



CRITERIUM ENERGY LTD.

Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2025 and 2024
(Expressed in thousands of Canadian Dollars, unless otherwise stated)

Unaudited interim condensed consolidated financial statements

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3)(a) released by the Canadian Securities administrators, the Company discloses that its auditors have not reviewed these interim condensed consolidated financial statements for the six months ended June 30, 2025 and June 30, 2024.

Criterion Energy Ltd.

Interim Condensed Consolidated Statement of Financial Position

[in thousands of Canadian dollars, unaudited]

	As at June 30 2025 \$	As at December 31, 2024 \$
Assets		
Current		
Cash and cash equivalents	1,572	2,307
Accounts receivable	3,165	637
Prepays and deposits	1,284	914
Inventories	180	2,841
Total current assets	6,201	6,699
Non-current		
Property, plant and equipment [note 8]	51,902	56,924
Evaluation and exploration assets [note 7]	2,904	2,366
Right of use assets [note 9]	278	401
VAT receivable – non-current portion [note 10]	6,363	6,211
Decommissioning and reclamation deposits [note 6]	3,456	3,612
Deposits	207	218
Total non-current assets	65,110	69,732
Total assets	71,311	76,431
Liabilities and shareholders' equity		
Current		
Accounts payable and accrued liabilities [note 11]	4,860	9,442
Current portion of debt [note 13]	4,389	9,113
Taxes payable [note 12]	22,685	19,343
Current portion of lease liabilities	228	231
Decommissioning liabilities [note 14]	31	31
Total current liabilities	32,193	38,160
Non-current		
Long-term debt [note 13]	27,061	24,299
Deferred tax liabilities	2,050	2,749
Contingent consideration [note 23]	8,801	8,384
Decommissioning obligations [note 14]	1,775	1,735
Provision for employee benefits [note 15]	220	231
Lease liabilities	45	37
Total non-current liabilities	39,952	37,435
Total liabilities	72,145	75,595
Shareholders' equity		
Share capital [note 16]	18,107	18,107
Contributed surplus	843	687
Deficit	(20,655)	(18,245)
Accumulated other comprehensive income (loss)	870	287
Total shareholders' equity	(834)	836
Total liabilities and shareholder's equity	71,311	76,431

See accompanying notes

Criterion Energy Ltd.

Consolidated Statement of Loss and Comprehensive Loss

[in thousands of Canadian dollars]

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
	\$	\$	\$	\$
Revenue				
Oil Sales	7,542	7,952	22,178	16,117
Royalty expense	(1,393)	(2,129)	(5,054)	(4,283)
Royalty revenue	5	(4)	33	9
Other income [note 19]	285	2	569	43
	<u>6,439</u>	<u>5,821</u>	<u>17,726</u>	<u>11,886</u>
Expenses and other items				
Operating	2,856	3,386	8,642	7,280
General and administrative	1,497	1,479	2,603	3,141
Depreciation and depletion [note 8]	1,231	1,594	3,145	3,445
Financing costs [note 18]	1,723	957	3,922	1,910
Gain on modification	(598)	—	(1,251)	—
Other tax expense [note 12]	457	723	820	723
Foreign exchange gain (loss)	(65)	(178)	(147)	(253)
Share-based compensation [note 16]	74	43	155	85
Transaction costs	—	3	—	41
	<u>7,174</u>	<u>8,007</u>	<u>17,888</u>	<u>16,372</u>
Net loss for the period before income taxes	<u>(735)</u>	<u>(2,186)</u>	<u>(162)</u>	<u>(4,486)</u>
Current income taxes	434	59	2,835	765
Deferred income taxes (recovery)	68	(760)	(589)	(1,353)
Income taxes	<u>502</u>	<u>(701)</u>	<u>2,246</u>	<u>(588)</u>
Net loss	<u>(1,237)</u>	<u>(1,485)</u>	<u>(2,409)</u>	<u>(3,898)</u>
Other comprehensive income (loss), net of income tax				
Items that recycle through net income				
Pension actuarial gains/losses	—	—	—	—
Foreign currency translation adjustment	(418)	37	583	77
Other comprehensive income (loss)	<u>(418)</u>	<u>37</u>	<u>583</u>	<u>77</u>
Total comprehensive loss	<u>(1,655)</u>	<u>(1,448)</u>	<u>(1,826)</u>	<u>(3,821)</u>
Net loss per share				
Basic and diluted	(0.01)	(0.01)	(0.01)	(0.03)
Weighted average number of shares outstanding (in thousands) [note 16]	<u>136,375</u>	<u>132,355</u>	<u>136,239</u>	<u>130,291</u>

See accompanying notes

Criterion Energy Ltd.

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

[in thousands of Canadian dollars, thousands of shares, unaudited]

	Share Capital		Contributed Surplus	Accumulated Other comprehensive income (loss)	Deficit	Total equity
	# of Shares	\$				
Balance, December 31, 2023	38,390	8,694	682	(36)	(8,329)	\$ 1,011
Shares issued, net of share issuance costs [note 16]	60,909	4,962	-	-	-	4,962
Exercise of warrants	33,056	4,207	-	-	-	4,207
Stock-based compensation	-	-	85	-	-	85
Shares issued - shares for debt	-	-	-	-	-	-
Other comprehensive income	-	-	-	77	-	77
Net loss	-	-	-	-	(3,898)	(3,898)
Balance, June 30, 2024	132,355	17,863	767	41	(12,227)	6,444
Balance, December 31, 2024	135,306	18,107	687	287	(18,245)	836
Shares issued, net of share issuance costs [note 16]	-	-	-	-	-	-
Shares issued, Acquisition [note 5]	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-
Stock-based compensation	1,068	-	156	-	-	156
Shares issued - shares for debt	-	-	-	-	-	-
Other comprehensive income	-	-	-	583	-	583
Net loss	-	-	-	-	(2,409)	(2,409)
Balance, June 30, 2025	136,375	18,107	843	870	(20,654)	(834)

See accompanying financial statements

Criterion Energy Ltd.

Interim Condensed Consolidated Statement of Cash Flows

[in thousands of Canadian dollars, unaudited]

	Three months ended June 30 2025 \$	Three months ended June 30 2024 \$	Six months ended June 30 2025 \$	Six months ended June 30 2024 \$
Operating activities				
Net loss	(1,237)	(1,485)	(2,408)	(3,898)
Depletion and depreciation [note 8]	1,205	1,594	3,119	3,445
Accrued Interest on reclamation deposits	—	—	—	—
Deferred income taxes (recovery)	68	(760)	(589)	(1,353)
Non-cash other income	(285)	—	(569)	—
Finance cost – non-cash [note 18]	993	373	1,955	1,179
Unrealized foreign exchange	165	(184)	83	(237)
Share-based compensation	74	43	155	85
Change in non-cash working capital [note 22]	(819)	3	(1,351)	(1,715)
Cash from (used in) operating activities	164	(416)	395	(2,494)
Investing activities				
Acquisition [note 5]	—	—	—	(5,494)
Oil and Gas assets additions	(714)	(106)	(882)	(106)
Cash on acquisition [note 5]	—	(134)	—	9,832
Acquisition Payable	—	—	—	—
Change in non-cash working capital [note 22]	342	—	510	265
Cash provided by (used in) investing activities	(372)	(240)	(372)	4,497
Financing activities				
Issuance of common shares, net of costs [note 16]	—	—	—	4,962
Principal payments on lease obligations	(2)	(240)	6	(253)
Payments on long term debt	—	(1,826)	(823)	(1,826)
Change in contingent liability – non-cash	—	—	—	—
Change in non-cash working capital [note 22]	126	(126)	—	280
Cash provided by financing activities	124	(2,192)	(817)	3,163
Net increase (decrease) in cash during the period	(84)	(2,848)	(794)	5,166
Effect of foreign exchange	59	190	59	388
Cash and cash equivalents, beginning of period	1,597	8,655	2,307	443
Cash and cash equivalents, end of period	1,572	5,997	1,572	5,997

See accompanying notes

Criterion Energy Ltd.

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(amounts in thousands of Canadian dollars, except share or per share amounts)

For the three and six months ended June 30, 2025 and June 30, 2024

1. Reporting Entity and Going Concern

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 was incorporated in Alberta, Canada and has subsidiaries in Bermuda, British Virgin Islands, Cyprus, Singapore and New Zealand. 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.

Going Concern

The Company’s interim condensed consolidated financial statements for the three and six months ended June 30, 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.

As of June 30, 2025, the Company had a working capital deficit of \$25.99 million with year to date cash provided by operating activities of \$0.35 million. The Company’s ability to pay current liabilities when they become due is in doubt. 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 executing cash flow generating development programs and continuing to work with its lenders and business partners to mitigate the impact on executing its business strategy.

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 interim condensed 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. In such event it may be required to realize its assets and discharge its liabilities in ways other than the normal course of business and such adjustments could be material.

2. Material accounting policies

These interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2024. Details outlining the Company’s accounting policies are contained in the notes to the audited consolidated financial statements for the year ended December 31, 2024.

3. Basis of presentation

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Company’s accounting policies have been applied consistently to all years presented.

Certain comparative figures have been reclassified to conform with the presentation adopted in the current period.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 26, 2025.

Criterion Energy Ltd.

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Basis of presentation and measurement

These interim condensed 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.

Basis of Consolidation

These interim condensed consolidated financial statements comprise the accounts of the parent company, and its wholly owned subsidiaries, after the elimination of material intercompany balances and transactions.

These interim condensed consolidated financial statements include the parent company and its subsidiaries, which are entities controlled by Criterion. Control is achieved when 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'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.

Functional and presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars, which is Criterion's presentation 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).

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 Resources 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.	British Virgin Islands	Holding	US Dollar
Mont D'Or Oil Tungkal	British Virgin Islands	Operating	US Dollar

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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.

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 expires. 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.

The Company's contingent liabilities assumed as part of the acquisition of MOPL on January 4, 2024 are classified as financial liabilities measured at FVTPL [note 5].

Management accounting judgments, assumptions and estimates

The timely preparation of financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of 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.

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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 resource estimates and estimates of future net revenue will be different from the sales volumes ultimately recovered and net revenues 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 Mont D'Or Petroleum Limited ("MOPL"), prior owners 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.
- 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, contingent resource estimates, 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

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- 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.

4. New Accounting 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 29, 2024, the IASB issued amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures the IASB issued Amendments to the Classification and Measurement of Financial Instruments. The amendments are effective January 1, 2026, and include clarifications of the dates of recognition and derecognition of some financial assets and liabilities and the classification of certain financial assets. In addition, there are new disclosure requirements related to equity instruments designated as fair value through other comprehensive income and new requirements related to settling financial liabilities using an electronic payment system; and assessing contractual cash flow characteristics of financial assets, including those with ESG-linked features. The Company is currently evaluating the impacts of these pronouncements to the consolidated financial statements.

5. Business combinations

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

- i. A US\$1 cash payment to 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 22;

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

The SPA has been accounted for as a business combination under IFRS 3. The purchase price has been allocated as follows:

	\$
Initial deposit	134
Cash consideration for debt reduction	5,361
Share consideration for debt reduction	4,207
MOPL contingent payments [note 22]	3,376
Contingent payment rights to debt holder [note 22]	2,912
Total purchase price	15,990
Cash and cash equivalents	9,832
Accounts receivable	160
Prepays and deposits	4,362
VAT receivable [note 10]	5,108
Net employee benefits asset [note 15]	83
Property, plant and equipment [note 8]	52,203
Right of use asset [note 9]	581
Total identifiable assets	72,329
Accounts payable and accrued liabilities	(4,034)
Taxes payable [note 12]	(15,847)
Debt [note 13]	(31,240)
Lease liability	(581)
Contingent liability [note 22]	(342)
Decommissioning obligations [note 14]	(1,552)
Deferred tax liabilities	(2,743)
Total identifiable liabilities	(56,339)
Net identifiable assets	\$ 15,990

The identifiable assets and liabilities have been measured at their individual fair values on the date of acquisition. Determination of fair value often requires 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 22] 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 22] 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 and equipment 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 Tungkal PSC and the West Salawati PSC, respectively. The estimated fair values of the contingent liability and long-term debt

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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 December 31, 2024 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 \$0.041 million (year ended December 31, 2023: \$0.564 million) relating to the MOPL acquisition recorded in the consolidated statement of loss.

In Q4 2024, the Company made the following significant measurement period adjustments:

- The deferred tax liabilities have decreased by US\$7.50 million to US\$2.05 million due to the Company finalizing its assessment of the tax basis of certain items and changes in the allocation of property, plant & equipment.
- Income taxes payable have decreased by a fair value adjustment of US\$3.93 million to US\$11.87 million.
- Accretion expense increased by US\$2.04 million due to recorded accretion on income taxes payable owed at December 31 2024.
- The post-employment benefits liability has decreased by US\$0.47 million to an asset of US\$0.065 million, due to adjustments in actuary assumptions.

6. Decommissioning and reclamation deposits

The Company has decommissioning and reclamation deposits in the total amount of \$3.46 million as at June 30, 2025 (December 31 2024: \$3.6 million), the decline in deposit amount is due to F/X movements in the first six months of 2025. Of the balance, US\$2.49 million is held with Bank Negara Indonesia ("BNI") and is related to a financial security issued in accordance with Indonesian decommissioning regulations.

7. Exploration and evaluation

	\$
Balance, December 31, 2023	-
Effect of movements in exchange rates	189
Transfer from assets held for sale	2,177
Balance, December 31, 2024	2,366
Additions	661
Effects of movements in exchange rates	(123)
Balance, June 30, 2025	2,904

8. Property, plant and equipment

Cost	\$
Balance, December 31, 2023	1,234
Acquisition [note 5]	52,203
Additions	5,978
Change in decommissioning obligation	(181)
Effects of movements in exchange rates	4,038
Balance, December 31, 2024	63,272
Additions	220
Effects of movements in exchange rates	(2,384)
Balance, June 30, 2025	61,108

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Accumulated depletion, depreciation, and amortization	
Balance, December 31, 2023	1,234
Depreciation and depletion	4,117
Depletion capitalized to inventory	682
Effects of movements in exchange rates	315
Balance, December 31, 2024	6,348
Depreciation and depletion	3,067
Depletion capitalized to inventory	76
Effects of movements in exchange rates	(285)
Balance, June 30, 2025	9,206
Net book value	
	\$
Balance, December 31, 2023	-
Balance, December 31, 2024	56,924
Balance, June 30, 2025	51,902

At June 30, 2025, the Company reviewed its assets for indicators of impairment and concluded there were no indicators of impairment with respect to the Company's property, plant, and equipment.

Future capital costs required to develop proven and probable reserves is estimated to be US\$19.45 million and is included in the depletion calculation for PP&E.

9. Right-of-use assets

	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Balance, December 31, 2023	166	(44)	122
Acquisition [note 5]	581	-	581
Depreciation	-	(332)	(332)
Effects of movement in exchange rates	46	(16)	30
Balance, December 31, 2024	793	(392)	401
Depreciation	-	(111)	(111)
Effects of movement in exchange rates	-	(12)	(12)
Balance, June 30, 2025	793	(515)	278

10. VAT receivable

	\$
Balance, 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, December 31, 2024	6,211
Additions	-
Accretion	550
Receipt during the period	-
Effects of movements in exchange rates	(397)
Balance, June 30, 2025	6,363
Current	-
Non-current	6,363

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The VAT receivable represents amounts paid by the Company in relation to purchase of materials, equipment and services involving the PSC operation and is reimbursable by SKK Migas. The acquired VAT receivable balances were valued as part of the PPA using a discount rate of 17.40% based on management's best estimate of the future expected timing of receipt. They are classified as non-current, as recovery is not expected within the next 12 months.

11. Accounts payable and accrued liabilities

	June 30, 2025	December 31, 2024
	\$	\$
Trade accounts payable	3,067	5,758
Accrued liabilities	1,792	3,684
Balance	4,860	9,442

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

12. Taxes payable

	\$
Balance, December 31, 2023	-
Acquisition [note 5]	19,343
Cash tax payments	(2,487)
Current tax expense	155
Accretion	2,864
Other tax expense	1,453
Effects of movement in exchange rates	1,511
Balance, December 31, 2024	19,343
Cash tax payments	(1,180)
Current tax expense	2,835
Accretion	1,089
Other tax expense	820
Effects of movement in exchange rates	(222)
Balance, June 30, 2025	22,685

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 described in note 5, taxes payable was recognized at fair value at acquisition. The fair value measurements of the taxes payable was non-recurring and was assessed as Level 3 (note 3) as the Company used inputs that are not based on observable market data. The fair value was calculated using the present value of expected future cash flows with the major assumptions being the expected timing of repayment and the use of a discount rate of 17.4% based on Management's best estimates of their credit-adjusted risk free rate. The taxes payable is accreted to its face value using the effective interest method.

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13. Long term debt

	Facility 1	Facility 2	Facility 3	Total
	\$	\$	\$	\$
Total debt balance, December 31, 2023	-	-	-	-
Fair value of debt acquired [note 5]	19,562	9,167	2,511	31,240
Payments	(3,742)	(2,200)	-	(5,942)
Interest and accretion	3,392	1,671	691	5,754
Effects of movements in exchange rates	1,648	490	223	2,361
Total debt, December 31, 2024	20,860	9,128	3,424	33,412
Less: current portion	(3,501)	(2,188)	(3,424)	(9,113)
Long term debt, December 31, 2024	17,359	6,940	-	24,299
Total debt balance, December 31, 2024	20,860	9,128	3,424	33,412
Payments	(863)	(676)	-	(1,539)
Interest and accretion	1,315	626	410	2,351
Gain on modification of debt	(782)	(469)	-	(1,251)
Effects of movements in exchange rates	(1,003)	(342)	(178)	(1,524)
Total debt, June 30, 2025	19,527	8,267	3,656	31,450
Less: current portion	(461)	(272)	(3,656)	(4,389)
Long term debt, June 30, 2025	19,066	7,995	-	27,061

Facility 1 is a debenture agreement between Criterion's subsidiary Mont D'Or Venture Ltd. ("MOVL") and Kendall Court Cambridge Investment Manager Ltd. ("Kendall Court"). This facility is secured by a share charge over all outstanding shares of MOPL. At January 4, 2024 US\$17.046 million was outstanding, consisting of principal and prior capitalized interest. An interest rate of 10% per annum, compounded daily applies. On April 1, 2024, the Company commenced monthly payments of US\$0.400 million which applied to both interest and principal.

During July 2024, the Company negotiated a reduction of US\$0.150 million (CAD\$0.202 million) for the monthly payments of interest and principal for a four-month period commencing July 2024. During Q2 2025, the Company negotiated reduced payments, resulting in no payments being made during the quarter and current payments will be made on an 'as able' basis. Under the terms of the agreement, a catch-up payment will be made upon the earlier of a) the commissioning of gas development or b) March 31, 2026.

As a result of shares issued in the acquisition described in note 5, Kendall Court holds 16.3% of common shares outstanding and is therefore a related party to the Company.

Facility 2 is a Redeemable Preferred Share ("RPS") agreement between Criterion's subsidiary Mont D'Or Asia Ltd. ("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. The cumulative unpaid dividend portion is added to the outstanding RPS amount. In April 2024, the Company started redeeming shares in the amount of US\$0.185 million per month. In July 2024, the Company negotiated for the monthly principal payments to be reduced to US\$0.093 million (CAD\$0.120 million) for five months, effective July 1st, 2024. During Q2 2025, the Company negotiated reduced payments, resulting in no payments being made during the quarter and future payments will be made on an 'as able' basis. Under the terms of the agreement, a catch-up payment will be made upon the earlier of a) the commissioning of gas development or b) March 31, 2026.

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Facility 3 is an unsecured US\$2.508 million working capital loan facility between Criterion's subsidiary MOPL and Tourmalet Holdings Ltd. The facility is subject to interest at 8% per annum which is capitalized. No payments are due until maturity which is December 31, 2025. The facility contains an option, at the discretion of the lender to convert the outstanding balance plus a US\$0.510 million bonus amount into common shares of Criterion during the period January 1, 2025, until December 31, 2025. The facility also provides for an automatic conversion of the outstanding balance plus a US\$0.510 million bonus amount into common shares of Criterion immediately following maturity if the outstanding balance of the loan has not been paid in full previously. The conversion is subject to no control person being created as a result. A convertible note of US\$3.000 million was issued to Tourmalet in conjunction with closing to facilitate the conversion feature.

As described in Note 5, each of the facilities was recognized at fair value at acquisition. The fair value measurements of the three facilities was non-recurring and was assessed as Level 3 as the Company used inputs for the liabilities that are not based on observable market data. The fair value was calculated using the present value of expected future cash flows with the major assumptions being the use of discount rates of 17.4%, 17.7% and 24% respectively based on Management's best estimates of rates currently available to the Company for debt on similar terms, credit risk and remaining maturities. The debt is accreted to its face value using the effective interest method. There are no covenants associated with any of the facilities.

14. Decommissioning liabilities

	\$
Balance, December 31, 2023	31
Acquisition [note 5]	1,552
Additions	31
Accretion	274
Changes in estimates	(216)
Effects of movements in exchange rates	90
Balance, December 31, 2024	1,766
Additions	-
Accretion	132
Changes in estimates	-
Effects of movements in exchange rates	(123)
Balance, June 30, 2025	1,775
Current	31
Non-current	1,744

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 decommissioning costs for the year ended December 31, 2024 was \$7.4 million. This value is re-assessed annually. The Company used a credit adjusted interest rate of 16.12% and an inflation rate of 2.30% when measuring the present value of its decommissioning obligation in Indonesia. 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. At June 30, 2025, the estimated timing of the obligations was 9-12 years.

15. Employee Benefits

As per Indonesian regulations, the Company provides post-employment benefits to all permanent Indonesian employees at rates 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.

There were no material changes to the plan, in particular, there has been no remeasurement of the plan, plan amendments, settlements, or curtailments made since the most recent year end, December 31, 2024. Please refer to

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the notes in the Company's audited Consolidated Financial Statements for the year ended December 31, 2024, for details regarding its defined pension plan.

16. Share capital

Authorized share capital

Unlimited number of:

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

Issued and outstanding common shares

The following table summarizes the change in common shares issued and outstanding. There are no preferred shares issued or outstanding as of June 30, 2025 (December 31, 2024 – nil).

	Shares	Amount
	#	\$
Balance, December 31, 2024	135,306,903	18,107
Shares issued – subscription receipts	-	-
Shares issued – business combination [note 5]	-	-
Shares issued – RSU vesting	1,068,333	-
Shares issued – shares for services	-	-
Share issue costs	-	-
Balance, June 30, 2025	136,375,236	18,107

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 (a "Unit"). 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 June 30, 2025 there were 96,995,434 common shares reserved for issuance under the Company's stock option, RSU and PSU plans and warrants outstanding (December 31, 2024 – 93,786,917).

Weighted average number of common shares outstanding

Weighted average number of common shares (000s)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Basic and diluted	136,375	132,356	136,239	130,291

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For the three and six months ended June 30, 2025 and 2024, all equity instruments are considered to be anti-dilutive as the Company is in a loss position.

Warrants

The continuity of share purchase warrants at June 30, 2025, was as follows:

	Number	Exercise price	Remaining life
	#	\$	(years)
Expiry date			
September 26, 2027	27,155,032	0.20	2.49
January 4, 2029, subscription receipts warrants	60,910,000	0.14	3.77
January 4, 2029, broker warrants	3,177,719	0.11	3.77
Balance, June 30, 2025	91,242,751	0.15	3.34

The September 26, 2027, warrants are exercisable for one common share at an exercise price of \$0.20. These warrants vest and become exercisable as to one-third upon the 20-day volume weighted average trading price of the common shares on the TSXV (the "Market Price") equal to or exceeding \$0.275 per common share, an additional one-third upon the Market Price equal to or exceeding \$0.325 per common share and the final one-third upon the Market Price equal to or exceeding \$0.40 per common share. These warrants have all vested as the three thresholds have been met. No value was originally assigned to these warrants 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.

During 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. During the period ended June 30, 2025 the Company did not issue any options but had 120,000 outstanding options with an exercise price of \$0.25/share expire.

For the three months and six months ended June 30, 2025, the Company recorded stock-based compensation of \$0.005 million (2024 - \$0.043 million), \$0.009 million (2024 - \$0.085 million) respectively. At June 30, 2025, the total unvested stock-based compensation with respect to these options was \$0.002 million (December 31, 2024 - \$0.024 million).

The following stock options were outstanding at June 30, 2025:

	Number	Number	Exercise price	Remaining life
	#	exercisable	\$	(years)
	#	#		
Expiry date				
September 26, 2027 ⁽¹⁾	216,667	167,667	0.20	2.24
October 16, 2029	300,000	-	0.10	4.25
Total	516,667	167,667	0.14	3.19

(1) - inclusive of forfeiture due to employee resignations

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Restricted share units (“RSU”)

On September 26, 2022, 2,550,000 RSUs were issued pursuant to the terms of the Share Incentive Award Plan (the “Award Plan”) at a price of \$0.20 per common share. The RSUs vest one-third on each of the first, second, and third anniversary of the grant date and each is redeemable for one common share of the Company at the time of vesting. The RSUs expire December 15, 2025. During the three months ended June 30, 2025, no RSUs were granted to select directors and employees of the Corporation. All of the 2,333,333 outstanding RSUs at June 30, 2025 were non-exercisable (June 30, 2024 – 1,700,000 non-exercisable) as they had not vested.

For the three and six months ended June 30, 2025, the Company recorded total stock-based compensation of \$0.035 million (2024 – \$0.020 million) and \$0.064 (2024 - \$0.040 million) respectively related to the restricted share units.

Performance share units (“PSU”)

On November 16, 2023, 1,030,000 performance share units (“PSUs”) were issued pursuant to the terms of the Award Plan at a price of \$0.13 per common share. The PSUs vest in thirds on each of the first, second, and third anniversary of the grant date and each is redeemable for one common share of the Company at the time of vesting. The PSUs expire January 15, 2027. During the three months ended June 30, 2025 no PSUs were issued. At June 30, 2025, there were 4,248,333 PSUs outstanding, all of which were non-exercisable.

For the three and six months ended June 30, 2025, the Company recorded total stock-based compensation of \$0.046 million (2024 - \$0.19 million) and \$0.082 (2024- \$0.038 million) respectively related to the PSUs, the offset of which has been included in contributed surplus.

17. Contributed Surplus

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

	\$
Balance, December 31, 2024	687
Stock based compensation	156
Balance, June 30, 2025	843

18. Finance costs

Finance costs are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Lease interest	9	4	13	61
Long term debt interest	764	803	1,997	1,594
Accretion expense	950	150	1,911	255
Finance costs	1,723	957	3,922	1,910
Gain on modification of debt	(598)	-	(1,251)	-
Total Finance costs	1,125	957	2,670	1,910
Interest paid in cash	132	584	716	731
Non-cash interest expense	993	373	1,955	1,179
	1,125	957	2,670	1,910

During the three and six months ended month ended June 30, 2025, the Company recognized a gain on modification of its debt instruments of \$0.598 million and \$1.251 million respectively. This gain is the result of deferral of debt payments during the period and further deferrals agreed to for the balance of 2025 and the first quarter of 2026.

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19. Other Income

For the three and six months ended June 30, 2025, the interim condensed consolidated statement of loss includes \$0.28 million (2024 - \$0.002 million) and \$0.56 million (2024- 0.042 million) respectively of interest income related to both the accretion of the fair value of the VAT receivable determined in the purchase price allocation [note 5] and interest earned on bank balances.

20. 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:

- i. Credit risk
- ii. Market risk
- iii. 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.

During the three months ended June 30, 2025, all oil was sold to 2 companies; 1) an offshore buyer who accounted for 45% of revenue and 2) a subsidiary of the Indonesia state owned oil company Pertamina who accounted for 55% of revenue.

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

	June 30, 2025	December 31, 2024
For the period ended,	\$	\$
Cash and cash equivalents	1,572	2,307
Trade receivables	3,084	553
Other receivable	81	84
Accounts receivable	3,165	637
VAT receivable	6,363	6,211
Total exposure	11,100	9,155

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.

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The Company's accounts receivable are non-interest bearing and generally on a 30-day payment term. The carrying amounts presented are reasonable approximations of their fair market balance and are not 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 reimbursable by SKK Migas. Included in the above VAT receivable is an allowance of \$nil which management believes is adequate to cover possible losses.

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 United States Dollars. However, during the fourth quarter of 2024 the Company entered into a foreign exchange (FX) forward hedging contract to lock in exchange rates between the Indonesian Rupiah (IDR) and U.S. Dollars (USD) to help mitigate exposure to fluctuations in vendor payments due exchange rates.

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 borrow 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.

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The table below outlines a contractual maturity analysis for Criterion's financial liabilities at June 30, 2025.

	Within 1 Year	1 to 5 Years	More than 5 Years	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	4,860	-	-	4,860
Lease liability	228	45	-	273
Contingent consideration	-	8,801	-	8,801
Taxes payable	22,685	-	-	22,685
Debt	4,389	27,061	-	31,450
Debt estimated interest ⁽¹⁾	2,537	1,130	-	3,667
Total	34,699	37,037	-	71,736

(1) Estimated interest for future years related to the debt facilities was calculated using the weighted average interest rate of 8% for the period ended June 30, 2025, applied to the principal balance outstanding as at that date and carried through to the 2027 maturity date.

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 may not be 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 forecasted commodity prices.

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.

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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 22) are level 3 and Level 2 estimates, respectively.

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

21. Geographic segmented information

The Company currently operates in two geographically based industry segments: Indonesia and Canada. The Company's corporate segment is included in Canada.

Statement of loss and comprehensive loss

	June 30, 2025	June 30, 2024
For the six months,	\$	\$
Revenue		
Indonesia	17,721	11,832
Canada	5	54
	17,726	11,886
Net income (loss) before taxes		
Indonesia	1,228	(2,697)
Canada	(1,391)	(1,789)
	(163)	(4,486)
Income Tax		
Indonesia	2,246	(588)
Canada	-	-
	2,246	(588)
Net loss		
Indonesia	(1,018)	(2,109)
Canada	(1,391)	(1,789)
	(2,409)	(3,898)

Statement of financial position

	June 30, 2025	December 31, 2024
For the period ended,	\$	\$
Total non-current assets		
Indonesia	64,998	69,594
Canada	112	138
	65,110	69,732
Total assets		
Indonesia	70,448	75,522
Canada	863	909
	71,311	76,431
Total liabilities		
Indonesia	62,812	70,272
Canada	9,333	5,323
	72,145	75,595

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For the three months ended June 30, 2025 and June 30, 2024

22. Supplemental cash flow information

Supplemental cash flow information:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Changes in non-cash working capital				
Accounts receivable	191	71	(2,528)	(3,007)
Prepays and deposits	(669)	(16)	(359)	512
Inventories	725	(184)	2,738	(67)
Accounts payable and accrued liabilities	(186)	230	(583)	1,713
Movements in exchange rates	(412)	(98)	(109)	(321)
	(351)	3	(841)	(1,170)
The change in non-cash working capital has been allocated to the following activities:				
Operating	(819)	3	(1,351)	(1,715)
Financing	126	-	-	280
Investing	342	-	510	265
Cash paid for taxes	565	590	1,180	1,102
Cash paid for interest	132	731	716	731

23. Commitments and contingencies

	Contingent liability 1	Contingent liability 2	Contingent liability 3	Total
	\$	\$	\$	\$
Balance, December 31, 2024	4,533	431	3,419	8,384
Accretion expense	390	27	286	703
Effects of movements in exchange rates	(220)	(65)	-	(285)
	4,703	393	3,705	8,801
Less: current portion	-	-	-	-
Balance, June 30, 2025	4,703	393	3,705	8,801

Contingent liability 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 owner/operators in respect of the Tungal 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.

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The Company estimated the future undiscounted cash flows related to this contingent payment to be approximately US\$6.296 million (\$8.615 million) at the acquisition date and recorded a contingent liability of US\$2.528 million (\$3.376 million) using discount rates of 23.5%-30%. There is no maximum amount stated in the SPA.

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 June 30, 2025, the Company determined the fair value of the estimated cash flows is \$4.511 million. A 1% change in the discount rate would result in a change in the liability balance of \$0.118 million.

For Contingent liability 2, the Company has assumed a contingent liability as a part of the acquisition of MOPL (Note 5). This is related to a contractual payment of US\$0.500 million upon certain successes within the West Salawati Production Sharing Contract. On a discounted basis this was valued at US\$0.256 million (\$0.341 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 June 30, 2025, this is valued at \$0.431 million based on a discount rate of 25% and a continued expectation that future payment will occur. A 1% change in the discount rate would result in a change in the liability balance of \$0.008 million.

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 \$0.1957 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 \$2.912 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 \$4.400 million.

At June 30, 2025, the Company estimated the fair value to be \$3.419 million. A 1% change in the discount rate would result in a change in the liability balance of \$0.059 million.

Work Commitments

Within the West Salawati PSC, the following work commitments were outstanding as of June 30, 2025:

Year	Description	Estimated Cost (US\$000s)	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
	Exploration Well	6,000	Outstanding

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For the three months ended June 30, 2025 and June 30, 2024

24. Related party transactions and key management compensation

The Company has entered into transactions with related parties in the normal course of business that are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and which in management's opinion is comparable to amounts that would have been paid to non-related parties. The exchange amount approximates fair value. Transactions impacting the consolidated statements of loss, which are not disclosed elsewhere in the statements are summarized below.

During the three and six months ended June 30, 2025 and 2024, the Company paid to its related parties either directly or indirectly, the following amounts:

For the three months ended,	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Payments to related party lender	-	1,642	863	1,642
Key management compensation	96	135	192	270
Stock-based compensation	44	39	84	78
Directors' fees (consulting fees)	40	40	80	80
Accounting and administrative services (professional fees)	-	-	-	23
	180	1,856	1,219	2,093

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For the three months ended June 30, 2025 and June 30, 2024

Corporate Information

Board of Directors

Brian Anderson
Chair of the Board¹

David Dunlop
Director²

Matthew Klukas
Director

Michèle Stanners
Director

¹ Chair of Reserves Committee

² Chair of Audit Committee

Management Team

Matthew Klukas
President and Chief Executive Officer

Andrew Spitzer
Chief Financial Officer

Dr. Henry Groen
Special Advisor

Hendra Jaya
GM, Indonesia

Sarah Kevol
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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