



NOT FOR DISTRIBUTION TO UNITED STATES NEWS WIRE SERVICES OR  
DISSEMINATION IN UNITED STATES

## **PIERIDAE ANNOUNCES THIRD QUARTER RESULTS** *Key Financial Metrics Increased Year-Over-Year During Ongoing Market Volatility*

### **Highlights:**

- Revenue (net of royalties) of \$54.6 million in Q3 2020, an increase of \$41.4 million or 315% compared to Q3 2019
- Net operating income<sup>1</sup> (“NOI”) increased by \$2.1 million or 76% compared to Q3 2019
- Adjusted Funds Flow From Operations<sup>1</sup> (“AFFO”) increased by \$0.9 million or 13% compared to Q3 2019
- Q3 2020 average production was 38,209 barrels of oil equivalent per day (“boe/day”), an increase of 23,552 boe/day or 161% compared to Q3 2019
- Completed deferred maintenance to ensure the continued, safe and reliable operation of our assets

**CALGARY, ALBERTA – November 13, 2020 - Pieridae Energy Limited (“Pieridae” or the “Company”) (PEA.TO)** released its Q3 2020 results today, highlighted by the fact the Company recorded year-over-year increases in key financial metrics such as revenue, NOI and AFFO in the midst of ongoing market volatility. The Company also successfully completed numerous maintenance projects including the \$3.7 million partial turnaround of our Jumping Pound Gas Complex, all previously delayed due to COVID-19 and other factors. Pieridae's unaudited condensed interim financial statements and MD&A are available on our website at [www.pieridaeenergy.com](http://www.pieridaeenergy.com) and are filed on SEDAR at [www.sedar.com](http://www.sedar.com).

“Our results show resiliency over the past three quarters as many companies continue to face the negativity of COVID-19 and its harsh impacts on the energy industry,” said Pieridae’s Chief Executive Officer Alfred Sorensen. “We did invest in completing planned maintenance of our assets in the quarter that had been deferred due to the pandemic. This work is necessary to ensure we continue to operate safely and reliably for the winter season. Resulting lower volumes did impact our bottom line, but we will never compromise the safety of our employees. That said, volumes continue to recover in the fourth quarter, with October’s production averaging approximately 44,100 boe/day, a 13% improvement from September.

“I am pleased to say we made solid progress on our Goldboro LNG Project in the quarter, reaching an agreement with globally-respected engineering firm Bechtel to design and build the LNG Facility, and the Nova Scotia Mi’kmaq and Black Diamond Group received a Letter of Award from Pieridae for the exclusive right to negotiate the contract to build the \$720 million workforce lodge to house the 5,000 men and women who will build the Facility,” added Sorensen.

---

<sup>1</sup> NOI and AFFO are non-IFRS measures. They do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. See pages 21&22 in the Company’s Q3 2020 MD&A.

*“As Chiefs Prosper and Francis said, ‘A key component of reconciliation in Canada is the ability to have meaningful involvement in projects happening within our territories. We desire responsible development and environmental stewardship that reflect a Mi’kmaq voice and our agreement with Pieridae is an example of how companies can respect our Mi’kmaq Rights and Title, and also provide an opportunity for Mi’kmaq participation in development on our lands’.”*

### **Q3 2020 Financial & Operations Highlights**

Revenue (net of royalties) of \$54.6 million in the three months ended September 30, 2020 increased by \$41.4 million or 315% compared to the same period in 2019, due to the acquisition of the Southern Alberta Foothills assets. This includes \$28.8 million of natural gas revenue, natural gas liquids (“NGLs”) and condensate revenue of \$17.7 million, and third-party processing fees of \$6.0 million. Petroleum and natural gas revenue in Q3 2020 of \$48.3 million increased by \$35.7 million or 281% compared to the same quarter in 2019. On a year-to-date basis, petroleum and natural gas revenue of \$167.4 million increased by \$119.1 million or 247% compared to the same period in 2019.

Similarly, revenues (net of royalties) were \$197.1 million on a year-to-date basis in 2020, an increase of \$147.6 million or 298% as compared to the same period in 2019. Increases in both the three and nine months ended September 30 when compared to the same period in 2019 are due to full quarters of operations, including expanded production of natural gas, condensate and NGLs from the Southern Alberta Foothills assets, and the addition of third party processing revenue of \$6.0 million for the current quarter and \$19.7 million on a year-to-date basis.

NOI increased by \$2.1 million or 76% compared to Q3 2019 due to the ongoing, positive impacts of our acquisition of the Foothills assets. Q3 2020 NOI of \$-0.6 million was down from the previous quarter due to both the realized gain on risk management contracts of \$8.2 million and the decrease of processing fee expenses of \$10.0 million related to a legal arbitration provision adjustment both recorded in the second quarter and not repeated in the third quarter.

AFFO increased by \$0.9 million or 13% year-over-year, and working capital increased 90% from a deficit of -\$88.4 million in Q3 2019 to a much smaller deficit of -\$9.2 million in Q3 2020. The deficit was the result of net losses experienced during the period, continued weakness in condensate and liquids pricing, and sustaining and maintenance capital projects undertaken during the quarter, which also lowered volumes. These are expected to be temporary and working capital is anticipated to trend higher over the next 12 months.

During the nine months ended September 30, 2020, NOI increased by \$37.4 million when compared to the same period in 2019 due to accretive production and enhanced revenue mix from the acquisition of the Southern Alberta Foothills assets. Similarly, on a year-to-date basis, AFFO improved from a deficit of \$13.8 million to positive \$18.3 million.

## Summary of Quarterly Results

(\$ 000s, except per share amounts)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Revenues (net of royalties)	54,554	68,579	73,974	60,451	13,130	13,387	22,982	2,432
Operating Expenses	51,543	45,422	50,982	32,949	14,365	13,528	16,194	5,093
General and administrative	5,855	6,386	6,301	8,478	3,676	3,738	4,032	3,971
Net loss attributable to equity holders ("NLAEH")	(29,825)	(13,365)	(11,484)	(25,873)	(13,178)	(19,530)	(12,996)	(8,848)
NLAEH per share (basic and diluted)	(0.19)	(0.09)	(0.07)	(0.18)	(0.15)	(0.23)	(0.17)	(0.17)
Working capital (deficit)	(9,164)	15,109	15,596	19,105	(88,430)	(77,892)	(66,192)	(84,061)
<b>Net operating income (loss) <sup>(1)</sup></b>	<b>(646)</b>	19,301	19,239	24,425	(2,699)	(1,928)	5,159	(400)
<b>Cash provided by (used in) operating activities</b>	<b>(4,541)</b>	(2,013)	6,426	(17,748)	(238)	(16,702)	(17,084)	(4,485)
<b>Adjusted funds flow from (used in) operations <sup>(1)</sup></b>	<b>(6,779)</b>	12,466	12,644	14,449	(7,665)	(6,517)	342	(4,009)

<sup>1</sup> Non-IFRS measures, refer to the "Non-IFRS measures" section on pages 21&22 of the Q3 2020 MD&A. The Company only had active operations commencing in Q4 2018.

Q3 2020 average production was 38,209 boe/day, an increase of 23,552 boe/day or 161% compared to Q3 2019. Compared to Q2 2020, production was down by 5,582 boe/day due primarily to the previously highlighted maintenance on our assets we performed in Q3, including the \$3.7 million turnaround at our Jumping Pound Gas Complex, and volumes lost through heavy June flooding. As stated earlier, those volumes are returning in the fourth quarter. Throughout the challenges COVID-19 has posed amid a year of operational and cultural integration as a result of significant recent acquisitions, Pieridae remains committed to following through with continued, appropriate maintenance programs, and we are impressed by the operational resilience of our assets.

The Company continues to have a robust hedging program in place with the goal of partially insulating us from volatile commodity prices, which has proven successful in previous quarters at providing a degree of pricing certainty and revenue stability during these uncertain and challenging times. The average realized price during the quarter, excluding hedging gains, was \$1.70/mcf for natural gas compared to \$1.87/mcf in the previous quarter, representing a decrease of 9%, and compared to an average benchmark price of \$2.31/mcf in Q3 2020. Hedging that had been put into place earlier in the year to protect revenues ultimately did not allow Pieridae to fully take advantage of the strengthening natural gas price. This was partially offset by stronger condensate and liquids pricing. The average realized price for condensate was \$44.53/bbl compared to \$39.91/bbl in the previous quarter, an increase of 12%.

### COVID-19 Response/Adjustments

Pieridae continues to proactively respond to the safety and financial challenges associated with the global COVID-19 pandemic. We remain committed to ensuring the health and safety of all our employees and contractors in the field and in our corporate offices. The first half of 2020 was characterized by extremely negative movements in liquids pricing coupled with unprecedented uncertainty. The Company responded strongly by monetizing certain hedge positions, limiting non-essential capital and operating expenditures, and took steps to reduce administrative costs, while continuing to support the safe and reliable operation of our assets.

During the third quarter, the impact from the pandemic began to subside as governments reduced public restrictions. As stated earlier, Pieridae responded by successfully completing key maintenance projects.

### **Q3 2020 Developments**

#### **New SVP LNG Hired**

On August 27, 2020, we were excited to welcome Andy Mukherjee P. Eng. as Senior Vice-President LNG to lead the development of the multi-billion-dollar Goldboro LNG Project. Mr. Mukherjee is a veteran LNG industry professional with worldwide expertise in front-end engineering and design; and engineering, procurement, construction and commissioning (“EPCC”) contracts.

He is a very skillful and credible addition to Pieridae, having worked on modular design and execution of four major global LNG projects: Qatargas NFE LNG, Cameron LNG, INPEX-Ichthys LNG and British Gas QCLNG, with additional experience working with EPCC contractors Jacobs, FLOUR, Wood Group and JGC.

Mr. Mukherjee has moved quickly to integrate Pieridae’s new EPCC contractor and optimize the LNG team’s structure to get the Goldboro LNG Project across the finish line as we prepare for a final investment decision next summer.

#### **Pieridae Engages EPCC Contractor Bechtel**

On September 29, 2020, we were pleased to announce the signing of a services agreement with respected global engineering firm Bechtel related to Pieridae’s 2-Train Goldboro LNG Facility. Some of the key deliverables in the services agreement are:

- Initiating a detailed review of the scope and design of the Goldboro LNG Facility and developing a comprehensive EPCC execution plan by March 31, 2021;
- Delivering a final lump sum, turnkey EPCC contract price proposal by May 31, 2021; and
- Conducting a meaningful engagement with the Nova Scotia Mi’kmaq First Nations including their participation in the construction of a large-scale workforce lodge at the LNG site.

Our press release highlighted the fact that Bechtel has significant experience building and delivering global LNG projects, helping their customers deliver about 30% of the world’s LNG capacity over the past two decades. They have a proven track record of delivering projects throughout the world on time and on budget.

Bechtel’s Oil, Gas and Chemicals President Paul Marsden was quoted in the release as saying his company was honoured to partner with Pieridae to deliver a cleaner energy future, and that Bechtel brings a long history of successfully delivering projects in Canada and partnering with its global customers to expand access to this energy source.

## **Nova Scotia Mi'kmaq, Black Diamond Group Given Opportunity to Build Large-Scale Workforce Lodge**

On October 1, 2020, it was announced that all 13 Nova Scotia Mi'kmaq communities and Black Diamond Group had received a Letter of Award from Pieridae which gives them the exclusive right to negotiate the contract to build a workforce lodge and associated amenities during the four year construction phase of the Goldboro LNG Facility proposed for Guysborough County, Nova Scotia. The estimated value of the contract is \$720 million.

The lodge will be home to 5,000 workers who will build the multi-billion-dollar LNG Facility. Black Diamond will be responsible for the lodge, the Mi'kmaq would provide hospitality services such as catering, housekeeping and guest services.

Our CEO Alfred Sorensen was quoted in the Black Diamond press release as saying: *"Signing the Benefits Agreement with the Assembly of Mi'kmaq Chiefs in early 2019 was the first step in helping to ensure the Mi'kmaq participate in the opportunities that stem from the construction of our Goldboro LNG Facility. This award for the Mi'kmaq and Black Diamond to work together on a \$720 million, 5,000-bed workforce lodge at the LNG site is a clear demonstration the Benefits Agreement is real, and that there will be more opportunities to come."*

### **2020 Guidance**

We now anticipate 2020 NOI in the range of \$55 million to \$65 million, expected production of 40,000 to 45,000 boe/day, capital expenditures of \$11 million, and a development expense investment in Goldboro LNG of \$16 million. We anticipate commodities hedging of 40% to 60% of net production on an 18-month rolling boe/day basis, and \$11.50 to \$13.00/boe realized operating costs, not including transportation costs of approximately \$1.02/boe.

### **About Pieridae**

Founded in 2011, Pieridae, a majority Canadian owned corporation based in Calgary, is focused on the development of integrated energy-related activities, from the exploration and extraction of natural gas to the development, construction and operation of the Goldboro LNG facility and the production of LNG for sale to Europe and other markets. Pieridae is on the leading edge of the re-integration of the LNG value chain in North America. After completion of all the transactions disclosed in this news release, Pieridae has 157,641,871 common shares issued and outstanding which trade on the TSX ("PEA.TO").

### **For further information please contact:**

**Alfred Sorensen, Chief Executive Officer**  
Telephone: (403) 261-5900

**Rob Dargewicz, Chief Financial Officer**  
Telephone: (403) 261-5900

**James Millar, Director, External Relations**  
Telephone: (403) 261-5900

### **Forward-Looking Statements**

Certain statements contained herein may constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws (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" and similar expressions may be used to identify these forward-looking statements.

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 or synergies from 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 resources estimate 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 commodity 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](http://www.sedar.com)), and at Pieridae's website ([www.pieridaeenergy.com](http://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 various factors.

***Neither TSX nor its Regulation Services Provider (as that term is defined in policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.***