PIERIDAE ENERGY

Condensed Consolidated Statements of Financial Position

Unaudited, in thousands of Canadian dollars		**September 30, 2020**	**December 31, 2019**
Assets			
Current assets			
Cash and cash equivalents		**20,422**	9,567
Restricted cash		**1,995**	19,152
Accounts receivable	(Note 13)	**45,113**	40,810
Prepaid expenses and deposits		**4,927**	3,535
Inventories		**23,080**	23,535
		95,537	96,599
Security deposits		**790**	600
Interests in associates		**3,701**	3,710
Property, plant and equipment	(Note 5)	**477,536**	495,048
Exploration and evaluation assets	(Note 6)	**2,948**	1,077
Right-of-use assets	(Note 7)	**3,430**	5,440
Total assets		**583,942**	602,474
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**97,834**	73,573
Current portion of decommissioning obligations	(Note 9)	**2,890**	-
Current portion of lease liabilities		**2,300**	2,701
Fair value of risk management contracts	(Note 13)	**72**	45
Other amounts payable		**1,605**	1,175
		104,701	77,494
Other amounts payable		**8,991**	8,364
Term debt	(Note 8)	**213,930**	202,913
Decommissioning obligations	(Note 9)	**205,196**	206,520
Lease liabilities		**1,232**	2,868
Total liabilities		**534,050**	498,159
Shareholder's equity			
Share capital	(Note 10)	**274,863**	274,799
Contributed surplus		**11,375**	10,458
Warrants		**444**	933
Other comprehensive income		**2,173**	2,363
Deficit		**(238,750)**	(184,076)
Equity attributable to equity holders of the company		**50,105**	104,477
Non-controlling interests		**(213)**	(162)
Total shareholders' equity		**49,892**	104,315
Total liabilities and shareholders' equity		**583,942**	602,474
Commitments	(Note 16)		

PIERIDAE ENERGY

Condensed Consolidated Statements of Loss and Comprehensive Loss

Unaudited, in thousands of Canadian dollars (except share and per share amounts)		Three months ended September 30 **2020**	2019	Nine months ended September 30 **2020**	2019
Revenues					
Petroleum and natural gas	(Note 11)	**48,347**	12,673	**167,359**	48,297
Royalties		**(1,195)**	(35)	**(5,207)**	(1,368)
		47,152	12,638	**162,152**	46,929
Other income		**1,386**	(950)	**2,669**	1,784
Third party processing		**6,009**	1,442	**19,737**	1,442
		54,547	13,130	**184,558**	50,155
Realized gain (loss) on risk management contracts	(Note 13)	**-**	-	**12,708**	(657)
Unrealized gain (loss) on risk management contracts		**7**	-	**(159)**	1
		54,554	13,130	**197,107**	49,499
Expenses					
Operating	(Note 15)	**51,543**	14,365	**147,947**	44,087
Transportation		**3,650**	1,464	**11,425**	4,880
General and administrative		**5,855**	3,676	**18,542**	11,446
Development		**2,472**	504	**10,060**	8,345
Finance	(Note 12)	**11,746**	2,133	**35,067**	5,862
Depletion and depreciation	(Note 5,7)	**9,057**	3,599	**28,561**	11,942
Impairment of exploration and evaluation assets	(Note 6)	**-**	-	**-**	7,859
Share-based compensation		**110**	577	**428**	844
Foreign exchange gain (loss)		**(43)**	1	**(213)**	(2)
Share of net loss of associates		**3**	3	**9**	9
Loss (gain) on asset disposition		**6**	(12)	**6**	(67)
		84,399	26,310	**251,832**	95,205
Net loss before taxes		**(29,845)**	(13,180)	**(54,725)**	(45,706)
Deferred income tax recovery		**-**	-	**-**	-
Net loss		**(29,845)**	(13,180)	**(54,725)**	(45,706)
Other comprehensive income, net of income tax					
Foreign currency translation gain (loss)		**275**	(90)	**(190)**	1,282
Total comprehensive loss		**(29,570)**	(13,270)	**(54,915)**	(44,424)
Net loss attributable to					
Equity holders of the Company		**(29,825)**	(13,178)	**(54,674)**	(45,700)
Non-controlling interests		**(20)**	(2)	**(51)**	(6)
Net loss per share attributable to equity holders of the Company					
Basic	(Note 10)	**(0.19)**	(0.15)	**(0.35)**	(0.55)
Diluted	(Note 10)	**(0.19)**	(0.15)	**(0.35)**	(0.55)
Weighted average number of common shares					
Basic	(Note 10)	**157,641,871**	86,712,618	**157,631,268**	82,925,755
Diluted	(Note 10)	**157,641,871**	86,712,618	**157,631,268**	82,925,755

Condensed Consolidated Statements of Changes in Equity

Unaudited, in thousands of Canadian dollars except share amounts		Share Capital	Contributed Surplus	Warrants	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity Attributable to Equity Holders	Non-Controlling Interests	Total Equity
As at December 31, 2018		193,270	8,960	933	(112,503)	1,240	91,900	(152)	91,748
Share-based compensation		61	844	-	-	-	905	-	905
Common shares and warrants issued on private placement		21,300	-	-	-	-	21,300	-	21,300
Share issue costs		(865)	-	-	-	-	(865)	-	(865)
Net loss attributable to equity holders of the Company		-	-	-	(45,700)	1,282	(44,418)	(5)	(44,423)
As at September 30, 2019	(Note 10)	213,766	9,804	933	(158,203)	2,522	68,822	(157)	68,665
As at December 31, 2019		**274,799**	**10,458**	**933**	**(184,076)**	**2,363**	**104,477**	**(162)**	**104,315**
Share-based compensation		64	428	-	-	-	492	-	492
Expiry of warrants		-	489	(489)	-	-	-	-	-
Net loss attributable to equity holders of the Company		-	-	-	(54,674)	(190)	(54,864)	(51)	(54,915)
As at September 30, 2020	(Note 10)	**274,863**	**11,375**	**444**	**(238,750)**	**2,173**	**50,105**	**(213)**	**49,892**

PIERIDAE ENERGY

Condensed Consolidated Statements of Statement of Cash Flows

Unaudited, in thousands of Canadian dollars		Three months ended September 30 2020	2019	Nine months ended September 30 2020	2019
Operating activities					
Net loss		**(29,845)**	(13,180)	**(54,725)**	(45,706)
Unrealized loss on risk management contracts		**126**	-	**159**	-
Depletion and depreciation	(Note 5,7)	**9,057**	3,599	**28,561**	11,942
Impairment of exploration and evaluation assets	(Note 6)	**-**	-	**-**	7,859
Amortization of financing fees	(Note 12)	**3,662**	-	**11,017**	-
Accretion	(Note 9)	**209**	721	**632**	2,142
Amortization of deferred lease inducements		**-**	4	**-**	(8)
Share-based compensation		**110**	577	**428**	844
Change in provisions	(Note 15)	**(1,969)**	-	**-**	-
Loss on asset disposition		**6**	55	**6**	-
Unrealized loss (gain) on foreign exchange		**180**	1	**10**	(2)
Share of net loss of associates		**3**	3	**9**	9
Other amounts payable		**627**	-	**627**	-
Settlement of decomissioning obligations	(Note 9)	**(1,077)**	(228)	**(1,740)**	(344)
Changes in non-cash working capital	(Note 14)	**14,370**	8,210	**14,888**	(10,760)
Cash (used in) provided by operating activities		**(4,541)**	(238)	**(128)**	(34,024)
Investing activities					
Additions to property, plant and equipment	(Note 5)	**(6,021)**	(1,855)	**(6,446)**	(3,178)
Additions to exploration and evaluation assets	(Note 6)	**(12)**	(59)	**(1,871)**	(225)
Proceeds from asset disposition		**75**	-	**75**	-
Changes in non-cash working capital		**4,563**	-	**4,563**	-
Cash used in investing activities		**(1,395)**	(1,914)	**(3,679)**	(3,403)
Financing activities					
Issuance of share capital, net of costs	(Note 10)	**-**	30	**64**	20,496
Restricted cash		**17,692**	-	**16,967**	5,507
Increase in convertible debt	(Note 8)	**-**	-	**-**	10,000
Repayment of bank debt		**-**	-	**-**	(3)
Payments on lease obligations		**(660)**	(182)	**(2,037)**	(389)
Cash (used in) provided by financing activities		**17,032**	(152)	**14,994**	35,611
Increase (decrease) in cash and cash equivalents		**11,096**	(2,304)	**11,187**	(1,816)
Cash and cash equivalents, beginning of period		**10,475**	10,607	**9,567**	9,112
Effect of foreign exchange on cash		**(1,149)**	1	**(332)**	1,008
Cash and cash equivalents, end of period		**20,422**	8,304	**20,422**	8,304
Interest paid in cash		**7,767**	-	**23,133**	65

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

1. Corporate Information

Pieridae Energy Limited (the "Company" or "Pieridae") is a publicly traded, Canadian based Company in the business of developing, producing and processing natural gas, and the production of natural gas liquids ("NGLs"). It is also engaged in the development of a fully integrated liquefied natural gas ("LNG") project to be built in Goldboro, Nova Scotia. The common shares of Pieridae trade on the Toronto Exchange ("TSX") under the symbol PEA.TO.

The Company was incorporated on May 29, 2012 under the laws of Canada. It is headquartered at 3100, 308 - 4th Avenue SW, Calgary, Alberta, T2P 0H7.

The condensed consolidated unaudited interim financial statements ("Interim Financial Statements") include the accounts of Pieridae, its subsidiary companies, partnerships and any investments in associates and joint arrangements as at and for the nine months ended September 30, 2020.

2. Basis of Presentation

The Interim Financial Statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These Interim Financial Statements have been prepared following the same accounting policies and methods of computation as the Company's annual consolidated financial statements as at and for the year-ended December 31, 2019 ("Consolidated Financial Statements") and should be read in conjunction with those Consolidated Financial Statements. Comparative amounts have been reclassified to match the current period presentation.

The Company is subject to a number of business risks. These are outlined in greater detail in the Management Discussion & Analysis ("MD&A") and Annual Information Form for the year ended December 31, 2019, and in the MD&A for the period ended September 30, 2020. The current challenging economic climate due to the COVID-19 pandemic 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 of non-financial assets
- Increase in the risk of non-performance by our partners and customers, resulting in the risk of higher customer defaults

These Interim Financial Statements were approved by the Board of Directors of Pieridae on November 12, 2020.

Significant accounting judgments 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 judgments, estimates and discount rates necessary to prepare these Interim Financial Statements, including significant estimates and judgments 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 ended 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.

(ii) Litigation and arbitration

The Company records provisions related to legal matters if it is probable that the Company will not be successful in defending the claim, or an adverse outcome arises from arbitration, and if an amount can be reasonably estimated. Determining the probability of a claim being defended or the outcome of arbitration, by nature, requires the use of significant judgement as it is based on the occurrence of one or more future events.

Additionally, the potential claim or final settlement may fall within a range of probable outcomes which makes estimation of the amount and timing of any economic outflows difficult to predict and may be materially different upon settlement of the obligation. Provisions recognized are based on management's best estimate of the timing, scope, and amount of expected future cash outflows to settle the obligation.

3. Changes in Accounting Policies

These Interim Financial Statements and the notes thereto have been prepared using the same accounting policies as used in the preparation of the Consolidated Financial Statements as at and for the year-ended December 31, 2019, except for the adoption of the following 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)
Effective January 1, 2020, the Company adopted the amendment to IFRS 3 which clarifies that, in order 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 clarifies 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.

4. Segmented Financial Information

Pieridae's reportable segments are determined based on the nature of the underlying operations, and the operations of the separate subsidiaries involved in these activities. The breakdown of the Company's respective lines of business are as follows:

Upstream – The upstream segment is comprised predominantly by the petroleum and natural gas production operations and properties acquired from Shell Canada Limited ("Shell") and Ikkuma Resources Corp. ("Ikkuma"). It also includes the Company's upstream operations in Eastern Canada, and certain corporate overhead activities associated with these operations. Upstream is currently the only segment generating operating revenues.

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

Segmented Information	**Three months ended September 30**					
	Upstream		**LNG**		**Consolidated**	
(Unaudited, in thousands of Canadian dollars)	**2020**	2019	**2020**	2019	**2020**	2019
Revenue						
Petroleum and natural gas	**48,347**	12,673	-	-	**48,347**	12,673
Royalties	**(1,195)**	(35)	-	-	**(1,195)**	(35)
	47,152	12,638	-	**-**	**47,152**	12,638
Other income	**1,386**	(950)	-	-	**1,386**	(950)
Third party processing	**6,009**	1,442	-	-	**6,009**	1,442
	54,547	13,130	-	-	**54,547**	13,130
Realized gain on risk manangement contracts	**-**	-	**-**	-	**-**	-
Unrealized (loss) on risk management contracts	**7**	-	**-**	-	**7**	-
	54,554	13,130	**-**	-	**54,554**	13,130
Expenses						
Operating	**51,543**	14,365	**-**	-	**51,543**	14,365
Transportation	**3,650**	1,464	**-**	-	**3,650**	1,464
General and administrative	**1,424**	1,557	**4,431**	2,119	**5,855**	3,676
Development	**-**	-	**2,472**	504	**2,472**	504
Depletion and depreciation	**8,878**	3,599	**179**	-	**9,057**	3,599
Impairment of exploration and evaluation assets	**-**	-	**-**	-	**-**	-
Share-based compensation	**45**	96	**65**	481	**110**	577
Foreign exchange gain (loss)	**(43)**	1	**-**	-	**(43)**	1
Finance	**11,746**	2,133	**-**	-	**11,746**	2,133
Share of net loss of associates	**3**	3	**-**	-	**3**	3
Gain on asset disposition	**6**	(12)	**-**	-	**6**	(12)
	77,252	23,206	**7,147**	3,104	**84,399**	26,310
Loss before income tax	**(22,698)**	(10,076)	**(7,147)**	(3,104)	**(29,845)**	(13,180)
Deferred tax (recovery)	-	-	**-**	-	**-**	-
Net loss	**(22,698)**	(10,076)	**(7,147)**	(3,104)	**(29,845)**	(13,180)

Segmented Information	**Nine months ended September 30**					
	Upstream		**LNG**		**Consolidated**	
(Unaudited, in thousands of Canadian dollars)	**2020**	2019	**2020**	2019	**2020**	2019
Revenue						
Petroleum and natural gas	**167,359**	48,297	-	-	**167,359**	48,297
Royalties	**(5,207)**	(1,368)	-	-	**(5,207)**	(1,368)
	162,152	46,929	-	**-**	**162,152**	46,929
Other income	**2,669**	1,784	-	-	**2,669**	1,784
Third party processing	**19,737**	1,442	-	-	**19,737**	1,442
	184,558	50,155	-	-	**184,558**	50,155
Realized gain (loss) on risk manangement contracts	**12,708**	(657)	**-**	-	**12,708**	(657)
Unrealized (loss) gain on risk manangement contracts	**(159)**	1	**-**	-	**(159)**	1
	197,107	49,499	**-**	-	**197,107**	49,499
Expenses						
Operating	**147,947**	44,087	**-**	-	**147,947**	44,087
Transportation	**11,425**	4,880	**-**	-	**11,425**	4,880
General and administrative	**6,980**	4,415	**11,562**	7,031	**18,542**	11,446
Development	**-**	-	**10,060**	8,345	**10,060**	8,345
Depletion and depreciation	**28,028**	11,942	**533**	-	**28,561**	11,942
Impairment of exploration and evaluation assets	**-**	7,859	**-**	-	**-**	7,859
Share-based compensation	**168**	148	**260**	696	**428**	844
Foreign exchange gain (loss)	**(213)**	(4)	-	2	**(213)**	(2)
Finance	**35,067**	5,862	**-**	-	**35,067**	5,862
Share of net loss of associates	**9**	9	**-**	-	**9**	9
Gain on asset disposition	**6**	(67)	**-**	-	**6**	(67)
	229,417	79,131	**22,415**	16,074	**251,832**	95,205
Loss before income tax	**(32,310)**	(29,632)	**(22,415)**	(16,074)	**(54,725)**	(45,706)
Deferred tax (recovery)	-	-	**-**	-	**-**	-
Net loss	**(32,310)**	(29,632)	**(22,415)**	(16,074)	**(54,725)**	(45,706)

As at	**September 30, 2020**	**December 31, 2019**
Upstream assets	**569,913**	590,213
LNG assets	**14,029**	12,261
Total consolidated assets	**583,942**	602,474

Upstream assets include materials inventory acquired as part of the acquisition on October 16, 2019 (see Note 5 in the Consolidated Financial Statements). Materials inventory is comprised of consumables, materials and supplies and is carried at the lower of cost and net realizable value. As at September 30, 2020, the Company held $23.1 million of materials inventory (December 31, 2019 - $23.5 million).

5. Property, Plant and Equipment

($ 000s)	
Historical Cost	
Balance at December 31, 2019	516,575
Additions	6,446
Dispositions	(148)
Change in decommissioning obligations	2,674
Balance at September 30, 2020	**525,547**

Accumulated Depletion & Depreciation	
Balance at December 31, 2019	21,527
Depletion and depreciation (1)	26,551
Dispositions	(67)
Balance at September 30, 2020	**48,011**

Net Book Value	
Balance at December 31, 2019	495,048
Balance at September 30, 2020	**477,536**

(1) Does not include $2.0 million of right-of-use assets depreciation (Note 7).

As at September 30, 2020, the Company determined that no impairment indicators existed in any of the Company's Cash Generating Units, therefore no impairment tests were performed.

6. Exploration and Evaluation Assets

($ 000s)	
Balance at December 31, 2019	1,077
Additions	1,871
Balance at September 30, 2020	**2,948**

Exploration and evaluation ("E&E") assets consist of unevaluated seismic data on the Company's exploration projects which are pending the determination of proved or probable reserves. As of September 30, 2020, the Company determined that no impairment indicators for its E&E assets, therefore no impairment tests were performed.

In Q1 2019 management re-evaluated the Company's prospects in Quebec and compared these to other opportunities available to the Company. Management concluded that renewing certain petroleum licenses in Quebec was not in the best interests of the Company. Consequently, only licenses for properties which held the most promise and likelihood of exploratory success were renewed, the remainder were relinquished. This was deemed as an indicator of impairment for the related properties, and as at March 31, 2019 an impairment provision of $7.9 million was recorded. Refer to the Consolidated Financial Statements for the year ended December 31, 2019 for additional information on impairment recognized in 2019.

7. Right-Of-Use-Assets

The Company enters into arrangements to secure access to assets necessary for operating the business. Leased (right-of-use) assets include office, vehicles and equipment. For the nine months ended September 30, 2020 there were no new additions to right-of use assets and deprecation of $2.0 million was recorded with an ending net book value of $3.4 million at September 30, 2020.

8. Term Debt

On October 16, 2019 the Company entered into a $206.0 million senior secured fully drawn non-revolving term loan facility (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. The Credit Agreement 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 upon 90 days written notice to the agent, without penalty. Refer to the Consolidated Financial Statements for the year ended December 31, 2019 for additional information on the Credit Agreement.

The term loan facility balance as at September 30, 2020 and December 31, 2019 are shown in the following table:

($ 000s)	**September 30, 2020**	**December 31, 2019**
Term loan facility	206,000	206,000
Accretion of deferred fee [(1)]	12,907	2,601
Unamortized transaction costs	(4,977)	(5,688)
Term debt	**213,930**	**202,913**

[(1)] Total accretion of the deferred fee and transaction costs is $11.0 million for the nine months ended September 30, 2020

Effective March 17, 2020, a waiver was provided by the agent and lender to temporarily remove the requirement to hedge at least 60% of production volumes on an 18-month rolling average until the end of August 2020. In August, this waiver was extended to December 31, 2020. Effective March 31, 2020, an amendment was executed between Pieridae and the agent and lender to defer the financial covenant relating to market capitalization until June 30, 2021. Effective September 30, 2020, a waiver was provided by the agent and lender to temporarily relax the requirement to maintain a working capital ratio of 1.0 to 1.0. Pieridae was in compliance with all other covenants as at September 30, 2020.

9. Decommissioning Obligations

($ 000s)	**Nine months ended September 30, 2020**	**Year ended December 31, 2019**
Balance, January 1	206,520	158,236
Additions	2,674	-
Obligations acquired	-	115,567
Change in estimates	-	(68,784)
Settlement of obligations	(1,740)	(1,458)
Accretion	632	2,959
Balance, end of period	**208,086**	**206,520**
Expected to be incurred within one year	2,890	-
Expected to be incurred beyond one year	205,196	206,520

The Company's decommissioning obligations result from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The Company estimates the total undiscounted amount of cash flows required to settle its decommissioning obligations is approximately $246 million (December 31, 2019 - $239.7 million).

The Company applied a risk-free real rate return rate of 0.41% (December 31, 2019 - 0.41%) to estimate the present value of the decommissioning provision. Changes in the measurement of the decommissioning provision are added to, or deducted from, the cost of the related property, plant and equipment or evaluation and exploration asset.

10. Share Capital

Issued and outstanding common shares

($ 000s, except as noted)	**Number of common shares** *(000s)*	**Common share capital**
Balance at December 31, 2019	157,561	274,799
Share-based compensation	70	64
Balance at September 30, 2020	**157,631**	**274,863**

On October 8, 2020, 1,710,100 stock options were granted to employees as part of the Company's share-based compensation policy at an exercise price of $0.86.

Net loss per share – Basic and Diluted

	Three months ended September 30		Nine months ended September 30	
($ 000s except share amount)	**2020**	**2019**	**2020**	**2019**
Net loss for the period attributable to equity holders of the Company	(29,825)	(13,178)	(54,674)	(45,700)
Weighted average number of common shares (*000s of shares*)	157,642	86,713	157,631	82,926
Effect of dilutive securities (*000s of shares*)	-	-	-	-
Weighted average number of common shares adjusted for dilution (*000s of shares*)	157,642	86,713	157,631	82,926
Net loss per shares *($ per share*)				
Basic	(0.19)	(0.15)	(0.35)	(0.55)
Diluted	(0.19)	(0.15)	(0.35)	(0.55)

11. Petroleum and Natural Gas Sales

The Company's revenues from the sale of petroleum and natural gas are comprised of sales from the production of natural gas, condensate, natural gas liquids and sulphur, as set out below.

	Three months ended September 30		Nine months ended September 30	
($ 000s)	**2020**	**2019**	**2020**	**2019**
Natural Gas	28,787	10,445	105,058	41,568
Condensate	11,535	588	40,606	2,003
NGL	6,125	88	17,291	298
Sulphur	1,900	1,552	4,404	4,428
Total petroleum and natural gas sales	**48,347**	**12,673**	**167,359**	**48,297**

12. Finance Expenses

	Three months ended September 30		Nine months ended September 30	
($ 000s)	**2020**	**2019**	**2020**	**2019**
Interest expense	7,839	1,458	23,384	3,873
Amortization of financing fees	3,662	-	11,017	-
Interest income	(4)	(46)	(76)	(153)
Accretion of decommissioning obligations (Note 9)	209	721	632	2,142
Interest on lease liabilities	40	-	110	-
Total finance expense	**11,746**	**2,133**	**35,067**	**5,862**

13. Financial Instruments and Risk Management

Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure based on methods as set out in the Consolidated Financial Statements. These methods have been applied consistently to all periods presented in these Interim Financial Statements.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Interim Financial Statements, are shown in the table below. Fair values for risk management contracts are determined using external counterparty information, which is compared to observable market data. Certain non-derivative financial instruments measured at amortized cost including cash and cash equivalents, trade receivables and trade payables have been excluded because they have carrying amounts that approximate their fair value due to the nature of the item or the short time to maturity. These instruments would be classified as Level II of the fair value hierarchy.

($ 000s)	September 30, 2020			December 31, 2019		
	Carrying Value	**Fair Value Level**	**Fair Value**	**Carrying Value**	**Fair Value Level**	**Fair Value**
Financial liabilities at fair value						
Fair value of risk management contracts	72	II	72	45	II	45
Financial liabilities at amortized cost						
Term debt	213,930	II	206,000	202,913	II	206,000

Pieridae has exposure to counterparty credit risk, liquidity risk and market risk and recognizes that effective management of these risks is a critical success factor in managing organization and shareholder value. Risk management strategies, policies and limits ensure risks and exposures are aligned to Pieridae's business strategy and risk tolerance. Pieridae's Board of Directors is responsible for providing risk management oversight and oversees how management assesses and monitors risk. The following analysis provides an assessment of those risks as at September 30, 2020.

Counterparty credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivable from partners in jointly owned assets, natural gas marketers and counterparties to derivative financial contracts. The impact from COVID-19 on credit risk remains low as Pieridae continues to maintain communication with our customers and work towards timely payment of accounts receivable. To date, the Company has not experienced significant counterparty non-performance. In light of COVID-19, Pieridae assessed the financial stability and liquidity of our customers as at September 30, 2020. No significant adjustments were made to net accounts receivable in connection with this assessment. Pieridae continues to monitor the impact of COVID-19 and may 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.

Substantially all of the Company's petroleum and natural gas production is marketed under standard industry terms. Sales from petroleum and natural gas marketers are normally collected on the 25th day of the month following sale. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with creditworthy purchasers. The Company historically has not experienced any material collection issues with its petroleum and natural gas marketers. Receivables from partners in jointly owned assets are typically collected within one to three months of the bill being issued to the partner. The Company attempts to mitigate the risk from receivables from partners in jointly owned assets by obtaining partner approval of significant capital expenditures prior to the expenditure. However, the receivables are from participants in the petroleum and natural gas sector, and collection of the outstanding balances can be impacted by industry factors such as commodity price fluctuations, limited capital availability and unsuccessful drilling programs. The Company does not typically obtain collateral from petroleum and natural gas marketers or partners in jointly owned assets; however, the Company can cash call for major projects and does have the ability, in most cases, to withhold production from these partners in the event of non-payment.

The carrying amount of accounts receivable represents the maximum credit exposure. As of September 30, 2020, and December 31, 2019, the Company's accounts receivables consisted of:

($ 000s)	September 30, 2020	December 31, 2019
Petroleum and natural gas marketers	23,132	29,965
Receivables from partners in jointly owned assets	16,656	8,877
Other (primarily government entities)	5,325	1,968
Total accounts receivable	**45,113**	**40,810**

As at September 30, 2020 and December 31, 2019, the Company's accounts receivables are aged as follows:

($ 000s)	September 30, 2020	December 31, 2019
Current (less than 90 days)	35,537	35,564
Past due (more than 90 days)	9,576	5,246
Total accounts receivable	**45,113**	**40,810**

The Company has assessed the past due receivables and determined that no provision is required as at September 30, 2020.

Liquidity and funding risk

Liquidity and funding risk is the risk that the Company may be unable to obtain sufficient cash or its equivalent in a timely and cost-effective manner in order to meet its commitments as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements as they become due. The Company manages its liquidity risk by forecasting cash flows over a 12-month rolling time period to identify capital requirements. These requirements are then addressed through management of Pieridae's capital structure, being its share capital and debt facilities, and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. As at September 30, 2020, there has been no impact to liquidity and funding risk from COVID-19.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

(a) Price risk

The Company's petroleum and natural gas production is directly subject to fluctuations in commodity prices. Fluctuations in commodity prices, both absolute and associated with changes in the Canadian to U.S. dollar exchange rate, and specifically the prices for natural gas, condensate and NGLs, could have significant impact on the Company's cash flows and its ability to sustain its operations. Excess supply, coupled with ongoing pipeline capacity constraints, continue to weigh on petroleum prices in Western Canada. However, future pricing for natural gas continues to improve as market fundamentals have become more bearish. Although markets have begun to recover, the possibility of significant price volatility particularly in crude-oil linked products, continue to exist due weak crude oil fundamentals. Such an exposure may impact the Company's operating cash flows, and its ability to attract the necessary investment to maintain operations and ultimately fund construction of its Goldboro LNG project. As the Company advances toward a final investment decision for the LNG project, it will evaluate a number of options to manage commodity price. The impact from COVID-19 has lowered realized prices for natural gas liquids and condensate during the year to date, offset by the improvement in natural gas prices and the monetization of hedge positions in the first six months of the year. The totality of risks arising from the COVID-19 pandemic will continue to be monitored and assessed as required.

Pieridae utilizes fixed price physical delivery contracts and derivative financial instruments as part of its overall risk management strategy to assist in managing the exposure to commodity price risk, and the cost of power. Physical contracts are considered normal sales contracts and are not recorded at fair value in the Interim Financial Statements. Pieridae does not trade financial instruments for speculative purposes.

Pieridae had the following fixed price physical commodity sales contracts in place at September 30, 2020.

Type of contract	Quantity	Time Period	Contract Price
Fixed Price - Natural Gas	200,000 GJ/d	October 2020	CAD $1.64/GJ
Fixed Price - Natural Gas	177,500 GJ/d	November 2020	CAD $2.25/GJ
Fixed Price - Natural Gas	170,000 GJ/d	December 2020	CAD $2.30/GJ
Fixed Price - Natural Gas	127,500 GJ/d	January – March 2021	CAD $2.31/GJ
Fixed Price - Natural Gas	47,500 GJ/d	April – October 2021	CAD $2.46/GJ

Pieridae monetized additional commodity derivative contracts for cash proceeds realized and realized gain of the same amount for $8.2 million and $4.5 million during the first and second quarter respectively, resulting in a total of $12.7 million for the nine months ended September 30, 2020.

14. Presentation in Consolidated Statements of Cash Flows

The below table provides supplemental information for the statement of cash flows:

	Three months ended September 30		Nine months ended September 30	
($ 000s)	**2020**	**2019**	**2020**	**2019**
Accounts receivable	(3,984)	(3,348)	(4,303)	209
Prepaid expenses and deposits	340	422	(1,392)	(10,006)
Inventories	(71)	-	455	-
Accounts payable and accrued liabilities	22,218	11,136	24,261	(963)
Other amounts payable	430	-	430	-
Total change in non-cash working capital	**18,933**	**8,210**	**19,451**	**(10,760)**
Relating to:				
Operating activities	14,370	8,210	14,888	(10,760)
Investing activities	4,563	-	4,563	-

15. Provisions

In April 2020, the Company entered into an arbitration agreement with a third party to resolve an on-going commercial dispute. The matter is currently in arbitration and the Company expects a legally binding judgement later in the year. As a result, as at June 30, 2020, the Company derecognized approximately $10.0 million of accrued liabilities and corresponding reduction in operating expenses to reflect the Company's best estimate of the most probable outcome. This provision a was updated to $9.4 million at September 30, 2020.

The Company represents its interests in the arbitration vigorously. Such legal proceedings involving possible losses are inherently complex, and significant judgement must be applied in estimating probable outcomes. The total required payment in the event that the arbitration outcome is adverse to the Company may materially exceed the current provision and would be recognized in the settlement period. Management considers that disclosure of further details of the arbitration would seriously prejudice the Company's position and accordingly further information on the nature of the obligation and major assumptions used in calculating the provision have not been provided.

16. Commitments

($ 000s)	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
Interest on debt	7,785	30,900	30,900	24,466	-	94,051
Deferred fee	-	50,000	-	-	-	50,000
Firm transportation	2,368	7,244	3,031	1,329	1,764	15,736
Total	**10,153**	**88,144**	**33,931**	**25,795**	**1,764**	**159,787**