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 May 8, 2024, and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the accompanying notes for the three months ended March 31, 2024, (the "Interim Financial Statements") and the MD&A and audited consolidated financial statements and the accompanying notes for the years ended December 31, 2023 and 2022 (the "Consolidated Financial Statements"), as well as Pieridae's Annual Information Form ("AIF"). The Interim 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. All amounts are presented in Canadian dollars, 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, 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. Refer to "Non-GAAP Measures" section within this MD&A.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain of the statements contained herein including, without limitation, management plans and assessments of future plans 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", "plan", "potential", "continue", "shall", "estimate", "expect", "propose", "might", "project", "predict", "forecast", "target", "goal" and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs 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, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, 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, 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 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; future oil and natural gas prices; 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 at 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	**MMcf**	Million cubic feet
Bcm	Billion cubic metres	**MMBtu**	Million British thermal units
Mcf	Thousand cubic feet	**Bbl**	Barrel
GJ	Gigajoules	**Boe**	Barrel of oil equivalent
USD	United States Dollars		

PIERIDAE'S OBJECTIVES AND STRATEGY

We are 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 along the foothills of the Rocky Mountains. Our business is focused on safely producing, processing and delivering to market treated natural gas, condensate, NGLs and sulphur.

We are excited about the opportunities within our asset base and in the regions where we operate. As we continue to mature our deep inventory of conventional drilling prospects, we are focused on diversifying revenue and improving cash flow by increasing third-party utilization of our gathering and processing infrastructure. This infrastructure consists primarily of three major 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. We continue to leverage the long-term, low decline characteristics of our 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.
- Building and continuously improving efficient, cost-effective operations.
- Establishing community and Indigenous partnerships.
- Pursuing opportunities to further integrate environmental, social and governance ("ESG") principles into our business, including implementing a carbon emissions management plan targeting significant emissions intensity reductions.

QUARTERLY HIGHLIGHTS

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

	2024	2023				2022		
($ 000s unless otherwise noted)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Production								
Natural gas (mcf/d)	175,356	174,211	155,763	159,427	186,156	179,143	181,030	178,918
Condensate (bbl/d)	2,781	2,384	2,020	2,300	2,657	2,469	2,911	2,864
NGLs (bbl/d)	2,613	1,921	2,273	2,216	2,784	2,389	2,876	3,695
Sulphur (tonne/d)	1,491	1,284	1,124	1,362	1,457	1,348	1,312	1,555
Total production (boe/d) (1)	34,620	33,340	30,253	31,087	36,467	34,715	35,959	36,378
Third-party volumes processed (mcf/d) (2)	58,212	70,060	61,093	55,750	63,396	49,304	66,224	61,231
Financial								
Natural gas price ($/mcf)								
Realized before Risk Management Contracts (3)	2.53	2.32	2.65	2.39	3.24	5.08	4.38	7.13
Realized after Risk Management Contracts (3)	3.21	3.12	3.25	3.03	5.12	5.24	3.62	4.67
Benchmark natural gas price	2.48	2.29	2.59	2.40	3.25	5.20	4.28	7.22
Condensate price ($/bbl)								
Realized before Risk Management Contracts (3)	91.18	97.15	97.47	84.81	107.22	110.24	103.71	132.60
Realized after Risk Management Contracts (3)	84.49	86.34	80.49	105.84	106.70	117.67	105.82	116.61
Benchmark condensate price ($/bbl)	98.43	104.30	106.30	93.25	107.05	115.24	115.66	132.49
Processing and marketing revenue	5,072	11,919	6,603	5,410	6,401	9,310	7,650	7,471
Net income (loss)	(6,284)	7,414	(16,254)	4,182	13,639	114,662	(1,573)	22,982
Net income (loss) $ per share, basic	(0.04)	0.05	(0.11)	0.03	0.09	0.72	(0.01)	0.15
Net income (loss) $ per share, diluted	(0.04)	0.03	(0.11)	0.03	0.08	0.70	(0.01)	0.14
Net operating income (4)	23,418	25,441	11,650	43,843	49,995	67,711	30,014	55,969
Cashflow provided by operating activities	7,049	31,983	7,577	27,533	37,109	40,134	9,899	34,922
Funds flow from operations (4)	12,044	14,269	(1,422)	35,432	37,413	57,641	17,721	43,462
Total assets	590,531	638,541	564,921	575,849	587,641	615,477	473,642	499,580
Adjusted working capital deficit (5)	(31,671)	(31,830)	(21,454)	(6,258)	(22,275)	(11,249)	(46,419)	(28,892)
Net debt (4)	(209,964)	(204,046)	(205,536)	(181,670)	(202,180)	(214,503)	(254,489)	(248,967)
Capital expenditures (6)	4,897	9,306	16,363	9,384	20,486	19,037	7,216	9,739

(1) Total production excludes sulphur.
(2) Third-party volumes processed are 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) Refer to the "Net Operation Income", "Capital Resources" and "non-GAAP measures" sections of this MD&A for reference to non-GAAP measures.
(5) 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, prepaids and deposits.
(6) Excludes reclamation and abandonment activities.

FIRST QUARTER 2024 OPERATIONAL AND FINANCIAL HIGHLIGHTS

Highlights for the first quarter of 2024 include:

- Produced 34,620 boe/d (84% natural gas), exceeding expectations after absorbing the impact of an unscheduled outage at the Jumping Pound Facility in mid-March 2024.
- Reduced operating costs by 4% compared to Q4 2023 to $51.5 million ($16.35/boe) through successful cost reduction initiatives in our field operations and processing facilities.
- Initiated a non-core asset disposition process for the Northern AB and Northeast BC properties in order to increase focus on properties for which Pieridae owns and controls the gathering and processing infrastructure.
- Generated NOI of $23.4 million (Operating Netback of $7.44/boe) and FFO of $12.0 million reflecting significantly lower natural gas prices than in the comparative period.

2024 OUTLOOK

Pieridae's priorities for 2024 remain:

- Maximize processing facility reliability to meet production targets and maximize processing and marketing revenue by leveraging our available excess deep cut natural gas processing capacity.
- Reduce operating expenses to improve corporate netback.
- Optimize fuel gas consumption to reduce raw gas shrinkage, lower greenhouse gas ("GHG") emissions and costs and increase sales revenue.
- Reduce long-term debt to deleverage the balance sheet.

Pieridae made the decision to shut down the Jumping Pound gas plant in mid-March after experiencing a mechanical failure in the Superclaus unit's sulphur condenser vessel. Although the gas plant was capable of continued operations at the time, a proactive shut down and repair was deemed necessary to restore normal sulphur recovery operations. In anticipation of conducting this repair work at the scheduled 2025 maintenance turnaround, the Company had previously procured a full set of spare condenser tubes and the vessel is currently undergoing a full tube replacement. The capital cost of this repair is estimated to be approximately $3.7 million, and the facility is expected to be back on production in May 2024. The annualized production impact of this unplanned outage is approximately 1,190 boe/d and NOI impact is approximately $7.1 million reflecting lower commodity sales and processing and marketing revenue.

Forward natural gas prices have continued to weaken, particularly over the recent months, as global demand stagnated through a warmer-than-normal winter season resulting in record storage levels and oversupply. Pieridae's robust hedge position will continue to partially mitigate the anticipated lower natural gas prices through 2024.

Production in the Clearwater gas field of Central Alberta was shut in during 2023 due to low natural gas prices and a high proportion of variable operating costs, reducing 2024 average sales volumes by approximately 500 boe/d. Although our guidance originally anticipated stronger winter gas pricing would re-establish economic production from this field, it will remain shut-in until there is a recovery of gas prices. The Company is currently evaluating additional shut-ins in low netback areas where summer gas prices are unable to cover variable production costs.

Pieridae has hedged approximately 74% of its expected 2024 natural gas production net of royalties at approximately CAD$3.50/Mcf, and approximately 70% of its expected 2024 condensate production net of royalties is hedged utilizing WTI swaps with a weighted average price of CAD$101.78 and a CAD$80.00 x $90.75 collar. The discounted unrealized gain on the Company's natural gas and C5 hedge positions at March 31, 2024 was approximately $34.8 million before tax using the March 31, 2024 forward strip.

Pieridae's 2024 capital budget is highlighted by low-cost well and facility optimization projects and the second and final phase of the maintenance turnaround at the Waterton Facility (the "Waterton Turnaround"), which is currently scheduled for the third quarter. The capital program has been adjusted to incorporate the capital cost to repair the Jumping Pound Facility during the second quarter. Pieridae owns and operates three major sour gas processing facilities which each require periodic maintenance turnarounds on a five-to-six-year cycle.

The scope and timing of all capital projects continues to be scrutinized in the context of low natural gas prices. Pieridae does not intend to resume its foothills development drilling program until the natural gas price outlook improves.

The Company's revised 2024 guidance, incorporating the above commodity price, production, and capital expenditure impacts is as follows:

	Revised 2024 Guidance		Previous 2024 Guidance	
($ 000s unless otherwise noted)	Low	High	Low	High
Total production (boe/d) (1)	31,500	33,000	33,000	34,500
Net operating income (2)(3)(5)	65,000	85,000	80,000	100,000
Operating Netback ($/boe) (3)(4)(5)	6.00	7.00	6.50	8.00
Capital expenditures	30,000	35,000	28,000	33,000

(1) 2024 production guidance includes the impact of the phase 2 Waterton Turnaround and the unplanned outage at Jumping Pound.
(2) Refer to the NOI section of the Company's MD&A for reference to non-GAAP measures.
(3) Refer to Operating Netback section of the Company's MD&A for reference to non-GAAP measures.
(4) Assumes unhedged average 2024 AECO price of $1.95/GJ and average 2024 WTI price of $80/bbl.
(5) Accounts for impact of hedge contracts in place at May 8, 2024.

While debt reduction remains a top priority for 2024, the ability to repay revolving debt in 2024 is impacted by low commodity prices and non-discretionary maintenance capital projects. Pieridae expects to draw down the final US$10 million delayed-draw tranche of the senior secured term loan during 2024 (undrawn to date) to support the final phase of the Waterton Turnaround in the third quarter of this year. The Company's available liquidity was $45 million at March 31, 2024 including US$12 million remaining undrawn capacity on the revolving loan, the US$10 million undrawn delayed draw term loan, and $15 million in cash and equivalents.

Pieridae's previously announced Goldboro sale process is ongoing and, if successful, cash proceeds will be applied against the company's $23 million (principal plus accrued interest) convertible bridge term loan which matures on December 13, 2024. The Goldboro sale process is expected to conclude in the second quarter of 2024 and, once complete, will mark the conclusion of Pieridae's strategic pivot away from east coast LNG and toward an Alberta-focused natural gas production and processing business. The Company will make an announcement upon the conclusion of this process.

NET OPERATING INCOME

The following table summarizes the Company's net operating income for the three months ended March 31, 2024 and 2023:

	Three months ended March 31		
($ 000s)	2024	2023	% Change
Revenue before Risk Management Contracts	74,364	94,514	(21)
Gain on physical commodity contracts	1,946	30,887	(94)
Realized gain on Financial Contracts (1)	7,279	381	1,810
Revenue after Risk Management Contracts	83,589	125,782	(34)
Processing, marketing and other revenue (2)	5,216	10,631	(51)
Revenue	88,805	136,413	(35)
Royalties	(8,773)	(14,706)	(40)
Operating	(51,504)	(66,473)	(23)
Transportation	(5,110)	(5,239)	(2)
Net Operating Income (3)	**23,418**	**49,995**	**(53)**

(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 three months ended March 31, 2023, 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) NOI is a non-GAAP measure. Management considers NOI an important measure to evaluate our operational performance as it demonstrates our 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 ended March 31, 2024 and 2023:

	Three months ended March 31		
($ per boe)	**2024**	**2023**	**% Change**
Revenue before Risk Management Contracts	23.60	28.80	(18)
Gain on physical commodity contracts	0.62	9.41	(93)
Realized gain on Financial Contracts	2.31	0.12	1,825
Revenue after Risk Management Contracts	26.53	38.33	(31)
Processing, marketing and other revenue	1.66	3.24	(49)
Revenue	28.19	41.57	(32)
Royalties	(2.78)	(4.48)	(38)
Operating	(16.35)	(20.25)	(19)
Transportation	(1.62)	(1.60)	1
Operating Netback ($/boe) (1)	**7.44**	**15.24**	**(51)**

(1) Operating Netback per boe is a “non-GAAP measure”. Management considers operating netback an important measure to evaluate the Company’s operational performance as it demonstrates Pieridae’s field level profitability relative to current commodity prices. Operating netback equals revenue including realized gains (losses) on Financial Contracts, less royalties, operating expenses and transportation expenses calculated on a per BOE basis.

NOI SENSITIVITY ANALYSIS

The following table summarizes the Company’s net operating income sensitivity for the three months ended March 31, 2024:

	Three months ended March 31			
	2024	**% Change**	**$ Impact**	**% Impact**
Business Environment (1) (2)				
WTI price (USD/bbl) (3)	77.13	10	1,629	7
AECO price ($/mcf) (4)	2.48	10	197	1
Sulphur price ($/tonne)	94.84	10	105	-
USD/CAD average exchange rate (5)	0.7415	10	1,481	6
Operational (1) (6) (7)				
NGLs & condensate production (bbl/d)	5,394	10	2,412	10
Natural gas production (mcf/d)	175,356	10	833	4
Sulphur production (tonne/d)	1,491	10	174	1
Royalty burden	11.5%	1	763	3
Operating expense ($/boe)	(16.35)	10	5,150	22

(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 would only be 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 physical commodity hedges that were in place during the period.
(7) Operational assumptions are based upon the results for the three months ended March 31, 2024, and the calculated impact NOI would only be applicable within a limited range of these amounts.

PRODUCTION

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

	Three months ended March 31		
	2024	**2023**	**% Change**
Natural gas (mcf/d)	175,356	186,156	(6)
Condensate (bbl/d)	2,781	2,657	5
NGLs (bbl/d)	2,613	2,784	(6)
Sulphur (tonne/d) (1)	1,491	1,457	2
Total production (boe/d) (1)	**34,620**	**36,467**	**(5)**
Natural gas production (%)	84%	85%	(1)
Liquids production (%)	16%	15%	1

(1) Total production excludes sulphur.

Production By Area

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

	Three months ended March 31		
	2024	2023	% Change
Waterton	9,318	9,203	1
Jumping Pound	6,581	7,857	(16)
Caroline	5,885	5,393	9
Central Alberta ("CAB")	8,488	9,819	(14)
Northern Alberta	3,585	3,439	4
Northeast BC	763	756	1
Total production (boe/d)	**34,620**	**36,467**	**(5)**

For the three months ended March 31, 2024, total production decreased by 5% compared to the same quarter of 2023. The following items contributed to the decrease:

- Production in our CAB area decreased primarily as a result of non-operated, cold weather-related downtime early in the quarter, planned maintenance conducted on field facilities, and the continued shut-in of our Clearwater gas field due to low natural gas prices (1,355 boe/d).
- Production in our Jumping Pound area was shut-in due to the unplanned condenser repair at the Jumping Pound Facility in mid-March (1,057 boe/d).

Offsetting these decreases were better comparative production results in our Northern Alberta and Caroline areas as outages experienced in the comparative period were not repeated, increasing production by 733 boe/d.

Processing and Marketing Volumes

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

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

	Three months ended March 31		
(mcf/d)	2024	2023	% Change
Waterton	5,614	4,837	16
Jumping Pound	26,023	32,026	(19)
Caroline	26,576	26,533	-
Total	58,213	63,396	(8)

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

The third-party volumes processed at our Waterton facility increased by 16% as a result of cold weather and volume restrictions in the field in the comparative period. However, the previously discussed Jumping Pound Facility outage during the quarter diminished our ability to process third-party volumes, resulting in an offsetting decrease in that area. Late in the quarter, we successfully completed a new third-party tie-in to our Caroline Facility, which will result in long-term incremental processing and marketing revenue from several new wells recently brought onstream by a producer who is actively drilling within the Caroline area.

BENCHMARK PRICES

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

	Q1 2024	Q1 2023	% Change	Q4 2023
Natural Gas				
AECO ($/mcf)	2.48	3.25	(24)	2.29
Henry Hub (USD/MMbtu)	2.43	2.67	(9)	2.75
Chicago Citygate (USD/Mmbtu)	2.79	2.67	(4)	2.27
Basis Differential AECO-NYMEX Premium (Discount) (USD/MMbtu)	(0.58)	(0.27)	115	(1.07)
Condensate				
C5 at Edmonton ($/bbl)	98.43	107.05	(8)	104.30
West Texas Intermediate crude oil (USD/bbl)	77.13	76.13	1	78.52
Sulphur ($/tonne)	94.84	173.09	(45)	118.29
USD/CAD average exchange rate	0.7418	0.7395	-	0.7350

We sell natural gas into the TC Energy Nova Gas Transmission Ltd. system and 100% of our 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 ended March 31, 2024 as compared to 2023. Mild weather during the winter season, full storage, and record levels of production in Canada and the US continued to place downward pressure on natural gas prices throughout early 2024.

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 pricing decreased compared to the comparative periods as a result of a warmer winter and lower diluent demand. WTI pricing remained consistent with comparative periods.

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 facilities. In 2024, sulphur benchmark prices declined compared to 2023, which was a volatile year for sulphur markets with prices ranging from $85/tonne to $224/tonne at Vancouver.

REALIZED PRICES

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

	Q1 2024	Q1 2023	% Change	Q4 2023
Realized Natural Gas Price				
Before Risk Management Contracts ($/mcf)	2.53	3.24	(22)	2.32
After Risk Management Contracts ($/mcf)	3.21	5.12	(50)	3.12
Realized Condensate Price				
Before Risk Management Contracts ($/bbl)	91.18	107.22	(15)	97.15
After Risk Management Contracts ($/bbl)	84.49	106.70	(16)	86.34
NGLs ($/bbl)	37.69	43.94	(14)	35.38
Sulphur ($/tonne)	14.49	27.08	(46)	22.54

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

	Three months ended March 31			
	2024		2023	
(% of product volume)	% spot	% hedge	% spot	% hedge
Natural gas	29	71	34	66
Condensate	44	56	55	45
NGLs	100	-	100	-
Sulphur [(1)]	100	-	100	-
Total production	**35**	**65**	**40**	**60**

(1) Total production excludes sulphur.

We are contractually obligated to sell the majority of our sulphur production for $6.00/tonne FOB facility gate under a fixed-price physical contract which expires on December 31, 2025. This contract applied to 81% of produced sulphur volumes for the three months ended March 31, 2024 (81% for the three months ended March 31, 2023). For comparison, average realized sulphur prices for the three months ended March 31, 2024 would have been $51.76/tonne ($103.05/tonne for the three months ended March 31, 2023), net of transportation costs, if this sulphur contract did not apply.

RISK MANAGEMENT CONTRACTS

Our risk management program is governed by our hedge policy. Our 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. We continuously review the need and requirement to utilize risk management contracts. As at March 31, 2024, our future production is hedged in accordance with the thresholds of our senior loan agreement, which requires approximately 65% of our forecast PDP natural gas and condensate production, net of annualized royalties, from 2024 to 2027.

Financial Contracts are considered derivative financial instruments. Their impacts are recorded at their fair value with changes in their 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. We classify our AECO natural gas swaps and our WTI crude oil collars and swaps as cash flow hedges and apply hedge accounting accordingly. There was no hedge ineffectiveness identified as of March 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.

The following realized gains or losses were generated from our Risk Management Contracts:

	Three months ended March 31	
($ 000s)	**2024**	**2023**
Gain on physical power contracts	3,976	9,308
Gain on physical commodity contracts		
AECO	1,946	30,853
WTI	-	-
Realized gain (loss) on Financial Contracts		
AECO	8,970	-
WTI	(1,691)	-
Total realized gain on Risk Management Contracts [(1)]	**13,201**	**40,161**

(1) Realized gains on Risk Management Contracts include physical commodity and financial risk management contracts inclusive of cash flow hedges.

The following unrealized gains or losses were generated from our Financial Contracts:

	Three months ended March 31	
($ 000s)	**2024**	**2023**
Unrealized gain (loss) on Financial Contracts [(1)]		
AECO	-	(99)
WTI	-	640
Unrealized gain (loss) on Financial Contracts, net of tax [(2)]		
AECO	(22,291)	-
WTI	(8,480)	-
Total unrealized gain (loss) on Financial Contracts [(3)]	**(30,771)**	**541**

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

Outstanding Commodity Price Contracts

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

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

The following Financial Contracts, which hedge accounting is applied, were in place at March 31, 2024:

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

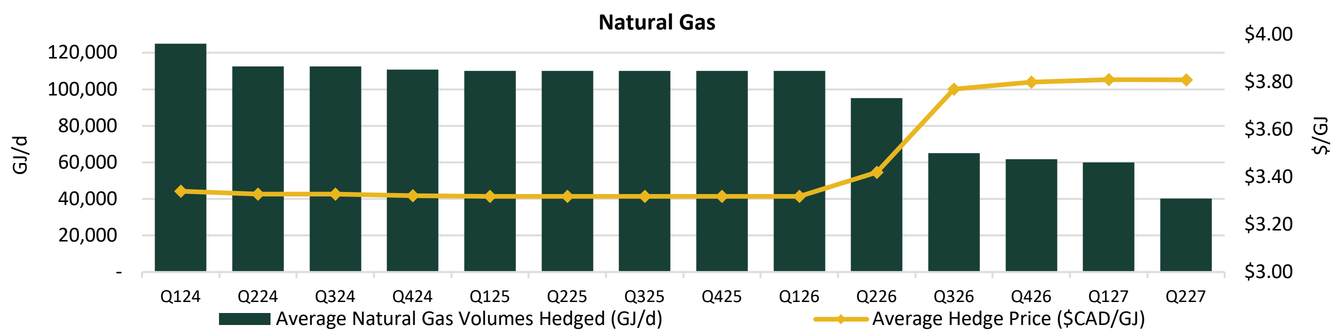
The following Financial Contracts, which hedge accounting is applied, were in place subsequent to March 31, 2024:

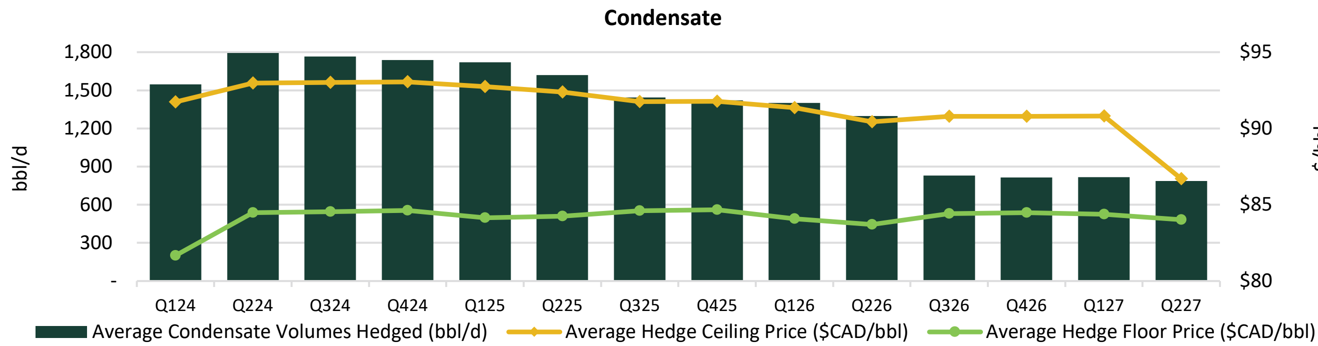
Type of contract	Quantity	Time Period	Contract Price
AECO Natural Gas Swap	16,200 Gj/d	Jun 2026 - Mar 2027	CAD $3.63 /GJ
WTI Crude Oil Swap	220 bbl/d	Jun 2025 – Mar 2028	CAD $93.85 /bbl
WTI Crude Oil Swap	135 bbl/d	Jul 2026 - Mar 2028	CAD $90.78 /bbl
WTI Crude Oil Swap	430 bbl/d	Jul 2027 - Mar 2028	CAD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

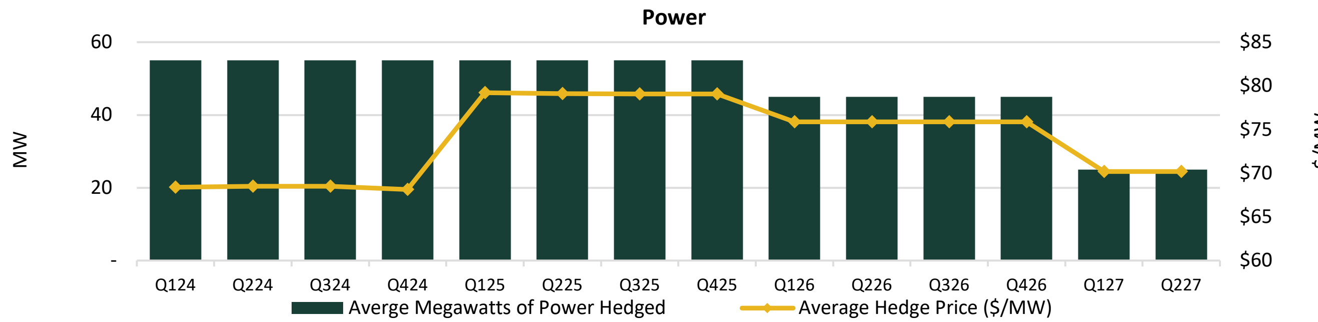
The following financial risk management contracts to hedge foreign exchange exposure, upon which hedge accounting is not applied, were in place at March 31, 2024:

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

Quarterly Average Physical and Financial Hedged Volumes







PETROLEUM AND NATURAL GAS REVENUE

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

	Three months ended March 31		
($ 000s except per boe)	**2024**	**2023**	**% Change**
Natural gas	42,309	85,164	(50)
Condensate	23,074	25,677	(10)
NGLs	8,961	11,009	(19)
Sulphur	1,966	3,551	(45)
Petroleum and natural gas revenue (1)	**76,310**	**125,401**	**(39)**
Petroleum and natural gas revenue ($/boe)	24.22	38.21	(37)
Processing and marketing revenue	5,072	6,401	(21)
Other revenue (2)	144	4,230	(97)
Realized gain (loss) on Financial Contracts	7,279	381	1,810
Total revenue	**88,805**	**136,413**	**(35)**

(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 three months ended March 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

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 our hedge policy. Petroleum and natural gas revenue decreased for the three months ended March 31, 2024, which is attributable to lower commodity prices and to a lesser degree, lower production.

Processing and Marketing Revenue

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

	Three months ended March 31		
($ 000s except per boe)	**2024**	**2023**	**% Change**
Waterton	668	765	(13)
Jumping Pound	2,435	3,197	(24)
Caroline	1,664	2,170	(23)
CAB	133	161	(17)
Northern Alberta	173	108	60
Total	5,072	6,401	(21)

Processing and marketing revenue is primarily derived from fees charged to third parties for processing and handling their produced volumes through our gas processing facilities. For the quarter ended March 31, 2024, processing and marketing revenue decreased by 21% overall due primarily to gas prices and facility availability during the quarter:

- Waterton – decreased despite an increase in processed volumes due to processing rates being contractually tied to gas prices.
- Jumping Pound – facility outage during the quarter diminished our ability to process third-party volumes, in turn decreasing revenue.
- Caroline – tie in of new third-party volumes, offset by reduced trucked-in sulphur volumes into the Shantz sulphur handling facility resulted in a net decrease in processing revenue.

ROYALTIES

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

	Three months ended March 31		
($ 000s except per boe)	**2024**	**2023**	**% Change**
Gross royalties	17,380	24,055	(28)
Gas cost allowance	(8,607)	(9,349)	(8)
Royalties	**8,773**	**14,706**	**(40)**
Royalties ($/boe)	2.78	4.48	(38)
Royalties as percentage of petroleum and natural gas revenue (%)	11.5	11.7	(2)

For the three months ended March 31, 2024, gross royalties decreased overall and on a per boe basis due to lower pricing and lower produced volumes.

OPERATING EXPENSE

The following table summarizes the Company's operating expense for the three months ended March 31, 2024:

	Three months ended March 31		
($ 000s except per boe)	**2024**	**2023**	**% Change**
Operating expense	51,504	66,473	(23)
Processing and marketing revenue	(5,072)	(6,401)	(21)
Sulphur revenue	(1,966)	(3,551)	(45)
Adjusted operating expense (1)	44,466	56,521	(21)
Operating expense ($/boe)	16.35	20.25	(19)
Adjusted operating expense ($/boe) (1)	14.11	17.22	(18)

For the three months ended March 31, 2024, operating expenses decreased by 23% compared to the same period in 2023. We reduced our power consumption by 2 MW in the first quarter of 2024 and realized a lower average power price from approximately $125/MWh in the comparative period to $115/MWh in the current period, together reducing power costs by $2.4 million. Additionally, we realized a favorable revision to carbon compliance costs reflecting successful efforts to reduce fuel gas usage throughout our operations. The facility outage and field shut-ins discussed above also contributed to decreased operating costs from the comparative period.

We are committed to improving operating costs through cost reduction initiatives and by increasing throughput volumes in our facilities. Our aggregate 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 in our facilities by training and empowering employees.
- Centralizing contracting and procurement and deploying category management to ensure efficiencies and economies of scale in our supply chain.
- Optimizing maintenance activities and costs while maintaining and improving operating reliability.

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

	Three months ended March 31		
($ per boe)	2024	2023	% Change
Waterton	13.08	15.92	(18)
Jumping Pound	15.24	16.31	(7)
Caroline	18.25	33.90	(46)
CAB	19.91	18.79	(6)
Northern Alberta	12.06	18.20	(34)
Northeast BC	31.66	44.97	(30)

Due to the high proportion of fixed costs in our operating expense structure, volume changes are highly impactful to per boe values. For the three months ended March 31, 2024 our area base operating expense per boe changed as compared to 2023 primarily for the following reasons:

- Waterton – reduced power and maintenance costs in the current quarter decreased operating expense.
- Jumping Pound – reduced power and lower carbon cost compliance costs decreased operating expense, offset by decreased volumes due to the mid-March facility outage.
- Caroline – higher volumes in the current period due to the facility outage in the comparative period.
- Northern Alberta Foothills – higher volumes due to better runtime than the comparative year.
- Northeast BC – reduced production chemical costs and no processing fee equalization costs as in the comparative period.

Adjusted Operating Expense

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

($ per boe)	Waterton	Jumping Pound	Caroline	CAB	Northern Alberta	Northeast BC	Total
Operating expense	13.08	15.24	18.25	19.91	12.06	31.66	**16.35**
Less:							
Processing and marketing revenue	0.79	4.07	3.11	0.17	0.53	-	**1.61**
Sulphur revenue	0.38	0.20	0.82	1.43	(0.06)	-	**0.63**
Adjusted operating expense (1)	**11.91**	**10.97**	**14.32**	**18.31**	**11.59**	**31.66**	**14.11**

(1) Adjusted operating expense is a non-GAAP measure. Adjusted operating expense provides an industry-comparable view of the cash cost to operate our assets. Processing third-party volumes does not add materially to the cost of operating our facilities. Adjusted operating expense is calculated as operating expenses, less processing and marketing revenue and sulphur revenue.

For comparative purposes, the following table summarizes the Company's adjusted operating expense by area for the three months ended March 31, 2023:

($ per boe)	Waterton	Jumping Pound	Caroline	CAB	Northern Alberta	Northeast BC	Total
Operating expense	15.92	16.31	33.90	18.79	18.20	44.97	**20.25**
Less:							
Processing and marketing revenue	0.92	4.52	4.47	0.18	0.35	-	**1.95**
Sulphur revenue	0.91	0.46	0.64	2.43	0.07	-	**1.08**
Adjusted operating expense (1)	**14.09**	**11.33**	**28.79**	**16.18**	**17.78**	**44.97**	**17.22**

(1) Adjusted operating expense is a non-GAAP measure. Adjusted operating expense provides an industry-comparable view of the cash cost to operate our assets. Processing third-party volumes does not add materially to the cost of operating our facilities. Adjusted operating expense is calculated as operating expenses, less processing and marketing revenue and sulphur revenue.

Adjusted operating expense reflects our view that while our three facilities are significantly more complex and costlier to operate than similar sweet-gas processing facilities, they offer acid gas extraction, deep-cut NGL recovery, NGL fractionation at two of our three major gas facilities, and sulphur recovery. Significant available excess capacity also enables Pieridae to process third-party production, which materially contributes to the Company's operating netback. These facilities thereby create additional revenue opportunities for the Company through sulphur sales and NGL value additions, along with third-party processing revenue. We believe that by showing these adjusted operating expenses, we are able to show the significant value of our facility and infrastructure ownership.

TRANSPORTATION EXPENSE

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

	Three months ended March 31		
($ 000s except per boe)	2024	2023	% Change
Transportation expense	5,110	5,239	(2)
Transportation expense ($/boe)	1.62	1.60	1

Transportation expense is partly driven by a fuel gas cost component, which is based on AECO pricing. AECO pricing was lower in the current period, which decreased transportation expense.

GENERAL AND ADMINISTRATIVE EXPENSE

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

	Three months ended March 31		
($ 000s except per boe)	2024	2023	% Change
General and administrative expense	5,595	5,228	7
General and administrative expense ($/boe)	1.78	1.59	11

G&A expenses increased during the three months ended March 31, 2024, both overall and on a per boe basis, as compared to the same period in 2023 reflecting slightly higher staffing costs. We continue to focus on cost reduction initiatives including the ongoing optimization of staffing levels and external consultants to ensure we operate as efficiently as possible.

FINANCE EXPENSE

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

	Three months ended March 31		
($ 000s)	2024	2023	% Change
Cash portion of interest expense	5,431	3,242	68
Non-cash interest paid in-kind	986	2,650	(63)
	6,417	**5,892**	**89**
Accretion of financing costs	1,190	4,771	(75)
Accretion of decommissioning obligations	565	514	10
Interest on lease liabilities	64	52	23
Other charges	(94)	(143)	(34)
Total finance expense	**8,142**	**11,086**	**(27)**

On June 13, 2023, we completed a debt refinancing, realizing lower debt service costs. Under the new debt facilities, interest is incurred primarily in USD and is subject to fluctuations in the USD/CAD exchange rates; we have initiated currency hedges to provide downside protection on a portion of our USD denominated debt service costs.

The majority of Pieridae's interest expense for the quarter ended March 31, 2024 is comprised of interest on variable rate debt, the remainder being fixed rate debt. Conversely, in the prior year, the entire balance was interest on fixed rate debt.

DEPLETION AND DEPRECIATION

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

	Three months ended March 31		
($ 000s)	2024	2023	% Change
Depletion and depreciation	16,330	16,628	(2)

Depletion and depreciation expense remained consistent with the comparative period. A reduction in future development costs added to the depletable base was offset by an increased depletion rate as a result of decreased reserves.

SHARE-BASED COMPENSATION

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

	Three months ended March 31	
($ 000s)	2024	2023
Share-based compensation	747	17

Our share-based compensation is comprised of expense recognized under our Stock Option Plan, Restricted Share Unit ("RSU") Plan and Deferred Share Unit Plan. Share based compensation expense increased in the first quarter 2024 compared to the first quarter 2023 due primarily to an increase in Restricted Share Units ("RSUs") expense as a result of an increase in our share price and number of RSU's. RSUs are valued at the five-day volume-weighted average share price and the number of awards outstanding at each reporting period.

CAPITAL EXPENDITURES

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

	Three months ended March 31		
($ 000s)	2024	2023 [1]	% Change
Facilities and well optimization	2,904	1,143	154
Turnarounds	922	2,352	(61)
Development	-	14,659	(100)
Land	176	92	91
Facilities maintenance	100	61	64
Corporate	795	2,179	(64)
Capital expenditures	**4,897**	**20,486**	(76)
Reclamation and abandonment	4,018	512	685
Total capital expenditures	**8,915**	**20,998**	(58)

(1) Certain comparative items have been reclassified to conform to the current period's classification.

Our focus during the current reporting period was, and continues to be, cash flow preservation. As a result, our capital expenditures for the first quarter are significantly lower than in the comparative period.

- Facilities and Well Optimization – ongoing field and facility capital optimization programs to support mitigation of our natural reserve decline rates and support facility reliability.
- Turnarounds – maintenance turnarounds for the current period include costs related to the Jumping Pound facility outage and major overhauls on an engine and compressor in CAB. In the comparative period, additional capital was spent on turnarounds associated with the sulphur condenser repair at the Caroline facility.
- Corporate Capital – corporate capital expenditures are comprised of capitalized G&A, information technology expenses and purchase of capital inventory.
- Reclamation and Abandonment –expenditures are related to reclamation and abandonment activities, primarily in Northeast BC.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

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

($ 000s)	March 31, 2024	December 31, 2023
Adjusted working capital deficit [1]	(31,671)	(31,830)
Current portion of long-term debt	(32,025)	(30,748)
Long-term debt	(141,268)	(141,468)
Net debt [2]	**(204,964)**	**(204,046)**
Shareholders' equity	**143,040**	**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.

(2) Net debt is a non-GAAP measure. Management considers net debt an important measure as it demonstrates our ability to pay off our debt and take on new debt, if necessary.

Cash and Cash Equivalents

We held $15.0 million in cash and cash equivalents and restricted cash of $0.7 million as at March 31, 2024. Restricted cash is comprised of security pledged for various letters of credit which are required to be posted with regulators, provincial agencies, and financial institutions to facilitate ongoing operations.

Guarantee Facility from Export Development Canada

In July 2020, we received a $6.0 million guarantee facility from Export Development Canada which was ultimately increased and maintained at $12.0 million. It provides a 100% guarantee to the issuing banks of our existing and future letters of credit. There was $6.0 million drawn at March 31, 2024, as compared to $5.9 million at December 31, 2023.

Long-Term Debt

Our long-term debt consists of a USD $150 million and a CAD $20 million debt facility; refer to note 7 of the Interim Financial Statements.

The USD $150 million long-term debt facility is comprised of a USD $120 million, 45-month senior facility and USD $30 million 51-month subordinated notes ("Subordinated Notes"), which are both held by Pieridae Alberta Production Limited ("PAPL"), a wholly owned subsidiary of Pieridae.

The CAD $20 million facility is an 18-month Bridge Term Loan held in Pieridae Energy Limited ("PEL") which has no direct recourse against the assets or cashflows of PAPL. We intend to repay a portion, or all, of the amounts drawn under the Bridge Term Loan with cash proceeds from potential PEL non-core divestitures. Following the conclusion of any such divestitures, we have obtained shareholder approval to convert any remaining principal amount outstanding, accrued and unpaid interest, plus a conversion fee equal to 20% of the remaining original principal outstanding, into common shares of PEL. Such conversion may occur at any point prior to maturity of the Bridge Term Loan on December 13, 2024.

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

($ 000s)	Principal Outstanding	March 31, 2024	December 31, 2023
Senior facility			
Revolving loan USD $25,000 (1)	USD 12,800	17,343	19,574
Amortizing term loan USD $85,000 (1)	USD 79,900	108,264	107,924
Delayed draw term loan USD $10,000 (1)(2)	-	-	-
Subordinated Notes USD $30,000 (1)(3)	USD 30,000	40,650	39,678
PAPL total debt (3)		**166,257**	**167,176**
Bridge Term Loan $20,000 (4)	23,014	23,014	22,028
Pieridae total debt		**189,271**	**189,204**

(1) Converted to CAD using the month end exchange rate of 1.355 as at March 31, 2024 and 1.3226 as at December 31, 2023.
(2) The delayed draw term loan must be drawn prior to December 31, 2024. Any amount drawn will be combined with the amortizing term loan, together (the "Term Loan").
(3) Excludes unamortized deferred financing fees of USD$5.3 million, which includes warrants issued in concurrence with the debt refinancing.
(4) Includes interest payable in-kind of $3.0 million and excludes unamortized deferred financing fees of $0.2 million.

As a result of the refinancing discussed in the Consolidated Financial Statements, our liquidity and financial flexibility have significantly improved, with access to a revolving credit facility (51% utilized) and a delayed draw term loan (undrawn). The table below summarizes our available liquidity as of March 31, 2024 and December 31, 2023:

($ 000s)	March 31, 2024	December 31, 2023
Cash and cash equivalents	14,970	18,333
Undrawn delayed draw term loan	13,550	13,226
Undrawn revolving loan	16,531	13,491
Total available liquidity	**45,051**	**45,050**

Working Capital and Capital Strategy

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

($ 000s)	March 31, 2024	December 31,2023
Cash and cash equivalents	14,970	18,333
Restricted cash	700	670
Accounts receivable	50,673	61,523
Prepaids expenses and other	9,147	9,578
Total current assets	**75,490**	**90,104**
Accounts payable	35,354	44,804
Accrued liabilities	71,807	77,130
Total current liabilities	**107,161**	**121,934**
Adjusted working capital (deficit)	**(31,671)**	**(31,830)**

Our business generally operates with a sustainable working capital deficit. Our adjusted working capital deficit at March 31, 2024 decreased slightly compared to December 31, 2023, primarily driven by lower accounts payable and accrued liabilities balances, offset by lower cash and accounts receivable balances.

We monitor working capital on a continuous basis with a focus on strengthening our balance sheet through sustaining production, and rigorous cost control across our operations and administration. Our capital strategy is aligned with our business strategy and is focused on maintaining sufficient liquidity to fund operations, expand third-party processing and marketing income, and mitigate reserves decline. Our principal sources of liquidity are the undrawn balance on our revolving loan, the undrawn balance on our delayed draw term loan, the remaining portion of the EDC guarantee facility, and any potential future debt and equity offerings.

Share Capital, Warrants and Stock Options Outstanding

	May 8, 2024	March 31, 2024	December 31, 2023
Share capital	159,111,336	159,099,336	159,087,336
Stock options	4,350,190	4,362,190	4,783,766
Stock options – weighted average exercise price ($/share)	$0.73	$0.73	$0.74
Warrants (1)	5,000,000	5,000,000	5,000,000
Warrants (1) – weighted average exercise price ($/warrant)	$0.70	$0.70	$0.70
Warrants (2)	18,596,322	18,596,322	18,596,322
Warrants (2) – weighted average exercise price ($/warrant)	$0.49	$0.49	$0.49

(1) These warrants were issued on March 31, 2021 to the senior secured lender.
(2) These warrants were issued on June 13, 2023, with the Subordinated Notes as part of the debt refinancing.

Commitments, Provisions and Contingencies

As at December 31, 2023, our commitments and the expected timing of their settlement, are detailed below:

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

Provisions and Contingencies

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

Off Balance Sheet Transactions

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We conduct our operations with high standards, aiming to meet or exceed all regulations. The Company's prime consideration is to protect our employees and consultants, the general public and the environment. Our 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 deposit in place with the BCER. Our liability rating in Alberta is calculated by the AER based on the licenses which are in Pieridae's name.

We continue to advance our ESG practices as outlined in our third annual ESG Report released on August 22, 2023. That report provides details on our approach to sustainability, GHG emissions management, and to continued Indigenous and community partnerships in the areas where we operate.

We consider the impact of the changing worldwide demand for carbon-based energy and global advancement of alternative energy sources in our business strategy. Emissions and other regulations impacting climate and climate related matters are constantly evolving and we continue to monitor and implement these changes as necessary. In our ESG Report, we reported various ESG metrics referencing three international frameworks: the Sustainability Accounting Standards Board, the Task Force on Climate-Related Financial Disclosure and selected portions of the Global Reporting Initiative standards.

Our ESG work first assesses our starting point with respect to governance, GHG emissions and social policies, noting the material areas of focus. As we build on our strategic plan, we seek to evolve the business and consider energy transition and associated business opportunities. Please refer to our website for the 2023 ESG report.

RISK FACTORS

We monitor and comply with current government regulations that affect our activities, although operations may be adversely affected by changes in government policy, regulations, or taxation. In addition, we maintain a level of liability and property and business interruption insurance, which is believed adequate for our size and activities. However, we are unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims. Risk to our 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

Refer to the Company's Annual Information Form for the year ended December 31, 2023, 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 Interim 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 use of significant judgments and estimates made by management in the preparation of the Interim Financial Statements are discussed in note 3 of the Consolidated Financial Statements for the year ended December 31, 2023.

CONTROL ENVIRONMENT

We are required to comply with National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings." The certification of interim filings for the period ended March 31, 2024, requires that we disclose in the interim MD&A any changes in disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR) that occurred during the period that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting. No such changes were made to our DC&P and ICFR during the period ended March 31, 2024.

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 to clarify its requirements for the presentation of liabilities as current or non-current in the Consolidated Statements of Financial Position, and clarify its requirements for the disclosure of Accounting Policies. In October 2022, the IASB issued amendments to IAS 1, which specify the classification and disclosure of a liability with covenants. There was no material impact to the Interim Financial Statements.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback
On January 1, 2024, the Company adopted amendments to IFRS 16, Lease Liability in a Sale and Leaseback, to clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. There was no material impact to the Interim Financial Statements.

NON-GAAP MEASURES

Management has identified certain industry benchmarks such as NOI, operating netback, adjusted operating expense, adjusted working capital (refer to footnotes within tables of this MD&A for further information) and funds flow from operations to analyze financial and operating performance. These benchmarks are commonly used in the oil and gas industry; however, they do not have any standardized meanings prescribed by IFRS. Therefore, they may not be comparable with the calculation of similar measures for other entities.

Funds Flow from Operations

Management considers FFO an important measure to evaluate our corporate cash flow. FFO is calculated as cash provided by operating activities, excluding settlement of decommissioning obligations and changes in non-cash working capital. Expenditures on decommissioning obligations are excluded as it is managed through the capital budgeting process.

	Three months ended March 31	
($ 000s)	**2024**	**2023**
Cash provided by operating activities	7,049	41,309
Settlement of decommissioning obligations	4,018	512
Changes in non-cash working capital	977	(208)
Funds flow from operations	**12,044**	**41,613**