Management's Discussion and Analysis
First Quarter 2020

This Management's Discussion and Analysis ("MD&A") provides a review by management of the financial position and consolidated results of Pieridae Energy Limited ("Pieridae", "we", "our" or the "Company") for the three-months ended March 31, 2020 and 2019, as well as information about our future prospects. This MD&A has been prepared as of May 27, 2020 and should be read in conjunction with the Company's condensed consolidated unaudited interim financial statements and the accompanying notes for the three-months ended March 31, 2020 and 2019 (the "Interim Financial Statements"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Pieridae's reporting currency is the Canadian dollar. All amounts are presented in Canadian dollars ("CAD"), unless otherwise stated.

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

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 Venture Exchange under the symbol PEA. Continuous disclosure materials are available on the Company's website, www.pieridaeenergy.com, or on SEDAR, www.sedar.com.

Special Note Regarding Non-IFRS Financial Measures

This MD&A includes references to financial measures such as net operating income ("NOI"), operating netback or net back, adjusted funds flow from operations ("AFFO") and project investment. 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-IFRS measures. The non-IFRS measures used by the Company may not be comparable to similar measures presented by other companies. The Company uses these non-IFRS measures to evaluate its performance. The non-IFRS 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-IFRS measures are reconciled to their closest IFRS measure on page 18 of 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 2020 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" 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 (including as a result of demand and supply effects resulting from the COVID-19 virus pandemic and the actions of OPEC and non-OPEC countries) 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 various factors.

Definitions and Abbreviations

Bcf	Billion cubic feet	**Mmcf**	Million cubic feet
Bcm	Billion cubic metres	**MMBtu**	Million British thermal units
GJ	Gigajoules	**USD**	United States Dollars

Objectives and Strategy

Pieridae is focused on becoming the first Canadian owned liquified natural gas ("LNG") producer that integrates (a) upstream activities consisting primarily of the acquisition and development of natural gas resource properties situated primarily in Alberta, the extraction of natural gas and other commodities from those properties and the initial processing of the natural gas in or near the field (the "Upstream Segment") and (b) midstream activities consisting primarily on the delivery of natural gas by pipeline to the site of the proposed Goldboro

LNG Facility (as described below) where it is further processed and liquefied to produce LNG for sale to customers for export to international markets and to specific markets in North America (the “LNG Segment” and together with the Upstream Segment, the “Goldboro LNG Project”).

The Company’s fundamental strategy is to acquire under-valued natural gas reserves (primarily in Alberta) which can be developed for the purpose of supplying natural gas to the proposed Goldboro LNG Facility (the “Goldboro LNG Facility” or the “Facility”), to construct the Facility and develop the natural gas reserves with low cost project financing (which is supported to a substantial degree by government guarantees) and to operate the Facility to produce high-valued LNG for sale in international markets.

The Company intends to construct its Goldboro LNG Facility near the community of Goldboro situated in the municipality of the district of Guysborough on the North Eastern coast of Nova Scotia. The Facility will be constructed in phases and will include (a) two trains (“Train One” and “Train Two”, respectively), each with the capacity to produce approximately 4.8 million tonnes of LNG annually, (b) a power plant which will generate the electricity required to operate the Facility, (c) two LNG storage tanks and (d) marine structures and a jetty which will be equipped to accommodate concurrently two LNG vessels, each with a cargo capacity of up to 250,000 m^3 of LNG.

The Company takes a long-term approach to growth and investments in order to mirror the long-term nature of the infrastructure, and to focus on creating long-term shareholder value. Operational discipline, safe, effective and efficient operations, community outreach, and cost control are fundamental to the Company. By consistently managing costs, and continuing to integrate Environmental, Social and Governance ("ESG") considerations into our business plan, the Company believes it will achieve its long-term objectives. Opportunities to further integrate ESG considerations into our corporate strategy are being sought, and a plan is in place to ensure ESG risks and opportunities are addressed throughout the project lifecycle. Strategic, accretive acquisitions are a key component of the Company’s strategy. The Company has selectively acquired properties generating future cash flows and aligning with its long-term objective. The Company may also selectively purchase other resource owners’ gas or provide LNG processing services to the extent there is spare capacity at the Facility.

First Quarter 2020 Operational and Financial Highlights

First Full Quarter of Production from the Combined Ikkuma and South Foothills Assets

This quarter reflects the first full quarter of operations from Pieridae’s combined acquisitions of Ikkuma Resources Corp. (“Ikkuma”) in December 2018 and its acquisition from Shell Canada Energy (“Shell”) in October 2019 of certain Foothills assets (the “South Foothills Assets”). Revenue (net of royalties) was $74.0 million during the quarter, which includes NGLs and Condensate revenue of $23.4 million, as well as third-party processing fees of $6.8 million. Pieridae generated positive cash flow from operations of $6.4 million during the quarter, NOI of $19.2 million and AFFO of $12.6 million reflecting the combined potential of Pieridae’s asset base. Revenue net of royalties was materially consistent on a per day basis to the previous quarter of $60.4 million, which reflected 15 less days of production from the South Foothills Assets.

Production during the quarter averaged 41,211 boe/day, which is within the current guidance range.

Revenue pressures due to current challenged liquids prices as a result of current market conditions were partially offset during the quarter by the Company’s positive hedging strategies. Realized natural gas prices were $2.23/mcf, which is $0.29/mcf or were 15% higher than the three-month average benchmark price of $1.94 during the quarter. In March 2020, the Company unwound certain financial derivatives contracts resulting in a realized a gain of $4.5 million.

COVID-19 Pandemic and Management’s Response

During the quarter, crude oil benchmark prices decreased substantially due to a drop in global crude oil demand triggered by the impact of the COVID-19 virus on the global economy, and a breakdown in negotiations between OPEC and non-OPEC partners regarding proposed production cuts. While the impact of these events has not been as significant to Canadian natural gas prices, the current challenging economic climate may lead to adverse changes in cashflows and working capital levels, which may also have a direct impact on the Company’s operating results and financial position. The Company continues to have a strong hedging program in place to insulate itself from volatile commodity prices, which has proven successful at providing a degree of pricing certainty and revenue stability during these uncertain and challenging times. In response to these challenging times, subsequent to the end of the quarter, Pieridae announced a 20% reduction to Board of Director and CEO compensation and has taken further steps to reduce administrative costs including temporarily reducing salaries and other discretionary spending.

Pieridae remains committed to the health and safety of all personnel and to the safety and continuity of operations. In response to the COVID-19 pandemic, management has established a committee comprised of senior management and key employees to promptly implement measures to protect the health and safety of the Company’s work force and the pubic and to ensure the continuity of operations. The committee meets daily and monitors the developments of the pandemic. In accordance with government guidelines to limit the risk of the outbreak, the Company has implemented measures such as self-quarantine policies, travel restrictions, enhanced sanitation measures and social distancing requirements, which has resulted in a majority of office staff currently working remotely. As a result of the measures implemented, Pieridae has not suffered any significant loss of productivity.

Subsequent Events

Extensions of Key Deadlines
On May 5, 2020 Pieridae announced extensions of key deadlines under its 20-year agreement with German energy company Uniper Global Commodities ("Uniper"). These include expected commercial deliveries of gas to Uniper to start between August 31, 2025 and February 28, 2026; and the extension to June 30, 2021 of the deadline to make a positive final investment decision for the Company's proposed Goldboro LNG Facility. The 20-year agreement with Uniper is for 4.8 million tonnes per annum ("MMTPA") of liquefied natural gas produced at Train One from the proposed facility.

Alberta Energy Regulator decision regarding license transfer application
On May 13, 2020 the Alberta Energy Regulator ("AER") made the decision to deny Shell's application to transfer the licences associated with the South Foothills Assets to Pieridae. This denial is due to structural concerns regarding the application to split the liability associated with Jumping Pound and Waterton gas processing facilities whereby Shell will retain the liability associated with subsurface sufinol contamination. Pieridae and Shell are working together to resolve the AER's concerns, and management does not anticipate any changes to its financial position or future cash flows as a result of this decision.

Consolidated Operating and Financial Results

Select Consolidated Financial Results
Pieridae reports business results in two segments: Upstream and Goldboro LNG. The tables below provide a summary of the consolidated financial results for the three-months ended March 31, 2020 and 2019 and as at March 31, 2020 and December 31, 2019.

	Three months-ended March 31	
($ 000s, except per share amounts)	**2020**	**2019**
Revenue (net of royalties)	73,974	22,982
Net loss for the period	(11,484)	(12,996)
Net loss attributable to equity holders	(11,484)	(12,992)
Net loss per common share - basic and diluted	(0.07)	(0.17)
Capital expenditures	2,020	572
Development expenses	3,459	308
Project investment [(1)]	5,479	880

[(1)] Non-IFRS measures, refer to the "Non-IFRS measures" section of this MD&A

($ 000s, except per share amounts)	**March 31, 2020**	**December 31, 2019**
Net working capital	15,596	19,105
Total assets	609,437	602,474
Total non-current liabilities	422,017	420,665
Shareholders' equity	92,336	104,315

Revenue of $74.0 million in the first quarter of 2020 increased by $51.0 million or 222% as compared to the first quarter of 2019 due to three full months of operations from the South Foothills Assets. Third party processing fees together with expanded NGL and condensate production also contributed to the increase in revenue as compared to the first quarter of 2019.

Project investment in the first quarter of 2020 increased by $4.6 million or 523% as compared to the first quarter of 2019 as work on the Goldboro LNG Facility open book estimate ("OBE") progressed, in addition to increased exploration expenditures in Western Canada.

Net Operating Income, Cash Flow from Operations and Adjusted Flow of Funds from Operations [1]

	Three months-ended March 31	
($ 000s)	**2020**	**2019**
Petroleum and natural gas revenue (net of royalties)	62,121	22,370
Other income	649	1,268
Third-party processing income	6,802	-
Realized gains (losses) on risk management contracts	4,485	(657)
Operating expenses	50,982	16,194
Transportation expenses	3,836	1,629
Net operating income [1]	**19,239**	**5,158**
Operating netback per boe [1]	**5.14**	**3.32**
Cash provided (used) in operating activities	**6,426**	**(17,084)**
Adjusted funds flow from operations [1]	**12,644**	**650**

[1] Non-IFRS measures, refer to the "Non-IFRS measures" section of this MD&A

Pieridae's NOI in the first quarter of 2020 increased by $14.1 million or 273% as compared to the first quarter of 2019, due to the accretive production and revenue mix from the acquisition of the South Foothills Assets in October 2019. Similarly, AFFO increased by $12.0 million or 1,845% and cashflow from operations improved from a deficit of $17.1 million to $6.4 million during the quarter, providing further financial flexibility and improving working capital.

Operating netback in the first quarter of 2020 increased by $1.82/boe or 55% as compared to the first quarter of 2019, as a result of a combination of higher average realized pricing and more diversified revenue streams, offset by higher operating expenses primarily as a result of the complex processing facilities acquired from Shell.

This continuation of the transformational growth demonstrated in the year ended December 31, 2019 will provide Pieridae the liquidity it needs to operate the assets, as well as to further de-risk the development work required for the Goldboro LNG Project.

Summary of Quarterly Results

The Company's quarterly results have improved significantly over the past 2 quarters due to the growth of Pieridae's operations from its accretive acquisitions, as demonstrated in the table below:

($ 000s, except per share amounts)	**Q1 2020**	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**
Revenue (net of royalties)	**73,974**	60,451	13,130	13,387	22,982	2,432	215	66
Operating expenses	**50,982**	32,949	14,365	13,528	16,194	5,093	2,018	1,575
Administrative expenses	**6,301**	8,478	3,676	3,738	3,724	3,971	1,707	1,759
Net loss attributable to equity holders ("NLAEH")	**(11,484)**	(25,873)	(13,178)	(19,530)	(12,996)	(8,848)	(20,368)	(2,711)
NLAEH per share (basic and diluted)	**(0.07)**	(0.18)	(0.15)	(0.23)	(0.17)	(0.17)	(0.4)	(0.05)
Working capital (deficit)	**15,596**	19,105	(76,010)	(77,892)	(66,192)	(84,061)	(52)	4,981
Net operating income (loss) [1]	**19,239**	24,425	(2,732)	(1,958)	5,158	(400)	-	-
Cash provided by (used in) operating activities	**6,426**	(17,681)	(238)	(16,702)	(17,084)	(4,485)	(3,171)	(1,753)
Adjusted funds flow from (used in) operations [1]	**12,644**	14,448	(7,665)	(14,358)	342	(4,009)	-	-

[1] Non-IFRS measures, refer to the "Non-IFRS measures" section of this MD&A. The Company only had active operations commencing in Q4 2018.

Q1 2020 compared with Q4 2019

Revenue in the first quarter of 2020 increased by $13.5 million or 22% compared to the fourth quarter of 2019, due primarily to a full 91 days of operations including the South Foothills Assets, as compared to 76 days in the fourth quarter of 2019, due to the fact that the acquisition closed on 16 October 2019. In addition, realized prices for natural gas, condensate and NGL increased by 17%, 16% and 24%, respectively over the previous quarter. These increases were partially offset by unplanned outages at two of the gas processing facilities during the coldest weeks of the year which impacted total production by approximately 2,300 boe/day in the quarter. These unplanned outages were rectified in the quarter, and production returned to expected levels in late February.

NOI in the first quarter of 2020 was lower by $5.2 million or 21% as compared to the fourth quarter of 2019, due primarily to the unplanned outages referenced above. Operating expense were also higher by $18.0 million or 55% as compared to prior quarter due primarily to a full 91 days of operations including the South Foothills Assets, as compared to the 76 days in the fourth quarter of 2019, as highlighted above. Similarly, AFFO in the first quarter of 2020 was lower by $1.8 million or 12%, partially offset by a reduction in administrative expenses of $2.2 million or 26% during the quarter. This decrease in administrative expenses is a result of one-time costs realized in the fourth quarter of 2019 associated with integration of the South Foothills Assets and the related financing.

Upstream Segment

The upstream segment is represented predominantly by the petroleum and natural gas production operations and properties acquired from Shell and Ikkuma (refer to Note 5 in the Company's consolidated financial statements as at and for the year-ended December 31, 2019 or the "Consolidated Financial Statements"). Upstream is currently the only segment generating operating revenues.

Production

	Three months ended March 31	
	2020	**2019**
Sales volumes:		
Natural gas (mcf/day)	199,234	102,221
NGL's (bbl/day)	5,165	54
Condensate (bbl/day)	2,841	146
Sulphur (ton/day)	1,906	224
Total production (boe/day)	41,211	17,236

Production in the first quarter of 2020 was 41,211 boe/day, an increase of 23,975 boe/day or 139% compared to the first quarter of 2019. This increase was due primarily to the South Foothills Asset acquisition, partially offset by unplanned outages in the first two months of 2020 at two gas processing facilities during the coldest weeks of the year. The significant growth in condensate and NGL production in the quarter reflects the deep cut capability of the processing facilities acquired as part of the South Foothills Asset acquisition.

Benchmark Prices

	Three months ended March 31	
(three-month averages)	**2020**	**2019**
AECO benchmark price (CAD/GJ)	1.94	1.84
Condensate benchmark price USD/bbl)	46.83	50.49
NYMEX benchmark price (USD/MMBtu)	1.89	3.16
WCS heavy differential from WTI (USD/bbl)	25.26	12.38
Dated Brent benchmark price (USD/bbl)	51.05	63.34
NBP UK natural gas benchmark price (USD/MMBtu)	3.22	6.64
US/Canadian dollar average exchange rate (USD)	0.7443	0.7522
US/Canadian dollar year-end exchange rate (USD)	0.7049	0.7483

Realized Prices

Realized Prices:		
Natural gas ($/mcf)	2.23	2.26
NGL's ($/bbl)	12.39	35.67
Condensate ($/bbl)	67.77	49.34
Sulphur ($/ton)	5.17	86.37

Petroleum and Natural Gas Revenues

	Three months ended March 31	
($ 000s except per boe and pricing)	**2020**	**2019**
Natural gas	40,479	20,743
NGLs	5,856	175
Condensate	17,519	646
Sulphur	897	1,742
Petroleum and natural gas revenues	64,751	23,306
Average sales volume (boe/day)	41,211	17,236
Petroleum and natural gas revenues per boe	17.27	15.02
Other income	649	1,268
Third party processing	6,802	-

Petroleum and natural gas revenue in the first quarter of 2020 increased by $41.4 million or 178% as compared to the first quarter of 2019, including additional revenues and new revenue streams brought on by the South Foothills Asset acquisition. This is consistent with the increase on a consolidated basis, as the Upstream Segment is the only segment currently generating revenues. Refer to the explanation in the Consolidated Operating and Financial Results section.

Royalties

	Three months ended March 31	
($ 000s except per boe and pricing)	**2020**	**2019**
Royalties	2,630	936
Royalties per boe	0.70	0.59

Royalties in the first quarter of 2020 increased by $1.7 million or 181% as compared to the first quarter of 2019 due to the overall increase in production level of 139% over the comparative period. Royalties per boe increased by $0.11 or 19%, due to changes in product mix from the comparative quarter.

Operating Expenses

	Three months ended March 31	
($ 000s except per boe and pricing)	**2020**	**2019**
Operating expense	50,982	16,194
Operating expense per boe	13.59	10.44

Operating expenses in the first quarter of 2020 increased by $34.8 million or 215% compared to the first quarter of 2019. Operating expenses per boe increased by $3.15 or 30%, where much of this increase can be attributed to the 139% increase in production volume which occurred year over year. Additionally, operating expenses per boe increased primarily as a result of the costs associated with operating the three gas processing facilities acquired in the South Foothills Asset acquisition, which directly employ 198 field staff. Third party processing fees earned by these facilities added incremental processing fee revenue of $6.8 million for the quarter, a benefit which is not reflected in comparative per boe operating cost figures. The previously highlighted unplanned production outages at two gas processing facilities during the coldest weeks of the year contributed to higher than planned operating expense per boe due to higher methanol and repair costs arising from these outages, and the high component of fixed costs at these facilities.

Administrative Expenses

	Three months ended March 31	
($ 000s)	**2020**	**2019**
Administrative expenses	3,190	1,339

Administration expenses in the first quarter of 2020 increased by $1.9 million or 138% as compared to the first quarter of 2019. The expanded geological and engineering capabilities acquired as part of the South Foothills Asset acquisition in 2019, in addition to the need to add other staff to support the growing size and complexity of the Company's operations.

Transportation Expenses

	Three months ended March 31	
($ 000s except per boe and pricing)	**2020**	**2019**
Transportation expense	3,836	1,629
Transportation expense per boe	1.02	1.05

Transportation expenses in the first quarter of 2020 increased by $2.2 million or 135% as compared to the first quarter of 2019 due to higher production volumes. Transportation expense per boe decreased by $0.03 over the comparative period due to a slight reduction in the fixed component of transportation expenses due to higher production levels.

Depletion and Depreciation

	Three months ended March 31	
($ 000s)	**2020**	**2019**
Depletion and depreciation	9,162	4,345

Depletion and depreciation in the first quarter of 2020 increased by $4.8 million or 111% as compared to the first quarter of 2019 due an increase in the depletion base and overall production level resulting from the acquisition of the South Foothills Assets.

Impairment

	Three months ended March 31	
($ 000s)	**2020**	**2019**
Impairment	-	7,859

As at March 31, 2020 the Company determined that no impairment indicators were apparent for either its property, plant and equipment, or its exploration and evaluation assets, therefore no impairment tests were required to be performed.

Share-based Compensation

	Three months ended March 31	
($ 000s)	**2020**	**2019**
Share-based compensation	72	30

Share-based compensation in the first quarter of 2020 increased by $42 thousand or 140% as compared to the first quarter of 2019 due primarily to expense recognized in the period associated with options granted on July 3, 2019.

Financial Expenses

	Three months ended March 31	
($ 000s)	**2020**	**2019**
Interest expense	7,839	1,165
Accretion on financing costs	3,488	-
Interest income	(32)	(37)
Accretion of decommissioning obligations	211	706
Interest on lease liabilities	40	6
Total financial expenses	**11,546**	**1,840**

Financial expenses in the first quarter of 2020 increased by $9.7 million or 528% as compared to the first quarter in 2019 due to the $206 million Credit Agreement entered into on October 16, 2019 with Third Eye Capital Corporation (the “Credit Agreement”). The Credit Agreement bears interest at a fixed rate of 12.0% per annum from the date of issue, accrued daily and payable quarterly in cash. Additional interest of 3.0% per annum is payable quarterly in cash or, at the option of the Company and subject to the lender’s approval, payable in kind by way of accruing to the principal outstanding. Refer to Note 12 in the Consolidated Financial Statements for additional information on the Credit Agreement. In the first quarter of 2019, a term loan of $50 million was outstanding with the Alberta Investment Management Corporation (“AIMCo”), bearing interest at a fixed rate of 9.5%. Effective October 16, 2019, this term loan was repaid by the simultaneous establishment of the Credit Agreement.

The Company recognized $32 thousand of interest income as a result of interest received on cash deposits, consistent with the first quarter of 2019.

Accretion on decommissioning liabilities decreased due to a change in estimate resulting from the use of the real risk-free rate of interest as at December 31, 2019. Refer to Note 13 in the Consolidated Financial Statements for additional information on this change in estimate.

LNG Segment

Project Background

The LNG segment contains all activities associated with the development of the Company's proposed Facility in Goldboro, Nova Scotia and the majority of Pieridae's corporate overhead activities.

The Goldboro LNG site is near the community of Goldboro, Nova Scotia. The site was selected to make use of existing infrastructure and is aligned with the Company's goal to minimize capital exposure by reusing existing, underutilized midstream infrastructure. The site is close to a decommissioned sour gas processing facility which gathered gas from numerous offshore reservoirs. This plant processed gas from the offshore Scotia shelf at the Sable Island project, and tied into an existing sales pipeline (Maritimes and Northeast Pipeline ("M&NP")) which is conveniently located next to the site, and which will be modified to deliver gas to the Goldboro LNG Facility.

The Goldboro LNG Facility has progressed to the OBE stage and Kellogg Brown & Root Limited ("KBR") has been engaged to review the previously completed front end engineering design study ("FEED") and provide a fixed price contract to construct the gas liquefaction facility. In addition to the facility construction, Pieridae has retained sole responsibility to contract the site preparation, marine civil works, and worker camp. These projects will be financed concurrently with a positive FID decision, and project execution will commence thereafter.

Under the FEED study, Air Products and Chemicals, Inc. developed a plan to design and deliver a two-train (each 4.8 MMTPA) facility. A two-train construction project is contemplated to span approximately 56 months. Much of the construction contemplates assembling modules built in offshore yards while employing approximately 4,500 local workers during the peak construction phase. These employees will be housed at a temporary camp, which will be built on or nearby the existing decommissioned Sable Island sour gas plant site. Site preparation, site drainage, highway reconstruction, marine facilities, are amongst some of the major projects that must be assembled in tandem with, or prior to, the LNG liquefaction facility construction.

With the FEED verification now complete, KBR has initiated the OBE stage where they will commence contacting numerous contractors in order to derive a fixed price for the Facility construction and commissioning. The fixed price and terms and conditions of the engineering, procurement, construction and commissioning contract ("EPCC") will be negotiated following the agreement of detailed scope and timeline.

Integrated LNG Business Model

The acquisition of the South Foothills Assets further solidifies Pieridae's position as a fully integrated LNG enterprise holding key permits and approvals. It also greatly expands its portfolio of natural gas reserves, and its ability to generate sufficient natural gas to supply the Facility. With the completion of the South Foothills Asset acquisition, the Company estimates that it has enough resource capacity, to fill Train One of the proposed Facility at Goldboro. The Company plans to continue to add to these resources and reserves as markets and finances permit. A 20-year, take-or-pay contract with Uniper, together with the additional sales contract with Axpo, ensures that there will be a long-term, stable offtake for more than half of the planned capacity of the Facility.

Financing (UFK)

The confirmation in principle on April 25, 2013, that the project financing to be secured for constructing Train One of Goldboro will qualify for a US $3.0 billion loan guarantee from the German government provided that, among other things, at least 1.5 MMTPA of the 4.8 MMTPA LNG produced from Train One will be delivered to the German domestic gas market. The loan guarantee is expected to result in a lower cost of capital for Pieridae and enhance the leverage which can be achieved. This should represent a significant advantage over its competitors and translate into a cost of capital lower than an integrated LNG company without such guarantees.

On October 29, 2018 the proposed financing of upstream activities within the Goldboro LNG received a written confirmation of eligibility in principle for up to US $1.5 billion of untied loan guarantees by the German federal government. This confirmation marked an important milestone in advancing the integrated Goldboro LNG Project towards FID. This prospective US $1.5 billion German government loan guarantee in relation to the proposed financing of conventional upstream natural gas development is in addition to the US $3.0 billion of prospective German government loan guarantees for the proposed financing of the construction of Train One of the Goldboro LNG Facility and all associated facilities.

World Demand

According to the International Energy Agency ("IEA"), global natural gas demand is expected to grow from 3,955 bcm to 4,719 bcm between 2018 and 2030. Global liquefaction capacity will need to grow to nearly 875 bcm by 2024 to meet expected demand. Currently the IEA foresees a shortfall in liquefaction capacity of roughly 375 bcm by 2040. As the closest North American LNG export terminal to Europe, Goldboro will be well-placed to capitalize on this growing demand.

While recent events such as the COVID-19 pandemic and the price war between Russia and Saudi Arabia have shaken markets and called into question the viability of certain LNG projects, the Company is confident that these issues are temporary. Pieridae maintains its focus on long-term value creation. Expectations are still that LNG will become the fuel of choice as countries look to reduce their carbon footprint. The long-term commitments of customers such as Uniper, speak to the confidence that countries, and utilities, have that LNG is part of the path toward reducing GHG emissions and addressing climate change.

Stranded Supply

Part of Pieridae's value chain strategy is to acquire stranded and economically constrained natural gas reserves and move them to world markets, capitalizing on higher global market prices. The Company has executed on this strategy in each of the past two years. In December 2018 it acquired Ikkuma, and in October 2019 it acquired the South Foothills Assets. The significant decreases in crude prices brought about by the COVID-19 pandemic and the Saudi - Russia price war, has materially impacted the valuations and prospects of many energy companies. For some companies it could present an opportunity to access additional reserves, as companies shed properties to avoid liquidation. The advancement of the Goldboro LNG Project is one advantage unique to Pieridae, and it could help facilitate additional acquisitions for the Company.

Transport Capacity

The gas supply for the Goldboro LNG Facility will be delivered via existing pipelines to the M&NP, located directly alongside the project site. Western Canadian production would move through TC Energy's Canadian Mainline ("Mainline"). This represents an opportunity for TC Energy, as their Mainline is currently substantially underutilized. There are some sections of the subsidiary lines which will require upgrading to meet Pieridae's capacity requirements, and engineering work is ongoing to refine the adjustments required.

Key Milestones

The following is a discussion of the key milestones for the Goldboro LNG project:

Milestone	Status
Secure sales contracts for 9.6 MMTPA (the design capacity of the two trains).	• Pieridae has an agreement with Uniper which contemplates the sale, on a "take or pay" basis, of 4.8 MMTPA of LNG for a term of 20 years commencing at the start of commercial deliveries of LNG. • Pieridae has a term sheet to negotiate a binding LNG sale and purchase agreement to supply up to 1.0 MMTPA of LNG to Axpo, a Swiss utility. • Negotiations are under way for additional sales agreements.
Secure supply of approximately 1.4 billion cubic feet per day of natural gas, and the related infrastructure improvements required to supply the 9.6 MMTPA of LNG to the proposed Goldboro LNG Facility.	• In October 2019, Pieridae added 1,077 million cubic feet of total proved plus probable natural gas reserves through its acquisition of the South Foothills Assets. • The upstream reserves, including approximately 500 potential drilling locations identified to date, in various stages of de-risking/technical due diligence, will provide sufficient productive capacity to fill Train One at Goldboro. • In December 2018 Pieridae added 671 million cubic feet of total proved plus probable natural gas reserves through the Ikkuma acquisition. • Confirmation of eligibility in principle for up to US $1.5 billion of untied loan guarantees by the German federal government under its UFK program to support upstream development. • Pieridae is acquiring and reprocessing a significant amount of 3D seismic information on its growing reserve base. This will be used to formulate a comprehensive drilling plan that will ultimately grow production to the levels required to fill Train One. • Pieridae continues to seek additional gas properties through acquisitions or processing agreements, for which negotiations are ongoing.

Milestone	Status
Complete engineering and design required for Facility construction.	• Project site acquired. • Beginning of the land preparation was completed in early 2018. • Preliminary FEED has been completed. • OBE for the primary EPCC contract was awarded to KBR. Work continues, and a high-level cost estimate is pending. • As a result of a depressed market and COVID-19 impacts, Pieridae has negotiated an extension to June 30, 2021 for the deadline to make a positive FID. • Work is also continuing on site preparation and planning. Detailed engineering work is being finalized on water intake, the wharf and jetty, and stormwater drainage and treatment options in addition to detailed planning of the road relocation, work camp and site terracing. If financing is in place, we anticipate some of this work could begin in the fall of 2020.
Secure transportation agreements to deliver natural gas to the Goldboro LNG Facility.	• Memorandums of understanding have been completed with owners of the respective pipelines for long-term capacity. • The Company is eligible to request, at any time, an open season process to finalize these agreements.

Obtain all permits and authorizations required to proceed with construction.	• We have received all the major permits for the Project, including:
	    o Environmental Assessment Approval
	    o National Energy Board LNG Export License
	    o National Energy Board Import License
	    o US DOE LNG FTA Export Permit
	    o US DOE NFTA Export Permit
	    o Goldboro Construction Permit

Obtain agreement from organized labour and local indigenous groups to mitigate the risk of disruption during construction.	• Project special needs collective agreements (the "Collective Agreement") have been negotiated with 15 of the relevant trade unions in Nova Scotia, of which 13 have signed and ratified the Collective Agreement. • The Labour Board (Nova Scotia) issued order LB-1322 and order LB-1323 declaring that the Collective Agreement is a project agreement and that it is effective commencing July 27, 2017. • Have signed a Benefits Agreement with The Assembly of Nova Scotia Mi'kmaq Chiefs on February 4, 2019. The agreement means the Mi'kmaq will benefit economically as the Goldboro LNG Facility is developed, built and begins operating.
Secure the required funding.	• The confirmation in principle on April 25, 2013, that the project financing to be secured for constructing the first train of Goldboro will qualify for a US $3.0 billion loan guarantee from the German government. • On October 29, 2018 the proposed financing of upstream activities within the Goldboro LNG Project received a written confirmation of eligibility in principle for up to US $1.5 billion of untied loan guarantee by the German federal government.

More information on the above noted contracts and regulatory efforts can be found in the Company's 2019 Annual Information Form ("AIF") which can be found on www.sedar.com.

Extensions of Key Deadlines

As a result of depressed market conditions and COVID-19 impacts, the targeted FID date for the Goldboro LNG Project has been moved to June 30, 2021. To that end, on May 5, 2020, Pieridae announced extensions of the key deadlines under its 20-year agreement with German energy company Uniper. These include expected commercial deliveries of gas to Uniper to start between August 31, 2025 and February 28, 2026, and the extension to June 30, 2021 of the deadline to make a positive FID for the Company's proposed Goldboro LNG Project. The 20-year agreement with Uniper is for the liquefied natural gas produced at Train One or 4.8 MMTPA.

We continue to advance the project on a number of fronts; the Company is working with KBR as they conduct an OBE necessary for entering into a defined scope fixed price EPCC contract. These activities will occur over the next number of months. The completion of these activities will allow us to complete our final due diligence and proceed with project financing.

We are working with KBR and others on the planning and pre-construction work for six priority areas:

- Site roadwork

- Water pipeline construction
- Water Treatment plant construction
- Terracing of the site
- Building the work camp
- Building the wharf and jetty

If financing is in place, we anticipate some of this work could begin in the fall of 2020.

Administrative Expenses

	Three months ended March 31	
($ 000s)	**2020**	**2019**
Administrative expenses	3,111	2,385

Administrative expenses in the first quarter of 2020 increased by $0.7 million or 30% as compared to the first quarter of 2019. A number of factors contributed toward this increase including the addition of corporate staff during the year in order to support and maintain growing operations following the acquisition of the South Foothills Assets while also moving the Goldboro Project forward.

Development Expenses

	Three months ended March 31	
($ 000s)	**2020**	**2019**
Development expenses	3,459	308

Development expenses in the first quarter of 2020 increased by $3.2 million or 1,023% as compared to the first quarter of 2019. During 2019, Pieridae engaged KBR to commence work on the OBE, and additional progress was made on engineering work for the site. However, the Company diverted significant resources and focus to the acquisition of the South Foothills Assets. Consequently, certain planned expenditures were also deferred until 2020.

Share-based Compensation

	Three months ended March 31	
($ 000s)	**2020**	**2019**
Share-based compensation	103	119

Share-based compensation in the first quarter of 2020 was $16 thousand or 13% lower than the first quarter of 2019 due primarily to the impact of higher fair value of options issued in 2018, offset by options granted on July 3, 2019.

Liquidity and Capital Resources

Cash and Cash Equivalents

Pieridae held $14.0 million in cash and cash equivalents and restricted cash of $18.5 million as at March 31, 2020. Restricted cash is comprised of security pledged for various letters of credit ("LC") which are required to be posted with provincial agencies and other companies in order to facilitate the Company's ongoing operations, as well as $14.1 million held in anticipation of potential LCs that could be required as a result of the South Foothills Asset acquisition.

Loans and Term Debt

On October 16, 2019 the Company entered into a fully drawn senior secured non-revolving term Credit Facility for $206.0 million. This Credit Facility bears interest at a fixed rate of 12.0% per annum from the date of issue, accrued daily and payable quarterly in cash, plus an additional 3.0% per annum, which is payable quarterly either in cash or, at the option of the Company and subject to the lender's approval, in kind by way of accruing to the principal outstanding. The Credit Facility is repayable in full on October 16, 2023; however, the Company has discretion to repay the principal in whole or in part any time prior to this date upon 90 days written notice to the lender, without penalty. The Company used the proceeds of the Credit Facility to partially fund the acquisition of the South Foothills Assets, repay the existing $50.0 million term debt facility with AIMCo in full, fund letters of credit required for existing and purchased assets, and to satisfy all fees and expenses associated with the Credit Facility and Acquisition. Refer to Note 12 in the Consolidated Financial Statements for additional information on the Credit Facility.

As at March 31, 2020 the Company was in compliance with all covenants.

Working Capital and Capital Structure

The following table shows the Company's net working capital as at March 31, 2020 and December 31, 2019:

($ 000s)	**March 31, 2020**	**December 31, 2019**
Cash and cash equivalents	14,044	9,567
Restricted cash	18,450	19,152
Accounts receivable	49,906	40,810
Inventories	23,506	23,535
Prepaid expenses	4,769	3,535
Other current assets	5	-
Trade and other payables	(87,926)	(73,573)
Current portion of lease liabilities	(2,660)	(2,701)
Other current liabilities	(4,498)	(1,220)
Net working capital	**15,596**	**19,105**

The Company is actively working with its financial advisors to source additional funding, backstopped by the loan guarantees agreed upon in principle with the German government, to allow it to grow its upstream asset base, and to allow it to proceed with construction of the proposed Goldboro LNG Facility. Although there is no guarantee that it will be successful, management believes the Company presents a compelling opportunity to potential lenders and investors due to the status of approvals for the Facility, the loan guarantees being offered by the German government and the strong potential returns on investment from the Goldboro LNG Facility. The addition of the upstream and midstream assets acquired from Shell further strengthens the investment thesis for Pieridae.

Pieridae's capital strategy is aligned with its business strategy and is focused on ensuring the Company has sufficient liquidity to fund operations and project development. Externally, Pieridae's principal sources of liquidity are the Credit Agreement, and additional debt and/or equity offerings. Collectively the Company raised $84.5 million in equity in 2019 and $216.0 million of debt. By virtue of its acquisition of the South Foothills Assets, the Company also has a much more robust source of potential liquidity from internal sources.

Inventory levels have not changed significantly during the quarter as consumable inventories have been purchased and held in anticipation of a turnaround planned for the Jumping Pound facility, expected to occur in the next 12 months.

Capital Resources

As at March 31, 2020, Pieridae's capital structure was comprised of share capital, working capital and term debt, less cash and cash equivalents. The following table summarizes our capital structure on March 31, 2020 and December 31, 2019:

($ 000s)	**March 31, 2020**	**December 31, 2019**
Cash and cash equivalents	14,044	9,567
Less: Term debt	(206,000)	(206,000)
Net cash and cash equivalents (debt)	**(191,956)**	**(196,433)**
Shareholders' equity	92,336	104,315

Sources and Uses of Cash Flows

	Three months ended March 31	
($ 000s)	**2020**	**2019**
Cash flows related to operating activities	6,426	(17,084)
Cash flows related to investing activities	(2,020)	(572)
Cash flows related to financing activities	(106)	23,676

Operating cash flows in the first quarter of 2020 increased by $23.5 million or 138% as compared to the first quarter of 2019 which is primarily attributed to accretive cash flows generated from the South Foothills Assets acquired.

Investing cash outflows in the first quarter of 2020 increased by $1.4 million or 253% as compared to the first quarter of 2019 due to an increase in upstream capital spending during the quarter.

Financing cash flows were significantly lower in the first quarter of 2020 as compared to the first quarter of 2019 as there were no new financing transactions during the quarter other than the payment of lease obligations, while in the first quarter of 2019 the Company raised $18.3 million through the issuance of shares net of share issue costs, and restricted cash of $5.7 million was repatriated.

Share Capital, Warrants and Stock Options Outstanding

As at March 31, 2020, the Company had 157,641,871 common shares outstanding (December 31, 2019: 157,561,174). On February 5, 2020, 80,697 common shares were granted to non-employee directors as part of the Company's share-based compensation policy for directors. This policy was discontinued during the second quarter of 2020.

Commitments and Contingencies

The Company has entered into several financial obligations during the normal course of business. As at March 31, 2020 these obligations, and the expected timing of their settlement, are detailed below:

($ 000s)	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
Quebec license fees	46	46	46	46	46	**230**
Interest on debt	23,235	30,900	30,900	24,466	-	**109,501**
Deferred fee	-	50,000	-	-	-	**50,000**
Firm transportation	6,978	8,113	3,427	1,506	1,968	**21,992**
Total	**30,259**	**89,059**	**34,373**	**26,018**	**2,014**	**181,723**

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 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 pending or threatened proceeding 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

We do not have any financial arrangements that are excluded from the Interim Financial Statements as at March 31, 2020 nor are any such arrangements outstanding as of the date at this MD&A.

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, 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:

- Weakness in the oil and gas industry
- Additional financing requirements
- Liquidity
- Access to capital
- Share price volatility
- Impact of future financing on Pieridae's market price
- Competition
- Environmental incidents
- Climate change
- Epidemics or pandemics
- Pricing, markets, and the marketing of crude oil and gas
- Exploration, development and production risk
- Availability and cost of material and equipment
- Insurable risks
- Operational dependence
- Risks inherent to gathering and processing facilities and pipelines
- Possible failure to realize the anticipated benefits of acquisitions
- Large capital project risks
- Conflicts of interest
- Permits, licenses and approvals

- Title to property
- Litigation
- Regulatory
- Carbon pricing
- Liability management
- Royalty regimes
- Hydraulic fracturing
- Variations in foreign exchange and interest rates
- Hedging
- Tax horizon
- Third party credit risk
- Political, geo-political and social risks
- Land claims
- Growth management
- Reliance on key personnel
- Cost of new technologies
- Alternatives to, and changing demand for petroleum products
- International protocols
- Climate change regulations
- Reserves and resource estimates
- Reserve and resource replacement
- Internal controls
- Dividends
- Dilution
- Breach of confidentiality
- Information technology and cyber security
- Reputational risk
- Forward looking statement and information may prove inaccurate

Refer to Management Discussion & Analysis and Annual Information Form for the year ended December 31, 2019 for fulsome discussion of these risks. See "Forward Looking Statements".
The current challenging economic climate due to the COVID-19 pandemic and supply concerns stemming from failed negotiations between OPEC countries on production curtailments, may have significant adverse impacts to the Company, including but not limited to:

- Material declines in revenue and cash flows due to reduced commodity prices
- Material decline in future revenues, which may result in potential impairment on non-financial assets
- Increase in the risk of non-performance by our customers, resulting in the risk of higher customer defaults

While Pieridae believes the COVID-19 pandemic to be temporary, the situation is dynamic and the future economic impact of COVID-19 on the results of operations and financial condition cannot be reasonably estimated at this time. Pieridae will continue to monitor the impact of COVID-19 on an ongoing basis and make revisions as determined necessary by management. Such revisions are recognized in the period in which the estimates are revised and may impact future periods as well.

Environmental, Social and Governance Commitment

A growing number of companies are taking ESG issues more seriously than ever because there is recognition that companies that focus on ESG and creating long-term value perform better over time. Much of this is driven by a united demand from employees, investors and customers. These groups have shifted from a passive to more active stance and are forcing companies to step up efforts against climate change and social injustice. Many feel companies must capitalize on strategic, operational and reporting functionalities they already have in place in order to better assess risk and put a value on the impact to assets.

In parallel, ESG practices such as understanding risks, reducing waste, using resources effectively and ensuring compliance will help companies uncover cost efficiencies. Understanding ESG factors that are material to our business and to key stakeholders is a core ESG practice which is key to identifying and integrating ESG into the business and strategy. In this sense, embracing sustainability is twofold: supporting the resilience of the business, while enabling positive social and environmental impacts.

ESG is fundamental to Pieridae's ability to create long term shareholder value. It starts with the tone at the top, creating a business environment where our Board, senior leadership, and employees are empowered and aligned toward the Company's targets. Pieridae recognizes the importance of our relationships with the communities in which we operate and have aligned our ESG goals and framework toward those relationships.

Specifically, our 2020 goals, against which a portion of management compensation is measured, contain specific and measurable ESG targets. The table below reflects a number of areas that Pieridae is focused on as part of its ESG program:

Key Sustainability Topic/Risk	Management Goal, Process, Controls and Measurement	Progress
Environmental		
Sulfate aerosol (SO2/H2S) emission management Risk of regulatory or environmental incident or air quality performance failure due to high sulfate aerosol releases.	• Pieridae is committed to ensuring its operations have minimal impact to the air quality near its facilities and operates continuous air monitoring stations at its large gas plants.	**Neutral to Positive** • Pieridae undertakes a comprehensive air monitoring program as per EPEA and other regulatory requirements.
Greenhouse gas emission reduction Methane (CH4) is a primary GHG which is considered "fugitive" or an unintended leak from facilities. CH4 has the highest global warming potential thus impacts to emission reductions are also higher.	• Management is committed to establishing a baseline and targeting reduction in the emission of CH4 from its facilities through increased monitoring, process improvements, and equipment upgrades. • In January 2020, Pieridae formalized its corporate Fugitive Emissions Management Plan (FEMP) and Methane Reduction Retrofit Compliance Plan (MRRCP).	**Positive** • Since 2018, a total of 58 pneumatic pumps have been replaced, and the program has produced approximately 18,418 carbon offset credits (tonnes of C02 equivalent). • Pieridae will continue this program and we anticipate tripling this reduction over several years.
Water usage reduction Fresh water usage has become a central issue for many oil and gas producers in western Canada.	• Reduction in future water use through conventional (non-hydraulic stimulation) drilling in the Foothills. • The production of non-hydraulic fractured gas may allow us to certify our sales under a number of "green-gas" programs which may allow us to obtain a price premium over market prices. • Water usage is relatively high at the Company's three main gas plants, which Pieridae is committed to reducing. Management is committed to establishing a baseline and targeting reduction in water use.	**Neutral to Positive** • Signed an evergreen contract with Shell to address site-specific ground pollution at the two largest and oldest plants in the current asset portfolio. Shell and Pieridae are committed to ensuring that the site is free of contaminants. • Developing a conventional drilling plan which vastly reduces the water required for hydraulic fracturing.
Social		
First Nations Engagement Risk that First Nations don't feel they are benefitting from the Goldboro LNG Project nor Alberta gas reserves development & partnerships.	• Pieridae maintains ongoing, direct Treaty 7 engagement to discuss potential partnerships. • Coordination with the Mi'kmaq First Nations on long-term Goldboro site management plans. • Developing an Indigenous People Principles document which will be adhered to.	**Neutral to positive** • Positive, initial partnership discussions with Stoney Nakoda Nation. • Building on the ratified Mi'kmaq Benefits Agreement, developing a positive relationship with Mi'kmaq Grand Chief Terry Paul.
Stakeholder Engagement Pieridae is working with landowners concerns through asset transfer process/post AER decision. We are continuing to	• Ongoing, annual development of Pieridae Engagement Plan (matrix & SWOT). • Commitment to following AER asset transfer approval conditions, develop	**Neutral** • Answered asset transfer SOCs thoroughly.

strengthen positive and trusting relationships with landowners through ongoing engagement.	tracking mechanism as part of the consultation record. • Pieridae has a clear legacy policy that highlights how to achieve financial support. • Community liaison officers ("CLO") live & work in local communities, constantly building relationships & Pieridae brand.	• Direct, timely landowner & stakeholder engagement. • Formal Engagement Plan to be completed in 2020. • Legacy financial policy continues to build community goodwill. • Local CLO community presence has demonstrated value mitigating current & future issues.
Workforce Health and Safety Risk of injuries, fatalities and other safety concerns due to inadequate controls, processes and training, including currently heightened risk to workers due to the ongoing pandemic.	• Pieridae tracks and reports total recordable injury frequency (TRIF) and lost-time injury frequency (LTIF). Focus is to improve proactive behaviours and reporting to maintain a low injury frequency. • TRIF target for 2020 <1.0 (actual TRIF of 0.72 TRIF in 2019). • HS&E targets are tied to bonus structure. • HS&E statistics are communicated company-wide on a monthly basis to preserve a good safety culture and transparency. • Dedicated HS&E team in the field working directly with front-line workers and supervisors.	**Positive** • Integration of safety systems; process framework, and controls is underway. • Integration activity will result in an effective Safety Management & Loss System for employees and contractors. • Continued learning from incidents shared with entire company through safety hub and safety alerts. • Training & competency management will remain a focus.
Governance		
Board and Executive Diversity Risk of non-optimal management and Board decision making from lack of diversity of opinions, experiences and perspectives.	• Pieridae's Board of Directors is committed to increasing the diversity of the Board and Executives of Pieridae.	**Neutral to Positive** • Nominations to the Board of Directors suggest increasing diversity. • Increased disclosure of diversity in the Company's 2019 Management Information Circular. • Evolving Human Resources and recruitment policies and procedures.
Critical Incident Management The release of hydrocarbons or other hazardous substances as a result of accidents could have significant ESG consequences.	• Pieridae has a comprehensive corporate emergency response plan (ERP) with site-specific ERPs and an emergency response assistance program (ERAP) in place. • Participates in the Alberta Government Wildfire Management Plan. • Ongoing emergency training held in the field at each of the assets.	**Neutral** • Practices and procedures are in place to effectively handle emergencies and minimize the risk of negatively impacting the environment, people and communities in which it operates. • An established emergency management program promotes prompt and effective response to emergencies.

We recognize that operating our business sustainably requires transparency with our stakeholders about our ESG performance and overall performance. These goals are intended to support this performance, and we commit to updating our stakeholders regularly.

Significant Accounting Judgement and Estimates

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

Critical accounting judgments and estimates used in preparing the Interim Financial Statements are described in Pieridae's Consolidated Financial Statements and MD&A for the year ending December 31, 2019. Current conditions have increased the complexity in making judgments, estimates and assumptions used to prepare the Interim Financial Statements, particularly related to the following:

(i) Impairment of petroleum and natural gas assets

For the purposes of determining whether impairment of petroleum and natural gas assets has occurred, and the extent of any impairment or its reversal, the key assumptions the Company uses in estimating future cash flows are forecasted petroleum and natural gas prices, expected production volumes and anticipated recoverable quantities of proved and probable reserves. These assumptions are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates. Changes in the aforementioned assumptions could affect the carrying amounts of assets. Impairment charges and reversals are recognized in profit or loss. The impact of COVID-19, or the assessment of future prices, have not triggered impairment indicators as at March 31, 2020.

Critical Accounting Estimates

There have been no changes in our critical accounting estimates in the three-months ended March 31, 2020. Additional information regarding our critical accounting policies and estimates can be found in the notes to the Consolidated Financial Statements.

Changes in Accounting Policies

The Interim Financial Statements have been prepared using the same accounting policies as used in the preparation of the Consolidated Financial Statements, except for the adoption of amended standards, and interpretations effective as of January 1, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Definition of a Business (Amendments to IFRS 3)

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the Interim Financial Statements, as the Company did not carry out a business combination during the three-months ended March 31, 2020.

Outlook and Guidance

We anticipate 2020 NOI in the range of $70 million to $90 million, production of 40,000 to 45,000 boe/day, capital expenditures of $28 million, and investment in Goldboro LNG development expense of $16 million. We anticipate commodities hedging of 40% to 60% of net production on a boe/day basis, and $11.50 to $13.00/boe realized operating costs, not including transportation costs of approximately $0.90/boe.

Non-IFRS Measures

Management has identified certain industry benchmarks such as net operating income, operating netback and adjusted flow of funds 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.

Net Operating Income

Net operating income equals revenue including realized gains and losses on commodity risk management contracts less royalties, operating expenses and transportation expenses.

	Three months ended March 31	
($ 000s)	**2020**	**2019**
Revenues (net of royalties)	74,057	22,981
Operating expenses	50,982	16,194
Transportation expenses	3,836	1,629
Net operating income	**19,239**	**5,158**

Operating Netback

The operating netback equals revenue including realized gains and losses on commodity risk management contracts less royalties, operating expenses and transportation expenses calculated on a per BOE basis. Management considers net operating income and operating netback important measures to evaluate the Company's operational performance as it demonstrates Pieridae's field level profitability relative to current commodity prices.

	Three months ended March 31	
($ per boe)	**2020**	**2019**
Revenue	20.45	15.40
Royalties	(0.70)	(0.59)
Operating expenses	(13.59)	(10.44)
Transportation expenses	(1.02)	(1.05)
Operating netback per boe	**5.14**	**3.32**

Adjusted Funds Flow from Operations

Pieridae defines adjusted funds flow from operations as its net loss, less financial income and expense, where financial income and expense excludes accretion, less depletion and depreciation. Development expenses are also added back to better focus the metric on the Company's upstream operational performance.

	Three months ended March 31	
($ 000s)	**2020**	**2019**
Net loss	(11,484)	(12,996)
Depletion and depreciation	9,334	4,345
Financial expenses	11,335	1,134
Development expenses	3,459	308
Impairment	-	7,859
Adjusted Funds Flow from Operations	**12,644**	**650**

Project Investment

Project investment represents total capital expenditures included in the financial statements plus development expenses. This information is important as it shows Pieridae's total spending on key long-term initiatives.

	Three months ended March 31	
($ 000s)	**2020**	**2019**
Capital expenditures	2,020	572
Development expenses	3,459	308
Total project investment	**5,479**	**880**

Capital expenditures relate primarily to the Company's upstream spending. Development expenses relate to costs to keep the proposed Goldboro LNG Project on schedule, including the FEED and OBE. Development expenses reflect all expenditures associated with the Company's proposed Facility in Goldboro, Nova Scotia, that are not of a capital nature. This information is important as it shows Pieridae's continued investment in Goldboro, prior to these costs being eligible for capitalization.