CRITERIUM ENERGY

FY 2023

TSX-V: CEQ

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis ("MD&A") of the operating and financial results of Criterium Energy Ltd. (formerly Softrock Minerals Ltd.) ("Criterium" or the "Company") for the three and twelve months ended December 31, 2023 and 2022. This information is provided as of April 24, 2024. This MD&A should be read in conjunction with the Company's audited condensed consolidated financial statements ("consolidated financial statements") for the years ended December 31, 2023 and 2022, together with the accompanying notes, and its Annual Information Form ("AIF") for the year ended December 31, 2022. These documents and additional information about Criterium are accessible on the SEDAR+ website at www.sedarplus.ca. All amounts are in Canadian dollars ("CAD"), unless otherwise stated.

YEAR IN REVIEW

For the year, global crude prices fell from their highs seen in 2022, as the oil market returned to historical norms. In the fourth quarter of 2023, global crude prices fell from third quarter highs, wider differentials meant that Western Canadian Select prices dropped to near US$50/bbl in December and North American natural gas prices fell sharply in the second half of the quarter.

Corporately, the company received royalty revenue of $105,891, representing a decline of 44% year over year as Western Canadian natural gas and oil prices dropped by approximately one third and volumes fell due to natural declines on royalty interest wells.

On June 14, 2023, the Company announced the transaction to acquire all issued and outstanding shares of Mont D'Or Petroleum Ltd. (the "Mont D'Or Transaction") During the fourth quarter the Company announced a revised transaction and financing, the latter of which closed during the fourth quarter.

Further information related to the acquisition can be found on SEDAR+. The transaction closed subsequent to financial year end, on January 4, 2024.

Upon closing of the Mont D'Or Transaction, Criterium has welcomed a fully staffed office in Jakarta to the Company. The Jakarta team has been instrumental in helping to integrate operations into Criterium and begin to undertake the development opportunities that drove the transaction. The management team looks forward to reporting on these activities through the course of 2024.

Also, during the year the Company continued to progress other potential M&A opportunities that underpin the Company's stated growth ambitions.

Q4 2023 OPERATIONAL AND FINANCIAL HIGHLIGHTS

	Three months ended December 31,			Year ended December 31,		
	2023	2022	% Change	**2023**	2022	% Change
($ thousands, except per share)						
Total oil, natural gas and royalty revenue	**19**	41	(54)	**106**	188	(44)
Cash flow from operating activities	**(1,069)**	(870)	23	**(2,962)**	(780)	280
Per share – basic	***$(0.03)***	*$(0.02)*	*50*	***$(0.08)***	*$(0.05)*	*60*
Net loss	**(965)**	(746)	29	**(3,809)**	(1,323)	180
Per share – basic	***$(0.03)***	*$(0.02)*	*50*	***$(0.08)***	*$(0.08)*	-
Net Debt	**-**	-	-	**-**	-	-
Capital Expenditures	**-**	-	-	**-**	-	-
Weighted average shares outstanding (thousands)						
Basic	**38,390**	36,227	6	**37,726**	16,139	134
Diluted	**65,545**	66,401	(1)	**66,629**	26,300	153
Share Trading						
High	**$0.185**	$0.275	(33)	**$0.525**	$0.275	91
Low	**$0.080**	$0.125	(36)	**$0.080**	$0.075	7
Average daily trading volume	**54,856**	14,197	286	**17,319**	14,916	16

SUMMARY OF EXPENSES

	Three months ended December 31,		Year ended December 31,	
($) thousands	**2023**	2022	**2023**	2022
Salaries and benefits	**$ 200**	$ 200	**$ 810**	$ 215
Exploration expense	**192**	-	**745**	-
Transaction costs	**564**	-	**564**	-
General and administrative	**123**	47	**423**	97
Consulting fees	**47**	231	**397**	345
Professional fees	**(309)**	201	**345**	609
Stock-based compensation	**83**	51	**304**	165
Travel	62	30	**218**	38
Depreciation	**9**	9	**36**	9
Geological and Geophysical expense	**-**	-	**28**	-
Finance expense	**6**	6	**23**	6
Operating expenses	**-**	-	**9**	11
Non-recoverable deposit	**-**	-	**-**	13
Decommissioning liability revisions	**-**	-	**-**	10
	$ 976	$ 775	**$ 3,901**	$ 1,518

The Company incurred a net loss of $3,808,566 for 2023 (2022 – net loss $1,323,145). Total operating expense was $3,901,333 for 2023 compared to $1,517,922 for 2022. The increase in total operating expense is primarily due to the increased exploration expense and increased activity as it relates to evaluation of potential acquisitions including the Mont D'Or transaction, costs associated with the drafting and filing of financing related documents and legal due diligence. Transaction costs totalled $563,760 (2022 - $0) as the Company paid Research Capital Corp as to act as underwriter for the capital raise in conjunction with the Mont D'Or transaction. The Company incurred exploration expenses of $744,754 (2022 – nil) related to activities in the Bulu PSC. Salaries and benefits increased to $810,004 (2022 - $214,893) with a full year of 4 full time employees late in 2022. In addition, the Company incurred $423,192 of general and administration expenses due to increased activity for 2023 compared to $97,300 in 2022 mainly resulting from transfer agent and filing expenses, insurance, IT support and rent charges that were not present until the fourth quarter of 2022. During the period, the Company incurred $217,755 (2022 - $37,710) of travel expenses to support the Company's Indonesia operations and Mont D'Or Transaction. There were reductions in professional fees which decreased to $345,112 in 2023 from $608,665 in 2022 where the Company incurred higher costs related to the recapitalization of the Company, during the fourth quarter the Company also reclassified a portion of professional fees to transaction costs to better reflect costs related to the Mont D'Or Transaction. Other operating expenses remained relatively flat year over year.

As at December 31, 2023, the Company had assets of $10,191,514 compared to $6,337,199 as at December 31, 2022. The increase in assets is due to subscriptions receipts related to the Mont D'Or transaction.

ADJUSTED FUNDS FLOW AND NET INCOME

	Three months ended December 31,			Year ended December 31,		
	2023	2022	% Change	**2023**	2022	% Change
($ thousands, except per share)						
Cash flow from operating activities	**(805)**	(870)	(7)	**(2,698)**	(780)	246
Current income tax expense	**-**	-	-	**-**	-	-
Income tax paid	**-**	-	-	**-**	-	-
Interest expense, ex fees	**-**	-	-	**-**	-	-
Interest paid	**-**	-	-	**-**	-	-
Decommissioning expenditures	**-**	-	-	**-**	-	-
Changes in non-cash working capital	**1,309**	(2,190)	-	**(487)**	1,653	-
Adjusted funds flow	**504**	(3,060)	-	**(3,449)**	872	-
Per share – basic	***$0.01***	*$(0.08)*	-	***$(0.09)***	*$0.05*	-
Net loss	**(1,109)**	(746)	49	**(3,809)**	(1,323)	188
Per share – basic	***$(0.03)***	*$(0.02)*	*50*	***$(0.10)***	*$(0.08)*	*25*

CAPITAL EXPENDITURES

	Three months ended December 31,			Year ended December 31,		
	2023	2022	% Change	**2023**	2022	% Change
($ thousands)						
Drilling, completion and equipment	**-**	-	-	**-**	-	-
Facilities	**-**	-	-	**-**	-	-
Land, seismic and other	**-**	-	-	**-**	-	-
Total Capital Expenditures	**-**	-	-	**-**	-	-
Acquisitions (dispositions)	**-**	-	-	**-**	-	-
Net Capital Expenditures	**-**	-	-	**-**	-	-

SHARE CAPITAL

	December 31, 2023		December 31, 2022	
	Number	Amount	**Number**	Amount
($, except share counts)				
Balance, opening	**36,227,382**	$ 8,161,312	**8,970,585**	$ 3,061,457
Issue of common shares - cash	**-**	-	**26,899,532**	5,379,906
Issue of common shares - acquisitions	**-**	-	**-**	-
Issue of common shares – warrant, option, RSU exercise	**2,162,599**	540,650	**-**	-
Issue of common shares as severance on closing of private placement	**-**	-	**357,265**	71,453
Share issuance costs	**-**	(7,538)	**-**	(351,504)
Balance, ending	**38,389,981**	$ 8,694,424	**36,227,382**	$ 8,161,312

During the year 2,162,599 (post consolidation) warrants issued prior to the recapitalization of the Company were exercised for gross proceeds of $540,650. No warrants in connection with the September 2022 recapitalization of the Company were exercised during 2023.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

Management has determined that cash flows for operating, exploration and evaluation expenses, and general and administrative expenses will be funded by Criterium's existing cash on hand. Any expected shortfall of cash required for these expenses will be funded by the issuance of common shares through private placements or short-term debt should the need arise.

CASH FLOW SUMMARY

	Twelve months ended December 31, 2023	Twelve months ended December 31, 2022
Cash at beginning of period	**$ 3,720,751**	$ 54,715
Cash flow from (used in) operations	**(2,697,522)**	(779,979)
Cash flow used in investing activities	**(1,076,543)**	(609,283)
Cash flow from financing activities	**486,212**	5,055,298
Cash at end of period	**$ 432,898**	**$ 3,720,751**

Cash flow used in operations for 2023, was $2,697,522 resulting from the net loss incurred during the period related to expenses for the day-to-day operations of the Company and expenses related to the Mont D'Or transaction. Changes in non-cash working capital resulted in outflow of $486,840 for the period ended December 31, 2023 resulting from the timing of payment of the accounts receivable/payable, payments to prepaids and accrued liabilities. Cash flow used in operations for 2022 was $779,979 resulting from the net income from the day-to-day management of the Company, royalty revenue and minimal operational activity.

Cash flows used in investing activities for 2023 were $1,076,543 to satisfy the payment schedule for the acquisition of the Bulu PSC and the deposit for the Mont D'Or transaction. The Company had $0 remaining on the Bulu PSC acquisition payable at the time of the financial statements. Subsequent to December 31, 2023, a payment of US$300,000 was made for the Bulu PSC acquisition. During the year 2022, $609,283 was used in investing activities related to the Bulu transaction. Cash flows from financing were $486,212 for 2023 as a result of the exercise of warrants related to the June 2018 Softrock Minerals private placement and the Company incurred $46,900 of lease principal and interest payments on its lease obligations. There were cash flows from financing of $5,055,298 in 2022.

WORKING CAPITAL

The Company has working capital of $686,856 as at December 31, 2023 (Dec 31, 2022 – $1,719,745). The working capital is calculated using current assets of $9,759,482 (Dec 31, 2022 - $3,907,961) and current liabilities of $9,072,626 (Dec 31, 2022 - $2,188,216).

Current assets consist of cash of $432,898 (Dec 31, 2022 - $3,720,751), amounts receivable of $64,154 (Dec 31, 2022 - $160,829), and prepaids and deposits of $336,218 (Dec 31, 2022 - $26,381), subscription receipts of $6,739,461 (Dec 31, 2022 - $nil) and assets held for sale of $2,176,564 (Dec 31, 2022 - $nil).

Current liabilities consist of accounts payable of $1,220,328 (Dec 31, 2022 - $507,555), including payroll liabilities, acquisition payable of $396,780 (Dec 31, 2022 – $1,625,280) for the Bulu PSC acquisition, lease obligations of $28,287 for the principal amount on the office and furniture lease (Dec 31, 2022 - $24,370), and $31,028 of decommissioning liabilities for the site cleanup of shut-in wells (Dec 31, 2022 - $31,011), subscription receipts of $6,739,461 (Dec 31, 2022 - $nil) and liabilities associated assets held for sale of $656,742 (Dec 31, 2022 - $nil).

COMMITMENTS & RELATED PARTY TRANSACTIONS

CONTRACTUAL OBLIGATIONS

The Company has a number of financial obligations that are incurred in the ordinary course of business.

These obligations are:

Accounts payable and accrued liabilities of $1,220,328 payable at December 31, 2023.

Ongoing decommissioning liabilities for site cleanup of shut-in wells in Canada which are expected to be completed within 2024.

Principle office lease obligation payments of $136,697 over the next 5 years;

- 2023 $ 28,287
- 2024 – 2027 $108,410

Outstanding Bulu transaction installment payments to be funded in 2023;

- On or before December 31, 2023 $300,000 USD (paid as of the date of this MD&A)

Criterium funded all payments for the Bulu Acquisition from cash on its balance sheet.

CONTINGENCIES

The Company does not have any contingent assets or liabilities.

RELATED PARTY TRANSACTIONS

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 financial statements, which are not disclosed elsewhere in the statements are summarized below. During the year, the Company paid to its directors and officers, either directly or indirectly, the following amounts:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Key management compensation	**166,250**	84,919	**658,542**	137,158
Stock- based compensation	**79,152**	84,716	**287,919**	156,169
Directors' fees (consulting fees)	**40,000**	34,167	**160,000**	34,167
Accounting and administrative services (professional fees)	**17,550**	42,180	**109,890**	55,465
Consulting services	**18,368**	63,233	**72,793**	63,233
Payroll taxes	**-**	-	**-**	30,623
Office allowance (General and administrative expenses)	**-**	-	**-**	3,949
	$ 321,320	$ 309,215	**$ 1,289,144**	$ 480,764

CRITICAL ACCOUNTING ESTIMATES

Management makes judgments and assumptions about the future in deriving estimates used in preparation of these consolidated financial statements in accordance with IFRS. Sources of estimation uncertainty include estimates used to determine the economic viability of exploration and evaluation costs, the recoverable amount of long-lived assets or cash generating units ("CGUs"), the fair value of financial instruments, the provision for decommissioning liabilities, the provision for income taxes and the related deferred tax assets and liabilities, and the expenses recorded for stock-based compensation.

Several new accounting standards, and amendments to standards and interpretations, have been issued but are not yet effective for the current period ended December 31, 2023. None of these changes have been early adopted nor are they considered by management to be significant or likely to have a material impact on the Company's consolidated financial statements.

BUSINESS RISKS

The Company's principal business activities are the acquisition, exploration, and definition of potentially economically viable mineral resource deposits on mineral properties, which, by nature, are speculative. Companies in this industry are subject to many and varied kinds of risks, including but not limited to; environmental, fluctuating commodity prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable. Due to the high-risk nature of the Company's business and the present stage of the Company's various mineral properties, an investment in the Company's common shares should be considered a highly speculative investment that involves significant financial risks, and prospective investors should carefully consider all of the information disclosed in this MD&A, the risk factors discussed below, and the Company's other public disclosures, including the risks described in the "Risk Factors" section of the Company's Annual Information Form, prior to making any investment in the Company's common shares.

FINANCIAL RISKS & INSTRUMENTS

Risk is inherent in all business activities and cannot be eliminated. However, shareholder value can be maintained and enhanced by identifying, mitigating, and where possible, insuring against these risks. The following section addresses some, but not all, risk factors that could affect Criterium's future results, as well as activities used to mitigate such risks. These risks do not occur in isolation but must be considered in conjunction with each other.

The Board of Directors has overall responsibility for the establishment and oversight of Criterium's risk management framework. The Board is responsible for developing and monitoring Criterium's compliance with risk management policies and procedures.

Criterium's risk management policies are established to identify and analyze the risks faced by Criterium, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Criterium's activities.

The Company reports its financial results in Canadian dollars but also undertakes transactions denominated in US dollars ("USD"), Indonesian Rupiah ("IDR"), and New Zealand dollars ("NZD"). As the exchange rates between the Canadian dollar and the USD, IDR, GBP and NZD fluctuate, the Company recognizes realized and unrealized foreign exchange gains and losses. At December 31, 2023, the Company has $14,250 of USD and $13,750 of GBP denominated accounts payable and accrued liabilities which are subject to currency risk.

At December 31, 2023, a 10% appreciation or depreciation of the US dollar and GBP against the Canadian dollar would result in an approximate $3,443 increase or decrease in the Company's net loss (December 31, 2022 – $644).

The Company does not enter into any financial instruments to hedge currency risk, but the Company monitors its foreign exchange exposure and considers its exposure to foreign currency risk to be minimal as at December 31, 2023.

FINANCIAL INSTRUMENTS

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

Financial instruments measured at fair value 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 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

	December 31, 2023	December 31, 2022
Financial assets		
Cash	$ 432,898	$ 3,720,751
Short-term deposits	10,187	-
Accounts receivable	64,154	160,829
Subscription receipts	6,739,461	-
Reclamation & Short term deposit	45,528	42,655
Total financial assets	**$ 7,292,228**	**$ 3,924,235**
Financial liabilities		
Accounts payable and accrued liabilities	$ 1,220,328	$ 507,555
Liabilities associated with asset held for sale	656,742	-
Acquisition payable	396,780	1,625,280
Subscription receipts	6,739,461	-
Total financial liabilities	**$ 9,013,311**	**$ 2,132,835**

Cash is carried at fair value using a level 1 fair value measurement and the amounts receivable, deposits and accounts payable and accrued liabilities, and acquisition payable approximate their fair value because of the short-term nature of these instruments.

DIVIDEND ADVISORY

Criterium's future shareholder distributions, including but not limited to the payment of dividends, if any, and the level thereof is uncertain. Any decision to pay dividends on the common shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith and any special dividends) will be subject to the discretion of the Board of Directors of Criterium and may depend on a variety of factors, including, without limitation, Criterium's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions. There can be no assurance that Criterium will pay dividends in the future. As the Company does not intend to declare dividends, any gain on an investment in the Company will need to come through an increase in the stock's price.

SELECTED QUARTERLY FINANCIAL INFORMATION

	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022
($, thousands, except per share amounts)								
Revenue	19	28	30	29	41	45	63	40
Cash flow from operations	(805)	(585)	(518)	(789)	(689)	91	(19)	17
Net income	(965)	(1,109)	(1,110)	(625)	(746)	(617)	24	16
Per share – basic	*$(0.03)*	*$(0.03)*	*$(0.03)*	*$(0.02)*	*$(0.02)*	*$(0.02)*	*$0.00*	*$0.00*

Significant factors and trends that have impacted the Company's results in the above periods include:

- Costs associated with the Mont D'Or Petroleum acquisition including but not limited to financing costs, legal costs, filing costs and deposits.
- The recapitalization of Softrock Minerals and the associated change in the Company's strategic direction.
- The costs associated with screening for and entering into international oil and gas transactions.
- The expenses arising from having acquired the Bulu asset, such as the acquisition payable and ongoing cash calls related to work to progress the asset to FID.
- The volatility in Western Canadian oil and natural gas prices, and the resulting effect on royalty revenue, cash flows and net income, in particular as it relates the period of time during which the Company operated as Softrock Minerals.

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A that are not based on historical facts constitute forward-looking information. Forward-looking information is not a promise or guarantee of future performance but is only a prediction that relates to future events, conditions or circumstances or the Company's future results, performance, achievements or developments and is subject to substantial known and unknown risks, assumptions, uncertainties and other factors that could cause the Company's actual results, performance, achievements or developments in its business or industry to differ materially from those expressed, anticipated or implied by such forward-looking information. Forward-looking statements include statements regarding the outlook for the Company's future operations, plans and timing for the introduction or enhancement of its services and products, statements concerning strategies or developments, statements about future market conditions, supply conditions, end customer demand conditions, channel inventory and sell through, revenue, gross margin, operating expenses, profits, forecasts of future costs and expenditures, and other expectations, intentions and plans that are not historical fact. The forward-looking statements in this MD&A are based on certain factors and assumptions regarding expected growth, results of operations, performance and business prospects and opportunities. Specifically, management has assumed that the Company's performance will meet management's internal projections. While management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Readers are also advised to consider such forward-looking statements in light of the risk factors and uncertainties that may affect the Company's actual results, performance, achievements or developments.

The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable law. Further information concerning risks and uncertainties associated with these forward-looking statements and the Company's business may be found in the Company's other filings.