Q4 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 twelve months ended December 31, 2024 and 2023. This information is provided as of May 9, 2025. This MD&A should be read in conjunction with the Company's annual consolidated financial statements ("consolidated financial statements") for the three months and year ended December 31, 2024 and 2023, together with the accompanying notes and with its Annual Information Form ("AIF") for the year ended December 31, 2024. 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 LTD.

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. The Company also holds a 42.5% non-operated working interest in the Bulu PSC, offshore Central Java. Criterium is actively engaged in seeking out new opportunities that fit its strategy of acquiring and developing undercapitalized and underutilized assets across the broader Southeast Asia region.

As of the date of this filing, Criterium has 5 employees at the corporate head office in Calgary, Alberta and 54 employees in Indonesia 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".

2024 YEAR IN REVIEW

During 2024 Criterium continued to execute on its strategy of acquiring undercapitalized and underutilized assets with the closing of the acquisition of Mont D'Or Petroleum Ltd. ("MOPL") on January 4th. Further information related to the acquisition can be found on SEDAR+. The closing of the acquisition represented a step change in the magnitude of operations for the Company, as such year over year comparisons will appear drastic and are not indicative of future changes.

In September of 2024, the Company restructured its leadership team with two key appointments as part of a planned leadership succession. As previously announced Mr. Matthew Klukas was appointed as President, Chief Executive Officer and appointed to the Board of Directors with the departure of Mr. Robin Auld as CEO and Director. At the same time Mr. Andrew Spitzer was appointed as Chief Financial Officer replacing Dr. Henry Groen who has remained with the Company in an advisory capacity leveraging his extensive experience in Southeast Asia.

During the fourth quarter the Company continued its program of low cost, high return workovers in the Mengoepeh ("MGH") field. These workovers continue to perform above expectations and are generating cash paybacks on average, of less than 30 days. In 2024 the Company completed 15 workovers. The Company expects to continue this program as outlined with the 2025 Budget that was publicly announced on February 13, 2025. During the year, the Company undertook its inaugural drilling campaign in the Mengoepeh field with the drilling of MGH-43. Initial results from MGH-43 were not as expected for oil, however gas shows were positive. The Company is procuring services to alleviate formation damage caused from drilling and the well provides future optionality for gas production as the Company executes its gas development strategy.

Throughout the year, the Company focused on driving down operating costs within MOPL. On a unit basis, costs dropped approximately 25% while absolute spend was flat. Going into 2025, the Company will continue to focus on costs reductions where possible within its existing business.

Financial flexibility and discipline will be paramount as the Company navigates the extreme volatility seen in global crude and financial markets. To that effect, subsequent to year end 2024, the Company was able to negotiate lower payments to lenders, resulting in an added US$2 million in liquidity during 2025.

OUTLOOK

The Company released its 2025 Budget earlier this year, at that time financial and commodity markets were relatively stable. Since that time, we have seen extreme volatility as the result of global tariff proposals and fears of impending recession. The Company has been mindful of these headwinds and has continued to work with its lenders to ensure that it has adequate financial flexibility. The Company continues to move forward with the execution of its gas development program. At the same time, the Company is putting added scrutiny on expenditures across its business in a bid to protect its cash balance. Going forward, the Company will be better positioned to weather market volatility as it diversifies its revenue stream.

SELECT Q4 AND FULL YEAR 2024 OPERATIONAL AND FINANCIAL HIGHLIGHTS

		Three months ended December 31,			Year ended December 31,		
		2024	2023	% Change	**2024**	2023	% Change
Financial Performance	***($ thousands, except per share)***						
	Oil revenue	**5,526**	-	n.a.	**29,880**	-	n.a.
	Royalty expense	**(1,389)**	-	n.a.	**(7,718)**	-	n.a.
	Royalty revenue	**28**	19	47%	**69**	106	(35%)
	Other Income	**2,385**	1	>1000%	**2,430**	3	>1000%
	Cash flow from (used in) operating activities	**474**	(805)	n.a.	**(506)**	(2,962)	n.a.
	Per share – basic	***$0.00***	*$(0.03)*	*n.a.*	***$0.00***	*$(0.08)*	*n.a.*
	Net loss	**(4,712)**	(965)	339%	**(9,915)**	(3,809)	147%
	Per share – basic	***$(0.03)***	*$(0.03)*	*(0%)*	***$(0.08)***	*$(0.10)*	*(30%)*
	Capital Expenditures	**(3,091)**	-	n.a.	**(5,978)**	-	n.a.
	Acquisition Expenditures	**-**	-	n.a.	**(5,495)**	(811)	578%
Operations	**Average daily production**						
	Heavy oil (bbl/d)	***0***	-	-	***0***	-	-
	Light oil (bbl/d)	***957***	-	*n.a.*	***858***	-	*n.a.*
	NGL (bbl/d)	***0***	-	-	***0***	-	-
	Natural gas (mcf/d)	***0***	-	-	***0***	-	-
	Total (boe/d)	**957**	-	n.a.	**858**	-	n.a.
Trading Information	**Weighted average shares outstanding (thousands)**						
	Basic	**133,936**	38,390	249%	**131,983**	37,726	250%
	Diluted	**228,335**	65,545	248%	**226,642**	66,629	240%
	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 Q4, oil revenue declined as higher field production was more than offset by lower realized oil prices and delays in a large crude oil lifting at the end of December. This delay resulted in revenues for the quarter being approximately $3.2 million lower than they otherwise would have been expected and will result in a substantial increase to Q1 2025 revenues. Total royalties paid trended lower, aligned with lower revenue, and also as a result of a mechanism within the Tungkal Gross Split PSC which reduces government take with lower oil prices.

Net loss increased for the year as the Company completed the MOPL transaction, at the time of the time of acquisition the assets were in a net loss position, and the Company directed spend to grow production. Nearly $5 million of the loss was a result of the non-cash accretion of contingent liabilities and long term debt at market rates.

BENCHMARK PRICES AND FOREIGN EXCHANGE

	Three months ended December 31,			Year ended December 31,		
Prices	**2024**	2023	% Change	**2024**	2023	% Change
Brent (US$/bbl)	**74.61**	83.77	(11%)	**80.53**	82.49	(2%)
Indonesia Crude Price (“ICP”) (US$/bbl)	**73.94**	83.45	(11%)	**80.41**	81.49	(1%)
Foreign Exchange						
USD to CAD	**1.399**	1.362	3%	**1.370**	1.349	2%
USD to IDR	**16,075**	15,558	3%	**15,932**	15,265	4%

During Q4, global crude prices continued their fall from Q2 2024 highs, 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 ICP pricing of US$5.98/bbl quarter over quarter. The Company continues to see supportive pricing fundamentals in southeast Asia, both for crude oil as well as for longer term contracted natural gas, this supports the Company’s 2025 gas development program and expected Gas Sales Agreement (“GSA”) signing during the year.

OIL AND NATURAL GAS SALES

	Three months ended December 31,			Year ended December 31,		
Revenue (US$000s)	**2024**	2023	% Change	**2024**	2023	% Change
Heavy Oil	**-**	-	-	**-**	-	-
Light Oil	**5,523**	-	n.a.	**29,880**	-	n.a.
Natural Gas	**-**	-	-	**-**	-	-
Total sales revenue	**5,523**	-	n.a.	**29,880**	-	n.a.
Average Realized Price						
Heavy Oil ($/bbl)	**-**	-	-	**-**	-	-
Light Oil ($/bbl)	**106.03**	-	n.a.	**111.47**	-	n.a.
Natural Gas ($/mmbtu)	**-**	-	-	**-**	-	-
Oil and Natural Gas Sales ($/boe)	**106.03**		n.a.	**111.47**	-	n.a.

During Q4 oil sales volumes declined as a result of an unanticipated delay in a scheduled December lifting of 40,500 barrels, whereby sales did not occur until January 3, 2025. This delay resulted in the deferral of approximately US$3.2 million in gross (US$2.35 million net) revenue into Q1 2025. Prior to 2024, the Company had no revenue from petroleum or natural gas sales.

SUMMARY OF EXPENSES

	Three months ended December 31,		Year ended December 31,	
($) thousands	**2024**	2023	**2024**	2023
Operating	**$ 2,276**	$ -	**$ 12,195**	$ 9
General and administrative	**264**	122	**5,230**	2,193
Depreciation and depletion	**(662)**	9	**4,450**	36
Financing costs	**7,014**	6	**10,224**	23
Restructuring Costs	**(89)**	-	**623**	-
Other tax expense	**370**	-	**1,453**	-
Foreign exchange (gain) loss	**695**	8	**201**	16
Geological and exploration expense	**-**	192	**-**	773
Share-based compensation	**27**	83	**154**	304
Transaction costs	**-**	564	**41**	564
Total	**$ 9,903**	$ 984	**$34,570**	$3,918

For the three months and year ended December 31, 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 fourth quarter 2024 were $2.28 million compared $3.39 million for Q3 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 as the Company capitalized amounts to inventory due to the previously mentioned delayed lifting.

Depreciation, depletion and amortization ("DD&A") for the three months and year ended December 31, 2024, was $(0.66) million (2023 - $0.01 million) and $4.45 million (2023 - $0.03 million) respectively. Quarter over quarter DD&A dropped as increased production was offset by lower DD&A/bbl (Q4 - $20.61/boe vs Q3 - $22.11boe) as the Company booked nearly 1 million barrels of reserves associated with its 2024 workover program and due to a change in the allocation of PP&E acquired as part of the MOPL transaction.

General and administrative expenses for the three months and year ended December 31, 2024 totalled $0.26 million (2023 - $0.73 million) and $5.23 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. During the fourth quarter over expenses fell versus the third quarter as the Company had previously made one time payments for employee benefits, insurance and other items.

Financing expenses for the three months and year ended December 31, 2024 were $7.01 million (2023 – $0.01 million) and $10.22 million (2023 - $0.02 million) respectively. For the fourth quarter, the Company booked a $3.8 million accretion expense related to amortization of the fair value of the debt and income taxes payable recorded in the MOPL transaction. Further debt interest expense of $3.2 million related to amortization of the fair value of debt acquired in the MOPL transaction. The full year expense includes the completion of the Mont D'Or transaction and associated equity financing.

Other tax expense for the three months and year ended December 31, 2024 was $0.37 million (2023 - $nil) and 1.45 million, and is related to land and building taxes incurred within the Tungkal PSC.

CAPITAL EXPENDITURES

	Three months ended December 31,			Twelve months ended December 31,		
	2024	2023	% Change	**2024**	2023	% Change
($ thousands)						
Drilling, completion and equipment	$ 3,091	$ -	n.a.	5,978	$ -	n.a.
Facilities	-	-	-	-	-	-
Land, seismic and other	-	-	-	-	-	-
Total Capital Expenditures	-	-	-	5,978	-	-
Acquisitions (dispositions)	-	-	-	5,494	-	n.a.
Acquisition Payable	-	-	-	-	(811)	(100%)
Cash on Acquisition	-	-	-	(9,832)	-	-
Net Cash Capital Expenditures	**$ 3,091**	**$ -**	**n.a.**	**$(1,640)**	**$(811)**	**n.a.**

During the fourth quarter the Company spent $3.09 million on capital expenditures to execute the Company's H2 2024 drilling program, construct a new well pad and the drilling of MGH-43. All spend related to the 2024 workover program was reclassified from operations costs to capital expenditures as reserves evaluations were done on all wells. Acquisition expenditures and cash on acquisition 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

	Full Year Ending December 31, 2024		Full Year Ending 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	**60,910,000**	6,702	**-**	-
Issue of common shares - acquisitions	**33,056,922**	4,207	**-**	-
Issue of common shares – warrant, option, RSU exercise	**1,700,000**	145	**2,162,599**	541
Issue of common shares – shares for debt	**1,250,000**	98	**-**	-
Share issuance costs	**-**	(1,741)	**-**	(8)
Balance, ending	**135,306,903**	$18,107	**38,389,981**	$ 8,694

During Q4, 1,700,000 previously issued RSUs were converted into commons shares, in relation to an executive departure that occurred during Q3. Additionally, during the quarter, 1,250,000 common shares were issued to a third party in exchange for the forgiveness of $98,310 in previously recorded payables.

In Q1 2024, 60.910 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 December 31, 2024 no warrants, existing or newly issued were exercised. During the same period in 2023, no warrants were exercised.

As at May 8, 2025, there were 136.4 million common shares outstanding, an aggregate of 6.68 million restricted share units and performance share units outstanding, 0.64 million stock options outstanding and 91.61 million potential shares issuable under warrants agreements (91.61 million warrants outstanding).

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

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.

As of December 31, 2024, had a working capital deficit of $31.46 million with cash from operations in the fourth quarter of $0.474 million ($1.9 million annualized). 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 continuing to work with its lenders and business partners to mitigate the impact on executing its business strategy.

The annual 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. See going concern in note 2 of the annual consolidated financial statements.

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.

The table below outlines a contractual maturity analysis for Criterium's financial liabilities at December 31, 2024. While all taxes payable are currently classed as current, the Company has historically managed taxes payable on a year by year basis with the Indonesian government based on the financial capability of the Company.

	Within 1 Year $	1 to 5 Years $	More than 5 Years $	**Total $**
Accounts payable and accrued liabilities	9,442	-	-	**9,442**
Taxes payable	22,047	-	-	**22,047**
Lease liability	204	88	-	**292**
Contingent consideration	-	12,267	2,935	**15,202**
Debt	11,555	26,300	-	**37,855**
Debt estimated interest (1)	2,627	2,018	-	**4,645**
Total	45,875	40,673	2,935	**89,483**

(1) Estimated interest for future years related to the debt facilities was calculated using the weighted average interest rate of 8% for the year ended December 31, 2024, applied to the principal balance outstanding as at that date.

DEBT

As outlined in the annual 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 Q4 interest was accrued on these facilities and the Company returned to full monthly payments at year end. Subsequent to year end the Company was successful in negotiating additional payment deferrals from both of its largest lenders (Kendall Court and Eastspring) in the amount of US$1.9 million. These deferrals will help to provide added financial flexibility as the Company executes its 2025 capital program focused on bringing gas onstream. Underpinning the Company's approach to capital management, 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 specifically.

CASH FLOW SUMMARY

	Three months ended December 31		Twelve months ended December 31	
	2024	2023	**2024**	2023
(thousands)				
Cash at beginning of period	**6,125**	1,521	**$ 433**	$ 3,721
Cash flow from (used in) operations	**474**	(806)	**(506)**	(2,698)
Cash flow from (used in) investing activities	**(2,540)**	(266)	**658**	(1,077)
Cash flow from (used in) financing activities	**(1,668)**	(17)	**1,221**	486
Effect of foreign exchange	**(84)**	-	**501**	-
Cash at end of period	**$ 2,307**	$ 433	**$ 2,307**	$ 433

During the period ended December 31, 2024 cash outflows from operations were $0.51 million resulting from revenue received from crude oil sales, less operating expenditures and G&A. This was a significant increase over the period ended December 31, 2023 due the acquisition of MOPL and the growth of production that occurred during the year. Cash flow from in operations for the period ended December 31, 2024 was $2.58 million resulting from the revenue from the day-to-day management of the Company, offset by MOPL transaction costs and by changes in non-cash working capital.

Cash flows from investing activities for the period ended December 31, 2024 were $0.66 million as a result of spend related to drilling of MGH-43 and reclassification of opex to capex on workovers completed during 2024 as reserves were attributed to them. This spend was partially offset by cash acquired with the acquisition of MOPL. During the period ended December 31, 2023, non-material capital was spent on the Company's Bulu asset, being the only asset in the Company's portfolio.

Cash flows from financing resulted in an inflow of $1.22 million for the period ended December 31, 2024 as a result of the Company issuing shares in connection with the MOPL acquisition. This was offset by $2.6 million in payments on long term debt to select MOPL lenders during the year.

WORKING CAPITAL

The Company had working capital of ($31.46) million as at December 31, 2024 (December 31, 2023 – $0.69 million). 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. Though the business is sensitive to fluctuations in commodity prices and current market economic challenges, the Company is taking steps to reduce the working capital deficit to a more manageable level through continuing to work with its lenders and business partners to mitigate the impact on executing its business strategy.

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

COMMITMENTS & CONTINGENCIES

CONTINGENCIES

	Contingent liability 1	Contingent liability 2	Contingent liability 3	Total
	$	$	$	$
Balance, December 31, 2023	-	-	-	-
Acquisition	**3,376**	**342**	**2,912**	**6,630**
Accretion expense	860	90	508	1,457
Effects of movements in exchange rates	277	2	-	279
	4,533	**431**	**3,419**	**8,384**
Less: current portion	-	-	-	-
Balance, December 31, 2024	**4,533**	**431**	**3,419**	**8,384**

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 5) 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 estimated the future undiscounted cash flows related to this contingent payment to be approximately US$6.790 million ($9.770 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.

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 $0.2119 per CPR multiplied by the percentage of the issued common shares of the Company still held be Kendall Court at that time. The Company recorded a liability of $2.9 million for the estimated present value of the contingent payment at the date of acquisition.

COMMITMENTS

Within the West Salawati PSC the following remaining work commitments are outlined:

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*

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

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 2024 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”), British Pounds (“GBP”) 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 specifically, but the Company monitors its foreign exchange exposure and considers its exposure to foreign currency risk to be minimal as at December 31, 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 (as described above)

See Note 23 of the Financial Statements which 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 large regional producers to jointly market export volumes. The contract is re-tendered each year, with recent premiums to Indonesian Crude

Price (“ICP”) ranging from US$0.50-$5.00/bbl. Credit risk is reduced through letters of credit provided by state backed Indonesian banks. The maximum exposure to credit risk is as follows:

	December 31, 2024 $	December 31, 2023 $
Cash and cash equivalents	**2,307**	433
Trade receivables	**553**	64
Other	**84**	-
Accounts receivable	**637**	64
VAT receivable	**6,211**	-
Total exposure	**9,155**	497

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 Indonesian Rupiah. While the Company does not specifically mitigate this risk, it did enter into a IDR/USD swap position in Q4, for the purposes of ensuring liquidity for its IDR denominated operating expenses.

Commodity price risk

The Company has exposure to price risk in its exploration, development, and production of petroleum and natural gas business. The Company has not used derivative financial instruments to hedge exposure to petroleum and natural gas price fluctuations. The results of operations and cash flows of petroleum and natural gas production can 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. 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. 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.

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 23)

SELECTED QUARTERLY FINANCIAL INFORMATION

	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022
($, thousands, except per share amounts)									
Gross oil sales	**5,526**	8,240	7,952	8,162	-	-	-	-	-
Cash flow from (used in) operations	**474**	1,513	(416)	(2,205)	(805)	(585)	(518)	(789)	(689)
Net loss	**(4,712)**	(1,306)	(1,485)	(2,413)	(965)	(1,109)	(1,110)	(625)	(746)
Per share – basic	***$(0.03)***	$(0.01)	*$(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:

- Delays in the December 2024 oil lifting resulting in significantly lower revenues for Q4 2024 (see Financial Statement Note 8), including oil produced to inventory and sold January 3, 2025, Q4 revenues would have been approximately $8.5 million
- Capital expenditures related to the drilling of the MGH-43 well in the Tungkal PSC in Q3 and Q4 2024
- 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 towards FID
- The volatility in the 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.

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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO, along with participation from other members of management, are responsible for establishing and maintaining adequate Internal Control over Financial Reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial statements prepared in accordance with IFRS. The Company's CEO and CFO, with support of management have assessed the design and operating effectiveness of the Company's ICFR as at December 31, 2024 based on criteria described in "Internal Control - Integrated Framework" issued in 2013 by the Committee of Sponsoring Organization of the Treadway Commission. Based on this assessment, it was concluded that the design and operation of the

Company’s ICFR are effective as at December 31, 2024. During the three months ended December 31, 2024, there has been no change in the Company’s ICFR that has materially affected, or is reasonably likely to materially affect, the Company’s ICFR.

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.