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 10, 2023, and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three months ended March 31, 2023 (the "interim financial statements") and the MD&A and audited consolidated financial statements as at and for the year ended December 31, 2022, as well as Pieridae's Annual Information Form ("AIF"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), sometimes referred to in this MD&A as Generally Accepted Accounting Principles ("GAAP") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standards 34, Interim Financial Reporting ("IAS 34"). Pieridae's 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 ("TSX") under the symbol PEA.TO. Continuous disclosure materials are available on the Company's website, www.pieridaeenergy.com, or on SEDAR, www.sedar.com.

SPECIAL NOTE REGARDING NON-GAAP FINANCIAL MEASURES

This MD&A includes references to financial measures such as net operating income ("NOI"), operating netback or netback, net debt, adjusted operating expense, adjusted working capital and funds flow from operations ("FFO"). The Company feels that these financial measures are important to the understanding of its business activities. These financial measures are not defined by IFRS and therefore are referred to as non-GAAP measures. The non-GAAP measures used by the Company 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 the Company's performance. The non-GAAP measures are reconciled to their closest GAAP measure. Refer to "non-GAAP measures" contained 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, Pieridae Energy Limited's expected capital budget, Pieridae's future business plan and strategy, Pieridae's criteria for evaluating acquisitions and other opportunities, Pieridae's 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, natural gas liquids, 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 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; volatility of and assumptions regarding crude oil, natural gas, and natural gas liquids ("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 and 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 Pieridae's 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 Pieridae believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because Pieridae 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 Pieridae operates; the timely receipt of any required regulatory approvals; the ability of Pieridae to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the operator of the projects which Pieridae has an interest in, to operate the field in a safe, efficient and effective manner; the ability of Pieridae 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 ability of Pieridae 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 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 ability of Pieridae to successfully market its 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.sedar.com), and at 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 Pieridae 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 Pieridae'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 and industry analysis and on assumptions based on data and knowledge of this industry which Pieridae believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While Pieridae 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
Bcm	Billion cubic metres	**MMBtu**	Million British thermal units
Mcf	Thousand cubic feet	**Bbl**	Barrel
GJ	Gigajoules	**USD**	United States Dollars

PIERIDAE'S OBJECTIVES AND STRATEGY

Pieridae is a Canadian energy company headquartered in Calgary, Alberta. Through several corporate and asset acquisitions the Company has grown into a significant upstream and midstream producer with assets concentrated in the Canadian Foothills, producing conventional natural gas, NGLs, condensate and sulphur.

Management is excited about Pieridae's opportunities and prospects within our existing asset base in the Canadian Foothills; during the past year Pieridae has strategically refocused on sustaining and growing its upstream exploration and production ("E&P") and midstream business. Our objective is to continue Pieridae's pivot toward growing a sustainable and profitable conventional Foothills oil and natural gas business while continuing to explore opportunities to diversify market access for the products we produce.

Management continues to take a strategic approach to growth and capital allocation to leverage the long-term nature of our low-decline reserve base and supporting infrastructure, and to focus on creating long-lasting shareholder value. Operational discipline, safe, effective, and efficient operations, community and Indigenous partnerships, cost control, and pursuing opportunities to further integrate environment, social and governance ("ESG") considerations, including a carbon management plan, are fundamental to the Company's strategic vision.

QUARTERLY HIGHLIGHTS

The table below provides a summary of the consolidated financial results for the previous eight quarters:

	2023	2022				2021		
($ 000s unless otherwise noted)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Production								
Natural gas (mcf/d)	186,156	179,143	181,030	178,918	187,719	198,596	191,439	194,232
Condensate (bbl/d)	2,657	2,469	2,911	2,864	3,201	2,851	2,555	2,950
NGLs (bbl/d)	2,784	2,389	2,876	3,695	6,003	5,354	4,133	3,083
Sulphur (tonne/d)	1,457	1,348	1,312	1,555	1,625	1,185	1,518	1,710
Total production (boe/d) [(1)]	36,467	34,715	35,959	36,378	40,491	41,304	38,595	38,404
Financial								
Realized natural gas price before physical commodity contracts ($/mcf)	3.24	5.08	4.38	7.13	4.66	4.62	3.58	3.10
Realized natural gas price after physical commodity contracts ($/mcf)	5.08	5.24	3.62	4.67	4.08	3.67	2.70	2.59
Benchmark natural gas price ($/mcf)	3.25	5.20	4.28	7.22	4.75	4.69	3.59	3.11
Realized condensate price before physical commodity contracts ($/bbl)	107.22	110.24	103.71	132.60	112.09	91.69	85.25	76.72
Realized condensate price after physical commodity contracts ($/bbl)	107.36	117.67	105.82	116.61	106.13	69.71	65.33	68.08
Benchmark condensate price ($/bbl)	107.05	115.24	115.66	132.49	122.62	100.10	70.25	64.82
Net income (loss)	13,639	114,662	(1,573)	22,982	10,549	4,661	(14,846)	(10,058)
Net income (loss) $ per share, basic	0.09	0.72	(0.01)	0.15	0.07	0.03	(0.09)	(0.06)
Net income (loss) $ per share, diluted	0.08	0.70	(0.01)	0.14	0.07	0.03	(0.09)	(0.06)
Net operating income [(2)]	49,995	67,711	30,014	55,969	47,295	30,845	17,920	14,444
Cashflow provided by operating activities	41,309	40,134	9,899	34,922	3,212	21,139	6,885	12,093
Funds flow from operations [(2)]	41,613	57,641	17,721	43,462	34,855	12,408	6,780	(6,366)
Total assets	587,641	615,477	473,642	499,580	552,781	622,540	560,782	575,690
Adjusted working capital deficit [(3)]	(22,275)	(11,249)	(46,419)	(28,892)	(34,934)	(61,588)	(71,161)	(65,977)
Net debt [(2)]	(202,180)	(214,503)	(254,489)	(248,967)	(273,201)	(293,169)	(314,184)	(298,360)
Capital expenditures	20,486	19,037	7,216	9,739	3,534	1,493	9,852	17,959
Development expenses (Goldboro LNG project)	-	(4,514)	-	-	-	225	783	(4,862)

(1) Total production excludes sulphur.

(2) Refer to the "Net Operation Income", "Capital Resources" and "non-GAAP measures" sections of this MD&A for reference to non-GAAP measures.

(3) 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.

FIRST QUARTER 2023 OPERATIONAL AND FINANCIAL HIGHLIGHTS

Highlights for the first quarter of 2023:

- Generated net operating income of $50.0 million (netback of $15.24/boe) and funds flow from operations of $41.6 million.
- Repaid $27.9 million of senior secured debt, including the net impact of PIK during the quarter.
- Produced 36,467 boe/d, an increase of 5% from the fourth quarter of 2022 as volumes came back on stream in late January after the completion of the sulphur condenser repair at the Caroline gas complex.
- Successfully completed drilling our first Brown Creek well (6-35) in Central Alberta in February 2023. The well was in-line flow-tested to reduce emissions and shut-in for an extended period of time for pressure build-up and permanently tied into production infrastructure. The well was put on production in April 2023 and is currently producing approximately 6 MMcf/d sales gas at a flowing wellhead pressure of 16 MPa. The well is highly restricted as production capability exceeds the Company's working interest capacity at the gathering system tie-in point.
- Commenced drilling the second Brown creek well (6-29) in February 2023. Subsequent to the first quarter, drilling operations were completed, and the rig released. Pieridae has elected to defer further development activity at this time.

2023 OUTLOOK

Pieridae's Board of Directors approved the 2023 budget in November 2022. Pieridae's near-term priority is to continue to strengthen its balance sheet while safely sustaining production, implementing cost control across its operations and administration, and executing accretive non-core asset dispositions and related commercial optimization activities.

Pieridae released its initial 2023 outlook in December 2022. In March 2023, management adjusted net operating income and sustaining capital expenditure guidance to ensure capital and operating flexibility are maximized during the year in response to significantly lower natural gas prices, partially mitigated by commodity hedges particularly during the first quarter of 2023. Management is continually reviewing production, cash flow and capital expenditure projections in the context of commodity prices and the Company's hedging program and will continue to update guidance as required throughout the year.

	2023 Guidance – March		2023 Guidance – December	
($ 000s unless otherwise noted)	Low	High	Low	High
Production (boe/d)	37,000	39,000	37,000	39,000
Net operating income (1)(2)	120,000	150,000	170,000	200,000
Implied operating netback ($/boe) (2)	9.00	11.00	12.00	14.00
Sustaining capital expenditures (3)	15,000	20,000	50,000	55,000
Development capital expenditures (4)	15,000	20,000	15,000	20,000

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

(2) 2023 outlook assumes average 2023 AECO price of $2.85/GJ and average 2023 WTI price of USD$74.75/bbl and accounts for fixed price forward commodity sales contracts as of Mar 31, 2023.

(3) Comprised of facility maintenance and turnaround capital expenditures.

(4) Comprised of seismic, development and land capital expenditures.

NET OPERATING INCOME

($ 000s)	Three months ended March 31 2023	2022	% Change
Revenue before physical commodity contracts	94,514	134,972	(30)
Gain (loss) on physical commodity contracts	30,887	(11,584)	367
Third party processing and other income	10,631	6,382	67
Realized gain (loss) on risk management contracts	381	-	100
Revenue	136,413	129,770	5
Royalties	(14,706)	(19,132)	(23)
Operating	(66,473)	(57,292)	16
Transportation	(5,239)	(6,051)	(13)
Net Operating Income [(1)]	**49,995**	47,295	**6**

(1) Net operating income is a "non-GAAP measure". Management considers net operating income an important measure to evaluate the Company's operational performance as it demonstrates Pieridae's field level profitability. NOI equals revenue less royalties, plus realized gains (losses) on risk management contracts less operating and transportation expenses.

OPERATING NETBACK PER BOE

($ per boe)	Three months ended March 31 2023	2022	% Change
Revenue before physical commodity contracts	28.80	37.04	(22)
Gain (loss) on physical commodity contracts	9.41	(3.18)	396
Third party processing and other income	3.24	1.75	85
Realized gain (loss) on risk management contracts	0.12	-	100
Revenue	41.57	35.61	17
Royalties	(4.48)	(5.25)	(15)
Operating	(20.25)	(15.72)	29
Transportation	(1.60)	(1.66)	(4)
Netback ($/boe) [(1)]	**15.24**	**12.98**	**17**

(1) 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 less royalties, plus realized gains (losses) on risk management contracts less operating and transportation expenses calculated on a per BOE basis.

NET OPERATING INCOME SENSITIVITY ANALYSIS

	Three months ended March 31 2023	% Change	$ Impact	% Impact
Business Environment [(1) (2)]				
WTI price (US$/bbl) [(3)]	76.13	10	2,242	4
AECO price ($/mcf)	3.25	10	1,607	3
Sulphur price ($/tonne)	173.09	10	260	1
US$/C$ average exchange rate [(4)]	0.7395	10	2,038	4
Operational [(1) (5) (6)]				
NGL & condensate production (bbl/d)	5,442	10	2,962	6
Natural gas production (mcf/d)	186,156	10	2,877	6
Sulphur production (tonne/d)	1,457	10	314	1
Royalty burden	11.7%	1	1,258	3
Operating expense ($/boe)	(20.25)	10	6,647	13

(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 (C2, C3, C4) and condensate (C5) prices assuming a correlation to US$WTI.
(4) Includes the impact of foreign exchange on NGL and Condensate prices assuming a correlation to US$WTI.
(5) Includes the impact of physical commodity hedges that were in place during the period.
(6) Operational assumptions are based upon the results for the three months ended March 31, 2023, and the calculated impact NOI would only be applicable within a limited range of these amounts.

PRODUCTION

	Three months ended March 31		
	2023	2022	% Change
Natural gas (mcf/d)	186,156	187,719	(1)
Condensate (bbl/d)	2,657	3,201	(17)
NGLs (bbl/d)	2,784	6,003	(54)
Sulphur (tonne/d) [(1)]	1,457	1,625	(10)
Production (boe/d) [(1)]	**36,467**	40,491	**(10)**

(1) Production amounts exclude sulphur production.

First quarter production was down 10% due primarily to natural reserve decline and our continued ethane reinjection into the natural gas sales stream (2,300 boe/d). Additionally, production was impacted in January by an unplanned sulphur condenser repair at the Caroline gas processing facility (1,300 boe/d), cold weather impacts, and field maintenance, all partially offset by higher production from non-repeated outages in Q1 2022.

PRODUCTION BY AREA

The following tables summarize the Company's production by core area for the three months ended March 31, 2023, and 2022:

	Three months ended March 31, 2023				
	Total (boe/d)	Natural Gas (mcf/d)	Condensate (bbl/d)	NGLs (bbl/d)	Sulphur (tonne/d)
Waterton	9,203	38,132	1,521	1,327	605
Jumping Pound	7,857	39,072	560	785	219
Central Alberta Foothills	15,212	84,132	519	671	628
Northern Alberta Foothills	3,439	20,589	6	1	5
Northeast BC	756	4,231	51	-	-
Total	**36,467**	**186,156**	**2,657**	**2,784**	**1,457**

	Three months ended March 31, 2022				
	Total (boe/d)	Natural Gas (mcf/d)	Condensate (bbl/d)	NGLs (bbl/d)	Sulphur (tonne/d)
Waterton	11,531	40,952	1,689	3,017	673
Jumping Pound	7,963	36,169	535	1,399	216
Central Alberta Foothills	16,225	82,324	929	1,575	726
Northern Alberta Foothills	3,761	22,450	7	12	10
Northeast BC	1,011	5,823	41	-	-
Total	40,491	187,719	3,201	6,003	1,625

BENCHMARK PRICES

	Three months ended March 31		
	2023	2022	% Change
AECO 5A benchmark price ($/mcf)	3.25	4.75	(32)
West Texas Intermediate crude oil (USD/bbl)	76.13	94.77	(20)
Condensate benchmark price ($/bbl)	107.05	122.62	(13)
Sulphur ($/tonne)	173.09	395.00	(56)
US/Canadian dollar average exchange rate (USD)	0.7395	0.7898	(6)

Natural gas prices have experienced a significant weakening during the first quarter of 2023, a continuation of the trend experienced during Q4 2022, largely as a result of lower demand due to an unusually warm winter. AECO differentials relative to the Henry Hub / NYMEX benchmark narrowed substantially, approximating the cost of transportation into these markets. The AECO 5a monthly index decreased by 38% from the fourth quarter and by 32% compared to the first quarter of 2022. Pieridae currently produces into the TC NGTL system and sells 100% of its natural gas production at AECO.

WTI crude oil price was relatively stable, decreasing by 8% from the fourth quarter of 2022. Year over year WTI was down 20% compared to the first quarter of 2022. Global demand continues to soften as a result of concerns about the slowing global economy. Tracking the WTI benchmark, the price of condensate was down by 7% compared to the fourth quarter of 2022 and 13% compared to the first quarter of 2022. The condensate differential to WTI remained relatively stable quarter over quarter. Pieridae primarily sells its produced condensate into the local (Edmonton) market for use as diluent.

Sulphur benchmark prices were down 8% from the fourth quarter of 2022 and 56% from the first quarter of 2022. 2022 was a year of extreme price volatility in the sulphur markets with west coast benchmark prices ranging from $89/tonne to $601/tonne within the year. 2023 sulphur price volatility is lower with year-to-date west coast benchmark prices ranging from a low of $149/tonne to a high of $224/tonne, as the market appears to have stabilized. Pieridae sells its sulphur production into a variety of markets including directly to North American fertilizer manufacturers as well as international markets through the Vancouver or Tampa Bay sulphur export facilities.

REALIZED PRICES

	Three months ended March 31		
	2023	2022	% Change
Natural gas before physical commodity contracts ($/mcf)	3.24	4.66	(30)
Natural gas after physical commodity contracts ($/mcf)	5.08	4.08	25
Condensate before physical commodity contracts ($/bbl)	107.22	112.09	(4)
Condensate after physical commodity contracts ($/bbl)	107.36	106.13	1
NGLs ($/bbl)	43.94	31.93	38
Sulphur ($/tonne)	27.08	45.24	(40)

Pieridae's realized prices reflect the mix of spot sales and physical forward sales contracts consistent with the Company's hedging policy. In the three months ended March 31, 2023, volumes sold under physical forward sales contracts represented 69% of production and 66% of revenue. In the first quarter of 2023, physical hedging gains contributed an additional benefit of $1.84/mcf (March 31, 2022 –losses of $0.58/mcf) to realized natural gas prices and $0.14/bbl (March 31, 2022 – losses of $5.96/bbl to realized condensate prices).

Pieridae is obligated to sell the majority of its sulphur production for $6.00/tonne under a fixed-price physical sales contract which expires on December 31, 2025. During the three months ended March 31, 2023, this contract represented 81% of sulphur volumes (79% for the three months ended March 30, 2022). If the fixed-priced sulphur sale contracts were removed, average realized sulphur prices for the three months ended March 31, 2023, would have been $103.05/tonne (net of transportation and based on contracted prices that are negotiated annually).

RISK MANAGEMENT CONTRACTS

The Company continues to execute a commodity risk management program governed by its hedge policy. Our debt lender temporarily waived and/or amended their requirement to have 60% of forecast base production hedged on an 18-month rolling basis in order to recognize the credit limitations of hedging using primarily physical forward sales contracts. Despite credit limitations, in late 2022 and early 2023 Pieridae was able to execute a number of hedges; physical hedges contributed $30.9 million and financial hedges contributed $0.4 million to our Q1 2023 netback and provide price certainty for approximately 20% of expected volumes for the remainder of 2023.

The Company had the following fixed price physical commodity sales contracts and power purchase contracts in place at March 31, 2023:

Type of contract	Quantity	Time Period	Contract Price
Fixed Price - Natural Gas Sales	45,000 GJ/d	Apr – Sep 2023	CAD $4.49/GJ
Fixed Price - Natural Gas Sales	15,163 GJ/d	Oct – Dec 2023	CAD $4.49/GJ
Fixed Price – AECO/Nymex Differential	7,500 MMbtu/d	Apr – Jun 2023	USD $(0.88)/MMbtu
Fixed Price – AECO/Nymex Differential	7,500 MMbtu/d	Jul – Oct 2023	USD $(1.19)/MMbtu
Fixed Price - Condensate Sales	700 bbl/d	Apr – Sep 2023	CAD $103.24/bbl
Fixed Price - Condensate Sales (WTI Basis)	1,200 bbl/d	Oct 2023 – Jun 2024	CAD $97.92/bbl
Fixed Price - Power Purchases	52 MW/h	Apr 2023 – Dec 2023	CAD $71.90/MWh
Fixed Price - Power Purchases	53 MW/h	Jan 2024 – Dec 2024	CAD $68.38/MWh
Fixed Price - Power Purchases	45 MW/h	Jan 2025 – Dec 2025	CAD $79.59/MWh
Fixed Price - Power Purchases	10 MW/h	Jan 2026 – Apr 2026	CAD $79.15/MWh

The Company had the following financial risk management contracts in place as at March 31, 2023:

Type of contract	Quantity	Time Period	Contract Price
AECO Natural Gas Swap	2,500 GJ/d	Apr – Jun 2023	CAD $3.94/GJ
C5 Differential (to WTI)	500 bbl/d	Apr – Sep 2023	CAD ($4.67)/bbl
WTI Swap	500 bbl/d	Apr – Sep 2023	CAD $107.64/bbl

PETROLEUM AND NATURAL GAS REVENUE

	Three months ended March 31		
($ 000s except per boe)	**2023**	**2022**	**% Change**
Natural gas	85,164	68,943	24
Condensate	25,677	30,579	(16)
NGLs	11,009	17,250	(36)
Sulphur	3,551	6,616	(46)
Petroleum and natural gas revenue [1]	**125,401**	123,388	**2**
Petroleum and natural gas revenue ($/boe)	38.21	33.86	13
Third party processing and other income	10,631	6,382	67
Realized gain (loss) on risk management contracts	381	-	100
Revenue	**136,413**	**129,770**	**5**

[1] Petroleum and natural gas revenue includes gains and losses on physical commodity contracts.

Trends in petroleum and natural gas revenue are primarily associated with fluctuations in production and prices the Company receives for its production. As previously described, production decreased by 10% during the first quarter of 2023 partially offset by an increase in realized prices, together driving a 2% increase in petroleum and natural gas revenue.

Third-party processing revenue and other income is primarily derived from fees charged to non-owner third parties for processing their production and sulphur volumes through Pieridae's gas and sulphur processing facilities. This income adds significantly to the economic benefits realized from these facilities by offsetting operating costs, which are highly fixed in nature.

In addition to stable third-party processing revenue, during the first quarter of 2023 Pieridae recognized $4.2 million in other income due to our retention of a non-refundable third-party deposit related to a planned disposition of non-core oil and gas properties in northeast British Columbia. The deposit was retained following failure by the third party to meet certain conditions required to close the transaction (refer to Note 4 of the interim financial statements).

ROYALTIES

	Three months ended March 31		
($ 000s except per boe)	**2023**	**2022**	**% Change**
Gross royalties	24,055	33,959	(29)
Gas cost allowance	(9,349)	(14,827)	(37)
Royalties	14,706	19,132	(23)
Royalties ($/boe)	4.48	5.25	(15)
Royalties as percentage of revenue (%)	11.7	15.5	(24)

Gross royalties during the first quarter of 2023 were 29% lower primarily due to lower reference prices on which the Company's crown royalties are calculated. Offsetting this decline, the allowable capital pools were fully depreciated in 2022 at certain assets, which resulted in an unfavorable reduction to the gas cost allowance deduction.

OPERATING EXPENSE

	Three months ended March 31		
($ 000s except per boe)	2023	2022	% Change
Operating expense	66,473	57,292	16
Operating expense ($/boe)	20.25	15.72	29
Adjusted operating expense (1)	57,074	44,912	27
Adjusted operating expense ($/boe) (1)	17.39	12.32	41

(1)Adjusted operating expense is a "non-GAAP measure". Adjusted operating expense provides an industry-comparable view of operating expenses for our sour gas processing facilities by accounting for all third-party volumes running through these facilities. Adjusted operating expense is calculated as operating expenses, less third-party processing revenue and sulphur revenue.

Operating expense for the first quarter of 2023 was higher by 16% on a total cost basis and 29% higher on a per boe basis. Increases in operating expense are primarily due to fuel costs and carbon tax impact associated with the sulphur condenser repair at the Caroline gas complex which was completed in late January as evidenced by the Central Alberta Foothills area operating expense below. In addition, average realized power prices and carbon tax rates are both higher than in 2022. A physical hedge program is in place for the majority of Pieridae's power consumption which partially mitigates higher power prices; refer to note 11 of the interim financial statements. Per unit operating expenses were also impacted by lower production volumes over the quarter.

Adjusted operating expense, reflecting management's view of the net operating costs of our three major sour gas processing facilities which both process third party volumes and are significantly more complex than similar sweet-gas facilities, was $57.1 million ($17.39/boe) for the first quarter of 2023, an increase of 41% compared to the same quarter in 2022.

The following table summarizes the Company's operating cost per boe by core area for the three months ended March 31, 2023, and 2022:

	Three months ended March 31		
($ per boe)	2023	2022	% Change
Waterton	15.69	12.67	24
Jumping Pound	16.08	15.84	1
Central Alberta Foothills	24.50	18.41	33
Northern Alberta Foothills	17.85	11.32	58
Northeast BC	44.69	22.93	95

The following table summarizes the Company's adjusted operating cost per boe by core area for the three months ended March 31, 2023, and 2022:

	Three months ended March 31		
($ per boe)	2023	2022	% Change
Waterton	13.86	9.98	39
Jumping Pound	11.28	11.32	-
Central Alberta Foothills	21.27	14.25	49
Northern Alberta Foothills	17.63	10.47	68
Northeast BC	44.69	22.93	95

TRANSPORTATION EXPENSE

	Three months ended March 31		
($ 000s except per boe)	2023	2022	% Change
Transportation expense	5,239	6,051	(13)
Transportation expense ($/boe)	1.60	1.66	(4)

The decrease in transportation cost during the first quarter of 2023 was primarily due to lower allocated fuel gas costs from the sales pipeline operator.

GENERAL AND ADMINISTRATIVE EXPENSE

	Three months ended March 31		
($ 000s except per boe)	**2023**	**2022**	**% Change**
G&A expense	5,228	7,075	(26)
G&A expense ($/boe)	1.59	1.94	(18)

General and administrative ("G&A") expenses decreased by 26% for the quarter due primarily to lower insurance expense allocated to G&A, cost containment, and higher capitalization rate associated with the drilling program.

FINANCE EXPENSE

	Three months ended March 31		
($ 000s)	**2023**	**2022**	**% Change**
Cash portion of interest expense	3,242	4,211	(23)
Non-cash interest paid in kind	2,650	3,684	(28)
Accretion on financing costs	4,771	6,421	(26)
Accretion of decommissioning obligations	514	-	100
Interest on lease liabilities	52	30	73
Other charges	(143)	94	(252)
Total finance expense	**11,086**	**14,440**	**(23)**

Finance expense decreased by 23% in the quarter primarily due to lower cash and non-cash interest expense as a result of significant debt principal repayments over the proceeding 12 months.

DEPLETION AND DEPRECIATION

	Three months ended March 31		
($ 000s)	**2023**	**2022**	**% Change**
Depletion and depreciation	16,628	15,155	10

During the three months ended March 31, 2023, depletion and depreciation expense increased by 10% respectively compared to the same period in 2022 due to an increase in the depletable asset base, which arose primarily from higher expected future development costs within the Company's total proved and probable reserve value.

CAPITAL EXPENDITURES

The following tables summarizes the Company's capital expenditures for the three months ended March 31, 2023, and 2022:

	Three months ended March 31		
($ 000s)	**2023**	**2022**	**% Change**
Seismic	-	1,125	-
Development	15,802	673	2,248
Land	92	85	8
Plant and facilities	61	1,348	(95)
Turnarounds	2,352	99	2,276
Corporate	2,179	204	968
Capital expenditures	**20,486**	**3,534**	**480**
Abandonment	512	1,138	(55)
Total capital expenditures	**20,998**	**4,672**	**349**

During the first quarter, capital expenditures were primarily allocated to development; $14.7 million to our previously announced Winter drilling program and $1.1 million to well optimization. The Company's first well, Brown Creek 6-35, was drilled and completed in the quarter and subsequently placed on production in April 2023. During the quarter, drilling commenced on the second well, Brown Creek 6-29, which concluded in April 2023.

Additional capital was allocated to turnarounds, reflecting expenditure on the sulphur condenser repair at the Caroline gas complex.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

As at March 31, 2023, Pieridae's capital structure was comprised of share capital, adjusted working capital (deficit) and term debt. The following table summarizes our capital structure on March 31, 2023, and December 31, 2022:

($ 000s)	**March 31, 2023**	**December 31, 2022**
Adjusted working capital (deficit) [(1)]	(22,275)	(11,249)
Term debt	(179,905)	(203,254)
Net debt [(2)]	(202,180)	(214,503)
Shareholders' equity	128,518	114,758

[(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, prepaids and deposits.

[(2)] Net debt is a "non-GAAP measure". Management considers net debt an important measure as it demonstrates the Company's ability to pay off its debt and take on new debt, if necessary.

Cash and Cash Equivalents

Pieridae held $8.8 million in cash and cash equivalents and restricted cash of $0.7 million as at March 31, 2023. Restricted cash is comprised of security pledged for various letters of credit which are required to be posted with provincial agencies and other companies to facilitate the Company's ongoing operations.

Guarantee Facility from Export Development Canada ("EDC")

In July 2020, the Company received a $6 million guarantee facility from Export Development Canada which was increased to $8.0 million in June 2021 and to $12.0 million on June 30, 2022. This guarantee facility provides for 100% guarantee to the issuing banks of the Company's existing and future letters of credit, of which $6.7 million was drawn at March 31, 2023 (December 31, 2022 - $7.2 million).

Term Debt

($ 000s)	**March 31, 2023**	**December 31, 2022**
Balance, January 1	203,254	231,581
Accretion of financing and other costs	4,571	20,022
Interest paid in kind ("PIK")	2,650	13,715
PIK repayments	(3,370)	(16,909)
Principal repayments	(27,200)	(45,155)
Total principal repayments, including net impact of PIK	(27,920)	(48,349)
Balance, end of period	179,905	203,254
Cash interest paid on term debt	3,242	15,673

On October 16, 2019, the Company entered a $206.0 million senior secured fully drawn non-revolving long term loan facility ("term debt"). The term debt bears interest at a fixed rate of 15.0% per annum from the date of issue, accrued daily and payable quarterly. The PIK calculation was amended as described below from January 1, 2022, forward.

The term debt is repayable in full on October 16, 2023; however, the Company may repay the principal in whole or in part any time prior to October 16, 2023, without penalty. The Company incurred $6.0 million of closing costs which were accounted for as transaction costs and netted against the value of the loan to be amortized over 48 months.

Under the terms of the credit agreement, on or before October 16, 2021, the Company had an option either to acquire certain petroleum and natural gas properties from the lender for a purchase price of $45.0 million in cash on or before October 16, 2021, or pay a deferred fee ("Fee") in the amount of $50.0 million to the agent. On September 30, 2021, the Company elected to pay the Fee as opposed to acquiring the assets. Amendments to the credit agreement were made to delay payment of the Fee to January 1, 2022, and interest on this Fee accrued from October 16, 2021. Further amendments were made on December 31, 2021, to incorporate the Fee as part of the loan principal due on October 16, 2023, on an interest free basis. Other changes made on December 31, 2021, include an amendment to the payment of interest, on the original principal, whereby 8% will be payable in cash and the remaining 7% will be PIK on a quarterly basis. In addition, 1.75% of the principal balance outstanding including the Fee is repayable quarterly beginning in 2022. For the three months ended March 31, 2023, principal repayments (including the net impact of PIK) of $27.9 million were made against the term debt.

As at March 31, 2023, and as at the date of this MD&A the Company was in compliance with, or had obtained the required waivers for, all covenants of the term debt. Management is pursuing refinancing arrangements in advance of the debt maturity.

Working Capital and Capital Strategy

The following table presents the composition of Pieridae's working capital position at March 31, 2023, and December 31, 2022:

($ 000s)	March 31,2023	December 31, 2022
Cash and cash equivalents	8,810	22,273
Restricted cash	670	670
Accounts receivable	67,739	74,514
Prepaids expenses and deposits	8,717	8,130
Total current assets	**85,936**	105,587
Accounts payable	22,145	22,649
Accrued liabilities	86,066	94,187
Total current liabilities	**108,211**	116,836
Adjusted working capital (deficit)	**(22,275)**	(11,249)

Pieridae's adjusted working capital deficit at March 31, 2022, was $22.3 million compared to a deficit of $11.2 million at December 31, 2022, primarily as a result of a lower cash balance driven by timing of payments and term debt reductions.

Management monitors working capital on a continuous basis with a focus on strengthening Pieridae's balance sheet through sustaining production, and rigorous cost control across its operations and administration. Pieridae's capital strategy is aligned with its business strategy and is focused on ensuring the Company has sufficient liquidity to fund operations and mitigate reserve decline. Externally, Pieridae's principal sources of liquidity are the EDC guarantee facility, additional debt, and equity offerings.

SHARE CAPITAL, WARRANTS AND STOCK OPTIONS OUTSTANDING

	May 10, 2023	March 31, 2023	December 31, 2022
Share capital	158,979,336	158,971,336	158,963,336
Stock options	5,280,153	5,288,153	5,860,369
Stock options – weighted average exercise price ($/share)	$0.78	$0.78	$1.21
Warrants	5,000,000	5,000,000	5,000,000
Warrants – weighted average exercise price ($/warrant)	$0.70	$0.70	$0.70

COMMITMENTS, PROVISIONS AND CONTINGENCIES

The Company has entered into a number of financial obligations during the normal course of business. As at March 31, 2023, these obligations, and the expected timing of their settlement, are detailed below:

($ 000s)	2023	2024	2025	2026	Thereafter	Total
Interest on long-term debt	11,573	-	-	-	-	11,573
Repayment of long-term debt	188,534	-	-	-	-	188,534
Firm transportation	9,072	11,015	2,919	277	-	23,283
Total	**209,179**	**11,015**	**2,919**	**277**	**-**	**223,390**

Provisions and Contingencies

The Company is also involved in various claims and litigation arising in the normal course of business. While the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in the Company's favor, the Company does not currently believe that the outcome of adverse decisions in any of these pending or threatened proceedings related to these and other matters or any amount which it may be required to pay by reason thereof would have a material adverse impact on its financial position or results of operations.

Off Balance Sheet Transactions

The Company does not have any financial arrangements that are excluded from the interim financial statements, nor are any such arrangements outstanding as of the date of this MD&A. The Company does not have any financial arrangements that are excluded from the interim financial statements, nor are any such arrangements outstanding as of the date of this MD&A.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITMENT

Pieridae is in compliance with all environmental laws and regulations as of the date of this MD&A. Pieridae's Liability Management Rating is within both the British Columbia Energy Regulator's ("BCER"), formerly known as British Columbia Oil and Gas Commission's and the Alberta Energy Regulator's ("AER") requirements after accounting for a $1.8 million deposit in place with the BCER. Pieridae's liability rating in Alberta is calculated by the AER based on the licenses which are in Pieridae's name.

Pieridae continues to advance our ESG practices as outlined in our 2021 ESG Report released in October 2022. This report provides details on the Company's approach to sustainability, greenhouse gas emissions management and to continued Indigenous and community partnerships in the areas where Pieridae operates. Our 2022 ESG Report will be issued in August 2023.

The Company considers the impact of the evolving worldwide demand for carbon-based energy and global advancement of alternative energy sources in its business strategy. Emissions and other regulations impacting climate and climate related matters are constantly evolving. In Pieridae's ESG Report, the Company reported various ESG metrics using three international frameworks: the Sustainability Accounting Standards Board ("SASB"), the Global Reporting Initiative ("GRI") and the Task Force on Climate-Related Financial Disclosure ("TCFD").

Pieridae's ESG focus first assess the Company's starting point with respect to governance, greenhouse gas 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 the Company's website for this ESG report.

RISK FACTORS

The Company monitors and 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 to be adequate for the Company's size and activities but is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims. Risk to Pieridae's business and operations include, but are not limited to:

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

Insurance Coverage
Breach of Confidentiality
Reputational
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, 2022, for fulsome discussion of these risks. See also "Forward Looking Statements" in this MDA.

SIGNIFICANT ACCOUNTING JUDGEMENT 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 2 of the consolidated financial statements for the year ended December 31, 2022.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Pieridae 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, 2023, 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 the Company's DC&P and ICFR during the period ended March 31, 2023.

NEW ACCOUNTING POLICIES

The Company has not adopted any new accounting policies in the current period. Further, there are currently no not-yet-effective IFRS or IFRIC interpretations that are expected to have a material impact on the Company.

NON-GAAP MEASURES

Management has identified certain industry benchmarks such as net operating income, 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 funds flow from operations an important measure to evaluate the Company's cash flow as it demonstrates Pieridae's field level operational cash flow. Funds flow from operations is calculated as cash provided by operating activities, excluding settlement of decommissioning obligations and changes in non-cash working capital. Expenditure on decommissioning obligations is excluded as it is managed through the capital budgeting process.

	Three months ended March 31	
($ 000s)	**2023**	**2022**
Cash provided by operating activities	41,309	3,212
Settlement of decommissioning obligations	512	1,138
Changes in non-cash working capital	(208)	30,505
Funds flow from operations	**41,613**	**34,855**