

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of Pieridae Energy Limited ("Pieridae", "we", "our" or the "Company") provides a review by management of the financial performance and position of the Company, as well as the trends and external factors which may impact our prospects. This MD&A has been prepared as of August 9, 2022 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three and six months ended June 30, 2022 (the "interim financial statements") and the MD&A and audited consolidated financial statements as at and for the year ended December 31, 2021 as well as Pieridae's Annual Information Form ("AIF"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), sometimes referred to in this MD&A as Generally Accepted Accounting Principles ("GAAP") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standards 34, Interim Financial Reporting ("IAS 34"). Pieridae's reporting currency is the Canadian dollar. All amounts are presented in Canadian dollars, unless otherwise stated.

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

Throughout this MD&A, condensate is a natural gas liquid as defined by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. Natural gas liquids ("NGLs") comprise all NGLs as defined by NI 51-101 other than condensate, which is disclosed separately. Reference is made to crude oil and natural gas in common units called barrel of oil equivalent ("boe"). A boe is derived by converting six thousand cubic feet ("mcf") of natural gas to one barrel ("bbl") of crude oil (6 mcf:1 bbl). This conversion may be misleading, particularly if used in isolation, since the 6 mcf:1 bbl ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In comparing the value ratio using current crude oil prices relative to natural gas prices, the 6 mcf:1 bbl conversion ratio may be misleading as an indication of value.

We are publicly traded on the TSX Exchange ("TSX") under the symbol PEA.TO. Continuous disclosure materials are available on the Company's website, www.pieridaeenergy.com, or on SEDAR, www.sedar.com.

SPECIAL NOTE REGARDING NON-GAAP FINANCIAL MEASURES

This MD&A includes references to financial measures such as net operating income ("NOI"), operating netback or net back, and adjusted funds flow from operations ("AFFO") and adjusted operating expenses. The Company feels that these financial measures are important to the understanding of its business activities. These financial measures are not defined by IFRS and therefore are referred to as non-GAAP measures. The non-GAAP measures used by the Company may not be comparable to similar measures presented by other companies. The Company uses these non-GAAP measures to evaluate its performance. The non-GAAP measures should not be considered an alternative to, or more meaningful than, measures determined in accordance with IFRS, as an indication of the Company's performance. The non-GAAP measures are reconciled to their closest GAAP measure on page 15 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 2022 capital budget, Pieridae's future business plan and strategy, Pieridae's criteria for evaluating acquisitions and other opportunities, Pieridae's intentions with respect to future acquisitions and other opportunities, plans and timing for development of undeveloped and probable resources, timing of when the Company may be taxable, estimated abandonment and reclamation costs, plans regarding hedging, wells to be drilled, the weighting of commodity expenses, expected production and performance of oil and natural gas properties, results and timing of projects, access to adequate pipeline capacity and third-party infrastructure, growth expectations, supply and demand for oil, natural gas liquids, and natural gas, industry conditions, government regulations and regimes, and capital expenditures and the nature of capital expenditures and the timing and method of financing thereof, may constitute "forward-looking statements" or "forward-looking information" within the meaning of Applicable Securities Laws (as defined herein) (collectively "forward-looking statements"). Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", "shall", "estimate", "expect", "propose", "might", "project", "predict", "forecast", "target", "goal" and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management.

The forward-looking statements are based on current expectations, estimates and projections about the Company and the industry in which the Company operates, which speak only as of the earlier of the date such statements were made or as of the date of the report or document in which they are contained, and are subject to known and unknown risks and uncertainties that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by

such forward-looking statements. Such risks and uncertainties include, among others: general economic and business conditions (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 numerous factors.

DEFINITIONS AND ABBREVIATIONS

Bcf	Billion cubic feet	MMcf	Million cubic feet
Bcm	Billion cubic meters	MMBtu	Million British thermal units
Mcf	Thousand cubic feet	Bbl	Barrel
GJ	Gigajoules	USD	United States Dollars

PIERIDAE'S OBJECTIVES AND STRATEGY

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

Management is excited about the current and future prospects of Pieridae's existing asset base in the Canadian Foothills, and during the past year Pieridae has strategically refocused toward sustaining and growing its upstream exploration and production ("E&P") business. Additionally, recent global events including the ongoing dislocation of natural gas prices between North American indices and global liquified natural gas ("LNG") indices, exacerbated by Russia's invasion of Ukraine in February 2022, have facilitated renewed interest in opportunities to export Canadian gas as LNG from the east coast. Our objective is to continue Pieridae's pivot toward growing a sustainable and profitable conventional Foothills oil and natural gas business while continuing to explore options and partnerships which could revitalize our compelling LNG project.

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

QUARTERLY HIGHLIGHTS

The tables below provide a summary of the consolidated financial results for the previous eight quarters:

(\$ 000s unless otherwise noted)	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Production								
Natural gas (mcf/d)	178,918	187,719	198,596	191,439	194,232	215,179	212,220	184,080
Condensate (bbl/d)	2,864	3,201	2,851	2,555	2,950	3,158	3,259	2,807
NGLs (bbl/d)	3,695	6,003	5,354	4,133	3,083	4,975	6,171	4,722
Sulphur (tonne/d)	1,530	1,599	1,185	1,518	1,710	1,713	1,829	2,232
Total production (boe/d)	36,378	40,491	41,304	38,595	38,404	43,997	44,800	38,209
Financial								
Realized natural gas price (\$/mcf)	4.67	4.08	3.67	2.70	2.59	2.63	2.16	1.70
Benchmark natural gas price (\$/mcf)	7.22	4.75	4.69	3.59	3.11	3.16	2.67	2.14
Realized condensate price (\$/bbl)	116.61	106.13	69.71	65.33	68.08	58.40	53.48	44.67
Benchmark condensate price (\$/bbl)	132.49	122.62	100.10	70.25	64.82	59.05	56.01	38.40
Net income (loss)	22,982	10,549	4,661	(14,846)	(10,058)	(19,547)	(45,968)	(29,845)
Net income (loss) per share, basic	0.15	0.07	0.03	(0.09)	(0.06)	(0.12)	(0.29)	(0.19)
Net income (loss) per share, diluted	0.14	0.07	0.03	(0.09)	(0.06)	(0.12)	(0.29)	(0.19)
Net operating income (loss)	55,969	47,295	30,845	17,920	14,444	20,876	12,829	(646)
Cashflow provided by (used in)								
operating activities	34,922	3,212	21,139	6,885	12,093	11,000	2,362	(4,541)
Adjusted funds flow from operations ⁽¹⁾	48,710	45,144	23,317	10,981	8,516	14,878	8,535	(6,779)
Total assets	499,580	552,781	622,540	560,782	575,690	557,696	612,651	583,942
Working capital deficit	(61,634)	(64,413)	(87,665)	(52,534)	(47,862)	(28,314)	(19,615)	(9,164)
Capital expenditures	9,739	3,534	1,493	9,852	17,959	5,668	8,926	6,033
Development expenses	-	-	225	783	(4,862)	8,604	8,682	2,472

⁽¹⁾ Refer to the "non-GAAP measures" section of this MD&A.

SECOND QUARTER 2022 OPERATIONAL AND FINANCIAL HIGHLIGHTS

Highlights for the second quarter of 2022:

- Driven by strong commodity prices, Pieridae generated net operating income of \$56.0 million (netback of \$16.90/boe), adjusted funds flow from operations of \$48.7 million and net income of \$23.0 million (\$0.15 per basic share) during the quarter.
- Pieridae repaid \$22.7 million of senior secured debt during the quarter, representing 9% of the total loan, plus a further \$5.6 million subsequent to June 30, 2022.
- Production averaged 36,378 boe/d, reflecting planned downtime in May and June (representing approximately 3,300 boe/d during the quarter) related to two turnarounds at non-operated processing facilities in Central Alberta; both these turnarounds were completed on schedule and production returned to normal in late June and early July 2022.
- The Company's working capital deficit normalized during the quarter.
- Pieridae reached an agreement in June 2022 to dispose of certain non-core oil and gas properties in northeast British Columbia for \$1.2 million in cash and either a 10% gross overriding royalty interest in certain lands included in the package or a \$6.5 million cash payment, at the option of the purchaser. The transaction is expected to close in the fourth quarter of 2022, with proceeds used to decrease outstanding term debt.

OUTLOOK

Pieridae's near-term priority is to continue to strengthen its balance sheet while sustaining production, implementing rigorous cost control across its operations and administration, and execute accretive non-core asset dispositions and related commercial optimization activities. Pieridae plans to commence its previously announced three-well drilling program in October 2022.

Pieridae's Board of Directors approved our 2022 budget in November 2021. As of the date of this MD&A Pieridae's 2022 outlook is as follows, updated from previous disclosure in order to:

- Reflect management's current view on forward commodity pricing.
- Update production outlook primarily to reflect our need to blend liquid ethane produced at the Jumping Pound and Waterton gas processing facilities back into the natural gas stream, during May and July to December 2022, which impacts production by approximately 1,800 boe/d annualized (with associated impact on per boe figures) but does not impact total revenue.
- Increase our development capital expenditure outlook as a result of both a \$3.9 million probable increase in Pieridae's participation in the upcoming drilling program, and the addition of approximately \$3.6 million of high-return optimization and development activities anticipated to support and strengthen production.

(\$ 000s unless otherwise noted)	2022 Guidance - August		2022 Guidance - May	
	Low	High	Low	High
Total production (boe/d)	37,500	39,500	39,000	42,000
Net operating income ⁽¹⁾	150,000	180,000	120,000	160,000
Implied operating netback (\$/boe) ⁽¹⁾	12.00	14.00	9.00	11.00
Sustaining capital expenditures ⁽²⁾	17,000	22,000	17,000	22,000
Development capital expenditures ⁽³⁾	25,000	30,000	17,000	25,000

⁽¹⁾ 2022 net operating income and implied operating netback projections assumes average 2022 AECO price of \$5.13/mcf and average 2022 WTI price of USD\$92.74/bbl and accounts for fixed price forward commodity sales contracts as of June 30, 2022.

⁽²⁾ Comprised of facility maintenance and turnaround capital expenditures.

⁽³⁾ Comprised of seismic, development and land capital expenditures.

NET OPERATING INCOME

(\$ 000s)	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Total revenue	138,599	76,517	81	268,369	164,086	64
Royalties	(23,426)	(3,872)	505	(42,558)	(7,694)	453
Operating	(52,963)	(53,870)	(2)	(110,255)	(112,090)	(2)
Transportation	(6,241)	(4,331)	44	(12,292)	(8,982)	37
Net Operating Income ⁽¹⁾	55,969	14,444	287	103,264	35,320	192

⁽¹⁾ Net operating income is a “non-GAAP measure”. Management considers net operating income an important measure to evaluate the Company’s operational performance as it demonstrates Pieridae’s field level profitability. Net operating income equals total revenue less royalties, operating expenses, and transportation expenses.

NETBACK PER BOE

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Total revenue	41.87	21.89	91	38.59	22.01	75
Royalties	(7.08)	(1.11)	538	(6.12)	(1.03)	494
Operating	(16.00)	(15.41)	4	(15.85)	(15.04)	5
Transportation	(1.89)	(1.24)	52	(1.77)	(1.20)	48
Netback (\$/boe) ⁽¹⁾	16.90	4.13	309	14.85	4.74	213

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

NET OPERATING INCOME SENSITIVITY ANALYSIS

	Three months ended June 30				Six months ended June 30			
	2022	% Change	\$ Impact	% Impact	2022	% Change	\$ Impact	% Impact
Business Environment ^{(1) (2)}								
WTI price (US\$/bbl) ⁽³⁾	108.94	10%	2,644	5%	101.90	10%	5,870	6%
AECO price (\$/mcf)	7.22	10%	4,301	8%	5.99	10%	7,049	7%
Sulphur price (\$/tonne)	570.05	10%	626	1%	488.01	10%	1,119	1%
US\$/C\$ average exchange rate ⁽⁴⁾	0.79	10%	2,403	4%	0.79	10%	5,337	5%
Operational ^{(1) (5)}								
NGL & condensate production (bbl/d)	6,559	10%	3,620	6%	7,874	10%	6,957	7%
Natural gas production (mcf/d)	178,918	10%	7,382	13%	183,29	10%	11,817	11%
Sulphur production (tonne/d)	1,530	10%	684	1%	1,565	10%	1,244	1%
Royalty burden	17%	1%	1,311	2%	16%	1%	2,545	2%
Operating expense (\$/boe)	(16.00)	10%	5,296	9%	(15.85)	10%	11,026	11%

⁽¹⁾ Calculations are performed independently and may not be indicative of actual results that would occur when multiple variables change simultaneously.

⁽²⁾ The indicative impact on net operating income would only be applicable within a limited range of these amounts as royalty burden is held constant.

⁽³⁾ Includes the impact of WTI price on NGL (C2, C3, C4) and condensate (C5) prices assuming a correlation to US\$WTI.

⁽⁴⁾ Includes the impact of foreign exchange on NGL and Condensate prices assuming a correlation to US\$WTI.

⁽⁵⁾ Operational assumptions are based upon the results for the three and six months ended June 30, 2022, and the calculated impact on Net Operating Income would only be applicable within a limited range of these amounts.

PRODUCTION

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Natural gas (mcf/d)	178,918	194,232	(8)	183,294	204,647	(10)
Condensate (bbl/d)	2,864	2,950	(3)	3,032	3,053	(1)
NGLs (bbl/d)	3,695	3,083	20	4,842	4,024	20
Sulphur (tonne/d) ⁽¹⁾	1,530	1,710	(11)	1,565	1,712	(9)
Total production (boe/d) ⁽¹⁾	36,378	38,404	(5)	38,423	41,185	(7)

⁽¹⁾ Total production excludes sulphur.

Production in the current quarter was impacted by planned field downtime as a result of two major turnarounds at non-operated gas processing facilities in the Central Alberta Foothills region, representing approximately 3,300 boe/day for the quarter. Both these turnarounds were completed on schedule and Pieridae's volumes began flowing before or during July 2022. Additionally, during the second quarter of 2022 field inspection and maintenance programs commenced resulting in downtime at Caroline and Waterton, and downtime occurred in the Caroline field related to heavy rains through June, altogether representing 1,800 boe/day during the quarter. Finally, as a result of market fundamentals, liquid ethane was reinjected back into the natural gas sales stream at two of Pieridae's gas processing facilities during the quarter impacting reported production volumes by approximately 1,225 boe/d (when measured on a 6:1 barrel of oil equivalent basis) but increasing the value of the stream resulting in no material impact to revenue.

Production during the six months ended June 30, 2022, decreased 7% compared to the same period in 2021, reflecting reserve decline, facility turnaround scheduling, and unplanned field outages in Central Alberta early in 2022.

PRODUCTION BY AREA

The following tables summarize the Company's production by core area for the three months ended June 30, 2022, and 2021:

	Three months ended June 30, 2022				
	Total (boe/d)	Natural Gas (mcf/d)	Condensate (bbl/d)	NGLs (bbl/d)	Sulphur (tonne/d)
Waterton	9,642	40,385	1,409	1,502	625
Jumping Pound	8,438	40,705	602	1,052	218
Central Alberta Foothills	13,461	69,238	785	1,137	680
Northern Alberta Foothills	2,447	14,590	11	4	7
Northeast BC	2,390	14,000	57	-	-
Total	36,378	178,918	2,864	3,695	1,530

	Three months ended June 30, 2021				
	Total (boe/d)	Natural Gas (mcf/d)	Condensate (bbl/d)	NGLs (bbl/d)	Sulphur (tonne/d)
Waterton	10,369	46,385	1,486	1,152	682
Jumping Pound	5,181	25,903	395	469	141
Central Alberta Foothills	17,917	92,659	1,017	1,457	875
Northern Alberta Foothills	2,635	15,735	8	5	12
Northeast BC	2,302	13,550	44	-	-
Total	38,404	194,232	2,950	3,083	1,710

The following tables summarize the Company's production by core area for the six months ended June 30, 2022, and 2021:

	Six months ended June, 2022				
	Total (boe/d)	Natural Gas (mcf/d)	Condensate (bbl/d)	NGLs (bbl/d)	Sulphur (tonne/d)
Waterton	10,582	40,668	1,549	2,255	645
Jumping Pound	8,202	38,449	569	1,225	215
Central Alberta Foothills	14,835	75,745	857	1,354	697
Northern Alberta Foothills	2,530	15,079	9	8	8
Northeast BC	2,274	13,353	48	-	-
Total	38,423	183,294	3,032	4,842	1,565

	Six months ended June 30, 2021				
	Total (boe/d)	Natural Gas (mcf/d)	Condensate (bbl/d)	NGLs (bbl/d)	Sulphur (tonne/d)
Waterton	11,348	48,459	1,532	1,739	694
Jumping Pound	6,826	33,249	501	784	177
Central Alberta Foothills	17,990	93,108	976	1,496	830
Northern Alberta Foothills	2,699	16,113	8	5	11
Northeast BC	2,322	13,718	36	-	-
Total	41,185	204,647	3,053	4,024	1,712

BENCHMARK PRICES

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
AECO 5A benchmark price (\$/mcf)	7.22	3.08	134	5.99	3.11	93
West Texas Intermediate crude oil (USD/bbl)	108.94	66.05	65	101.90	61.96	64
Condensate benchmark price (\$/bbl)	132.49	79.57	67	127.58	77.10	65
Sulphur (\$/tonne)	570.05	222.24	157	488.01	202.10	141
US/Canadian dollar average exchange rate (USD)	0.7832	0.8142	(4)	0.7865	0.8019	(2)

As 2022 has progressed, world energy markets have continued to see extraordinary price volatility, which Pieridae expects to continue throughout the remainder of the year.

AECO natural gas prices continued to increase in Q2 2022 compared to Q1 2022, and expectations are for price to remain somewhat range bound, but still extremely volatile, until the start of the winter season. US natural gas prices are expected to move higher into Q3 2022 as the US becomes more connected to international gas markets with new LNG production coming on stream.

Underlying fundamentals for crude oil production remain extremely strong for the remainder of 2022 notwithstanding an expectation of economic slowdown as a result of monetary tightening among many central banks. Average North American crude oil prices increased 15% in the Q2 2022 compared to the Q1 of 2022. The main driver is the supply demand situation arising from the war in Eastern Europe. Global oil demand has almost fully recovered to pre-pandemic levels, except for China.

Canadian condensate price differentials to WTI futures weakened in the short term in Q2 2022 due to a reduction in exports out of the US Gulf coast. This reduction of exports is expected to return to normal resulting in price differentials returning to more long-term averages.

Global sulphur prices continued to climb in Q2 2022 as compared to Q1 2022. The supply disruptions in Eastern Europe have heavily impacted this market. Pieridae expects sulphur pricing to continue to be volatile with demand highly sensitive to expected economic slowdowns.

REALIZED PRICES

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Natural gas (\$/mcf)	4.67	2.59	80	4.37	2.61	67
Condensate (\$/bbl)	116.61	60.08	94	111.11	59.22	88
NGLs (\$/bbl)	48.58	22.61	115	38.32	24.22	58
Sulphur (\$/tonne)	59.45	19.85	199	52.59	19.62	168

Pieridae's realized prices reflect the mix of spot sales and physical forward sales contracts consistent with the Company's hedging policy; refer to note 11 of the interim financial statements. In the first half of 2022, volumes sold under physical forward sales contracts represented 52% of total production and 65% of total revenue.

If losses on physical forward sale contracts were removed, the Company's average realized natural gas prices for the six months ended June 30, 2022, would have been \$5.87/mcf as compared to the AECO 5A benchmark of \$5.99/mcf. If losses on physical forward sale contracts were removed, average realized condensate prices for the six months ended June 30, 2022, would have been \$121.83/bbl as compared to the condensate benchmark prices of \$127.58/bbl.

As at June 30, 2022, 57,336 GJ/d of fixed price natural gas contracts were in place at a weighted-average price of \$2.68/GJ over the following 9 months, and physical fixed-price forward condensate sales contracts (C\$WTI basis) were in place averaging 1,000 bbl/d for the balance of 2022 at an average price of C\$128.13/bbl (refer to note 11 of the interim financial statements for a listing of physical fixed-forward-price contracts in place as at June 30, 2022).

Pieridae is obligated to sell the majority of its sulphur production for \$6.10/tonne under a fixed-price physical sales contract which expires on December 31, 2025. During the six months ended June 30, 2022, this contract represented 81% of total sulphur sales (85% for the six months ended June 30, 2021). If the fixed-priced sulphur sale contracts were removed, average realized sulphur prices for the six months ended June 30, 2022, would have been \$230.60/tonne (net of transportation and based on contracted prices that may be negotiated annually).

PETROLEUM AND NATURAL GAS REVENUE

(\$ 000s except per boe)	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Natural gas	76,084	45,838	66	145,027	96,677	50
Condensate	30,392	16,127	88	60,971	32,727	86
NGLs	16,333	6,343	158	33,583	17,636	90
Sulphur	8,277	3,089	168	14,893	6,078	145
Petroleum and natural gas revenue	131,086	71,397	84	254,474	153,118	66
Petroleum and natural gas revenue (\$/boe)	39.60	20.43	94	36.59	20.54	78
Third party processing and other income	7,513	5,120	47	13,895	10,968	27
Realized gain (loss) on risk management contracts	-	-	-	-	-	-
Total revenue	138,599	76,517	81	268,369	164,086	64

Trends in petroleum and natural gas revenue are primarily associated with fluctuations in the total volume produced and prices the Company receives for its production. As previously described, production decreased by 5% during the second quarter of 2022 as compared to the same period in 2021, which was more than offset by a combined 94% per boe increase in realized prices, together driving an 84% increase in petroleum and natural gas revenue. Production decreased by 7% for the six months ended June 30, 2022, offset by a 78% per boe increase in realized prices resulting in an overall petroleum and natural gas revenue increase of 66%.

Third party processing and other income is primarily derived from fees charged to non-owner third parties for processing their production and sulphur volumes through Pieridae's gas and sulphur processing facilities. This income adds significantly to the economic benefits realized from these facilities by offsetting operating costs, which are highly fixed in nature. Third party processing and other income increased 47% during the three months ended June 30, 2022, and 27% during the six months ended June 30, 2022 compared to the same periods in 2021, as a result of increased throughput at the Shantz sulphur handling facility and non-recurrence of the production impact of the May 2021 Jumping Pound facility turnaround.

ROYALTIES

(\$ 000s except per boe)	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Royalties	23,426	3,872	505	42,558	7,694	453
Royalties (\$/boe)	7.08	1.11	538	6.12	1.03	494
Royalties as percentage of revenue (%)	17.9	5.4	231	16.7	5.0	234

Royalties during the three and six months ended June 30, 2022, were 17.9% and 16.7% of revenue respectively, compared to 5.4% and 5.0% respectively for the same period in 2021. Higher commodity prices during 2022 had a significant impact on royalty expense. Furthermore, gas cost allowance deductions as a percentage of royalties have decreased.

OPERATING EXPENSE

(\$ 000s except per boe)	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Operating expense	52,963	53,870	(2)	110,255	112,090	(2)
Operating expense (\$/boe)	16.00	15.41	4	15.85	15.04	5

Operating expense in the three and six months ended June 30, 2022, was lower by 2% on a total cost basis compared to the same period in 2021, but slightly higher on a per boe basis due to lower volumes in 2022. Operating expense was lower due to cost optimization partially offset by higher benchmark gas prices impacting processing fees paid, and higher spot prices for power.

If operating expenses were adjusted to account for third party volumes processed through Pieridae's facilities (adjusted operating expense thus calculated as operating expenses less third-party processing revenue, a non-GAAP measure), adjusted operating expense for the second quarter of 2022 was \$47.0 million (\$14.21/boe), a decrease of \$3.0 million or 6% compared to the same quarter in 2021. Adjusted operating expense on a year-to-date basis was \$98.6 million (\$14.17/boe), a decrease of \$4.9 million or 5% compared to the same quarter in 2021.

The following table summarizes the Company's operating cost per boe by core area for the three and six months ended June 30, 2022, and 2021:

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Waterton	12.47	12.84	(3)	12.58	12.67	(1)
Jumping Pound	12.47	21.83	(43)	14.10	18.43	(24)
Central Alberta Foothills	21.58	15.28	41	19.84	14.68	35
Northern Alberta Foothills	18.25	17.37	5	15.65	19.50	(20)
Northeast BC	8.97	11.41	(21)	11.58	14.24	(19)

Timing of gas facility turnarounds in the second quarter of 2021 (Jumping Pound) and the second quarter of 2022 (non-operated Central Alberta Foothills) cause significant short-term fluctuations in per-boe operating expense.

TRANSPORTATION EXPENSE

(\$ 000s except per boe)	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Transportation expense	6,241	4,331	44	12,292	8,982	37
Transportation expense (\$/boe)	1.89	1.24	52	1.77	1.20	48

The increase in transportation cost during the three and six months ended June 30, 2022, was primarily due to higher allocated fuel gas costs from the sales pipeline operator due to higher benchmark natural gas prices.

GENERAL AND ADMINISTRATIVE EXPENSE

(\$ 000s except per boe)	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
G&A expense	7,211	5,676	27	14,286	11,612	23
G&A expense (\$/boe)	2.18	1.62	35	2.05	1.56	31

General and administrative (“G&A”) expense increased by 27% and 23% for the three and six months ended June 30, 2022 as compared to the same periods in 2021 due primarily to no further reallocation of G&A costs into the LNG segment development expense in 2022 (\$1.2 million and \$2.5 million respectively for the three and six months ended June 30, 2021) following the suspension of our LNG project.

FINANCE EXPENSE

(\$ 000s)	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Cash portion of interest expense	4,253	6,271	(32)	8,464	12,410	(32)
Non-cash interest paid in kind	3,647	1,568	133	7,331	3,107	136
Accretion on financing costs	4,795	5,944	(19)	11,216	11,470	(2)
Accretion of decommissioning obligations	186	-	-	186	-	-
Interest on lease liabilities	31	47	(34)	61	92	(34)
Other charges	4	87	(95)	98	346	(72)
Total finance expense	12,916	13,917	(7)	27,356	27,425	-

During the three and six months ended June 30, 2022, finance expense decreased by 7% compared to the same period in 2021 primarily due to a decrease in accretion of financing costs as a result of early repayments of principal on long-term debt. Additionally, the cash portion of interest expense decreased while the non-cash interest paid in kind portion increased due to a higher percentage of interest expense required to be paid in kind following amendments made to the credit facility in December 2021. This payment of interest in-kind was offset by mandatory repayment of principal; refer to note 6 of the interim financial statements and to the “Long-Term Debt” section of this MD&A.

DEPLETION AND DEPRECIATION

(\$ 000s)	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Depletion and depreciation	12,812	9,519	35	27,967	21,832	28

During the three and six months ended June 30, 2022, depletion and depreciation expense increased by 35% and 28% respectively compared to the same period in 2021 due to an increase in the depletable asset base, which arose primarily from higher expected future development costs within the Company’s total proved and probable reserve value.

SHARE-BASED COMPENSATION

(\$ 000s)	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Share-based compensation	73	130	(44)	152	284	(46)

The Company’s share-based compensation (“SBC”) expense is related to the granting of stock options used to incentivize directors, executives, and employees and align these option-holders’ interests with shareholders. Each option entitles the holder to acquire one Pieridae common share. Stock options granted to non-executive Directors vest and are exercisable immediately whereas options granted to executives and employees vest evenly over five annual tranches, with the first tranche vesting immediately. Pieridae’s stock option plan permits issuances of stock options to a maximum of 10% of total common shares issued and outstanding.

Share-based compensation expense decreased during the three and six months ended June 30, 2022, as a result of forfeitures during this period. See the “Share Capital, Warrants and Stock Options Outstanding” section of this MD&A for more information.

GOLDBORO LNG PROJECT

On July 2, 2021, the Company announced that our LNG Project based in Goldboro, Nova Scotia was unable to achieve a positive final investment decision ("FID") and was suspended. The Company had progressed the Project through the open book estimate ("OBE") and nearly finalized negotiation of an engineering, procurement, construction, and commissioning ("EPCC") execution plan and a final lump sum, EPCC contract price proposal. While discussions continue to take place, including exploration of alternate LNG solutions, no further expenditures are planned toward advancing an LNG project at this time.

As previously disclosed, a condition of the Uniper contract, a key offtake agreement associated with the LNG project, was that the Company achieve a favourable FID by June 30, 2021, after which time either party has the right to terminate the contract. As of the date of this MD&A, neither party has provided this notice of termination.

Development Expense

(\$ 000s)	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Development expense	-	(4,862)	-	-	3,742	-

As described above, the Goldboro LNG project development was suspended in July 2021 thus no development expenses were incurred during 2022.

CAPITAL EXPENDITURES

The following tables summarizes the Company's capital expenditures for the three and six months ended June 30, 2022, and June 30, 2021:

(\$ 000s)	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Turnarounds	5,575	14,318	(61)	5,674	15,592	(64)
Plant and facilities	167	1,816	(91)	1,515	2,159	(30)
Corporate	140	225	(38)	344	700	(51)
Sustaining capital	5,882	16,359	(64)	7,533	18,451	(59)
Development projects	3,247	598	443	3,920	1,056	271
Seismic acquisition	575	900	(36)	1,700	1,900	(11)
Land	35	102	(66)	120	2,166	(94)
Development capital	3,857	1,600	141	5,740	5,122	12
Capital expenditures	9,739	17,959	(46)	13,273	23,573	(44)
Abandonment	498	290	72	1,636	1,677	(2)
Total capital expenditures	10,237	18,249	(44)	14,909	25,250	(41)

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents

Pieridae held \$27.7 million in cash and cash equivalents and restricted cash of \$1.2 million as at June 30, 2022. Restricted cash is comprised of security pledged for various letters of credit which are required to be posted with provincial agencies and other companies to facilitate the Company's ongoing operations.

Guarantee Facility from Export Development Canada ("EDC")

In July 2020, the Company received a \$6 million guarantee facility from Export Development Canada which was increased to \$8.0 million in June 2021 and to \$12.0 million on June 30, 2022. This guarantee facility provides for 100% guarantee to the issuing banks of the Company's existing and future letters of credit, of which \$7.0 million was drawn at June 30, 2022. (December 31, 2021 - \$7.8 million)

Long-Term Debt

On October 16, 2019, the Company entered a \$206.0 million senior secured fully drawn non-revolving long-term loan facility ("long-term debt"). The long-term debt bears interest at a fixed rate of 15.0% per annum from the date of issue, accrued daily and payable quarterly, of which a certain portion is payable quarterly in cash or, subject to the lender's approval, payable in kind ("PIK") by way of accruing to the principal outstanding. The PIK calculation was amended as described below from January 1, 2022, forward.

The long-term debt is repayable in full on October 16, 2023; however, the Company may repay the principal in whole or in part any time prior to October 16, 2023, upon 90 days written notice to the agent, without penalty. The Company incurred \$6.0 million of closing costs which were accounted for as transaction costs and netted against the value of the loan to be amortized over 48 months.

Under the terms of the credit agreement, on or before October 16, 2021, the Company had an option either to acquire certain petroleum and natural gas properties from the lender for a purchase price of \$45.0 million in cash or pay a deferred fee (“Fee”) in the amount of \$50.0 million to the agent. On September 30, 2021, amendments to the credit agreement were made to delay payment of the Fee to January 1, 2022, and interest on this Fee accrued from October 16, 2021. Further amendments were made on December 31, 2021, to incorporate the Fee as part of the loan principal due on October 16, 2023, on an interest free basis. Other changes made on December 31, 2021, include an amendment to the payment of interest, on the principal balance excluding the Fee, whereby 8% will be payable in cash and the remaining 7% will be PIK on a quarterly basis. In addition, 1.75% of the principal balance outstanding including the Fee is repayable quarterly beginning April 1, 2022. For the three and six months ended June 30, 2022, debt repayments of \$26.4 million and \$29.7 million respectively were made against the Company’s senior secured term loan.

During the three and six months ended June 30, 2022, amendments and waivers were negotiated to the Credit Agreement, associated with certain covenants and payment obligations; refer to note 6 of the interim financial statements. As at June 30, 2022, the Company was in compliance with, or had obtained the required waivers for, all covenants of the loan.

Working Capital and Capital Strategy

The following table presents the composition of Pieridae’s working capital position at June 30, 2022, and December 31, 2021:

(\$ 000s)	June 30, 2022	December 31, 2021
Cash and cash equivalents	27,741	26,216
Restricted cash	1,150	1,348
Accounts receivable	52,478	49,637
Prepays expenses and deposits	7,317	5,060
Inventories	2,782	2,515
Assets held for sale	15,569	-
Total current assets	107,037	84,776
Accounts payable	38,518	76,221
Accrued liabilities	79,060	67,628
Current portion of decommissioning obligations	5,390	5,390
Liabilities held for sale	14,512	-
Current portion of lease liabilities	1,532	1,549
Current portion of long-term debt ⁽¹⁾	29,659	21,654
Total current liabilities	168,671	172,442
Working capital (deficit)	(61,634)	(87,666)

⁽¹⁾ As described in note 6 of the interim financial statements, the current portion of long-term debt does not meaningfully increase the Company’s total cash flow obligation to its lender in 2022 due to the corresponding modification of the payment in kind mechanism.

Pieridae’s working capital deficit at June 30, 2022, was \$61.6 million compared to a deficit of \$87.7 million on December 31, 2021. Working capital improved during the first half of 2022 through positive earnings as a result of strengthened realized commodity pricing. The associated decrease in accounts payable along with higher accounts receivable at June 30, 2022, were also driven by stronger commodity prices in the quarter.

Management monitors working capital on a continuous basis with a focus on strengthening Pieridae’s balance sheet, sustaining production, and controlling costs across its operations and administration. Strong commodity prices continue to provide supportive cash flows. Pieridae’s capital strategy is focused on ensuring the Company has sufficient liquidity to fund operations and mitigate reserve decline. Externally, Pieridae’s principal sources of liquidity are the EDC guarantee facility, additional debt, and equity offerings.

Capital Resources

Pieridae’s capital structure is comprised of share capital, working capital and long-term debt, less cash and cash equivalents. The following table summarizes our capital structure on June 30, 2022, and December 31, 2021:

(\$ 000s)	June 30, 2022	December 31, 2021
Cash and cash equivalents	27,741	26,216
Less:		
current portion of long-term debt	(29,659)	(21,654)
long-term debt	(190,413)	(209,927)
Net debt	(192,331)	(205,365)
Shareholders’ equity	895	(33,210)

SHARE CAPITAL, WARRANTS AND STOCK OPTIONS OUTSTANDING

As at June 30, 2022, the Company had 158,247,352 (December 31, 2021 - 157,645,871) common shares outstanding. As at June 30, 2022, 6,133,059 (December 31, 2021 - 7,040,465) stock options were outstanding with a weighted average exercise price of \$1.35, representing 3.9% of common shares outstanding (December 31, 2021 - 4.5%).

As at August 9, 2022, the Company had 158,324,849 common shares outstanding and 6,032,605 options outstanding at a weighted average exercise price of \$1.37.

As at June 30, 2022, and August 9, 2022, there were 5 million warrants outstanding (December 31, 2021 - 5 million) at an exercise price of \$0.70 per common share.

COMMITMENTS, PROVISIONS AND CONTINGENCIES

The Company has entered several financial obligations during the normal course of business. As at June 30, 2022, these obligations, and the expected timing of their settlement, are detailed below:

(\$ 000s)	2022	2023	2024	2025	Thereafter	Total
Interest on long-term debt	13,726	20,491	-	-	-	34,217
Repayment of long-term debt	15,296	227,834	-	-	-	243,130
Firm transportation	5,436	10,576	3,412	1,037	248	20,709
Total	34,458	258,901	3,412	1,037	248	298,056

Provisions and Contingencies

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

Off Balance Sheet Transactions

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITMENT

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

Pieridae embraces the notion of ethical responsibility and the value that belief brings to what we strive to accomplish each and every day. The latest lexicon companies use to bring this notion to life is ESG: Environmental, Social and Governance. ESG is weaved into the pillars of our business: communication, connection, leadership, shared value, and a focus on results. These are supported on a foundation we call "One Pieridae." Together, this foundation and five pillars hold up our integrated business and environment, social, and governance strategy.

In June 2021, Pieridae released its inaugural 2020 ESG report, and we expect to issue our second annual 2021 ESG report prior to September 30, 2022.

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:

Risks Related to the Oil and Gas Industry
Challenges in the Oil and Gas Industry
Price, Markets, Volatility and Marketing of Oil, Gas and NGLs

Reserve Decline, Exploration, Development and Production Risk
Reserve Estimates
Liability Management
Royalty Regimes
Alternatives to and Changing Demand for Petroleum Products
Reserve Decline, Exploration, Development and Production Risk
Other Risks Inherent to Pieridae's Business
Additional Financing Required, and Access to Capital
Liquidity
Environmental Incidents
Climate Change
Climate Change - Transition Risks
Climate Change - Physical Climate Change Risks
Climate Change Regulations and Carbon Taxes
Permits, Licenses and Approvals
Regulatory
COVID-19 and Its Effect on the Economy
Insurable Risk
Co-ownership of Assets and Operational Dependence
Growth Management
Third Party Credit Risk
Reliance on Key Personnel
Political, Geo-Political and Public Perception Risk
Hedging
Competition
Availability and Cost Inflation of Material and Equipment
Title to Production Assets and Reserves
Estimation of Abandonment and Reclamation Costs
Possible Failure to Realize Anticipated Benefits of Acquisitions
Project Risk
Conflicts of Interest
Litigation
Variations in Foreign Exchange and Interest Rates
Tax Horizon
Changes in Risk Profile
Cost of New Technologies
Internal Controls
Breach of Confidentiality
Information Technology Systems and Cyber-Security
Risks Related to Pieridae's Common Shares
Reputation Risk
Estimates and Assumptions
Forward-Looking Statements and Information May Prove Inaccurate
Volatility
Return on Investment
Dividends
Dilution

Refer to the Company's Annual Information Form for the year ended December 31, 2021, for fulsome discussion of these risks. See also "Forward Looking Statements" in this MDA.

SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The timely preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The use of significant judgments and estimates made by management in the preparation of the interim financial statements are discussed in note 2 of the consolidated financial statements for the year ended December 31, 2021.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Pieridae is required to comply with National Instrument 52-109 “Certification of Disclosure in Issuers’ Annual and Interim Filings”. The certification of interim filings for the period ended June 30, 2022, requires that the Company disclose in the interim MD&A any changes in disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR) that occurred during the period that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting. No such changes were made to the Company’s DC&P and ICFR during the period ended June 30, 2022.

NEW ACCOUNTING POLICIES

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

NON-GAAP MEASURES

Management has identified certain industry benchmarks such as net operating income, operating netback, adjusted operating expense and adjusted funds flow from operations to analyze financial and operating performance. These benchmarks are commonly used in the oil and gas industry; however, they do not have any standardized meanings prescribed by IFRS. Therefore, they may not be comparable with the calculation of similar measures for other entities.

Adjusted Funds Flow from Operations

Management considers Adjusted Funds Flow from Operations an important measure to evaluate the Company’s cash flow as it demonstrates Pieridae’s field level operational cash flow. Adjusted funds flow from operations equals net income (loss) plus depletion and depreciation and finance expense. Development expenses are also added back to better focus the metric on the Company’s upstream operational performance.

(\$ 000s)	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Net income (loss)	22,982	(10,058)	33,531	(29,605)
Depletion and depreciation	12,812	9,519	27,967	21,832
Finance expense	12,916	13,917	27,356	27,425
Development expense	-	(4,862)	-	3,742
Adjusted funds flow from operations	48,710	8,516	88,854	23,394