

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of Pieridae Energy Limited ("Pieridae", "we", "our" or the "Company") provides a review by management of the financial performance and position of the Company, as well as the trends and external factors which may impact our prospects. This MD&A has been prepared as of May 11, 2022 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three months ended March 31, 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"). 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 pages 13 and 14 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 metres	MMBtu	Million British thermal units
Mcf	Thousand cubic feet	Bbl	Barrel
GJ	Gigajoules	USD	United States Dollars

PIERIDAE'S OBJECTIVES AND STRATEGY

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

Management is excited about the current and future production growth 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 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 quarters of 2020, 2021 and 2022:

(\$ 000s unless otherwise noted)	2022		2021			2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Production								
Natural gas (mcf/day)	187,719	198,596	191,439	194,232	215,179	212,220	184,080	208,689
Condensate (bbl/day)	3,201	2,851	2,555	2,950	3,158	3,259	2,807	3,166
NGLs (bbl/day)	6,003	5,354	4,133	3,083	4,975	6,171	4,722	5,843
Sulphur (ton/day)	1,599	1,185	1,518	1,710	1,713	1,829	2,232	1,970
Total production (boe/d)	40,491	41,304	38,595	38,404	43,997	44,800	38,209	43,791
Financial								
Realized natural gas price (\$/mcf)	4.08	3.67	2.70	2.59	2.63	2.16	1.70	1.87
Benchmark natural gas price (\$/mcf)	4.75	4.69	3.59	3.11	3.16	2.67	2.14	1.98
Realized condensate price (\$/bbl)	106.13	69.71	65.33	68.08	58.40	53.48	44.67	39.94
Benchmark condensate price (\$/bbl)	122.62	100.10	70.25	64.82	59.05	56.01	38.40	35.83
Net income (loss)	10,549	4,661	(14,846)	(10,058)	(19,547)	(45,968)	(29,845)	(13,396)
Net income (loss) per share, basic	0.07	0.03	(0.09)	(0.06)	(0.12)	(0.29)	(0.19)	(0.09)
Net income (loss) per share, diluted	0.07	0.03	(0.09)	(0.06)	(0.12)	(0.29)	(0.19)	(0.09)
Net operating income (loss) ⁽¹⁾	47,295	30,845	17,920	14,444	20,876	12,829	(646)	19,301
Cashflow provided by (used in)								
operating activities	3,212	21,139	6,885	12,093	11,000	2,362	(4,541)	(2,013)
Adjusted funds flow from operations ⁽¹⁾	45,144	23,317	10,981	8,516	14,878	8,535	(6,779)	12,466
Total assets	552,781	622,540	560,782	575,690	557,696	612,651	583,942	588,415
Working capital (deficit) surplus	(64,413)	(87,665)	(52,534)	(47,862)	(28,314)	(19,615)	(9,164)	15,109
Capital expenditures	3,534	1,493	9,852	17,959	5,668	8,926	6,033	264
Development expenses	-	225	783	(4,862)	8,604	8,682	2,472	4,129

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

FIRST QUARTER 2022 OPERATIONAL AND FINANCIAL HIGHLIGHTS

Highlights for the first quarter of 2022

- Driven by strong commodity prices, Pieridae generated net operating income of \$47.3 million (netback of \$12.98/boe), adjusted funds flow from operations of \$45.1 million and net income of \$10.5 million (\$0.07 per share).
- Production averaged 40,491 boe/day and average realized natural gas price was \$4.08/mcf, reflecting the impact of fixed price natural gas forward sales contracts settled during the quarter.
- Reduced working capital deficit by \$23.2 million from December 31, 2021 driven by strong commodity prices.
- Pieridae and its lender amended their credit agreement which, among other things, temporarily waived and/or amended their requirement to have 60% of forecasted base production hedged on an 18-month rolling average basis, in order to allow the Company to take advantage of strengthening natural gas and NGL prices.

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. Subject to final approval, planning for a modest drilling program in the second half of 2022 is currently underway.

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 primarily to reflect management's current view on commodity pricing:

(\$ 000s unless otherwise noted)	2022 Guidance - Low	2022 Guidance - High
Total production (boe/d)	39,000	42,000
Net operating income ⁽¹⁾⁽²⁾	120,000	160,000
Implied Operating Netback (\$/boe) ⁽²⁾	9.00	11.00
Sustaining capital expenditures ⁽³⁾	17,000	22,000
Development capital expenditures ⁽⁴⁾	17,000	25,000

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

⁽²⁾ 2022 outlook assumes average 2022 AECO price of \$4.96/mcf and average 2022 WTI price of USD\$88.09/bbl and accounts for fixed price forward commodity sales contracts as of March 31, 2022.

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

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

NET OPERATING INCOME

(\$ 000s)	Three months ended March 31		
	2022	2021	% Change
Total revenue	129,770	87,569	48
Royalties	(19,132)	(3,822)	401
Operating	(57,292)	(58,220)	(2)
Transportation	(6,051)	(4,651)	30
Net Operating Income ⁽¹⁾	47,295	20,876	127

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

NETBACK PER BOE

	Three months ended March 31		
	2022	2021	% Change
Total revenue	35.61	22.11	61
Royalties	(5.25)	(0.97)	444
Operating	(15.72)	(14.70)	7
Transportation	(1.66)	(1.17)	41
Netback (\$/boe) ⁽¹⁾	12.98	5.27	146

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

NET OPERATING INCOME SENSITIVITY ANALYSIS

	Three months ended March 2022 ⁽¹⁾	% Change	Impact on Net Operating Income	
			Impact (\$000)	Impact %
Business Environment ^{(1) (2)}				
WTI price (US\$/bbl) ⁽³⁾	94.77	10%	3,234	7%
AECO price (\$/mcf)	4.75	10%	2,748	6%
Sulphur price (\$/ton)	386.08	10%	501	1%
US\$/C\$ exchange rate ⁽⁴⁾	0.79	1%	2,970	6%
Operational ^{(1) (5)}				
NGL & condensate production (bbl/d)	9,204	10%	3,364	7%
Natural gas production (mcf/d)	187,719	10%	4,615	10%
Sulphur production (ton/d)	1,599	10%	2,503	5%
Royalty burden	15.51%	1%	1,234	3%
Operating expense (\$/boe)	15.72	10%	5,729	12%

⁽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 months ended March 31, 2022, and the calculated impact on Net Operating Income would only be applicable within a limited range of these amounts.

PRODUCTION

	Three months ended March 31		
	2022	2021	% Change
Natural gas (mcf/day)	187,719	215,179	(13)
Condensate (bbl/day)	3,201	3,158	1
NGLs (bbl/day)	6,003	4,975	21
Sulphur (ton/day) ⁽¹⁾	1,599	1,719	(7)
Total production (boe/day) ⁽¹⁾	40,491	43,997	(8)

⁽¹⁾ Total production excludes sulphur.

Production in the first quarter of 2022 decreased 8% compared to the same quarter in 2021 due to temporary shut-in of production in Central Alberta due to a third party commercial dispute which was subsequently resolved and unplanned maintenance downtime at the Waterton and Jumping Pound facilities. First quarter 2022 production compared to the fourth quarter of 2021 was relatively consistent.

PRODUCTION BY AREA

The following tables summarizes the Company's production by core area for the three months ended March 31, 2022 and 2021:

	Three months ended March 31, 2022				
	Total (boe/d)	Natural Gas (mcf/d)	Condensate (bbl/d)	NGLs (bbl/d)	Sulphur (ton/d)
Waterton	11,531	40,952	1,689	3,017	662
Jumping Pound	7,963	36,169	535	1,399	212
Central Alberta Foothills	16,225	82,324	929	1,575	715
Northern Alberta Foothills	2,615	15,575	7	12	10
Northeast BC	2,157	12,699	41	-	-
Total	40,491	187,719	3,201	6,003	1,599

	Three months ended March 31, 2021				
	Total (boe/d)	Natural Gas (mcf/d)	Condensate (bbl/d)	NGLs (bbl/d)	Sulphur (ton/d)
Waterton	12,338	50,556	1,586	2,326	703
Jumping Pound	8,490	40,677	607	1,103	214
Central Alberta Foothills	18,064	93,562	930	1,540	785
Northern Alberta Foothills	2,763	16,495	8	6	11
Northeast BC	2,342	13,889	27	-	-
Total	43,997	215,179	3,158	4,975	1,713

BENCHMARK PRICES

	Three months ended March 31		
	2022	2021	% Change
AECO 5A benchmark price (\$/mcf)	4.75	3.14	51
West Texas Intermediate crude oil (USD/bbl)	94.77	57.82	64
Condensate benchmark price (\$/bbl)	122.62	74.60	64
Sulphur (\$/ton)	386.08	187.96	105
US/Canadian dollar average exchange rate (USD)	0.7898	0.7899	-

Energy markets have seen a drastic change in fundamentals between 2021 and 2022. The reopening of many economies increased demand for all forms of energy in late 2021 and early 2022. At the same time, various ESG and government policies have further contributed to supply-demand imbalances worldwide. These supply-demand imbalances have led to much higher prices and higher price volatility in North America and the rest of the world.

The AECO monthly natural gas price index increased 51% in the first quarter of 2022 compared to 2021. In global markets, low inventory levels and supply disruptions pushed prices to record highs. These conditions are forecasted to persist throughout the remainder of 2022 and into 2023.

Average North American crude oil prices increased 64% in the first quarter of 2022 compared to the first quarter of 2021 based upon WTI futures pricing. Global oil demand has almost fully recovered to pre-pandemic levels, while oil supply has suffered from the same conditions affecting natural gas. Geo-political events such as the Russia/ Ukraine war continue to contribute to volatility and uncertainty in the global demand for oil in 2022.

Canadian condensate differentials to WTI strengthened due to typical seasonal factors. Strong oil sands production and competition for imported supply continued to strengthen the value of condensate relative to WTI. The recent commencement of service on Enbridge's Line 3 Expansion Project has provided significant incremental egress capacity to accommodate growing Canadian crude oil production.

Global sulphur production has experienced the same conditions affecting the oil markets. As a result, prices climbed significantly into the first quarter of 2022. Russian sanctions are also expected to keep supply tight for the foreseeable future.

REALIZED PRICES

	Three months ended March 31		
	2022	2021	% Change
Natural gas (\$/mcf)	4.08	2.63	55
Condensate (\$/bbl)	106.13	58.40	82
NGLs (\$/bbl)	31.93	25.22	27
Sulphur (\$/ton)	45.96	19.39	137

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. As at March 31, 2022, 68,596 GJ/d of fixed price natural gas contracts were in place at a weighted-average price of \$2.64/GJ over a term of 12 months, and physical fixed-price forward condensate sales contracts (C\$WTI basis) were in place averaging 553 bbl/d for the balance of 2022 at an average price of C\$108.02/bbl. Subsequent to March 31, 2022, Pieridae added an additional condensate forward sales contract (C\$WTI basis) for 500 bbl/d at C\$123.59 for July to December 2022.

In the first quarter of 2022, volumes sold under physical forward sales contracts represented 51% of total production and 37% of total revenue. If losses on physical forward sale contracts were removed, the Company's average realized natural gas prices for the three months

ended March 31, 2022, would have been \$4.66/mcf as compared to the AECO 5A benchmark of \$4.75/mcf. If losses on physical forward sale contracts were removed, average realized condensate prices for the three months ended March 31, 2022, would have been \$112.10/bbl as compared to the condensate benchmark prices of \$122.62/bbl.

Pieridae is obligated to sell the majority of its sulphur production for \$6.10/ton under a fixed-price physical sales contract which expires on December 31, 2025. During the three months ended March 31, 2022, this contract represented 79% of total sulphur sales (86% for the three months ended March 31, 2021). If the fixed-priced sulphur sale contracts were removed, average realized sulphur prices for the three months ended March 31, 2022, would have been \$178.31/ton (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 March 31		
	2022	2021	% Change
Natural gas	68,943	50,839	36
Condensate	30,579	16,600	84
NGLs	17,250	11,293	53
Sulphur	6,616	2,989	121
Petroleum and natural gas revenue	123,388	81,721	51
Petroleum and natural gas revenue (\$/boe)	33.86	20.64	64
Third party processing and other income	6,382	5,848	9
Total revenue	129,770	87,569	48

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 8% during the first quarter of 2022 as compared to the same period in 2021, which was more than offset by increases in realized prices during the quarter, together driving a 51% increase in petroleum and natural gas revenue.

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 9% during the three months ended March 31, 2022 compared to the same period in 2021, as a result of increased throughput at the Shantz sulphur handling facility.

ROYALTIES

(\$ 000s except per boe)	Three months ended March 31		
	2022	2021	% Change
Royalties	19,132	3,822	401
Royalties (\$/boe)	5.25	0.97	441
Royalties as percentage of revenue (%)	15.5	4.7	230

Royalties in the first quarter of 2022 were 15.5% of revenue compared to 4.7% of revenue the same quarter in 2021. Increased commodity prices during the quarter had a significant impact on royalty expense. Furthermore, gas cost allowance thresholds have been exceeded leading to decreased royalty deductions.

OPERATING EXPENSE

(\$ 000s except per boe)	Three months ended March 31		
	2022	2021	% Change
Operating expense	57,292	58,220	(2)
Operating expense (\$/boe)	15.72	14.70	7

Operating expense in the first quarter of 2022 was slightly lower on a total cost basis compared to the first quarter of 2021, but slightly higher on a per boe basis as a result of lower volumes and Pieridae's high fixed-cost ratio of total operating expense.

The following tables summarize the Company's operating cost per boe by core area for the three months ended March 31, 2022, and 2021:

	Three months ended March 31		
	2022	2021	% Change
Waterton	12.67	12.52	1
Jumping Pound	15.84	16.34	(3)
Central Alberta Foothills	18.41	14.05	31
Northern Alberta Foothills	13.18	21.55	(39)
Northeast BC	14.50	17.05	(15)

TRANSPORTATION EXPENSE

(\$ 000s except per boe)	Three months ended March 31		
	2022	2021	% Change
Transportation expense	6,051	4,651	30
Transportation expense (\$/boe)	1.66	1.07	41

The increase in transportation cost during the three months ended March 31, 2022, is 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 March 31		
	2022	2021	% Change
G&A expense	7,075	5,936	19
G&A expense (\$/boe) – Total	1.94	1.50	19

General and administrative ("G&A") expense increased by 19% during the three months ended March 31, 2022 as compared to the same period in 2021 as reallocation of G&A costs to the LNG segment development expense was no longer possible following the suspension of our LNG project.

FINANCE EXPENSE

(\$ 000s)	Three months ended March 31		
	2022	2021	% Change
Interest expense	4,211	6,139	(31)
Non-cash interest paid in kind	3,684	1,539	139
Accretion of financing costs	6,421	5,526	16
Interest on lease liabilities	30	45	(33)
Other charges	94	259	(64)
Total finance expense	14,440	13,508	7

During the three months ended March 31, 2022, there was an increase in the non-cash interest expense paid in kind of \$2.1 million and accretion of financing costs of \$0.9 million partially offset by a decrease in cash interest expense of \$1.9 million. Pieridae's senior secured credit agreement was amended effective March 31, 2022 and December 31, 2021. Refer to note 6 of the interim financial statements.

DEPLETION AND DEPRECIATION

(\$ 000s)	Three months ended March 31		
	2022	2021	% Change
Depletion and depreciation	15,155	12,313	23

During the first quarter of 2022 depletion and depreciation expense increased by 23% compared to the same period in 2021 due to an increase in the depletable base, which arose primarily from higher future development costs within the Company's total proved and probable reserve value.

IMPAIRMENT

As at March 31, 2022 and December 31, 2021, the Company did not identify any indicators of impairment or impairment reversals for the Company's upstream CGU assets, therefore no impairment tests were performed. Additionally, no indicators of impairment were noted on the Company's exploration, and evaluation assets, or right of use assets at March 31, 2022 and December 31, 2021.

CAPITAL EXPENDITURES

The following tables summarizes the Company's capital expenditures for the three months ended March 31, 2022, and March 31, 2021:

(\$ 000s)	Three months ended March 31		
	2022	2021	% Change
Seismic	1,125	1,000	13
Development	673	458	47
Plant and facilities	1,348	398	239
Turnarounds	99	1,273	(92)
Land	85	2,064	(96)
Corporate	204	475	(57)
Capital expenditures	3,534	5,668	(38)
Abandonment	1,138	2,537	(55)
Total expenditures	4,672	8,205	(43)

SHARE-BASED COMPENSATION

(\$ 000s)	Three months ended March 31		
	2022	2021	% Change
Share-based compensation	79	154	(49)

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 months ended March 31, 2022, as a result of forfeitures during this period.

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.

As previously disclosed, a condition of the Uniper contract is 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.

During the first quarter, management continued to pursue conversations and opportunities related to the LNG development project. Certain conditions and agreements are necessary to be in place prior to Pieridae being able to commit significant resources towards resumption of a LNG project.

DEVELOPMENT EXPENSE

(\$ 000s)	Three months ended March 31		
	2022	2021	% Change
Development expense	-	8,604	(100)

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

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents

Pieridae held \$22.7 million in cash and cash equivalents and restricted cash of \$1.3 million as at March 31, 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 million in June 2021. 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 March 31, 2022.

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.

During the quarter, 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 March 31, 2022, the Company was in compliance with, or had obtained the required waivers for, all covenants of the loan. In April 2022, the Company made principal payments of \$6.7 million.

Working Capital and Capital Strategy

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

(\$ 000s)	March 31, 2022	December 31, 2021
Cash and cash equivalents	22,748	26,216
Restricted cash	1,348	1,348
Accounts receivable	58,105	49,637
Prepays expenses and deposits	4,534	5,060
Inventories	2,359	2,515
Total current assets	89,094	84,776
Accounts payable	47,249	74,707
Accrued liabilities	72,906	67,628
Current portion of decommissioning obligations	5,390	5,390
Current portion of lease liabilities	1,513	1,549
Other amounts payable	1,514	1,514
Current portion of long-term debt ⁽¹⁾	24,935	21,654
Total current liabilities	153,507	172,442
Working capital (deficit)	(64,413)	(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 March 31, 2022, was \$64.4 million compared to a deficit of \$87.7 million at December 31, 2021. Working capital improved during the first quarter of 2022 through positive earnings as a result of strengthened of commodity pricing partially offset by the impact of Pieridae's forward fixed-priced commodity sales contracts. The associated decreases in both accounts payable and accrued liabilities along with higher accounts receivable at March 31, 2022, were also driven by stronger commodity prices in the quarter.

Management monitors working capital on a continuous basis. The working capital deficit is anticipated to continue to climb toward a sustainable ratio during the first half of 2022. Management is focused 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 March 31, 2022, and December 31, 2021:

(\$ 000s)	March 31, 2022	December 31, 2021
Cash and cash equivalents	22,748	26,216
Less:		
current portion of long-term debt	(24,935)	(21,654)
long-term debt	(213,332)	(209,927)
Net debt	(215,519)	(205,365)
Shareholders' equity	(22,468)	(33,210)

SHARE CAPITAL, WARRANTS AND STOCK OPTIONS OUTSTANDING

As at March 31, 2022, the Company had 157,681,871 (December 31, 2021 - 157,645,871) common shares outstanding. As at March 31, 2022, 6,902,465 (December 31, 2021 - 7,040,465) stock options were outstanding with a weighted average exercise price of \$1.28, representing 4.4% of common shares outstanding (December 31, 2021 - 4.5%).

As at May 11, 2022, the Company had 157,707,632 common shares outstanding and 6,863,779 options outstanding at a weighted average exercise price of \$1.28.

As at March 31, 2022, and May 11, 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 March 31, 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	12,415	13,399	-	-	-	25,814
Repayment of long-term debt	24,935	262,421	-	-	-	287,356
Firm transportation	5,007	2,656	646	571	137	9,017
Total	42,357	278,476	646	571	137	322,187

Provisions and Contingencies

In November 2020, the Company settled a commercial dispute which resulted in the recognition of a total liability of \$14.4 million to be settled \$3.0 million up front and the remainder over 33 months. At March 31, 2022, the balance of \$6.2 million was classified as \$2.1 million in long term and \$4.1 million in current liabilities within accounts payable and accrued liabilities. Refer to note 13 of the interim financial statements for additional information.

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

Off Balance Sheet Transactions

The Company does not have any financial arrangements that are excluded from the interim financial statements, nor are any such arrangements outstanding as of the date 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 ESG Report. Toward developing this inaugural report, the Company formalized an ESG policy and a framework for integrating ESG into business strategy and decision making, including the formation of a new Board committee to oversee ESG and governance, establishing a senior management committee to bring ESG strategy and reporting to the next level, and completing a current state assessment and strategic roadmap, all enveloped in an ESG vision statement that will help guide the Company’s ESG efforts. Refer to the Company’s website for this inaugural 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
Reputation Risk
Estimates and Assumptions
Forward-Looking Statements and Information May Prove Inaccurate
Risks Related to Pieridae's Common Shares
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 March 31, 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 March 31, 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.

Net Operating Income

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.

(\$ 000s)	Three months ended	
	March 31	
	2022	2021
Total revenue	129,770	87,569
Royalties	(19,132)	(3,822)
Operating expense	(57,292)	(58,220)
Transportation expense	(6,051)	(4,651)
Net operating income	47,295	20,876

Operating Netback

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.

(\$ per boe)	Three months ended	
	March 31	
	2022	2021
Total revenue	35.61	22.11
Royalties	(5.25)	(0.97)
Operating expense	(15.72)	(14.70)
Transportation expense	(1.66)	(1.17)
Operating netback (\$/boe)	12.98	5.27

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 financial income and expense (where financial income and expense excludes accretion of decommissioning obligations) and depletion plus depreciation. Development expenses are also added back to better focus the metric on the Company's upstream operational performance.

(\$ 000s)	Three months ended	
	March 31	
	2022	2021
Net income (loss)	10,549	(19,547)
Development expense	-	8,604
Finance expense	14,440	13,508
Depletion and depreciation	15,155	12,313
Adjusted funds flow from operations	45,144	14,878