CRITERIUM ENERGY

Q3 2024

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. ("Criterium" or the "Company") for the three and nine months ended September 30, 2024 and 2023. This information is provided as of November 28, 2024. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements ("consolidated financial statements") for the 3 and 9 months ended September 30, 2024 and 2023, together with the accompanying notes. 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.

ABOUT CRITERIUM ENERGY

Criterium is a corporation engaged in the exploration, development, production and sale of oil and natural gas in Southeast Asia. The Company is currently developing two core PSCs in Indonesia – a light oil and potential gas play in the Tungkal PSC, located in South Sumatra and an oil play in the West Salawati PSC, located in the West Papua province of Indonesia. Criterium is also activily engaged in seeking out new asset opportunities across the broader Southeast Asia region.

Criterium has 5 employees at the corporate head office in Calgary and 54 employees at the Jakarta office and field level operations. The Company is incorporated and domiciled in Alberta, Canada with the head office located at Suite 1120, 202 – 6th Avenue S.W., Calgary, Alberta, T2P 2R9. Criterium is a publicly traded company on the Toronto Stock Exchange – Venture ("TSX-V") and is traded under the symbol "CEQ".

QUARTER IN REVIEW

During the third quarter the Company continued its program of low cost, high return workovers in the Megoepeh ("MGH") field. These workovers continue to perform above expectations and are generating cash paybacks on average, of less than 30 days. To date, the workover program has generated cash flow from operations of nearly US$2MM. The Company has completed 11 workovers to date and is currently completing its last program of 2024, a 4 well workover program. The results of this program are expected to be the subject of an operational update released in conjunction with the 2025 Budget expected early in the new year. Also, during the third quarter, the Company undertook its inaugural drilling campaign in the Mengoepeh field. Operationally, the well drilled at MGH-43 was completed in October and production operations are still being optimized with full results expected early in Q1 2025.

During Q3, global crude prices fell compared to Q2 2024, as the oil market grappled with perceived slowing demand growth and the expected easing of OPEC+ supply curtailments, partially offset by ongoing geopolitical concerns. This led to an overall decline in realized pricing of US$4.29/bbl quarter over quarter. The Company continues to see strong pricing fundamentals in southeast Asia, both for crude oil as well as for longer term contracted natural gas.

During the quarter the Company restructured its leadership team with two key appointments. As previously announced Mr. Matthew Klukas was appointed as President and Chief Executive Officer with the departure of Mr. Robin Auld. Mr. Andrew Spitzer was appointed as Chief Financial Officer replacing Dr. Henry Groen who will remain with the Company in an advisory capacity leveraging his extensive experience in Southeast Asia.

Corporately, the Company completed the previously announced acquisition of Mont D'Or Petroleum Limited ("MOPL") on January 4th. Further information related to the acquisition can be found on SEDAR+. The closing the acquisition and costs associated with it represented a step change in the magnitude of operations for the Company, as such year over year comparisons will appear drastic.

SELECT Q3 2024 OPERATIONAL AND FINANCIAL HIGHLIGHTS

		Three months ended September 30,			Nine months ended September 30,		
		2024	2023	% Change	**2024**	2023	% Change
Financial Performance	***($ thousands, except per share)***						
	Oil revenue	**8,240**	-	n.a.	**24,357**	-	n.a.
	Royalty expense	**(2,046)**	-	n.a.	**(6,329)**	-	n.a.
	Royalty revenue	**32**	27	19%	**41**	87	(53%)
	Other Income	**2**	1	100%	**45**	2	>1000%
	Cash flow from (used in) operating activities	**1,513**	(584)	n.a.	**(980)**	(1,891)	(48%)
	Per share – basic	***$0.01***	*$(0.02)*	*n.a.*	***$0.00***	*$(0.05)*	*n.a.*
	Net loss	**(1,306)**	(1,108)	18%	**(5,203)**	(2,843)	83%
	Per share – basic	***$(0.01)***	*$(0.03)*	*(67%)*	***$(0.04)***	*$(0.08)*	*(50%)*
	Capital Expenditures	**(2,781)**	-	n.a.	**(2,887)**	-	n.a.
	Acquisition Expenditures	**-**	(7)	(100%)	**(5,494)**	(811)	578%
Operations	**Average daily production**						
	Heavy oil (bbl/d)	***0***	-	-	***0***	-	-
	Light oil (bbl/d)	***879***	-	*n.a.*	***844***	-	*n.a.*
	NGL (bbl/d)	***0***	-	-	***0***	-	-
	Natural gas (mcf/d)	***0***	-	-	***0***	-	-
	Total (boe/d)	**879**	-	n.a.	**844**	-	n.a.
Trading Information	**Weighted average shares outstanding (thousands)**						
	Basic	**132,356**	38,390	244%	**130,984**	37,710	247%
	Diluted	**231,929**	66,489	249%	**229,561**	66,629	245%
	Share Trading						
	High	**$0.110**	$0.205	(46)%	**$0.140**	$0.525	(73)%
	Low	**$0.045**	$0.085	(47)%	**$0.045**	$0.085	(47)%
	Average daily trading volume	**191,356**	76,082	152%	**127,086**	130,852	(3)%

During Q3, oil revenue rose slightly as higher production more than offset lower realized oil prices. Total royalties paid remained consistent with Q2 as overall government take fell in conjunction with lower oil prices. Net loss for Q3 narrowed vs Q2 as the Company successfully reduced operating costs and partially offset by an increase in G&A. Net loss per share continued to narrow as the Company simultaneously increased production, lowered expenses and decreased debt payments.

SUMMARY OF EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
($) thousands	**2024**	2023	**2024**	2023
Operating	**$ 2,639**	$ -	$ 9,919	$ 9
General and administrative	**1,843**	730	4,966	2,069
Depreciation and depletion	**1,667**	9	5,112	27
Financing costs	**1,300**	5	3,210	17
Restructuring Costs	**712**	-	715	-
Other tax expense	**360**	-	1,083	—
Foreign exchange gain (loss)	**(257)**	1	(494)	8
Geological and exploration expense	**-**	318	—	581
Share-based compensation	**42**	73	127	221
Transaction costs	**-**	-	41	—
Total	**$ 8,306**	$ 1,136	**$24,667**	$2,932

For the three and nine months ended September 30, 2024, total expenses remained relatively flat as the Company saw success in reducing operating costs while at the same time continued to incur general and administrative costs related to the MOPL acquisition and one time restructuring costs for executive departures.

Operating expenses for the Q3 2024 were $2.64 million compared $3.39 million for Q2 and to $nil for 2023, quarter over quarter this translated to a 22% reduction in operating costs. The increase in total operating expense year over year is due to increased activity upon close of the Mont D'Or transaction. Quarter over quarter total expenses were down slightly as the Company cut fuel expenses and realized operational efficiencies expected upon closing of the MOPL transaction. For the quarter approximately US$213,000 was spent completing four workovers on existing wells.

Depreciation, depletion and amortization ("DD&A") for the three and nine months ended September 30, 2024, was $1.67 million (2023 - $0.01 million) and $5.11 million (2023 - $0.03 million) respectively, prior to 2024 the Company did not have depreciable assets. Quarter over quarter DD&A remained relatively flat as increased production was offset by lower DD&A/bbl (Q3 - $20.61/boe vs Q2 - $22.11boe) as the Company had not completed the work related to MGH-43.

General and administrative expenses for the three and nine months ended September 30, 2024 totalled $1.84 million (2023 - $0.73 million) and $4.97 million (2023 - $2.07 million) respectively as the Company completed the Mont D'Or transaction and acquired the operational team associated with the assets, along with the Jakarta office. Additionally, one time restructuring costs of $0.72 million were incurred during the quarter for executive departures.

Financing expenses for the three and nine months ended September 30, 2024 were $1.30 million (2023 – $0.01 million) and $3.21 million (2023 - $0.02 million) and for the quarter are related to ongoing lender payments and accrued interest, whilst the year to date includes the completion of the Mont D'Or transaction and associated equity financing.

Other tax expense for the period ended September 30, 2024 was $0.36 million (2023 - $nil), and is related to land and building taxes incurred by the Tungkal PSC. Other operating expenses in aggregate remained relatively flat year over year.

CAPITAL EXPENDITURES

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	**2024**	2023	% Change
($ thousands)						
Drilling, completion and equipment	$ 2,781	$ -	n.a.	2,887	$ -	n.a.
Facilities	-	-	-	-	-	-
Land, seismic and other	-	-	-	-	-	-
Total Capital Expenditures	-	-	-	-	-	-
Acquisitions (dispositions)	-	-	-	5,494	-	n.a.
Acquisition Payable	-	(7)	(100%)	-	(811)	(100%)
Cash on Acquisition	-	-	-	(9,832)	-	-
Net Cash Capital Expenditures	**$ 2,781**	**$ -**	**n.a.**	**$(1,451)**	**$ -**	**n.a.**

During the quarter the Company spent $2.871 million on capital expenditures to securing long lead items related to the Company's Q3 2024 drilling program, construct a new well pad and the drilling of MGH-43 which was ongoing at quarter end. All spend related to the ongoing workover program is classified and expensed as operating costs. Acquisition expenditures in 2024 are related to the completion of the MOPL transaction which occurred on January 4, 2024, no further acquisitions have been undertaken to date.

SHARE CAPITAL

	YTD September 30, 2024		YTD December 31, 2023	
	Number	Amount	**Number**	Amount
($ thousands, except share counts)				
Balance, opening	**38,389,981**	$ 8,694	**36,227,382**	$ 8,161
Issue of common shares - cash	**60,909,091**	6,702	**-**	-
Issue of common shares - acquisitions	**33,056,922**	4,207	**-**	-
Issue of common shares – warrant, option, RSU exercise	**-**	-	**2,162,599**	541
Share issuance costs	**-**	(1,740)	**-**	(8)
Balance, ending	**132,355,994**	$17,863	**38,389,981**	$ 8,694

During the quarter no securities were issued. Previously in Q1 2024, 60.9 million warrants were issued as part of subscription receipts converting to units as part of the MOPL transaction. In addition, 7.3 million broker warrants were issued to select brokers in conjunction with the subscription receipt offering. During the period ended September 30, 2024 no warrants, existing or newly issued were exercised. During the same period in 2023, no warrants were exercised. Subsequent to the quarter end, 1.7 million previously issued RSUs were converted into common shares in relation to an executive departure that occurred during Q3.

As at November 25, 2024, there were 134.1 million common shares outstanding, an aggregate of 2.13 million restricted share units and performance share units outstanding, 0.37 million stock options outstanding and 95.37 million potential shares issuable under warrants agreements (95.37 million warrants outstanding).

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The interim condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. The Company's ability to maintain its current level of operations is dependent on its ability to generate sufficient cash to fund its operations and future business plans.

The Company is dependent on its revenue from the sale of petroleum and natural gas from its Indonesian operations. This revenue stream is highly dependent on global commodity prices and exchange rates which are outside of the control of management. The volatility of commodity prices and capital markets will continue to have a significant impact on the Company's revenue and ability to access capital in the future. While Management believes the Company will have sufficient cash to discharge its obligations in the normal course of operations for the short-term, future operations will be dependent upon the raising of sufficient capital, the development of profitable operations and the corresponding generation of future cash flows.

The Company has been successful to date in obtaining financing. However, there is no assurance that it will be able to generate sufficient cash flow or obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. If the going concern assumption were not appropriate for the interim condensed consolidated financial statements, adjustments might be necessary to the carry value of assets and liabilities, reported revenues and expenses and the statement of financial position classifications used.

DEBT

As outlined in the interim condensed consolidated financial statements, the Company has entered into three debt facilities within MOPL. These facilities are amended versions of pre-existing debt agreements which MOPL had entered into over the course of business prior to being acquired by the Company. By utilizing these existing facilities, the Company was able to secure below market interest rates. In aggregate the MOPL debt facilities carry an average interest rate of just over 8% per year. During the quarter interest was accrued on these facilities and the Company was successful in lowering monthly payments from Q2 to provided added financial flexibility while conducting drilling activities in the MGH field. The Company will continue to focus on deleveraging while at the same time ensuring adequate capital is available and directed to value creating development programs within the MOPL assets.

CASH FLOW SUMMARY

(thousands)	Three months ended September 30, 2024	Three months ended September 30, 2023
Cash at beginning of period	**$ 5,997**	$ 2,124
Cash flow from (used in) operations	**1,513**	(584)
Cash flow from (used in) investing activities	**(1,298)**	(7)
Cash flow from (used in) financing activities	**(274)**	(12)
Effect of foreign exchange	**197**	-
Cash at end of period	**$ 6,135**	**$ 1,521**

During the quarter cash inflows from operations were $1.51 million resulting from revenue received from crude oil sales, less operating expenditures and G&A. This was a significant increase over Q2 due to increasing production and lower operating expenditures, and non-cash working capital, this was partially offset by lower realized prices during the quarter. Cash flow used in operations for the period ended September 30, 2023 was $0.58 million resulting from the net income from the day-to-day management of the Company, due diligence associated with the MOPL transaction, royalty revenue and minimal operational activity offset by changes in non-cash working capital.

Cash flows used in investing activities for the period ended September 30, 2024 were $1.30 million as a result of spend related to the pad construction, drilling of MGH-43, and long lead items for an anticipated second well. During the period ended September 30, 2023, minimal capital was spent as the Company's portfolio consisted of only the Bulu PSC during this time.

Cash flows from financing resulted in an outflow of $0.27 million for the period ended September 30, 2024 primarily as a result of the Company making debt payments to select MOPL lenders during the quarter. This represents a reduction relative to Q2, reflecting the negotiated decrease in monthly payments to lenders to provide greater financial flexibility while the Company was completing its drilling campaign.

WORKING CAPITAL

The Company has working capital of ($10.12) million as at September 30, 2024 (December 31, 2023 – $0.69 million). The Company expects to fund any working capital deficiencies via reduced lender payments (as highlighted in Note 8 of the Financial Statements), cash on hand (inclusive of the sale of the Bulu PSC) and future operating cash flow. Quarter over quarter the working capital deficiency increased significantly as a result of non-current taxes payable moving to current taxes payable, this occurred due to time passing from yearly tax installment negotiations. It should also be noted that the Company expects to renegotiate its current taxes payable, 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. The Company is confident it has sufficient financial flexibility to meet its current and future current liabilities from its existing business.

COMMITMENTS & CONTINGENCIES

CONTINGENCIES

MOPL Contingent Payments

The Share and Purchase Agreement ("SPA") the Company entered into in respect of the acquisition of Mont D'Or Petroleum Limited ("MOPL") (see Financial Statement Note 3) provides for future contingent payments to MOPL's prior owners in respect of the Tungkal and West Salawati Production Sharing 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.

The Company has estimated the undiscounted cash flows related to this contingent payment to be approximately US$7,971,000 [CAD$10,765,000] at the acquisition date and recorded a contingent liability of $4,480,161. There is no maximum amount stated in the SPA.

Contingent Payment Rights

As a condition of the Company's acquisition of MOPL and associated restructuring of existing MOPL debt, 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$2.25 million reduction in amount owing to a MOPL borrowing facility. The CPRs provide that the Company will make a cash payment on January 3, 2027 equal to $0.1957 per CPR multiplied by the percentage of the issued common shares of the Company still held be Kendall Court at that time. The Company has recorded a liability of $3.2 million for the estimated present value of the contingent payment.

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.

The identifiable assets and liabilities associated with the purchase price allocation have been measured at their individual fair values on the date of acquisition. Determinations of fair value often require management to make assumptions and estimates about future events. The preliminary purchase price allocation is based on management’s best estimate at the time of the preparation of these financial statements. The purchase price allocation is not final as the Company is continuing to obtain and verify information required, including those from internal and external specialists, to determine the fair value of certain assets and liabilities including property, plant and equipment, decommissioning obligations, income taxes payable, long term debt and the deferred tax liability, as well as the finalization of working capital adjustments. Upon finalizing the value of the net assets acquired, liabilities assumed and total consideration adjustments may be required as values subject to estimate are finalized. As new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, the accounting for the acquisition will be revised.

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 & CAPITAL MANAGEMENT

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.

Currently 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 September 30, 2024.

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

- Credit risk
- Market risk
- Liquidity risk

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

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

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from oil marketing. The Company has a one year contract in partnership with Petrochina to sell all of its oil to a refinery in Thailand. The maximum exposure to credit risk is as follows:

	September 30, 2024 $	December 31, 2023 $
Trade receivables	**2,572**	36
Other	**186**	—
Accounts receivable	**2,758**	36
Taxes Receivable (non-current)	**7,445**	—

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, payments to governments such as royalties and taxes are paid in local currency in Indonesia.

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 very 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.

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. However, when these facilities mature, they may be replaced with facilities subject to future market interest rates which may increase or decrease the Company's cost of capital.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with the financial liabilities. The Company's financial liabilities consist of accounts payable, taxes payable and amounts due under borrowing facilities. Accounts payable consists of invoices payable to trade supplies for office, field operating activities and capital expenditures. The Company processes invoices within a normal payment period. Accounts payable have contractual maturities of less than one year. 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.

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 and debt (see Financial Statement Note 9)

SELECTED QUARTERLY FINANCIAL INFORMATION

	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022
($, thousands, except per share amounts)								
Total oil sales	**8,240**	7,952	8,162	-	-	-	-	-
Cash flow from (used in) operations	**1,513**	(416)	(2,205)	(805)	(585)	(518)	(789)	(689)
Net loss	**(1,306)**	(1,485)	(2,413)	(965)	(1,109)	(1,110)	(625)	(746)
Per share – basic	***$(0.01)***	*$(0.01)*	*$(0.02)*	*$(0.03)*	*$(0.03)*	*$(0.03)*	*$(0.02)*	*$(0.02)*

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

- The acquisition of Mont D'Or Petroleum Limited in Q1 2024
- Costs associated with the Mont D'Or Petroleum Limited acquisition including but not limited to financing costs, legal costs, filing costs and deposits from Q4 2023 to Q1 2024
- The recapitalization of Softrock Minerals and the associated change in the Company's strategic direction in Q4 2022
- 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 during 2023 and ongoing cash calls related to work to progress the asset to FID
- The volatility in the Indonesian Crude Price ("ICP") benchmark, and the resulting effect on royalty revenue, cash flows and net income

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.

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.

ADVISORIES

The Company uses the following industry terms in the MD&A and other disclosures: "bbl" refers to barrels, "bbl/d" refers to barrels per day, "mbbl" refers to thousand barrels, "mcf" refers to thousand cubic feet, "mcf/d" refers to thousand cubic feet per day, "mmcf" refers to million cubic feet, "MMbtu" refers to one million British thermal units, "boe" refers to barrel of oil equivalent, "boe/d" refers to barrels of oil equivalent per day, and "mboe" refers to thousand barrels of oil equivalent. Disclosure provided herein in respect of a boe may be misleading, particularly if used in isolation. A boe conversion rate of six thousand cubic feet of natural gas to one barrel of oil equivalent has been used in the calculation of the boe amounts in the MD&A. The boe conversion rate is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.