



CRITERIUM
ENERGY

Q2 2025
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 six months ended June 30, 2025 and 2024. This information is provided as of August 26, 2025. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements ("consolidated financial statements") for the three and six months ended June 30, 2025 and audited year end 2024 statements. This document provides additional information about Criterium and is 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 production, development and exploration for the sale of oil and natural gas in Southeast Asia. The Company is currently developing three 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 and the Bulu PSC, a gas development located offshore of central Java. 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".

CORPORATE REVIEW

During the three months ended June 30, 2025, Criterium focused on executing its stated annual work program as outlined in its 2025 Guidance press release on February 13, 2025. The key activity of the work program is the execution of the Company's SE-MGH gas development program, and during Q2 the Company mobilized its project team to commence earthworks and prepare for well tests in Q3 of 2025. The team continues to assemble all necessary permits, right of ways and regulatory approvals and will secure all documents prior to commencement of construction of pipeline infrastructure in Q4 2025. Currently the Company is moving towards its first key milestone in gas development, a long-term production test in SE-MGH, which is expected to occur in Q3 2025, preliminary results are being disclosed as part of a press release outlining the Q2 Financial Statements and MD&A. Full results from this test will underpin a Gas Sales Agreement ("GSA") which is anticipated to be signed in Q3/Q4 of this year.

During the three months ended June 30, 2025, the Company paused its program of low cost, high return workovers in the Mengoepeh (“MGH”) field. To date the Company has completed 7 workovers this year and 22 since acquiring the Tungkal PSC. These workovers continue to assist in maintaining field production and continue to generate near-term paybacks despite lower oil prices.

Financial flexibility and discipline continue to be paramount as the Company navigates the volatility seen in global crude oil prices and financial markets. During the three months ended June 30, 2025, the Company was able to negotiate lower payments to lenders, resulting in an additional US\$1.9 million in liquidity which will be realized during 2025 and gained assurances from lenders that further deferrals could be realized in Q3/Q4 should lower oil prices continue. Total debt payments in Q2 2025 were \$0.132 million which were made to satisfy interest accrued in Q1 of 2025.

OUTLOOK

The Company released its Guidance prior to the April 2, 2025 “Liberation Day” US tariff announcements. At that time financial and commodity markets were relatively stable. Since that time, markets have seen extreme volatility as the result of global tariff proposals, geopolitical tensions in the Middle East and increased supply from OPEC+ in the crude oil markets. The Company has been mindful of these headwinds and has continued to manage operating costs diligently and to work with its lenders to ensure that it has adequate financial flexibility to execute its gas development program as outlined in the press release dated July 20, 2025. The Company continues to move forward with the execution of its gas development program as outlined in the press release issued July 30, 2025. Going forward, the Company will be better positioned to weather market volatility as it diversifies its revenue stream and benefits from long-term take or pay offtake contracts for its gas volumes starting in Q1 of 2026. These contracts are fixed and are not impacted by global market dynamics or market volatility as seen in Europe and North America.

SELECT OPERATIONAL AND FINANCIAL HIGHLIGHTS

(\$ thousands, except per share)	Three months ended			Six months ended		
	June 30,			June 30,		
	2025	2024	% Change	2025	2024	% Change
FINANCIAL PERFORMANCE						
Oil revenue	7,542	7,952	(5%)	22,178	16,117	38%
Royalty expense	(1,393)	(2,129)	(35%)	(5,054)	(4,283)	18%
Royalty revenue	5	(4)	-	33	9	267%
Other Income	285	2	1,000%	569	43	1,000%
Cash flow from (used in) operating activities	164	(416)	-	395	(2,494)	-
<i>Per share – basic</i>	\$ 0.00	\$ (0.00)	-	\$ 0.00	\$ (0.02)	-
Net loss	(1,237)	(1,485)	(17%)	(2,409)	(2,413)	0%
<i>Per share – basic</i>	\$ (0.01)	\$ (0.01)	-	\$ (0.02)	\$ (0.02)	-
Capital Expenditures	714	106	574%	882	106	732%
Acquisition Expenditures	-	-	-	-	5,654	(100%)
OPERATIONS						
Average daily production						
Light oil (boe/d)	890	821	8%	939	822	14%
Operating Netback (\$/boe)⁽¹⁾						
Realized sales price	\$ 96.66	\$ 116.16	(17%)	\$ 107.49	\$ 109.80	(2%)
Royalty expense	(17.85)	(31.10)	(43%)	(24.50)	(30.31)	(19%)
Net production expense	(35.77)	(44.84)	(20%)	(41.17)	(49.72)	(17%)
Operating field netback	43.04	40.22	7%	41.82	29.77	40%
TRADING INFORMATION						
Weighted Average Shares outstanding (thousands)						
Basic	136,375	132,355	3%	136,239	130,291	5%
Share Trading						
High	\$0.070	\$0.090	(22%)	\$ 0.075	\$ 0.140	(46%)
Low	\$0.045	\$0.045	0%	\$ 0.045	\$ 0.050	(10%)
Average daily trading volume	46,735	108,214	(57%)	74,835	94,951	(21%)

(1) Calculated based on Q1/Q2 field production and excluding operating costs for production in inventory at year end 2024

During Q2 2025, oil revenue remained flat year over year and declined quarter over quarter as lower field production coupled with revenue from a large crude oil lifting early in Q1. Unit royalties paid continued to trend lower, aligned with lower US dollar denominated sales, and the mechanism within the Tungkal Gross Split PSC which reduces government take with lower oil prices.

Net loss for the three months ended June 30, 2025 narrowed slightly both year on year and quarter over quarter, as the Company saw continued reduced operating and depreciation costs when compared to previous quarters.

BENCHMARK PRICES AND FOREIGN EXCHANGE

	Three months ended			Six months ended		
	June 30,			June 30,		
Prices	2025	2024	% Change	2025	2024	% Change
Brent (US\$/bbl)	\$ 68.01	\$ 84.65	(20%)	\$ 71.91	\$ 83.83	(14%)
Indonesia Crude Price ("ICP") (US\$/bbl)	\$ 69.86	\$ 84.85	(18%)	\$ 75.84	\$ 83.78	(9%)
Foreign Exchange						
USD to CAD (average)	1.3837	1.3683	1%	1.4094	1.3585	4%
USD to IDR (average)	16,327	16,290	0%	16,435	16,114	2%

Brent crude oil prices for Q2 2025 fell 20% when compared to the average price in Q2 2024. Crude oil prices fell as concerns of rising US tariffs potentially disrupting global economies and therefore reduce the demand for crude oil. Despite lower year on year benchmark prices, the Company was able to offset some of the decline as the Canadian dollar dropped versus the US dollar and the Company realized premiums of up to US\$5/bbl on the volumes it was able to export. 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 in the second half of this year.

OIL SALES

	Three months ended			Six months ended		
	June 30,			June 30,		
	2025	2024	% Change	2025	2024	% Change
Revenue (\$ thousands)						
Light Oil	\$ 7,542	\$ 7,952	(5%)	\$ 22,178	\$ 16,117	38%
Average Realized Price						
Light Oil (\$/bbl)	\$ 96.66	\$ 116.16	(17%)	\$ 107.49	\$ 109.80	(2%)

During the three months ended June 30, 2025, oil sales revenues declined by 5% year over year as a result of a 17% drop in realized prices. This price drop was partially offset by high production. Revenue for the quarter was lower than Q1 as a result of a scheduled December 2024 lifting of 40,500 barrels being delayed into Q1 2025. This delay resulted in the deferral of approximately US\$3.2 million in gross (US\$2.35 million net of royalties) revenue into Q1 2025. Excluding this one-time event, revenues decreased by 25% quarter over quarter as realized prices declined significantly.

SUMMARY OF EXPENSES

(\$) thousands	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Operating	2,856	3,386	8,642	7,280
Financing costs	1,723	957	3,921	1,910
General and administrative	1,497	1,479	2,603	3,141
Depreciation and depletion	1,231	1,594	3,145	3,445
Other tax expense	457	723	820	723
Share-based compensation	74	43	155	85
Transaction costs	-	3	-	41
Foreign exchange gain	(65)	(178)	(147)	(253)
Gain on modification	(598)	-	(1,251)	-
Total	\$ 7,174	\$ 8,007	\$ 17,888	\$ 16,372

For the three months ended June 30, 2025, total expenses decreased by 10% relative to Q2 2024, while oil revenue was relatively flat compared to Q2 2024. This is a result of the Company's success in reducing operating costs during the period. For the six months ended June 30, 2025, expenses increased by 10% due to the large lifting that occurred in January 2025. At the same time, financing costs increased as the Company recognized accretion on the fair value of existing debt facilities as valued at year end 2024.

Operating expenses for the three months ended June 30, 2025 were \$2.86 million, down from June 30, 2024 (\$3.39 million) due to cost reductions. For the six months ended June 30, 2025, expenses were \$8.62 million compared to \$7.28 million during the same period in 2024. The 19% increase in total operating expense year over year is due to the large lifting occurring in January which accounted for ~\$2 million of the total costs in Q1. Excluding this, operating costs were lower despite higher year on year production.

Depreciation, depletion and amortization ("DD&A") for the three months ended June 30, 2025, was \$1.23 million (June 30, 2024 - \$1.59 million) vs \$1.91 million in Q1. Quarter over quarter DD&A reflected decreased production, partially offset by higher DD&A/bbl. For the six months ended June 30, 2025, DD&A expenses due to PPA ("Purchase Price Allocation") adjustments that were made in Q4 2024 render the year on year comparative not indicative of operational performance. With the inclusion of the adjustments, DD&A/bbl did decrease year on year.

General and administrative expenses for the three months ended June 30, 2025, totalled \$1.50 million (June 30, 2024 - \$1.48 million) as the Company established a stable run rate. For the six months ended June 30, 2025 expenses remained lower versus the comparative period in 2024 as the Company did not incur any transaction expenses which had impacted Q1 2024 expenses and realized lower salaries relative to 2024 due to the management departure that occurred in Q3 2024.

Financing costs for the three months ended June 30, 2025, was \$1.72 million (June 30, 2024 - \$0.96 million). For the three months ended June 30, 2025, the Company recognized a \$1.72 million accretion expense (June 30, 2024 - \$0.15 million) related to the amortization of the fair value of the debt and income taxes recognized for the MOPL transaction. Offsetting a portion of the Financing costs was a gain on modification of the Company's debt. As the Company has been successful in negotiating deferrals of debt payments the fair value for the Company's two largest debt instruments decrease by \$0.60 million for the months ended June 30, 2025 and \$1.25 million for the six month ended June 30, 2025. The Company did not recognize any gain on modification during the first six months of 2024. assumed in the MOPL transaction and foreign exchange rates increased the value of expenses, particularly in Q1 2025.

Other tax expense for the three and six months ended June 30, 2025, was \$0.46 million (2024 - \$0.72 million) and \$0.82 million (2024 - \$0.72 million) respectively and is related to land and building taxes incurred within the Tungkal PSC. The year on year drop for the three months ending June 30, 2025 is due to taxes not being accrued in Q1 2024.

CAPITAL EXPENDITURES

(\$ thousands)	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Drilling, completion and equipment	714	-	882	-
Total Capital Expenditures	714	-	882	-
Acquisitions (dispositions)	-	-	-	5,494
Cash on Acquisition	-	-	-	(9,965)
Net Capital Expenditures	714	-	882	(4,471)

During the three and six months ended June 30, 2025, the Company spent \$0.71 million and \$0.89 million respectively, on capital expenditures to execute the Company's gas development and workover programs (June 30, 2024 - \$nil). Expenditures related to the 2025 gas and workover program will be reclassified from non-depletable capital to property, plant and equipment as reserve bookings are evaluated and confirmed for these wells and gas is brought on production.

SHARE CAPITAL

(\$ thousands, except share counts)	Six months ended June 30,			
	2025		2024	
	Number	Amount	Number	Amount
Balance, opening	135,306,903	18,107	38,389,981	8,694
Issue of common shares - cash	-	-	60,910,000	6,700
Issue of common shares – acquisitions ⁽¹⁾	-	-	33,056,922	4,207
Issue of common shares – warrant, option, RSU exercise	1,068,333	-	-	-
Issue of common shares – shares for services	-	-	-	-
Share issuance costs	-	-	-	(1,741)
Balance, ending	136,375,236	18,107	132,356,903	17,863

(1) Net of the 4,817,000 issued shares which were cancelled subsequent to Q1 2024 as announced on April 26, 2024

During Q2 2025, no shares, RSUs, PSUs, Options or warrants were issued.

As at the date of this report, there are 136,375,236 common shares outstanding, an aggregate of 5,831,667 RSUs and PSUs outstanding, 516,667 stock options outstanding and 90,647,100 potential shares issuable under warrants agreements.

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 suppliers 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 June 30, 2025, the Company had a working capital deficit of \$25.99 million (December 31, 2024 – \$31.46) with cash from operations of \$0.3 million for the six months ended June 30, 2025 (June 30, 2024 – (\$2.5) million). There is significant doubt in the Company's ability to pay its current liabilities as they become due. The business is sensitive to fluctuations in commodity prices and current market economic conditions. The Company continues to work with its lenders, business partners and the Indonesian tax office in order to improve the working capital deficit.

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 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 1 of the interim condensed consolidated financial statements.

The Company is dependent on its revenue from the sale of crude oil 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 successfully obtained sufficient financing to date. 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 June 30, 2025. 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	4,860	-	-	4,860
Lease liability	228	45	-	273
Contingent consideration	-	8,801	-	8,801
Taxes payable	22,685	-	-	22,685
Debt	4,389	27,061	-	31,450
Debt estimated interest ⁽¹⁾	2,537	1,130	-	3,667
Total	34,699	37,037	-	71,736

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

DEBT

As outlined in the interim condensed consolidated financial statements (note 13), 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 three and six months ended June 30, 2025, the Company made scheduled debt payments of \$1.539 million and secured an additional US\$1.9 million in payment deferrals from its two largest lenders, Kendall Court Cambridge Investment Manager Ltd. ("Kendall Court") and Eastspring ASEAN Mezzanine Debt Master Fund ("Eastspring"). Additionally, the Company has communicated to the lenders that payments for the balance of the year will be minimized. These deferrals enhance financial flexibility to support the 2025 capital program, which is focused on bringing natural gas onstream. The Company remains committed to deleveraging while ensuring sufficient capital is allocated to value-generating development within the MOPL assets specifically.

CASH FLOW SUMMARY

	Three months ended		Six months ended	
	June 30,		June 30,	
(\$ thousands, inclusive of non-cash working capital)	2025	2024	2025	2024
Cash at beginning of period	\$ 1,597	\$ 8,655	\$ 2,307	\$ 443
Cash flow from (used in) operations	164	(416)	395	(2,494)
Cash flow from investing activities	(372)	(240)	(372)	4,497
Cash flow from financing activities	124	(2,066)	(817)	2,883
Effect of foreign exchange	59	190	59	388
Cash at end of period	\$ 1,572	\$ 5,997	\$ 1,572	\$ 5,997

During the three months ended June 30, 2025, cash from operations were \$0.16 million resulting from revenue received from crude oil sales, less operating expenditures and G&A. This was a significant increase over the three months ended June 30, 2024, due the production growth and operating cost

reductions realized since the acquisition of MOPL. This was a slight increase quarter over quarter primarily due to non-cash financing activities.

Cash outflows from investing activities for the three and six months ended June 30, 2025, were \$0.88 million as the company begin to execute its gas development program compared to an inflow of \$4.50 million for the three months ended June 30, 2024. The cash realized from the MOPL acquisition during the six months ended June 30, 2024 resulted in a large cash inflow from investing activities.

Cash flows from financing resulted in an inflow of \$0.12 million for the three and an outflow of \$0.82 million for the six months ended June 30, 2025 as the Company made payments on its lease and debt. The outflows for the quarter decreased as the Company deferred payments to lenders in response to lower oil price and to maintain financial flexibility. Based on the ongoing cooperative nature of the lenders the Company expects to further defer payments through the balance of the year.

WORKING CAPITAL

The Company had a working capital deficit of \$25.99 million as at June 30, 2025 (December 31, 2024 – \$31.46 million), down from \$30.3 million at the end of Q1 2025. 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 by executing its business strategy and through continuing to work with its lenders and business partners to mitigate the impact on executing this strategy.

Due to these factors, there is a material uncertainty that may cast significant doubt on the Company's ability to pay its current liabilities as they become due. The condensed interim 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
	\$	\$	\$	\$
(\$ thousands)				
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
Balance, December 31, 2024	4,533	431	3,419	8,384
Accretion expense	390	27	286	703
Effects of movements in exchange rates	(220)	(65)	-	(285)
Balance, June 30, 2025	4,703	393	3,705	8,801

Liability #1: 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.

Liability #2: West Salawati Discovery

For Contingent liability 2, the Company has assumed a contingent liability as a part of the acquisition of MOPL (note 5). This is related to a contractual payment of US\$0.500 million upon certain successes within the West Salawati Production Sharing Contract. On a discounted basis this was valued at US\$0.256 million (\$0.341 million) at the date of the PPA using a discounted cash flow based on a discount rate of 25% and assumption of future payment occurring. At June 30, 2025, this is valued at \$0.393 million based on a discount rate of 25% and a continued expectation that future payment will occur.

Liability #3: 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 by 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 the 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	<i>Outstanding</i>
2027	Acquisition and processing of 3D Seismic	1,500	<i>Outstanding</i>
2028	Acquisition and processing of 2D Seismic	1,000	<i>Outstanding</i>
	Exploration Well	6,000	<i>Outstanding</i>

These commitments highlight the prospective nature of the West Salawati PSC. 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, SGD, 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 the date of this report.

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 20 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:

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

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 an IDR/USD swap position in Q4, for the purposes of ensuring liquidity for its IDR denominated operating expenses, this instrument has been periodically renewed on a monthly basis.

Commodity price risk

The Company has exposure to price risk in its exploration, development, and production of petroleum and natural gas business. The Company has not used derivative financial instruments to hedge exposure to petroleum and natural gas price fluctuations. The results of operations and cash flows of petroleum and natural gas production can vary significantly with the fluctuations in the market prices of hydrocarbons. These are affected by factors outside of the Company's control, including market forces of supply and demand and regulatory and political actions of government. During the quarter, 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 borrowing 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 20)

SELECTED QUARTERLY FINANCIAL INFORMATION

	Jun. 30, 2025	Mar. 31, 2025	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023
<i>(\$, thousands, except per share amounts)</i>									
Gross oil sales	7,542	14,636	5,526	8,240	7,952	8,162	-	-	-
Cash flow from (used in) operations	164	231	474	1,513	(416)	(2,205)	(805)	(585)	(518)
Net loss	(1,237)	(1,171)	(4,712)	(1,306)	(1,485)	(2,413)	(965)	(1,109)	(1,110)
<i>Per share – basic</i>	\$(0.01)	\$(0.01)	\$(0.03)	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.03)	\$(0.03)	\$(0.03)

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

- The volatility in the ICP benchmark, and the resulting effect on royalty revenue, cash flows and net income.
- Delays in the December 2024 oil lifting resulting in significantly lower revenues for Q4 2024, including oil produced to inventory and sold January 3, 2025, Q4 revenues would have been approximately \$8.5 million. This caused an increase in Q1 2025 revenues.
- Capital expenditures were 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 closed in Q1 2024.
- Costs associated with the Mont D'Or Petroleum Limited acquisition included but were 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.

DIVIDEND ADVISORY

Criterion'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 Criterion and may depend on a variety of factors, including, without limitation, Criterion'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 Criterion 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 the management team, 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 the date of this report, 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. During the three months ended June 30, 2025, 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.