

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 November 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 nine months ended September 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 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 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 Environment, social and governance ("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	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Production								
Natural gas (mcf/d)	181,030	178,918	187,719	198,596	191,439	194,232	215,179	212,220
Condensate (bbl/d)	2,911	2,864	3,201	2,851	2,555	2,950	3,158	3,259
NGLs (bbl/d)	2,876	3,695	6,003	5,354	4,133	3,083	4,975	6,171
Sulphur (tonne/d)	1,312	1,555	1,625	1,185	1,518	1,710	1,713	1,829
Total production (boe/d)	35,959	36,378	40,491	41,304	38,595	38,404	43,997	44,800
Financial								
Realized natural gas price before physical commodity contracts (\$/mcf)	4.38	7.13	4.66	4.62	3.58	3.10	3.12	1.96
Realized natural gas price after physical commodity contracts (\$/mcf)	3.62	4.67	4.08	3.67	2.70	2.59	2.63	2.16
Benchmark natural gas price (\$/mcf)	4.28	7.22	4.75	4.69	3.59	3.11	3.16	2.67
Realized condensate price before physical commodity contracts (\$/bbl)	103.71	132.60	112.09	91.69	85.25	76.72	68.85	53.48
Realized condensate price after physical commodity contracts (\$/bbl)	105.82	116.61	106.13	69.71	65.33	68.08	58.40	53.48
Benchmark condensate price (\$/bbl)	115.66	132.49	122.62	100.10	70.25	64.82	59.05	56.01
Net income (loss)	(1,573)	22,982	10,549	4,661	(14,846)	(10,058)	(19,547)	(45,968)
Net income (loss) per share, basic	(0.01)	0.15	0.07	0.03	(0.09)	(0.06)	(0.12)	(0.29)
Net income (loss) per share, diluted	(0.01)	0.14	0.07	0.03	(0.09)	(0.06)	(0.12)	(0.29)
Net operating income ⁽¹⁾	30,014	55,969	47,295	30,845	17,920	14,444	20,876	12,829
Cashflow provided by								
operating activities	9,899	34,922	3,212	21,139	6,885	12,093	11,000	2,362
Adjusted funds flow from operations ⁽¹⁾	22,224	48,710	45,144	23,317	10,981	8,516	14,878	8,535
Total assets	473,642	499,580	552,781	622,540	560,782	575,690	557,696	612,651
Working capital deficit	(63,245)	(61,634)	(64,413)	(87,665)	(52,534)	(47,862)	(28,314)	(19,615)
Capital expenditures	7,216	9,739	3,534	1,493	9,852	17,959	5,668	8,926
Development expenses (LNG)	-	-	-	225	783	(4,862)	8,604	8,682

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

THIRD QUARTER 2022 OPERATIONAL AND FINANCIAL HIGHLIGHTS

Highlights for the third quarter of 2022:

- Generated net operating income of \$30.0 million (netback of \$9.07/boe), adjusted funds flow from operations of \$22.2 million.
- Repaid \$15.1 million of senior secured debt during the quarter, representing 7% of the loan amount.
- Produced 35,959 boe/d, reflecting continued reinjection of liquid ethane back into the gas sales stream (1,300 boe/d impact during the quarter), and an ongoing outage from the pipeline washout in Limestone field (2,200 boe/d impact during the quarter which was fully restored at the end of October 2022), shutting in certain production due to low AECO production as well as other minor maintenance and seasonal non-operated turnarounds.
- Ongoing volatility in commodity prices continued, including a short period of negative AECO pricing in August, during which time management chose to shut-in a portion of the Company's production. Hedging partially mitigated price volatility during the quarter.

OUTLOOK

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

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

- Management's view on forward commodity pricing
- Decrease our 2022 development capital expenditure outlook primarily due to a slight delay in rig availability for the upcoming drilling program. This delay has no impact on the total capital estimate, but impacts timing of expenditure between 2022 and 2023.

Our previous update reflected 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 from 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 revenue. We expect to continue reinjecting ethane in 2023.

(\$ 000s unless otherwise noted)	2022 Guidance – November		2022 Guidance - August		2022 Guidance - May	
	Low	High	Low	High	Low	High
Production (boe/d)	37,500	39,500	37,500	39,500	39,000	42,000
Net operating income ⁽¹⁾	160,000	180,000	150,000	180,000	120,000	160,000
Implied operating netback (\$/boe) ⁽¹⁾	12.00	14.00	12.00	14.00	9.00	11.00
Sustaining capital expenditures ⁽²⁾	17,000	22,000	17,000	22,000	17,000	22,000
Development capital expenditures ⁽³⁾	20,000	25,000	25,000	30,000	17,000	25,000

⁽¹⁾ 2022 net operating income and implied operating netback projections assumes average 2022 AECO price of \$5.22/mcf and average 2022 WTI price of USD\$90.11/bbl and accounts for fixed price forward commodity sales contracts as of September 30, 2022.

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

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

NET OPERATING INCOME

(\$ 000s)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Revenue before physical commodity contracts	117,586	97,281	21	427,809	276,511	55
Loss on physical commodity contracts	(12,051)	(20,192)	(40)	(67,800)	(46,304)	46
Third party processing and other income	7,756	4,232	83	21,651	15,200	42
Revenue	113,291	81,321	39	381,660	245,407	56
Royalties	(20,947)	(6,024)	248	(63,505)	(13,718)	363
Operating	(57,436)	(52,679)	9	(167,691)	(164,769)	2
Transportation	(4,894)	(4,698)	4	(17,186)	(13,680)	26
Net Operating Income ⁽¹⁾	30,014	17,920	67	133,278	53,240	150

⁽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 revenue less royalties, operating expenses, and transportation expenses.

OPERATING NETBACK PER BOE

(\$ per boe)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Revenue before physical commodity contracts	35.54	27.40	30	41.69	25.13	66
Loss on physical commodity contracts	(3.64)	(5.69)	(36)	(6.61)	(4.21)	57
Third party processing and other income	2.34	1.19	97	2.11	1.38	53
Revenue	34.24	22.90	50	37.19	22.30	67
Royalties	(6.33)	(1.70)	272	(6.19)	(1.25)	395
Operating	(17.36)	(14.84)	17	(16.34)	(14.97)	9
Transportation	(1.48)	(1.32)	12	(1.67)	(1.24)	35
Netback (\$/boe) ⁽¹⁾	9.07	5.04	80	12.99	4.84	168

⁽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 September 30				Nine months ended September 30			
	2022	% Change	\$ Impact	% Impact	2022	% Change	\$ Impact	% Impact
Business Environment ^{(1) (2)}								
WTI price (US\$/bbl) ⁽³⁾	92.18	10%	2,327	8%	98.62	10%	8,179	6%
AECO price (\$/mcf)	4.28	10%	2,472	8%	5.41	10%	9,506	7%
Sulphur price (\$/tonne)	222.44	10%	324	1%	395.61	10%	1,436	1%
US\$/C\$ average exchange rate ⁽⁴⁾	0.77	10%	2,116	7%	0.78	10%	7,435	6%
Operational ^{(1) (5)}								
NGL & condensate production (bbl/d)	5,787	10%	2,628	9%	7,171	10%	9,526	7%
Natural gas production (mcf/d)	181,030	10%	3,876	13%	182,531	10%	15,171	11%
Sulphur production (tonne/d)	1,312	10%	375	1%	1,496	10%	1,612	1%
Royalty burden	19.85%	1%	1,055	4%	17.64%	1%	3,600	3%
Operating expense (\$/boe)	17.36	10%	5,744	10%	16.34	10%	16,769	13%

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

⁽²⁾ The indicative impact on 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 nine months ended September 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 September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Natural gas (mcf/d)	181,030	191,439	(5)	182,531	200,196	(9)
Condensate (bbl/d)	2,911	2,555	14	2,991	2,885	4
NGLs (bbl/d)	2,876	4,133	(30)	4,180	4,061	3
Sulphur (tonne/d) ⁽¹⁾	1,312	1,518	(14)	1,496	1,646	(9)
Production (boe/d) ⁽¹⁾	35,959	38,595	(7)	37,593	40,312	(7)

⁽¹⁾ Production amounts excludes sulphur.

Quarterly production was 7% lower than the comparative due primarily to ethane reinjection (1,300 boe/d impact during the quarter), and ongoing pipeline repairs in Central Alberta as a result of heavy rains earlier in the year (2,200 boe/d impact during the quarter which was fully restored at the end of October 2022). Also impacting the quarter was management’s decision to shut-in certain production due to low AECO pricing through the latter part of August (1,300 boe/d impact during the quarter) as well as maintenance activity in Northern Alberta Foothills (750 boe/d impact during the quarter), partially offset by higher production in Central Alberta Foothills region due to the September 2021 Caroline turnaround.

Production during the nine months ended September 30, 2022 was 7% lower than the comparative reflecting reserve decline, timing of operated and non-operated field and facility maintenance programs, and unplanned outages in Central Alberta Foothills field and Jumping Pound plant in early 2022.

PRODUCTION BY AREA

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

Three months ended September 30, 2022					
	Total (boe/d)	Natural Gas (mcf/d)	Condensate (bbl/d)	NGLs (bbl/d)	Sulphur (tonne/d)
Waterton	9,563	40,631	1,483	1,308	640
Jumping Pound	7,856	39,585	541	718	197
Central Alberta Foothills	14,183	74,975	839	848	465
Northern Alberta Foothills	3,366	20,141	7	2	10
Northeast BC	991	5,698	41	-	-
Total	35,959	181,030	2,911	2,876	1,312

Three months ended September 30, 2021					
	Total (boe/d)	Natural Gas (mcf/d)	Condensate (bbl/d)	NGLs (bbl/d)	Sulphur (tonne/d)
Waterton	10,589	41,012	1,340	2,414	618
Jumping Pound	7,012	34,434	466	807	182
Central Alberta Foothills	15,809	85,332	681	906	709
Northern Alberta Foothills	4,048	24,196	9	6	9
Northeast BC	1,137	6,465	59	-	-
Total	38,595	191,439	2,555	4,133	1,518

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

Nine months ended September 30, 2022					
	Total (boe/d)	Natural Gas (mcf/d)	Condensate (bbl/d)	NGLs (bbl/d)	Sulphur (tonne/d)
Waterton	10,239	40,655	1,527	1,936	649
Jumping Pound	8,085	38,832	559	1,054	211
Central Alberta Foothills	14,615	75,485	851	1,184	627
Northern Alberta Foothills	3,615	21,604	8	6	9
Northeast BC	1,039	5,955	46	-	-
Total	37,593	182,531	2,991	4,180	1,496

Nine months ended September 30, 2021					
	Total (boe/d)	Natural Gas (mcf/d)	Condensate (bbl/d)	NGLs (bbl/d)	Sulphur (tonne/d)
Waterton	11,091	45,950	1,471	1,962	668
Jumping Pound	6,889	33,648	488	793	179
Central Alberta Foothills	17,255	90,487	874	1,300	789
Northern Alberta Foothills	3,901	23,322	8	6	10
Northeast BC	1,176	6,789	44	-	-
Total	40,312	200,196	2,885	4,061	1,646

BENCHMARK PRICES

	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
AECO 5A benchmark price (\$/mcf)	4.28	3.59	19	5.41	3.28	65
West Texas Intermediate crude oil (USD/bbl)	92.18	70.65	30	98.62	64.84	52
Condensate benchmark price (\$/bbl)	115.66	70.25	65	123.56	64.90	90
Sulphur (\$/tonne)	222.44	228.69	(3)	395.61	209.56	89
US/Canadian dollar average exchange rate (USD)	0.7659	0.7937	(4)	0.7795	0.7992	(2)

During the quarter, world energy markets continued to see dramatic price volatility. AECO natural gas prices peaked in Q2 and have moved down significantly through Q3 but are still considerably higher than during the same period of 2021. The primary price drivers have been expectations for the upcoming winter season, total LNG exports out of the Gulf of Mexico, and local egress restrictions as a result of seasonal maintenance on the Nova gas system. Natural gas prices are expected to rise this winter as weather-dependent demand returns and the LNG export facilities offline or down for maintenance this summer are planned to return to service.

Underlying fundamentals for crude oil remain dominated by the war in Europe and international politics. Prices rose sharply year over year and given that OPEC has acted to ensure price support in the short term, we expect these prices to remain strong through the end of the year. Canadian condensate price prices have increased along with crude pricing; condensate differentials have returned to normal levels in Q3 as more Naphtha was exported out of the U.S. Gulf of Mexico area, reducing competing supply. Short of another disruption in Naphtha flows, price differentials are expected to remain within their historical range for Q4 and 2023.

Global sulphur prices reached levels not seen since 2009 in June, however experienced a significant decline through Q3 due in part to international market disruptions related to the war in Europe and resulting economic dislocations in many countries. The market has begun to recover in late Q3 and is expected to continue to do so into 2023.

REALIZED PRICES

	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Natural gas before physical commodity contracts (\$/mcf)	4.38	3.58	22	5.37	3.27	64
Natural gas after physical commodity contracts (\$/mcf)	3.62	2.70	34	4.12	2.64	56
Condensate before physical commodity contracts (\$/bbl)	103.71	85.25	22	115.89	76.43	52
Condensate after physical commodity contracts (\$/bbl)	105.82	65.33	62	109.37	61.04	79
NGLs (\$/bbl)	46.31	26.74	73	40.17	25.08	60
Sulphur (\$/tonne)	38.79	28.38	37	47.93	22.34	115

Pieridae's realized prices reflect the mix of spot sales and physical forward sales contracts consistent with the Company's hedging policy. In the nine months ended September 30, 2022, volumes sold under physical forward sales contracts represented 61% of production and 43% of revenue.

As at September 30, 2022, 41,967 GJ/d of fixed price natural gas contracts were in place at a weighted-average price of \$4.68/GJ over the following 13 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\$130.54/bbl; refer to note 11 of the interim financial statements for a listing of physical fixed-forward-price contracts in place as at September 30, 2022.

Pieridae is obligated to sell the majority of its sulphur production for \$6.00/tonne under a fixed-price physical sales contract which expires on December 31, 2025. During the nine months ended September 30, 2022, this contract represented 81% of sulphur volumes (83% for the nine months ended September 30, 2021). If the fixed-priced sulphur sale contracts were removed, average realized sulphur prices for the nine months ended September 30, 2022, would have been \$225.34/tonne (net of transportation and based on contracted prices that are negotiated annually).

PETROLEUM AND NATURAL GAS REVENUE

(\$ 000s except per boe)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Natural gas	60,252	47,601	27	205,279	144,278	42
Condensate	28,345	15,356	85	89,316	48,083	86
NGLs	12,256	10,169	21	45,839	27,805	65
Sulphur	4,682	3,963	18	19,575	10,041	95
Petroleum and natural gas revenue⁽¹⁾	105,535	77,089	37	360,009	230,207	56
Petroleum and natural gas revenue (\$/boe)	31.90	21.71	47	35.08	20.92	68
Third party processing and other income	7,756	4,232	83	21,651	15,200	42
Realized gain (loss) on risk management contracts	-	-	-	-	-	-
Revenue	113,291	81,321	39	381,660	245,407	56

⁽¹⁾ Petroleum and natural gas revenue includes losses on physical commodity contracts.

Trends in petroleum and natural gas revenue are primarily associated with fluctuations in production and prices the Company receives for its production. As previously described, production decreased by 7% during the third quarter of 2022 as compared to the same period in 2021, which was more than offset by a combined 47% per boe increase in realized prices, together driving an 37% increase in petroleum and natural gas revenue. Production also decreased by 7% for the nine months ended September 30, 2022, offset by a 68% per boe increase in realized prices resulting in an overall petroleum and natural gas revenue increase of 56%.

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 83% during the three months ended September 30, 2022, and 42% during the nine months ended September 30, 2022 compared to the same periods in 2021, as a result of higher underlying commodity prices and non-recurrence of the production impact of the Jumping Pound outage and Central Alberta Foothills facility turnaround in 2021.

ROYALTIES

(\$ 000s except per boe)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Royalties	20,947	6,024	248	63,505	13,718	363
Royalties (\$/boe)	6.33	1.70	272	6.19	1.25	395
Royalties as percentage of revenue (%)	19.9	7.8	154	17.6	6.0	193

Royalties during the three and nine months ended September 30, 2022, were 19.9% and 17.6% of revenue respectively, compared to 7.8% and 6.0% respectively for the same period in 2021. Higher commodity prices during 2022 had a significant impact on royalty expense. Furthermore, gas cost allowance ("GCA") deductions as a percentage of royalties have decreased as CGA deduction threshold have been maximized.

OPERATING EXPENSE

(\$ 000s except per boe)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Operating expense	57,436	52,679	9	167,691	164,769	2
Operating expense (\$/boe)	17.36	14.84	17	16.34	14.97	9
Adjusted operating expense ⁽¹⁾	46,614	45,083	3	130,290	142,449	(9)
Adjusted operating expense (\$/boe) ⁽¹⁾	14.09	12.70	11	12.70	12.94	(2)

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

Operating expense for the three and nine months ended September 30, 2022, was higher by 9% and 2% respectively on a total cost basis compared to the same period in 2021, but higher on a per boe basis due to lower volumes in 2022, again primarily driven by the reported production impact of ethane reinjection. Management continues to maintain its focus on cost containment and offsetting the impacts of inflation. Increases in operating expense are due primarily to higher power pricing and third-party processing fees, both of which are impacted by natural gas prices. A physical hedge program is in place for the majority of Pieridae's power consumption; refer to note 11 of the interim financial statements.

Adjusted operating expense, reflecting management’s view of the net operating costs of our three major sour gas processing facilities which both process third party volumes and are significantly more complex than similar sweet-gas facilities, was \$46.6 million (\$14.09/boe) for the third quarter of 2022, an increase of 11% compared to the same quarter in 2021. Adjusted operating expense on a year-to-date basis was \$130.3 million (\$12.70/boe), a decrease of 9% 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 nine months ended September 30, 2022, and 2021:

(\$ per boe)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Waterton	15.19	12.45	22	13.40	12.60	6
Jumping Pound	13.99	15.74	(11)	14.06	17.51	(20)
Central Alberta Foothills	21.53	16.66	29	20.40	15.29	33
Northern Alberta Foothills	12.35	12.55	(2)	12.60	14.20	(11)
Northeast BC	22.50	14.20	58	18.94	20.41	(7)

The following table summarizes the Company’s adjusted operating cost per boe by core area for the three and nine months ended September 30, 2022, and 2021:

(\$ per boe)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Waterton	13.19	10.82	22	10.53	10.94	(4)
Jumping Pound	9.16	12.23	(25)	9.03	13.89	(35)
Central Alberta Foothills	17.39	14.16	23	16.03	13.14	22
Northern Alberta Foothills	11.78	12.26	(4)	11.74	13.83	(15)
Northeast BC	22.50	14.20	58	18.94	20.40	(7)

TRANSPORTATION EXPENSE

(\$ 000s except per boe)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Transportation expense	4,894	4,698	4	17,186	13,680	26
Transportation expense (\$/boe)	1.48	1.32	12	1.67	1.24	35

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

GENERAL AND ADMINISTRATIVE EXPENSE

(\$ 000s except per boe)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
G&A expense	7,433	6,750	10	21,719	18,326	19
G&A expense (\$/boe)	2.25	1.90	18	2.12	1.67	27

General and administrative (“G&A”) expense increased by 10% for the quarter due primarily to higher labour costs. On a year to date basis, G&A increased by 19% 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 (\$2.5 million for the nine months ended September 30, 2021) following the suspension in 2021 of our LNG project.

FINANCE EXPENSE

(\$ 000s)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Cash portion of interest expense	3,839	3,194	20	12,309	15,622	(21)
Non-cash interest paid in kind	3,259	4,831	(33)	10,590	7,938	33
Accretion on financing costs	3,484	6,209	(44)	14,700	17,679	(17)
Interest on lease liabilities	39	49	(20)	100	141	(29)
Other charges	(119)	127	(194)	(27)	455	(106)
Accretion of decommissioning obligations	525	-	-	711	-	-
Finance expense	11,027	14,410	(23)	38,383	41,835	(8)

During the three and nine months ended September 30, 2022, finance expense decreased by 23% and 8% respectively compared to the same period in 2021 primarily due to a decrease in accretion of financing costs as a result of early repayments of long-term debt principal. Additionally on a year-to-date basis, 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 principal repayments; refer to the “Long-Term Debt” section of this MD&A.

DEPLETION AND DEPRECIATION

(\$ 000s)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Depletion and depreciation	12,770	10,634	20	40,737	32,466	25

During the three and nine months ended September 30, 2022, depletion and depreciation expense increased by 20% and 25% 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 September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Stock options	194	202	(4)	346	486	(29)
Restricted share units	173	-	-	173	-	-

The Company’s share-based compensation (“SBC”) expense is related to stock options and restricted share unit (“RSU”) incentive plans. Share based compensation is used to incentivize and retain employees and Directors and align interests with shareholders over the long term.

Each stock option entitles the holder to acquire one Pieridae common share. Pieridae’s stock option plan permits issuances of stock options to a maximum of 10% of total common shares issued and outstanding. During the quarter 1.0 million options were issued to Directors and employees at a weighted average exercise price of \$1.25 per share, however total stock option expense decreased during the nine months ended September 30, 2022, as a result of forfeitures during the period.

In August 2022, the Company implemented an RSU incentive plan. RSU awards granted vest evenly over a period of three years. Upon vesting of the RSUs, the holder receives a cash payment based on the fair value of the RSU on date of payment. RSU compensation liability is calculated using a five-day volume-weighted average share price at period end. During the quarter 4.5 million RSUs were issued to employees; 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.

Development Expense

(\$ 000s)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Development expense	-	783	-	-	4,525	-

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 nine months ended September 30, 2022, and September 30, 2021:

(\$ 000s)	Three months ended September 30			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Turnarounds	2,149	6,425	(67)	7,821	22,015	(64)
Plant and facilities	1,220	1,465	(17)	2,738	3,676	(26)
Corporate	628	398	58	973	1,100	(12)
Sustaining capital	3,997	8,288	(52)	11,532	26,791	(57)
Development projects	3,108	1,074	189	7,029	2,131	230
Seismic acquisitions	-	375	(100)	1,700	2,276	(25)
Land	111	115	(3)	228	2,281	(90)
Development capital	3,219	1,564	106	8,957	6,688	34
Capital expenditures	7,216	9,852	(27)	20,489	33,479	(39)
Abandonment	541	73	641	2,177	1,460	49
Total capital expenditures	7,757	9,925	(22)	22,666	34,939	(35)

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents

Pieridae held \$8.3 million in cash and cash equivalents and restricted cash of \$1.2 million as at September 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 \$7.5 million was drawn at September 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

January 1, 2022. For the three and nine months ended September 30, 2022, debt repayments of \$15.3 million and \$37.6 million respectively were made against the Company's senior secured term loan.

During the quarter ended September 30, 2022, amendments and waivers to the Credit Agreement associated with certain covenants and payment obligations were negotiated; refer to note 6 of the interim financial statements. As at September 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 September 30, 2022, and December 31, 2021:

(\$ 000s)	September 30, 2022	December 31, 2021
Cash and cash equivalents	8,300	26,216
Restricted cash	1,150	1,348
Accounts receivable	54,770	49,637
Prepays expenses and deposits	6,197	5,060
Inventories	2,881	2,515
Assets held for sale	15,569	-
Current assets	88,867	84,776
Accounts payable	34,464	76,221
Accrued liabilities	74,072	67,628
Current portion of decommissioning obligations	5,390	5,390
Liabilities held for sale	14,512	-
Current portion of lease liabilities	1,644	1,549
Current portion of long-term debt ⁽¹⁾	22,030	21,654
Current liabilities	152,112	172,442
Working capital (deficit)	(63,245)	(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 September 30, 2022, was \$63.2 million compared to a deficit of \$87.7 million on December 31, 2021. Working capital improved during 2022 through positive earnings as a result of strengthened realized commodity pricing. The associated decrease in accounts payable along with higher accounts receivable at September 30, 2022, were also driven by stronger commodity prices during the year. Sustained negative working capital reflects rigorous balance sheet management and debt reduction, and primarily results from timing differences between the collection of revenues on a thirty-day cycle and the offsetting buildup of accruals and accounts payable on a longer cycle due to negotiated payment terms and significant annual or longer cash conversion of certain expense types.

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 September 30, 2022, and December 31, 2021:

(\$ 000s)	September 30, 2022	December 31, 2021
Cash and cash equivalents	8,300	26,216
Less:		
current portion of long-term debt	(22,030)	(21,654)
long-term debt	(186,041)	(209,927)
Net debt	(199,771)	(205,365)
Shareholders' equity	(441)	(33,210)

SHARE CAPITAL, WARRANTS AND STOCK OPTIONS OUTSTANDING

As at September 30, 2022, the Company had 158,717,891 (December 31, 2021 - 157,645,871) common shares outstanding. As at September 30, 2022, 6,143,414 (December 31, 2021 - 7,040,465) stock options were outstanding with a weighted average exercise price of \$1.19, representing 3.9% of common shares outstanding (December 31, 2021 - 4.5%).

As at November 9, 2022, the Company had 158,797,755 common shares outstanding and 6,036,050 options outstanding at a weighted average exercise price of \$1.20.

As at September 30, 2022, and November 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 September 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	6,836	19,920	-	-	-	26,756
Repayment of long-term debt	-	227,848	-	-	-	227,848
Firm transportation	2,772	11,087	5,151	1,037	248	20,295
Total	9,608	258,855	5,151	1,037	248	274,899

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. Together, this foundation and five pillars hold up our integrated business and environment, social, and governance strategy. In October 2022, Pieridae released its 2022 ESG report.

RISK FACTORS

The Company monitors and complies with current government regulations that affect its activities, although operations may be adversely affected by changes in government policy, regulations, or taxation. In addition, Pieridae maintains a level of liability, 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 September 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 September 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 September 30		Nine months ended September 30	
	2022	2021	2022	2021
Net income (loss)	(1,573)	(14,846)	31,958	(44,451)
Depletion and depreciation	12,770	10,634	40,737	32,466
Finance expense	11,027	14,410	38,383	41,835
Development expense	-	783	-	4,525
Adjusted funds flow from operations	22,224	10,981	111,078	34,375