

CRITERIUM ENERGY LTD.

UNDERWRITTEN PUBLIC OFFERING OF EQUITY UNIT SUBSCRIPTION RECEIPTS TERM SHEET

The following is a summary of the basic terms and conditions of a proposed offering of securities by Criterium Energy Ltd. A preliminary short-form prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of provinces of Canada, other than Québec. Copies of the preliminary short-form prospectus may be obtained from Research Capital Corporation at ecm@researchcapital.com. A copy of the preliminary short-form prospectus, and any amendment, is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities. The preliminary short-form prospectus is subject to completion. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short-form prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short-form prospectus, final short-form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

Issuer:	Criterium Energy Ltd. (the “ Company ”).
Offered Securities:	Underwritten public offering (the “ Offering ”) of 48,182,000 equity subscription receipts of the Company (the “ Equity Subscription Receipts ”).
Gross Proceeds:	C\$5,300,020.
Offering Price:	C\$0.11 per Equity Subscription Receipt.
Acquisition:	The Company will be entering into a sales and purchase agreement (the “ SPA ”) to acquire all outstanding shares of Mont d’Or Petroleum Ltd. (“ MOPL ”) for consideration of USD\$1 upon closing of the Acquisition (as defined below), assumption of the senior and junior debt in MOPL by the Company, and such number of common shares of the Company (“ Common Shares ”) representing USD\$1,000,000 with a 12-month lock-up on resale (the “ Acquisition ”).
Equity Subscription Receipt:	Each Equity Subscription Receipt will entitle the holder thereof to receive, without payment of any additional consideration and with no further action on the part of the holder thereof, one unit of the Company (a “ Unit ”) upon satisfaction or waiver of the Escrow Release Conditions (as defined below) prior to the Escrow Release Deadline (each defined below).
Unit:	Each Unit will consist of one Common Share and one Common Share purchase warrant (a “ Warrant ”).
Warrant:	Each Warrant will entitle the holder to purchase one Common Share (a “ Warrant Share ”) at an exercise price of C\$0.14 per Warrant Share until the date that is 60 months following the satisfaction or waiver of the Escrow Release Conditions.
Escrow:	The gross proceeds of the Offering (less expenses of the Underwriter and 50% of the Underwriter’s Fees (defined below) payable on the Closing Date (defined below)) will be delivered to and held by a licensed Canadian trust company or other escrow agent (the “ Escrow Agent ”) mutually acceptable to the Underwriter (defined below) and the Company in an interest bearing account (the “ Escrowed Funds ”) pursuant to the terms of a subscription receipt agreement to be entered into on the Closing Date among the Company, the Underwriter (as defined below) and the Escrow Agent. The Escrowed Funds (less the remaining 50% of the Underwriter’s Fees and any remaining costs and expenses of the Underwriter) will be released from escrow to the Company, as applicable, upon satisfaction of the following conditions (collectively, the “ Escrow Release Conditions ”) no later than the 90 th day following the Closing Date, or such other date as may be mutually agreed to in writing between the Company and the Underwriter (the “ Escrow Release Deadline ”), including:

- (a) the completion, satisfaction or waiver of all conditions precedent to the Acquisition in accordance with the SPA (save and except for those conditions precedent which are contingent upon and/or will be completed, satisfied or waived concurrent with or as part of the closing of the Acquisition (the “**Concurrent Conditions Precedent**”), provided that the Chief Executive Officer of the Company (or such other officers as may be acceptable to the Underwriter, acting reasonably) has certified to the Underwriter that, to the best of his information, knowledge or belief, no event, circumstance or condition exists which could reasonably be expected to result in any of the Concurrent Conditions Precedent not being completed, satisfied or waived concurrent with or as part of the closing of the Acquisition; it being understood and agreed that certain of the Concurrent Conditions Precedent may be completed or satisfied pursuant to the giving and acceptance of solicitors’ undertakings, as applicable, to the satisfaction of the Underwriter, acting reasonably;
- (b) the receipt of all required shareholder and regulatory approvals, including, without limitation, the conditional approval of the TSX Venture Exchange for the Acquisition;
- (c) the strategic investor having completed due diligence on the Company, in its sole discretion, and is satisfactory;
- (d) the Company obtaining shareholder approval for the strategic investor to become a “control person” of the Company;
- (e) the issuance of the Convertible Loan and the Loan Warrants on or before the closing of the Acquisition;
- (f) the representations and warranties of the Company contained in the underwriting agreement to be entered into in connection with the Offering being true and accurate in all material respects, as if made on and as of the escrow release date; and
- (g) the Company and the Underwriter having delivered a joint notice and direction to the Escrow Agent, confirming that the conditions set forth in (a) to (f) above have been met or waived.

As a condition precedent to the execution by the Underwriter of the joint notice and direction referred to in (g) above, the Chief Executive Officer of the Company (or such other officers as may be acceptable to the Underwriter, acting reasonably) will certify to the Underwriter that the Escrow Release Conditions (other than that set out in (g) above) have been satisfied.

If:

- (i) the satisfaction of the Escrow Release Conditions does not occur on or prior to the Escrow Release Deadline, or such other date as may be mutually agreed to in writing among the Company and the Underwriter; or
- (ii) the Company has advised the Underwriter or the public that it does not intend to proceed with the Acquisition (in each case, the earliest of such times being the “**Termination Time**”),

then all of the issued and outstanding Equity Subscription Receipts shall be cancelled and the Escrowed Funds including any accrued interest thereon shall be used to pay holders of Equity Subscription Receipts an amount equal to the Issue Price of the Equity Subscription Receipts held by them. If the Escrowed Funds and accrued interest are not sufficient to satisfy the aggregate Issue Price paid for the then issued and outstanding Equity Subscription Receipts, it shall be the Company’s sole responsibility and liability to contribute such amounts as are necessary to satisfy any such shortfall. For the avoidance of doubt, if, for any reason, the Escrowed Funds are returned to the holders of Equity Subscription

Receipts as aforesaid, (a) the Underwriter shall be entitled to retain the portion of the Underwriter's cash Commission paid to the Underwriter (and not the Escrow Agent) on the Closing Date in full and final settlement of any and all Underwriter's Fees (as defined below) payable to the Underwriter in connection with the Offering hereunder.

- Use of Proceeds:** The net proceeds of the Offering will be used to fund the Acquisition of all of the outstanding shares of MOPL (including partially repaying certain debts assumed by the Company) and development of the assets acquired pursuant to the Acquisition and for general corporate and working capital purposes.
- Over-Allotment Option:** The Underwriter shall also have the option (the "**Over-Allotment Option**") to increase the size of the Offering by up to an additional 15% in Equity Subscription Receipts, to be qualified by the Final Prospectus to cover over-allotments, by giving written notice of the exercise of the Over-Allotment Option, or a part thereof, to the Company at any time up to 30 days following Closing. If the Over-Allotment Option is fully exercised by the Underwriter, the aggregate gross proceeds to the Company will be C\$6,095,023.
- Offering Basis:** The Equity Subscription Receipts are to be issued on an underwritten basis by way of a short form prospectus to be filed in each of the provinces of Canada (other than Québec), and by private placement in the United States to "qualified institutional buyers" pursuant to Rule 144A of the United States Securities Act of 1933, or to accredited investors pursuant to Regulation D of the United States Securities Act of 1933, as amended, and in such other jurisdictions on a prospectus exempt basis.
- Listing:** Upon satisfaction of the Escrow Release Conditions and receipt of all requisite TSX Venture Exchange approvals, the Common Shares (including those underlying the Equity Subscription Receipts) and the Warrant Shares will be listed on the TSX Venture Exchange. In addition, the Company will use commercial reasonable efforts to obtain the necessary approvals to list the Warrants on the TSX Venture Exchange.
- Eligibility:** The Equity Subscription Receipts and the underlying securities shall be eligible for RRSPs, RRIFs, RDSPs, RESPs, TFSA, FHSAs and DPSPs.
- Concurrent Convertible Loan:** Concurrent with the Offering, the Company also intends to issue a convertible loan in the principal amount of C\$10,000,000 (the "**Convertible Loan**") to a strategic investor (the "**Strategic Investor**") pursuant to the terms to a loan agreement to be entered into between the Company and the Strategic Investor. In addition, the Company will issue to the Strategic Investor an aggregate of 62,500,000 Warrants (the "**Loan Warrants**"). The aggregate gross proceeds from the Offering and the Convertible Loan will be C\$15,300,020, excluding the exercise of the over-allotment option.
- Underwriter Fees:** 6.0% cash commission and 6.0% broker warrants.
- Underwriter:** Research Capital Corporation as the sole underwriter and sole bookrunner (the "**Underwriter**").
- Closing:** On or about the week of October 2, 2023, or such date as the Underwriter and Company may agree upon (the "**Closing Date**").