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 March 21, 2023, and should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes for the years ended December 31, 2022, and 2021 (the "consolidated financial statements"). The consolidated 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"). 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.

Condensate is a natural gas liquid as defined by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. Throughout this MD&A, 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, net debt, adjusted operating expense, adjusted working capital and funds flow from operations ("FFO"). 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. Refer to "non-GAAP measures" contained within 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 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 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 company headquartered in Calgary, Alberta. Through several corporate and asset acquisitions the Company has 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 Pieridae's opportunities and prospects within our existing asset base in the Canadian Foothills; during the past year Pieridae has strategically refocused on sustaining and growing its upstream exploration and production ("E&P") and midstream business. 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 opportunities to diversify market access for the products we produce.

Management continues to take a strategic approach to growth and capital allocation to leverage the long-term nature of our 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, are fundamental to the Company's strategic vision.

ANNUAL HIGHLIGHTS

($ 000s unless otherwise noted)	2022	2021	2020
Production			
Natural gas (mcf/d)	181,677	199,793	201,040
Condensate (bbl/d)	2,860	2,877	3,020
NGLs (bbl/d)	3,729	4,386	5,473
Sulphur (tonne/d)	1,459	1,530	1,985
Total production (boe/d) (1)	36,868	40,562	42,000
Reserves			
Net proved plus probable ("2P") reserves NPV10 (2)	1,525,930	1,002,134	976,147
Financial			
Realized natural gas price before physical commodity contracts ($/mcf)	5.30	3.60	2.25
Realized natural gas price after physical commodity contracts ($/mcf)	4.40	2.90	2.00
Benchmark natural gas price ($/mcf)	5.36	3.63	2.26
Realized condensate price before physical commodity contracts ($/bbl)	114.66	80.24	37.54
Realized condensate price after physical commodity contracts ($/bbl)	111.18	63.21	51.24
Benchmark condensate price ($/bbl)	121.46	85.95	50.17
Net income (loss)	146,620	(39,790)	(100,693)
Net income (loss) $ per share basic	0.93	(0.25)	(0.64)
Net income (loss) $ per share diluted	0.91	(0.25)	(0.64)
Net operating income (3)	200,989	84,085	50,723
Cashflow provided by operating activities	88,167	51,117	2,234
Funds flow from operations (3)	153,679	20,284	7,374
Total assets	615,477	622,540	612,651
Adjusted working capital deficit (4)	(11,249)	(61,588)	(37,031)
Net debt (3)	(214,503)	(293,169)	(256,586)
Capital expenditures	39,526	34,972	17,243
Development expenses (Goldboro LNG project)	(4,514)	4,750	18,742

(1) Total production excludes sulphur.

(2) Estimated pre-tax net present value of discounted cash flows from reserves using a 10% discount rate.

(3) Refer to the "Net Operation Income", "Capital Resources" and "non-GAAP measures" sections of this MD&A for reference to non-GAAP measures.

(4) Adjusted working capital is a non-GAAP measure and is calculated as accounts payable and accrued liabilities, less cash and cash equivalents, restricted cash, accounts receivable, prepaids and deposits.

QUARTERLY HIGHLIGHTS

The tables below provide a summary of the consolidated financial results for the quarters of 2022 and 2021:

	2022				2021			
($ 000s unless otherwise noted)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Production								
Natural gas (mcf/d)	179,143	181,030	178,918	187,719	198,596	191,439	194,232	215,179
Condensate (bbl/d)	2,469	2,911	2,864	3,201	2,851	2,555	2,950	3,158
NGLs (bbl/d)	2,389	2,876	3,695	6,003	5,354	4,133	3,083	4,975
Sulphur (tonne/d)	1,348	1,312	1,555	1,625	1,185	1,518	1,710	1,713
Total production (boe/d)	34,715	35,959	36,378	40,491	41,304	38,595	38,404	43,997
Financial								
Realized natural gas price before physical commodity contracts $/mcf)	5.08	4.38	7.13	4.66	4.62	3.58	3.10	3.12
Realized natural gas price after physical commodity contracts ($/mcf)	5.24	3.62	4.67	4.08	3.67	2.70	2.59	2.63
Benchmark natural gas price ($/mcf)	5.20	4.28	7.22	4.75	4.69	3.59	3.11	3.16
Realized condensate price before physical commodity contracts ($/bbl)	110.24	103.71	132.60	112.09	91.69	85.25	76.72	68.85
Realized condensate price after physical commodity contracts ($/bbl)	117.67	105.82	116.61	106.13	69.71	65.33	68.08	58.40
Benchmark condensate price ($/bbl)	115.24	115.66	132.49	122.62	100.10	70.25	64.82	59.05
Net income (loss)	114,662	(1,573)	22,982	10,549	4,661	(14,846)	(10,058)	(19,547)
Net income (loss) $ per share, basic	0.72	(0.01)	0.15	0.07	0.03	(0.09)	(0.06)	(0.12)
Net income (loss) $ per share, diluted	0.70	(0.01)	0.14	0.07	0.03	(0.09)	(0.06)	(0.12)
Net operating income [(1)]	67,711	30,014	55,969	47,295	30,845	17,920	14,444	20,876
Cashflow provided by operating activities	40,134	9,899	34,922	3,212	21,139	6,885	12,093	11,000
Funds flow from operations [(1)]	57,641	17,721	43,462	34,855	12,408	6,780	(6,366)	7,462
Total assets	615,477	473,642	499,580	552,781	622,540	560,782	575,690	557,696
Adjusted working capital deficit [(2)]	(11,249)	(46,419)	(28,892)	(34,934)	(61,588)	(71,161)	(65,977)	(46,033)
Net debt [(1)]	(214,503)	(254,489)	(248,967)	(273,201)	(293,169)	(314,184)	(298,360)	(270,904)
Capital expenditures	19,037	7,216	9,739	3,534	1,493	9,852	17,959	5,668
Development expenses (LNG project)	(4,514)	-	-	-	225	783	(4,862)	8,604

(1) Refer to the "Net Operation Income", "Capital Resources" and "non-GAAP measures" sections of this MD&A for reference to non-GAAP measures.
(2) Adjusted working capital is a non-GAAP measure and is calculated as accounts payable and accrued liabilities, less cash and cash equivalents, restricted cash, accounts receivable, prepaids and deposits.

2022 OPERATIONAL AND FINANCIAL HIGHLIGHTS

During 2022, the Company generated NOI of $201.0 million and FFO of $153.7 million compared to $84.1 million and $20.3 million respectively during 2021. Higher realized prices for natural gas, NGLs and condensate contributed significantly to higher cashflows, partially offset by increased royalties and lower production. During 2022, Pieridae repaid $48.3 million of senior secured term debt ("term debt") (including the net impact of interest paid in kind "PIK") and improved our adjusted working capital deficit by $50.3 million.

The following events impacted our business, operations, cash flows and net income (loss) during the past four quarters.

First quarter of 2022

- Production averaged 40,491 boe/d 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 $26.7 million driven by strong commodity prices.
- PIK interest resulted in a net $0.5 million increase in term debt.

Second quarter of 2022

- Production averaged 36,378 boe/d and average realized natural gas price was $4.67/mcf.
- Production declined as compared to the first quarter due to planned turnarounds in May and June at non-operated processing facilities in Central Alberta (3,300 boe/d impact during the quarter), and periodic reinjection of liquid ethane back into the gas sales stream (1,900 bbl/d impact during the quarter).
- Pieridae reached an agreement in June 2022 to dispose of our entire portfolio of non-core oil and gas properties in northeast British Columbia ("NEBC portfolio") for $1.2 million in cash and either a 10% gross overriding royalty interest in certain lands

included in the package or a $6.5 million cash payment, at the option of the purchaser. In March 2023 the purchaser failed to meet the required closing conditions, following multiple extensions. The Company has retained the purchaser's non-refundable deposit of $4.2 million and will continue to classify the NEBC portfolio as held for sale.
- Repaid $22.8 million of term debt, including the net impact of PIK.

Third quarter of 2022

- Production averaged 35,959 boe/d and average realized natural gas price was $3.62/mcf.
- Production declined compared to the second quarter as a result of continued reinjection of liquid ethane back into the gas sales stream (approximately 700 bbl/d impact during the quarter), now expected to be a permanent change, in addition to a pipeline washout in the Limestone field (1,400 boe/d impact), short term shut-ins due to low AECO price and other maintenance (530 boe/d impact), offset by resumed production from the non-operated turnarounds performed in the second quarter.
- Repaid $15.3 million of term debt, including the net impact of PIK.

Fourth quarter of 2022

- Production averaged 34,715 boe/d and average realized natural gas price was $5.24/mcf.
- Production declined compared to the third quarter due to an unplanned outage at our Caroline gas processing facility in Central Alberta (1,300 boe/d impact during the quarter) and small field outages associated with cold weather predominantly in Waterton (1,200 boe/d impact), partially offset by production resumptions following maintenance activities during the third quarter.
- Third party processing and other income reflected a one-time $4.5 million compensation associated with ethane reinjection.
- Repaid $10.7 million of term debt, including the net impact of PIK.
- Released our second annual ESG report.

In February 2023, Pieridae successfully completed its first Brown Creek well (6-35). This well was completed and temporarily tied-in to existing production infrastructure in March 2023 and is currently being flow-tested with production sold into the TC Energy NGTL sales gas system. After flowing continuously for 90.5 hours on test, this 100% working interest well was producing sweet natural gas through 60.3mm production tubing at a downhole-choked flow rate of 6.8 MMcf/d and a restricted flowing wellhead tubing pressure of 11.1MPa (corresponding shut-in casing pressure of 17.1 MPa). At the conclusion of the anticipated seven day flow test, the well will be shut-in for an extended pressure build-up, during which the well will be permanently tied-in to the existing on-lease gas gathering system. Drilling also commenced on a second Brown Creek well in February 2023, with completion expected by April 2023.

Pieridae continues to focus on the safety of workers on our sites, executing a wide range of projects without serious injury to personnel. The total recordable injury frequency ("TRIF") for 2022 is 0.38 as compared to 0.26 in 2021.

2022 GUIDANCE IN REVIEW

Pieridae's 2022 guidance evolution was as follows:

	2022 Actual Results	2022 Guidance – November		2022 Guidance - August		2022 Guidance - May	
($ 000s unless otherwise noted)		Low	High	Low	High	Low	High
Production (boe/d)	36,868	37,500	39,500	37,500	39,500	39,000	42,000
Net operating income (1)	200,989	160,000	180,000	150,000	180,000	120,000	160,000
Operating netback ($/boe) (1)	14.94	12.00	14.00	12.00	14.00	9.00	11.00
Sustaining capital expenditures (2)	16,017	17,000	22,000	17,000	22,000	17,000	22,000
Development capital expenditures (3)	23,418	20,000	25,000	25,000	30,000	17,000	25,000

(1) Refer to the "Net Operating Income" section of this MD&A for reference to non-GAAP measures.
(2) Comprised of facility maintenance and turnaround capital expenditures.
(3) Comprised of seismic, development and land capital expenditures.

Pieridae exceeded projected NOI and operating netback guidance for 2022 as result of stronger than anticipated commodity prices and lower operating expenses, which more than offset production coming in slightly below the guidance range. Production guidance was revised down mid-year to reflect the requirement to reinject ethane into the sales gas stream at our Jumping Pound and Waterton facilities due to the lack of liquid ethane demand and to account for year-to-date unplanned downtime related primarily to weather and outages at third party facilities. The 2022 actual production results were further impacted during fourth quarter by an unplanned outage at the Caroline gas plant. Sustaining capital expenditures were slightly below the guidance range reflecting ongoing cost discipline during the year, while development optimization and drilling capital expenditures were within the expected range for 2022.

2023 OUTLOOK

Pieridae's Board of Directors approved the 2023 budget in November 2022. Pieridae's near-term priority is to continue to strengthen its balance sheet while safely sustaining production, implementing cost control across its operations and administration, and executing accretive non-core asset dispositions and related commercial optimization activities.

Pieridae released its initial 2023 outlook on December 14, 2022. Since that time, forward natural gas prices have continued to experience downward pressure. Management has adjusted the 2023 development and sustaining capital expenditure plans to ensure capital and operating flexibility are maximized during the year. Pieridae's revised 2023 outlook is as follows:

($ 000s unless otherwise noted)	2022 Actual Results	2023 Guidance – Current	2023 Guidance – December
Total production (boe/d)	36,868	37,000 – 39,000	37,000 – 39,000
Net operating income [(1)(2)]	200,989	120,000 – 150,000	170,000 – 200,000
Operating Netback ($/boe) [(2)]	14.94	9.00 – 11.00	12.00 – 14.00
Sustaining capital expenditures [(3)]	16,017	15,000 – 20,000	50,000 – 55,000
Development capital expenditures [(4)]	23,418	15,000 – 20,000	15,000 – 20,000

(1) Refer to the "Net Operating Income" section of this MD&A for reference to non-GAAP measures.

(2) 2023 outlook assumes average 2023 AECO price of $2.85/GJ and average 2023 WTI price of USD$74.75/bbl and accounts for fixed price forward commodity sales contracts as of Feb 28, 2023.

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

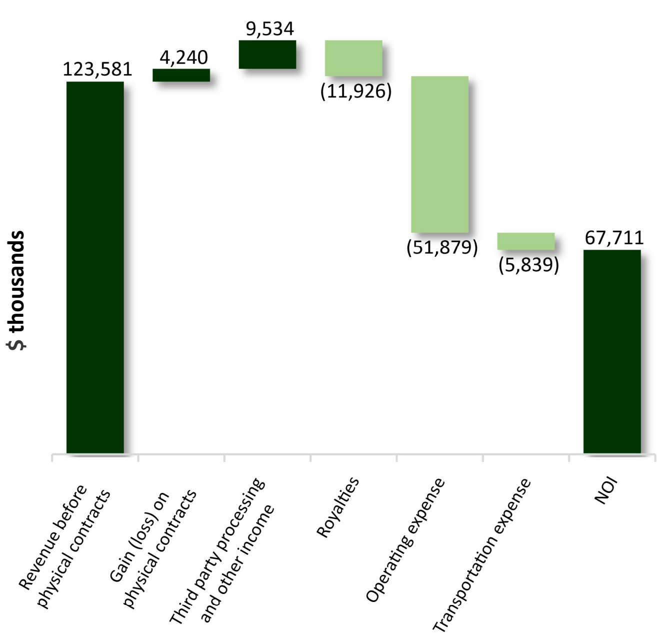
(4) Comprised of seismic, development and land capital expenditures.

NET OPERATING INCOME

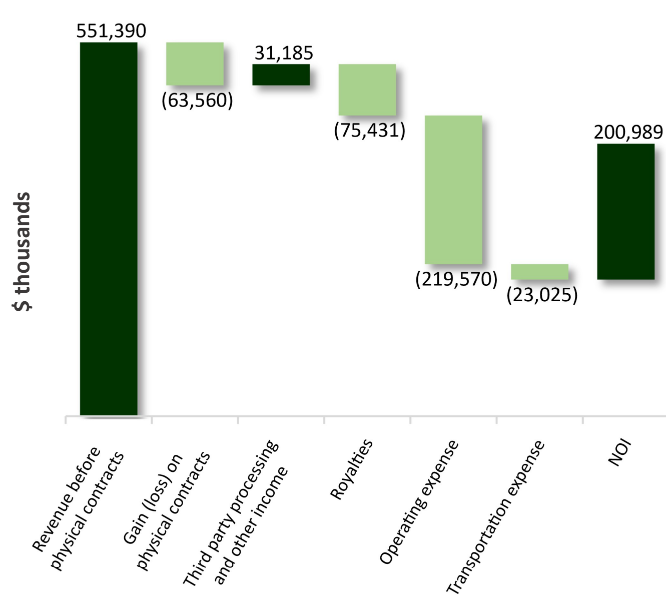
	Three months ended December 31			Year ended December 31		
($ 000s)	2022	2021	% Change	2022	2021	% Change
Revenue before physical commodity contracts	123,581	127,414	(3)	551,390	403,925	37
Gain (loss) on physical commodity contracts	4,240	(22,966)	118	(63,560)	(69,270)	(8)
Third party processing and other income	9,534	3,355	184	31,185	18,555	68
Revenue	137,355	107,803	27	519,015	353,210	47
Royalties	(11,926)	(17,687)	(33)	(75,431)	(31,405)	140
Operating	(51,879)	(53,862)	(4)	(219,570)	(218,631)	-
Transportation	(5,839)	(5,409)	8	(23,025)	(19,089)	21
Net Operating Income [(1)]	**67,711**	**30,845**	**120**	**200,989**	**84,085**	**139**

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

Net Operating Income
Three Months Ended December 31, 2022



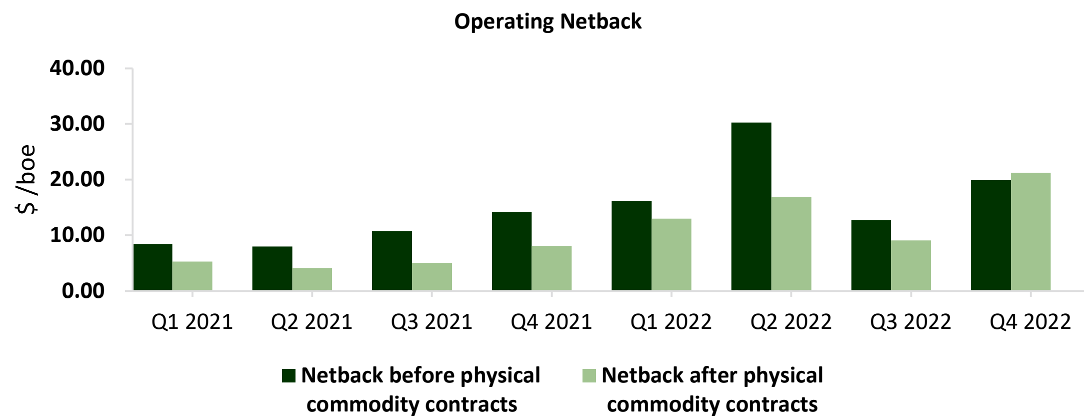
Net Operating Income
Year Ended December 31, 2022



OPERATING NETBACK PER BOE

	Three months ended December 31			Year ended December 31		
($ per boe)	**2022**	**2021**	**% Change**	**2022**	**2021**	**% Change**
Revenue before physical commodity contracts	38.69	33.53	15	40.98	27.28	50
Gain (loss) on physical commodity contracts	1.33	(6.04)	122	(4.72)	(4.67)	1
Third party processing and other income	2.99	0.88	240	2.32	1.25	86
Revenue	43.01	28.37	52	38.58	23.86	62
Royalties	(3.73)	(4.65)	(20)	(5.61)	(2.12)	165
Operating	(16.24)	(14.17)	15	(16.32)	(14.77)	10
Transportation	(1.83)	(1.42)	29	(1.71)	(1.29)	33
Netback ($/boe) (1)	**21.21**	**8.13**	**161**	**14.94**	**5.68**	**163**

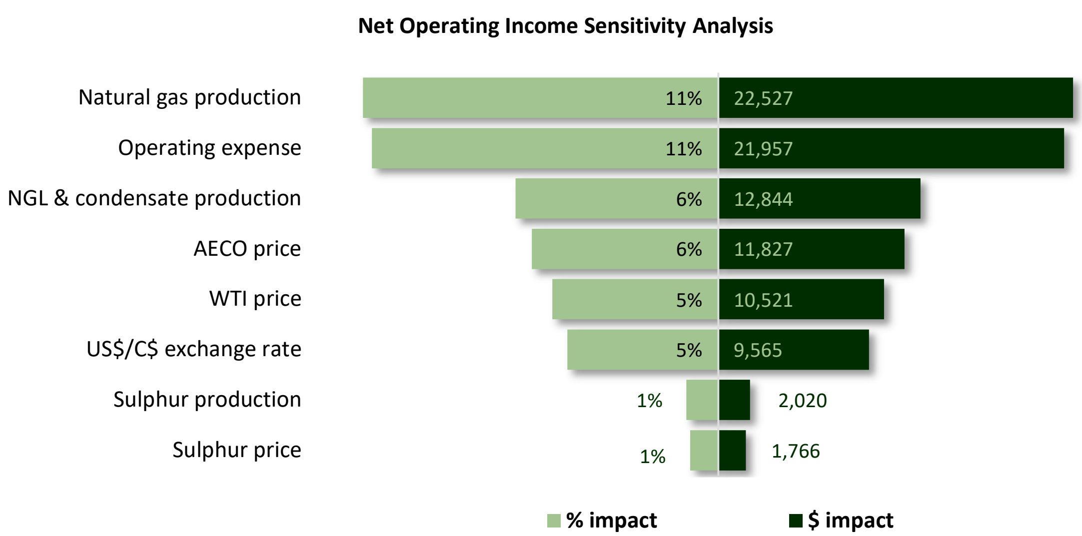
(1) Netback per boe is a "non-GAAP measure". Management considers operating netback an important measure to evaluate the Company's operational performance as it demonstrates Pieridae's field level profitability relative to current commodity prices. Operating netback equals revenue less royalties, operating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



NET OPERATING INCOME SENSITIVITY ANALYSIS

	Three months ended December 31				Year ended December 31			
	2022	% Change	$ Impact	% Impact	2022	% Change	$ Impact	% Impact
Business Environment [1] [2]								
WTI price (US$/bbl) [3]	82.65	10%	2,282	3%	94.59	10%	10,521	5%
AECO price ($/mcf)	5.20	10%	2,202	3%	5.36	10%	11,827	6%
Sulphur price ($/tonne)	188.95	10%	322	0%	344.42	10%	1,766	1%
US$/C$ average exchange rate [4]	0.7365	10%	2,074	3%	0.7865	10%	9,565	5%
Operational [1] [5] [6]								
NGL & condensate production (bbl/d)	4,858	10%	2,927	4%	6,589	10%	12,844	6%
Natural gas production (mcf/d)	179,143	10%	5,811	9%	181,677	10%	22,527	11%
Sulphur production (tonne/d)	1,348	10%	392	1%	1,459	10%	2,020	1%
Royalty burden	9.3%	1%	1,278	2%	15.5%	1%	4,878	2%
Operating expense ($/boe)	16.24	10%	5,188	8%	16.32	10%	21,957	11%

[1] Calculations are performed independently and may not be indicative of actual results that would occur when multiple variables change simultaneously.
[2] The indicative impact on NOI 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] Includes the impact of physical commodity hedges that were in place during the period.
[6] Operational assumptions are based upon the results for the three and twelve months ended December 31, 2022, and the calculated impact NOI would only be applicable within a limited range of these amounts.



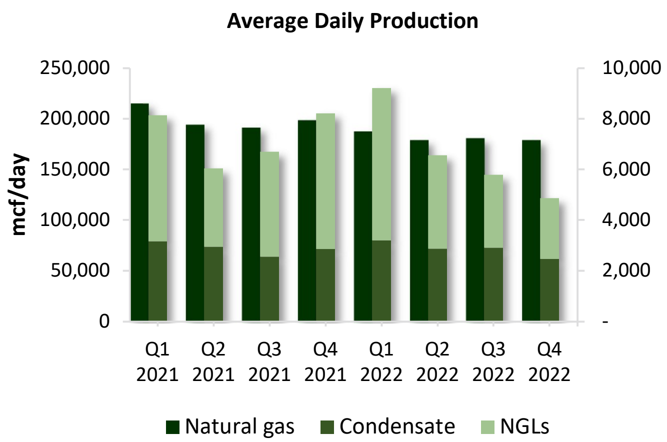
PRODUCTION

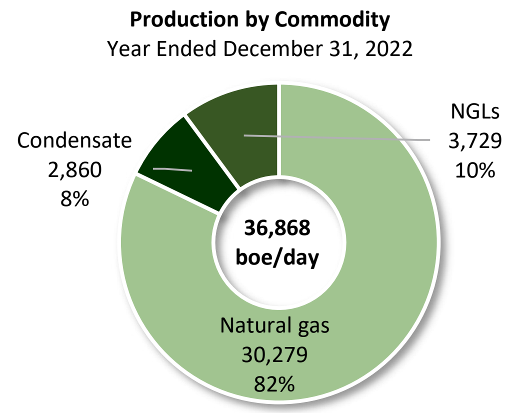
	Three months ended December 31			Year ended December 31		
	2022	2021	% Change	2022	2021	% Change
Natural gas (mcf/d)	179,143	198,596	(10)	181,677	199,793	(9)
Condensate (bbl/d)	2,469	2,851	(13)	2,860	2,877	(1)
NGLs (bbl/d)	2,389	5,354	(55)	3,729	4,386	(15)
Sulphur (tonne/d) [1]	1,348	1,185	14	1,459	1,530	(5)
Total production (boe/d)	**34,715**	**41,304**	**(16)**	**36,868**	**40,562**	**(9)**

[1] Total production excludes sulphur.

Production in the fourth quarter of 2022 decreased 16% compared to Q4 2021 due in part to a December unplanned shut-in required to complete sulphur condenser repairs at the Company's Caroline gas processing facility which suffered a leak in a sulphur condenser (2,500 boe/d). Other factors impacting fourth quarter production included pipeline inspections (680 boe/d), unseasonably cold weather which caused freeze-ups and run time restrictions at gas plants (1,500 boe/d) and ongoing ethane reinjection into the natural gas sales stream (1,900 boe/d).

During 2022, production decreased 9% compared to 2021. Production decreased in Central Alberta as a result of temporary downtime due to a third-party commercial dispute early in the year, turnarounds at our non-operated processing facilities, cold weather impacts (altogether 1,300 boe/d impact), and sulphur condenser repairs at our Caroline gas plant (630 boe/d). Additionally, production was impacted by field maintenance and cold weather in Waterton (900 boe/d), pipeline repairs in Northern Alberta (340 boe/d) and a pipeline washout in the Limestone field of Central Alberta (1,300 boe/d). Partially offsetting these production impacts was higher production at Jumping Pound (700 boe/d) as 2021 was negatively impacted by a major planned facility turnaround.

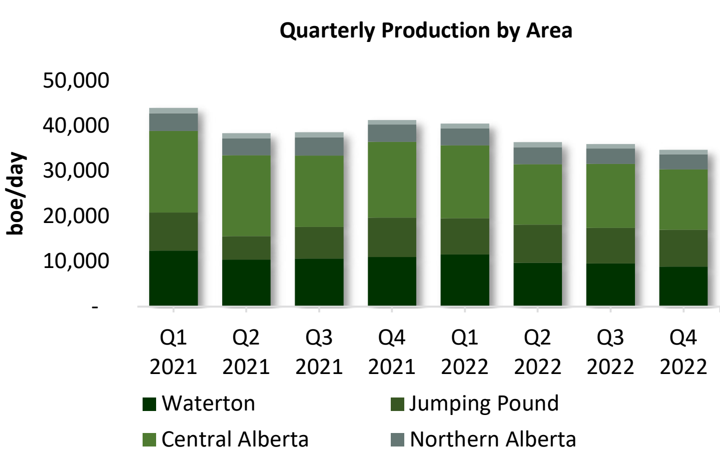


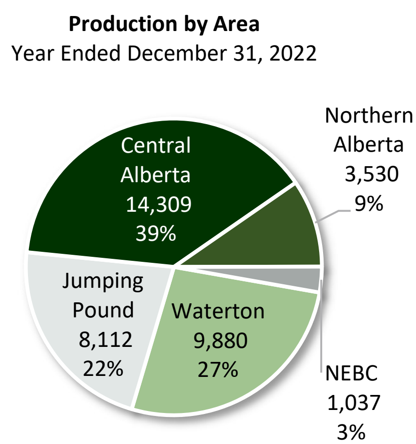


Production By Area

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

	Three months ended December 31			Year ended December 31		
	2022	2021	% Change	2022	2021	% Change
Waterton	8,815	10,952	(20)	9,880	11,057	(11)
Jumping Pound	8,190	8,750	(6)	8,112	7,358	10
Central Alberta Foothills	13,398	16,798	(20)	14,309	17,140	(17)
Northern Alberta Foothills	3,278	3,780	(13)	3,530	3,871	(9)
Northeast BC ("NEBC")	1,034	1,023	(1)	1,037	1,137	(9)
Total production (boe/d)	**34,715**	**41,304**	**(16)**	**36,868**	**40,562**	**(9)**





RESERVES

Deloitte Touche Tohmatsu Limited ("Deloitte"), Pieridae's independent, qualified reserves evaluator, performed reserves evaluations of the Company's assets as at December 31, 2022, and December 31, 2021. The following table summarizes Pieridae's reserves based on the Deloitte reserves report:

	Year ended December 31 MMboe			Year ended December 31 $000, NPV10[1]		
	2022	2021	% Change	2022	2021	% Change
Reserves Category [2]						
Net proved developed producing ("PDP") reserves	126.8	131.3	(3)	806,872	427,675	89
Net proved ("1P") reserves	208.7	202.6	3	1,223,438	752,202	63
Net proved plus probable ("2P") reserves	289.1	269.2	7	1,525,930	1,002,134	52

[1] Estimated pre-tax net present value of discounted cash flows from reserves using a 10% discount rate.

[2] Net reserves reflect working interest share of the asset prior to the deduction of royalties.

	Year ended December 31		
	2022	2021	% Change
Reserve replacement ratio ("2P") reserves	249%	295%	(16)
Reserve life index ("2P") reserves	19.8	17.7	12

Pieridae's net PDP reserve volumes at December 31, 2022, are 126.8 MMboe, a decrease of 3% year over year. 2022 production of 13.3 MMboe and downward technical revisions of 13.3 MMboe were the primary factors in this year over year reserves decrease. The technical revisions were due primarily to higher operating costs associated with the escalating carbon tax leading to earlier truncation of economic reserves recovery. These technical revisions were partially offset by volumetric additions of 22.1 MMboe associated with an improved price forecast, which extended the economic life and volumetric recovery of the Company's reserves.

Total net 1P reserve volumes are 208.7 MMboe, an increase of 3% compared to the prior year. The increase is primarily due to the addition of proved undeveloped drilling locations, and plant optimization offset by 2022 production and higher operating and capital maintenance assumptions.

Total net 2P reserve volumes are 289.1 MMboe, an increase of 7% compared to the prior year with increases primarily due to the addition of proved plus probable undeveloped drilling locations, reasons stated above.

Pieridae added six new gross proved undeveloped reserve locations ("PUD"s) and six new gross proved plus probable reserve locations ("P+PUD"s) in 2022, for a total of 30 and 33 respective gross undeveloped drilling locations. Total undiscounted future development capital ("FDC") included in our reserve estimate is $807.5 million 1P and $1,116.7 million 2P. The FDC includes capital for undeveloped drilling locations, plant maintenance, turnarounds, and consolidations, and well and facility reactivations.

The Company's 2P reserves as at December 31, 2022, were estimated to have a pre-tax net present value of approximately $1,525.9 million using a 10% discount rate, compared to $1,002.1 million in the prior year. The increase in value was primarily due to higher commodity price forecasts, partially offset by negative technical revisions as a result of higher operating cost forecasts and the earlier economic truncation due to those operating cost forecasts.

Refer to the Company's Annual Information Form for the year ended December 31, 2022, for more information on reserves.

BENCHMARK PRICES

	Three months ended December 31			Year ended December 31		
	2022	2021	% Change	2022	2021	% Change
AECO 5A benchmark price ($/mcf)	5.20	4.69	11	5.36	3.63	48
West Texas Intermediate crude oil (USD/bbl)	82.65	77.29	7	94.59	68.01	39
Condensate benchmark price ($/bbl)	115.24	100.10	15	121.46	85.95	41
Sulphur ($/tonne)	188.95	230.00	(18)	344.42	182.74	88
US/Canadian dollar average exchange rate (USD)	0.7365	0.7935	(7)	0.7865	0.7977	(1)

The AECO 5a monthly index increased 11% in the fourth quarter of 2022 and 48% for the year as compared to the same period in 2021 while improving 22% from the prior quarter. The completion of seasonal pipeline maintenance in the third quarter, record levels of local demand, high export capacity utilization and low inventory levels all contributed to a significant tightening in AECO pricing differentials relative to the

Henry Hub / NYMEX benchmark. Henry Hub prices decreased during the fourth quarter of 2022 from the prior quarter reflecting an increase in US production and a reduction in cooling demand. Further exacerbating the difference in supply and demand, a large US LNG facility remained offline throughout the quarter impacting approximately 15% of total US liquefaction and export capacity.

Pieridae produces into the TC NGTL system and sells 100% of its natural gas production at AECO at this time.

WTI crude oil prices increased 7% in the fourth quarter of 2022 and 39% for the year 2022 as compared to the same periods in 2021 and declined by approximately 10% from the prior quarter. While global crude oil demand has largely recovered to pre-pandemic levels, weaker than anticipated demand in China, along with broader concerns around a slowing global economy, and elevated recessionary risks weighed on crude oil prices during the fourth quarter. Partially offsetting this were coordinated production cuts from certain countries and muted production growth amongst other large crude oil-producing nations and independent producers.

Rising demand from oil sands operations, along with seasonal demand increases, resulted in a strengthening of Canadian condensate differentials during the fourth quarter of 2022 relative to the prior quarter. With relatively modest growth in domestic condensate production, the increase in demand resulted in narrowing condensate price differentials for the period. Pieridae primarily sells its produced condensate into the local (Edmonton) market for use as diluent.

Sulphur benchmark prices decreased by 18% in the fourth quarter and increased by 88% for the year 2022 as compared to the same period in 2021. While prices have continued to recover from their summer lows, on average they were down approximately 15% in the fourth quarter compared to the third quarter. 2022 was a year of extreme price volatility in the sulphur markets with west coast benchmark prices ranging from a high of $601/tonne in the late spring to a low of $89/tonne in late summer. The supply of sulphur is concentrated in only a few countries, which means logistical bottlenecks and global demand changes can severely impact commodity prices in the short term. Pieridae sells its sulphur production into a variety of markets including directly to North American fertilizer manufacturers as well as international markets through the Vancouver or Tampa Bay sulphur export facilities.

REALIZED PRICES

	Three months ended December 31			Year ended December 31		
	2022	2021	% Change	2022	2021	% Change
Natural gas before physical commodity contracts ($/mcf)	5.08	4.62	10	5.30	3.60	47
Natural gas after physical commodity contracts ($/mcf)	5.24	3.67	43	4.40	2.90	52
Condensate before physical commodity contracts ($/bbl)	110.24	91.69	20	114.66	80.24	43
Condensate after physical commodity contracts ($/bbl)	117.67	69.71	69	111.18	63.21	76
NGLs ($/bbl)	47.55	30.10	58	41.36	26.62	55
Sulphur ($/tonne)	34.85	38.46	(9)	44.88	25.49	76

Pieridae's realized prices reflect the mix of spot sales and physical forward sales contracts entered under our hedging policy. In 2022, volumes sold under physical forward sales contracts represented 85% of total production, and 49% of total revenue.

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 three and twelve months ended December 31, 2022, this contract represented 78% and 81% of total sulphur volumes respectively (78% and 83% for the three and twelve months ended December 31, 2021). If the fixed-priced sulphur sale contracts were removed, average realized sulphur prices for the year ended December 31, 2022, would have been $197.41/tonne (net of transportation cost and based on contracted prices that are negotiated annually).

RISK MANAGEMENT CONTRACTS

The Company continues to execute a commodity risk management program governed by its hedge policy. Over the past 12 months, our debt lender temporarily waived and/or amended their requirement to have 60% of forecast 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, and to recognize the credit implications of hedging into a rising commodity price market.

The Company had the following fixed price physical commodity sales contracts and power purchase contracts in place at December 31, 2022:

Type of contract	Quantity	Time Period	Contract Price
Fixed Price - Natural Gas Sales	127,267 GJ/d	Jan – Mar 2023	CAD $5.78/GJ
Fixed Price - Natural Gas Sales	45,000 GJ/d	Apr – Sep 2023	CAD $4.49/GJ
Fixed Price - Natural Gas Sales	15,163 GJ/d	Oct – Dec 2023	CAD $4.49/GJ
Fixed Price - Condensate Sales	700 Bbl/d	Jan – Sep 2023	CAD $103.24/Bbl
Fixed Price - Condensate Sales (WTI Basis)	1,000 Bbl/d	Oct 2023 – Jun 2024	CAD $97.48/Bbl
Fixed price - Power Purchases	53 MW/h	Jan 2023 – Dec 2023	CAD $71.93/MWh
Fixed price - Power Purchases	53 MW/h	Jan 2024 – Dec 2024	CAD $68.38/MWh
Fixed price - Power Purchases	35 MW/h	Jan 2025 – Dec 2025	CAD $79.71/MWh

The Company had the following financial risk management contracts in place as at December 31, 2022:

Type of contract	Quantity	Time Period	Contract Price
AECO Natural Gas Swap	2,500 GJ/d	Jan – Mar 2023	CAD $5.54/GJ
AECO Natural Gas Swap	2,500 GJ/d	Apr – Jun 2023	CAD $3.94/GJ
C5 Differential (to WTI)	500 Bbl/d	Jan – Sep 2023	CAD -$4.67/Bbl
WTI Swap	500 Bbl/d	Jan – Sep 2023	CAD $107.64/Bbl

PETROLEUM AND NATURAL GAS REVENUE

	Three months ended December 31			Year ended December 31		
($ 000s except per boe)	2022	2021	% Change	2022	2021	% Change
Natural gas	86,323	67,144	29	291,602	211,422	38
Condensate	26,725	18,287	46	116,041	66,370	75
NGLs	10,451	14,823	(29)	56,290	42,628	32
Sulphur	4,322	4,194	3	23,897	14,235	68
Petroleum and natural gas revenue (1)	**127,821**	**104,448**	**22**	**487,830**	**334,655**	**46**
Petroleum and natural gas revenue ($/boe)	40.02	27.49	46	36.25	22.60	60
Third party processing and other income	9,534	3,355	184	31,185	18,555	68
Realized gain (loss) on risk management contracts	-	-	-	-	-	-
Total revenue	**137,355**	**107,803**	**27**	**519,015**	**353,210**	**47**

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

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, the 9% reduction in total production offset by substantial and increases in realized prices during the year were the primary drivers of the 46% 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.

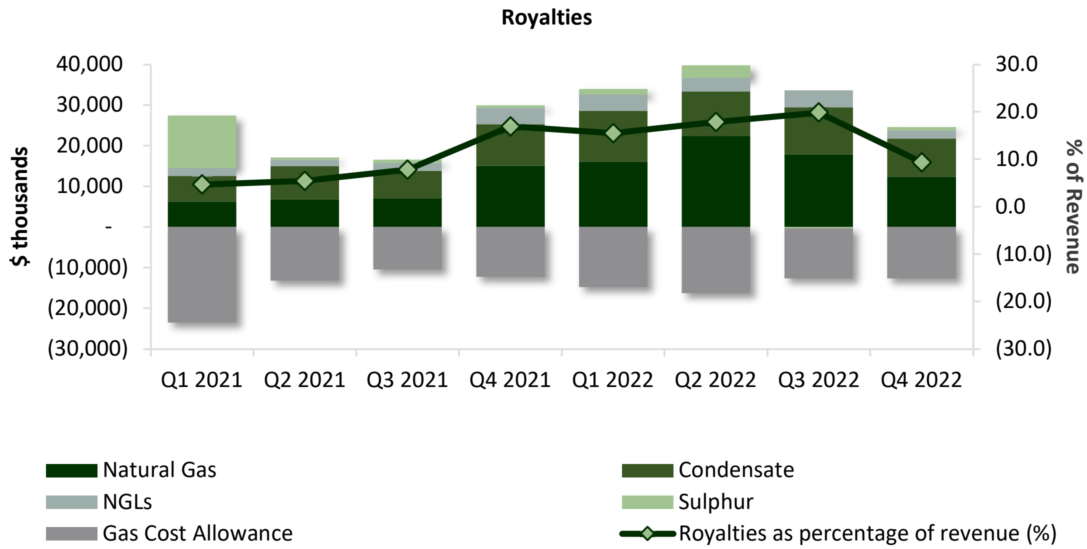
During 2022 Pieridae earned a one-time marketing fee adjustment of $4.5 million associated with our decision to permanently reinject ethane back into the sales gas stream at the Waterton and Jumping Pound facilities in July. Third party processing income increased during the year as a result of higher processed third-party volumes, and higher per-unit processing fees charged as certain fees are partially benchmarked to AECO pricing.

In November 2022, the Company entered into financial derivatives including an AECO natural gas swap, WTI swap, and C5 differential to WTI swap as a risk management tool during the year ended December 31, 2022, which resulted in $0.3 million (December 31, 2021 – nil) of unrealized gains on financial risk management contracts.

ROYALTIES

($ 000s except per boe)	Three months ended December 31			Year ended December 31		
	2022	2021	% Change	2022	2021	% Change
Gross royalties	24,574	29,923	(18)	131,590	90,914	45
Gas cost allowance	(12,648)	(12,236)	3	(56,159)	(59,509)	(6)
Royalties	11,926	17,687	(33)	75,431	31,405	140
Royalties ($/boe)	3.73	4.65	(20)	5.61	2.12	165
Royalties as percentage of revenue (%)	9.3	16.9	(45)	15.5	9.4	65

Royalties as a percentage of revenue decreased in the fourth quarter of 2022 due lower production and the inclusion of favorable adjustments to gas cost allowance. Royalties as a percentage of revenue increased by 65% during the year compared to 2021 due to increases in reference prices which had a significant impact on royalty expense.



OPERATING EXPENSE

($ 000s except per boe)	Three months ended December 31			Year ended December 31		
	2022	2021	% Change	2022	2021	% Change
Operating expense	51,879	53,862	(4)	219,570	218,631	-
Operating expense ($/boe)	16.24	14.17	15	16.32	14.77	10
Adjusted operating expense (1)	41,877	46,667	(10)	172,168	189,116	(9)
Adjusted operating expense ($/boe) (1)	13.11	12.28	7	12.79	12.77	-

(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 in the fourth quarter decreased by 4% compared to the same period in 2021 and was flat on a year-to-date basis. Favorable equalization adjustments recognized at our operated facilities were partially offset by inflationary cost pressures experienced in chemicals and maintenance activities, and the increase in carbon tax from $50 to $65 dollars per tonne. Third party processing fee expense also increased for the 47% of production not processed through our own facilities during the year (Q4 2021: 45%), as certain fees are partially benchmarked to AECO pricing.

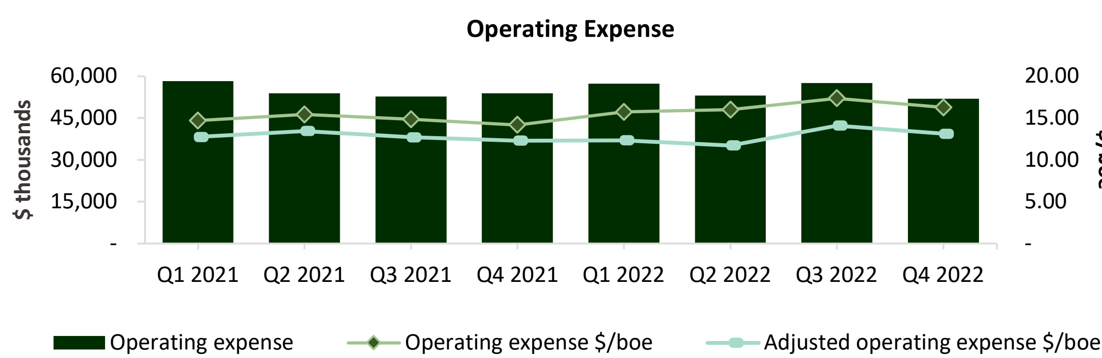
Although operating cost were steady for the three months and year ended December 31, 2022, they increased by 15% and 10% respectively on a per boe basis. This increase reflects the high fixed-cost nature of Pieridae's cost structure, driven primarily by labour and electricity costs at our midstream facilities.

The following tables summarizes the Company’s operating cost per boe by core area for the three months and year ended December 31, 2022, and 2021:

	Three months ended December 31			Year ended December 31		
	2022	2021	% Change	2022	2021	% Change
Waterton	15.55	12.37	26	13.88	12.54	11
Jumping Pound	12.67	11.58	9	13.71	15.73	(13)
Central Alberta Foothills	17.68	17.14	3	19.76	15.75	25
Northern Alberta Foothills	20.60	13.43	53	14.47	14.01	3
Northeast BC	17.99	9.79	84	18.70	18.00	4

Adjusted operating expense reflects management's view that operating our three major sour gas processing facilities allow Pieridae to earn revenue by processing third party volumes, and to receive significant sulphur revenue which is not included in per-boe production data. These facilities are significantly more complex than similar sweet-gas facilities. By adjusting operating costs to reflect offsetting third party revenues and sulphur revenues Pieridae can demonstrate operating costs using methodology more comparable to industry peers.

Adjusted operating expense for the three months and year ended December 31 was $41.9 million ($13.11/boe) and $172.2 million ($12.79/boe) respectively.

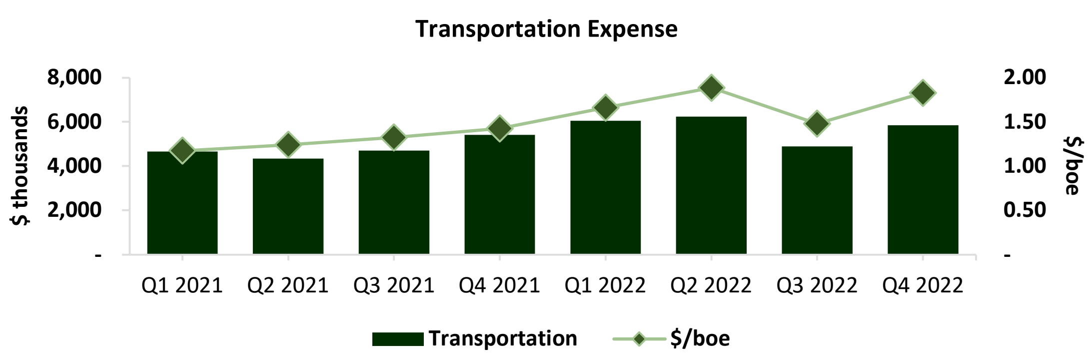


TRANSPORTATION EXPENSE

	Three months ended December 31			Year ended December 31		
($ 000s except per boe)	2022	2021	% Change	2022	2021	% Change
Transportation expense	5,839	5,409	8	23,025	19,089	21
Transportation expense ($/boe)	1.83	1.42	29	1.71	1.29	33

Transportation expense increased during the three and twelve months ended December 31, 2022, primarily due to higher allocated fuel gas costs from the sales pipeline operator due to higher natural gas prices. The increase on a per boe basis is not proportionate with the absolute dollars incurred as it reflects the lower production amount discussed previously for the fourth quarter and full year 2022.

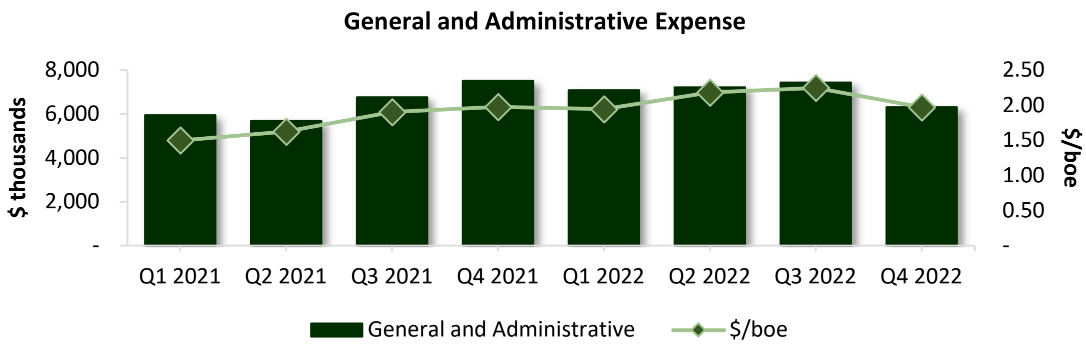
Pieridae enters firm transportation service commitments to secure market access for its production. This transportation contract portfolio is monitored on an ongoing basis and contracts are assessed to determine the existence of any contracts that are onerous; none were identified at December 31, 2022. For information regarding Pieridae's payment obligations under its future transportation commitments, refer to note 22 of the consolidated financial statements.



GENERAL AND ADMINISTRATIVE EXPENSE

	Three months ended December 31			Year ended December 31		
($ 000s except per boe)	2022	2021	% Change	2022	2021	% Change
G&A expense	6,296	7,506	(16)	28,015	25,868	8
G&A expense ($/boe)	1.97	1.98	1	2.08	1.75	19

General and administrative ("G&A") expenses decreased by 16% during the fourth quarter compared to the same period in 2021 due to higher overhead recovery, lower penalties on property taxes, and lower insurance premiums. On a year-to-date basis, 2022 G&A expense increased by 8% as in 2021 $2.4 million of costs associated with the LNG segment were allocated to development expense.



FINANCE EXPENSE

	Three months ended December 31			Year ended December 31		
($ 000s)	2022	2021	% Change	2022	2021	% Change
Cash portion of interest expense	4,131	9,737	(58)	16,440	25,340	(35)
Non-cash interest paid in kind	3,125	-	-	13,715	7,938	73
Accretion of financing costs	6,425	(11,142)	158	21,125	6,537	223
Accretion of decommissioning obligations	541	-	-	1,252	-	-
Interest on lease liabilities	49	34	44	146	175	(17)
Other charges	(42)	128	(133)	(66)	602	(111)
Total finance expense	**14,229**	**(1,243)**	**1,245**	**52,612**	**40,592**	**30**

Finance expense increased for the fourth quarter and year to date 2022 compared to the same periods in 2021 primarily due to accretion of financing costs. In the fourth quarter of 2021, Pieridae's senior secured credit agreement was amended, which reduced the effective interest rate and associated net present value of the loan, resulting in a negative accretion of financing costs during the quarter. The remainder of finance expense is comprised of cash interest expense and interest paid in kind, calculated at 7% and 8% respectively of principal balance owing. Refer to note 11 of the consolidated financial statements for additional information on the term debt.

DEPLETION AND DEPRECIATION

	Three months ended December 31			Year ended December 31		
($ 000s)	2022	2021	% Change	2022	2021	% Change
Depletion and depreciation	15,462	15,976	(3)	56,199	48,442	16

During 2022, depletion and depreciation expense increased 16% compared to 2021 due to an increase in the depletion rate which arose primarily from an increase of $397.8 million in future development costs within the Company's 2P reserve value.

SHARE-BASED COMPENSATION

	Three months ended December 31			Year ended December 31		
($ 000s)	2022	2021	% Change	2022	2021	% Change
Stock options	114	22	418	460	508	(9)
Restricted share units	754	-	-	927	-	-
Total	**868**	**22**	**3,845**	**1,387**	**508**	**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 year ended December 31, 2022, as a result of forfeitures during the year.

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 five-day volume-weighted average share price at vest date. RSU compensation liability is calculated using a five-day volume-weighted average share price at period end. 4.5 million RSUs were granted on implementation resulting in share-based compensation expense for the year ended December 31, 2022 of $0.9 million and capitalized share-based compensation expense of $0.2 million. Current and long-term compensation liability of $0.6 million and $0.5 million respectively was calculated using a December 31, 2022 five-day volume-weighted average share price of $1.21. See the "Share Capital, Warrants and Stock Options Outstanding" section of this MD&A for more information.

DEVELOPMENT EXPENSE

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. No further expenditures are planned toward advancing an LNG project at this time. Since inception, the Company incurred $3.8 million on property, plant and equipment and $115.3 million on other development cost.

	Three months ended December 31			Year ended December 31		
($ 000s)	2022	2021	% Change	2022	2021	% Change
Development expense	(4,514)	225	(2,106)	(4,514)	4,750	(195)

During 2022, in light of new information, certain development expenses that were recognized in 2021 were reversed as liquidated damages due to non-performance, which resulted in a recovery in 2022.

TAXES

Deferred income tax assets on the Statement of Financial Position are recognized to the extent that the realization of the related tax benefit through future taxable profits is probable based on current tax pools and estimated future taxable income. As at December 31, 2022, a deferred tax asset in the amount of $78.9 million (December 31, 2021 – nil) was recognized as management believes it probable that the benefit will be realized. Included in this tax basis are estimated non-capital loss carry forwards that expire in the years 2034 through 2041.

The following table summarizes the estimated tax pools at December 31, 2022 and December 31, 2021:

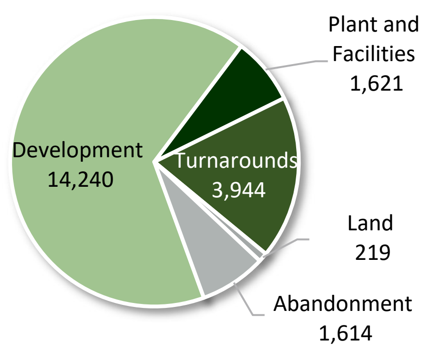
($ 000s)	Year ended December 31, 2022	Year ended December 31, 2021
Canadian oil and gas property expenses	174,682	193,616
Canadian development expenses	15,462	11,809
Canadian exploration expenses	14,678	21,497
Undepreciated capital costs	54,162	63,784
Non-capital losses	283,671	350,981
Other	488	279
Estimated tax pools	**543,143**	**641,966**

CAPITAL EXPENDITURES

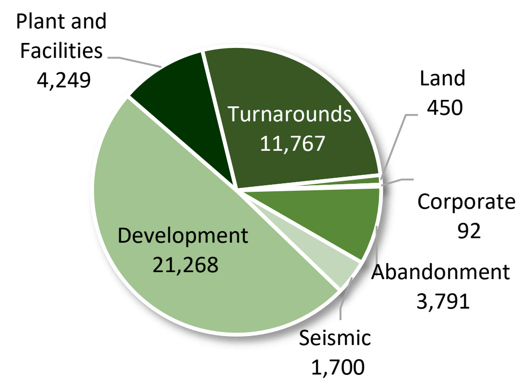
The following tables summarizes the Company's capital expenditures for the years ended December 31, 2022, and December 31, 2021:

	Three months ended December 31			Year ended December 31		
($ 000s)	2022	2021	% Change	2022	2021	% Change
Seismic	-	375	(100)	1,700	2,650	(36)
Development	14,240	50	28,380	21,268	2,180	876
Land	219	101	117	450	2,382	(81)
Plant and facilities	1,621	50	3,142	4.250	3,728	14
Turnarounds	3,944	917	330	11,767	22,932	(49)
Corporate	(988)	-	-	91	1,100	(92)
Capital expenditures	**19,036**	**1,493**	**1,175**	**39,526**	**34,972**	**13**
Abandonment	1,614	787	105	3,791	2,537	49
Total capital expenditures	**20,650**	**2,280**	**806**	**43,317**	**37,509**	**15**

Capital Expenditures by Type
Three Months Ended December 31, 2022



Capital Expenditures by Type
Year Ended December 31, 2022



LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

As at December 31, 2022, and 2021, Pieridae's capital structure was comprised of share capital, adjusted working capital and term debt. The following table summarizes our capital structure on December 31, 2022, and 2021:

($ 000s)	December 31, 2022	December 31, 2021
Adjusted working capital (deficit) [(1)]	(11,249)	(61,588)
Term debt	(203,254)	(21,654)
Long-term debt	-	(209,927)
Net debt [(2)]	(214,503)	(293,169)
Shareholders' equity	114,758	(33,210)

[(1)] Adjusted working capital is a non-GAAP measure and is calculated as accounts payable and accrued liabilities, less cash and cash equivalents, restricted cash, accounts receivable, prepaids and deposits.

[(2)] Net debt is a "non-GAAP measure". Management considers net debt an important measure as it demonstrates the Company's ability to pay off its debt and take on new debt, if necessary.

Cash and Cash Equivalents

Pieridae held $22.3 million in cash and cash equivalents and restricted cash of $0.7 million as at December 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

In July 2020, the Company received a $6 million guarantee facility from Export Development Canada (“EDC”) which was increased to $8 million in June 2021 and to $12 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 $7.2 million was drawn at December 31, 2022 (December 31, 2021 - $7.8 million).

Term Debt

($ 000s)	2022	2021
Balance, January 1	231,581	219,555
Accretion of financing and other costs	20,022	4,088
Interest paid in kind (“PIK”)	13,715	7,938
PIK repayments	(16,909)	-
Principal repayments	(45,155)	-
Total principal repayments, including net impact of PIK	(48,349)	7,938
Balance, December 31	203,254	231,581
Cash interest paid on term debt	15,673	25,340

On October 16, 2019, the Company entered a $206.0 million senior secured fully drawn non-revolving long term loan facility ("term debt"). The term debt bears interest at a fixed rate of 15.0% per annum from the date of issue, accrued daily and payable quarterly. The PIK calculation was amended as described below from January 1, 2022, forward.

The 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, 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 on or before October 16, 2021, or pay a deferred fee (“Fee”) in the amount of $50.0 million to the agent. On September 30, 2021, the Company elected to pay the Fee as opposed to acquiring the assets. 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 original principal, 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 in 2022. For the three and twelve months ended December 31, 2022, debt repayments (including the net impact of PIK) of $10.7 million and $48.3 million respectively were made against the term debt.

During 2022 several amendments and waivers were negotiated to the Credit Agreement, associated with certain covenants and payment obligations; refer to note 11 of the consolidated financial statements. As at December 31, 2022, and as at the date of this MD&A the Company was in compliance with, or had obtained the required waivers for, all covenants of the term debt.

Working Capital and Capital Strategy

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

($ 000s)	December 31, 2022	December 31,2021
Cash and cash equivalents	22,273	26,216
Restricted cash	670	1,348
Accounts receivable	74,514	49,637
Prepaids expenses and deposits	8,130	5,060
Total current assets	**105,587**	**82,261**
Accounts payable	22,649	74,707
Accrued liabilities	94,187	69,142
Total current liabilities	**116,836**	**143,849**
Adjusted working capital (deficit)	**(11,249)**	**(61,588)**

Pieridae’s working capital deficit at December 31, 2022, was $216.7 million compared to a deficit of $87.7 million at December 31, 2021 mainly as a result of term debt being classified as a current liability as it falls due on October 16, 2023. Management is pursuing refinancing arrangements in advance of this debt maturity.

Pieridae's adjusted working capital deficit of $11.2 million was a significant improvement from $61.6 million in 2021 driven by strong commodity prices and positive net earnings. Strong cashflow from operations enabled Pieridae to a reduce its accounts payable and accelerate principal debt repayments.

Management monitors working capital on a continuous basis with a focus on strengthening Pieridae's balance sheet through sustaining production, and rigorous cost control across its operations and administration. Pieridae's capital strategy is aligned with its business strategy and is focused on ensuring the Company has sufficient liquidity to fund operations and mitigate reserves decline. Externally, Pieridae's principal sources of liquidity are the EDC guarantee facility, additional debt, and equity offerings.

Share Capital, Warrants and Stock Options Outstanding

	March 21, 2023	December 31, 2022	December 31, 2021
Share capital	158,971,336	158,963,336	157,645,871
Stock options	5,314,869	5,860,369	7,040,465
Stock options – weighted average exercise price ($/share)	$0.78	$1.21	$1.27
Warrants	5,000,000	5,000,000	5,000,000
Warrants – weighted average exercise price ($/warrant)	$0.70	$0.70	$0.70

COMMITMENTS, PROVISIONS AND CONTINGENCIES

The Company has entered several financial obligations during the normal course of business. As at December 31, 2022, these obligations, and the expected timing of their settlement, are detailed below:

($ 000s)	2023	2024	2025	2026	Thereafter	Total
Interest on long-term debt	16,206	-	-	-	-	16,206
Repayment of term debt	217,106	-	-	-	-	217,106
Firm transportation	10,158	5,122	810	184	-	16,274
Total	**243,470**	**5,122**	**810**	**184**	**-**	**249,586**

Provisions and Contingencies

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 consolidated 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 Energy Regulator's ("BCER"), formerly known as British Columbia Oil and Gas Commission's and the Alberta Energy Regulator's ("AER") requirements after accounting for a $1.8 million deposit in place with the BCER. Pieridae's liability rating in Alberta is calculated by the AER based on the licenses which are in Pieridae's name.

Pieridae continues to advance our ESG practices as outlined in our second annual ESG Report released in October, 2022. This report provides details on the Company's approach to sustainability, greenhouse gas emissions management and to continued Indigenous and community partnerships in the areas where Pieridae operates.

The Company considers the impact of the evolving worldwide demand for carbon-based energy and global advancement of alternative energy sources in its business strategy. Emissions and other regulations impacting climate and climate related matters are constantly evolving. In Pieridae's ESG Report, the Company reported various ESG metrics using three international frameworks: the Sustainability Accounting Standards Board ("SASB"), the Global Reporting Initiative ("GRI") and the Task Force on Climate-Related Financial Disclosure ("TCFD").

Pieridae's ESG focus first assess the Company's starting point with respect to governance, greenhouse gas emissions and social policies, noting the material areas of focus. As we build on our strategic plan, we seek to evolve the business and consider energy transition and associated business opportunities. Please refer to the Company's website for this 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, and 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 Pieridae's Business and Industry
Adverse Economic Conditions
Price, Volatility and Marketing of Oil, Gas and NGLs
Access to Capital
Liquidity
Operational Matters and Hazards
Labour Relations
Development and Production
Regulatory Permits, Licenses and Approvals
Political Uncertainty and Geo-Political Risk
Skilled Workforce
Facilities Throughput and Utilization
Pipeline Systems, Rail, Co-ownership of Assets, and Operational Dependence
Information Technology Systems and Cyber-Security
Inflation and Cost Management
Hedging Activities
Climate Change
Climate Change - Physical Risks
Climate Change - Transition Risks
Climate Change Regulations and Carbon Pricing
Variations in Foreign Exchange and Interest Rates
Royalty Regimes
Project Execution
Environmental
Third Party Credit Risk
Technological Change
Competition
Conflicts of Interest
Indigenous Land and Rights Claims
Reserve Estimates
Litigation
Insurance Coverage
Breach of Confidentiality
Reputational
Risks Related to Pieridae's Common Shares
Volatility
Return on Investment
Dilution

Refer to the Company's Annual Information Form for the year ended December 31, 2022, for fulsome discussion of these risks. See also "Forward Looking Statements" in this MDA.

SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The timely preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, 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 following are the critical accounting judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

i. Identification of cash generating units

Some of the Company's assets are aggregated into cash-generating units ("CGU") for the purpose of calculating depletion and impairment. A CGU is comprised of assets that are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

ii. Impairment of petroleum and natural gas assets

For the purposes of determining whether impairment of petroleum and natural gas assets has occurred, and the extent of any impairment or its reversal, the key assumptions the Company uses in estimating future cash flows are forecasted petroleum and natural gas prices, expected production volumes, and anticipated recoverable quantities of proved and probable reserves. These assumptions are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates. Changes in the aforementioned assumptions could affect the carrying amounts of assets. Impairment charges and reversals are recognized in profit or loss.

iii. Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation ("E&E") assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found in assessing commercial viability and technical feasibility.

iv. Lease arrangements

The Company applies judgement when reviewing each of its contractual arrangements to determine whether an arrangement contains a lease. The carrying amounts of the right-of-use assets, lease obligations, and the resulting interest and depreciation expense are based on the implicit interest rate within the lease arrangement or, if this information is unavailable, the incremental borrowing rate. Incremental borrowing rates are based on judgments including economic environment, term, and the underlying risk inherent to the asset.

v. Debt instruments

Debt instruments are initially recognized at fair value based on consideration received and adjusted in respect of any transaction costs that are incremental and directly attributable to the issue of the instrument. Subsequent measurement is at amortized cost and the effective interest rate method. Certain financing arrangements contain options which may revise future estimated cash outflow and result in an adjustment to the carrying value of the financial liability. At each reporting period, the Company will estimate whether such options will be exercised and if an adjustment to the financial liability is required. All adjustments arising from such changes in estimates are recognized immediately in profit or loss.

vi. Assessment of going concern

The Company has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon its ability to continue as a going concern. In reaching this conclusion, the Company uses significant judgement and estimates, and considered all relevant information, including feasibility of and effectiveness of management's mitigation plans. Accordingly, actual circumstances will differ from those estimates and the variation may be material.

vii. Reserves

The assessment of reported recoverable quantities of proved and probable reserves include estimates regarding production profile, commodity prices, exchange rates, remediation costs, timing and amount of future development costs and production, transportation, and marketing costs for future cash flows. It also requires interpretation of geological, engineering, and geophysical models in anticipated recoveries. The economical, geological, and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Company's property, plant and equipment, the calculation of depletion, the provision for decommissioning obligations and the recognition of deferred tax assets due to changes in expected future cash flows. The recoverable quantities of proved and probable reserves and associated estimated cash flows are independently evaluated by qualified reserve evaluators at least annually.

The Company's petroleum and natural gas reserves represent the estimated quantities of petroleum and natural gas and natural gas liquids which geological, geophysical, and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered economically producible. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission, and transportation facilities are available or can be made available. Reserves may only be considered proven and probable if the ability to produce is supported by either production or conclusive formation tests. Pieridae's petroleum and gas reserves are determined pursuant to National Instrument 51-101, Standard for Disclosures for Oil and Gas Activities.

viii. Business combinations

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed which includes assessing the value of oil and gas properties based upon the estimation of recoverable quantities of proven and probable reserves acquired. Various valuation techniques are applied for measuring fair value including market comparables and discounted cash flows which rely on assumptions such as forward commodity prices, reserves and resources estimates, production costs and discount rates. Changes in any of these variables could significantly impact the carrying value of the net assets.

ix. Decommissioning obligations

The Company estimates future decommissioning and remediation costs of production facilities, processing facilities, wells, and pipelines at the end of their economic lives. In most instances, abandonment and reclamation of these assets occurs many years into the future. This requires assumptions regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating costs, future removal technologies in determining the removal cost, inflation, and liability-specific discount rates to determine present value of these cash flows.

x. Share-based payments

Equity-settled, share-based awards issued by the Company are fair valued using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates must be made regarding the expected volatility in share price, weighted average expected life of the instrument, expected dividend yield, risk-free interest rate and estimated forfeitures at the initial grant date.

Compensation expense related to the cash-settled awards (Restricted Share Unit Incentive Plan) is dependent on management's estimate of the number of restricted share units that will ultimately vest.

xi. Deferred taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amount recognized in income or loss for the period in which the change occurs.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures

As of December 31, 2022, an internal evaluation was carried out of the effectiveness of the Company's disclosure controls and procedures as defined in Canada by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective to ensure that the information required to be disclosed in the reports that the Company files or submits under Canadian Securities Legislation is recorded, processed, summarized, and reported, within the time periods specified in the rules and forms therein. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information required to be disclosed by the Company in the reports that it files or submits under Canadian Securities Legislation is accumulated and communicated to Pieridae's Management as appropriate to allow timely decisions regarding the required disclosure.

It should be noted that while the Company's disclosure controls and procedures are intended to provide a reasonable level of assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in securities legislation, disclosure controls and procedures cannot be expected to prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Controls over Financial Reporting

Internal controls over financial reporting ("ICFR") is a process designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized and to facilitate the preparation of relevant, reliable, and timely information. Because of its inherent limitations, ICFR may not prevent or detect misstatements. Management has assessed the effectiveness of the Company's ICFR as defined in Canada by NI 52-109. The assessment was based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management concluded that the Company's ICFR was effective as of December 31, 2022. No changes were made to the Company's internal control over financial reporting during the year ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statements preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

NEW ACCOUNTING POLICIES

New Accounting Policies

Amendments to IAS 16 Property, Plant and Equipment

On January 1, 2022, the Company adopted Property, Plant and Equipment – Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. There was no impact to the financial statements.

Amendments to IAS 37 Provision Contingent Liabilities and Contingent Assets

On January 1, 2022, the Company adopted Onerous Contracts – Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions Contingent Liabilities and Contingent Assets. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. There was no impact to the financial statements.

Future Accounting Pronouncements

The Company plans to adopt the following amendments to accounting standards, issued by the IASB, on their respective effective dates, however, the amendments are not expected to have a material impact on the consolidated financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors to clarify its definition of accounting estimates. The amendment will be effective on January 1, 2023.

Amendments to IAS 12 Income taxes

In May 2021, the IASB issued amendments to IAS 12 Income Taxes to clarify its requirements for deferred tax related to assets and liabilities arising from a single transaction. The amendment will be effective on January 1, 2023.

Amendments to IAS 1 Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify its requirements for the presentation of liabilities as current or non-current in the consolidated statements of financial positions and clarify its requirements for the disclosure of Accounting Policies. In October 2022, the IASB issued amendments to IAS 1, which specify the classification and disclosure of a liability with covenants. Both amendments will be effective on January 1, 2024.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16, Lease Liability in a Sale and Leaseback to clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment will be effective on January 1, 2024.

NON-GAAP MEASURES

Management has identified certain industry benchmarks such as net operating income, operating netback, adjusted operating expense, adjusted working capital (refer to footnotes within tables of this MD&A for further information) and 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.

Funds Flow from Operations

Management considers funds flow from operations an important measure to evaluate the Company's cash flow as it demonstrates Pieridae's field level operational cash flow. Funds flow from operations is calculated as cash provided by operating activities, excluding settlement of decommissioning obligations, changes in non-cash working capital and development expense. Expenditures on decommissioning obligations are excluded as it is managed through the capital budgeting process and development expenses related to the Goldboro LNG project are also added back to better focus the metric on the Company's upstream operational performance.

	Three months ended December 31		Year ended December 31	
($ 000s)	**2022**	**2021**	**2022**	**2021**
Cash provided by operating activities	40,134	21,139	88,167	51,117
Settlement of decommissioning obligations	1,614	787	3,791	2,537
Changes in non-cash working capital	20,407	(9,743)	66,235	(38,120)
Development expense (Goldboro LNG project)	(4,514)	225	(4,514)	4,750
Funds flow from operations	**57,641**	**12,408**	**153,679**	**20,284**