



CRITERIUM ENERGY LTD.

Consolidated Financial Statements

As at and for the years ended

December 31, 2025 and 2024

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Criterium Energy Ltd.

Opinion

We have audited the consolidated financial statements of Criterium Energy Ltd. and its subsidiaries (the Company), which comprise the consolidated statement of financial position as at December 31, 2025 and 2024, and the consolidated statement of loss and comprehensive loss, changes in 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, 2025 and 2024, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit 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 audit 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.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company had a working capital deficiency of \$31.7 million as at December 31, 2025. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. In addition to the matter described in the Material uncertainty related to going concern section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Key audit matter

The impact of estimated proved and probable reserves on PP&E and contingent payments.

As described in notes 2, 4, 9 and 25 to the consolidated financial statements, the Company uses proved and probable reserves in the calculation of depletion expense for its carrying value of PP&E, as well as to estimate the recoverable amount of the Company's cash generating units if indicators of impairment or impairment reversal are identified, and to determine the valuation of contingent payments based on future production and pricing. The Company had \$43,076 thousand of PP&E and a contingent payment to MOPL's former owners of \$2,061 thousand as at December 31, 2025. Depreciation and depletion expense was \$4,942 thousand and a \$3,699 thousand gain on revaluation was recognized on the contingent liability was recorded for the year ended December 31, 2025.

The Company's proved and probable reserves were evaluated by independent petroleum engineers (management's expert). Key assumptions developed by management used to determine reserves include forward price estimates, expected future rates of production, future production costs and the timing and amount of future development expenditures.

We considered this a key audit matter due to the judgments by management, including the use of management's expert, and a high degree of auditor judgment and effort in performing procedures relating to the key assumptions.

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 audit 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 audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

How our audit addressed the key audit matter

To test the impact of estimated proved and probable reserves on PP&E and contingent payments, we performed the following procedures, among others:

- Tested how management determined reserves, which included the
 - The competence, capabilities and objectivity of management's expert was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated.
 - The procedures performed also included evaluation of the methods and assumptions used by management's expert, tests of data used by management's expert and an evaluation of their findings.
 - Evaluated the reasonableness of key assumptions used, including expected future rates of production, future production costs and the timing and amount of future development expenditures by considering current and past performance of the Company and whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable.
 - Evaluated the reasonableness of forward price estimates by comparing those estimates with third party industry forecasts.
- Recalculated depletion expense.
- Recalculated the impact of future production and pricing in management's valuation of the contingent payment based on assumptions from the reserve report.
- Evaluated the adequacy of the disclosures in the accompanying consolidated financial statements in relation to this matter.

CONSOLIDATED FINANCIAL STATEMENTS

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 IFRS Accounting 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

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
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible

CONSOLIDATED FINANCIAL STATEMENTS

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

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 Robert Troy Jubenvill.

The logo for Ernst & Young LLP is written in a black, cursive script font. The letters are fluid and connected, with a prominent 'E' and 'Y'.

Chartered Professional Accountants

Calgary, Canada

April 27, 2026

CONSOLIDATED FINANCIAL STATEMENTS

Criterion Energy Ltd.

Consolidated Statement of Financial Position (in \$000's of Canadian dollars)

	Note	As at December 31, 2025	As at December 31, 2024
Assets			
Cash and cash equivalents		\$1,986	\$2,307
Accounts receivable		545	637
Prepays and deposits		418	914
Inventories	7	910	2,841
Total current assets		3,859	6,699
Property, plant and equipment	9	43,076	56,924
Exploration and evaluation assets	8	2,256	2,366
Right of use assets	10	51	401
VAT receivable - non-current portion	11	5,526	6,211
Decommissioning and reclamation deposits	6	3,882	3,612
Deposits		615	218
Total non-current assets		55,406	69,732
Total assets		\$59,265	\$76,431
Liabilities			
Accounts payable and accrued liabilities	12	\$4,939	\$9,442
Current portion of debt	13	8,620	9,113
Taxes payable	14	21,880	19,343
Lease liabilities	15	46	231
Decommissioning obligations	16	31	31
Total current liabilities		35,516	38,160
Long-term debt	13	26,668	24,299
Deferred tax liabilities	18	2,081	2,749
Contingent consideration	25	6,076	8,384
Decommissioning obligations	16	2,122	1,735
Provision for employee benefits	19	735	231
Lease liabilities	15	26	37
Total non-current liabilities		37,708	37,435
Total liabilities		\$73,224	\$75,595
Shareholder's Equity			
Share capital	20	\$18,284	\$18,107
Contributed surplus		900	687
Deficit		(33,062)	(18,245)
Accumulated other comprehensive income (loss)		(81)	287
Total shareholder's equity		(13,959)	836
Total liabilities and equity		\$59,265	\$76,431

Going concern (note 2)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board

Dave Dunlop
Director

Mathew Klukas
Director

CONSOLIDATED FINANCIAL STATEMENTS

Criterion Energy Ltd.

Consolidated Statement of Loss and Comprehensive Loss
(in \$000's of Canadian dollars, except per share amounts)

Note	Year ended December 31, 2025	Year ended December 31, 2024
Revenues		
Oil sales	\$33,751	\$29,880
Royalty expense	(7,904)	(7,718)
Revenue	25,847	22,162
Royalty revenue	64	69
Other income	1,247	2,430
Total revenues	27,158	24,661
Expenses		
Operating	13,548	12,195
General and administrative	4,296	5,230
Restructuring costs	-	623
Depreciation and depletion	4,942	4,449
Finance costs	11,022	10,577
Other tax expense	1,407	1,453
Foreign exchange loss	12	201
Share-based compensation	390	154
Impairment	10,136	-
Transaction costs	-	41
Gain on revaluation of financial liabilities	(3,699)	-
Gain on debt modification	(1,046)	(353)
Gain on sale	(61)	-
Total expenses	40,947	34,570
Loss before income taxes	(13,789)	(9,909)
Current income tax expense	1,596	155
Deferred income tax expense (recovery)	(568)	(149)
Net loss	(14,817)	(9,915)
Other comprehensive income (loss), net of income tax		
Items that recycle through net loss:		-
Pension actuarial gains (losses)	(416)	(195)
Foreign currency translation adjustment	48	519
Other comprehensive income (loss)	(368)	324
Comprehensive loss	(\$15,185)	(\$9,591)
Net loss per share:		
Basic and diluted	(\$0.11)	(\$0.08)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Criterium Energy Ltd.

Consolidated Statement of Changes in Equity

(in \$000's of Canadian dollars, unless otherwise noted)

	Number of common shares (000's)	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balance at December 31, 2023	38,390	\$8,694	\$682	(\$37)	(\$8,330)	\$1,009
Shares issued, net of share issuance costs (Note 20)	62,610	5,107	(149)	-	-	4,958
Shares issued, acquisition (Note 5)	33,056	4,207	-	-	-	4,207
Shares issued, shares for services provided	1,250	99	-	-	-	99
Stock-based compensation	-	-	154	-	-	154
Other comprehensive income	-	-	-	324	-	324
Net loss	-	-	-	-	(9,915)	(9,915)
Balance at December 31, 2024	135,306	\$18,107	\$687	\$287	(\$18,245)	\$836
Balance at December 31, 2024	135,306	\$18,107	\$687	\$287	(\$18,245)	\$836
Stock-based compensation	-	-	390	-	-	390
Issued from treasury on vesting of: Share Awards	1,069	177	(177)	-	-	-
Other comprehensive loss	-	-	-	(368)	-	(368)
Net loss	-	-	-	-	(14,817)	(14,817)
Balance at December 31, 2025	136,375	\$18,284	\$900	(\$81)	(\$33,062)	(\$13,959)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Criterion Energy Ltd.

Consolidated Statement of Cash Flows (in \$000's of Canadian dollars)

Note	Year ended December 31, 2025	Year ended December 31, 2024
Cash provided by (used in) operating activities:		
	(\$14,817)	(\$9,915)
Loss for the year		
Non-cash items:		
Depletion and depreciation	4,942	4,449
Impairment	10,136	-
Deferred income tax expense (recovery)	(568)	(149)
Non-cash other income	(1,247)	(987)
Non-cash restructuring costs	-	148
Non-cash pension costs	263	157
Finance costs - non-cash	9,485	7,639
Gain on revaluation of financial liabilities	(3,699)	-
Gain on debt modification	(1,046)	(353)
Gain on disposition	(61)	-
Unrealized foreign exchange	12	200
Stock-based compensation	390	154
Change in non-cash working capital	1,064	(1,849)
Net cash provided by (used in) operating activities	4,854	(506)
Cash provided by (used in) investing activities:		
Additions to property, plant and equipment	(2,632)	(5,978)
Acquisitions	-	(5,495)
Cash acquired on acquisition	-	9,832
Change in non-cash working capital	(1,767)	2,299
Net cash provided by (used in) investing activities	(4,399)	658
Cash provided by (used in) financing activities:		
Repayment of debt	(284)	(3,521)
Issuance of common shares, net of costs	-	4,954
Principle payments of lease obligations	(191)	(493)
Change in non-cash working capital	-	281
Net cash provided by (used in) financing activities	(475)	1,221
Change in cash and cash equivalents	(20)	1,373
Cash and cash equivalents, beginning of year	2,307	433
Effect of foreign exchange	(301)	501
Cash and cash equivalents, end of year	\$1,986	\$2,307

See accompanying notes to the consolidated financial statements.

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Criterion Energy Ltd.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and December 31, 2024

(in \$000's of Canadian dollars, unless otherwise noted)

1. Reporting entity

Criterion Energy Ltd. and its subsidiaries, (collectively "Criterion" or the "Company") are engaged in the exploration, appraisal and development of petroleum and natural gas in Indonesia. Criterion Energy Ltd. was incorporated in Alberta, Canada and has subsidiaries in Bermuda, British Virgin Islands, Cyprus, Singapore and New Zealand. Criterion Energy Ltd. changed its name from Softrock Minerals Ltd. on September 26, 2022. Criterion is a public company with its shares traded on the TSX Venture Exchange.

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

2. Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board applicable to the preparation of financial statements. The Company's accounting policies have been applied consistently for all periods presented in these consolidated financial statements. Certain comparative figures have been reclassified to conform with the presentation adopted in the current period.

These consolidated financial statements were approved by the Company's Board of Directors on April 27, 2026.

(b) Basis of measurement and presentation

The consolidated financial statements have been prepared on an accrual basis and are based on historical cost except for certain financial and non-financial assets and liabilities, which have been measured at fair value.

(c) Functional and reporting currency

These consolidated financial statements are presented in Canadian dollars, which is Criterion Energy Ltd.'s functional currency. The functional currency of a subsidiary is the currency of the primary economic environment in which the subsidiary operates. Transactions denominated in a currency other than the functional currency are translated at the prevailing rates on the date of the transaction. Any monetary items held in a currency which is not the functional currency of the subsidiary are translated to the functional currency at the prevailing rate as the date of the statement of financial position.

All exchange differences arising as a result of the translation to the functional currency of the subsidiary are recorded in other comprehensive income (loss). Translation of all assets and liabilities from the respective functional currencies to the reporting currency is performed using the rates prevailing at the statement of financial position date. Revenue and expenses and certain cash flow items for each period are translated at average monthly exchange rates (unless this is not a representative approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case revenue and expenses are translated at the dates of the transactions).

(d) Going concern

The Company's consolidated financial statements for the year ended December 31, 2025, have been prepared on a going concern basis, which assumes that the Company has adequate resources to continue in operational existence for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Management uses judgment to assess the Company's ability to continue as a going concern and the conditions that may cast significant doubt upon the use of the going concern assumption. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

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CONSOLIDATED FINANCIAL STATEMENTS

Criterion Energy Ltd.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and December 31, 2024

(in \$000's of Canadian dollars, unless otherwise noted)

As of December 31, 2025, the Company had a working capital deficit of \$31.7 million with cash from operating activities of \$4.9 million. The Company's ability to pay current liabilities when they become due is in doubt. However, much of the working capital is derived from taxes payable (which Criterion continues to work through with the Indonesian tax office) and current debt, which Criterion has demonstrated a track record of managing. Though the business is sensitive to fluctuations in commodity prices and current market economic challenges, the Company is taking steps to reduce the working capital deficit to a more manageable level through continuing to work with its lenders and business partners to mitigate the impact on executing its business strategy. The Company plans to use additional cash flows from the anticipated commissioning of the gas development in 2026, to further reduce the working capital deficit.

Due to these factors, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not include the necessary adjustments to reflect the recoverability and classification of recorded assets and liabilities and related expenses that may be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and such adjustments could be material.

(e) Management judgment, assumptions and accounting estimates

The timely preparation of financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures regarding contingent assets and liabilities. Estimates and assumptions are regularly evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in judgments, estimates and assumptions based on new information could result in a material change to the carrying amount of assets or liabilities and have a material impact on assets, liabilities, revenues and expenses recognized in future periods.

A description of the accounting judgments, estimates and assumptions that are considered significant is set out below.

i. Reserves engineering is an inherently complex and subjective process of estimating underground accumulations of petroleum and natural gas. Reserve estimates are determined by the Company's independent qualified reserve evaluators, key assumptions developed by management and used by the qualified reserve evaluators include forward price estimates, expected future rates of production, future production costs and the timing and amount of future development expenditures. The process relies on judgments based on the interpretation of available geological, geophysical, engineering and production data. The accuracy of a reserves estimate is a function of the quality and quantity of available data, the interpretation of such data, the accuracy of various economic assumptions and the judgment of those preparing the estimate. Because these estimates depend on many assumptions, all of which may differ from actual results, reserves and resources estimates, and estimates of future net revenue will be different from the sales volumes ultimately recovered and net revenues actually realized. Changes in market conditions, regulatory matters, the results of subsequent drilling, testing and production and other factors may result in revisions to the original estimates.

Estimates of reserves and resources impact the assessment of whether a new well has found economically recoverable reserves, depletion rates, the estimated fair value of petroleum and natural gas properties acquired in a business combination, the estimated amount of future contingent payments to the previous owners of Mont D'Or Petroleum Ltd. ("MOPL") in respect of the Tungkal and West Salawati Production Sharing Contracts, the assessment of indicators of impairment of petroleum and natural gas properties and the estimated recoverable amount of petroleum and natural gas properties used for the purposes of impairment and impairment reversal assessments. Changes in reserves and resources estimates could impact these and other matters resulting in a material impact on net earnings.

ii. The determination of the fair values of assets and liabilities acquired as part of a business combination are estimated based on information available at the date of acquisition and requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of PP&E assets using a fair value less cost of disposal model generally require significant judgment and include forward price estimates of petroleum and natural gas, volume of reserves & resources and discount rate. Assumptions are also required to determine the fair value of the future contingent payments to MOPL's prior owners in respect of the Tungkal and West Salawati Production Sharing Contracts, the debt acquired, the VAT receivable and income taxes payable, the contingent payment rights to debt holder and the provision for employee benefits and decommissioning liabilities which are most sensitive to the discount rates applied.

iii. Depletion rates are determined based on Management's estimates of the expected usage pattern of the Company's petroleum and natural gas assets, including assumptions regarding future production volumes and future development capital.

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Criterion Energy Ltd.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and December 31, 2024

(in \$000's of Canadian dollars, unless otherwise noted)

- iv. Impairment and impairment reversal assessments are performed when Management identifies an indicator of impairment or impairment reversal. In assessing the existence of impairment or impairment reversal indicators, management exercises judgment and considers a number of internal and external factors. Estimates of recoverable amounts used in impairment and impairment reversal assessments often incorporate level three fair value hierarchy inputs, including estimated volumes of and future net revenues from proved plus probable reserves, future net cash flow estimates related to other long-lived assets and internal and external market metrics used to estimate fair value based on comparable assets and transactions. By their nature, such estimates are subject to measurement uncertainty. Changes in such estimates and differences between actual and estimated amounts, could materially affect the carrying value of assets and have a material impact on net earnings.
- v. The Company estimates the decommissioning obligations for oil and natural gas wells and their associated production facilities and pipelines. In most instances, removal of assets and remediation occurs many years into the future. Amounts recorded for the decommissioning obligations and related accretion expense require assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, inflation estimates, future removal technologies in determining the removal cost, and the estimate of the liability specific discount rates to determine the present value of these cash flows.
- vi. Accounting for income taxes is a complex process requiring management to interpret frequently changing laws and regulations and make judgments and estimates related to the application of tax law and the timing of temporary difference reversals. All tax filings are subject to subsequent government audits and potential reassessment. These interpretations and judgments, and changes related to them, impact current and deferred income tax provisions, the carrying value of deferred income tax liabilities and could have a material impact on net income.
- vii. The determination of the estimated value of a contingent liability incorporates level three fair value hierarchy inputs, including estimated production volumes, future commodity prices and discount rate. By their nature, such estimates are subject to measurement uncertainty. Changes in such estimates and differences between actual and estimated amounts, could materially affect the amount of the liability and have a material impact on earnings.
- viii. The determination of the Company's provision for employee benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. Key assumptions include the discount rate, inflation rates, salary increases and mortality rates. Due to the long-term nature of the employee benefits, the defined benefit obligation is highly sensitive to changes in these assumptions. All significant assumptions are reviewed and asset values are updated at year end. In determining the appropriate discount rate, management considers the yields of high quality corporate bonds, in the respective country, with terms to maturity that approximate the duration of the projected cash flows for the employee benefits. The mortality rate is based on publicly available mortality tables. Assumed salary increases are based on management's long-term view of compensation trends.

3. New accounting pronouncements

Future pronouncements

On April 9, 2024, the IASB issued a new standard, *IFRS 18 Presentation and Disclosure in Financial Statements*, which introduced new requirements for improved comparability in the statement of profit or loss, enhanced transparency of management-defined performance measures and more useful grouping of information in the financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently evaluating the impacts to the consolidated financial statements.

On May 30, 2024, the IASB issued amendments to *IFRS 9 – Financial Instruments* and *IFRS 7 – Financial Instruments*: Disclosures that clarify the recognition and derecognition of certain financial assets and liabilities, including an exception for those settled via electronic cash transfer systems. New disclosure requirements are introduced for instruments with terms that can change cash flows and for equity instruments designated at fair value through other comprehensive income. The amendments are effective for reporting periods beginning on or after January 1, 2026. The Company does not anticipate any material impact from these amendments on the consolidated financial statements.

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Criterion Energy Ltd.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and December 31, 2024

(in \$000's of Canadian dollars, unless otherwise noted)

4. Material accounting policies

(a) Basis of Consolidation

These consolidated financial statements include the accounts of Criterion Energy Ltd. and its subsidiaries, which are entities controlled by Criterion Energy Ltd. Control is achieved where a 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 Criterion Energy Ltd.'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 Criterion Energy Ltd.

At December 31, 2025, the Company's wholly owned subsidiaries are as follows:

Entity	Country of Incorporation	Principal Activity	Functional Currency
Criterion Holding PTE Ltd.	Singapore	Holding	US Dollar
AWE Asia Limited	New Zealand	Holding	US Dollar
AWE (Satria) NZ Limited	New Zealand	Operating	US Dollar
Mont D'Or Petroleum Ltd.	British Virgin Islands	Holding	US Dollar
Mont D'Or Venture Ltd.	British Virgin Islands	Holding	US Dollar
Mont D'Or Resource Ltd.	British Virgin Islands	Holding	US Dollar
Mont D'Or Asia Ltd.	British Virgin Islands	Holding	US Dollar
Mont D'Or Salawati Ltd.	British Virgin Islands	Operating	US Dollar
Fuel-X Tungkal Ltd.	Cyprus	Holding	US Dollar
Mont D'Or Oil Tungkal Ltd.	Bermuda	Operating	US Dollar

(b) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred except if related to the issue of debt securities. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value with certain exceptions.

Goodwill, if any, is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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CONSOLIDATED FINANCIAL STATEMENTS

Criterion Energy Ltd.

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The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in the consolidated statement of loss.

(c) Foreign currency transactions and operations

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 consolidated statements of 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. Nonmonetary 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 consolidated statements of loss and comprehensive loss.

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 accumulated other comprehensive income to the consolidated statements of loss.

(d) Financial instruments

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

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").

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.

Account receivables are carried at amortized cost and are recorded as the corresponding amounts of revenue are recognized or costs are incurred on behalf of partners in connection with joint operations.

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Financial Liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments. All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. 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 consolidated statements of loss.

The Company's accounts payable, taxes payable and long-term debt are classified as financial liabilities measured at amortized cost.

Financial liabilities are classified at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. Financial liabilities measured at FVTPL are initially measured at fair value with any associated transaction costs being recognized in the consolidated statements of loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in the consolidated statements of loss in the reporting period in which it arises.

(e) Inventory

Inventory consists solely of the Company's unsold Indonesian crude oil. Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value represents the estimated selling price in the ordinary course of business, less costs to sell.

Costs for unsold crude oil include operating expenses, and depletion associated with the production of crude oil in inventory. The Company assesses the net realizable value of the inventories at the end of each year and recognizes the appropriate write-down if this value is lower than the carrying amount.

(f) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options.
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right of use assets are initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid amount. It is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. Right of use assets for assets related to oil and gas production are depreciated on a unit of production basis. All other leased assets are depreciated based on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment review similar to property, plant and equipment assets.

(g) Exploration and evaluation expenditures

Pre-license costs are recognized in profit or loss as incurred. Exploration and evaluation ("E&E") costs, including the costs of acquiring licenses, drilling and completing exploratory wells, the associated estimated asset retirement costs and directly attributable general and administrative costs, are initially capitalized as exploration and evaluation assets. The costs are accumulated by well, field or exploration area pending determination of technical feasibility and commercial viability. When technical feasibility and commercial viability have been established, the E&E costs are transferred to property, plant and equipment, subject to an impairment assessment. When the Company determines that an E&E project is no longer viable an impairment charge is recognized.

(h) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment ("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 cost generating units ("CGUs") for impairment testing.

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 recognised in profit or loss.

Subsequent costs

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

All other expenditures are recognised in profit or loss as incurred. Such capitalised oil and natural gas interests generally represent costs incurred in developing proved and/or 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 derecognised. The costs of the day-to-day servicing of PP&E are recognised in profit or loss as incurred.

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Depletion and depreciation

The net carrying value of oil and gas properties included in PP&E is depleted by CGU 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 CGU. These estimates are reviewed by independent reserve engineers at least annually. For purposes of these calculations, volumes of natural gas production and reserves are converted to barrels of oil equivalent using a ratio of six thousand cubic feet of natural gas to one barrel (6:1). Depletion rates are revised annually, or more frequently when events dictate. E&E assets are not depleted.

Other PP&E are recorded at cost on acquisition and amortised on a straight-line basis over a period of 3-5 years.

(i) Impairment

Financial assets

Loss allowances, where appropriate, are recognised for expected credit losses ("ECLs") on financial assets measured at amortised cost.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

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. PP&E and 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.

PP&E and E&E assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For PP&E the recoverable amount of an asset or CGU is the greater of its value-in use and its fair value less costs of disposal. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties. For oil and gas properties, fair value less costs of disposal is generally estimated based on expected after-tax future net cash flows from the production of reserves and resources using forecast commodity prices and costs, discounted using market-based rates.

Value-in-use is generally computed by reference to the present value of the future cash flows expected to be derived from the continued use of the asset or CGU including an allocation of corporate costs. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of a particular asset or CGU, recognised in prior years, is assessed at each reporting date for any indications that the previously recognized loss has decreased or no longer exists. An impairment loss is reversed if the recoverable amount exceeds its carrying amount. An impairment loss is reversed only to the extent that the asset's or CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognised.

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(j) Employee benefits

Short-term employee benefits

Salaries, annual rewards and related employment welfare are recognised as expenses when incurred.

Post employment defined pension liability (Provision)

A subsidiary of the Company operates a defined benefit plan of post-employment termination benefits in Indonesia, which are governed by local labour laws.

Funding to the defined benefit plan continues to be made in accordance with local regulations and agreements.

The actuarial valuation method used to determine the present value of the defined benefit liability plan, the related current service costs and the past service costs is determined via the projected unit credit method. Expenses charged to the consolidated statement of loss include current service costs, interest expense and past service costs that have vested. Gains or losses on settlement of a defined benefit obligation are recognized within other comprehensive income. Termination benefits are payable when an employee's employment is terminated by the Company before the normal retirement age or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The provision is accounted for under IAS 19 Employee Benefits. The calculation of the provision is performed annually by a qualified actuary using the projected unit credit method. The assets related to the provision are held in a restricted bank account, held with state backed Bank Mandiri.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income (loss) in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

The Company recognises the obligations in respect of employee benefits in the consolidated statement of financial position under "Provision for Employee Benefits" as disclosed in Note 19.

(k) 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 liability. Provisions are not recognized for future operating losses. Further details on specific provisions are as follows:

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Decommissioning obligations

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 measured at the present value of management's best estimate of expenditures required to settle the present obligation at the statement of financial position date.

The Company uses a credit adjusted risk-free discount rate in the measurement of the present value of its decommissioning obligations. 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 consolidated statement of loss. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. Differences between the actual costs incurred and the obligation accrued are recognized in the consolidated statements of loss when the abandonment and reclamation of a property is complete.

(l) Share-based payments

Stock options

The grant date fair value of options granted to certain employees are recognized as compensation expense, with a corresponding increase in contributed surplus over the vesting period on a straight-line basis. A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

Performance share units and restricted share units

The grant date fair value of performance share units ("PSUs") and restricted share units ("RSUs") granted to certain employees are recognised as compensation expense, with a corresponding increase in contributed surplus over the vesting period. The PSUs are subject to certain non-market performance conditions, of which, the impact is estimated at the grant date.

(m) Revenue from contracts with customers

Criterion's oil sales revenues from the sale of crude oil are based on the consideration specified in contracts with customers. Criterion recognises revenue when the performance obligation is satisfied by transferring control of the product to the customer, which is generally when legal title passes to the customer and collection is reasonably assured. Crude oil sales in Indonesia are conducted on a tender basis for export sales and are sold to Pertamina (the state owned oil and gas company) domestically at the prevailing regional Indonesia Crude Price "ICP" reference price. Export tender is conducted each year and Criterion benefits from joint marketing of its export barrels with larger regional producers. The Company presents oil sales prior to royalties representing revenue in accordance with *IFRS 15 - Revenue*.

(n) Finance costs

Finance costs comprise interest expense on any borrowings, accretion of the discount on provisions and interest expense arising from lease liabilities. Interest expense on borrowings is recognised as it accrues in profit or loss, using the effective interest method.

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(o) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax is the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(p) 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, 2025, the Company has one operating segment, being the acquisition, exploration, development and production of oil and gas properties in Indonesia. See Note 26 for geographic segmented information.

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

(q) Per share amounts

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of Common Shares outstanding during the year. Diluted net income per share is calculated by adjusting the weighted average number of common shares outstanding for the effects of dilution related to the Company's stock options outstanding during the period. The number of dilutive common shares is determined using the treasury stock method.

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5. Business combination

On January 4, 2024, Criterium Energy Ltd. closed a Sale and Purchase Agreement ("SPA") to acquire all issued and outstanding shares of Mont D'Or Petroleum Limited ("MOPL"), a private company with two onshore Production Sharing Contracts ("PSCs") in Indonesia. Criterium Energy Ltd. provided the following consideration in connection with the closing of the MOPL acquisition:

- i. A US\$1 cash payment to the current MOPL shareholders;
- ii. Issuance of 10,821,273 common shares at \$0.11 per share to Tourmalet Holdings Ltd. ("Tourmalet") in satisfaction of the fee payable by MOPL to Tourmalet for support in connection with negotiating potential write-downs to current MOPL lenders;
- iii. Issuance of 22,235,055 common shares in exchange for the retirement of US\$2.250 million of debt, along with the contingent payment rights to debt holders described as Contingency 3 in Note 25;
- iv. A contingent payment to MOPL shareholders with respect to future production in the event that oil prices, and/or production volumes exceed minimum thresholds and if gas production occurs (see Contingency 1 in Note 25 for details);
- v. Cash consideration to a debt holder to extinguish debt in the amount of US\$4.014 million; and
- vi. A non-refundable deposit of US\$0.100 million.

The acquisition established Criterium Energy Ltd. as an operator in the Southeast Asia region and provides a foundation for organic growth and asset consolidation in the region. The acquisition is a first step in Criterium's strategy of consolidating a balanced portfolio of producing assets with the opportunity to optimize production and conduct infill drilling and step-out development.

The SPA has been accounted for as a business combination under IFRS 3. The purchase price was finalized in 2024 and has been allocated as follows:

Consideration paid	
Initial deposit	\$134
Cash consideration for debt reduction	5,361
Share consideration for debt reduction	4,207
MOPL contingent payments (Note 25)	3,376
Contingent payment rights to debt holder (Note 25)	2,912
Consideration paid	\$15,990
Net assets acquired, at estimated fair value	
Cash and cash equivalents	\$9,832
Accounts receivable	160
Prepays and deposits	4,362
VAT receivable (Note 11)	5,108
Net employee benefits asset (Note 19)	83
Property, plant and equipment (Note 9)	52,203
Right of use asset (Note 10)	581
Total identifiable assets	72,329
Accounts payable and accrued liabilities	(4,034)
Taxes payable (Note 14)	(15,847)
Debt (Note 13)	(31,240)
Lease liability (Note 15)	(581)
Contingent liability (Note 25)	(342)
Decommissioning obligations (Note 16)	(1,552)
Deferred tax liabilities (Note 18)	(2,743)
Total identifiable liabilities	(56,339)
Net identifiable assets	\$15,990

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The identifiable assets and liabilities have been measured at their individual fair values on the date of acquisition. Determinations of fair value often require management to make assumptions and estimates about future events. The above preliminary purchase price allocation is based on management's best estimate at the time of the preparation of these financial statements.

MOPL contingent payments (Note 25) are a Level 3 estimate as certain key assumptions were not based on observable market data but rather management's best estimates. The most significant input being the discount rate.

The contingent payment rights to debt holder (Note 25) are a Level 2 estimate. All contingent considerations assumed are measured at fair value at each reporting date.

The estimated fair value of property plant is classified as a Level 3 within the fair value hierarchy as certain key assumptions were not based on observable market data but rather managements best estimates. The most significant input being the discount rates of 23.5% and 30% used to present value the future cash flows from the Tungal PSC and the West Salawati PSC, respectively. The estimated fair values of the contingent liability and long-term debt are also classified as Level 3 within the fair value hierarchy. The future cash flows of these obligations have been present valued using a discount rate of 17% - 25%.

The VAT receivable has been recorded at the fair value of \$5.108 million based on management's expected timing of collection of the associated receivable. The gross amounts receivable is \$7.172 million. The Company expects to collect all VAT receivable amounts but will need to obtain a tax certificate stating that all outstanding Indonesian corporate income tax outstanding has been remitted. Therefore, the Company does not record a provision associated with these balances.

As a result of the acquisition, the Company recorded \$22.102 million in revenues, after government take and an associated \$8.1 million net loss in its consolidated statement of loss. Had the SPA closed on January 1, 2024 the pro forma impact on revenues and operations would have been inconsequential.

During the year ended December 31, 2024, the Company recorded transaction costs of \$0.04 million relating to the MOPL acquisition recorded in the consolidated statement of loss.

6. Decommissioning and reclamation deposits

The Company has decommissioning and reclamation deposits in the total amount of \$3.7 million as at December 31, 2025 (2024: \$3.5 million), which is held with Bank Negara Indonesia ("BNI") and relates to a financial security issued in accordance with Indonesian decommissioning regulations (Note 16). An additional \$0.1 million of decommissioning and reclamation deposits relate to a single well located in Canada, to be abandoned at a future date.

7. Inventories

	As at December 31, 2025	As at December 31, 2024
Produced oil	\$910	\$2,841

At December 31, 2025, the Company was carrying produced oil inventory of \$0.9 million (December 31, 2024 - \$2.8 million). No inventory write-downs or reversals of prior write-downs were recorded during the year ending December 31, 2025 (year ended December 31, 2024 - \$nil).

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8. Exploration and evaluation

Balance, December 31, 2023	-
Transfer from assets held for sale	2,177
Effect of movements in exchange rates	189
Balance, December 31, 2024	2,366
Effect of movements in exchange rates	(110)
Balance, December 31, 2025	\$2,256

At December 31, 2024 and December 31, 2025, the exploration and evaluation (E&E) assets were measured at their carrying value of US\$1.6 million.

9. Property, plant and equipment

Cost:	
Balance at December 31, 2023	\$1,234
Acquisition (Note 5)	52,203
Additions	5,978
Change in decommissioning obligations (Note 16)	(181)
Effects of movements in exchange rates	4,038
Balance at December 31, 2024	\$63,272
Additions	2,632
Change in decommissioning obligations (Note 16)	196
Effects of movements in exchange rates	(2,917)
Balance at December 31, 2025	\$63,183
Accumulated depletion, depreciation, amortization and impairment:	
Balance at December 31, 2023	\$1,234
Depletion and depreciation	4,799
Effects of movements in exchange rates	315
Balance at December 31, 2024	\$6,348
Depletion and depreciation	4,070
Impairment	10,136
Effects of movements in exchange rates	(447)
Balance at December 31, 2025	\$20,107
Net amount:	
As at December 31, 2024	\$56,924
As at December 31, 2025	\$43,076

Future capital costs required to develop proved and probable reserves in the amount of US\$22.6 million (December 31, 2024 – US\$19.5 million) are included in the depletion calculation for PP&E.

Depreciation and depletion for the year ended December 31, 2025 included \$0.1 million recorded in inventory (year ended December 31, 2024 – \$0.7 million).

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Impairment

At December 31, 2025, the Company determined there to be indicators of impairment in its West Salawati CGU, due an offer to purchase the asset received from a third party for an amount below the carrying value. While the sale did not close, management's view is that the offer represents the best estimate of a fair value for the CGU. Accordingly, the Company recognized an impairment charge of \$10.1 million related to its West Salawati CGU. At December 31, 2025, the recoverable amount of the West Salawati CGU (determined using fair value less cost to sell) was US\$5.0 million, which was based on the third party offer to purchase. This fair value was assessed as Level 3. There were no impairment indicators identified in the Company's other CGUs.

At December 31, 2024, the Company conducted an assessment of impairment indicators and concluded there were no indicators of impairment with respect to the Company's property, plant, and equipment.

10. Right of use assets

Balance at December 31, 2023	\$122
Acquisition (Note 5)	581
Depreciation	(332)
Effects of movements in exchange rates	30
Balance at December 31, 2024	\$401
Depreciation	(341)
Effects of movements in exchange rates	(9)
Balance at December 31, 2025	\$51

11. VAT receivable

Balance at December 31, 2023	-
Acquisition (Note 5)	\$5,108
Additions	23
Accretion	984
Receipt during the year	(75)
Effects of movements in exchange rates	171
Balance at December 31, 2024	\$6,211
Additions	8
Accretion	1,157
Receipt during the year	(1,291)
Effects of movements in exchange rates	(559)
Balance at December 31, 2025	\$5,526

In the year ended December 31, 2025, the Company received reimbursements of VAT in the amount of \$1.3 million. Under its engagement with legal counsel, a success fee of 8.75% was paid and will be payable upon future VAT reimbursements received by the Company.

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12. Accounts payable and accrued liabilities

	As at December 31, 2025	As at December 31, 2024
Trade accounts payable	\$3,238	\$5,758
Accrued liabilities	1,701	3,684
	\$4,939	\$9,442

Trade and accrued payables and joint operation and other payables are non-interest bearing and are normally settled within 60 days.

13. Long term debt

	Facility 1	Facility 2	Facility 3	Total
Balance at December 31, 2023	-	-	-	-
Fair value of debt acquired	19,562	9,167	2,511	31,240
Payments	(3,742)	(2,200)	-	(5,942)
Interest and accretion	3,598	1,818	690	6,106
Modification gain	(206)	(147)	-	(353)
Effects of movements in exchange rates	1,648	490	223	2,361
Balance at December 31, 2024	\$20,860	\$9,128	\$3,424	\$33,412
Payments	(861)	(663)	-	(1,524)
Interest and accretion	3,664	1,507	891	6,062
Modification gain	(559)	(448)	(39)	(1,046)
Effects of movements in exchange rates	(1,005)	(433)	(178)	(1,616)
Balance at December 31, 2025	\$22,099	\$9,091	\$4,098	\$35,288
Less: current portion	(\$2,910)	(\$1,612)	(\$4,098)	(\$8,620)
Balance at December 31, 2025 - Long-term	\$19,189	\$7,479	-	\$26,668
Principal owed, December 31, 2025	\$23,595	\$10,377	\$4,136	\$38,108

Facility 1

During 2024, the Company entered into a securities for debt transaction with Kendall Court Cambridge Investment Manager Ltd. ("Kendall Court") in connection with the acquisition of Mont D'Or Petroleum Limited ("MOPL"). Pursuant to an agreement dated January 3, 2024, Kendall Court agreed to extinguish USD \$2.25 million of outstanding indebtedness in exchange for equity securities of the Company. As a result, the Company issued 22,235,055 common shares and an equal number of contingent payment rights ("CPRs"), following the correction of an initial share calculation error and the cancellation of excess shares issued.

The common shares were measured at fair value based on quoted market prices at the transaction date. The CPRs represent a right to a potential future cash payment at maturity on January 3, 2027, and are classified as a financial liability measured at fair value through profit or loss. Following the transaction, the remaining principal balance under the amended and restated loan facility was approximately US\$17.0 million.

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During 2025, the Company entered into several amendments to the loan facility that temporarily reduced or deferred required principal payments until the earlier of the Indonesian Crude Price exceeding US\$72 per barrel or December 31, 2025. Reduced or deferred principal payments continue to incur interest, with such amounts due on maturity. As of April 24, 2026, the Company has not made further payments on the principal or interest (with agreement from the lender) since Q1 2025 and continues to negotiate with the lender to defer payments until first sales gas from Southeast Mengoepeh is achieved.

Management assessed the amendments in accordance with IFRS 9 and determined that they did not constitute substantial modifications, as the changes primarily affected the timing of cash flows. The debt continues to be recognized at amortized cost, with any modification gain recognized in profit or loss.

This facility is secured by a share charge over all outstanding shares of MOPL. An interest rate of 10% per annum, compounded daily applies.

Facility 2

Facility 2 is a Redeemable Preferred Share ("RPS") agreement between Criterion Energy Ltd.'s subsidiary MOAL and Eastspring ASEAN Mezzanine Debt Master Fund. This facility is secured by a share charge over all outstanding preferred shares of MOAL. Under this agreement, MOAL has issued 7,000,000 RPSs at a par value of US\$1.00 per share with a 5% annual non-discretionary dividend entitlement. The Company treats the annual dividend entitlement as financing expense in the consolidated statement of loss and the facility as a liability as it will be settled in cash, rather than common shares. The cumulative unpaid dividend portion is added to the outstanding RPS amount. The Company made payments of US\$0.5 million in the first quarter of 2025. In the second quarter, the Company negotiated a suspension of any and all payments until the earlier of the commissioning of gas development or March 31, 2026.

Facility 3

The Company has a working capital loan facility originally entered into on August 5, 2020, and subsequently amended, with Tourmalet Holdings Ltd. (the "Lender"). Following the acquisition of Mont D'Or Petroleum Limited, the facility was amended on January 3, 2024 to extend the maturity date to December 31, 2025 and to forgive US\$0.5 million of capitalized interest.

Under the amendment, the Lender was granted the right to convert the outstanding principal balance, together with a bonus amount equal to the forgiven interest, into common shares of the Company during 2025, with automatic conversion at maturity if not previously exercised, subject to applicable regulatory approvals.

On December 31, 2025, the Company entered into an amendment to extend the maturity date to January 14, 2026 to allow additional time to negotiate revised terms. On January 14, 2026, a further amendment was executed extending the maturity date to December 31, 2028. Under the amended terms, the loan remains convertible at the Lender's option, subject to restrictions that would prevent the Lender from holding more than 20% of the Company's outstanding voting shares. Interest accrues at rates ranging from 8% to 16% depending on the form and timing of settlement. Interest is deferred and payable at maturity.

The Company assessed the amendments in accordance with IFRS 9 and determined that they do not constitute substantial modifications. Accordingly, the debt continues to be recognized at amortized cost.

The modification gains in the year ended December 31, 2025, are due to the pause in payments of interest and principal amounts made by the Company as a result of the amendments to the debt agreements.

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14. Taxes payable

Balance at December 31, 2023	-
Acquisition (Note 5)	15,847
Cash tax payments	(2,487)
Current tax expense	155
Accretion	2,864
Other tax expense	1,453
Effects of movements in exchange rates	1,511
Balance at December 31, 2024	\$19,343
Cash tax payments	(2,086)
Current tax expense	2,519
Accretion	3,096
Other tax expense	1,407
Change in provision for prior year taxes	(1,333)
Effects of movements in exchange rates	(1,066)
Balance at December 31, 2025	\$21,880

Taxes payable relate to taxes, and penalties, owed for land and building tax and corporate income tax in Indonesia. Current tax expense is corporate income tax in Indonesia. The Company expects to renegotiate its current taxes payable, as this is customary with Indonesian tax authorities and the Company has previously been successful in negotiating installment payments below the full current taxes payable amount. Historically these taxes payable have been negotiable with the Indonesian government and management's expectation is this would continue in the future. However, at present there is no assurance that the Company will continue to be able to negotiate for an installment plan that aligns to the Company's financial position, as such all taxes are classified as current.

As part of the transaction described in Note 5, taxes payable were recorded at their estimated fair value. In subsequent periods, the balance is being accreted to its face value using the effective interest method.

15. Lease liabilities

The Company has lease liabilities in respect of office space and furniture, which have been recognized at the discounted value of the remaining fixed lease payments. Lease obligations are as follows:

Balance at December 31, 2023	\$136
Acquisition (Note 5)	581
Accretion	41
Lease payments	(534)
Effects of movements in exchange rates	44
Balance at December 31, 2024	\$268
Accretion	23
Lease payments	(214)
Effects of movements in exchange rates	(5)
Balance at December 31, 2025	\$72
Current	\$46
Non-current	\$26

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At December 31, 2025, the undiscounted minimum lease payments payable by the Company under lease arrangements are as follows:

Within one year	\$54
After one year but not more than five years	27
More than five years	-
Total undiscounted lease liabilities	\$81

16. Decommissioning obligations

Balance at December 31, 2023	\$31
Acquisition (Note 5)	1,552
Additions	31
Accretion	274
Changes in estimates	(212)
Effects of movements in exchange rates	90
Balance at December 31, 2024	\$1,766
Additions	67
Accretion	282
Changes in estimates	129
Effects of movements in exchange rates	(91)
Balance at December 31, 2025	\$2,153

The Company's decommissioning obligations result primarily from its ownership interest in petroleum and natural gas assets. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. Undiscounted, uninflated decommissioning costs total \$7.3 million (December 31, 2024 - \$7.4 million). The Company used a credit adjusted interest rate of 15.0% and an inflation rate of 1.9% when measuring the present value of its decommissioning obligation in Indonesia (December 31, 2024 - 16.1% and 2.3%, respectively). The timing of the decommissioning depends on when the fields cease to produce at economically viable rates, which will also depend on future commodity prices which are inherently uncertain. For the year ended December 31, 2025, the estimated timing of the obligations is 8-11 years.

17. Net loss per common share

Basic earnings per common share amounts are calculated by dividing the net loss for the period attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per common share reflect the maximum possible dilution from other securities, if dilutive.

(\$ thousands, except share amounts)	Year ended December 31,	
	2025	2024
Net loss	(\$14,817)	(\$9,915)
Basic and diluted weighted average number of common shares	136,308	131,983
Basic and diluted net loss per common share	(\$0.11)	(\$0.08)

In computing diluted earnings for the year ended December 31, 2025 and December 31, 2024, the diluted number of shares is equivalent to the basic number of shares due to antidilutive share awards given that the Company was in a loss position. Therefore, the diluted per share amounts for net loss are equivalent to the basic per share amounts.

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18. 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% (2024 - 23%) to the net loss before income taxes as follows:

	Year ended December 31,	
	2025	2024
Net income (loss) before income taxes	(\$13,789)	(\$9,909)
Tax rate	23.0%	23.0%
Expected income tax recovery	(3,171)	(2,279)
Add (deduct):		
Non-deductible expenses	87	41
Tax differences in foreign jurisdictions	3,773	1,392
Other	(103)	150
Changes in tax benefits not recognized	442	702
Total income tax expense	\$1,028	\$6

Deferred tax liability (asset)

The following table summarizes the continuity of the deferred tax assets (liabilities):

	Balance at December 31, 2023	Recognized on MOPL business combination	Foreign currency translation adjustment	Recognized in net loss	Balance at December 31, 2024
E&E and PP&E	-	(\$2,794)	(\$113)	\$238	(\$2,669)
Right of use assets	-	(218)	18	\$82	(\$118)
Decommissioning obligations	-	523	44	11	578
ASR fund	-	(1,083)	(117)	(76)	(1,276)
Provision for employee benefits	-	310	9	(34)	285
Lease liabilities	-	218	(35)	(123)	60
Other	-	301	39	51	391
	-	(\$2,743)	(155)	\$149	(\$2,749)

	Balance at December 31, 2024	Foreign currency translation adjustment	Recognized in net loss	Balance at December 31, 2025
E&E and PP&E	(\$2,669)	\$97	\$576	(\$1,996)
Right of use assets	(118)	(1)	119	-
Decommissioning obligations	578	(37)	179	720
ASR fund	(1,276)	67	(119)	(1,328)
Provision for employee benefits	285	(27)	266	524
Lease liabilities	60	-	(60)	-
Other	391	1	(393)	(1)
	(\$2,749)	100	568	(\$2,081)

As at December 31, 2025, the Company has non-capital loss carry-forwards of approximately \$5.5 million (2024: \$5.4 million) for which no deferred tax asset has been recognized in the accounts. These non-capital losses expire in varying amounts from 2027 to 2045.

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19. Employee benefits

As per Indonesian regulations, the Company provides post-employment benefits to all permanent Indonesian employees at rate set forth under the Assumptions in this note. These post employment benefits are a one time payment made at the mandated retirement age of 58.

Fair value of plan assets

	Year ended December 31, 2025	Year ended December 31, 2024
Fair value of plan assets brought forward	\$526	-
Acquisition (Note 5)	-	907
Company contributions	148	156
Interest return on plan assets	41	50
Benefits paid	-	(596)
Return on assets	(7)	(27)
Effect of movement in exchange rates	(49)	36
Fair value of plan assets carried forward	\$659	\$526

Present value of defined benefit obligation

	Year ended December 31, 2025	Year ended December 31, 2024
Present value of defined benefit obligation brought forward	(\$757)	-
Acquisition (Note 5)	-	(824)
Current service cost	(245)	(172)
Interest cost	(59)	(90)
Benefits paid	-	596
Actuarial (losses) gains arising from financial assumptions	(310)	348
Actuarial losses arising from experience adjustments	(106)	(572)
Effect of movement in exchange rates	83	(43)
Present value of defined benefit obligation carried forward	(\$1,394)	(\$757)

Employee benefit plan asset (liability)

The status of the defined benefit pension and other post-employment benefit plans is as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Defined benefit obligation	(\$1,394)	(\$757)
Fair value of plan assets	659	526
Employee benefit plan asset (liability)	(\$735)	(\$231)

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Amounts recognized in the consolidated statement of loss

	Year ended December 31, 2025	Year ended December 31, 2024
Current service cost	(\$245)	(\$172)
Interest cost on defined benefit obligation	(59)	(35)
Interest income on plan assets	41	50
Net benefit expense	(\$263)	(\$157)

Reconciliation of balance sheet movement

	Year ended December 31, 2025	Year ended December 31, 2024
Employee benefit plan liability brought forward	(\$231)	-
Acquisition (Note 5)	-	83
Expenses recognized in the income statement	(263)	(157)
Income recognized in other comprehensive income	(416)	(195)
Company contribution	148	156
Effect of movement in exchange rates	27	(118)
Employee benefit plan liability carried forward	(\$735)	(\$231)

Plan assets

The fair value of the plan assets of the defined benefit pension and other post-employment benefit plan was \$0.7 million at December 31, 2025 (\$0.5 million at December 31, 2024).

The expected employer contributions for 2026 for the defined benefit pension and other post-employment benefit plans is \$0.3 million.

Assumptions

The principal assumptions used in determining employee benefit obligations for the Company plans are as follows:

Assumptions	As at December 31, 2025	As at December 31, 2024
Discount rate	6.16%	7.12%
Future salary increases	2.00%	2.00%
Defined benefit at retirement age (mandated at age 58)		
Working period less than one year	5 months salary	5 months salary
Working period more than one year, but less than 10 years	28 months salary	28 months salary
Working period more than 10 years, but less than 16 years	36 months salary	36 months salary
Working period more than 16 years	40 months salary	40 months salary
Average age	48.0 years	45.5 years
Average years of service	9.0 years	8.5 years

Sensitivity analysis

A quantitative analysis for significant assumptions and their impact on the defined benefit obligation at December 31, 2025 is presented below. The sensitivity analyses below have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Increase (decrease) in defined benefit plan obligation	1% increase	1% decrease
Discount rate	(\$69)	\$76
Future salary increases	\$82	(\$75)

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20. Share capital

Authorized share capital

At December 31, 2025, the Company was authorized to issue an unlimited number of common shares and an unlimited number of first and second preferred shares issuable in series.

Issued and outstanding common shares

The following table summarizes the change in common shares issued and outstanding. There are no preferred shares issued or outstanding as of December 31, 2025 (December 31, 2024 – nil).

	Number of shares	Amount
Balance, December 31, 2023	38,389,981	\$8,694
Shares issued - subscription receipts	60,910,000	6,702
Shares issued - business combination (Note 5)	33,056,922	4,207
Shares issued - RSU vesting	1,700,000	146
Shares issued - shares for services	1,250,000	99
Share issue costs	-	(1,741)
Balance, December 31, 2024	135,306,903	\$18,107
Shares issued - RSU and PSU vesting	1,068,331	177
Balance, December 31, 2025	136,375,234	\$18,284

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 entitled the holder to receive a Unit automatically upon the closing of the MOPL acquisition with no further action required of the subscription receipt holder. At December 31, 2023, the proceeds of the offering were held in escrow by the Company's escrow agent. Total proceeds were \$6,700,100 from subscribers plus \$39,361 interest earned for a total of \$6.739 million. As at December 31, 2023, there was a financial liability for the obligation to reimburse the holders of subscription receipts pursuant to the terms of the subscription receipt agreement if the MOPL acquisition did not close. On January 4, 2024, as a result of the satisfaction of the escrow release conditions under a subscription receipt agreement the funds were released from escrow and all of the subscription receipts 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. The Company used the residual method to allocate the consideration received to the warrants and determined the warrants had no value at the time of issuance. At the time of the MOPL acquisition closing, 3,177,719 broker warrants were issued to the underwriters, entitling the holder of one warrant exercisable to purchase of one common share at a price of \$0.11 for a period of 60 months from the closing date of the MOPL acquisition.

At December 31, 2025 there were 93,786,917 common shares reserved for issuance under the Company's stock option, RSU and PSU plans and warrants (December 31, 2024 – 93,786,917).

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Warrants

The share purchase warrants at December 31, 2025, were as follows:

	Number of warrants	Exercise price	Remaining life (years)
Expiry date			
September 26, 2027 (private placement warrants)	27,155,032	\$0.20	1.7
January 4, 2029 (subscription receipt warrants)	60,910,000	0.14	3.0
January 4, 2029 (broker warrants)	3,177,719	0.11	3.0
Balance at December 31, 2025 and 2024	91,242,751	\$0.15	2.6

The September 26, 2027 warrants ("2022 Warrants") entitle the holder to acquire one common share at a price of \$0.20, subject to the following conditions which have all been met:

- one-third of the 2022 Warrants may be exercised after the Company's stock price (the "Stock Price") exceeds \$0.275;
- one-third of the 2022 Warrants may be exercised after the Company's Stock Price exceeds \$0.325;
- one-third of the 2022 Warrants may be exercised after the Company's Stock Price exceeds \$0.40; and
- the Stock Price is defined as the weighted average price per share for the 20 consecutive trading days ending immediately before such date on the Toronto Stock Exchange on which the Company's shares are listed.

No value was assigned to any of the 2022 Warrants or the warrants relating to the business combination, upon issuance.

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. As the stock option plan does not contain a cash settlement feature it has been treated as an equity settled plan for accounting purposes.

In the year ended December 31, 2025, no stock options were granted. In the year ended December 31, 2024, the Company granted 300,000 options to officers and directors. The options have a term of 5 years and an exercise price of \$0.10. The value of the options was determined using a Black Scholes option pricing model using an average volatility of 100%, a risk-free rate of 3%, forfeiture rate of 0%, an expected life of 5 years 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. The Company's share price at the time of grant was \$0.10.

The continuity of stock options at December 31, 2025, was as follows:

	Number of stock options	Weighted average exercise price
Balance at December 31, 2023	370,000	\$0.22
Options granted	300,000	0.10
Options forfeited	(33,333)	0.20
Balance at December 31, 2024	636,667	\$0.16
Options expired	(120,000)	0.25
Options forfeited	(200,000)	0.10
Balance at December 31, 2025	316,667	\$0.17

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Restricted awards

The following table summarizes restricted award activity:

	Number of restricted awards
Balance at December 31, 2023	1,700,000
Vested	(850,000)
Balance at December 31, 2024	850,000
Granted	2,550,000
Forfeited	(300,000)
Vested	(566,667)
Balance at December 31, 2025	2,533,333

Restricted awards are earned over various periods, generally up to three years from the date of grant. Upon being earned, a holder of restricted awards is entitled to the equivalent number of common shares. The fair value of restricted awards is deemed to equal the stock price on the date of grant. For the year ended December 31, 2025, the weighted average fair value of restricted awards granted was \$0.08 (year ended December 31, 2024: \$nil) per restricted award. There is no forfeiture rate included in the calculation of fair values of restricted awards granted.

Performance awards

The following table summarizes performance award activity:

	Number of performance awards
Balance at December 31, 2023	860,000
Forfeited	(50,000)
Balance at December 31, 2024	810,000
Granted	3,825,000
Granted pursuant to performance multiplier ⁽¹⁾	215,000
Vested	(501,666)
Balance at December 31, 2025	4,348,334

⁽¹⁾ Performance awards granted pursuant to performance multipliers are not further increased or decreased by future performance multipliers.

Performance awards are earned over various periods, generally up to three years from the date of grant. Upon being earned, a holder of performance awards is entitled to the equivalent number of common shares, converted using a multiplier between zero and two, dependent on the Company's performance on a set criteria as determined by the Board of Directors. The multiplier, which was determined during the earning period, is considered to have been applied at the grant date. As performance multipliers are known, past grants are adjusted to reflect the multiplier. The fair value of performance awards is deemed to equal the stock price on the date of grant. For the year ended December 31, 2025, the weighted average fair value of performance awards granted was \$0.08 (year ended December 31, 2024: \$nil) per performance award. There is no forfeiture rate included in the calculation of fair values of performance awards granted.

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Share-based compensation

The following table summarizes the stock-based compensation:

	Year ended December 31, 2025	Year ended December 31, 2024
Share-based compensation on performance awards	\$203	\$76
Share-based compensation on restricted awards	185	74
Share-based compensation on stock options	2	4
Total stock-based compensation	\$390	\$154

In the year ended December 31, 2025, the Company recorded total share-based compensation of \$0.4 million (year ended December 31, 2024 - \$0.2 million).

21. Finance costs

Finance costs for the year ended December 31, 2025 are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Lease interest	\$23	\$56
Long-term debt interest	6,062	5,614
Accretion expense	4,937	4,907
Total finance costs	\$11,022	\$10,577
Cash	\$1,537	\$2,938
Non-cash	9,485	7,639
Total finance costs	\$11,022	\$10,577

22. Other income

In the year ended December 31, 2025, the consolidated statement of loss includes \$1.2 million in interest income related to the accretion of the fair value of the VAT receivable determined in the purchase price allocation (Note 5). For the year ended December 31, 2024, the consolidated statement of loss includes other income of \$1.4 million (US\$1.0 million) related to the non-refundable deposits for the SPA of the Company's AWE subsidiary. Additionally, it includes \$1.0 million in interest income recorded relating to the accretion of the fair value of the VAT receivable.

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23. Financial risk and capital management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risk, the Company's objectives, policies, and processes for measuring risks, and the Company's management of capital.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from oil marketing. The Company has a one year contract in partnership with several larger producers in the local area to sell their oil to a specific trader at a premium to ICP.

In 2025, all oil sales were sold to 2 companies; 1) an offshore buyer who accounted for 40% of revenue (2024 - 98%) and 2) a subsidiary of the Indonesia state owned oil company, PT Pertamina ("Pertamina"), who accounted for 60% of revenue (2024 - 2%).

The maximum exposure to credit risk was the carrying amount of cash and cash equivalents, accounts receivable, prepaids and deposits and VAT receivable as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Cash and cash equivalents	\$1,986	\$2,307
Trade receivables	476	553
Other	69	84
Accounts receivable	\$545	\$637
Prepaids and deposits (including long-term)	1,033	1,132
VAT receivable	5,526	6,211
Total exposure	\$9,090	\$10,287

The Company maintains its cash balances at large banking institutions in Canada and Indonesia whose deposits are guaranteed by the respective governments and, therefore the credit risk is low.

The Company's amounts receivable are non-interest bearing and generally on a 30-day payment term. These amounts are due from Pertamina. At December 31, 2025, none of the amounts are considered past due or impaired.

The VAT receivable represents amount paid by the Company in relation to purchase of materials, equipment and services involving the PSC operation and is fully reimbursable by the Indonesian state-owned company, SKK Migas. Included in the above VAT receivable is an allowance of \$nil which management believes is adequate to cover possible losses.

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Market risk

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk in changes in foreign exchange rates relates primarily to the Company's operating activities and the Company's net investments in foreign subsidiaries and joint ventures. The Company's transactions are principally denominated in the local currency, the Indonesian Rupiah. However, payments to governments such as corporate income taxes, are paid in United States Dollars. While the Company does not specifically mitigate this risk, it does enter into IDR/USD swap positions from month to month, for the purposes of ensuring liquidity for its IDR denominated operating expenses.

Commodity price risk

The Company has exposure to price risk in its exploration, development, and production of petroleum and natural gas business. The Company has not used derivative financial instruments to hedge exposure to petroleum and natural gas price fluctuations. The results of operations and cash flows of petroleum and natural gas production can vary significantly with the fluctuations in the market prices of hydrocarbons. These are affected by factors outside of the Company's control, including market forces of supply and demand and regulatory and political actions of government. During the year, the Company did not enter into any derivative contracts to mitigate this risk.

Interest rate risk

Interest rate risk is the risk that future cash flows or valuations of assets or liabilities will fluctuate as a result of changes in market interest rates. Currently, the Company's borrowing facilities have fixed interest rates and so it is not exposed to significant or material interest rate risk within its borrowings.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with the financial liabilities. The Company's approach to managing liquidity risk is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's operations or reputation. The Company prepares an annual budget, which outlines the planned operating, investing and financing activities and is regularly monitored against actual costs and revised as considered necessary. The Company maintains and monitors a certain level of cash which is used to finance all operating and capital expenditures. Amounts due under borrowing facilities consist of cash advances drawn plus accumulated interest. See going concern in Note 2.

The table below outlines a contractual maturity analysis for Criterion's financial liabilities at December 31, 2025.

	Within 1 year	1 to 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	\$4,939	-	-	\$4,939
Taxes payable	21,880	-	-	21,880
Lease liability	46	26	-	72
Contingent consideration	-	7,143	2,705	9,848
Debt	11,189	26,919	-	38,108
Debt estimated interest ⁽¹⁾	2,666	112	-	2,778
Total	\$40,720	\$34,200	\$2,705	\$77,625

⁽¹⁾ Estimated interest for future years related to the debt facilities was calculated using the weighted average interest rate for the year ended December 31, 2025, applied to the principle balance as at that date, translated at the December 31, 2025 exchange rate of \$1.3706.

(continued)

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As at and for the years ended December 31, 2025 and December 31, 2024

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Capital management

The Company's capital structure includes working capital, shareholders' equity, and amounts available under borrowing facilities. The Company's objective when managing capital is to maintain a flexible capital structure which allows it to execute its growth strategy through expenditures on property, plant, and equipment and exploration and development activities while maintaining a strong financial position. Currently, total capital resources available include working capital (defined as current assets less current liabilities) and debt. The Company prepares annual budgets, which are updated as necessary including current and forecast commodity prices, changes in capital structure, execution of the Company's business plan and general industry conditions. The annual budget is approved by the Board of Directors.

The properties in which the Company currently has an interest are in the early stage of development and cash flow from operations is not sufficient to fund the Company's activities; as such the Company is currently exploring various options that, if successful, will enable the Company to have access to sufficient funds to execute its business strategy, generate operating cash flows and be able to settle liabilities as and when they fall due. These include but are not limited to issuing common shares or other securities, selling assets, entering into a farm-out arrangement, adjusting its capital spending to manage current and projected cash flows raising funds and refinancing its debt facilities. There is no assurance that the Company will be successful in sufficiently financing the Company's ongoing business activities.

Fair value of financial assets and liabilities

The Company's fair value measurement 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* - Inputs represent unadjusted quoted prices in active markets for identical assets or liabilities. An active market is characterized by a high volume of transactions that provides pricing information on an ongoing basis.
- Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These valuations are based on inputs that can be observed or corroborated in the marketplace, such as market interest rates or
- Level 3* - Inputs for the asset or liability are not based on observable market data.

The Company aims to maximise the use of observable inputs when preparing calculations of fair value. Classification of each measurement into the fair value hierarchy is based on the lowest level of input that is significant to the fair value calculation.

The fair value of cash and cash equivalents, accounts receivable, VAT receivable, deposits, accounts payable, and taxes payable, approximate their carrying amounts due to their short terms to maturity.

MOPL debt facilities (Note 13) are a Level 2 estimate. The fair value of the MOPL contingent payments and contingent payment rights to debt holder (Note 25) are Level 3 and Level 2 estimates, respectively.

There were no transfers between fair value hierarchies during the year.

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24. Supplemental cash flow information

Changes in non-cash working capital is comprised of:

	Year ended December 31, 2025	Year ended December 31, 2024
Source/(use) of cash:		
Accounts receivable	(\$25)	(\$413)
Prepays and deposits	(212)	272
Inventories	1,373	(2,161)
VAT receivable	1,283	-
Accounts payable and accrued liabilities	(3,629)	3,594
Taxes payable	507	-
Movements in exchange rates	-	(561)
	(\$703)	\$731
Related to operating activities	\$1,064	(\$1,849)
Related to investing activities	(1,767)	2,299
Related to financing activities	-	281
	(\$703)	\$731

The following table summarizes interest and taxes paid:

	Year ended December 31, 2025	Year ended December 31, 2024
Interest paid	\$1,524	\$2,939
Taxes paid	2,086	2,487
	\$3,610	\$5,426

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25. Commitments and contingencies

Contingencies

	Contingent liability 1	Contingent liability 2	Contingent liability 3	Total
Balance, December 31, 2023	-	-	-	-
Acquisition	3,376	342	2,912	6,630
Accretion expense	860	90	507	1,457
Effects of movements in exchange rates	297	-	-	297
Balance, December 31, 2024	4,533	432	3,420	8,385
Accretion expense	874	112	595	1,581
Gain on revaluation	(3,141)	(558)	-	(3,699)
Effects of movements in exchange rates	(205)	14	-	(191)
Total	\$2,061	-	\$4,015	\$6,076

Contingent liabilities 1 and 2 - MOPL contingent payments

Contingent liability 1 is related to the SPA described in Note 5 and provides for future contingent payments to MOPL's prior owners in respect of the Tungkal and West Salawati Production Sharing Contracts for the duration of the contracts. The contingent payment obligations will arise with respect to future production in the event that oil prices, gas prices, and/or production volumes exceed minimum thresholds. Contingent payments may also arise in the event of a future disposition of these Production Sharing Contracts and/or discovery of additional commercial oil fields within the West Salawati Production Sharing Contract.

The future contingent payments to MOPL's prior owners are revalued at each reporting period using a discounted cash flow based on internally estimated future production and forward oil and gas pricing forecasts (considered level 3 inputs within the fair value hierarchy). At December 31, 2025, the Company determined the fair value of the estimated cash flows is \$2.1 million. A 1% change in the discount rate would result in a change in the liability balance of \$0.1 million.

For Contingent liability 2, the Company has assumed a contingent liability as a part of the acquisition of MOPL – see Note 5. This is related to a contractual payment of US\$0.5 million (\$0.7 million) upon certain successes within the West Salawati Production Sharing Contract. On a discounted basis this was valued at US\$0.3 million (\$0.3 million) at the date of the PPA using a discounted cash flow based on a discount rate of 25% and assumption of future payment occurring. At December 31, 2025, as a result of the Company having no intention to achieve the required success in West Salawati, this was valued at \$nil.

Contingent liability 3 - Contingent payment rights to debt holder

As a condition of the Company's acquisition of MOPL, the Company issued Kendall Court Cambridge Investment Manager Ltd. ("Kendall Court") 22,235,055 common shares of the Company and 22,235,055 Contingent Payment Rights ("CPR") in consideration for a US\$2,250,000 reduction in a MOPL borrowing facility. The CPR's provide that the Company will make a cash payment on January 3, 2027 equal to \$0.2119 per CPR multiplied by the issued common shares of the Company still held by Kendall Court at that time. As part of the purchase price allocation described in Note 5, the Company recorded a liability of \$2.9 million for the estimated present value of the contingent payment using a discounted cash flow based on a discount rate of 17.4% and an assumption that there will not be significant dispositions of shares. The expected undiscounted cash flows related to this payment are approximately \$4.7 million.

At December 31, 2025, the Company estimated the fair value on contingent liability 3 to be \$4.0 million. A 1% change in the discount rate would result in a nominal change in the liability balance.

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Work commitments

Within the West Salawati PSC, the following work commitments were outstanding as at December 31, 2025:

Year	Description	Estimated Cost (US\$, thousands)	Status
2026	Exploration well	\$6,000	Outstanding
2027	Acquisition and processing of 3D seismic	1,500	Outstanding
2028	Acquisition and processing of 2D seismic	1,000	Outstanding
2028	Exploration well	6,000	Outstanding
		\$14,500	

To the extent that the Company is able to, it will use external capital to help fund these work commitments or development on the block. Similarly, if the Company is unable to meet these requirements it will work with the Indonesian oil and gas regulator "SKK Migas" to either defer or substitute activity.

Subsequent to December 31, 2025, the board of directors approved the Company to enter into an agreement with PT Dredolf Indonesia ("Dredolf"), for the construction of a pipeline to tie in the Southeast Mengoepeh gas production. Per the agreement, Dredolf will fund the cost of construction of the pipeline and the Company will make monthly payments to Dredolf totalling approximately \$28.8 million (US\$21.0 million) over the 10 year expected operating life of the pipeline.

26. Geographic segmented information

As at December 31, 2025, all oil sales revenue from external customers is attributable to Indonesia. The amounts relating to non-current assets attributable to Indonesia is as follows:

Non-current asset	Amount attributable to Indonesia
Property, plant and equipment	\$43,076
Exploration and evaluation assets	2,256
Right of use assets	-
VAT receivable - non-current portion	5,526
Decommissioning and reclamation deposits	3,745
Deposits	615
Total non-current assets attributed to Indonesia	\$55,218

All remaining non-current asset amounts related to Canada.

27. Related party transactions and key management compensation

	As at December 31, 2025	As at December 31, 2024
Payments made to third party lender	\$861	\$3,742
Key management compensation	385	644
Restructuring costs	-	262
Director's fees	165	160
Stock based compensation	241	84
	\$1,652	\$4,892

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Corporate Information

Board of Directors

Brian Anderson
Chair of the Board ⁽¹⁾

David Dunlop
Director ⁽²⁾

Matthew Klukas
Director

Michèle Stanners
Director

⁽¹⁾ Chair of the Reserves Committee

⁽²⁾ Chair of the Audit Committee

Management Team

Matthew Klukas
President and Chief Executive Officer

Andrew Spitzer
Chief Financial Officer

Dr. Henry Groen
Special Advisor and Chief Representative, Indonesia

Hendra Jaya
GM, Indonesia

Travis Friedley
Controller

Robert Thomson
VP, Subsurface

Stock Exchange

Toronto Stock Exchange Venture - Symbol: CEQ

Reserves Evaluator

ERCE Australia Pty Ltd ("ERCE")

Transfer Agent

Odyssey Trust Company

Legal Counsel

Burnet, Duckworth & Palmer, LLP

Auditor

Ernst & Young LLP



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