Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of Pieridae Energy Limited ("Pieridae", "we", "our" or the "Company") provides a review by management of the financial performance and position of the Company, as well as the trends and external factors which may impact our prospects. This MD&A has been prepared as of March 19, 2025, and should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes for the year ended December 31, 2024 and 2023 (the "Consolidated Financial Statements") as well as Pieridae's Annual Information Form ("AIF"). The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board ("IASB"). Our reporting currency is the Canadian dollar ("CAD"). All amounts are presented in CAD, unless otherwise stated.

When preparing our MD&A, we consider the materiality of information. Information is considered material if (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances, including potential market sensitivity.

Condensate is a natural gas liquid as defined by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. Throughout this MD&A, natural gas liquids ("NGLs") comprise all NGLs as defined by NI 51-101 other than condensate, which is disclosed separately. Reference is made to crude oil and natural gas in common units called barrel of oil equivalent ("boe"). A boe is derived by converting six thousand cubic feet ("mcf") of natural gas to one barrel ("bbl") of crude oil (6 mcf:1 bbl). This conversion may be misleading, particularly if used in isolation, since the 6 mcf:1 bbl ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In comparing the value ratio using current crude oil prices relative to natural gas prices, the 6 mcf:1 bbl conversion ratio may be misleading as an indication of value.

We are publicly traded on the TSX Exchange under the symbol PEA.TO. Continuous disclosure materials are available on our website, www.pieridaeenergy.com, or on SEDAR, www.sedarplus.com.

SPECIAL NOTE REGARDING NON-GAAP FINANCIAL MEASURES

This MD&A includes references to financial measures such as net operating income ("NOI"), netback, operating netback ("Operating Netback"), net debt, adjusted operating expense, adjusted working capital and funds flow from operations ("FFO"). Management believes these financial measures are important to the understanding of our business activities. These financial measures are not defined by IFRS and therefore are referred to as non-GAAP measures. The non-GAAP measures we use may not be comparable to similar measures presented by other companies. We use these non-GAAP measures to evaluate our performance. The non-GAAP measures should not be considered an alternative to, or more meaningful than, measures determined in accordance with IFRS, as an indication of our performance. The non-GAAP measures are reconciled to their closest GAAP measure. Non-GAAP measures are defined as they are used throughout this MD&A.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain of the statements contained in this MD&A constitute forward-looking information relating to, without limitation, management expectations, intentions and assessments of future plans, strategies and operations, our expected capital budget, our future business plan and strategy, our criteria for evaluating acquisitions and other opportunities, our intentions with respect to future acquisitions and other opportunities, plans and timing for development of undeveloped and probable resources, timing of when we may be taxable, estimated abandonment and reclamation costs, plans regarding hedging, wells to be drilled, the weighting of commodity expenses, expected production and performance of oil and natural gas properties, results and timing of projects, access to adequate pipeline capacity and third-party infrastructure, growth expectations, supply and demand for oil, NGLs, and natural gas, industry conditions, government regulations and regimes, and capital expenditures and the nature of capital expenditures and the timing and method of financing thereof, may constitute "forward-looking statements" or "forward-looking information" within the meaning of Applicable Securities Laws (as defined herein) (collectively "forward-looking statements"). Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "focus", "plan", "ensure", "grow", "sustain", "potential", "continue", "estimate", "expect", "project", "forecast", "target", "future", and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs, estimates and opinions regarding the Company's future growth, results of operations, performance and plans and timing for development of business prospects and opportunities and are based on information currently available to management.

The forward-looking statements are based on current expectations, estimates and projections about the Company and the industry in which we operate, which speak only as of the earlier of the date such statements were made or as of the date of the report or document in which they are contained, and are subject to known and unknown risks and uncertainties that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others: general economic and business conditions which will, among other things, impact demand for and market prices of the Company's products, and volatility of and assumptions regarding crude oil, natural gas, and NGL prices.

Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to: general economic and business conditions,, tariffs or other trade restrictions imposed on Canada by the United States, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices and interest rates, currency fluctuations, imprecision of resources estimates, environmental risks, competition from other producers, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, expectations on leveraging ability to increase third-party utilization and associated revenues, delays resulting from or inability to obtain required regulatory approvals, ability to access sufficient capital from internal and external sources and the risk factors outlined under "Risk Factors" and elsewhere herein. The recovery and resource estimates of our reserves provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward- looking statements.

Forward-looking statements are based on a number of factors and assumptions which have been used to develop such forward-looking statements, but which may prove to be incorrect. Although we believe that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because we can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which we operate; the timely receipt of any required regulatory approvals; our ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; the feasibility of and effectiveness of management's mitigation plans; the expectations that the current claims and litigation of the Company will not materially affect the Company's Consolidated Financial Statements, the ability of the operator of the projects which we have an interest in to operate the field in a safe, efficient and effective manner; our ability to obtain financing on acceptable terms; the ability to replace and expand oil and natural gas resources through acquisition, development and exploration; the timing and costs of pipeline, storage and facility construction and expansion and our ability to secure adequate product transportation; expectations on future oil and natural gas prices and anticipated production volumes and recoverable quantities; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which we operate; timing and amount of capital expenditures, future sources of funding, production levels, weather conditions, success of exploration and development activities, access to gathering, processing and pipeline systems, advancing technologies, and our ability to successfully market oil and natural gas products.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect our operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedarplus.com), and on our website (www.pieridaeenergy.com). Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward-looking statements contained herein concerning the oil and gas industry and our general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research, industry analysis and on assumptions based on data and knowledge of this industry which we believe to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While we are not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on numerous factors.

DEFINITIONS AND ABBREVIATIONS

Bcf	Billion cubic feet	**C3**	Propane
Mcf	Thousand cubic feet	**MMcf**	Million cubic feet
Mcf/d	Thousand cubic feet per day	**MMcf/d**	Million cubic feet per day
GJ	Gigajoules	**MMBtu**	Million British thermal units
GJ/d	Gigajoules per day	**Bbl**	Barrel
USD	United States Dollars	**Boe**	Barrel of oil equivalent
AECO	Alberta benchmark price for natural gas	**Boe/d**	Barrel of oil equivalent per day
MW	Megawatt	**WTI**	West Texas Intermediate benchmark for crude oil
MWh	Megawatt hour	**C4**	Butane
C2	Ethane	**C5/C5+**	Condensate or pentane

PIERIDAE'S OBJECTIVES AND STRATEGY

Pieridae is a Canadian energy company headquartered in Calgary, Alberta, and a significant upstream producer and midstream gathering and processing ("G&P") operator with core assets concentrated in western Alberta. Pieridae's business is focused on safely producing, processing and delivering treated natural gas, condensate, NGLs and sulphur to market.

Management is optimistic about the opportunities within the asset base and in the regions where the Company operates. As Pieridae continues to mature its deep inventory of conventional drilling prospects, it is focused on diversifying revenue and improving cash flow by increasing third party utilization of owned G&P infrastructure, which is strategically located in central and southern Alberta to provide customers competitive processing and egress to natural gas, condensate, NGL, and sulphur markets.

This infrastructure consists primarily of three major sour gas processing and fractionation facilities – the "Waterton Facility", the "Jumping Pound Facility" and the "Caroline Facility", which are strategically located in central and southern Alberta to provide customers competitive processing and egress to natural gas, condensate, NGL, and sulphur markets. Pieridae continues to leverage the long-term, low decline characteristics of its reserve base and supporting infrastructure to create long-term shareholder value. The following items are also fundamental to our strategic vision:

- Sustaining a safe and regulatory compliant business.
- Expanding utilization of the Company's G&P assets by competitively attracting third party volumes derived from existing production, capacity consolidation, and new development within the reach and capacity of its gathering systems.
- Proving the Company's resource upside by successfully investing in identified high impact drilling opportunities.
- Improving capital structure and financial flexibility by reducing leverage.
- Instilling and drive a high-performance culture.
- Expanding the Company's carbon emissions management plan with focus on mitigating or eliminating Technology Innovation and Emissions Reduction Regulation ("TIER Regulation") carbon compliance cost.
- Applying technology solutions to improve profitability.
- Seeking new markets for its products; and
- Developing and implement a "new ventures" strategy.

ANNUAL HIGHLIGHTS

The tables below provide a summary of the consolidated financial results for the years ended 2024, 2023 and 2022:

($ 000s unless otherwise noted)	2024	2023	2022
Production			
Natural gas (mcf/d)	**139,710**	168,821	181,677
Condensate (bbl/d)	**2,397**	2,339	2,860
NGLs (bbl/d)	**2,082**	2,296	3,729
Sulphur (tonne/d)	**1,319**	1,306	1,459
Total production (boe/d) (1)	**27,763**	32,772	36,868
Third-party volumes processed (mcf/d) (2)	**63,013**	60,834	60,039
Reserves			
Net proved plus probable (2P) reserves NPV10 (3)	**1,252,170**	1,371,735	1,507,413
Financial			
Natural Gas Price ($/mcf)			
Realized before Risk	**1.58**	2.67	5.30
Realized after Risk Management Contracts (4)	**3.15**	3.67	4.40
Benchmark natural gas price	**1.45**	2.63	5.36
Condensate Price ($/bbl)			
Realized before Risk Management Contracts (4)	**94.48**	97.01	114.66
Realized after Risk Management Contracts (4)	**86.73**	95.55	111.18
Benchmark condensate price	**100.02**	102.73	121.46
Sulphur Price ($/tonne)			
Realized sulphur price (5)	**13.52**	21.86	44.88
Benchmark sulphur price	**126.76**	128.60	344.42
Revenue (6)	**268,840**	374,029	443,835
Net income	**(38,905)**	8,981	146,620
Net income (loss) $ per share basic	**(0.20)**	0.06	0.93
Net income (loss) $ per share diluted	**(0.20)**	0.04	0.91
Net operating income (7)	**64,608**	130,929	200,989
Cashflow provided by operating activities	**7,132**	104,202	88,167
Funds flow from operations (7)	**18,107**	85,692	153,679
Total assets	**612,423**	638,541	615,477
Adjusted working capital deficit (7)	**(29,777)**	(31,830)	(11,249)
Net debt (7)	**(197,564)**	(204,046)	(214,503)
Non-current liabilities	**326,853**	300,261	157,104
Capital expenditures (8)	**25,697**	55,539	39,526

(1) Total production excludes sulphur.
(2) Third-party volumes processed are raw natural gas volumes reported by activity month, which do not include accounting accruals.
(3) Estimated pre-tax net present value of discounted cash flows from reserves using a 10% discount rate.
(4) Includes physical commodity and financial risk management contracts inclusive of cash flow hedges, together (“Risk Management Contracts”).
(5) Realized sulphur price is net of customary deductions such as transportation, market and storage fees.
(6) Revenue is inclusive of petroleum and natural gas revenue, royalties, processing, marketing and other revenue, and realized gains and losses on risk management contracts.
(7) Refer to the “Net Operating Income”, “Capital Resources”, “Funds Flow from Operations” and “Working Capital and Capital Strategy” sections of this MD&A for reference to non-GAAP measures.
(8) Excludes reclamation and abandonment activities.

QUARTERLY HIGHLIGHTS

The tables below provide a summary of the consolidated financial results for the quarters of 2024 and 2023:

	2024				2023			
($ 000s unless otherwise noted)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Production								
Natural gas (mcf/d)	**117,787**	115,196	157,077	175,356	174,211	155,763	159,427	186,156
Condensate (bbl/d)	**2,149**	2,191	2,472	2,781	2,384	2,020	2,300	2,657
NGLs (bbl/d)	**1,788**	1,726	2,210	2,613	1,921	2,273	2,216	2,784
Sulphur (tonne/d)	**968**	1,444	1,376	1,491	1,284	1,124	1,362	1,457
Total production (boe/d) (1)	**22,568**	23,116	30,861	34,620	33,340	30,253	31,087	36,467
Third-party volumes processed (2)	**71,497**	66,518	52,410	56,897	67,350	57,363	51,973	61,948
Financial								
Natural gas price ($/mcf)								
Realized before Risk Management Contracts (3)	**1.55**	0.77	1.14	2.53	2.32	2.65	2.39	3.24
Realized after Risk Management Contracts (3)	**3.36**	3.43	2.71	3.21	3.12	3.25	3.03	5.12
Benchmark natural gas price	**1.46**	0.68	1.17	2.48	2.29	2.59	2.40	3.25
Condensate price ($/bbl)								
Realized before Risk Management Contracts (3)	**94.87**	92.13	99.96	91.18	97.15	97.47	84.81	107.22
Realized after Risk Management Contracts (3)	**90.61**	84.61	87.75	84.49	86.34	80.49	105.84	106.70
Benchmark condensate price ($/bbl)	**98.85**	97.10	105.62	98.43	104.30	106.30	93.25	107.05
Sulphur price ($/tonne)								
Realized sulphur price (4)	**12.09**	8.86	18.43	14.49	22.54	13.34	22.78	27.08
Benchmark sulphur price	**180.54**	128.47	103.19	94.84	118.29	107.09	114.92	173.09
Net income (loss)	**(20,921)**	7,496	(19,196)	(6,284)	7,414	(16,254)	4,182	13,639
Net income (loss) $ per share, basic	**(0.08)**	0.04	(0.12)	(0.04)	0.05	(0.11)	0.03	0.09
Net income (loss) $ per share, diluted	**(0.08)**	0.04	(0.12)	(0.04)	0.03	(0.11)	0.03	0.08
Net operating income (5)	**13,720**	19,818	7,652	23,418	25,441	11,650	43,843	49,995
Cashflow provided by (used in) operating activities	**(592)**	2,260	(1,555)	7,049	31,983	7,577	27,533	37,109
Funds flow from operations (5)	**2,824**	8,234	(4,874)	12,044	14,269	(1,422)	35,432	37,413
Total assets	**612,423**	615,040	585,940	590,531	638,541	564,921	575,849	587,641
Adjusted working capital deficit (5)	**(29,777)**	(42,658)	(37,986)	(31,671)	(31,830)	(21,454)	(6,258)	(22,275)
Net debt (5)	**(197,564)**	(206,779)	(219,204)	(209,964)	(204,046)	(205,536)	(181,670)	(202,180)
Capital expenditures (6)	**5,800**	10,002	5,003	4,897	9,306	16,363	9,384	20,486

(1) Total production excludes sulphur.
(2) Third-party volumes processed are raw natural gas volumes reported by activity month, which do not include accounting accruals.
(3) Includes physical commodity and financial risk management contracts inclusive of cash flow hedges, together ("Risk Management Contracts").
(4) Realized sulphur price is net of customary deductions such as transportation, market and storage fees.
(5) Refer to the "Net Operating Income", "Capital Resources", "Funds Flow from Operations" and "Working Capital and Capital Strategy" sections of this MD&A for reference to non-GAAP measures.
(6) Excludes reclamation and abandonment activities.

2024 OPERATIONAL AND FINANCIAL HIGHLIGHTS

2024 was an impactful year for Pieridae. Despite the challenges of historically low gas prices and Management's resulting proactive decisions to shut in a significant percentage of the Company's production capability, Pieridae generated NOI of $64.6 million and FFO of $18.1 million, driven by ongoing successful operational excellence initiatives and a robust hedge program.

During the year Pieridae also successfully repaid the Bridge term loan ("Bridge Loan") due in December 2024, returned to the capital markets by raising equity in a private placement ("Private Placement") and rights offering ("Rights Offering") to fund compelling optimization capital projects and debt repayment, sold the remaining assets associated with the legacy Goldboro LNG initiative, continued to grow third-party processing inlet volumes at the Caroline Facility, and successfully completed the two-phase major Waterton Facility turnaround ("Waterton Turnaround").

The following events impacted the business, operations, cash flows and net income (loss) during the past year and fourth quarter:

Annual highlights

- Produced 27,764 boe/d (84% natural gas), 15% lower than during 2023 primarily reflecting the decision to voluntarily and temporarily shut-in 9,370 boe/d of production in the second half of 2024. Production and third-party processing revenues were also impacted during the year by unplanned maintenance outages at the Jumping Pound Facility in the first nine months of 2024 ("Jumping Pound Repairs") and 49 days of downtime at the Waterton Facility to conduct phase two of the Waterton Turnaround that commenced in September 2024.

- Reduced operating costs by 17% through the execution of successful optimization initiatives including reduced maintenance costs, lower contract labor, and decreases in fuel gas and chemical usage and power consumption, as well as cost savings derived from the voluntary production shut-ins.
- Generated NOI of $64.6 million (Operating Netback of $6.35 per boe).
- Processed 63.0 mcf/d of raw natural gas through the three gas processing facilities (2023 – 60.8 mcf/d).
- Completed a non-brokered private placement of 12.8 million common shares at $0.35 per share for gross proceeds of $4.5 million to a supportive existing shareholder.
- Closed a backstopped rights offering of our common shares to eligible shareholders. The Rights Offering resulted in Pieridae issuing an aggregate of 118.5 million common shares at a price of $0.2448 per common share, for gross proceeds of approximately $29.0 million. The proceeds from the Rights Offering and Private Placement have been used to repay indebtedness, for working capital and general corporate purposes, and to fund certain value-accretive optimization projects.
- Divested Goldboro, Nova Scotia assets ("Goldboro assets") for gross proceeds of $11.9 million, completing the strategic pivot to focus on operating and growing our upstream and midstream processing businesses.
- Settled the 18% interest convertible Bridge Loan in full for $24.0 million, including outstanding principal and accrued interest.
- Incurred capital expenditures of $25.7 million, focused on phase two of the Waterton Turnaround, a de-bottlenecking project at the Caroline Facility ("Debottlenecking Project"), the Jumping Pound Repairs, and various well and facility optimization initiatives.
- The Debottlenecking Project was conducted in August to increase the effective throughput capacity at Caroline in order to meet growing demand from third-party producers seeking processing capacity for new and existing volumes.

Fourth quarter highlights

- Produced 22,568 boe/d (83% natural gas).
- Reduced operating expenses by 20% compared to the fourth quarter of 2023.
- Generated NOI of $13.7 million (Operating Netback of $6.61 per boe) reflecting our hedge position effectively mitigating the historically low natural gas prices and the positive cash flow impact of previously described voluntary shut-ins.
- Incurred capital expenditures of $5.8 million focused primarily on phase two of the Waterton Turnaround, which was completed in October.
- Processed 71.5 mcf/d of raw natural gas through our three gas processing facilities; grew Caroline raw natural gas processing volumes by 17% as compared to the fourth quarter of 2023, to 40.5MMcf/d (gross).
- The discounted unrealized gain on the Company's natural gas and C5 hedge positions at December 31, 2024 was approximately $67.2 million using the December 31, 2024 forward strip.

Pieridae continually evaluates the economic performance of its producing assets to optimize NOI during periods of sustained low commodity prices. Over the past several months, Management elected to temporarily shut-in selected low-margin properties within the following areas:

	Production (boe/d)
Central Alberta ("CAB")	8,018
Northeast BC	870
Northern Alberta	482
Current Voluntarily Shut-in Production	**9,370**

Reactivating shut-in production can be mechanically completed within one to two weeks, and subsequent well performance is not expected to be negatively impacted by these shut-ins. Since the decision to shut these properties in, there has been an improvement in AECO pricing prompting Management to reactivate the Northern Alberta sour production at the beginning of February 2025 at approximately 1,000 boe/d, and Northeast BC in March 2025 at approximately 800 boe/d. CAB production, representing approximately 7,500 boe/d or 20% of the Company's current capability, is expected to remain shut-in through 2025 and will resume when economics support restarting production.

2024 GUIDANCE IN REVIEW

Our 2024 guidance evolved as follows:

($ 000s unless otherwise noted)	2024 Actual Results	2024 Guidance – Revised June 2024 Low	2024 Guidance – Revised June 2024 High	2024 Guidance – Revised March 2024 Low	2024 Guidance – Revised March 2024 High	2024 Guidance – December 2023 Low	2024 Guidance – December 2023 High
Production (boe/d)	**27,764**	*Withdrawn*		31,500	33,000	33,000	34,500
Net operating income (1)	**64,608**	55,000	70,000	65,000	85,000	80,000	100,000
Operating Netback ($/boe) (1)	**6.35**	5.00	6.00	6.00	7.00	6.50	8.00
Capital expenditures	**25,697**	30,000	35,000	30,000	35,000	28,000	33,000

(1) Refer to the "Net Operating Income" and "Operating Netback" sections of this MD&A for reference to non-GAAP measures.

Guidance in Review

- The Company released initial 2024 outlook in December 2023.
- Production guidance was withdrawn on August 13, 2024, due to the undetermined duration of shut-ins of uneconomic production reflecting low AECO prices and high third-party processing costs.
- During 2024, NOI and Operating Netback guidance were lowered in response to sustained lower natural gas prices.

Actual Results

- The Company met revised NOI and Operating Netback guidance.
- Incurred less than guided capital expenditures, due to ongoing capital maintenance cost reduction initiatives, and the receipt of insurance proceeds related to repairs conducted in Northeast BC from damage associated with the 2023 wildfires in that area.

2025 OUTLOOK

Pieridae's Board of Directors approved 2025 guidance in December 2024. Management's near-term priorities are to continue to reduce long-term debt, reduce operating expenses on an absolute and per-boe basis, maximize facility reliability, safely sustain production, and continue to fill owned gathering and processing facilities by attracting new third-party volumes.

($ 000s unless otherwise noted)	2025 Guidance Low	2025 Guidance High
Total production (boe/d)	23,000	25,000
Net operating income (1)	$75,000	$95,000
Operating Netback ($/boe) (1)(2)(3)	$9.00	$11.00
Capital expenditures	$25,000	$30,000

(1) Refer to the "Net Operating Income" section of this MD&A for reference to this non-GAAP measure.
(2) Refer to "Operating Netback" section of this MD&A for reference to this non-GAAP measure.
(3) Assumes average 2025 AECO price of $2.34/GJ and average 2025 WTI price of USD$68.25/bbl.
(4) Accounts for impact of hedge contracts in place at November 30, 2024.

Pieridae's specific priorities for 2025 are to:

- Sustain a safe and regulatory compliant business.
- Maximize facility reliability to maximize sales and processing revenue.
- Further grow the third-party gathering and processing business.
- Meaningfully reduce operating expenses to improve corporate netback.
- Deliver attractive return on investment on value adding optimization projects included in the 2025 capital program.
- Reduce long-term debt to improve financial flexibility.

Since December 31, 2024, AECO pricing has improved. As a result, approximately 1,000 boe/d of production in Northern AB and 800 boe/d of production in Northeast BC was brought back on in February and March 2025, respectively, but may be shut-in once again if sustained AECO pricing does not justify ongoing production. Currently shut-in production in Central AB, representing approximately 7,500 boe/d or 20% of the Company's production capability, is expected to remain shut-in throughout 2025, which is reflected in the 2025 production guidance of 23,000 to 25,000 boe/d.

Pieridae has hedged 110,000 GJ/d of its 2025 natural gas production at a weighted average fixed price of $3.32/GJ, and 1,679 bbl/d of its 2025 condensate production with a weighted average floor price of $84.42/bbl and a weighted average ceiling price of $92.32/bbl. The Company's aggregate hedge position for 2025 totals 19,055 boe/d or approximately 80% of the above production guidance range.

In March of 2025 management chose to accelerate the future cash flow of a portion of the Company's natural gas hedge positions to bolster 2025 cash flow, pay down debt, and increase market exposure to the underlying commodities in future periods. Approximately 25,000 GJ/d of financial hedges were unwound for the period of January 2026 until May 2027 while the remaining financial hedges were re-struck to

$3.40/GJ from $3.78/GJ for the period of June 2026 until May 2027 for net proceeds of approximately $10.2 million. Refer to Note 19 in the Company's Consolidated Financial Statements for additional details.

The Company's 2025 capital expenditure forecast of $25-$30 million includes approximately $10 million directed towards a high-impact well and facility optimization program funded with the equity raised during 2024. These high return, short payout capital projects are expected to increase sales revenue, improve facility efficiency, reduce operating cost and fuel gas consumption, and lower emissions compliance costs. Spending on this program commenced in the fourth quarter of 2024 and will continue throughout 2025. The remainder of 2025 capital expenditures are focused on routine capital maintenance, field operating technology upgrades, and site closure/decommissioning expenditures in Alberta and BC. Notably, Pieridae has not scheduled a major maintenance turnaround at any facilities during 2025 given the successful completion of facility turnarounds and other maintenance projects in 2023 and 2024. The next major maintenance facility turnaround is scheduled for 2026.

FUNDS FLOW FROM OPERATIONS

The following table summarizes the Company's FFO for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31		Year ended December 31	
($ 000s)	**2024**	**2023**	**2024**	**2023**
Cash provided by (used in) operating activities	**(592)**	31,983	**7,132**	104,202
Settlement of decommissioning obligations	**559**	1,592	**5,549**	3,118
Changes in non-cash working capital	**2,857**	(19,306)	**5,426**	(21,628)
Funds Flow from Operations	**2,824**	14,269	**18,107**	85,692

(1) FFO is a non-GAAP measure. Management considers FFO an important measure to evaluate operational performance as it demonstrates ability to generate cash. FFO equals cash provided by operating activities, less settlement of decommissioning obligations and changes in non-cash working capital.

NET OPERATING INCOME

The following table summarizes the Company's NOI for the three months and year ended December 31, 2024 and 2023:

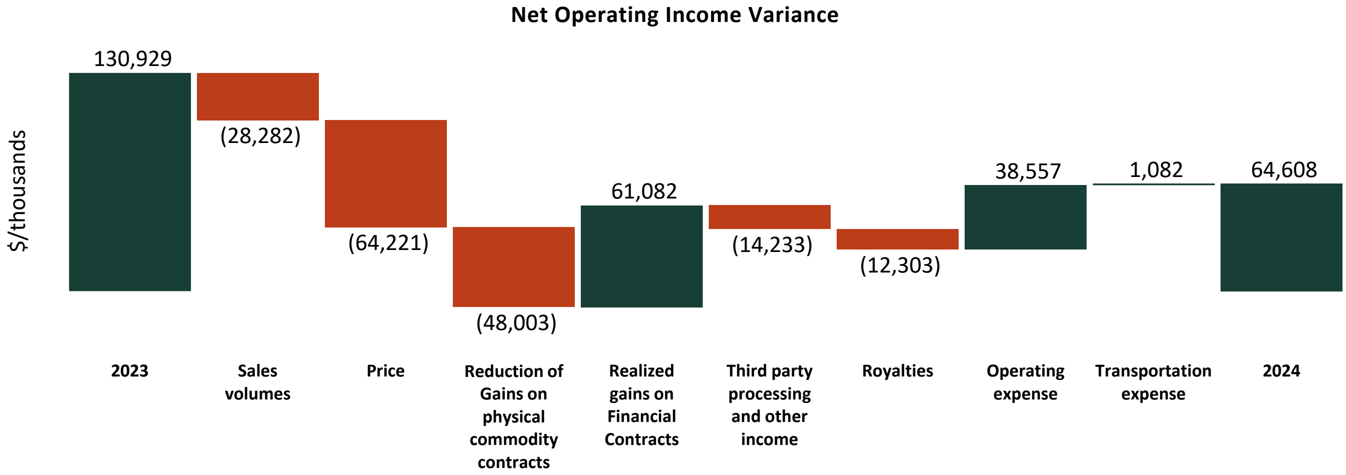
	Three months ended December 31			Year ended December 31		
($ 000s)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Revenue before Risk Management Contracts	**41,693**	67,452	(38)	**195,368**	287,872	(32)
Gain on physical commodity contracts	**1,084**	4,897	(78)	**6,550**	54,553	(88)
Realized gains on Financial Contracts (1)	**16,989**	5,573	205	**67,219**	6,137	995
Revenue after Risk Management Contracts	**59,766**	77,922	(23)	**269,137**	348,562	(23)
Third-party processing and other revenue (2)	**5,556**	12,142	(54)	**20,854**	35,086	(41)
Revenue	**65,322**	90,064	(27)	**289,991**	383,648	(24)
Royalties (3)	**(4,701)**	(6,315)	(26)	**(21,671)**	(9,368)	131
Operating	**(42,797)**	(53,399)	(20)	**(185,747)**	(224,304)	(17)
Transportation	**(4,104)**	(4,909)	(16)	**(17,965)**	(19,047)	(6)
Net Operating Income (4)	**13,720**	25,441	(46)	**64,608**	130,929	(51)

(1) Includes gains or losses on financial risk management contracts and cash flow hedges, together ("Financial Contracts").

(2) Other revenue includes marketing and transportation and gathering income. In addition to these items, for the year ended December 31, 2024, other revenue includes a one-time non-refundable deposit paid to Pieridae following an unsuccessful asset disposition, which did not close due to the purchaser's failure to meet closing obligations.

(3) For the year ended December 31, 2023, gas cost allowance deduction was impacted by a one-time favorable adjustment of $18.0 million, which was not repeated in the current year.

(4) NOI is a non-GAAP measure. Management considers NOI an important measure to evaluate operational performance as it demonstrates field level profitability. NOI equals revenue including realized gains (losses) on Financial Contracts, less royalties, operating expenses, and transportation expenses.

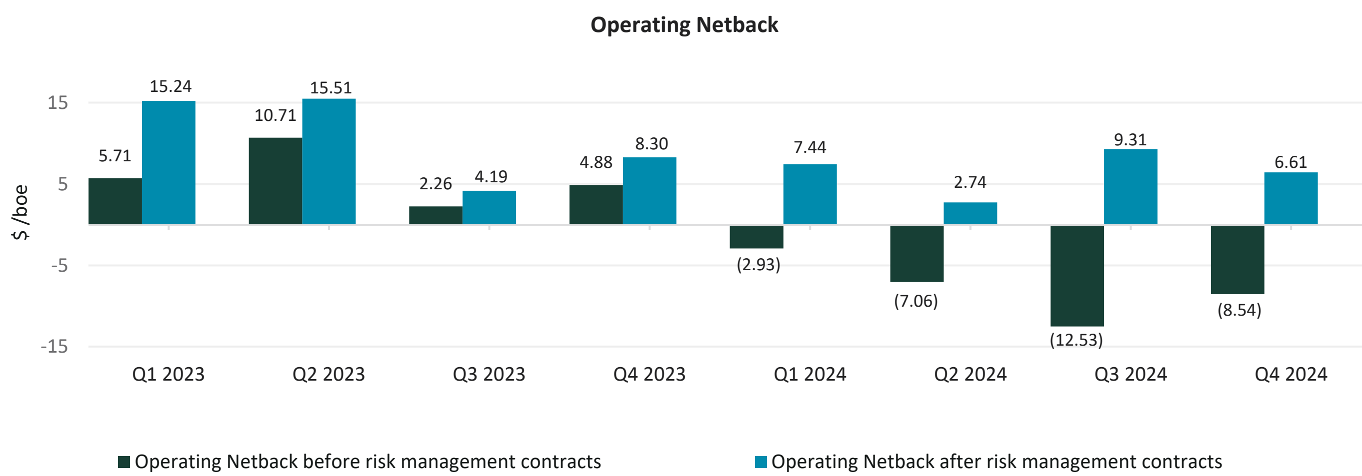


OPERATING NETBACK PER BOE

The following table summarizes the Company's Operating Netback for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ per boe)	2024	2023	% Change	2024	2023	% Change
Revenue before Risk Management Contracts	**20.08**	21.99	(9)	**19.23**	24.07	(20)
Gain (loss) on physical commodity contracts	**0.52**	1.60	(68)	**0.64**	4.56	(86)
Realized gains on Financial Contracts	**8.18**	1.82	349	**6.61**	0.51	1196
Revenue after Risk Management Contracts	**28.78**	25.41	13	**26.48**	29.14	(9)
Processing, marketing and other revenue	**2.68**	3.96	(32)	**2.05**	2.93	(30)
Revenue	**31.46**	29.37	7	**28.53**	32.07	(11)
Royalties	**(2.26)**	(2.06)	10	**(2.13)**	(0.78)	173
Operating	**(20.61)**	(17.41)	18	**(18.28)**	(18.75)	(3)
Transportation	**(1.98)**	(1.60)	24	**(1.77)**	(1.59)	11
Operating Netback ($/boe) [(1)]	**6.61**	8.30	(20)	**6.35**	10.95	(42)

(1) Operating Netback per boe is a non-GAAP measure. Management considers Operating Netback per boe an important measure to evaluate the Company's operational performance as it demonstrates Pieridae's field level profitability relative to current commodity prices.

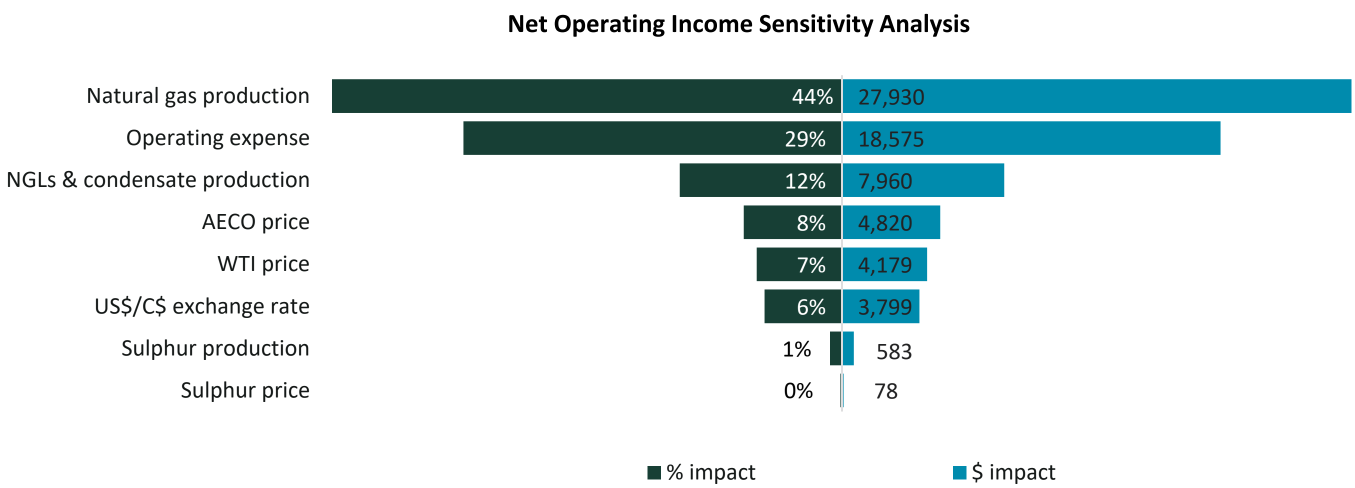


NET OPERATING INCOME SENSITIVITY ANALYSIS

The following table summarizes the Company's NOI sensitivity for the three months and year ended December 31, 2024:

	Three months ended December 31				Year ended December 31			
	2024	% Change	$ Impact	% Impact	2024	% Change	$ Impact	% Impact
Business Environment (1) (2)								
WTI price (USD/bbl) (3)	**70.42**	10	797	6	**75.93**	10	4,179	7
AECO price ($/mcf) (4)	**1.46**	10	1,521	11	**1.45**	10	4,820	8
Sulphur price ($/tonne)	**180.54**	10	23	-	**126.76**	10	78	-
USD/CAD average exchange rate (5)	**0.71**	10	725	5	**0.73**	10	3,799	6
Operational (1) (6) (7)								
NGLs & condensate production (bbl/d)	**3,936**	10	1,690	13	**4,479**	10	7,960	12
Natural gas	**111,787**	10	29,565	221	**139,710**	10	27,930	43
Sulphur production (tonne/d)	**968**	10	96	1	**1,319**	10	583	1
Royalty burden	**11**	1	428	3	**11**	1	2,019	3
Operating expense ($/boe)	**(20.61)**	10	4,280	32	**(18.28)**	10	18,575	29

(1) Calculations are performed independently and may not be indicative of actual results that would occur when multiple variables change simultaneously.
(2) The indicative impact on NOI is only applicable within a limited range of these amounts as royalty burden is held constant.
(3) Includes the impact of WTI price on NGL (C3, C4) and condensate (C5) prices assuming a correlation to USD WTI.
(4) Includes the impact of AECO price on NGL (C2) price assuming a correlation to AECO.
(5) Includes the impact of foreign exchange on NGL and Condensate prices assuming a correlation to USD WTI.
(6) Includes the impact of commodity hedges that were in place during the period.
(7) Operational assumptions are based upon the results for the three months and year ended December 31, 2024, and the calculated impact on NOI is only applicable within a limited range of these amounts.



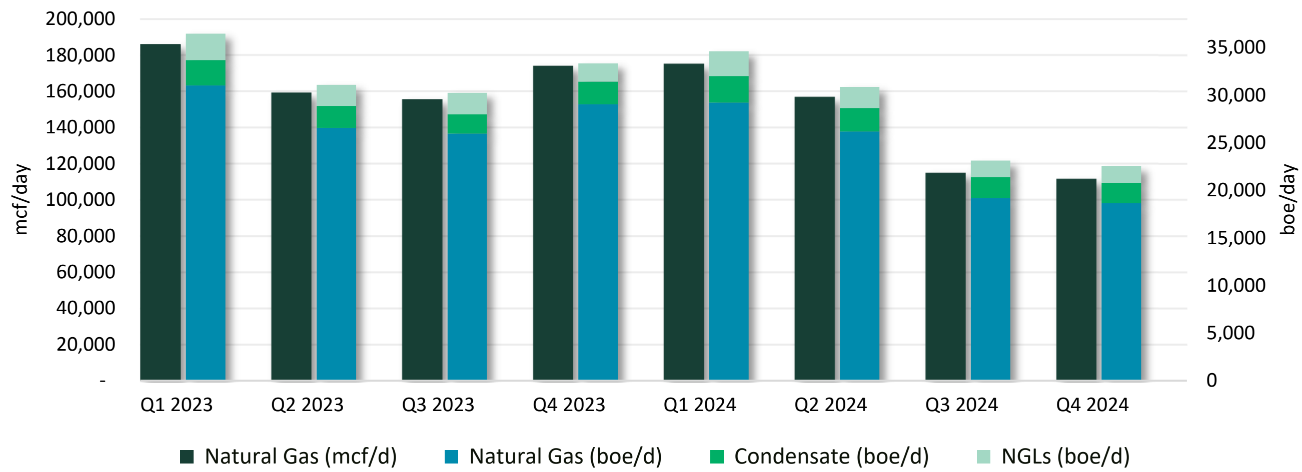
PRODUCTION

The following table summarizes the Company's production by commodity for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
(boe/d)	2024	2023	% Change	2024	2023	% Change
Natural gas (mcf/d)	**117,787**	174,211	(36)	**139,710**	168,821	(17)
Condensate (bbl/d)	**2,149**	2,384	(10)	**2,397**	2,339	2
NGLs (bbl/d)	**1,788**	1,921	(7)	**2,081**	2,296	(9)
Sulphur (tonne/d) (1)	**968**	1,284	(25)	**1,319**	1,306	1
Total production (boe/d) (1)	**22,568**	33,340	(32)	**27,763**	32,772	(15)
Natural gas production (%)	**83**	87	-	**84**	86	-
Liquids production (%)	**17**	13	-	**16**	14	-

(1) Total production excludes sulphur.

Average Daily Production

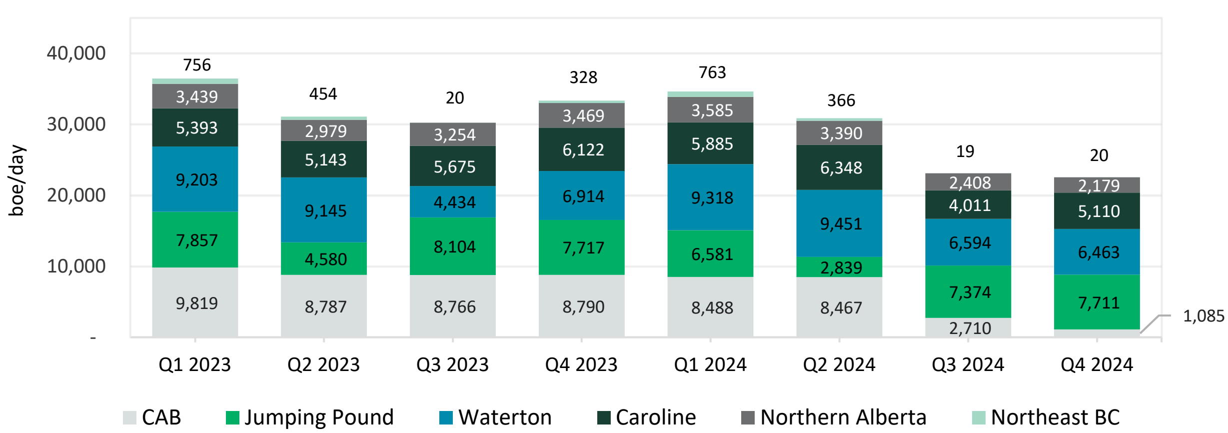


Production By Area

The following table summarizes the Company's production by core area for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
(boe/d)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Waterton	**6,463**	6,914	(7)	**7,949**	7,411	7
Jumping Pound	**7,711**	7,717	-	**6,134**	7,067	(13)
Caroline	**5,110**	6,122	(17)	**5,334**	5,585	(4)
CAB	**1,085**	8,790	(88)	**5,169**	9,037	(43)
Northern Alberta Foothills	**2,179**	3,469	(37)	**2,887**	3,285	(12)
Northeast BC	**20**	328	(94)	**290**	387	(25)
Total production (boe/d)	**22,568**	33,340	(32)	**27,763**	32,772	(15)

Quarterly Production by Area



As described in the 2024 Highlights section of this MD&A, total production decreased compared to prior periods primarily due to the voluntary production shut-ins completed in mid 2024. Additional items that impacted year-to-date production were:

- Phase two of the Waterton Turnaround lasted 49 days, during which 100% of Pieridae's Waterton production and third-party volumes were shut-in. Phase one of the Waterton Turnaround, during 2023, lasted for 77 days, resulting in a downtime difference between 2023 and 2024 favorably impacting 2024 production by 566 boe/d.
- The Jumping Pound Repairs during the first nine months of 2024 contributed to decreased production of 744 boe/d for 2024.
- The Debottlenecking Project at the Caroline Facility during the third quarter of 2024 negatively impacted production by 354 boe/d.

RESERVES

Pieridae's qualified, independent reserve evaluators, Deloitte, completed the reserve evaluations of the Company's assets effective December 31, 2024 and 2023, which is summarized in the following tables:

	Year ended December 31 MMboe			Year ended December 31 $000, NPV10 (1)		
	2024	**2023**	**% Change**	**2024**	**2023**	**% Change**
Reserves Category (2)						
Net proved developed producing ("PDP") reserves	**114.9**	120.7	(5)	**621,393**	614,072	1
Net proved ("1P") reserves	**183.2**	191.2	(4)	**961,491**	1,053,896	(9)
Net proved plus probable ("2P") reserves	**244.3**	252.5	(3)	**1,252,170**	1,371,735	(9)

(1) Estimated pre-tax net present value of discounted cash flows from reserves using a 10% discount rate at evaluator consensus (IC4) price forecast dated January 1, 2025, excluding value of Risk Management Contracts.

(2) Net reserves reflect working interest share of the asset prior to the deduction of royalties.

Change in Reserve Volumes

Reserve volumes at December 31, 2024 decreased slightly from 2023 across all reserve categories, reflecting 2024 production of approximately 10.1 MMboe. Price forecast changes reduced the economics of producing certain reserves and resulted in decreases of 13.6 MMboe, 15.4 MMboe and 15.7 MMboe in PDP, 1P and 2P reserves, respectively. These were offset by positive technical revisions related to well performance, facility optimization, operating cost improvements, and increased third-party revenue at the Caroline Facility resulting in increases of 17.9 MMboe, 17.6 MMboe and 17.7 MMboe to PDP, 1P and 2P reserves, respectively.

Change in Reserve Value

The change in the reserve value was also impacted by the price forecast and technical revision items described above. In addition, all three reserve category values were positively impacted by Waterton straddle plant optimization. The increase in value was more significant for PDP reserves, which resulted in a 1% increase in reserve value, compared to 1P or 2P reserves, which decreased by 9%. The total 2P reserve life index was 25.1 years and 20.4 years as of December 31, 2024 and 2023, respectively.

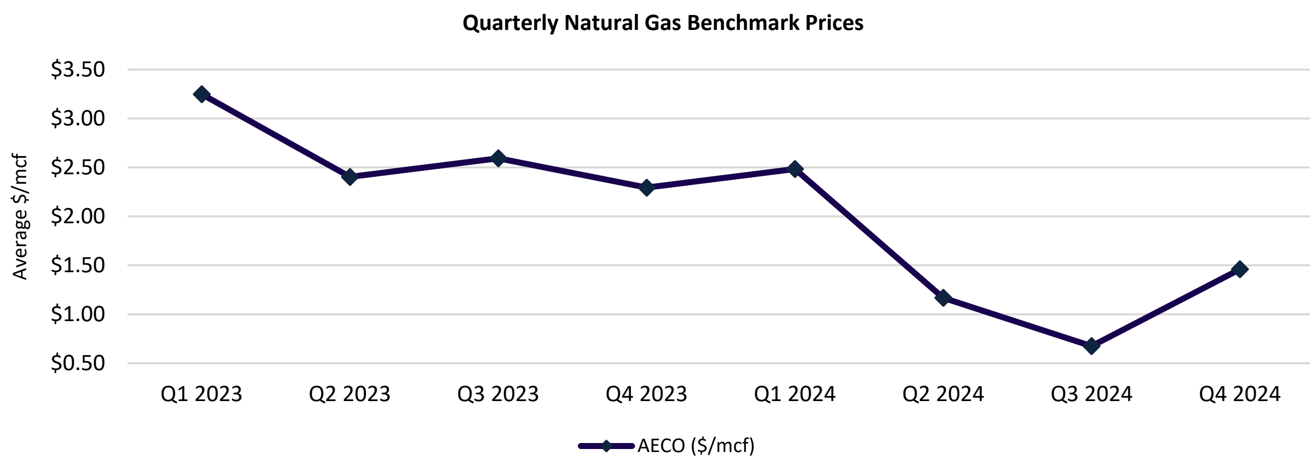
Total undiscounted future development capital ("FDC") included in the reserve estimate was $618.5 million and $761.6 million for 1P and 2P respectively (December 31, 2023 - $643.4 million and $791.0 million for 1P and 2P respectively). The FDC includes capital for undeveloped drilling locations, facility maintenance, turnarounds, consolidations, and well and facility reactivations.

Refer to the Company's AIF for the year ended December 31, 2024, for more information about reserves.

BENCHMARK PRICES

The following table summarizes benchmark commodity pricing for the three months and year ended December 31, 2024 and 2023:

					Year ended December 31		
	Q4 2024	Q4 2023	% Change	Q3 2024	2024	2023	% Change
Natural Gas							
AECO ($/mcf)	**1.46**	2.29	(36)	0.68	**1.45**	2.63	(45)
Henry Hub (USD/MMbtu)	**2.43**	2.75	(12)	2.10	**2.25**	2.53	(11)
Chicago Citygate (USD/Mmbtu)	**2.21**	2.27	(3)	1.77	**2.10**	2.31	(9)
Basis Differential AECO-NYMEX Premium (Discount) (USD/MMbtu)	**(1.39)**	(1.07)	30	(1.60)	**(1.19)**	(0.58)	105
Condensate							
C5 at Edmonton ($/bbl)	**98.85**	104.30	(5)	97.10	**100.02**	102.73	(2)
West Texas Intermediate crude oil (USD/bbl)	**70.42**	78.52	(10)	75.40	**75.93**	77.64	(2)
Sulphur ($/tonne)	**180.54**	118.29	53	128.47	**126.76**	128.60	(1)
USD/CAD average exchange rate	**0.7148**	0.7350	(3)	0.7330	**0.7301**	0.7412	(1)



Pieridae sells natural gas into the TC Energy Nova Gas Transmission Ltd. System; 100% of natural gas production is priced at AECO. AECO pricing is derived from the Henry Hub and Chicago markets less an AECO basis differential related to the transportation of Canadian gas into the United States ("US") gas transportation system.

US and AECO natural gas pricing decreased for the three months and year ended December 31, 2024 as compared to 2023 by 36% and 45% respectively. Mild weather during the winter season, extremely high natural gas storage levels, and record production in the first half of 2024 in Canada and the US continue to place downward pressure on spot natural gas prices. Improvements were seen in the fourth quarter as compared to the third quarter, the latter experiencing the lowest pricing in two years. Seasonal demand increased heading into the winter months, previous production curtailments in response to low pricing and storage depletion all supported price increases in the fourth quarter.

We primarily sell produced condensate into the Edmonton market for use as diluent to reduce the viscosity of heavy oil for transportation through pipelines. Condensate pricing is highly correlated to the WTI crude oil price. Condensate and WTI pricing decreased by 5% and 10%, respectively, compared to the quarter ended December 31, 2023, and by 2% for both benchmarks compared to the year ended December 31, 2023.

The Company's sulphur production is sold into a variety of markets including directly to North American fertilizer manufacturers as well as international markets through Vancouver or Tampa Bay sulphur export terminals. In the fourth quarter and year ended 2024, sulphur benchmark prices increased and remained consistent, respectively, as compared to 2023. Sulphur pricing during 2023 and 2024 was volatile due to supply chain disruptions, geopolitical factors, and supply and demand issues with prices ranging from $85/tonne to $205/tonne at Vancouver in 2023 and from $85/tonne to $224/tonne in 2024.

REALIZED PRICES

The following table summarizes the Company's realized pricing for the three months and year ended December 31, 2024 and 2023:

	Q4 2024	Q4 2023	% Change	Q3 2024	Year ended December 31 2024	2023	% Change
Realized Natural Gas Price							
Before Risk Management Contracts ($/mcf)	**1.55**	2.32	(33)	0.77	**1.58**	2.67	(41)
After Risk Management Contracts ($/mcf)	**3.36**	3.12	8	3.43	**3.15**	3.67	(14)
Realized Condensate Price							
Before Risk Management Contracts ($/bbl)	**94.87**	97.15	(2)	92.13	**94.48**	97.01	(3)
After Risk Management Contracts ($/bbl)	**90.61**	86.34	5	84.61	**86.73**	95.55	(9)
NGLs ($/bbl)	**35.92**	35.38	2	30.23	**33.08**	36.27	(9)
Sulphur ($/tonne) (1)	**12.09**	22.54	(46)	8.86	**13.52**	21.86	(38)

(1) The realized price of sulphur is net of deductions such as transportation, processing and marketing.

The following table outlines volumes sold at spot price versus volumes sold under Risk Management Contracts:

	Three months ended December 31				Year ended December 31			
	2024		2023		2024		2023	
(% of product volume)	% spot	% hedge	% spot	% hedge	% spot	% hedge	% spot	% hedge
Natural gas	**5**	**95**	29	71	**21**	**79**	34	66
Condensate	**19**	**81**	26	74	**29**	**71**	48	52
NGLs	**100**	**-**	100	-	**100**	**-**	100	-
Sulphur (1)	**8**	**92**	22	78	**16**	**84**	22	78
Total production	**14**	**86**	32	68	**28**	**72**	40	60

(1) Total production excludes sulphur.

RISK MANAGEMENT CONTRACTS

The Company's risk management program is governed by the hedge policy. Pieridae's hedge policy is designed to manage risks associated with volatility in natural gas, NGL, and power prices, and fluctuations in foreign exchange rates. Risk management contracts are not meant to be speculative and are considered within the broader framework of financial stability and flexibility. Management continuously reviews the need or requirement to utilize risk management contracts. As at December 31, 2024, future production is hedged in accordance with the thresholds of the senior facility agreements, which requires approximately 70% of forecasted PDP natural gas and condensate production to be hedged, net of annualized royalties, from 2025 to 2027.

Financial Contracts are considered financial derivative instruments. Their impacts are recorded at fair value with changes in fair value and unrealized gains and losses being recognized in net income if hedge accounting is not applied and through other comprehensive income ("OCI") if hedge accounting is applied. Realized gains and losses are recognized in net income. Pieridae classifies AECO natural gas swaps and WTI crude oil collars and swaps as cash flow hedges and applies hedge accounting accordingly. There was no hedge ineffectiveness identified as of December 31, 2024.

Fixed price physical power purchase and commodity sales contracts are recognized in the applicable financial statement line item they are associated with; physical power contracts are recognized in operating expense and physical commodity contracts are recognized in revenue. Physical risk management contracts are not considered to be derivative financial instruments as they are settled based on physical receipt or delivery of the product and therefore are not recorded at fair value.

Since 2019, Pieridae has sold the majority of its sulphur production for approximately $6.00/tonne after transportation and handling costs under a fixed-price physical contract which expires on December 31, 2025 (the "Sulphur Contract"). Following expiration of the Sulphur Contract, 100% of the Company's sulphur production is available to be sold at prevailing market prices. Over the prior eight quarters, the Company realized net sulphur price has averaged approximately 24% of the average net market price.

The following realized gains or losses were generated from Risk Management Contracts for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ 000s)	2024	2023	% Change	2024	2023	% Change
(Loss) gain on physical power contracts	**(2,158)**	1,279	(269)	**(3,164)**	30,817	(110)
(Loss) on physical Sulphur Contract	**(2,446)**	(3,368)	(27)	**(13,434)**	(26,762)	(50)
Gain on physical commodity contracts						
AECO	**1,084**	4,897	(78)	**6,550**	53,049	(88)
WTI	**-**	-	-	**-**	1,504	(100)
Realized gain (loss) on Financial Contracts						
AECO	**17,503**	8,001	119	**73,686**	8,890	729
WTI	**(843)**	(2,428)	(65)	**(6,796)**	(2,753)	147
Foreign exchange	**329**	-	-	**329**	-	-
Total realized gain (loss) on risk management	**13,649**	8,381	63	**57,171**	64,745	(23)

The following unrealized gains or losses were generated from Financial Contracts for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ 000s)	2024	2023	% Change	2024	2023	% Change
Unrealized gain (loss) on Financial Contracts (1)						
AECO	**-**	-	-	**-**	194	100
WTI	**-**	-	-	**-**	(445)	(100)
Foreign exchange	**520**	-	-	**520**	-	-
Unrealized (loss) gain on Financial Contracts, net of tax (2)						
AECO	**(3,946)**	50,976	(108)	**5,600**	58,513	(90)
WTI	**(6,455)**	11,870	(154)	**(3,481)**	(5,904)	(41)
Total unrealized (loss) gain Financial Contracts (3)	**(9,881)**	62,846	(116)	**2,639**	52,358	(95)

(1) Recognized in net income (loss) on the Consolidated Financial Statements.
(2) Recognized in OCI on the Consolidated Financial Statements.
(3) Unrealized gains on Financial Contracts include financial risk management contracts inclusive of cash flow hedges and are net of tax.

The following fixed price physical commodity sales contracts and power contracts were in place at December 31, 2024:

Type of contract	Quantity	Time Period	Average Contract Price
Fixed Price - Natural Gas Sales	5,000 GJ/d	Jan 2025 - Oct 2026	CAD $3.31 /GJ
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 following Financial Contracts, which hedge accounting was applied, were in place at December 31, 2024:

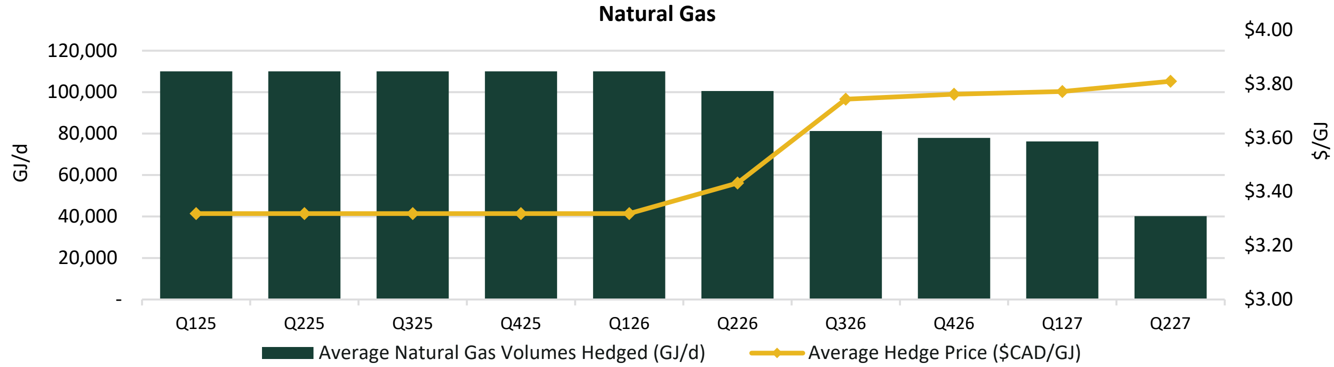
Type of contract	Quantity	Time Period	Contract Price
AECO Natural Gas Swap	105,000 GJ/d	Jan 2025 - May 2026	CAD $3.32 /GJ
AECO Natural Gas Swap	76,200 GJ/d	Jun 2026 - Mar 2027	CAD $3.77 /GJ
AECO Natural Gas Swap	60,000 GJ/d	Apr 2027 - May 2027	CAD $3.81 /GJ
WTI Crude Oil Collar	1,235 bbl/d	Jan 2025 - 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	345 bbl/d	Jan 2025 - May 2025	CAD $100.65 /bbl
WTI Crude Oil Swap	515 bbl/d	Jun 2025 - Jun 2025	CAD $94.20 /bbl
WTI Crude Oil Swap	515 bbl/d	Jul 2025 - Dec 2025	CAD $94.89 /bbl
WTI Crude Oil Swap	475 bbl/d	Jan 2026 - May 2026	CAD $93.96 /bbl
WTI Crude Oil Swap	605 bbl/d	Jun 2026 - Jun 2026	CAD $87.08 /bbl
WTI Crude Oil Swap	420 bbl/d	Jul 2026 - Dec 2026	CAD $92.47 /bbl
WTI Crude Oil Swap	405 bbl/d	Jan 2027 - May 2027	CAD $92.63 /bbl
WTI Crude Oil Swap	1,135 bbl/d	Jun 2027 - Jun 2027	CAD $83.38 /bbl
WTI Crude Oil Swap	785 bbl/d	Jul 2027 - Mar 2028	CAD $90.40 /bbl
WTI Crude Oil Swap	750 bbl/d	Apr 2028 - Jun 2028	CAD $86.50 /bbl

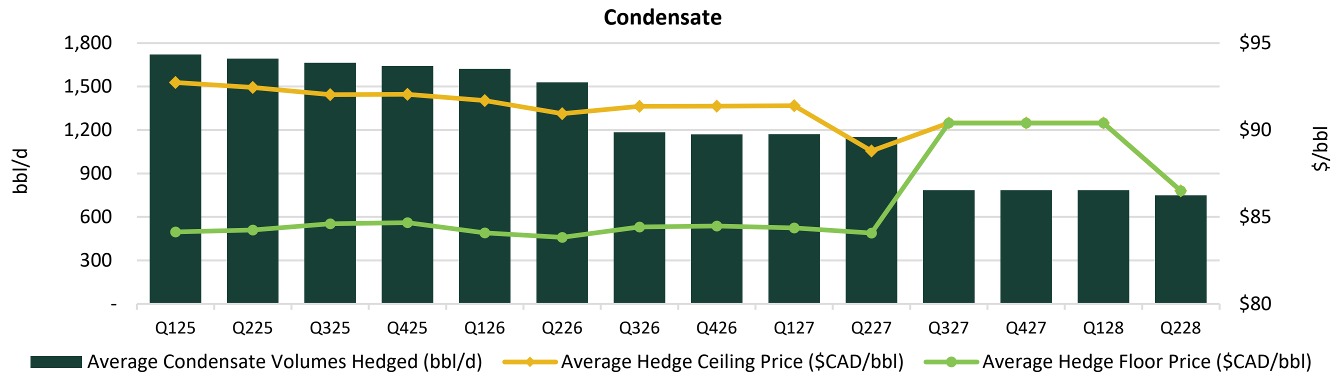
The following financial risk management contracts, for which hedge accounting was not applied, were in place at December 31, 2024 to manage foreign exchange cash flow exposure:

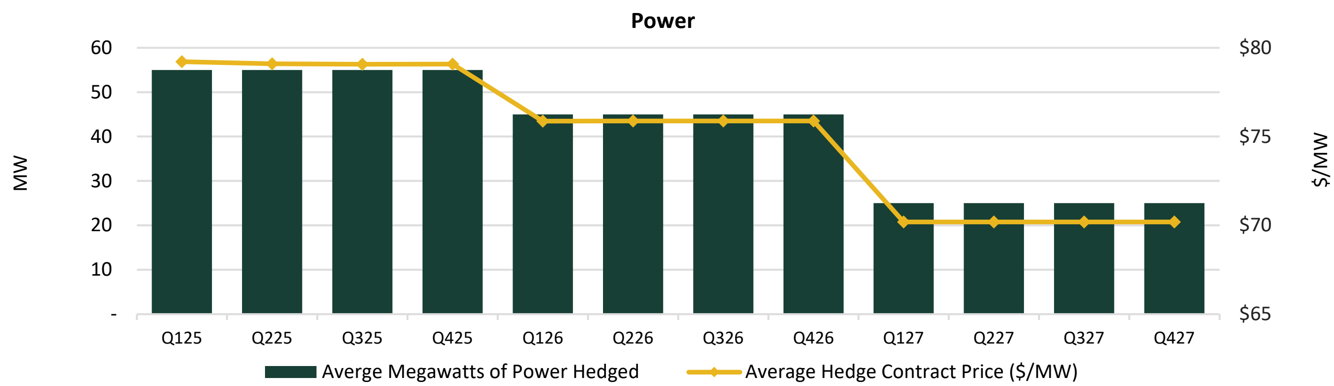
Type of contract	Quantity (USD) *($ 000s)*	Time Period	Average Contract Price
USD Call Option	$4,850	Jan 2025 - Mar 2025	CAD $1.3600
USD Call Option	$4,715	Apr 2025 - Jun 2025	CAD $1.3600

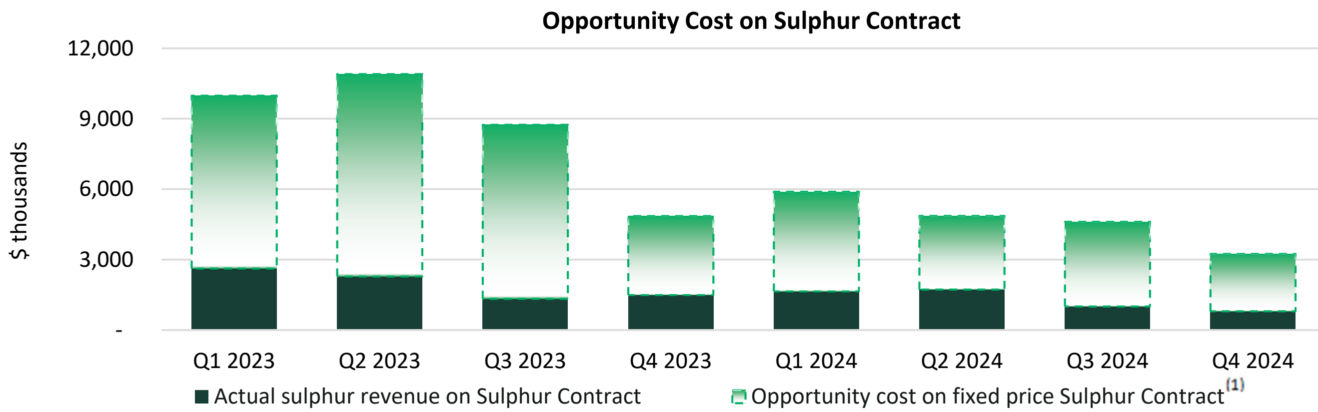
The following Financial Contracts, which hedge accounting was applied, were entered into subsequent to December 31, 2024:

Type of contract	Quantity	Time Period	Average Contract Price
WTI Crude Oil Swap	180 bbl/d	Jul 2026 - Dec 2026	CAD $93.67 /bbl
WTI Crude Oil Swap	340 bbl/d	Jul 2027 - Dec 2027	CAD $89.24 /bbl









(1) The opportunity cost on the fixed price sulphur contract is the difference between the revenue derived from the Sulphur Contract and the revenue that could have been derived from the net market price.

REVENUE

The following table summarizes the Company's revenue for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ 000s except per boe)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Natural gas	**17,038**	42,125	(60)	**87,295**	217,291	(60)
Condensate	**18,754**	21,307	(12)	**82,879**	84,318	(2)
NGLs	**5,908**	6,254	(6)	**25,216**	30,399	(17)
Sulphur	**1,077**	2,663	(60)	**6,528**	10,417	(37)
Petroleum and natural gas revenue (1)	**42,777**	72,349	(41)	**201,918**	342,425	(41)
Petroleum and natural gas revenue ($/boe)	**20.60**	23.59	(13)	**19.87**	28.63	(31)
Processing and marketing revenue	**5,353**	11,919	(55)	**20,188**	27,982	(28)
Other revenue(2)	**203**	223	(9)	**666**	7,104	(91)
Realized gain (loss) on Financial Contracts	**16,989**	5,573	205	**67,219**	6,137	995
Total revenue	**65,322**	90,064	(28)	**289,991**	383,648	(24)

(1) Petroleum and natural gas revenue includes gains and losses on physical commodity contracts.
(2) Other revenue includes road use income and contract operating income. In addition to these items, for the year ended December 31, 2023, other revenue includes a one-time non-refundable deposit paid to Pieridae for a disposition that failed to close.

Petroleum and Natural Gas Revenue

Petroleum and natural gas revenue is derived from the sale of natural gas, condensate, NGLs and sulphur. Fluctuations in revenue occur due to commodity price volatility which is mitigated through the Company's hedge policy. Petroleum and natural gas revenue decreased for the three months and year ended December 31, 2024, which is mainly attributable to lower production due to shut-in volumes because of lower gas prices.

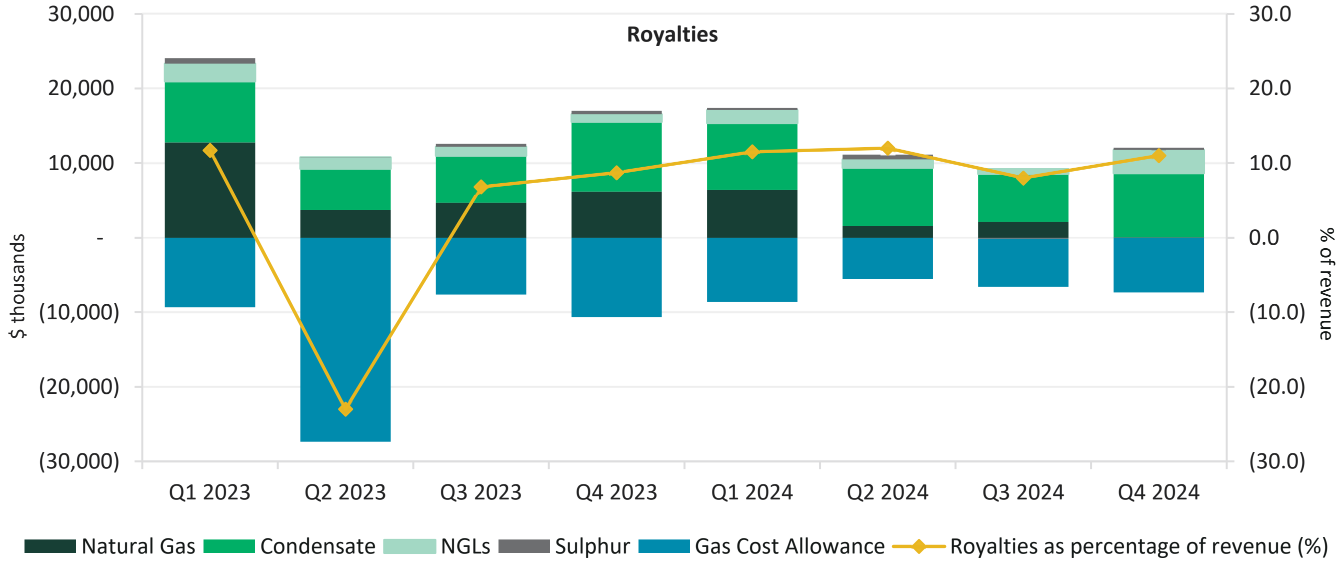
ROYALTIES

The following table summarizes the Company's royalty obligations for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ 000s except per boe)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Gross royalties	**12,051**	17,000	(29)	**49,606**	64,400	(23)
Gas cost allowance	**(7,350)**	(10,685)	(31)	**(27,935)**	(55,032)	(49)
Royalties	**4,701**	6,315	(26)	**21,671**	9,368	131
Royalties ($/boe)	**2.26**	2.06	10	**2.13**	0.78	173
Royalties as percentage of revenue (%)	**11**	9	22	**11**	3	267

For the three months and year ended December 31, 2024, gross royalties decreased overall due to lower natural gas prices.

Gross natural gas royalties are reduced by Gas Cost Allowance ("GCA"), which is provided by the Alberta Crown ("Crown") to account for operating and capital expenses incurred to process and transport the Crown's royalty portion of natural gas production. For the year ended December 31, 2023, the GCA deduction was impacted by a one-time favorable adjustment of $18.0 million, which resulted in a larger GCA deduction not repeated in the current period.



PROCESSING, MARKETING REVENUE

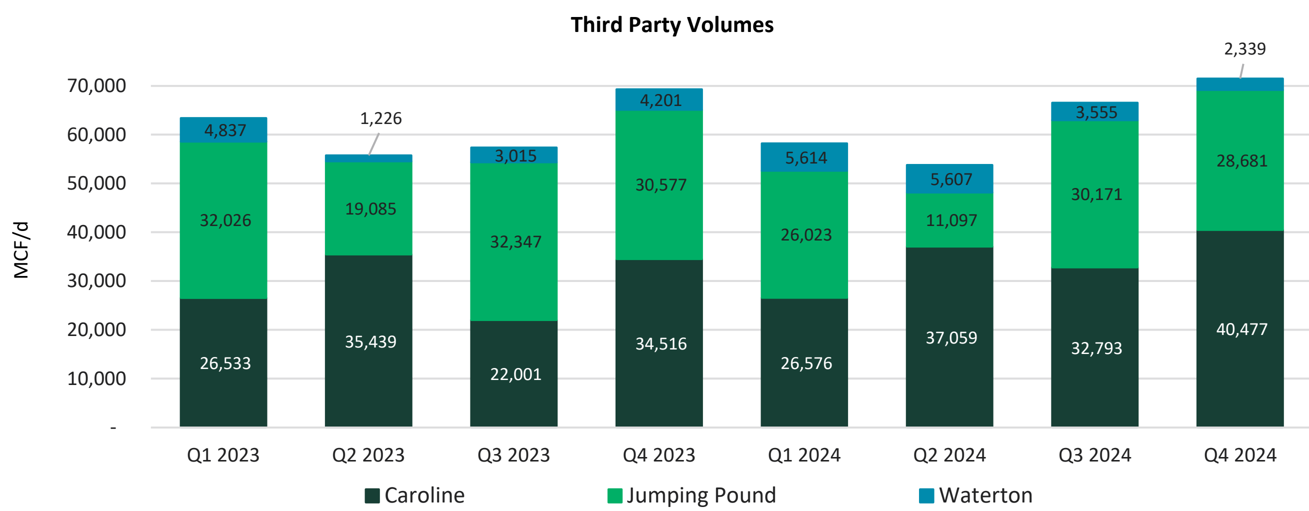
Processing and Marketing Volumes

Pieridae owns and operates three gas processing facilities and related infrastructure located through the Alberta foothills. In addition to our own produced volumes, these facilities process working interest owner production and third-party production. These three facilities offer various services including raw gas sweetening, deep-cut NGL recovery, NGL fractionation, sulphur processing, and product marketing.

The following table summarizes the gross third-party processing and handling of raw gas volumes processed by facility for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year Ended December 31		
(mcf/d) [(1)]	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Caroline	**40,477**	34,516	17	**34,477**	29,001	19
Jumping Pound	**28,681**	30,577	(6)	**24,158**	28,515	(15)
Waterton	**2,339**	4,201	(44)	**4,378**	3,317	32
Total	**71,497**	69,294	3	**63,013**	60,833	4

(1) Volumes shown are by activity month, which does not include timing differences due to accounting accruals.



Third-party processed volumes fluctuated in 2024 as a result of:

- Caroline – During 2024, a number of new third-party tie-ins were completed which resulted in increased feedstock volumes for both the quarter and year end, partially reduced by Caroline downtime due to the Debottlenecking Project.

- Jumping Pound – Third-party volumes processed were lower for the year due to the Jumping Pound Repairs. These volumes have returned to normal rates in the fourth quarter of 2024 following completion of the repair work.
- Waterton – In the year and fourth quarter of 2024, third-party volumes were impacted by the timing of the first and second phase of the Waterton Turnaround. Additionally, following resumption of operations in October 2024, a third-party chose to temporarily not resume full production. These volumes have been restarted as of the date of this MD&A.

Processing and Marketing Revenue

Processing and marketing revenue is primarily derived from fees charged to third parties for processing and handling their produced volumes through the gas processing facilities.

The following table summarizes the Company's processing and marketing revenue by area for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ 000s except per boe)	2024	2023	% Change	2024	2023	% Change
Caroline	**871**	1,797	(52)	**5,707**	9,225	(38)
Jumping Pound	**3,926**	8,997	(56)	**11,212**	17,764	(37)
Waterton	**392**	524	(25)	**2,459**	1,905	29
Other [(1)]	**164**	311	(47)	**810**	1,150	(30)
Total	**5,353**	11,629	(54)	**20,188**	30,044	(33)

(1) Other contains third-party processing and marketing revenue that is not related to the three gas processing facilities.

For the three months and year ended December 31, 2024, processing and marketing revenue decreased by 54% and 33%, respectively. Revenues are associated with third party volumes, discussed above, and to the market price for gathering, processing and marketing services which are impacted by various industry conditions.

OPERATING EXPENSE

The following table summarizes the Company's operating expense and adjusted operating expense for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ 000s except per boe)	2024	2023	% Change	2024	2023	% Change
Operating expense	**42,797**	53,399	(20)	**185,747**	224,304	(17)
Operating expense ($/boe)	**20.61**	17.41	18	**18.28**	18.75	(3)

For the three months and year ended December 31, 2024, operating expenses decreased by 20% and 17%, respectively, due primarily to lower processing fees incurred following the voluntary production shut-ins previously discussed, and lower costs as a result of ongoing cost optimization efforts; most specifically reduced maintenance costs, lower contract labour and decreases in power consumption and chemical usage. These cost savings have been realized while maintaining safe and effective operations. Ongoing focus on fuel gas reduction also continues to reduce carbon emissions intensity at the three facilities, resulting in lower absolute carbon compliance costs than in previous years during a period of inflating per-tonne carbon compliance price.

Pieridae remains committed to improving operating costs, in absolute and on a per-boe basis through cost reduction initiatives and by increasing facility throughput volumes. Ongoing and future cost reduction efforts are focused on:

- Reducing fuel gas consumption in the field and in facilities. Lower fuel gas use increases natural gas sales and decreases carbon emissions intensity and resulting emissions compliance costs.
- Reducing power consumption through optimization while continuing to hedge power price exposure.
- Reducing dependence on third-party contractors for routine operations by training and empowering employees.
- Centralizing contracting and procurement and deploying category management to ensure efficiencies and economies of scale in the supply chain.
- Optimizing maintenance activities and costs while maintaining and improving operating reliability.

The following table summarizes the Company's operating cost per boe by core area for the three months and years ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ per boe)	2024	2023	% Change	2024	2023	% Change
Caroline	**14.65**	16.36	(10)	**17.38**	20.98	(17)
Jumping Pound	**15.84**	14.32	11	**17.91**	16.11	11
Waterton	**20.24**	15.01	35	**15.77**	18.55	(15)
CAB (1)	**102.05**	22.08	362	**25.41**	18.56	37
Northern Alberta Foothills	**7.81**	14.55	(46)	**11.41**	17.02	(33)
Northeast BC (1)	**N/A**	65.34	N/A	**52.34**	57.83	(9)

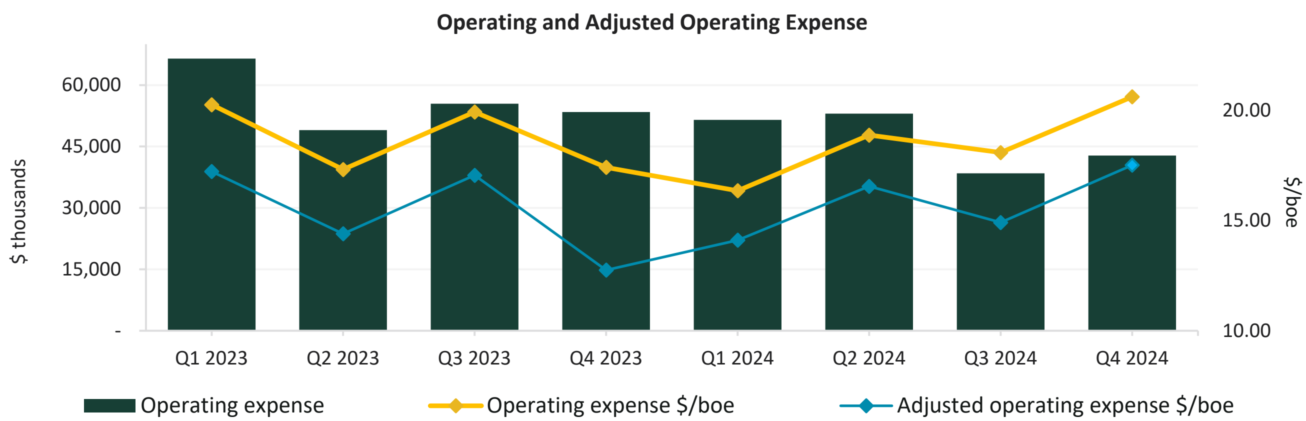
(1) Shut-in volumes in this area in the second half of 2024 have made this metric irrelevant for the three-month period.

Operating expense per boe differs among Pieridae's core areas primarily due to whether or not production from the area flows into a Company-owned or third-party processing facility. Caroline, Jumping Pound and Waterton areas all have Company-owned processing facilities with dedicated feedstock, fixed operating costs, and hedged power costs, which stabilizes operating expense; costs per boe in these areas vary mainly due to production volume variability. CAB, Northern Alberta Foothills and Northeast BC volumes currently flow to third-party processing facilities creating a significant variable component to their operating expense. Management's voluntary shut-in of uneconomic production in 2024 resulted in a higher operating cost per boe given primarily fixed costs were incurred following the shut-ins.

Adjusted Operating Expense

While Pieridae's three facilities are significantly more complex and costly to operate than similar sweet-gas processing facilities, they offer acid gas extraction, deep-cut NGL recovery, NGL fractionation (at two of the three), and sulphur recovery. As a result they contribute to Pieridae's ability to earn sulphur revenue, and gathering, processing and marketing income. These revenue streams contribute to Operating Netback, but cannot be used in the calculation of "operating expense per boe" which is a significant industry comparator. By disclosing these adjusted operating expenses, Pieridae is able to better demonstrate the significant value of this infrastructure, and the growing importance of sulphur and third-party revenue to net income.

Adjusted operating expense is a non-GAAP measure. Adjusted operating expense provides an industry-comparable view of the cash cost to operate. Processing third-party volumes does not add materially to the cost of operating facilities, in some cases additional volumes decrease absolute cost through process efficiency. Adjusted operating expense is calculated as operating expenses, less processing and marketing revenue and sulphur revenue. Due to the high proportion of fixed operating costs, volume changes are highly impactful to per boe values.



The following table summarizes the Company's adjusted operating expense by area for the three months ended December 31, 2024:

Three months ended December 31, 2024 *($ per boe)*	Caroline	Jumping Pound	Waterton	CAB	Northern Alberta	Northeast BC (1)	Total
Operating expense	14.65	15.84	20.24	102.05	7.81	N/A	**20.61**
Less:							
Processing and marketing revenue	1.85	5.53	0.66	0.74	0.45	-	**2.58**
Sulphur revenue	0.65	0.32	0.91	0.05	-	-	**0.51**
Adjusted operating expense	**12.15**	**9.99**	**18.67**	**101.26**	**7.36**	**N/A**	**17.52**

(1) Shut-in volumes in this area have made this metric irrelevant for the three-month periods.

The following table summarizes the Company's adjusted operating expense by area for the year ended December 31, 2024:

Year ended December 31, 2024 *($ per boe)*	Caroline	Jumping Pound	Waterton	CAB	Northern Alberta	Northeast BC	Total
Operating expense	17.38	17.91	15.77	25.41	11.41	52.34	**18.28**
Less:							
Processing and marketing revenue	2.92	4.99	0.84	0.19	0.42	-	**1.99**
Sulphur revenue	0.65	0.23	0.47	1.60	(0.03)	-	**0.60**
Adjusted operating expense	**13.81**	**12.69**	**14.46**	**23.62**	**11.02**	**52.34**	**15.69**

The following table summarizes the Company's adjusted operating expense by area for the three months ended December 31, 2023:

Three months ended December 31, 2023 *($ per boe)*	Caroline	Jumping Pound	Waterton	CAB	Northern Alberta	Northeast BC	Total
Operating expense	16.36	14.32	15.01	22.08	14.55	65.34	**17.41**
Less:							
Processing and marketing revenue	3.19	12.67	0.82	0.28	0.27	-	**3.79**
Sulphur revenue	0.26	0.33	0.62	2.28	0.15	-	**0.87**
Adjusted operating expense	**12.91**	**1.32**	**13.57**	**19.52**	**14.13**	**65.34**	**12.75**

The following table summarizes the Company's adjusted operating expense by area for the year ended December 31, 2023:

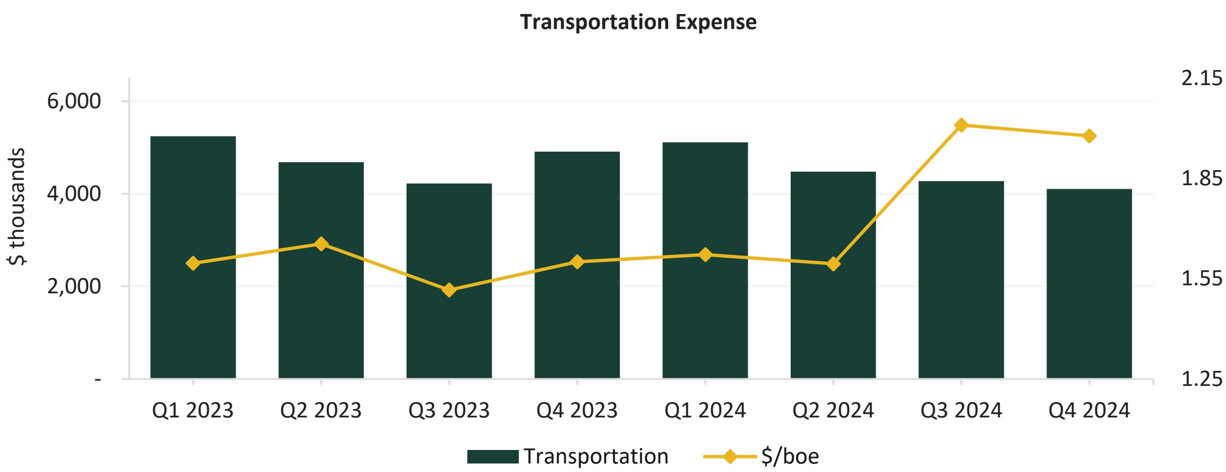
Year ended December 31, 2023 *($ per boe)*	Caroline	Jumping Pound	Waterton	CAB	Northern Alberta	Northeast BC	Total
Operating expense	20.98	16.11	18.55	18.56	17.02	57.83	**18.75**
Less:							
Processing and marketing revenue	4.53	6.89	0.70	0.23	0.33	-	**2.51**
Sulphur revenue	0.45	0.31	0.66	2.08	0.04	-	**0.87**
Adjusted operating expense	**16.00**	**8.91**	**17.19**	**16.25**	**16.65**	**57.83**	**15.37**

TRANSPORTATION EXPENSE

The following table summarizes the Company's transportation expense for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ 000s except per boe)	2024	2023	% Change	2024	2023	% Change
Transportation expense	**4,104**	4,909	(16)	**17,965**	19,047	(6)
Transportation expense ($/boe)	**1.98**	1.60	24	**1.77**	1.59	11

Approximately 96% of Pieridae's natural gas production is shipped under firm service transport contracts, which provides Pieridae guaranteed fixed cost access to firm pipeline transportation capacity. Transportation expense is partially influenced by the cost of fuel gas, which is based on AECO pricing. Transportation expense per boe increased in the current period due primarily to the voluntary shut-in of uneconomic production in the second half of 2024 and was partially offset by lower fuel costs.

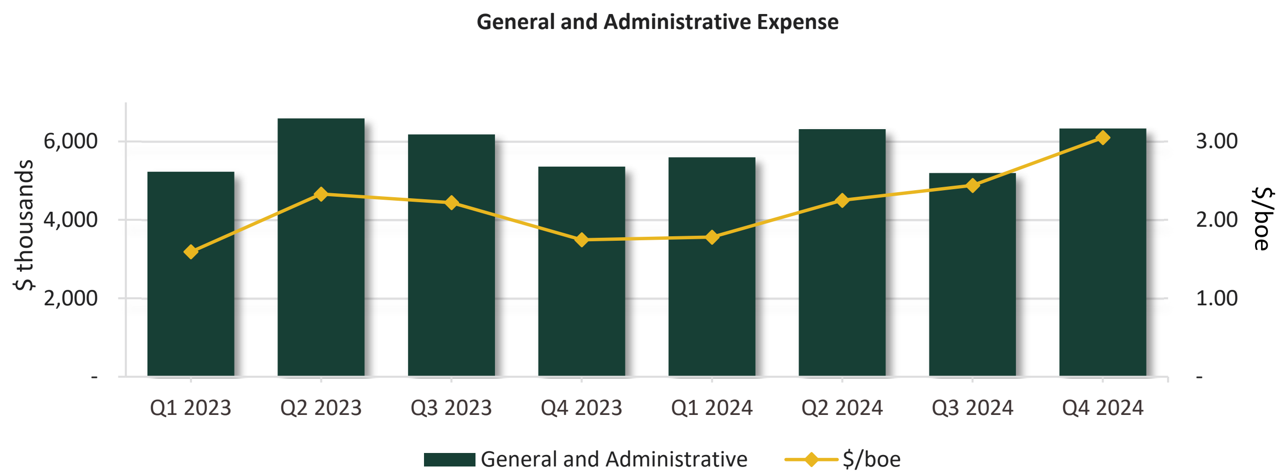


GENERAL AND ADMINISTRATIVE EXPENSE

The following table summarizes the Company's general and administrative ("G&A") expense for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ 000s except per boe)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
General and administrative expense	**6,332**	5,357	18	**23,438**	23,351	-
General and administrative expense ($/boe)	**3.05**	1.75	74	**2.31**	1.95	18

G&A expenses increased for the three months and year ended December 31, 2024 primarily due to higher fees related to various corporate matters. G&A expenses increased on a per boe basis for both periods due to the voluntary shut-in of uneconomic production. Management continues to focus on cost reduction initiatives including the ongoing optimization of staffing levels and consulting costs to ensure the business operates as efficiently as possible.



FINANCE EXPENSE

The following table summarizes the Company's finance expense for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ 000s)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Cash portion of interest expense	**4,453**	5,662	(21)	**20,853**	18,174	15
Non-cash interest paid in-kind	**1,452**	931	56	**3,901**	6,300	(38)
	5,905	6,593	(10)	**24,754**	24,474	1
Accretion of financing costs	**1,135**	1,166	(3)	**4,893**	10,360	(53)
Loss on debt extinguishment	**-**	-	-	**-**	6,859	(100)
Accretion of decommissioning obligations	**644**	653	(1)	**2,381**	2,273	5
Interest on lease liabilities	**186**	70	166	**362**	245	48
Other charges	**(351)**	62	(666)	**196**	(55)	(456)
Total finance expense	**7,519**	8,544	(12)	**32,586**	44,156	(26)

The majority of Pieridae's interest expense for the year ended December 31, 2024 is comprised of interest on variable rate debt. Conversely, for half of the prior year, the balance was interest on fixed rate debt.

In November 2024, the Senior Facility and Subordinated Note agreements were amended. The amendments included a 0.5% increase in the variable interest rates on these instruments until March 31, 2025, refer to the "Long-Term Debt" section of this MD&A. Under these debt facilities, interest is incurred in USD and is subject to fluctuations in the USD/CAD exchange rates; Pieridae has a number of currency hedge instruments in place to provide downside protection on a portion of USD-denominated debt service cost.

DEPLETION AND DEPRECIATION

The following table summarizes the Company's depletion and depreciation for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ 000s)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Depletion and depreciation	**16,015**	15,702	2	**59,559**	61,534	(3)

Depletion and depreciation expense increased slightly during the three months ended December 31, 2024 due to an increased depletion rate due to decreased reserves. Conversely, it decreased during the year ended December 31, 2024 as a result of a reduction in future development costs added to the depletable base.

SHARE-BASED COMPENSATION

The following table summarizes the Company's share-based compensation for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ 000s)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Share-based compensation	**932**	21	4,338	**2,403**	1,143	110

Share-based compensation is comprised of expense recognized under the Stock Option Plan, Restricted Share Unit ("RSU") Plan and Deferred Share Unit ("DSU") Plan. Share based compensation expense is primarily made up of expenses related to the RSU and Stock Option Plans. Share-based compensation increased in the fourth quarter and year-ended December 31, 2024 primarily due to an increase in the number of RSU's outstanding.

RSUs and DSUs are non-dilutive, cash settled and valued based on the five-day volume-weighted average share price and the number of awards outstanding at each reporting period.

TAXES

Deferred income tax assets are recognized to the extent that the realization of the related tax benefit through future taxable profits is probable based on current tax pools and estimated future taxable income. As at December 31, 2024, a deferred tax asset in the amount of $83.6 million (December 31, 2023 – $67.9 million) was recognized as management believes it is probable that the benefit of the associated tax basis will be realized. Included in this tax basis are estimated non-capital loss carry-forwards that expire in the years 2034 through 2044.

The following table summarizes the Company's estimated tax pools at December 31, 2024 and 2023:

($ 000s)	**December 31, 2024**	**December 31, 2023**
Canadian oil and gas property expenses	**156,772**	158,097
Canadian development expenses	**25,679**	22,916
Canadian exploration expenses	**25,359**	23,398
Undepreciated capital costs	**54,973**	59,010
Non-capital and capital losses	**350,057**	339,872
Other	**10,831**	11,617
Estimated tax pools	**623,671**	614,910

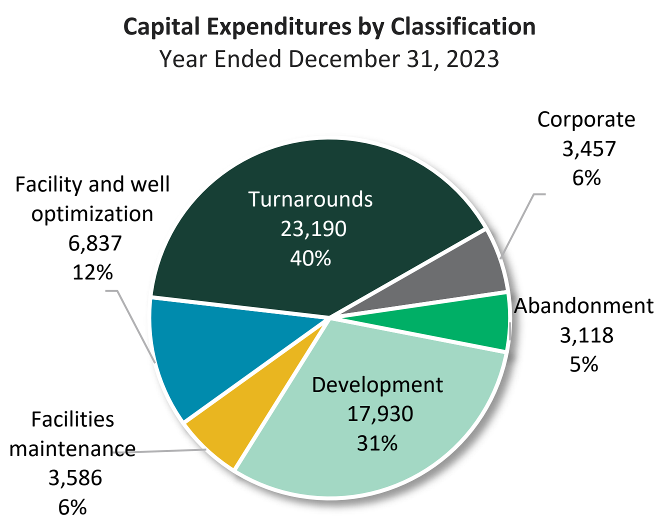
CAPITAL EXPENDITURES

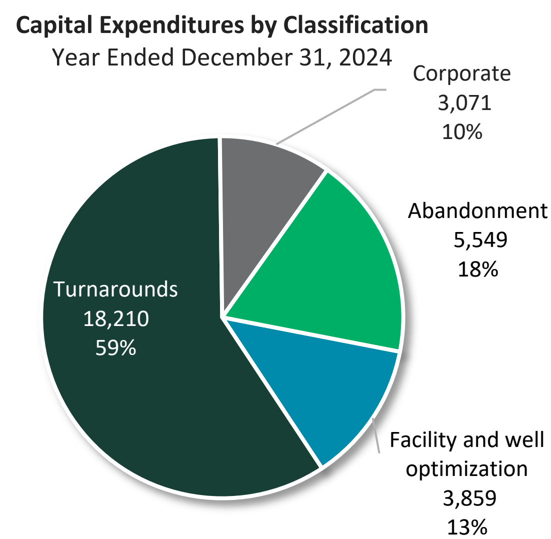
The following table summarizes the Company's capital expenditures for the three months and years ended December 31, 2024 and 2023:

	Three months ended December 31			Year ended December 31		
($ 000s)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Turnarounds	**4,807**	4,861	(1)	**18,210**	23,190	(21)
Development	**-**	204	(100)	**-**	17,930	(100)
Facilities and well optimization	**394**	2,979	(87)	**3,859**	6,837	(44)
Facilities maintenance	**-**	812	(100)	**120**	3,586	(97)
Land	**101**	89	13	**437**	339	29
Seismic	**-**	-	-	**-**	200	100
Corporate	**498**	361	38	**3,071**	3,457	(11)
Capital expenditures	**5,800**	9,306	(38)	**25,697**	55,539	(54)
Reclamation and abandonment	**559**	1,592	(65)	**5,549**	3,118	78
Total capital expenditures	**6,359**	10,898	(42)	**31,246**	58,657	(47)

Pieridae's focus during the current reporting periods was, and continues to be, capital preservation. As a result, 2024 capital expenditures are significantly lower than in the comparative periods. Notable capital spending for the current periods include:

- Turnarounds – the fourth quarter primarily includes costs related to the Waterton Turnaround. The annual period includes both the Waterton Turnaround and the Jumping Pound Repairs.
- Facilities and Well Optimization – ongoing field and facility capital optimization programs to support mitigation of the natural reserve decline, and to support facility reliability. Spending in the current period is partially offset by insurance proceeds received related to capital repairs completed due to 2023 wildfire damage in Northeast BC.
- Corporate Capital – comprised of capitalized G&A and field information technology expenses.
- Reclamation and Abandonment – related to reclamation and abandonment activities, primarily in Northeast BC.





LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

As at December 31, 2024, Pieridae's capital structure was comprised of share capital, adjusted working capital and long-term debt. The following table summarizes the capital structure at December 31, 2024 and 2023:

($ 000s)	December 31, 2024	December 31, 2023
Adjusted working capital deficit [1]	**(29,777)**	(31,830)
Current portion of long-term debt	**(9,885)**	(30,748)
Long-term debt	**(157,902)**	(141,468)
Net debt [2]	**(197,564)**	(204,046)
Shareholders' equity	**168,428**	174,406

(1) Adjusted working capital is a non-GAAP measure and is calculated as accounts payable and accrued liabilities, less cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses and other. Please refer to the working capital table below for this calculation.

(2) Net debt is a non-GAAP measure. Management considers net debt an important measure as it demonstrates ability to pay off debt and take on new debt, if necessary. Net debt is calculated as adjusted working capital less the current and long-term portions of debt.

Cash and Cash Equivalents

Pieridae held $8.6 million in cash and cash equivalents and restricted cash of $0.2 million as at December 31, 2024.

Guarantee Facility from Export Development Canada

Pieridae holds a $12.0 million unsecured guarantee facility with Export Development Canada ("EDC"). Effective July 1, 2024, the Company renewed the facility and re-purposed $2.0 million into a foreign exchange guarantee facility to support the foreign exchange risk management program, reducing the trade and commercial facility to $10.0 million.

This facility provides a 100% guarantee to the issuing banks of existing and future trade and commercial letters of credit. There was $8.4 million drawn at December 31, 2024, compared to $5.9 million at December 31, 2023.

Long-Term Debt

Long-term debt consists of a USD $142 million debt facility as described in note 11 of the Consolidated Financial Statements. The USD $142 million debt facility is comprised of a USD $110.5 million Senior Facility maturing in March 2027 and USD $31.5 million Subordinated Notes, maturing in September 2027, which are both held by PAPL. Our long-term debt balance is denominated in USD. As a result, the weakening of the Canadian dollar throughout 2024 has significantly increased the CAD value of these USD-denominated debt balances.

The table below summarizes debt obligations as of December 31, 2024 and December 31, 2023:

($ 000s)		December 31, 2024	December 31, 2023
Senior Facility			
Revolving Loan USD $22,000 [1]	**USD**	**15,000**	14,800
Term Notes USD $88,500 [1][2]	**USD**	**78,230**	81,600
Subordinated Notes USD $31,500 [1][3]	**USD**	**32,509**	30,000
PAPL total debt USD [2]	**USD**	**125,739**	126,400
USD/CAD exchange rate [4]		**1.4394**	1.3226
PAPL total debt CAD		**180,989**	167,176
Bridge Loan $20,000 [5]		**-**	22,028
Pieridae total debt		**180,989**	189,204

(1) On November 6, 2024 and November 26, 2024, respectively, PAPL modified the terms to its Senior Facility and its Subordinated Notes, resulting in changes to their borrowing bases as described in the information below.

(2) $3.5 million of the $10 million delayed draw term loan was drawn and combined with the Term Notes on November 6, 2024.

(3) Excludes unamortized deferred financing fees of $4.6 million, which includes warrants issued in concurrence with the debt refinancing.

(4) USD to CAD exchange rate at December 31, 2024 and 2023, respectively.

(5) Includes interest payable in-kind of $2.0 million and excludes unamortized deferred financing fees of $0.3 million.

In November 2024, PAPL amended its existing Senior Facility and Subordinated Note agreements with its lenders. These amendments were an aggregate response to (a) capital allocation decisions for proceeds from the sale of the Goldboro assets, Private Placement and Rights Offering, and associated repayment of the $24.0 million Bridge Loan, (b) re-evaluation of the need to draw the entire available USD $10 million delayed draw term loan, in place to fund Phase two of the Waterton Turnaround, and (c) economics associated with various waivers and amendments of covenants of the long-term debt. The resulting impact to debt balances was:

- A draw against the delayed draw term loan of USD $3.5 million, after which the remaining USD $6.5 million is not available to draw as it was in place solely to fund the now-complete Waterton Turnaround.
- A permanent repayment of the Revolving Loan of USD $3.0 million, and associated reduction of the Revolving Loan maximum borrowing base from USD $25 million to USD $22 million.
- The issuance of USD $1.5 million of Subordinated Notes with the same terms as the original Subordinated Note issuance.
- The issuance of 1,208,092 warrants, exercisable into one common share each at an exercise price of $0.30 per share expiring on June 13, 2030.

As at December 31, 2024, and as at the date of this MD&A the Company was in compliance with, or had obtained the required waivers for, all covenants of the long-term debt.

The table below summarizes available liquidity as of December 31, 2024 and December 31, 2023:

($ 000s)	December 31, 2024	December 31, 2023
Cash and cash equivalents	**8,576**	18,333
Undrawn delayed draw term loan (1)	**-**	13,226
Undrawn Revolving Loan (1)	**10,072**	13,491
Total available liquidity (2)	**18,648**	45,050

(1) Converted to CAD using the month end exchange rate of 1.4389 as at December 31, 2024 and 1.3226 as at December 31, 2023.
(2) Total available liquidity is a non-GAAP measure. Management considers total available liquidity an important measure to evaluate our cash available to meet financial obligations. Total available liquidity equals cash and cash equivalents plus the undrawn portions of the delayed draw term loan and the undrawn portion of the Revolving Loan

Working Capital and Capital Strategy

The following table summarizes the Company's working capital position at December 31, 2024 and 2023:

($ 000s)	December 31, 2024	December 31,2023
Cash and cash equivalents	**8,576**	18,333
Restricted cash	**188**	670
Accounts receivable	**50,166**	61,523
Prepaids expenses and deposits	**7,123**	9,578
Total current assets	**66,053**	90,104
Accounts payable	**32,997**	44,804
Accrued liabilities	**62,833**	77,130
Total current liabilities	**95,830**	121,934
Adjusted working capital (deficit) (1)	**(29,777)**	(31,830)

(1) Adjusted working capital (deficit) is a non-GAAP measure. Management considers adjusted working capital (deficit) an important measure to evaluate operational liquidity. Adjusted working capital (deficit) equals operational current assets less operational current liabilities.

Pieridae generally operates with a sustainable working capital deficit. Adjusted working capital deficit at December 31, 2024 decreased compared to 2023; primarily driven by lower accounts payable and accrued liabilities, partially offset by lower cash and cash equivalents and lower accounts receivable balances.

Management monitors working capital on a continuous basis with a focus on strengthening the balance sheet through sustaining production, and rigorous cost control across operations and administration. The Company's capital strategy is aligned with its business strategy and is focused on maintaining sufficient liquidity to fund operations, expanding third-party processing revenues and marketing income, and partially mitigating reserves decline. The Company's principal sources of liquidity are the undrawn balance of the Revolving Loan, available capacity on the EDC guarantee facility, and any potential future debt and equity offerings.

SHARE CAPITAL, WARRANTS AND STOCK OPTIONS OUTSTANDING

The following table outlines the Company's share capital, stock options and warrants outstanding at March 19, 2025, December 31, 2024 and December 31, 2023:

	March 19, 2025	December 31, 2024	December 31, 2023
Share capital	**290,387,642**	**290,387,642**	159,087,336
Stock options	**6,948,475**	**6,948,475**	4,416,690
Stock options – weighted average exercise price ($/share)	**$0.49**	**$0.49**	$0.73
Warrants	**24,804,414**	**24,804,414**	23,596,322
Warrants – weighted average exercise price ($/warrant)	**$0.50**	**$0.50**	$0.53

During the year, Pieridae completed the Private Placement of 12,800,000 common shares to an existing shareholder at a price of $0.35 per share, for gross proceeds of $4.5 million. The Private Placement closed on August 2, 2024.

Pieridae also completed a Rights Offering of common shares to eligible shareholders, which closed on October 8, 2024. The Rights Offering resulted in Pieridae issuing an aggregate of 118,476,306 common shares at a price of $0.2448 per common share, for gross proceeds of approximately $29.0 million.

Share issuance costs related to the Private Placement and the Rights Offering totaled $3.1 million.

The Private Placement and Rights Offering triggered the anti-dilution clause in the warrant agreements, causing the Company to re-strike each warrant tranche in accordance with pre-determined agreed upon calculations.

COMMITMENTS, PROVISIONS AND CONTINGENCIES

The Company has entered into several financial obligations during the normal course of business. As at December 31, 2024, these obligations and the expected timing of their settlement, are detailed below:

($ 000s)	2025	2026	Thereafter	Total
Firm transportation	12,170	4,804	-	16,974

Provisions and Contingencies

The Company is involved in various claims and litigation arising in the normal course of business. While the outcome of these matters is uncertain, Management believes that any liabilities that may arise from such matters are not likely to have a material effect on the Consolidated Financial Statements.

Off Balance Sheet Transactions

Pieridae does not have any financial arrangements that are excluded from the Consolidated Financial Statements, nor are any such arrangements outstanding as of the date at this MD&A.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Pieridae conducts its operations with high standards, aiming to meet or exceed all regulations. The Company's prime consideration is to protect employees and consultants, the general public, and the environment. The Company's Liability Management Rating is within both the British Columbia Energy Regulator's ("BCER") and the Alberta Energy Regulator's ("AER") requirements after accounting for a $1.8 million ($1.3 million as of January 2, 2025) deposit in place with the BCER. The liability rating in Alberta is calculated by the AER based on the licenses which are in Pieridae's name.

The amendments to the Competition Act, and the absence of any transition period or guidance from the government, have created uncertainty with respect to how organizations can communicate about their environmental performance. The Company remains committed to meeting or exceeding environmental and safety standards applicable to the business. Management will continue to prioritize the safety and security of employees, contractors, customers, neighbors and the environment, and will monitor developments relating to the Competition Act and will re-evaluate website content and other Company disclosures as more clarity is obtained.

RISK FACTORS

The Company complies with current government regulations that affect its activities, although operations may be adversely affected by changes in government policy, regulations, or taxation. In addition, Pieridae maintains a level of liability, and property and business interruption insurance, which is believed adequate for its size and activities, but it is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims. Risk to the business and operations include, but are not limited to:

Risks Related to Pieridae's Business and Industry
Adverse Economic Conditions
Access to Capital
Liquidity
Prices, Volatility and Marketing of Oil, Natural Gas and NGLs
Operational Matters and Hazards
Labour Relations
Development and Production
Regulatory Permits, Licenses and Approvals
Variations in Foreign Exchange and Interest Rates
Skilled Workforce
Pipeline Systems, Rail, Co-ownership of Assets, and Operational Dependence
Facilities Throughput and Utilization
Information Technology Systems and Cyber-Security
Inflation and Cost Management
Hedging Activities
Political Uncertainty and Geo-Political Risk
Project Execution
Climate Change
Climate Change – Physical Risks
Climate Change – Transition Risks
Climate Change Regulations and Carbon Pricing
Royalty Regimes
Environmental
Reputational
Third-Party Credit Risk
Technological Change
Competition
Conflicts of Interest
Indigenous Land Rights Claims
Reserve Estimates
Litigation
Insurance Coverage
Breach of Confidentiality
Risks Related to Pieridae's Common Shares
Volatility
Return on Investment
Dilution
Liquidity

Refer to the Company's AIF for the year ended December 31, 2024, for fulsome discussion of these risks. See also "Cautionary Note Regarding Forward-Looking Information" in this MDA.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The timely preparation of the Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets, liabilities, revenues and expenses are discussed below:

a. Identification of cash-generating units

Some of the Company's assets are aggregated into CGUs for the purpose of calculating depletion and impairment. A CGU is comprised of assets that are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

b. Impairment of petroleum and natural gas assets

For the purposes of determining whether impairment of petroleum and natural gas assets has occurred and the extent of any impairment or its reversal, the key assumptions the Company uses in estimating future cash flows are forecasted petroleum and natural gas prices, expected production volumes and anticipated recoverable quantities of proved and probable reserves. These assumptions are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates. Changes in the aforementioned assumptions could affect the carrying amounts of assets. Impairment charges and reversals are recognized in statements of income. The rates used to discount future cash flows are based on judgment of economic, regulatory and operating factors. Changes in these factors could increase or decrease the discount rate which may result in material changes.

c. Debt instruments

Debt instruments are initially recognized at fair value based on consideration received and adjusted in respect of any transaction costs that are incremental and directly attributable to the issue of the instrument. Subsequent measurement is at amortized cost and the effective interest rate method. Certain financing arrangements contain options which may revise future estimated cash outflow and result in an adjustment to the carrying value of the financial liability. At each reporting period, the Company will estimate whether such options will be exercised and if an adjustment to the financial liability is required. All adjustments arising from such changes in estimates are recognized immediately in profit or loss.

d. Assessment of going concern

The Company has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon its ability to continue as a going concern. In reaching this conclusion, the Company uses significant judgement and estimates and considered all relevant information, including feasibility of and effectiveness of management's mitigation plans. Accordingly, actual circumstances will differ from those estimates and the variation may be material.

e. Reserves

The assessment of reported recoverable quantities of proved and probable reserves include estimates regarding production profile, commodity prices, exchange rates, remediation costs, timing and amount of future development costs and production, transportation and marketing costs for future cash flows. It also requires interpretation of geological, engineering and geophysical models in anticipated recoveries. The economical, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Company's PP&E, the calculation of depletion, the provision for decommissioning obligations and the recognition of deferred tax assets due to changes in expected future cash flows. The recoverable quantities of proved and probable reserves and associated estimated cash flows are independently evaluated by qualified reserve evaluators at least annually.

The Company's petroleum and natural gas reserves represent the estimated quantities of petroleum and natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered economically producible. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proven and probable if the ability to produce is supported by either production or conclusive formation tests. The Company's petroleum and gas reserves are determined pursuant to National Instrument 51-101, Standard for Disclosures for Oil and Gas Activities.

f. Decommissioning obligations

The Company estimates future decommissioning and remediation costs of production facilities, processing facilities, wells and pipelines at the end of their economic lives. In most instances, abandonment and reclamation of these assets occurs many years into the future. This requires assumptions regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating costs, future removal technologies in determining the removal cost, inflation and liability-specific discount rates to determine present value of these cash flows.

g. Deferred taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in statements of income in the period of change, which would include any impact on cumulative provisions and in future periods. Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amount recognized in statements of income for the period in which the change occurs.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures

As of December 31, 2024, an internal evaluation was carried out of the effectiveness of the Company's disclosure controls and procedures as defined in Canada by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective to ensure that the information required to be disclosed in the reports that the Company files or submits under Canadian Securities Legislation is recorded, processed, summarized, and reported, within the time periods specified in the rules and forms therein. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information required to be disclosed by the Company in the reports that it files or submits under Canadian Securities Legislation is accumulated and communicated to Pieridae's Management as appropriate to allow timely decisions regarding the required disclosure.

It should be noted that while the Company's disclosure controls and procedures are intended to provide a reasonable level of assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in securities legislation, disclosure controls and procedures cannot be expected to prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met

Internal Controls over Financial Reporting

Internal controls over financial reporting ("ICFR") is a process designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized and to facilitate the preparation of relevant, reliable, and timely information. Because of its inherent limitations, ICFR may not prevent or detect misstatements. Management has assessed the effectiveness of the Company's ICFR as defined in Canada by NI 52-109. The assessment was based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management concluded that the Company's ICFR was effective as of December 31, 2024. No changes were made to the Company's internal control over financial reporting during the year ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statements preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

New Accounting Policies

Amendments to IAS 1 Presentation of Financial Statements

On January 1, 2024 the Company adopted the amendments to IAS 1 – Presentation of Financial Statements. This amendment clarified 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. The Company also adopted the amendment to IAS 1, which specified the classification and disclosure of a liability with covenants. The amendment did not have an impact on the Consolidated Financial Statements.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

On January 1, 2024 the Company adopted the amendments to IAS 1 – Lease Liability in a Sale and Leaseback. The amendment clarified how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Company did not have any transactions that were impacted by the adoption of this amendment.

Future Accounting Pronouncements

Future accounting pronouncements

The Company plans to adopt the following amendments to accounting standards, issued by the IASB, on their respective effective dates.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements, which replaces IAS 1 – Presentation of Financial Statements and establishes a revised structure for the financial statements, required disclosures for certain management-defined performance measures and enhanced requirements for grouping of information in the financial statements. IFRS 18 is effective for years beginning on or after January 1, 2027, with early adoption permitted. The Company has not yet determined the impact of IFRS 18 on its Consolidated Financial Statements.

Amendments to IFRS 7 and IFRS 9 the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and IFRS 9). The amendments issued to IFRS 7 and IFRS 9 clarify the date of recognition and detection of some financial assets and liabilities, with new exception for some liabilities settled through electronic cash transfer. The amendments also clarify and add further guidance for assessment whether a financial asset meets the solely payments of principal and interest criteria, as well as adds new disclosures for certain instruments with contractual terms that can change cash flows. Finally, this amendment also updates the disclosures for equity instruments designated at fair value through other comprehensive income. These amendments take effect on or after January 1, 2026, with early adoption permitted. The Company has not yet determined the impact of this amendment on its Consolidated Financial Statements.