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 the Company's prospects. This MD&A has been prepared as of May 7, 2025, 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, 2025, (the "Interim Financial Statements") and the MD&A and 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 Interim Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board ("IASB"). The Company's reporting currency is the Canadian dollar ("CAD"). All amounts are presented in CAD, unless otherwise stated.

When preparing the MD&A, the Company considers 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 the Company's 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. The Company evaluates 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.

The Company is publicly traded on the Toronto Stock Exchange ("TSX") under the symbol PEA.TO. Continuous disclosure materials are available on our website, www.pieridaeenergy.com, or on SEDAR, www.sedarplus.com.

Pieridae Energy is undergoing a rebranding process, pending approval at the May 8th 2025 AGM, to Cavvy Energy Limited and will trade on the TSX under the symbol CVVY.

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 the Company's business activities. These financial measures are not defined by IFRS and therefore are referred to as non-GAAP measures. The non-GAAP measures Pieridae uses may not be comparable to similar measures presented by other companies. The Company uses these non-GAAP measures to evaluate its 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 its 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, the Company's expected capital budget, the Company's future business plan and strategy, the Company's criteria for evaluating acquisitions and other opportunities, intentions with respect to future acquisitions and other opportunities, plans and timing for development of undeveloped and probable resources, timing of when the Company 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 the Company operates, 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 ("US"), 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 the Company's reserves provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. Consequently, 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 the Company believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because the Company 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 the Company operates; the timely receipt of any required regulatory approvals; the Company's 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 Interim Financial Statements, the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; the Company's 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 the Company's 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 Pieridae operates; 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 the Company's 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 Pieridae's 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 Pieridae's 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 the Company assumes 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 the Company's 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 the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is 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
Mcf	Thousand cubic feet	**MMcf/d**	Million cubic feet per day
Mcf/d	Thousand cubic feet per day	**MMBtu**	Million British thermal units
GJ	Gigajoules	**Bbl**	Barrel
GJ/d	Gigajoules per day	**Boe**	Barrel of oil equivalent
USD	United States Dollars	**Boe/d**	Barrel of oil equivalent per day
AECO	Alberta benchmark price for natural gas	**WTI**	West Texas Intermediate benchmark for crude oil
MW	Megawatt	**C4**	Butane
MWh	Megawatt hour	**C5/C5+**	Condensate or pentane
C2	Ethane	**AB**	Alberta
C3	Propane	**BC**	British Columbia

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 Pieridae's 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 driving 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
- Pursuing emerging opportunities aligned with implementing a "new ventures" strategy.

QUARTERLY HIGHLIGHTS

The tables below provide a summary of the consolidated financial results for the current quarter and the previous seven quarters:

	2025	2024				2023		
($ 000s unless otherwise noted)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Production								
Natural gas (mcf/d)	**105,338**	111,787	115,196	157,077	175,356	174,211	155,763	159,427
Condensate (bbl/d)	**2,454**	2,149	2,191	2,472	2,781	2,384	2,020	2,300
NGLs (bbl/d)	**2,574**	1,788	1,726	2,210	2,613	1,921	2,273	2,216
Sulphur (tonne/d)	**1,076**	968	1,444	1,376	1,491	1,284	1,124	1,362
Total production (boe/d) (1)	**22,584**	22,568	23,116	30,861	34,620	33,340	30,253	31,087
Third-party volumes processed (mcf/d) (2)	**81,777**	71,497	66,518	52,410	58,423	67,350	57,363	51,973
Financial								
Natural gas price ($/mcf)								
Realized before Risk Management Contracts (3)	**2.24**	1.55	0.77	1.14	2.53	2.32	2.65	2.39
Realized after Risk Management Contracts (3)	**3.58**	3.36	3.43	2.71	3.21	3.12	3.25	3.03
Benchmark natural gas price	**2.14**	1.46	0.68	1.17	2.48	2.29	2.59	2.40
Condensate price ($/bbl)								
Realized before Risk Management Contracts (3)	**95.15**	94.87	92.13	99.96	91.18	97.15	97.47	84.81
Realized after Risk Management Contracts (3)	**88.29**	90.61	84.61	87.75	84.49	86.34	80.49	105.84
Benchmark condensate price ($/bbl)	**100.24**	98.85	97.10	105.62	98.43	104.30	106.30	93.25
Sulphur price ($/tonne)								
Realized sulphur price (4)	**17.00**	12.09	8.86	18.43	14.49	22.54	13.34	22.78
Benchmark sulphur price	**246.36**	180.54	128.47	103.19	94.84	118.29	107.09	114.92
Net income (loss)	**2,666**	(20,921)	7,496	(19,196)	(6,284)	7,414	(16,254)	4,182
Net income (loss) $ per share, basic	**0.01**	(0.08)	0.04	(0.12)	(0.04)	0.05	(0.11)	0.03
Net income (loss) $ per share, diluted	**0.01**	(0.08)	0.04	(0.12)	(0.04)	0.03	(0.11)	0.03
Net operating income (5)	**32,550**	13,720	19,818	7,652	23,418	25,441	11,650	43,843
Cashflow provided by (used in) operating activities	**22,612**	(592)	2,260	(1,555)	7,049	31,983	7,577	27,533
Funds flow from operations (5)	**21,707**	2,824	8,234	(4,874)	12,044	14,269	(1,422)	35,432
Total assets	**571,470**	612,423	615,040	585,940	590,531	638,541	564,921	575,849
Adjusted working capital deficit (5)	**(30,540)**	(29,777)	(42,658)	(37,986)	(31,671)	(31,830)	(21,454)	(6,258)
Net debt (5)	**(185,438)**	(197,564)	(206,779)	(219,204)	(209,964)	(204,046)	(205,536)	(181,670)
Capital expenditures (6)	**6,538**	5,800	10,002	5,003	4,897	9,306	16,363	9,384

(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"). The realized natural gas price after Risk Management Contracts shown above is normalized to exclude the impact of the hedge monetization.
(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.

FIRST QUARTER 2025 OPERATIONAL AND FINANCIAL HIGHLIGHTS

Highlights for the first quarter of 2025 include:

- Produced 22,584 boe/d (78% natural gas) reflecting ongoing shut-in of uneconomic production in certain operating areas, and five week Jumping Pound Facility outage required to repair a sulphur condenser. During this outage, the team completed sufficient work to defer the planned 2026 turnaround to 2027.
- Reduced operating expenses by 15% compared to the first quarter of 2024.
- Processed 81.8 MMcf/d of third-party raw natural gas through Pieridae's three gas processing facilities; increased Caroline raw natural gas processing volumes by 122% as compared to the first quarter of 2024, to 58.9 MMcf/d (gross).
- Generated NOI of $32.6 million (Operating Netback of $16.02 per boe), reflecting the benefit of the Company's hedge position and demonstrated the positive cash flow impact of previously disclosed voluntary shut-ins.
- Monetized certain in-the-money 2026 and 2027 AECO natural gas contracts, which resulted in net proceeds of $10.2 million. Proceeds from the hedge monetization plus internally generated cashflow allowed the repayment of $15.4 million (USD $10.8 million) during the quarter.
- Incurred capital expenditures of $6.5 million focused on the ongoing field and facility capital optimization program funded by the fall 2024 capital raise, and repairs to Jumping Pound Facility sulphur condenser.
- The discounted unrealized gain on the Company's natural gas and C5 hedge positions on March 31, 2025 was approximately $17.6 million using the March 31, 2025 forward strip.

During the second and third quarters of 2024, several low margin, dry gas properties in Northern Alberta Foothills, Northeast BC, and Central AB ("CAB") which all produce to non-operated facilities were shut-in due to low AECO natural gas prices and high variable operating costs. During February and March 2025 AECO pricing improved sufficiently to reactivate approximately 1,000 boe/d of production in Northern Alberta Foothills and 800 boe/d of production in Northeast BC. This production will remain online while AECO prices support positive cashflow. Shut-in production in Central AB, representing approximately 8,000 boe/d or 24% of the Company's production capability, is expected to remain shut-in throughout 2025.

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 G&P facilities by attracting new third-party volumes.

	2025 Guidance	
($ 000s unless otherwise noted)	**Low**	**High**
Total production (boe/d)	23,000	25,000
Net operating income (1)(4)	$75,000	$95,000
Operating Netback ($/boe) (3)(2)(4)	$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 $2.45/GJ and average 2025 WTI price of USD$63.97/bbl.
(4) Accounts for impact of hedge contracts in place on May 7, 2025.

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 G&P business at our operated facilities.
- 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.

As discussed in the First Quarter 2025 Operational and Financial Highlights section above, several low margin, dry gas properties were shut-in reflecting 2025 production guidance of 23,000 to 25,000 boe/d.

An ongoing strategic corporate priority is to continue to grow third-party G&P revenues at Pieridae's operated facilities. Management continues to see strong upside potential for cash flow growth from the third-party G&P business, particularly in the Caroline region where the Company has increased raw third-party volumes by 122% over the last four quarters as area producers continue to bring on new production.

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.

Pieridae's legacy fixed price sulphur contract (the "Sulphur Contract"), which was entered into in 2019, expires on December 31, 2025. Under this contract, the Company receives a net fixed price of approximately $6.00/tonne for the majority of its sulphur production capability of approximately 1,400 tonnes/d. Beginning January 1, 2026, the Company will receive market price for all sulphur production, less normal deductions for transportation, handling, and marketing. This represents a significant potential revenue opportunity. As of May 7, 2025, the spot west coast sulphur price was approximately USD $270/tonne, prior to royalties, transportation and marketing costs.

The 2025 capital budget of $25.0 to $30.0 million includes approximately $10.0 million of high-impact well and facility optimization expenditures funded with the equity raised during the fourth quarter of 2024, of which $2.5 million has been incurred year to date ($4.0 million has been incurred in total), generating returns in excess of 100%. These high return, short payout capital projects are increasing sales revenue, improving facility efficiency, reducing operating cost and fuel gas consumption, and lowering carbon compliance costs. Spending on this program commenced in the fourth quarter of 2024 and will continue throughout 2025.

The remainder of Pieridae's 2025 capital program is focused on routine capital maintenance, field operating technology upgrades, and site closure or decommissioning expenditures in Alberta and BC. Notably, Pieridae has not scheduled a major maintenance turnaround at any of the Company's deep-cut, sour gas processing facilities during 2025 given the successful completion of gas facility turnarounds and other maintenance projects in 2023 and 2024 and the first quarter of 2025. The next major maintenance turnaround is currently scheduled for 2026.

FUNDS FLOW FROM OPERATIONS

The following table summarizes the Company's FFO for the three months ended March 31, 2025 and 2024:

	Three months ended March 31	
($ 000s)	2025	2024
Cash provided by (used in) operating activities	**22,612**	7,049
Settlement of decommissioning obligations	**268**	4,018
Changes in non-cash working capital	**(1,173)**	977
Funds Flow from Operations	**21,707**	12,044

(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 ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s)	2025	2024	% Change
Revenue before Risk Management Contracts	**52,668**	73,364	(28)
Gain on physical commodity contracts	**628**	1,946	(68)
Realized gains on Financial Contracts (1)(2)	**21,115**	7,279	190
Revenue after Risk Management Contracts	**74,411**	83,589	(11)
Third-party processing and other revenue (3)	**6,254**	5,216	20
Revenue	**80,665**	88,805	(9)
Royalties	**533**	(8,773)	(106)
Operating	**(43,985)**	(51,504)	(15)
Transportation	**(4,663)**	(5,110)	(9)
Net Operating Income (4)	**32,550**	23,418	39

(1) Includes gains or losses on financial risk management contracts and cash flow hedges, together ("Financial Contracts").
(2) Includes the early monetization of certain AECO natural gas contracts for proceeds of $10.2 million net of transaction costs.
(3) Other revenue includes marketing and transportation and gathering income.
(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 ended March 31, 2025 and 2024:

	Three months ended March 31		
($ per boe)	2025	2024	% Change
Revenue before Risk Management Contracts	**25.91**	23.60	10
Gain (loss) on physical commodity contracts	**0.31**	0.62	(50)
Realized gains on Financial Contracts	**10.39**	2.31	350
Revenue after Risk Management Contracts	**36.61**	26.53	38
Processing, marketing and other revenue	**3.08**	1.66	86
Revenue	**39.69**	28.19	41
Royalties	**0.26**	(2.78)	(109)
Operating	**(21.64)**	(16.35)	32
Transportation	**(2.29)**	(1.62)	41
Operating Netback ($/boe) (1)	**16.02**	**7.44**	115

(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 ended March 31, 2025:

	2025	% Change	$ Impact	% Impact
Business Environment (1) (2)				
WTI price (USD/bbl) (3)	**71.56**	10	1,211	4
AECO price ($/mcf) (4)	**2.14**	10	272	1
Sulphur price ($/tonne)	**246.36**	10	169	1
USD/CAD average exchange rate (5)	**0.6967**	10	1,447	4
Operational (1) (6) (7)				
NGLs & condensate production (bbl/d)	**5,028**	10	1,891	6
Natural gas (mcf/d)	**105,338**	10	655	2
Sulphur production (tonne/d)	**1,076**	10	15	-
Royalty burden	**(1%)**	1	713	2
Operating expense ($/boe)	**21.63**	10	4,578	14

(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 ended March 31, 2025, 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 ended March 31, 2025 and 2024:

	Three months ended March 31		
(boe/d)	2025	2024	% Change
Natural gas (mcf/d)	**105,338**	175,356	(40)
Condensate (bbl/d)	**2,454**	2,781	(12)
NGLs (bbl/d)	**2,574**	2,613	(1)
Sulphur (tonne/d)	**1,076**	1,491	(29)
Total production (boe/d) (1)	**22,584**	**34,620**	(35)
Natural gas production (%)	**78%**	84%	-
Liquids production (%)	**22%**	16%	-

(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, 2025 and 2024:

	Three months ended March 31		
(boe/d)	2025	2024	% Change
Waterton	**8,442**	9,318	(9)
Jumping Pound	**4,515**	6,581	(31)
Caroline	**5,337**	5,885	(9)
CAB	**1,131**	8,488	(87)
Northern Alberta Foothills	**2,957**	3,585	(18)
Northeast BC	**202**	763	(73)
Total production (boe/d)	**22,584**	**34,620**	(35)

As described in the first quarter 2025 Highlights section of this MD&A, total production decreased compared to prior periods primarily due to the ongoing voluntary production shut-ins. Additional items that impacted year-to-date production include:

- Production at Waterton was impacted in the first quarter by a reallocation of volumes, which reduced reported volumes in the current period.
- The Jumping Pound Facility was shut-in near the end of February until early April to complete a repair on the sulphur condenser.
- Production at the Caroline Facility was temporarily constrained during the quarter while additional third-party volumes were tied into the gas gathering system connected to the facility.
- Production at Northern Alberta Foothills and Northeast BC was partly restored in the first quarter of 2025; they were online for the entire comparative period.

BENCHMARK PRICES

The following table summarizes benchmark commodity pricing for the three months ended March 31, 2025 and 2024:

	Q1 2025	Q1 2024	% Change	Q4 2024
Natural Gas				
AECO ($/mcf)	**2.14**	2.48	(14)	1.46
Henry Hub (USD/MMbtu)	**4.23**	2.43	74	2.43
Chicago Citygate (USD/MMbtu)	**4.02**	2.79	44	2.21
Basis Differential AECO-NYMEX Premium (Discount) (USD/MMbtu)	**(2.74)**	(0.58)	372	(1.39)
Condensate				
C5 at Edmonton ($/bbl)	**100.24**	98.43	2	98.85
West Texas Intermediate (“WTI”) crude oil (USD/bbl)	**71.56**	77.13	(7)	70.42
Sulphur ($/tonne)	**246.36**	94.84	160	180.54
USD/CAD average exchange rate	**0.6967**	0.7418	(6)	0.7148

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 US gas transportation system.

AECO natural gas prices were 14% lower in the first quarter of 2025 compared to the first quarter of 2024, but 46% higher compared to the fourth quarter of 2024. Conversely, US natural gas prices were significantly higher over the same timeframe. The rise in US prices was driven by colder than normal winter weather, which elevated heating demand and led to a sharper drawdown in natural gas inventories. Meanwhile, Western Canada experienced milder winter conditions, resulting in lower regional demand. Additionally, the Canadian natural gas market remains less integrated with the US market, limiting AECO's ability to benefit from the broader North American price strength. These factors contributed to a widening price differential between AECO and key US benchmarks.

Pieridae primarily sells 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. During the three months ended March 31, 2025, C5 pricing remained relatively stable compared to the same period in the prior year, supported by steady demand for diluent within the Canadian market. In contrast, WTI prices declined approximately 7% quarter-over-quarter, largely driven by market volatility stemming from global trade tensions involving the US.

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 first quarter of 2025, sulphur benchmark prices increased significantly as compared to the same period in 2024.

REALIZED PRICES

The following table summarizes the Company’s realized pricing for the three months ended March 31, 2025 and 2024:

	Q1 2025	Q1 2024	% Change	Q4 2024
Realized Natural Gas Price				
Before Risk Management Contracts ($/mcf)	**2.24**	2.53	(11)	1.55
After Risk Management Contracts ($/mcf) (1)	**3.58**	3.21	45	3.36
Realized Condensate Price				
Before Risk Management Contracts ($/bbl)	**95.15**	91.18	4	94.87
After Risk Management Contracts ($/bbl)	**88.29**	84.49	4	90.61
NGLs ($/bbl)	**37.70**	37.69	-	35.92
Sulphur ($/tonne) (2)	**17.00**	14.49	17	12.09

(1) The realized price of natural gas after Risk Management Contracts is normalized for the hedge monetization.

(2) 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 for the three months ended March 31, 2025:

	Three months ended March 31 2025	
(% of product volume)	**% spot**	**% hedge**
Natural gas [1]	**(4)**	**104**
Condensate	**33**	**67**
NGLs	**100**	**-**
Sulphur [2]	**15**	**85**
Total production	**12**	**88**

(1) Shut-in volumes, in addition to unplanned maintenance at the Jumping Pound Facility caused the Company to be over-hedged for the quarter ended March 31, 2025.
(2) Total production excludes sulphur.

RISK MANAGEMENT CONTRACTS

The Company's risk management program is governed by its 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 March 31, 2025, future production is hedged in accordance with the thresholds of the Senior Facility agreements, which requires approximately 40% of forecasted Proved Developed Producing 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 March 31, 2025.

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 FOB plant gate under its Sulphur Contract which expires on December 31, 2025. 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's realized net sulphur price has averaged approximately 23% of the average net market price.

During the first quarter, the Company elected to unwind and monetize certain in-the-money AECO natural gas contracts, originally scheduled to mature between January 2026 and May 2027. The transaction reduced the Company's hedge position by approximately 30% or 24,862 GJ/d over this 17-month future period. In addition, the strike price on the remaining AECO hedges between June 2026 and May 2027 was adjusted to $3.40/GJ from $3.78/GJ. This monetization transaction resulted in proceeds of $10.2 million, net of transaction costs, which is recognized as a realized gain on financial contracts in March 2025.

The following realized gains or losses were generated from risk management contracts for the three months ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s)	**2025**	**2024**	**% Change**
(Loss) gain on physical power contracts	**(4,783)**	3,976	(220)
(Loss) on physical Sulphur Contract	**(7,777)**	(4,242)	83
Gain on physical commodity contracts			
AECO	**628**	1,946	(68)
Realized gain (loss) on Financial Contracts			
AECO	**22,241**	8,970	148
WTI	**(1,515)**	(1,691)	(10)
Foreign exchange	**389**	-	100
Total realized gain (loss) on risk management contracts	**9,183**	13,201	(30)

The following unrealized gains or losses were generated from Financial Contracts for the three months ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s)	**2025**	**2024**	**% Change**
Unrealized (loss) on Financial Contracts [(1)]			
Foreign exchange	**(169)**	-	(100)
Unrealized (loss) gain on Financial Contracts, net of tax [(2)]			
AECO	**22,931**	8,476	171
WTI	**(767)**	11,085	(107)
Total unrealized (loss) gain Financial Contracts [(3)]	**21,995**	19,561	12

(1) Recognized in net income (loss) 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.

The following fixed price physical commodity sales contracts and power contracts were in place at March 31, 2025:

Type of contract	Quantity	Time Period	Average Contract Price
Fixed Price - Natural Gas Sales	5,000 GJ/d	Apr 2025 - Oct 2026	CAD $3.31 /GJ
Fixed Price - Power Purchases	54 MW	Apr 2025 - Dec 2025	CAD $79.09 /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 March 31, 2025:

Type of contract	Quantity	Time Period	Contract Price
AECO Natural Gas Swap	105,000 GJ/d	Apr 2025 - Dec 2025	CAD $3.32 /GJ
AECO Natural Gas Swap	73,502 GJ/d	Jan 2026 - May 2026	CAD $3.32 /GJ
AECO Natural Gas Swap	53,340 GJ/d	Jun 2026 - Mar 2027	CAD $3.40 /GJ
AECO Natural Gas Swap	42,000 GJ/d	Apr 2027 - May 2027	CAD $3.40 /GJ
WTI Crude Oil Collar	1,188 bbl/d	Apr 2025 - Dec 2025	CAD $80.00 - $90.75 /bbl
WTI Crude Oil Collar	917 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	Apr 2025 - May 2025	CAD $100.65 /bbl
WTI Crude Oil Swap	515 bbl/d	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	CAD $87.08 /bbl
WTI Crude Oil Swap	600 bbl/d	Jul 2026 - Dec 2026	CAD $92.83 /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	CAD $83.38 /bbl
WTI Crude Oil Swap	1,125 bbl/d	Jul 2027 – Dec 2027	CAD $90.05/bbl
WTI Crude Oil Swap	785 bbl/d	Jan 2028 - Mar 2028	CAD $90.40 /bbl
WTI Crude Oil Swap	750 bbl/d	Apr 2028 - Jun 2028	CAD $86.50 /bbl

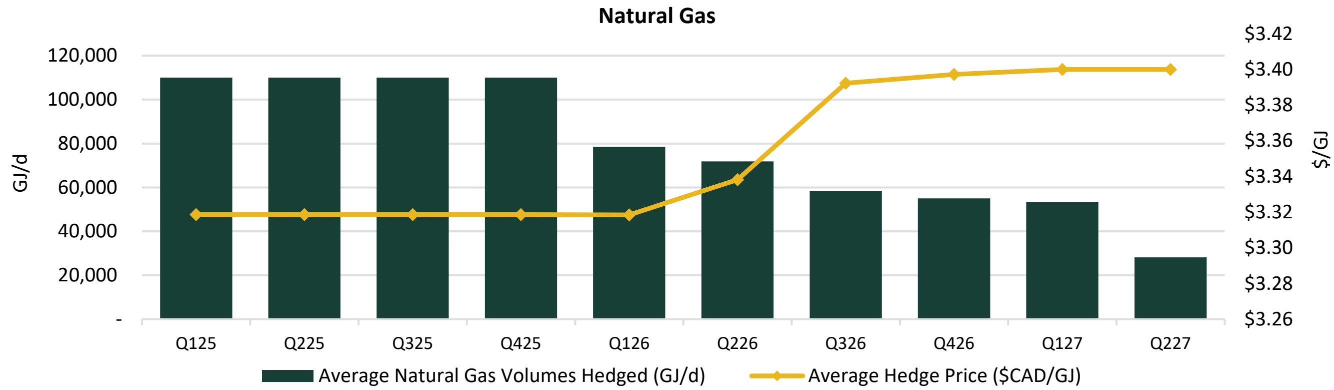
The following financial risk management contracts, for which hedge accounting was not applied, were in place at March 31, 2025 to manage foreign exchange cash flow exposure:

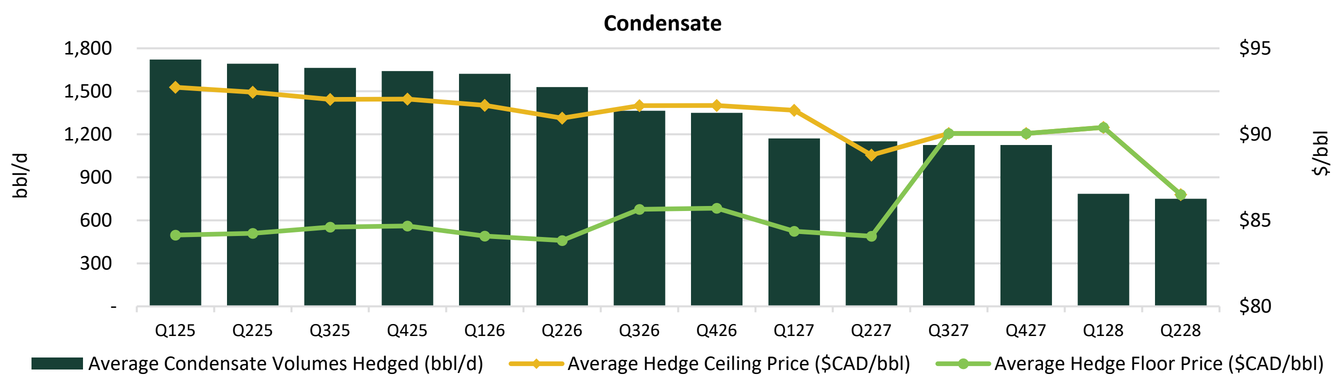
Type of contract	Quantity (USD) *($ 000s)*	Time Period	Average Contract Price
USD Call Option	US $4,715,000	Apr 2025 - Jun 2025	CAD $1.3600
USD Forward	US $2,482,500	Sep 2025	CAD $1.4159
USD Forward	US $2,482,500	Dec 2025	CAD $1.4105

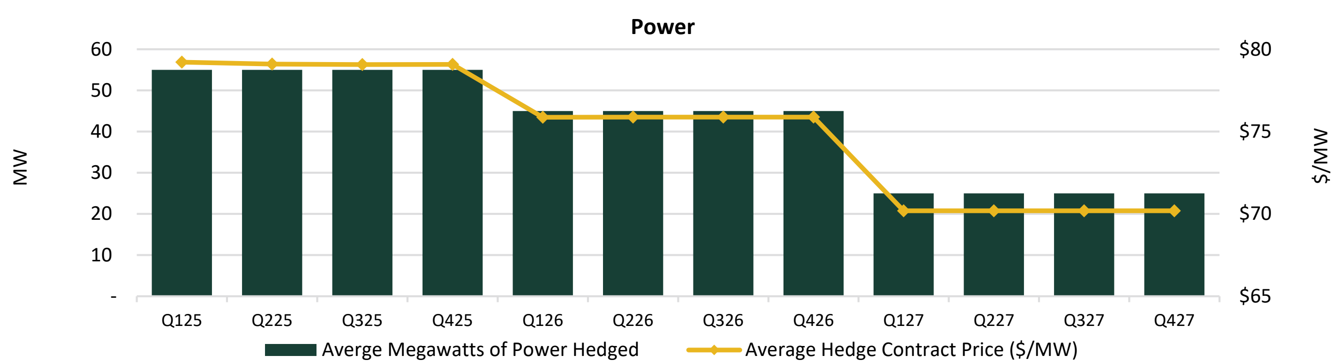
The following financial risk management contracts, for which hedge accounting is not applied, were placed subsequent to March 31, 2025 to manage foreign exchange cash flow exposure:

Type of contract	Quantity (USD) *($ 000s)*	Time Period	Average Contract Price
USD Forward	US $2,482,500	Sep 2025	CAD $1.3834
USD Forward	US $2,482,500	Dec 2025	CAD $1.3786

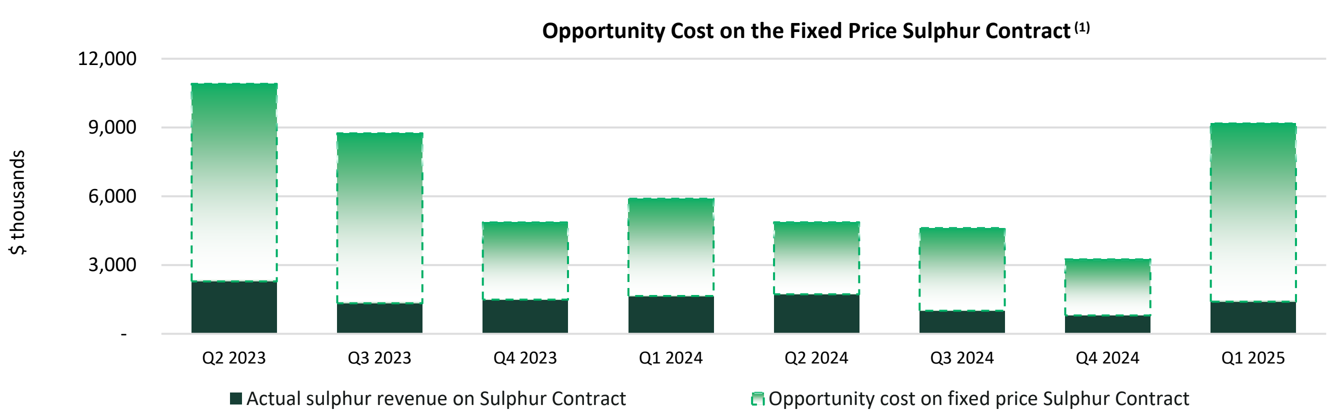
The following charts outline Pieridae's hedge position at March 31, 2025:







The following chart outlines the historical opportunity cost on the fixed price Sulphur Contract up to March 31, 2025:



(1) Opportunity cost on the fixed price Sulphur Contract represents the amount of additional gross revenue that would have been generated by selling produced sulphur volumes subject to the fixed price Sulphur Contract at market price.

REVENUE

The following table summarizes the Company's revenue for the three months ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s except per boe)	**2025**	**2024**	**% Change**
Natural gas	**21,903**	42,309	(48)
Condensate	**21,012**	23,074	(9)
NGLs	**8,736**	8,961	(3)
Sulphur	**1,645**	1,966	(16)
Petroleum and natural gas revenue (1)	**53,296**	76,310	(30)
Petroleum and natural gas revenue ($/boe)	**26.22**	24.22	8
Processing and marketing revenue	**6,161**	5,072	21
Other revenue (2)	**93**	144	(35)
Realized gain (loss) on Financial Contracts	**21,115**	7,279	190
Total revenue	**80,665**	88,805	(9)

(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.

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 ended March 31, 2025, which is mainly attributable to lower production, as previously discussed.

ROYALTIES

The following table summarizes the Company's royalty obligations for the three months ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s except per boe)	**2025**	**2024**	**% Change**
Gross royalties	**11,549**	17,380	(34)
Gas cost allowance	**(12,082)**	(8,607)	40
Royalties	**(533)**	8,773	106
Royalties ($/boe)	**(0.26)**	2.78	109
Royalties as percentage of revenue (%)	**(1.0)**	11.5	109

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 current period, lower gross royalties primarily reflect lower produced volumes. GCA increased in the current quarter due to a historical estimate revision, resulting in negative net royalties expense for the quarter.

PROCESSING AND 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 Pieridae's 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 volumes processed, by facility, for the three months ended March 31, 2025 and 2024:

	Three months ended March 31		
(mcf/d) (1)	**2025**	**2024**	**% Change**
Caroline	**58,887**	26,502	122
Jumping Pound	**17,480**	26,112	(33)
Waterton	**5,410**	5,809	(7)
Total	**81,777**	58,423	40

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

Third-party processed volumes fluctuated in 2025 as a result of:

- Caroline – Higher in the first quarter of 2025 as a number of third-party tie-ins were completed.
- Jumping Pound – Lower for the current quarter due to the unplanned maintenance at the Jumping Pound Facility. These volumes have returned to normal levels in early April of 2025 following completion of the repair work.

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 ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s except per boe)	**2025**	**2024**	**% Change**
Caroline	**2,997**	1,664	80
Jumping Pound	**2,443**	2,435	-
Waterton	**614**	668	(8)
Other [1]	**107**	306	(66)
Total	**6,161**	5,072	21

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

For the three months ended March 31, 2025, processing and marketing revenue increased by 21%. Revenues are tied to third-party volumes, as previously discussed, and are influenced by market prices for G&P and marketing services, which are subject to various industry conditions.

OPERATING EXPENSE

The following table summarizes the Company's operating expense and adjusted operating expense for the three months ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s except per boe)	**2025**	**2024**	**% Change**
Operating expense	**43,985**	51,504	(15)
Operating expense ($/boe)	**21.64**	16.35	32

For the three months ended March 31, 2025, operating expense decreased by 15% primarily due to lower processing fees incurred following the voluntary production shut-ins previously discussed, and lower carbon compliance cost estimates from a third-party that processes Pieridae's natural gas. The decreases were partially offset by higher carbon compliance costs on Pieridae produced and processed natural gas, higher power costs due to higher consumption at the Caroline Facility, and a higher hedge price for power in the current quarter.

Pieridae remains committed to reducing 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 emission intensity and associated emission 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 ended March 31, 2025 and 2024:

	Three months ended March 31		
($ per boe)	2025	2024	% Change
Caroline	**23.88**	18.25	31
Jumping Pound (1)	**27.65**	15.24	81
Waterton	**14.67**	13.08	12
CAB	**48.74**	19.91	145
Northern Alberta Foothills	**14.45**	12.06	20
Northeast BC (2)	**72.29**	31.66	128

(1) The Jumping Pound area was impacted by a five-week outage impacting volumes at the Jumping Pound Facility during the quarter.
(2) Northeast BC is impacted by voluntary shut-ins thus per boe measures are not reflective of normal operating conditions.

Operating expense per boe differs among Pieridae's core areas primarily due to whether production from the area flows into a Company-owned or a 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.

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. 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 March 31, 2025:

Three months ended March 31, 2025 ($ per boe)	Caroline	Jumping Pound	Waterton	CAB	Northern Alberta	Northeast BC	Total
Operating expense	23.88	27.65	14.67	48.74	14.45	72.29	**21.64**
Less:							
Processing and marketing revenue	6.24	6.01	0.81	0.33	0.27	-	**3.03**
Sulphur revenue	0.85	0.46	1.11	1.60	0.16	-	**0.81**
Adjusted operating expense	**16.79**	**21.18**	**12.75**	**46.81**	**14.02**	**72.29**	**17.80**

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

Three months ended March 31, 2024 ($ per boe)	Caroline	Jumping Pound	Waterton	CAB	Northern Alberta	Northeast BC	Total
Operating expense	18.25	15.24	13.08	19.91	12.06	31.66	**16.35**
Less:							
Processing and marketing revenue	3.11	4.07	0.79	0.17	0.53	-	**1.61**
Sulphur revenue	0.82	0.20	0.38	1.43	(0.06)	-	**0.63**
Adjusted operating expense	**14.32**	**10.97**	**11.91**	**18.31**	**11.59**	**31.66**	**14.11**

TRANSPORTATION EXPENSE

The following table summarizes the Company's transportation expense for the three months ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s except per boe)	**2025**	**2024**	**% Change**
Transportation expense	**4,663**	5,110	(9)
Transportation expense ($/boe)	**2.29**	1.62	41

Approximately 96% of Pieridae's natural gas production is shipped under firm service transport contracts, which provide 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 primarily due to the voluntary shut-in of uneconomic production and secondarily due to longer downtime at the Jumping Pound Facility compared to the first quarter of 2024.

GENERAL AND ADMINISTRATIVE EXPENSE

The following table summarizes the Company's general and administrative ("G&A") expense for the three months ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s except per boe)	**2025**	**2024**	**% Change**
General and administrative expense	**5,576**	5,595	-
General and administrative expense ($/boe)	**2.74**	1.78	54

G&A expenses were consistent for the three months ended March 31, 2025, but were higher on a per boe basis 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 ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s)	**2025**	**2024**	**% Change**
Cash portion of interest expense	**3,975**	5,431	(27)
Non-cash interest paid in-kind	**1,577**	986	60
	5,552	6,417	(13)
Accretion of financing costs	**1,174**	1,190	(1)
Accretion of decommissioning obligations	**607**	565	7
Interest on lease liabilities	**131**	64	105
Other charges	**364**	(94)	487
Total finance expense	**7,828**	8,142	(4)

The majority of Pieridae's interest expense is comprised of interest on variable rate debt.

In November 2024, the Senior Facility and Subordinated Note agreements were amended. The amendments included a temporary 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 ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s)	**2025**	**2024**	**% Change**
Depletion and depreciation	**12,829**	16,330	(21)

Depletion and depreciation expense decreased during the three months ended March 31, 2025 primarily due to a lower depletion rate caused by lower production in the current period, slightly offset by decreased reserves. In addition, the depletable base declined compared to the prior period, largely driven by lower estimated future development costs.

SHARE-BASED COMPENSATION

The following table summarizes the Company's share-based compensation for the three months ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s)	**2025**	**2024**	**% Change**
Share-based compensation	**1,443**	747	93

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 three months ended March 31, 2025 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.

CAPITAL EXPENDITURES

The following table summarizes the Company's capital expenditures for the three months ended March 31, 2025 and 2024:

	Three months ended March 31		
($ 000s)	**2025**	**2024**	**% Change**
Turnarounds	**2,691**	922	192
Facilities and well optimization	**2,564**	2,904	(12)
Facilities maintenance	**232**	100	132
Land	**86**	176	(51)
Corporate	**965**	795	21
Capital expenditures	**6,538**	4,897	34
Reclamation and abandonment	**268**	4,018	(93)
Total capital expenditures	**6,806**	8,915	(24)

Pieridae's focus during the current reporting periods was, and continues to be, capital preservation. Notable capital spending for the current period includes:

- Turnarounds – Repairs to the sulphur condenser at the Jumping Pound Facility.
- Facilities and Well Optimization – $10.0 million of the equity raised during the fourth quarter of 2024 was allocated to high-impact well and facility optimization expenditures to support mitigation of the natural reserve decline and facility reliability, of which $2.5 million has been incurred year to date ($4.0 million has been incurred in total), generating returns in excess of 100%.
- Corporate Capital – Comprised of capitalized G&A, field information technology expenses and expenses related to Pieridae Energy rebrand.
- Reclamation and Abandonment – The BC reclamation and abandonment program for 2025 is planned to be executed in the third and fourth quarter. In the prior year, the program was mainly concentrated in the first quarter.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

As at March 31, 2025, Pieridae's capital structure was comprised of share capital, adjusted working capital and long-term debt. The following table summarizes the capital structure at March 31, 2025 and December 31, 2024:

($ 000s)	**March 31, 2025**	**December 31, 2024**
Adjusted working capital deficit [1]	**(30,540)**	(29,777)
Current portion of long-term debt	**(11,038)**	(9,885)
Long-term debt	**(143,860)**	(157,902)
Net debt [2]	**(185,438)**	(197,564)
Shareholders' equity	**133,053**	168,428

(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 the 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 $11.4 million in cash and cash equivalents and restricted cash of $0.2 million as at March 31, 2025.

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 $8.6 million drawn at March 31, 2025, compared to $8.4 million at December 31, 2024.

Long-Term Debt

The table below summarizes long-term debt obligations as of March 31, 2025 and December 31, 2024:

($ 000s)	Maturity		March 31, 2025	December 31, 2024
Senior Facility				
Revolving Loan $22,000	March 2027	USD	**13,000**	15,000
Term Notes $81,500	March 2027	USD	**69,460**	78,230
Subordinated Notes $31,500 (1)	September 2027	USD	**33,606**	32,509
PAPL total debt		USD	**116,066**	125,739
USD/CAD exchange rate (2)			**1.4381**	1.4394
Total debt CAD			**166,921**	180,989

(1) Excludes unamortized deferred financing fees of USD $4.4 million (December 31, 2024 – USD $4.6 million), which includes warrants issued in concurrence with the debt refinancing. Includes interest payable in-kind of $2.1 million.
(2) USD to CAD exchange rate at March 31, 2025 and December 31, 2024, respectively.
(3)

The monetization of certain risk management contracts, as outlined in the Risk Management section above, plus internally generated cash flow enabled a payment of $15.4 million (USD $10.8 million) on the long-term debt during the quarter.

As at March 31, 2025, and as at the date of this MD&A, the Company was in compliance with all debt covenants.

The table below summarizes available liquidity as of March 31, 2025 and December 31, 2024:

($ 000s)	March 31, 2025	December 31, 2024
Cash and cash equivalents	**11,408**	8,576
Undrawn Revolving Loan (1)	**12,938**	10,072
Total available liquidity (2)	**24,346**	18,648

(1) Converted to CAD using the March 31, 2025 exchange rate of 1.4376 (1.4389 as at December 31, 2024).
(2) Total available liquidity is a non-GAAP measure. Management considers total available liquidity an important measure to evaluate Pieridae's 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 March 31, 2025 and December 31, 2024:

($ 000s)	March 31, 2025	December 31, 2024
Cash and cash equivalents	**11,408**	8,576
Restricted cash	**188**	188
Accounts receivable	**44,292**	50,166
Prepaids expenses and deposits	**6,510**	7,123
Total current assets	**62,398**	66,053
Accounts payable	**28,144**	32,997
Accrued liabilities	**64,794**	62,833
Total current liabilities	**92,938**	95,830
Adjusted working capital (deficit) (1)	**(30,540)**	(29,777)

(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 March 31, 2025 increased marginally compared to December 31, 2024; primarily driven by lower accounts receivable, partially offset by higher cash and cash equivalents and lower accounts payable 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 May 7, 2025, March 31, 2025 and December 31, 2024:

	May 7, 2025	March 31, 2025	December 31, 2024
Share capital	**290,387,642**	**290,387,642**	290,387,642
Stock options	**6,670,080**	**6,948,475**	6,948,475
Stock options – weighted average exercise price ($/share)	**$0.50**	**$0.49**	$0.49
Warrants	**24,804,414**	**24,804,414**	24,804,414
Warrants – weighted average exercise price ($/warrant)	**$0.50**	**$0.50**	$0.50

COMMITMENTS, PROVISIONS AND CONTINGENCIES

The Company has entered into several financial obligations during the normal course of business. As at March 31, 2025, these obligations and the expected timing of their settlement, are detailed below:

($ 000s)	2025	2026	2027	Thereafter	Total
Firm transportation	8,243	9,913	1,796	-	19,952

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 Interim Financial Statements.

Off Balance Sheet Transactions

Pieridae does 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

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 $1.3 million 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 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, 2024.

CONTROL ENVIRONMENT

The Company is 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, 2025, requires that the Company 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, 2025. 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 statement preparation and presentation.

NEW ACCOUNTING POLICIES

The Company's significant accounting policies under IFRS are presented in Note 4 to the Consolidated Financial Statements. Certain information and disclosures normally required to be included in the notes to the Consolidated Financial Statements presented in accordance with IFRS have been condensed or omitted in the Interim Financial Statement.