



## Criterion Energy Announces Positive Preliminary Gas Test Results at North Mengoepeh and Provides Preliminary Q2 Operating Results

- **Successful initial flow test on the MGH-20 well in North Mengoepeh with an initial rate of 2.5 MMcf/d<sup>1</sup>**
- **Re-entry operations at the SEM-1 well in SE-MGH are ongoing in preparation for extended well test in Q3**
- **Decision taken that development of SE-MGH will be via pipeline to the Teluk Rendah Gas Plant**
- **Averaged 890 bbl/d<sup>2</sup> of production in the second quarter of 2025, up from 821 bbl/d<sup>2</sup> in the same quarter of the prior year.**

**Calgary, Alberta – July 30, 2025** – Criterion Energy Ltd. (“Criterion” or the “Company”) (TSXV: CEQ), an independent upstream energy development and production company focused on energizing growth for Southeast Asia today announced a successful preliminary flow test at the North Mengoepeh (“N-MGH”) gas field, and ongoing preparations to test in Southeast Mengoepeh (“SE-MGH”), in addition to providing preliminary operating results for the three-month period ended June 30, 2025.

*“We have recently made meaningful forward progress on our gas development program with positive initial results at N-MGH expected to be additive to our gas production volumes in 2026, should we complete a successful test at SE-MGH,” said Matthew Klukas, President and CEO of Criterion Energy. “A successful test of SE-MGH will underpin a gas sales agreement and pipeline development that will allow us to achieve first gas in early 2026, which would in-turn support development of other gas assets in due course as we leverage initial successes to fund the next rounds. The positive test at N-MGH suggests the emergence of building gas potential for Criterion that can help grow our production and business over the near-, mid- and longer-term while supporting the strong appetite and market for domestic natural gas in Indonesia.”*

### Second Quarter 2025 Operating Update

- **Successful North Mengoepeh production test:** MGH-20 tested 2.5 mmcf/d with associated oil<sup>1</sup>, thus suggesting commercial flow rates from the N-MGH field. MGH-20 had been previously suspended in 2014. The gas resource contained in the N-MGH field, currently not included in the Company’s reserve or resource estimates, has the potential to increase total gas production as a near-term follow-up to SE-MGH.
- **SE-MGH gas development remains an immediate focus:** Development is advancing with re-entry operations ongoing in preparation for an extended well test commencing this quarter. Bringing the 15 bcf<sup>3</sup> of contingent resources into the reserves category will be critical to near- and mid-term value creation. Management reiterates its 2025 capital guidance of US\$3 - \$5 MM required to advance the project to first gas.
- **Diversifying the production profile by prioritizing repeatable, serial gas developments in the Tungkal PSC in the near- to mid-term:** The Company expects to bring additional gas discoveries in the Tungkal PSC into development following SE-MGH and N-MGH including Macan Gedang (contingent resources of 13 bcf<sup>3</sup>), Cerah (best case prospective resources of 26 bcf<sup>3</sup>), and MGH-43 (volumes under evaluation) over the next two to three years.



- **Negotiated debt-repayment holiday with lenders:** In the face of lower oil prices, management successfully negotiated a pause in debt-repayments with its lenders, which is expected to last through the balance of 2025 and allow the Company to focus its resources on its gas development activities.
- **Production remains up over 2024:** Achieved average field production in the Tungkal PSC of 890 barrels per day<sup>2</sup> ("bbl/d") in Q2 2025, up from 821 bbl/d<sup>2</sup> in Q2 2024. The increase reflects a successful 15-well workover campaign conducted through 2024, offset by reductions associated with pump failures in the Pematang Lantih field, which took ~60-80 bbl/d offline in June. Criterium engaged a production technology specialist to audit its oil and gas facilities and wells, providing actionable items for continued production improvements.
- **Operating costs stable:** Direct operating costs remained steady for the quarter at US\$2.7 million (US\$33/bbl)<sup>2</sup>
- **Sustained robust netbacks:** Operating netbacks were relatively stable at US\$22/bbl<sup>4</sup> in the second quarter despite a ~US\$5/bbl reduction in oil price. On average the Company received a premium of US\$3/bbl premium to Brent in Q2 2025.

### **Tungkal PSC Gas Development Plan – Building and Diversifying the Producing Portfolio**

For 2025, management intends to develop the Company's gas assets with an eye to diversifying production beyond oil, backed by long-term Gas Sales Agreements ("GSAs") and funded from expected cash flow. Initially, the intent is to focus on the SE-MGH field, targeting production in Q1 2026 from the Talang Akar Formation ("TAF"), followed by the N-MGH field which also produces from the TAF.

The Company recently conducted an initial flow test at the re-entered MGH-20 well in N-MGH, which flowed 2.5 MMcf/d through a 8/64" choke over a 24 hour period<sup>1</sup>. Next steps include mobilizing the Company's service rig, following completion of the extended well test at SE-MGH, to conduct an extended well test of MGH-20 and three additional wells on the N-MGH well pad, all of which are currently shut-in.

With the positive indications from the MGH-20 well test, Criterium intends to test and develop the N-MGH field with gas production expected from two wells (MGH-20 and MGH-32). Commercial production rates will be confirmed following extended flow tests to be conducted in H2 2025.

Should the Company successfully complete a flow test of SE-MGH, and with the potential additional volume from N-MGH, management would elect to develop the initial Tungkal gas fields via a pipeline, tying in to nearby gas infrastructure at the Teluk Rendah Gas Plant. Development via pipeline has several advantages including attracting a higher gas price and maintaining the ability to increase production from adjacent fields with minimal capital. It is expected that funding for the pipeline will be provided by a third party underpinned by a GSA.

During the next 12 months, key milestones anticipated for gas development in the Tungkal PSC field include:

- Completing the extended well test on the existing SE-MGH well in Q3 2025, which had previously tested at 8 MMcf/d<sup>5</sup>, to confirm deliverability and gas composition.
- Following completion of the extended well test at SEM-01 the Company expects to enter into a GSA with the buyer/offtaker expected to begin required site preparations.



- Mobilizing the Company's rig to conduct extended well testing at MGH-20 and MGH-32 in N-MGH.
- Subject to successfully completing testing in Q3 2025, first gas sales from SE-MGH are anticipated in Q1 2026, at which time the Company will progress to further development opportunities within its existing portfolio.

The estimated capital expenditure required to reach first gas for SE-MGH is approximately US\$3-5 million net to Criterium. Initial production is expected to range between 5 - 7 MMcf/d<sup>3</sup> (900 - 1,250 boe/d<sup>6</sup>) with potential to increase shortly after with the parallel development of N-MGH, which initially tested 2.5 MMcf/d<sup>1</sup>. Pricing will be determined by the successful execution of a GSA, but recent historical contracts in South Sumatra have ranged between US\$5 - \$7/MMbtu<sup>7</sup> on a long-term fixed take-or-pay basis. A development plan for N-MGH will be confirmed after the completion of the extended well tests of MGH-20 and MGH-32 in H2 2025.

Subsequently, Criterium intends to develop the Macan Gedang gas asset, where the Macan Gedang-1 well encountered gas in the Gumai formation and tested at 5 MMcf/d<sup>8</sup>, with the intention of bringing production online in late 2026 or early 2027. The Company's most recent resource report dated [March 14, 2025](#) and prepared by ERCE Australia Pty Ltd. ("ERCE") with an effective date of December 31, 2024 indicated a 2C gas resource at Macan Gedang of 13 bcf. Macan Gedang can be produced via Modular LNG technology or by tying into the existing local pipeline infrastructure and management is reviewing both options in parallel.

In addition to SE-MGH, N-MGH, and Macan Gedang, the Tungkai PSC contains additional discovered gas. Specifically, (i) the Cerah-1 well, drilled in 2008 encountered gas shows in the Gumai formation but was not tested at the time due to low gas prices and lack of nearby infrastructure. Best case prospective resources in Cerah are expected to be 26 Bcf recoverable<sup>3</sup>; and (ii) gas was also encountered in the Gumai formation during the drilling of the MGH-43 infill well which is still being evaluated. With the strong and growing demand for gas in Indonesia, management believes development of these assets to be increasingly commercially viable and aligned with the Company strategy of shifting production to natural gas.

#### **Indonesian Gas Sales Agreements and Criterium's strategy**

With a backdrop of growing energy demand and energy security a top priority for Indonesia, domestic GSAs offer significant benefits to Criterium as they provide a stable long-term fixed price. The fixed nature of these contracts means Criterium's gas production is not subject to external price fluctuations as it is with oil sales, which helps build a more steady cash flow profile and gives greater confidence in future capital planning. These advantages, combined with favorable capital efficiency for the gas projects at SE-MGH currently projected to be brought online for approximately US\$4,000 per flowing boe, will reduce the Company's unit operating cost by 40-50% to US\$16-18/boe<sup>9</sup>.

Criterium's emphasis on gas development is aligned with our strategic approach to grow stable and sustainable production by investing in projects with short cycle return due to favorable markets and nearby accessible infrastructure. This strategy is aligned with the Government of Indonesia's objectives and builds Criterium's attractiveness as a trusted partner and operator.



## **Bulu Transaction Update**

Criterion remains committed to the original transaction dated May 21, 2024, however, given the significant delays experienced in closing, the Company has taken an increasingly active role in the development of the Lengo gas field. In June 2025, Criterion notified KrisEnergy (Satria) Ltd., the operator of the Bulu PSC, of numerous breaches and deficiencies of the Joint Operating Agreement (“JOA”), in regards to the lack of development of the Lengo gas field. Should the deficiencies not be remedied, Criterion intends to take further action allowable under the JOA to permit development to proceed.

## **Outlook**

Based on its capital program outlined in the release dated [February 13, 2025](#), Criterion believes it has the potential to double current production by the end of Q1 2026 leveraging expected stable oil production, and its ongoing gas development program, which it expects to fund from cash flow. The estimated capital expenditure required to reach first gas is approximately US\$3-5 million net to Criterion. Management believes there is potential to further step-up production by duplicating its SE-MGH development strategy, by focusing on making relatively modest capital expenditures to generate improved, near-term returns.

Management continues to monitor and assess cash flow impact and margin implications of the volatile global commodity pricing triggered by the rapidly shifting macroeconomic environment. However, management firmly believes this environment validates the Company’s strategy focused on acquiring undercapitalized assets in an energy hungry Southeast Asian market. With a portfolio that contains contingent resources heavily weighted to natural gas, which attracts stable long-term pricing in domestic markets, combined with operating cost reductions realized in 2024, the Company is primed to materially increase and diversify production in the near term.

## ***Stay Connected to Criterion***

Shareholders and other interested parties who would like to learn more about the Criterion opportunity are encouraged to visit the Company's [website](#), review a recent [corporate presentation](#), and follow the [Company on X \(formerly Twitter\)](#) and [LinkedIn](#) for ongoing corporate updates and relevant international oil and gas industry information.

## ***About Criterion Energy Ltd.***

Criterion Energy Ltd. (TSXV: CEQ) is Canadian-based upstream energy company focused on the consolidation and sustainable development of assets in Southeast Asia that can deliver scalable growth and cash flow generation. This region is expected to contain a population approaching 800 million people within the next 25 years, driving world-leading economic growth and record energy demand. With international operating expertise and a local presence, Criterion intends to contribute responsible, safe and secure sources of energy to help meet this demand. The Company is committed to maximizing total shareholder return by executing across three strategic pillars that include (1) fostering a successful and sustainable reputation; (2) leveraging innovation and technology arbitrage; and (3) achieving operational excellence with an unwavering commitment to safety. For further information please visit our website ([www.criterionenergy.com](http://www.criterionenergy.com)) or contact:



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**Notes**

<sup>1</sup> MGH-20 gas test results: 24 hour test of 2.1 MMcf/d through 4/64" choke, FTHP 500 psi and 24 hours at 2.5 MMcf/d through 8/64" choke, FTHP 360psi. Liquid carryover was recovered with a total of 309 bbls of oil and water recovered. Oil recovered had an API of 30.3 and a pour point of 40°C.

<sup>2</sup> Estimate based on field production reports

<sup>3</sup> 2024 Report: Reserve Report commissioned by Criterium Energy Ltd. and prepared by ERCE Australia Pty. Ltd, an independent reserves evaluator and auditor, dated March 14, 2025 with effective date of December 31, 2024 (the "2024 Report"), which was prepared in accordance with the definitions, standards, and procedures contained in the Canadian National Instrument 51-101 Standards of Disclosure of Oil and Gas Activities. The Reserve Report will be made available on Criterium's SEDAR profile.

<sup>4</sup> Non-IFRS financial measure or ratio that does not have any standardized meaning as prescribed by International Financial Reporting Standards, and therefore, may not be comparable with calculations of similar measures or ratios for other entities. See "Advisories - Non-IFRS and Other Financial Measures" contained within this press release and in the Company's most recently filed MD&A, available on SEDAR+ at [sedarplus.ca](https://www.sedarplus.ca). Netback is calculated by subtracting direct operating costs from net revenue and dividing by the amount of barrels produced over the same time frame.

<sup>5</sup> SE-MGH gas test duration was approximately 5 days and produced through 40/64" choke.

<sup>6</sup> "Barrel Oil Equivalent" or "boe" is determined by converting a volume of natural gas to barrels using the ratio of 5.615 Mcf to one barrel. BOEs may be misleading, particularly if used in isolation. A boe conversion ratio of 5.615 Mcf:1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

<sup>7</sup> Recent sales agreements in South Sumatra may not be indicative of future pricing for the SE-MGH and solely relying on non-public information such as gas sales agreements may be misleading.

<sup>8</sup> Macan Gedang gas test duration was approximately 2 days and produced 4.6 MMcfd through a 48/64" choke.

<sup>9</sup> Management estimates for resource, capital costs, and operating costs for SE-MGH are based on the costs presented in the 2024 Report prepared by ERCE Australia

**Abbreviations**

AGM Annual General Shareholder Meeting



bbls	barrels of oil
bbls/d	barrels of oil per day
bcf	billion cubic feet
boe	barrel of oil equivalent
boe/d	barrels of oil equivalent per day
ERCE	ERCE Australia Pty Ltd
FFO	Funds flow from operations
MMbtu	million British thermal units
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MOU	Memorandum of Understanding
MGH	Mengoepeh
N-MGH	North Mengoepeh
PLT	Pematang Lantih
PSC	Production Sharing Contract
SE-MGH	Southeast Mengoepeh
TAF	Talang Akar Formation
TRGP	Teluk Rendah Gas Plant

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

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

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

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

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

#### **Non-IFRS and Other Financial Measures**



Throughout this press release and other materials disclosed by the Company, Criterium uses certain measures to analyze financial performance, financial position and cash flow. These non-IFRS and other specified financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-IFRS and other specified financial measures should not be considered alternatives to, or more meaningful than, financial measures that are determined in accordance with IFRS as indicators of Criterium's performance. Management believes that the presentation of these non-IFRS and other specified financial measures provides useful information to shareholders and investors in understanding and evaluating the Company's ongoing operating performance, and the measures provide increased transparency and the ability to better analyze Criterium's business performance against prior periods on a comparable basis.

**Operating Netback per bbl**

Operating netback per bbl equals petroleum sales less royalties and net opex calculated on a per bbl basis. Management considers operating netback per bbl an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices.