CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited, in thousands of Canadian dollars		**March 31, 2024**	**December 31, 2023**
Assets			
Current assets			
Cash and cash equivalents		**14,970**	18,333
Restricted cash		**700**	670
Accounts receivable		**50,673**	61,523
Prepaid expenses and other		**9,147**	9,578
Inventories		**3,852**	3,656
Risk management contracts	(Note 13)	**31,711**	49,344
		111,053	143,104
Risk management contracts	(Note 13)	**-**	15,071
Property, plant and equipment	(Note 5)	**390,746**	400,991
Exploration and evaluation assets	(Note 6)	**8,028**	8,025
Right-of-use assets		**3,091**	3,428
Deferred income tax asset		**77,613**	67,922
Total assets		**590,531**	638,541
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**107,161**	121,934
Current portion of decommissioning obligations	(Note 9)	**4,965**	4,965
Current portion of lease liabilities		**1,927**	2,035
Warrant liability	(Note 8)	**4,039**	4,192
Current portion of long-term debt	(Note 7)	**32,025**	30,748
		150,117	163,874
Other amounts payable		**683**	401
Risk management contracts	(Note 13)	**13**	-
Decommissioning obligations	(Note 9)	**154,159**	156,916
Lease liabilities		**1,251**	1,476
Long-term debt	(Note 7)	**141,268**	141,468
Total liabilities		**447,491**	464,135
Shareholder's equity			
Share capital	(Note 10)	**275,948**	275,942
Contributed surplus		**13,269**	13,191
Warrants		**1,349**	1,349
Accumulated other comprehensive income		**27,878**	53,044
Deficit		**(175,063)**	(168,779)
Equity attributable to equity holders of the Company		**143,381**	174,747
Non-controlling interests		**(341)**	(341)
Total shareholders' equity		**143,040**	174,406
Total liabilities and shareholders' equity		**590,531**	638,541

Commitments (Note 15)
See accompanying notes to the consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

		Three months ended March 31,	
Unaudited, in thousands of Canadian dollars, except per share amounts		**2024**	2023
Revenue			
Petroleum and natural gas	(Note 11)	**76,310**	125,401
Royalties	(Note 11)	**(8,773)**	(14,706)
		67,537	110,695
Processing, marketing and other revenue	(Note 11)	**5,216**	10,631
		72,753	121,326
Realized gain on risk management contracts		**7,279**	381
Unrealized gain on risk management contracts		**-**	541
		80,032	122,248
Expenses			
Operating		**51,504**	66,473
Transportation		**5,110**	5,239
General and administrative		**5,595**	5,228
Finance	(Note 12)	**8,142**	11,086
Depletion and depreciation	(Note 5)	**16,330**	16,628
Share-based compensation		**747**	17
Foreign exchange loss		**3,904**	(15)
Gain on warrant liability	(Note 8)	**(153)**	-
Gain on asset disposition	(Note 5)	**(2,723)**	-
		88,456	104,656
Net income (loss) before taxes		**(8,424)**	17,592
Deferred income tax expense (recovery)		**(2,140)**	3,953
Net income (loss)		**(6,284)**	13,639
Other comprehensive income (loss), net of income tax			
Items that may be reclassified to net income (loss)			
Foreign currency translation loss		**-**	(1)
Unrealized loss on cash flow hedges, net of tax		**(30,771)**	-
Reclassification of realized gain on cash flow hedges to net income, net of tax		**5,605**	-
Total comprehensive income (loss)		**(31,450)**	13,638
Net income (loss) attributable to			
Equity holders of the Company		**(6,284)**	13,639
Non-controlling interests		**-**	-
Net income (loss) per share attributable to equity holders of the Company			
Basic	(Note 10)	**(0.04)**	0.09
Diluted	(Note 10)	**(0.04)**	0.08

See accompanying notes to the consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited, in thousands of Canadian dollars	Share Capital	Contributed Surplus	Warrants	Deficit	Accumulated Other Comprehensive Income	Total Equity Attributable to Equity Holders	Non-Controlling Interests	Total Equity
As at December 31, 2022	275,882	12,819	1,349	(177,760)	2,809	115,099	(341)	114,758
Share-based compensation	-	119	-	-	-	119	-	119
Common shares issued on stock option exercise	4	(1)	-	-	-	3	-	3
Net income	-	-	-	13,639	(1)	13,638	-	13,638
As at March 31, 2023	275,886	12,937	1,349	(164,121)	2,808	128,859	(341)	128,518
As at December 31, 2023	275,942	13,191	1,349	(168,779)	53,044	174,747	(341)	174,406
Share-based compensation	-	80	-	-	-	80	-	80
Common shares issued on stock option exercise	6	(2)	-	-	-	4	-	4
Net loss	-	-	-	(6,284)	-	(6,284)	-	(6,284)
Other comprehensive loss	-	-	-		(25,166)	(25,166)	-	(25,166)
As at March 31, 2024	**275,948**	**13,269**	**1,349**	**(175,063)**	**27,878**	**143,381**	**(341)**	**143,040**

See accompanying notes to the consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited, in thousands of Canadian dollars		**Three months ended March 31,** **2024**	2023
Operating activities			
Net Income (loss)		**(6,284)**	13,639
Unrealized gain on risk management contracts		**-**	(541)
Depletion and depreciation	(Note 5)	**16,330**	16,628
Non-cash financing costs	(Note 12)	**2,741**	7,935
Stock-based compensation		**80**	119
Unrealized loss on foreign exchange		**3,911**	-
Gain on revaluation of warrants	(Note 8)	**(153)**	-
Gain on asset disposition	(Note 5)	**(2,723)**	-
Deferred income tax expense (recovery)		**(2,140)**	3,953
Other amounts payable		**282**	(120)
Settlement of decommissioning obligations	(Note 9)	**(4,018)**	(512)
Changes in non-cash working capital	(Note 14)	**(977)**	208
Cash provided by operating activities		**7,049**	41,309
Investing activities			
Additions to property, plant and equipment	(Note 5)	**(4,894)**	(20,575)
Dispositions (additions) to exploration and evaluation assets	(Note 6)	**(3)**	89
Changes in non-cash working capital	(Note 14)	**12**	(3,021)
Cash used in investing activities		**(4,885)**	(23,507)
Financing activities			
Exercise of stock options		**4**	3
Restricted cash		**(30)**	-
Draws on long-term debt	(Note 7)	**675**	-
Repayment of Senior Facility and Bridge Loan	(Note 7)	**(5,685)**	(30,570)
Payment of financing fees	(Note 7)	**-**	(200)
Payments on lease obligations		**(491)**	(497)
Cash used in financing activities		**(5,527)**	(31,264)
Decrease in cash and cash equivalents		**(3,363)**	(13,462)
Cash and cash equivalents, beginning of period		**18,333**	22,273
Effect of foreign exchange on cash		**-**	(1)
Cash and cash equivalents, end of period		**14,970**	8,810
Cash paid:			
Interest paid in cash		**5,431**	3,242

See accompanying notes to the consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Pieridae Energy Limited (the "Company" or "Pieridae") is a publicly traded, Canadian company headquartered in Calgary, Alberta. Pieridae is focused on developing and producing conventional raw natural gas and processing it into sales products that include natural gas liquids ("NGLs") and sulphur.

The common shares of Pieridae trade on the Toronto Stock Exchange ("TSX") under the symbol PEA. The Company was incorporated on May 29, 2012, under the laws of Canada. It is headquartered at 3100, 308 – 4th Avenue SW, Calgary, Alberta, T2P 0H7.

Many of the Company's activities involve jointly owned assets. The consolidated financial statements reflect only the Company's proportionate interest in such activities. The majority of Pieridae's assets and business activities are held in a wholly owned subsidiary, Pieridae Alberta Production Ltd ("PAPL").

These condensed interim consolidated financial statements were approved by the Board of Directors of Pieridae on May 8, 2024.

2. Basis of Presentation

These unaudited condensed interim consolidated financial statements ("interim financial statements") and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These interim financial statements have been prepared following the same accounting policies and methods of computation as the Company's annual consolidated financial statements as at and for the year ended December 31, 2023. Certain information and disclosures normally required to be included in the notes to the annual financial statements have been condensed or omitted. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2023. Comparative amounts have been reclassified to match the current period presentation.

3. Material accounting judgments and estimates

The preparation of these interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and related disclosures with respect to contingent assets and liabilities. Pieridae bases judgments, estimates and assumptions on current facts, historical experience and various other factors that are reasonable under the circumstances. The economic environment could also impact certain judgments, estimates and discount rates necessary to prepare these interim financial statements, including significant estimates and judgments used in assessing for impairment indicators in the current economic environment. Actual results could differ materially from estimates and assumptions. Pieridae reviews estimates and underlying assumptions on an ongoing basis and make revisions as determined necessary by management. Such revisions are recognized in the period in which the estimates are revised and may impact future periods as well.

Critical accounting judgments and estimates used in preparing the interim financial statements are described in Pieridae's consolidated financial statements for the year ended December 31, 2023.

4. New Accounting Policies and Standards

New accounting policies

Amendments to IAS 1 Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify its requirements for the presentation of liabilities as current or non-current in the statements of financial position and clarify its requirements for the disclosure of Accounting Policies. In October 2022, the IASB issued amendments to IAS 1, which specify the classification and disclosure of a liability with covenants. Both amendments were adopted on January 1, 2024. There was no material impact to the Company's financial statements.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16, Lease Liability in a Sale and Leaseback to clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. This amendment was adopted on January 1, 2024. There was no material impact to the Company's financial statements.

5. Property, Plant and Equipment

The following table summarizes the Company's property, plant and equipment ("PP&E") balances at March 31, 2024 and December 31, 2023:

($ 000s) **Cost**	**March 31, 2024**	**December 31, 2023**
Balance, January 1	**640,616**	537,594
Additions	**4,894**	55,377
Change in decommissioning obligations (Note 9)	**696**	(10,485)
Assets held for sale - Northeast British Columbia	**-**	58,645
Assets held for sale - Central and Southern Alberta (1)	**-**	(515)
Balance, end of period	**646,206**	640,616

Accumulated Depletion and Depreciation	**March 31, 2024**	**December 31, 2023**
Balance, January 1	**239,625**	139,502
Depletion and depreciation	**15,835**	59,481
Assets held for sale - Northeast British Columbia	-	40,914
Assets held for sale - Central and Southern Alberta (1)	-	(272)
Balance, end of period	**255,460**	239,625

Net Book Value	**March 31, 2024**	**December 31, 2023**
Balance, January 1	**400,991**	398,092
Balance, end of period	**390,746**	400,991

(1) Classified as prepaid expenses and other.

At March 31, 2024, future development costs of the Company's proved plus probable reserves of $791.0 million (December 31, 2023- $791.0 million) were included in the depletion calculations.

In December 2023, the Company classified certain non-core assets in Central and Southern Alberta with a carrying value of $0.2 million and associated decommissioning obligation liabilities of $3.0 million as held for sale (Note 9). Immediately prior to classifying the assets as held for sale, the Company conducted a review of the assets' recoverable amounts and transferred these assets at their carrying amount, with no impairment recorded. The disposition of these assets closed in the first quarter of 2024 and a gain of $2.7 million was recognized.

Impairment

At March 31, 2024, the Company did not identify any indicators of impairment or potential impairment reversals on any of its CGUs, thus no impairment test was required. At December 31, 2023, the Company determined that indicators of impairment existed in the Northern CGU due to lower forward AECO pricing and higher operating costs. The fair value less cost of disposal method was used to determine the recoverable amount of the Northern CGU and was classified as Level 3 fair value measurement as certain key assumptions were not based on observable market data, but rather Management's best estimates. The impairment test resulted in a recoverable amount, supporting the CGU's carrying value of $34.7 million.

6. Exploration and Evaluation Assets

The following table summarizes the Company's exploration and evaluation ("E&E") assets at March 31, 2024 and December 31, 2023:

($ 000s)	**March 31, 2024**	**December 31, 2023**
Balance, January 1	**8,025**	7,863
Additions	**3**	162
Balance, end of period	**8,028**	8,025

E&E assets consist primarily of the Company's seismic assets, undeveloped land, and exploration projects which are pending the determination of technical feasibility and commercial viability. At March 31, 2024 and December 31, 2023, no impairment indicators were identified related to the Company's E&E assets, therefore no impairment tests were performed.

7. Long-Term Debt

Senior Facility, Subordinated Notes and Bridge Term Loan

The following tables summarize the Company's available liquidity and long-term debt balances as of March 31, 2024:

($ 000s)	Principal outstanding (USD)	Available (USD)	Principal outstanding (CAD)
Senior Facility			
Revolving Loan USD $25,000 (1)	12,800	12,200	**17,343**
Term Loan USD $85,000 (1)	79,900	-	**108,264**
Delayed Draw Term Loan USD $10,000 (1)(2)	-	10,000	**-**
Subordinated Notes USD $30,000 (1)(3)	30,000	-	**40,650**
Total under Senior Facility	122,700	22,200	**166,257**
Bridge Term Loan $20,000 (4)	-	-	**23,014**
Total, March 31, 2024	**122,700**	**22,200**	**189,271**

(1) Converted to CAD using the month end exchange rate of 1.355.
(2) Included in the Term Notes is a USD$10 million delayed draw term loan, which is undrawn. It must be drawn prior to December 31, 2024. Any amount drawn will be combined with the amortizing term loan, together (the "Term Notes").
(3) Excludes unamortized deferred financing fees of USD$5.3 million.
(4) Includes interest payable in-kind of $3.0 million and excludes unamortized deferred financing fees of $0.2 million.

	Term Notes (i) (2)	Revolving Loan (i)	Subordinated Notes (ii)	Bridge Term Loan (iii)	Financing Costs (3)	Total
Balance, January 1	107,924	19,574	32,280	21,754	(9,316)	**172,216**
Draws	-	675	-	-	-	**675**
Repayments	(2,304)	(3,381)	-	-	-	**(5,685)**
Non-cash interest paid in kind (Note 12)	-	-	-	986	-	**986**
Accretion of financing costs (Note 12)	-	-	359	71	760	**1,190**
Foreign exchange (1)	2,644	475	792	-	-	**3,911**
Balance, end of period	**108,264**	**17,343**	**33,431**	**22,811**	**(8,556)**	**173,293**
Current portion	9,214	-	-	22,811	-	32,025
Long-term portion	99,050	17,343	33,431	-	(8,556)	141,268

(1) Converted to CAD using the month end exchange rate of 1.355.
(2) Included in the Term Notes is a $10 million delayed draw term loan, which is undrawn. It must be drawn between October 1, 2023, and December 31, 2024. Any amount drawn will be combined with the amortizing term loan, together (the "Term Notes").

(i) Senior Facility

The Senior Facility was issued to PAPL and consists of the Term Notes, the Revolving Loan and a Delayed Draw Term Loan. The Senior Facility bears interest at the Secured Overnight Financing Rate ("SOFR") plus 6.75% per annum from the date of issue accrued daily and payable monthly or quarterly at PAPL's discretion. The Term Notes amortize at 2% quarterly, beginning September 30, 2023. The Revolving Loan and Term Notes are subject to an excess cash flow sweep, which is based on a prescriptive formula and was not triggered at March 31, 2024. The Revolving Loan is also subject to a standby fee of 0.5% per annum payable quarterly on the undrawn portion. The Delayed Draw Term Loan may be drawn any time prior to December 31, 2024 to fund the Waterton turnaround project, and is subject to a standby fee of 1% per annum, payable quarterly on the undrawn portion of the loan. The Senior Facility is repayable in full on March 13, 2027. The Company may repay the Term Notes in whole or in part upon written notice to the lender, by incurring a prepayment penalty, which was identified as an embedded derivative that is clearly and closely related to the Senior Facility contract and thus, no incremental value was assigned. The prepayment penalty is 103% of the principal plus accrued interest any time prior to December 5, 2025 and 100% of the principal plus accrued interest any time after December 5, 2025. PAPL incurred $10.8 million of closing costs, which were accounted for as transaction costs and netted against the value of the loan to be amortized over 45 months. At March 31, 2024, the effective interest rate on the Senior Facility was 12.1% (December 31, 2023 – 12.1%).

(ii) Subordinated Notes

The Subordinated Notes were issued to PAPL and bear interest at a fixed rate of 13% per annum accrued daily and payable quarterly. The Subordinated Notes are repayable in full on September 13, 2027. The Company may repay them in whole or in part upon written notice to the lender by incurring an early termination penalty of up to USD $48 million less the total amount of the principal and interest paid to date. The Subordinated Notes contain a prepayment option, which is an embedded derivative that is clearly and closely related to the underlying contract and thus no incremental value was assigned. PAPL incurred $0.8 million of closing costs, which were accounted for as transaction costs and netted against the value of the loan to be amortized over 51 months. The common share purchase warrants were issued in conjunction with the Subordinated Notes described in Note 8. The proceeds from the Subordinated Notes were allocated between the Subordinated Notes and the warrants based on their relative fair values resulting in $7.2 million being allocated to the warrant liability at inception. At March 31, 2024, the effective interest rate on the Subordinated Notes was 20% (December 31, 2023 – 20%).

(iii) Bridge Term Loan

The Bridge Term Loan was issued to the Company and has no direct recourse against the assets or cash flows of PAPL. The Bridge Term Loan bears interest at a fixed rate of 18% per annum accrued daily and payable in-kind quarterly and is repayable in full on December 13, 2024. The Company may repay the principal and interest in whole or in part any time prior to December 13, 2024, upon 30 days written notice to the agent, without penalty. Additionally, either the Company or the lender may convert the outstanding principal amount, accrued and unpaid interest plus a conversion fee equal to 20% of the remaining original principal amount outstanding into common shares of the Company, upon no less than 15 days and no more than 60 days prior written notice. The conversion feature may be exercised anytime until the maturity of the loan. This conversion feature caused the Bridge Term Loan to be a compound financial instrument with an embedded derivative classified as a financial liability and measured at its fair value, which equals the present value of its future cash flows. Because the loan can be converted by either Pieridae or the lender and there is not a fixed number of shares on conversion, there is no value assigned to the equity portion.

The Company incurred $0.4 million of closing costs, which were accounted for as transaction costs and netted against the value of the loan to be amortized over 18 months. At March 31, 2024, the effective interest rate on the Subordinated Notes was 19.2% (December 31, 2023 – 19.2%).

Covenants

As at March 31, 2024 the Company was in compliance with all covenants.

Letter of Credit Guarantee Facility

Effective June 30, 2023, the guarantee facility from Export Development Canada was renewed and maintained at $12.0 million. This facility provides for 100% guarantee to the issuing bank of the Company’s existing and future letter of credit of which $6.0 million was drawn at March 31, 2024 (December 31, 2023 - $5.9 million).

8. Warrant Liability

In conjunction with the issuance of the Subordinated Notes, the Company issued 18,596,322 warrants at an exercise price of $0.49 per share with a seven-year term expiring on June 13, 2030. Each warrant is exercisable into one common share. The warrants are classified as a financial liability due to the cashless exercise feature. The initial value of the warrants was calculated using relative fair value between the total value of the Subordinated Notes and the initial Black-Scholes option valuation. The proportionate amount of the Black-Scholes valuation was then applied to the value of the Subordinated Notes. At each subsequent reporting period the warrants are remeasured and any changes in fair value are recognized in statements of income. The fair value of the warrants is determined using the Black-Scholes option valuation model. The warrants may be exercised at any time and are therefore presented as a current liability on the consolidated statement of financial position. The following table reconciles the warrant liability in the period:

($ 000s)	
Balance, initial valuation	7,160
Change in fair value during period	(2,968)
Balance, December 31, 2023	**4,192**
Change in fair valuation during period	**(153)**
Balance, March 31, 2024	**4,039**

The following table provides the assumptions used in Black-Scholes pricing model to calculate fair value of the warrants:

	March 31, 2024	**December 31, 2023**
Risk-free interest rate	**3.81%**	3.46%
Expected life (years)	**6.21**	6.45
Volatility	**71.8%**	81.2%

9. Decommissioning Obligations

The following table summarizes the Company's decommissioning obligations at March 31, 2024 and December 31, 2023:

($ 000s)	**March 31, 2024**	**December 31, 2023**
Balance, January 1	**161,881**	159,504
Additions	**-**	104
Change in estimates	**-**	2,293
Change in discount rate	**696**	(12,882)
Settlement of obligations	**(4,018)**	(3,118)
Accretion	**565**	2,273
Liability held for sale – Northeast British Columbia (Note 5)	**-**	16,673
Liability held for sale – Central and Southern Alberta (Note 5)	**-**	(2,966)
Balance, December 31	**159,124**	161,881
Expected to be incurred within one year	**4,965**	4,965
Expected to be incurred beyond one year	**154,159**	156,916

The Company's decommissioning obligations result from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. At March 31, 2024, the total undiscounted amount of cash flows required to settle its decommissioning obligations is approximately $275.6 million (December 31, 2023 - $275.6 million).

The Company used an observable, market-based and inflation adjusted risk-free real rate of return to estimate the present value of the decommissioning obligation. At March 31, 2024, the Company used a discount rate of 1.50% (December 31, 2023 – 1.40%).

As of December 2023, $3.0 million in decommissioning liabilities was classified as held for sale and included in accounts payable and accrued liabilities.

10. Share Capital

Issued and Outstanding Common Shares

	March 31, 2024		**December 31, 2023**	
($ 000s except share amount)	**Common shares**	**$**	**Common shares**	**$**
Balance, January 1	**159,087,336**	**275,942**	158,963,336	275,882
Shares issued on stock option exercise	**12,000**	**6**	124,000	60
Balance, end of period	**159,099,336**	**275,948**	159,087,336	275,942

Per Share Amounts

Per common share amounts have been determined based on the following:

	Three months ended March 31	
	2024	**2023**
Weighted average common shares	**159,054,636**	158,965,558
Dilutive effect of equity instruments [1]	**-**	1,629,049
Weighted average common shares, diluted	**159,054,636**	160,594,607

(1) For the period ended March 31, 2024, 4.5 million options and 23.6 million warrants (December 31, 2023 – 3.3 million options and 5.0 million warrants) were excluded from the diluted weighted average shares calculation as they were anti-dilutive.

11. Petroleum and Natural Gas Sales

The Company's major revenue sources are comprised of sales from the production of natural gas, condensate, natural gas liquids and sulphur. The sale of these products is recognized when control of the product transfers to the customer and the cash collection is reasonably probable, upon delivery of the product. The sale of produced commodities occurs under contracts of varying terms of up to one year. Revenues are typically collected on the 25th day of the month following delivery. Product sales are based on fixed or variable price contracts. Transaction prices for variable priced contracts are based on benchmark commodity prices and other variable factors, including quality differentials and location.

The Company's petroleum and natural gas revenues are set out below:

	Three months ended March 31	
	2024	**2023**
Natural gas	**42,309**	85,164
Condensate	**23,074**	25,677
NGLs	**8,961**	11,009
Sulphur	**1,966**	3,551
Total petroleum and natural gas sales	**76,310**	125,401
Less:		
Gross royalties	**17,380**	24,055
Gas cost allowance	**(8,607)**	(9,349)
Less royalties	**8,773**	14,706
Processing and marketing revenue	**5,072**	6,401
Other revenue	**144**	4,230
Processing, marketing and other revenue	**5,216**	10,631
Total	**72,753**	121,326

12. Finance Expense

The following is a summary of finance expenses:

	Three months ended March 31	
($ 000s)	**2024**	**2023**
Cash portion of interest expense	**5,431**	3,242
Non-cash interest paid in kind	**986**	2,650
Accretion of financing costs	**1,190**	4,771
Accretion of decommissioning obligations (Note 9)	**565**	514
Interest on lease liabilities	**64**	52
Other finance charges	**(94)**	(143)
Total finance expense	**8,142**	11,086

13. Financial Instruments and Risk Management

Financial instruments at March 31, 2024 consist of cash and cash equivalents, restricted cash, deposits (included in other assets), accounts receivable, accounts payable, current and long-term debt, risk management contracts, and warrant liability. Risk management contracts and warrant liability are recorded at their fair values using Level 2 inputs. The carrying value of long-term debt approximates its fair value as it bears interest at market rates. The Company does not have any recurring fair value measurements classified as Level 3. There were no transfers between the levels in the fair value hierarchy for the period ended March 31, 2024. The Company's accounts receivable, accounts payable and other amounts payable approximate their fair values due to the short-term nature of these instruments.

The Company has exposure to counterparty credit risk, liquidity risk and market risk. Pieridae recognizes that effective management of these risks is a critical success factor in managing organization and shareholder value. Risk management strategies, policies and limits ensure risks and exposures are aligned to the Company's business strategy and risk tolerance. The Board of Directors is responsible for providing risk management oversight and oversees how management assesses and monitors risk. The following analysis provides an assessment of those risks as at March 31, 2024.

Counterparty 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. The Company's credit risk arises principally from cash and cash equivalents held with major financial institutions and accounts receivable from natural gas marketers, and partners in jointly owned assets.

Substantially all of the Company's petroleum and natural gas production is marketed under standard industry terms. Sales from petroleum and natural gas marketers are normally collected on the 25th day of the month following the sale. The Company's credit policy includes parameters to mitigate credit risk associated with these balances. The Company historically has not experienced any material collection issues with its petroleum and natural gas marketers. The Company's financial risk management contracts are held with two counterparties, both of which are large reputable financial institutions; management has concluded credit risk associated with these parties' contracts is low.

Liquidity risk

Liquidity and funding risk is the risk that the Company may be unable to obtain sufficient cash or its equivalent in a timely and cost-effective manner in order to meet its commitments as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company manages its liquidity risk by forecasting cash flows over a twelve-month rolling time period; these requirements are then addressed through management of Pieridae's capital structure, being its share capital and debt facilities and adjustments are made based on the funds available to the Company.

The Company's financial liabilities consist of accounts payable and accrued liabilities, which are expected to be funded as they come due by cash provided by operating activities and long-term debt.

Capital management

The Company manages the capital structure and makes adjustments in light of changes in economic and market conditions and the risk characteristics of the underlying assets. The Company's objective when managing capital is to ensure it has sufficient funds to maintain and develop its operating properties, accelerate debt repayment, develop resource opportunities and meet its commitments. To maintain or adjust the capital structure, the Company may issue new shares, obtain additional debt facilities and/or consider strategic alliances including joint venture partners.

Pieridae manages its capital structure and financing requirements using funds flow from operations, a non-GAAP measure. Funds flow is used to monitor and assess liquidity and the flexibility of the Company's capital structure by providing management and investors with a measure of the cash flows generated by the Company's assets available to meet financial obligations. Funds flow from operations is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

The calculation of funds flow from operations is as follows:

	Three months ended March 31,	
($ 000s)	**2024**	**2023**
Cash provided by operating activities	**7,019**	**41,309**
Settlement of decommissioning obligations	**4,018**	**512**
Changes in non-cash working capital	**1,007**	**(208)**
Funds flow from operations	**12,044**	**41,613**

The Company funds its share of commitments from existing cash balances, issuing shares and various debt facilities. The Company may require additional financing to advance growth opportunities. Management will explore all options to achieve the appropriate funding levels. Sources of future funds can include the issuance of shares, debt, a partnership agreement, or the sale of an interest in an oil or natural gas properties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk comprises three types of risk: commodity price risk, interest rate risk and currency risk.

Commodity price risk

The Company's natural gas, condensate, NGL and sulphur sales, and electricity purchase, are directly subject to fluctuations in underlying commodity prices. Fluctuations in commodity prices, both absolute and where relevant, are impacted by changes in the Canadian to USD exchange rate. Commodity price volatility may impact the Company's operating cash flows, its ability to attract investment and the ability to generate cashflows to maintain operations. The Company continually evaluates options to manage commodity price volatility and risk.

The Company utilizes fixed price physical delivery contracts and various financial derivative instruments as part of its overall risk management strategy to assist in managing the exposure to commodity price, foreign exchange and interest rate risk. These financial instruments are not used for speculative purposes.

Physical contracts are considered normal purchase or sales contracts and are not included in the risk management account on the statement of financial position but recognized in petroleum and natural gas revenue or operating expense as contracts are settled. The Company had the following fixed price physical commodity sales contracts and power contracts in place at March 31, 2024:

Type of contract	Quantity	Time Period	Contract Price
Fixed Price - Natural Gas Sales	7,500 Gj/d	Apr 2024 - Oct 2024	CAD $3.45 /GJ
Fixed Price - Natural Gas Sales	5,000 Gj/d	Nov 2024 - Oct 2026	CAD $3.31 /GJ
Fixed Price - Power Purchases	55 MW	Apr 2024 - Dec 2024	CAD $68.39 /MWh
Fixed Price - Power Purchases	55 MW	Jan 2025 - Dec 2025	CAD $79.12 /MWh
Fixed Price - Power Purchases	45 MW	Jan 2026 - Dec 2026	CAD $75.88 /MWh
Fixed Price - Power Purchases	25 MW	Jan 2027 - Dec 2027	CAD $70.19 /MWh

The Company applies hedge accounting to its financial risk management contracts. There was no hedge ineffectiveness identified as of March 31, 2024. The Company had the following financial risk management contracts in place as at March 31, 2024:

Type of contract	Quantity	Time Period	Contract Price
AECO Natural Gas Swap	30,000 Gj/d	Apr 2024 - May 2026	CAD $3.10 /GJ
AECO Natural Gas Swap	50,000 Gj/d	Apr 2024 - May 2026	CAD $3.30 /GJ
AECO Natural Gas Swap	25,000 Gj/d	Apr 2024 - May 2027	CAD $3.62 /GJ
AECO Natural Gas Swap	35,000 Gj/d	Jun 2026 - May 2027	CAD $3.95 /GJ
WTI Crude Oil Collar	1,391 bbl/d	Apr 2024 - Dec 2024	CAD $80.00 - $90.75 /bbl
WTI Crude Oil Collar	1,235 bbl/d	Jan 2025 - Dec 2025	CAD $80.00 - $90.75 /bbl
WTI Crude Oil Collar	918 bbl/d	Jan 2026 - Dec 2026	CAD $80.00 - $90.75 /bbl
WTI Crude Oil Collar	761 bbl/d	Jan 2027 - May 2027	CAD $80.00 - $90.75 /bbl
WTI Crude Oil Swap	30 bbl/d	Apr 2024 - Dec 2024	CAD $110.25 / bbl
WTI Crude Oil Swap	275 bbl/d	Apr 2024 - May 2025	CAD $99.80 / bbl
WTI Crude Oil Swap	70 bbl/d	Apr 2024 - May 2026	CAD $104.00 / bbl
WTI Crude Oil Swap	225 bbl/d	Jun 2025 - Dec 2025	CAD $93.07 / bbl
WTI Crude Oil Swap	185 bbl/d	Jan 2026 - May 2026	CAD $90.28 / bbl
WTI Crude Oil Swap	350 bbl/d	Jun 2026	CAD $82.33 / bbl
WTI Crude Oil Swap	15 bbl/d	Jul 2026 - Dec 2026	CAD $88.25 / bbl
WTI Crude Oil Swap	50 bbl/d	Jul 2026 - May 2027	CAD $92.25 / bbl
WTI Crude Oil Swap	750 bbl/d	Jun 2027	CAD $78.75 / bbl

The following financial risk management contracts were entered into subsequent to March 31, 2024:

Type of contract	Quantity	Time Period	Contract Price
AECO Natural Gas Swap	16,200 Gj/d	Jun 2026 - Mar 2027	CAD $3.63 /GJ
WTI Crude Oil Swap	220 bbl/d	Jun 2025 – Mar 2028	CAD $93.85 /bbl
WTI Crude Oil Swap	135 bbl/d	Jul 2026 - Mar 2028	CAD $90.78 /bbl
WTI Crude Oil Swap	430 bbl/d	Jul 2027 - Mar 2028	CAD $88.52 /bbl

The hedge ratio, representing the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting is 1:1 at March 31, 2024.

Changes in fair value of risk management asset and liabilities for the period ended March 31, 2024 are as follows:

($ 000s)	**Financial Derivatives**	**Cashflow Hedges**	**Total**
Fair value of assets, balance January 1	-	64,415	64,415
Changes in fair value – profit or loss	-	-	-
Changes in fair value – OCI	-	(39,996)	(39,996)
Risk management contract settlements	-	7,279	7,279
Fair value of assets, balance end of period	**-**	**31,698**	**31,698**
Risk management asset – current	-	31,711	31,711
Risk management liability – long-term	-	13	13

Changes in fair value of risk management asset and liabilities for the period ended December 31, 2023 are as follows:

($ 000s)	**Financial Derivatives**	**Cashflow Hedges**	**Total**
Fair value of assets, balance January 1	251	-	251
Changes in fair value – profit or loss	(2,409)	-	(2,409)
Changes in fair value – OCI	-	60,436	60,436
Risk management contract settlements	2,158	3,979	6,137
Fair value of assets, balance December 31	**-**	**64,415**	**64,415**
Risk management asset – current	-	49,344	49,344
Risk management asset – long-term	-	15,071	15,071

The following table illustrates the effects of potential movement in commodity prices on net income due to the changes in the fair value of financial derivative contracts in place at March 31, 2024. The sensitivity is based on a 10% increase and 10% decrease in forward price curves at March 31, 2024.

($ 000s)	**Increase WTI and AECO**	**Decrease WTI and AECO**
Increase (decrease) to net income (loss)		
Crude Oil - WTI (CAD)	**(14,427)**	13,945
Natural Gas - AECO (CAD)	**(28,654)**	28,654

Interest rate risk

Interest rate risk is the risk that future cashflows will fluctuate as a result of changes in market interest rate. For the period end March 31, 2024, the Company's primary interest rate exposure was the variable rate Senior Facility. A 1.0% change in the SOFR rate would result in a $0.3 million change in interest expense (December 31, 2023 - $0.8 million).

Currency risk

Currency risk is the risk that cashflows will fluctuate as a result of changes in foreign currencies and the Canadian dollar. A small portion of the Company's accounts receivable, accounts payable, accrued liabilities and commitments are denominated in USD, however the impact of currency fluctuations are immaterial to these items.. A 5% change in the foreign exchange rates between these two currencies would result in a $1.7 million impact on interest expense and $8.3 million impact in foreign exchange translation gain (loss) related to the debt valuation.

During the fourth quarter of 2023 and first quarter of 2024, the Company entered into currency hedges, which provide the right but not the obligation to purchase USD at a fixed exchange rate. These provide downside protection on cash flow risk associated with currency fluctuations between USD and CAD for a portion of scheduled debt service obligations denominated in USD. At March 31, 2024, the Company did not exercise this option.

The Company had the following financial risk management contracts, to which hedge accounting is not applied, in place as at March 31, 2024:

Type of Contract	**Quantity (USD '000s)**	**Time Period**	**Average Price**
USD Call Option	$5,127	Apr 2024 – Jun 2024	CAD $1.3900
USD Call Option	$5,036	Jul 2024 – Sep 2024	CAD $1.3900
USD Call Option	$4,910	Oct 2024 – Dec 2024	CAD $1.3580
USD Call Option	$4,850	Jan 2025 – Mar 2025	CAD $1.3600

14. Presentation in Consolidated Statements of Cash Flows

The following table provides a detailed breakdown of certain line items contained within cashflow from operating and investing activities:

	Three months ended March 31	
($ 000s)	**2024**	**2023**
Changes in non-cash working capital		
Accounts receivable	**10,850**	6,775
Prepaid expenses and deposits	**188**	(587)
Inventories	**(196)**	(159)
Risk management contracts – current assets	**-**	(311)
Accounts payable and accrued liabilities	**(11,807)**	(8,625)
Risk management contracts – current liabilities	**-**	94
Total change in non-cash working capital	**(965)**	(2,813)
Relating to:		
Operating activities	**(977)**	208
Investing activities	**12**	(3,021)

15. Commitments

The following is a summary of the Company's commitments as at March 31, 2024:

($ 000s)	**2024**	**2025**	**2026**	**2027**	**Thereafter**	**Total**
Firm transportation	8,936	10,909	2,089	-	-	21,934
Premium on foreign exchange hedges	511	148	-	-	-	659
Total	**9,447**	**11,057**	**2,089**	**-**	**-**	**22,593**