenergy.com

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.

Cautionary Note Regarding Forward-Looking Statements

This press release contains certain forward-looking information and statements that are based on expectations, estimates, projections and interpretations as at the date of this news release. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends", "seek", "aims" and similar expressions are intended to identify forward-looking information or statements.

This press release contains statements of forward looking information including, without limitation, statements with respect to: completion of the Public Offering; the issuance of the Convertible Loan; price of the Equity Subscription Receipts; expected dates for closing of the Public Offering and issuance of the Convertible Loan; amount of proceeds under the Financing; approval of the Public Offering and the

Convertible Loan by regulatory authorities; approval of the new control person by the Company's shareholders; intended use of net proceeds of the Financing; the completion, satisfaction or waiver of the Concurrent Conditions Precedent; completion of satisfactory due diligence by the Strategic Investor on the Company; completion of the Acquisition and approval by all regulatory authorities of the Acquisition.

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

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

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

Oil and Gas Advisories

Total proved, probable and possible reserves disclosed in this announcement in respect of the Tungkal PSC are based on the Reserve Report commissioned by MOPL and prepared by ERCE Limited dated May 16, 2023 with effective date of December 31, 2022, which was prepared in accordance with the definitions, standards, and procedures contained in the Canadian National Instrument 51-101 Standards of Disclosure of Oil and Gas Activities.

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

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

The Reserve Report classifies levels of uncertainty in accordance with the Canadian Oil and Gas Evaluation Handbook. These levels are described as PDP, PD, 1P, 2PD, 2P and 3P levels of status and uncertainty (see glossary for summarized definitions). According to the Reserve Report, estimates and uncertainty are further influenced by: (1) a variety of market factors which may influence the commerciality of resource

recovery; and (2) the Reserve Report is based on estimates only and there is no guarantee of actual recovery.

Any references in this presentation to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Criterium. Management of Criterium believes the information may be relevant to help determine the expected results that Criterium may achieve within oil and gas interests and such information has been presented to help demonstrate the basis for Criterium's business plans and strategies with respect to the Tungkal PSC. There is no certainty that the results of the analogous information or inferred thereby will be achieved by Criterium and such information should not be construed as an estimate of future production levels, reserves or the actual characteristics and quality of Criterium's assets.

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 5.6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 5.6:1, utilizing a conversion on a 5.6:1 basis may be misleading as an indication of value.

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