

Management's Discussion and Analysis

Third Quarter 2020

This Management's Discussion and Analysis ("MD&A") provides a review by management of the financial position and consolidated results of Pieridae Energy Limited ("Pieridae", "we", "our" or the "Company") for the three and nine months ended September 30, 2020 and 2019, as well as information about our future prospects. This MD&A has been prepared as of November 12, 2020 and should be read in conjunction with the Company's condensed consolidated unaudited interim financial statements and the accompanying notes for the three and nine months ended September 30, 2020 and 2019 (the "Interim Financial Statements"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Pieridae's reporting currency is the Canadian dollar. All amounts are presented in Canadian dollars ("CAD"), 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.

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 under the symbol PEA.TO. Continuous disclosure materials are available on the Company's website, www.pieridaenergy.com, or on SEDAR, www.sedar.com.

Special Note Regarding Non-IFRS Financial Measures

This MD&A includes references to financial measures such as net operating income ("NOI"), operating netback or net back, adjusted funds flow from operations ("AFFO") and project investment. 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-IFRS measures. The non-IFRS measures used by the Company may not be comparable to similar measures presented by other companies. The Company uses these non-IFRS measures to evaluate its performance. The non-IFRS 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-IFRS measures are reconciled to their closest IFRS measure on pages 21 and 22 of this MD&A.

Cautionary Note Regarding Forward-Looking Information

Certain of the statements contained herein including, without limitation, management plans and assessments of future plans and operations, Pieridae Energy Limited's expected 2020 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" and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management.

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

or implied by such forward-looking statements. Such risks and uncertainties include, among others: general economic and business conditions (including as a result of demand and supply effects resulting from the COVID-19 virus pandemic and the actions of OPEC and non-OPEC countries) which will, among other things, impact demand for and market prices of the Company's products; volatility of and assumptions regarding crude oil, natural gas and natural gas liquids ("NGL") prices.

Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of resources estimates, environmental risks, competition from other producers, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources and the risk factors outlined under "Risk Factors" and elsewhere herein. The recovery and resource estimates of Pieridae's reserves provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Forward-looking statements are based on a number of factors and assumptions which have been used to develop such forward-looking statements, but which may prove to be incorrect. Although Pieridae believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because Pieridae can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Pieridae operates; the timely receipt of any required regulatory approvals; the ability of Pieridae to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the operator of the projects which Pieridae has an interest in, to operate the field in a safe, efficient and effective manner; the ability of Pieridae to obtain financing on acceptable terms; the ability to replace and expand oil and natural gas resources through acquisition, development and exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of Pieridae to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Pieridae operates; timing and amount of capital expenditures, future sources of funding, production levels, weather conditions, success of exploration and development activities, access to gathering, processing and pipeline systems, advancing technologies, and the ability of Pieridae to successfully market its oil and natural gas products.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Pieridae's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), and at Pieridae's website (www.pieridaenergy.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.

Definitions and Abbreviations

Bcf	Billion cubic feet	Mmcf	Million cubic feet
Bcm	Billion cubic metres	MMBtu	Million British thermal units
GJ	Gigajoules	USD	United States Dollars

Objectives and Strategy

Pieridae is focused on becoming the first Canadian owned Liquefied Natural Gas ("LNG") producer that integrates (a) upstream activities consisting primarily of the acquisition and development of natural gas resource properties situated primarily in Alberta, the extraction of natural gas and other commodities from those properties and the initial processing of the natural gas in or near the field (the "Upstream Segment") and (b) midstream activities consisting primarily on the delivery of natural gas by pipeline to the site of the proposed Goldboro

LNG Facility (as described below) where it is further processed and liquefied to produce LNG for sale to customers for export to international markets and to specific markets in North America (the “LNG Segment” and together with the Upstream Segment, the “Goldboro LNG Project”).

The Company’s fundamental strategy is to acquire under-valued natural gas reserves (primarily in Alberta) which can be developed for the purpose of supplying natural gas to the proposed Goldboro LNG Facility (the “Goldboro LNG Facility” or the “Facility”), to construct the Facility and develop the natural gas reserves with low cost project financing (which is supported to a substantial degree by government guarantees) and to operate the Facility to produce high-valued LNG for sale in international markets.

The Company intends to construct its Goldboro LNG Facility near the community of Goldboro situated in the municipality of the district of Guysborough on the North Eastern coast of Nova Scotia. The Facility will be constructed in phases and will include (a) two trains (“Train One” and “Train Two”, respectively), each with the capacity to produce approximately 4.8 million tonnes of LNG annually, (b) a power plant which will generate the electricity required to operate the Facility, (c) two LNG storage tanks and (d) marine structures and a jetty which will be equipped to accommodate concurrently two LNG vessels, each with a cargo capacity of up to 250,000 m³ of LNG.

The Company takes a long-term approach to growth and investments in order to mirror the long-term nature of the infrastructure, and to focus on creating long-term shareholder value. Operational discipline, safe, effective and efficient operations, community outreach, and cost control are fundamental to the Company. By consistently managing costs, and continuing to integrate Environmental, Social and Governance (“ESG”) considerations into our business plan, the Company believes it will achieve its long-term objectives. Opportunities to further integrate ESG considerations into our corporate strategy are being sought, and a plan is in place to ensure ESG risks and opportunities are addressed throughout the project lifecycle. Strategic, accretive acquisitions are a key component of the Company’s strategy. The Company has selectively acquired properties generating future cash flows and aligning with its long-term objective. The Company may also selectively purchase other resource owners’ gas or provide LNG processing services to the extent there is spare capacity at the Facility.

Third quarter 2020 Operational and Financial Highlights

Continued safe operations of the assets and completion of planned maintenance

Pieridae continues to proactively respond to the challenges associated with the global COVID-19 pandemic and remains committed to ensuring the health and safety of all its employees and contractors in the field and in our corporate office. The first half of 2020 was characterized by extremely negative movements in liquids pricing coupled with unprecedented uncertainty, during which time Pieridae responded strongly by monetizing certain hedge positions, limiting non-essential capital and operating expenditures, and taking active steps to reduce general and administrative costs, while continuing to support safe and reliable asset operations.

During the third quarter, the impact from the COVID-19 pandemic began to diminish slightly due to the easing of restrictions imposed by governments in order to limit the spread of the pandemic. Pieridae responded by successfully completing a number of deferred sustaining capital and maintenance projects, including a \$3.7 million field turnaround at Jumping Pound. The Company’s continued focus on safety was evidenced by no lost time incidents (“LTIs”) recorded, and total reportable injury frequency (“TRIF”) of 0.34 during the year, on a target of less than 1.0.

As a result of these deferred sustaining capital and maintenance projects, field turnaround at Jumping Pound, and turnarounds of various non-operated infrastructure which impacted Pieridae’s production capacity during the quarter, production averaged 38,209 boe/day, which is 13% lower than the previous quarter. Revenue (net of royalties) was \$54.6 million during the quarter, including NGLs and condensate revenue of \$17.7 million, and third-party processing fees of \$6.0 million, an overall decrease of \$14.0 million or 20% compared to the previous quarter. This decline was largely as a result of reduced production combined with robust natural gas hedging put in place earlier in the year in order to protect revenues which ultimately did not allow Pieridae to fully participate in strengthening natural gas prices. This was partially offset by stronger condensate and liquids pricing.

On a year-to-date basis, Pieridae generated negative cash flows from operations of \$0.1 million, NOI of \$37.9 million and AFFO of \$18.3 million. These results reflect the reductions in production during the third quarter, in addition to the incremental operating and capital expenditures that were completed in the quarter for the projects and turnaround highlighted above. Throughout the challenges COVID-19 has posed amid a year of operational and cultural integration as a result of the significant recent acquisitions, Pieridae remains committed to and impressed by the operational resilience of our assets. The Company continued to take definitive action during the quarter to defend its financial position including ensuring operational flexibility in capital program execution and improving cost efficiencies across the business. In addition, the Company continues to have a strong hedging program in place to insulate itself from volatile commodity prices, which has proven successful at providing a degree of pricing certainty and revenue stability during these uncertain and challenging times. Pieridae’s senior secured lender Third Eye Capital Corporation (“TEC”) has temporarily waived their requirement to have 60% of production hedged on an 18-month rolling average basis in order to allow the Company to take advantage of strengthening natural gas markets.

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

Management's Response to the COVID-19 Pandemic

Pieridae remains committed to the health and safety of all personnel and to the safety and continuity of operations. In accordance with government guidelines to limit the risk of the outbreak, the Company has implemented measures such as self-quarantine policies, travel restrictions, enhanced sanitation measures and social distancing requirements. Gradual easing of restrictions has allowed many staff to return to working in the office under modified health and safety protocols and have allowed the resumption of certain maintenance activities in the field during the quarter. As a result of the ongoing vigilance of our staff and continued updates to work-safe protocols, Pieridae has not suffered any significant loss of productivity related to COVID-19 for the three and nine months ended September 30, 2020.

Pieridae Engages EPC Contractor Bechtel

On September 29, 2020 Pieridae announced that it had signed a services agreement with respected global engineering firm Bechtel related to Pieridae's Train Two Goldboro LNG Facility.

Some of the key deliverables of the Bechtel services agreement are:

- Initiating a detailed review of the scope and design of the Goldboro LNG Facility and developing a comprehensive Engineering, Procurement, Construction and Commissioning ("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 work camp at the LNG site.

Pieridae Hires Experienced SVP to Lead the Goldboro LNG Project

On August 26, 2020 Pieridae announced it had engaged veteran LNG industry professional Andy Mukherjee P.Eng. as Senior Vice-President LNG to lead the development of its multi-billion-dollar Goldboro LNG Project. Mr. Mukherjee has worldwide expertise in front-end engineering and design; detailed engineering, procurement, contracts, construction, and commissioning; including module fabrication and construction related to mega LNG projects and oil and gas in North America and overseas. Mr. Mukherjee officially joined Pieridae August 27, 2020.

Guarantee Facility from Export Development Canada ("EDC")

In July 2020, Pieridae received approval from EDC for a \$6 million guarantee facility as part of the EDC's Account Performance Security Guarantee ("APSG") program. This guarantee facility bears interest at 0.29% and provides a 100% guarantee to the issuing bank of certain of the Company's existing and future letters of credit ("LCs"). The APSG will allow Pieridae to release existing and future cash collateral requirements provided as security for certain existing and potential future LCs. As at September 30, 2020 Pieridae had issued \$3.5 million of LCs under this program, effectively reducing restricted cash by the same amount.

Consolidated Operating and Financial Results

Select Consolidated Financial Results

Pieridae reports business results in two segments: Upstream and Goldboro LNG. The tables below provide a summary of the consolidated financial results for the three and nine months ended September 30, 2020 and 2019 and as at September 30, 2020 and December 31, 2019.

(\$ 000s, except per share amounts)	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Revenue (net of royalties)	54,554	13,130	197,107	49,499
Net loss for the period	(29,845)	(13,180)	(54,725)	(45,706)
Net loss attributable to equity holders	(29,825)	(13,178)	(54,674)	(45,700)
Net loss per common share - basic and diluted	(0.19)	(0.15)	(0.35)	(0.55)
Capital expenditures	6,033	1,914	8,317	3,403
Development expense	2,472	504	10,060	8,345
Project investment ⁽¹⁾	8,505	2,418	18,377	11,748

⁽¹⁾ Non-IFRS measures, refer to the "Non-IFRS measures" section of this MD&A

(\$ 000s, except per share amounts)	September 30, 2020	December 31, 2019
Net working capital	(9,164)	19,105
Total assets	583,942	602,474
Total non-current liabilities	429,349	420,665
Shareholders' equity	49,892	104,315

Revenue (net of royalties) was \$54.6 million in the third quarter of 2020, an increase of \$41.4 million or 315% compared to the same quarter in 2019. Similarly, revenue (net of royalties) was \$197.1 million on a year-to-date basis in 2020, an increase of \$147.6 million or 298% compared to the same period in 2019. Increases in both the three and nine months ended September 30, 2020 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 South 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.

In the third quarter of 2020, project investment was \$8.5 million, an increase of \$6.1 million or 252% compared to the same period in 2019 as turnaround and sustaining capital activity ramped up with the availability of services resuming due to the easing of restrictions associated with the pandemic. On a year-to-date basis, project investment was \$18.4 million, an increase of \$6.6 million or 56% as a result of a planned turnaround and sustaining capital activity.

Net Operating Income, Cash Flow from Operations and Adjusted Flow of Funds from Operations⁽¹⁾

(\$ 000s)	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Petroleum and natural gas revenue (net of royalties)	47,152	12,638	162,152	46,929
Other income	1,386	(950)	2,669	1,784
Third-party processing income	6,009	1,442	19,737	1,442
Realized gains (losses) on risk management contracts	-	-	12,708	(657)
Operating expense	51,543	14,365	147,947	44,087
Transportation expense	3,650	1,464	11,425	4,880
Net operating income (loss) ⁽¹⁾	(646)	(2,699)	37,894	531
Operating netback per boe ⁽¹⁾	(0.18)	(2.00)	3.37	0.11
Cash provided by (used) in operating activities	(4,541)	(238)	(128)	(34,024)
Adjusted funds flow (used in) from operations ⁽¹⁾	(6,779)	(7,665)	18,331	(13,840)

⁽¹⁾ Non-IFRS measures, refer to the "Non-IFRS measures" section of this MD&A

NOI in the third quarter of 2020 was a deficit of \$0.6 million, an improvement of \$2.1 million or 76% compared to the same quarter in 2019. On a year-to-date basis, NOI was \$37.9 million, an increase of \$37.4 million or 7,036% compared to the same period in 2019. The current year increases are primarily due to the accretive production and revenue mix from the acquisition of the South Foothills Assets in October

2019. Similarly, Adjusted Funds Flow from Operations (“AFFO”) and cashflow from operations improved for the same periods, providing further financial flexibility and higher working capital.

Operating netback in the third quarter of 2020 improved to a deficit \$(0.18)/boe from a deficit of \$(2.00)/boe compared to the same quarter in 2019. On a year-to-date basis, operating net back was \$3.37/boe, an increase of \$3.26/boe or 2,964% compared to the same period in 2019. The respective increases are primarily due to a combination of higher average realized pricing and more diversified revenue streams, offset by higher operating expenses primarily as a result of the complex gas processing facilities acquired from Shell.

Summary of Quarterly Results

The Company’s quarterly results have shown resiliency over the past three quarters in light of the impacts of the global COVID-19 pandemic, and significant improvement on a year-over-year basis due to the growth of Pieridae’s operations from its accretive acquisitions, as demonstrated in the table below:

<i>(\$ 000s, except per share amounts)</i>	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Revenue (net of royalties)	54,554	68,579	73,974	60,451	13,130	13,387	22,982	2,432
Operating expense	51,543	45,422	50,982	32,949	14,365	13,528	16,194	5,093
General and administrative expense	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)
Net operating income (loss) ⁽¹⁾	(646)	19,301	19,239	24,425	(2,699)	(1,928)	5,159	(400)
Cash provided by (used in) operating activities	(4,541)	(2,013)	6,426	(17,748)	(238)	(16,702)	(17,084)	(4,485)
Adjusted funds flow (used in) from operations ⁽¹⁾	(6,779)	12,466	12,644	14,449	(7,665)	(6,517)	342	(4,009)

⁽¹⁾ Non-IFRS measures, refer to the “Non-IFRS measures” section of this MD&A. The Company only had active operations commencing in Q4 2018.

Q3 2020 compared with Q2 2020

Revenue (net of royalties) in the third quarter of 2020 was \$54.6 million, a decrease of \$14.0 million or 20% from the previous quarter primarily due to lower production as a result of planned and non-operated outages, the recognition of the monetization of a significant commodity forward contract in the second quarter of 2020, and a robust natural gas hedging program which ultimately did not allow Pieridae to fully participate in the strengthening natural gas price. As a result, the average realized price during the quarter 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 approximately \$2.31/mcf during the quarter. Offsetting this decrease in realized natural gas prices, the average realized price for condensate was \$44.67/bbl compared to \$39.91/bbl in the previous quarter, representing an increase of 12%.

NOI in the third quarter of 2020 was a deficit of \$0.6 million, a decrease of \$20.0 million from the previous quarter, due to both the realized gain on risk management contracts of \$8.2 million and the decrease of processing fee expense 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 decreased by \$19.2 million in the third quarter of 2020 to a deficit of \$6.8 million compared to the previous quarter due to a combination of reasons explained above.

Upstream Segment

The upstream segment is represented predominantly by the petroleum and natural gas production operations and properties acquired from Shell and Ikkuma (refer to Note 5 in the Company’s consolidated financial statements as at and for the year-ended December 31, 2019 or the “Consolidated Financial Statements”). Upstream is currently the only segment generating operating revenues.

Production

	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Natural gas (mcf/day)	184,080	86,884	197,286	93,293
Condensate (bbl/day)	2,807	121	2,940	122
NGLs (bbl/day)	4,722	55	5,238	74
Sulphur (ton/day)	2,232	269	2,037	233
Total production (boe/day)	38,209	14,657	41,060	15,744

Production in the third quarter of 2020 was 38,209 boe/d, an increase of 23,552 boe/day or 161% compared to the same quarter in 2019. On a year-to-date basis, production was 41,060 boe/d, an increase of 25,316 boe/day or 161% compared to the same period in 2019. These respective increases are primarily due to production capabilities acquired from the South Foothills Asset acquisition, partially offset by planned and unplanned outages. The significant growth in condensate and NGL production in the three and nine months ended September 30, 2020 reflects the deep cut capability of the processing facilities acquired as part of the South Foothills Asset acquisition.

Benchmark Prices

	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
<i>(three and nine-month averages)</i>				
AECO benchmark price (CAD/GJ)	2.14	1.17	1.99	1.53
Condensate benchmark price USD/bbl)	38.40	52.31	36.09	53.18
NYMEX benchmark price (USD/MMBtu)	2.12	2.13	1.92	2.81
WCS heavy differential from WTI (USD/bbl)	12.48	13.67	7.70	13.21
Dated Brent benchmark price (USD/bbl)	43.88	61.67	42.40	64.63
NBP UK natural gas benchmark price (USD/MMBtu)	2.56	4.15	2.87	5.65
US/Canadian dollar average exchange rate (USD)	0.7507	0.7573	0.7385	0.7523
US/Canadian dollar period-end exchange rate (USD)	0.7497	0.7551	0.7497	0.7551

Realized Prices

	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
<i>(three and nine-month averages)</i>				
Natural gas (\$/mcf)	1.70	1.31	1.94	1.63
Condensate (\$/bbl)	44.67	52.72	50.40	60.14
NGLs (\$/bbl)	14.10	17.25	12.05	14.85
Sulphur (\$/ton)	9.25	62.76	7.89	69.76

Petroleum and Natural Gas Revenue

	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
<i>(\$ 000s except per boe)</i>				
Natural gas	28,787	10,445	105,058	41,568
Condensate	11,535	588	40,606	2,003
NGLs	6,125	88	17,291	298
Sulphur	1,900	1,552	4,404	4,428
Petroleum and natural gas revenue	48,347	12,673	167,359	48,297
Average sales volume (boe/day)	38,209	14,657	41,060	15,744
Petroleum and natural gas revenue (\$/boe)	13.75	9.40	14.88	11.24
Other income (loss)	1,386	(950)	2,669	1,784
Third party processing	6,009	1,442	19,737	1,442

Petroleum and natural gas revenue in the third quarter of 2020 was \$48.3 million, an increase of \$35.7 million or 281% compared to the same quarter in 2019. On a year-to-date basis, petroleum and natural gas revenue was \$167.4 million, an increase of \$119.1 million or 247% compared to the same period in 2019. These respective increases are primarily due to additional production and new revenue streams brought on by the South Foothills Asset acquisition. This is consistent with the increase on a consolidated basis, as the Upstream

Segment is the only segment currently generating revenues. Refer to the explanation in the Consolidated Operating and Financial Results section.

Royalties

	Three months ended		Nine months ended	
	September 30		September 30	
<i>(\$ 000s except per boe)</i>	2020	2019	2020	2019
Royalties	1,195	35	5,207	1,368
Royalties (\$/boe)	0.34	0.03	0.46	0.32

Royalties in the third quarter of 2020 were \$1.2 million, an increase of \$1.2 million or 3,314% compared to the same quarter in 2019. On a year-to-date basis, royalties were \$5.2 million, an increase of \$3.8 million or 281% compared to the same period in 2019. These respective increases are primarily due to an overall increase in production level as a result of the South Foothills Asset acquisition. Royalties per boe increased primarily as a result a change in product mix from the comparative periods.

Operating Expenses

	Three months ended		Nine months ended	
	September 30		September 30	
<i>(\$ 000s except per boe)</i>	2020	2019	2020	2019
Operating expense	51,543	14,365	147,947	44,087
Operating expense (\$/boe)	14.66	10.65	13.15	10.26
Adjusted operating expense ⁽¹⁾	43,634	11,371	123,806	38,217
Adjusted operating expense (\$/boe) ⁽¹⁾	12.41	8.43	11.00	8.89

⁽¹⁾ Non-IFRS measures, refer to the "Non-IFRS measures" section of this MD&A

Operating expense per boe in the third quarter of 2020 was \$14.66/boe, an increase of \$4.01/boe or 38% compared to the same quarter in 2019. On a year-to-date basis, operating expense per boe was \$13.15/boe, an increase of \$2.89/boe or 28% compared to the same period in 2019. These respective increases reflect changes to the operating cost structure as a result of the newly acquired gas processing facilities and the increased liquids content in the production mix. On an adjusted operating expenses per boe basis, operating costs were \$12.41/boe in the third quarter of 2020, and \$11.00/boe on a year-to-date basis. This adjusted basis is defined in the Non-IFRS measures section of this MD&A, but primarily is a reflection of third-party revenue and sulphur production revenue being netted off operating costs, as both of these line items add to the operating expenses in order to generate those revenue line items.

As a result of third-party processing fees earned from these facilities, revenues generated on a per boe basis increased together with operating expenses per boe. These concurrent increases contributed to the increase in operating netback of \$1.82/boe and \$3.26/boe for the three and nine months ended September 30, 2020, respectively.

Transportation Expenses

	Three months ended		Nine months ended	
	September 30		September 30	
<i>(\$ 000s except per boe)</i>	2020	2019	2020	2019
Transportation expense	3,650	1,464	11,425	4,880
Transportation expense (\$/boe)	1.04	1.09	1.02	1.14

Transportation expense in the third quarter of 2020 was \$3.7 million, an increase of \$2.2 million or 149% compared to the same quarter in 2019. On a year-to-date basis, transportation expense was \$11.4 million, an increase of \$6.5 million or 134% compared to the same period in 2019. These respective increases are mainly driven by higher production volumes. Transportation expense per boe over the comparative periods have decreased due to a slight reduction in the fixed component of transportation expenses due to higher production levels.

General and Administrative Expenses

	Three months ended		Nine months ended	
	September 30		September 30	
<i>(\$ 000s except per boe)</i>	2020	2019	2020	2019
General and administrative expense	1,424	1,557	6,980	4,415
General and administrative expense (\$/boe)	0.41	1.16	0.62	1.03

Upstream general and administrative expense in the third quarter of 2020 was \$1.4 million, a decrease of \$0.1 million or 9% compared to the same quarter in 2019 due to Pieridae's continued focus on cost efficiencies. On a year-to-date basis, general and administration expense was \$7.0 million, an increase of \$2.6 million or 58% compared to the same period in 2019 due to the expanded geological and engineering capabilities acquired as part of the South Foothills Asset acquisition in 2019, which included the need for additional staff to support the growing size and complexity of the Company's operations.

General and administrative expense per boe in the third quarter of 2020 was \$0.41/boe, a decreased of \$0.75/boe or 65% compared to the same quarter in 2019. On a year-to-date basis, general and administrative expense was \$0.62/boe, a decrease of \$0.41/boe or 40% compared to the same period in 2019. These respective decreases are primarily driven by economies of scale achieved from higher production levels.

Finance Expense

(\$ 000s)	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Interest expense	7,839	1,458	23,384	3,873
Amortization of financing fees	3,662	-	11,017	-
Interest income	(4)	(46)	(76)	(153)
Accretion of decommissioning obligations	209	721	632	2,142
Interest on lease liabilities	40	-	110	-
Total finance expense	11,746	2,133	35,067	5,862

Finance expense in the third quarter of 2020 was \$11.7 million, an increase of \$9.6 million or 451% compared to the same quarter in 2019. On a year-to-date basis, finance expense was \$35.1 million, an increase of \$29.2 million or 498% compared to the same period in 2019. These respective increases are due to the \$206 million Credit Agreement entered into on October 16, 2019 with TEC (the "Credit Agreement"). The Credit Agreement bears interest at a fixed rate of 12.0% per annum from the date of issue, accrued daily and payable quarterly in cash. Additional interest of 3.0% per annum is payable quarterly in cash or, at the option of the Company and subject to the lender's approval, payable in kind by way of accruing to the principal outstanding. Refer to Note 12 in the Consolidated Financial Statements for additional information on the Credit Agreement. In the first quarter of 2019, a term loan of \$50 million was outstanding with the Alberta Investment Management Corporation ("AIMCo"), bearing interest at a fixed rate of 9.5%. Effective October 16, 2019, this term loan was repaid by the simultaneous establishment of the Credit Agreement.

Accretion on decommissioning liabilities decreased due to a change in estimate resulting from the use of the real risk-free rate of interest as at December 31, 2019. Refer to Note 13 in the Consolidated Financial Statements for additional information on this change in estimate.

Depletion and Depreciation

(\$ 000s)	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Depletion and depreciation	9,057	3,599	28,561	11,942

Depletion and depreciation in the third quarter of 2020 was \$9.1 million, an increase of \$5.5 million or 152% compared to the same quarter in 2019. On a year-to-date basis, depletion and depreciation was \$28.6 million in 2020, an increase of \$16.6 million or 139% compared to the same period in 2019. These respective increases are due to an increase in the depletion base and overall production level resulting from the acquisition of the South Foothills Assets. Production for the quarter was an average of 38,209 boe/day compared to 14,657 boe/day for the same quarter in 2019. On a year-to-date basis production was an average of 41,060 boe/day compared to 15,744 boe/day for the same period in 2019.

Impairment

(\$ 000s)	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Impairment	-	-	-	7,859

As at September 30, 2020 the Company determined that no impairment indicators were present for either its property, plant and equipment, or its exploration and evaluation assets, therefore no impairment tests were required to be performed.

Share-based Compensation

(\$ 000s)	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Share-based compensation	45	96	168	148

Share-based compensation in the third quarter of 2020 was \$0.1 million which was relatively consistent to the same quarter in 2019. On a year-to-date basis, share-based compensation was \$0.2 million, an increase of \$0.1 million or 14% compared to the same period in 2019. These respective increases are a result of incremental expense recognized during the vesting periods subsequent to an options grant which occurred on July 3, 2019.

LNG Segment

Project Background

The LNG segment contains all activities associated with the development of the Company's proposed Facility in Goldboro, Nova Scotia in addition to the majority of Pieridae's corporate overhead activities.

The Goldboro LNG site is near the community of Goldboro, Nova Scotia. The site was selected to make use of existing infrastructure and is aligned with the Company's goal to minimize capital exposure by reusing existing, underutilized midstream infrastructure. The site is close to a decommissioned sour gas processing facility which gathered gas from numerous offshore reservoirs. This plant processed gas from the offshore Scotia shelf at the Sable Island project, and tied into an existing sales pipeline (Maritimes and Northeast Pipeline ("M&NP")) which is conveniently located next to the site, and which will be modified to deliver gas to the Goldboro LNG Facility.

The Goldboro LNG Facility has progressed to the OBE stage and KBR was previously engaged to review the previously completed Front-End Engineering Design ("FEED") study and provide a fixed price contract to construct the gas liquefaction facility. On July 13, 2020 Pieridae received written notice from KBR regarding the firm's exit from fixed price energy projects in order to refocus on its government services business. As a result, KBR will no longer provide a fixed price estimate to Pieridae. Upon receiving this notice, Pieridae immediately began negotiations with several potential design-build firms to resume the review of the completed FEED study and develop the OBE in order to continue progress towards a positive FID. Furthermore, an agreement has been negotiated whereby KBR will support the transition of this work by providing the required documentation and resources to a new contractor as soon as such new contractor is selected by Pieridae. This agreement will minimize the potential delay that would otherwise be expected in transition.

On September 29, 2020 Pieridae announced that it had signed a services agreement with respected global engineering firm Bechtel related to Pieridae's Two-Train Goldboro LNG Facility. Some of the key deliverables of the Bechtel 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 work camp at the LNG site

Pieridae has retained sole responsibility to contract the site preparation, marine civil works, and worker camp. These projects will be financed concurrently with a positive FID decision, and project execution will commence thereafter.

Under the FEED study, Air Products and Chemicals, Inc. developed a plan to design and deliver a two-train (each 4.8 MMTPA) facility. A two-train construction project is contemplated to span approximately 56 months. Much of the construction contemplates assembling modules built in offshore yards while employing approximately 4,500 local workers during the peak construction phase. These employees will be housed at a temporary camp, which will be built on or nearby the existing decommissioned Sable Island sour gas plant site. Site preparation, site drainage, highway reconstruction, marine facilities, are amongst some of the major projects that must be assembled in tandem with, or prior to, the LNG liquefaction facility construction.

Integrated LNG Business Model

The acquisition of the South Foothills Assets further solidifies Pieridae's position as a fully integrated LNG enterprise holding key permits and approvals. It also greatly expands its portfolio of natural gas reserves, and its ability to generate sufficient natural gas to supply the Facility. With the completion of the South Foothills Asset acquisition, the Company estimates that it has enough resource capacity, to fill Train One of the proposed Facility at Goldboro. The Company plans to continue to add to these resources and reserves as markets and finances permit. A 20-year, take-or-pay contract with Uniper, together with the additional sales contract with Axpo, ensures that there will be a long-term, stable offtake for more than half of the planned capacity of the Facility.

Financing (UFG)

On April 25, 2013, Pieridae received written confirmation of eligibility in principle for up to US \$3.0 billion of untied loan guarantee by the German Federal Government, provided that, among other things, at least 1.5 MMTPA of the 4.8 MMTPA LNG produced from Train One will be delivered to the German domestic gas market. The eligibility in principle for the loan guarantee is expected to result in a lower cost of capital for Pieridae and enhance the leverage which can be achieved. This should represent a significant advantage over its competitors and translate into a cost of capital lower than an integrated LNG company without such guarantees.

On October 29, 2018, the proposed financing of upstream activities within the Goldboro LNG received a written confirmation of eligibility in principle for up to US \$1.5 billion of untied loan guarantees by the German Federal Government. This confirmation marked an important milestone in advancing the integrated Goldboro LNG Project towards FID. This eligibility in principle for up to US \$1.5 billion German government loan guarantee in relation to the proposed financing of conventional upstream natural gas development is in addition to the eligibility in principle for up to US \$3.0 billion by the German government loan guarantees for the proposed financing of the construction of Train One of the Goldboro LNG Facility and all associated facilities.

World Demand

According to Wood Mackenzie ("WoodMac"), global LNG demand is expected to grow from 368 MMTPA to 550 MMTPA between 2020 and 2030. Global liquefaction capacity will need to grow by 102 MMTPA by 2030 to meet expected demand. Currently, WoodMac foresees a shortfall in liquefaction capacity of roughly 70 MMTPA by 2030. As the closest North American LNG export terminal to Europe, Goldboro will be well-placed to capitalize on this growing demand.

Pieridae maintains its focus on long-term value creation. Expectations are still that LNG will become the fuel of choice as countries look to reduce their carbon footprint. The long-term commitments of customers such as Uniper, speak to the confidence that countries, and utilities, have that LNG is part of the path toward in reducing GHG emissions and addressing climate change.

Stranded Supply

Part of Pieridae's value chain strategy is to acquire stranded and economically constrained natural gas reserves and move them to world markets, capitalizing on higher global market prices. The Company has executed on this strategy in each of the past two years. In December 2018, the Company acquired Ikkuma and in October 2019, acquired the South Foothills Assets. The significant decreases in crude prices brought about by the COVID-19 pandemic and the Saudi - Russia price war, has materially impacted the valuations and prospects of many energy companies. For some companies it could present an opportunity to access additional reserves, as companies shed properties to avoid liquidation. The advancement of the Goldboro LNG Project is one advantage unique to Pieridae, and it could help facilitate additional acquisitions for the Company.

Transport Capacity

The gas supply for the Goldboro LNG Facility will be delivered via existing pipelines to the M&NP, located directly alongside the project site. Western Canadian production would move through TC Energy's Canadian Mainline ("Mainline"). This represents an opportunity for TC Energy, as their Mainline is currently substantially underutilized. There are some sections of the subsidiary lines which will require upgrading to meet Pieridae's capacity requirements, and engineering work is ongoing to refine the adjustments required.

Key Milestones

The following is a discussion of the key milestones for the Goldboro LNG Project:

Milestone	Status
Secure sales contracts for 9.6 MMTPA (the design capacity of the two trains).	<ul style="list-style-type: none">• Pieridae has an agreement with Uniper which contemplates the sale, on a "take or pay" basis, of 4.8 MMTPA of LNG for a term of 20 years commencing at the start of commercial deliveries of LNG.• Pieridae has a term sheet to negotiate a binding LNG sale and purchase agreement to supply up to 1.0 MMTPA of LNG to Axpo, a Swiss utility.• Negotiations are under way for additional sales agreements.

<p>Secure supply of approximately 1.4 billion cubic feet of natural gas, and the related infrastructure improvements required to supply the 9.6 MMTPA of LNG to the proposed Goldboro LNG Facility.</p>	<ul style="list-style-type: none"> • In October 2019, Pieridae added 1,077 million cubic feet of total proved plus probable natural gas reserves through its acquisition of the South Foothills Assets. • The upstream reserves, including approximately 500 potential drilling locations identified to date, in various stages of de-risking/technical due diligence, will provide sufficient productive capacity to fill Train One at Goldboro. • In December 2018 Pieridae added 671 million cubic feet of total proved plus probable natural gas reserves through the Ikkuma acquisition. • Confirmation of eligibility in principle for up to US \$1.5 billion of untied loan guarantees by the German Federal Government under its UFK program to support upstream development. • Pieridae is acquiring and reprocessing a significant amount of 3D seismic information on its growing reserve base. This will be used to formulate a comprehensive drilling plan that will ultimately grow production to the levels required to fill Train One. • Pieridae continues to seek additional gas properties through acquisitions or processing agreements, for which negotiations are ongoing.
<p>Complete engineering and design required for Facility construction.</p>	<ul style="list-style-type: none"> • Project site acquired. • Beginning of the land preparation was completed in early 2018. • Preliminary FEED has been completed. • Bechtel is progressing on the OBE and associated work for the primary EPCC contract. Work continues, and a high-level cost estimate is pending. • As a result of a depressed market and COVID-19 impacts, Pieridae has negotiated an extension to June 30, 2021 for the deadline to make a positive FID. • Work is also continuing on site preparation and planning. Detailed engineering work is being finalized on water intake, the wharf and jetty, and stormwater drainage and treatment options in addition to detailed planning of the road relocation, work camp and site terracing. If financing is in place, we anticipate some of this work could begin in the fall of 2020.
<p>Secure transportation agreements to deliver natural gas to the Goldboro LNG Facility.</p>	<ul style="list-style-type: none"> • Memorandums of understanding have been completed with owners of the respective pipelines for long-term capacity. • The Company is eligible to request, at any time, an open season process to finalize these agreements.
<p>Obtain all permits and authorizations required to proceed with construction.</p>	<ul style="list-style-type: none"> • We have received all the major permits for the Project, including: <ul style="list-style-type: none"> ○ Environmental Assessment Approval ○ National Energy Board LNG Export License ○ National Energy Board Import License ○ US DOE LNG FTA Export Permit ○ US DOE NFTA Export Permit ○ Goldboro Construction Permit
<p>Obtain agreement from organized labour and local indigenous groups to mitigate the risk of disruption during construction.</p>	<ul style="list-style-type: none"> • Project special needs collective agreements (the "Collective Agreement") have been negotiated with 15 of the relevant trade unions in Nova Scotia, of which 13 have signed and ratified the Collective Agreement. • The Labour Board (Nova Scotia) issued order LB-1322 and order LB-1323 declaring that the Collective Agreement is a project agreement and that it is effective commencing July 27, 2017. • Have signed a Benefits Agreement with The Assembly of Nova Scotia Mi'kmaq Chiefs on February 4, 2019. The agreement means the Mi'kmaq will benefit economically as the Goldboro LNG Facility is developed, built and begins operating. • On September 30, 2020 Pieridae signed a Letter of Award selecting Black Diamond and the 13 Nova Scotia Mi'kmaq communities to exclusively negotiate the contract to build the \$720 million workforce lodge and amenities during the four-year construction phase of the Facility
<p>Secure the required funding.</p>	<ul style="list-style-type: none"> • The confirmation of eligibility in principle on April 25, 2013, that the project financing to be secured for constructing the first train of Goldboro will qualify for a US \$3.0 billion loan guarantee from the German Federal Government. • On October 29, 2018, the proposed financing of upstream activities within the Goldboro LNG Project received a written confirmation of eligibility in principle for up to US \$1.5 billion of untied loan guarantee by the German Federal Government.

More information on the above noted contracts and regulatory efforts can be found in the Company's 2019 Annual Information Form ("AIF") which can be found on www.sedar.com.

Extensions of Key Deadlines

As a result of depressed market conditions and COVID-19 impacts, the targeted FID date for the Goldboro LNG Project has been moved to June 30, 2021. To that end, on May 5, 2020, Pieridae announced extensions of the key deadlines under its 20-year agreement with German energy company Uniper. These include expected commercial deliveries of gas to Uniper to start between August 31, 2025 and February 28, 2026, and the extension to June 30, 2021 of the deadline to make a positive FID for the Company's proposed Goldboro LNG Project. The 20-year agreement with Uniper is for the liquefied natural gas produced at Train One or 4.8 MMTA.

We continue to advance the project on a number of fronts; the Company is currently in negotiations with several potential design-build firms to continue work on the previously proceeding OBE necessary for entering into a defined scope fixed price EPCC contract. These activities will occur over the next number of months. The completion of these activities will allow us to complete our final due diligence and proceed with project financing.

We are working with several firms on the planning and pre-construction work for six priority areas:

- Site roadwork
- Water pipeline construction
- Water Treatment plant construction
- Terracing of the site
- Building the work camp
- Building the wharf and jetty

Once financing is in place, we anticipate some of this work would begin immediately.

General and Administrative Expense

(\$ 000s)	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
General and administrative expenses	4,431	2,119	11,562	7,031

LNG, including corporate, general and administrative expense, was \$4.4 million in third quarter of 2020, an increase of \$2.3 million or 109% compared to the same quarter in 2019. On a year-to-date basis, general and administrative expense was \$11.6 million, an increase of \$4.5 million or 64%. A number of factors contributed toward this increase including the addition of corporate staff during the year in order to support and maintain growing operations following the acquisition of the South Foothills Assets, while also incurring expenses to move the Goldboro LNG Project forward.

Development Expense

(\$ 000s)	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Development expense	2,472	504	10,060	8,345

Development expense in the third quarter of 2020 was \$2.5 million, an increase of \$2.0 million or 390% compared to the same quarter in 2019. On a year-to-date basis, development expenses were \$10.1 million, an increase of \$1.7 million or 21%. Pieridae continues working with engineering firms on planning and pre-construction for the Goldboro LNG Facility and working towards the OBE required for a fixed price, lump sum turnkey EPCC contract.

Share-based Compensation

(\$ 000s)	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Share-based compensation	65	481	260	696

Share-based compensation for the third quarter of 2020 and on a year-to-date basis was lower than the same period in 2019 due to the impact of higher fair value of options granted in 2019, offset by incremental expense recognized.

Liquidity and Capital Resources

Cash and Cash Equivalents

Pieridae held \$20.4 million in cash and cash equivalents and restricted cash of \$2.0 million as at September 30, 2020. Restricted cash is comprised of security pledged for various letters of credit which are required to be posted with provincial agencies and other companies in order to facilitate the Company's ongoing operations. Included in the September 30, 2020 cash amount was \$14.2 million that was self-restricted by Pieridae in anticipation of potential LCs that could be required as a result of the South Foothills Asset acquisition. Pieridae will likely be required to issue LCs once the license transfer is complete, however at this time the timing and amount is unknown, and as a result, this amount has been released to cash and cash equivalents.

Loans and Term Debt

On October 16, 2019, the Company entered into a fully drawn senior secured non-revolving term Credit Facility for \$206.0 million. This Credit Facility bears interest at a fixed rate of 12.0% per annum from the date of issue, accrued daily and payable quarterly in cash, plus an additional 3.0% per annum, which is payable quarterly either in cash or, at the option of the Company and subject to the lender's approval, in kind by way of accruing to the principal outstanding. The Credit Facility is repayable in full on October 16, 2023; however, the Company has discretion to repay the principal in whole or in part any time prior to this date upon 90 days written notice to the lender, without penalty. The Company used the proceeds of the Credit Facility to partially fund the acquisition of the South Foothills Assets, repay the existing \$50.0 million term debt facility with AIMCo in full, fund letters of credit required for existing and purchased assets, and to satisfy all fees and expenses associated with the Credit Facility and Acquisition. Refer to Note 12 in the Consolidated Financial Statements for additional information on the Credit Facility.

As at September 30, 2020 the Company was in compliance with, or had obtained the required waivers for, all covenants of the Credit Facility.

Working Capital and Capital Structure

The following table shows the Company's net working capital as at September 30, 2020 and December 31, 2019:

(\$ 000s)	September 30, 2020	December 31, 2019
Cash and cash equivalents	20,422	9,567
Restricted cash	1,995	19,152
Accounts receivable	45,113	40,810
Prepaid expenses and deposits	4,927	3,535
Inventories	23,080	23,535
Accounts payable and accrued liabilities	(97,834)	(73,573)
Current portion of lease liabilities	(2,300)	(2,701)
Other current liabilities	(4,567)	(1,220)
Net working capital	(9,164)	19,105

The Company is actively working to source additional funding to grow its upstream asset base and proceed with the construction of the proposed Goldboro LNG Facility, and has received confirmation of eligibility in principal for untied loan guarantees from the German Federal Government. Although there is no guarantee that it will be successful, management believes the Company presents a compelling opportunity to potential lenders and investors due to the status of approvals for the Facility, the eligibility for untied loan guarantees from the German Federal Government, and the strong potential returns on investment from the Goldboro LNG Facility. The previous addition of the upstream and midstream assets acquired from Shell further strengthens the investment thesis for Pieridae.

Pieridae's capital strategy is aligned with its business strategy and is focused on ensuring the Company has sufficient liquidity to fund operations and project development. Externally, Pieridae's principal sources of liquidity are the Credit Agreement, and additional debt and/or equity offerings. Collectively the Company raised \$84.5 million in equity and \$216.0 million of debt in 2019. By virtue of its acquisition of the South Foothills Assets, the Company also has a much more robust source of potential liquidity from internal sources.

Working capital decreased from \$19.1 million to a deficit of \$9.2 million during the nine months ended September 30, 2020 as a result of net losses experienced during the period, continued weakness in condensate and liquids pricing as a result of macroeconomic conditions, and sustaining capital projects undertaken during the quarter. These are expected to be temporary, and working capital is anticipated to trend higher over the next 12 months.

Inventory levels have not changed significantly during the quarter as consumable inventories have been purchased and held in anticipation of a turnaround planned for the Jumping Pound facility, now expected to occur in the second quarter of 2021.

Capital Resources

As at September 30, 2020, Pieridae's capital structure was comprised of share capital, working capital and term debt, less cash and cash equivalents. The following table summarizes our capital structure on September 30, 2020 and December 31, 2019:

(\$ 000s)	September 30, 2020	December 31, 2019
Cash and cash equivalents	20,422	9,567
Less: Term debt	(213,930)	(202,913)
Net cash and cash equivalents (debt)	(193,508)	(193,346)
Shareholders' equity	49,892	104,315

Sources and Uses of Cash Flows

(\$ 000s)	Three months ended		Nine months ended	
	September 30 2020	September 30 2019	September 30 2020	September 30 2019
Cash flows related to operating activities	(4,541)	(238)	(128)	(34,024)
Cash flows related to investing activities	(1,395)	(1,914)	(3,679)	(3,403)
Cash flows related to financing activities	17,032	(152)	14,994	35,611

Operating cash flows in the third quarter of 2020 decreased by \$4.3 million or 1,808% compared to the same quarter in 2019. On a year-to-date basis, operating cash flows increased by \$33.9 million or 100% compared to the same period in 2019. The year-to-date increase was due to accretive cash flows generated from the South Foothills Assets acquired. In the current quarter, continued lower realized prices for natural gas and condensate sales due to pressure from the current global pandemic resulted in a cash outflow of \$4.6 million.

Investing cash outflows in the third quarter of 2020 decreased by \$0.5 million or 27% compared to the same quarter in 2019 due to the turnaround expenditures incurred. On a year-to-date basis, investing cash outflows decreased by \$0.3 million or 8% when compared to the same period in 2019 due to an increase in exploration and evaluation expenditures during the first quarter.

Financing cash flows in the third quarter of 2020 increased by \$17.2 million compared to the same quarter in 2019 primarily as \$14.2 million of cash was released from restricted status. On a year-to-date basis, financing cash flows decreased by \$20.6 million or 58% compared to the same period in 2019 as there were no new financing transactions during the current periods other than the payment of lease obligations and restricted cash movements; in the nine months ended September 30, 2019, the Company raised funds through issuances of convertible debt and issuances of share capital in anticipation of the Shell acquisition in the fourth quarter of 2019.

Share Capital, Warrants and Stock Options Outstanding

As at September 30, 2020 the Company had 157,631,268 (December 31, 2019 - 157,561,174) common shares outstanding. As at September 30, 2020 6,186,026 (December 31, 2019 - 6,392,072) stock options were outstanding with a weighted average exercise price of \$2.41/share. On October 8, 2020, the Company issued 1,710,100 stock options pursuant to its share-based compensation program at an exercise price of \$0.86/share.

As at September 30, 2020 589,705 (December 31, 2019 - 1,889,755) whole warrants were outstanding at a strike price of \$5.67. These warrants will expire in December 2020.

Commitments, Provisions and Contingencies

The Company has entered into several financial obligations during the normal course of business. As at September 30, 2020 these obligations, and the expected timing of their settlement, are detailed below:

(\$ 000s)	2020	2021	2022	2023	Thereafter	Total
Interest on debt	7,785	30,900	30,900	24,466	-	94,051
Deferred fee	-	50,000	-	-	-	50,000
Firm transportation	2,368	7,244	3,031	1,329	1,764	15,736
Total	10,153	88,144	33,931	25,795	1,764	159,787

Provisions and Contingencies

In April 2020, the Company entered into an arbitration agreement with a third party to resolve an on-going commercial dispute. The matter is currently being reviewed by an arbitrator and the Company expects a legally binding judgement later in the year. For the year-to-date

period of 2020, the Company derecognized approximately \$9.4 million of accrued liabilities and associated reduction in operating expenses. Refer to the Consolidated Financial Statements for the year ended December 31, 2019 for additional information on significant accounting policies for provisions.

The Company represents its interests in the arbitration vigorously. Such legal proceedings involving possible losses are inherently complex, and significant judgement must be applied in estimating probable outcomes. The total required payment in the event that the arbitration outcome is adverse to the Company may materially exceed the current provision and would be recognized in the settlement period. Management considers that disclosure of further details of the arbitration would seriously prejudice the Company's position and accordingly further information on the nature of the obligation and major assumptions used in calculating the provision has not been provided.

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 proceeding 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

We do not have any financial arrangements that are excluded from the Interim Financial Statements as at September 30, 2020 nor are any such arrangements outstanding as of the date at this MD&A.

Risk Factors

The Company monitors and complies with current government regulations that affect its activities, although operations may be adversely affected by changes in government policy, regulations or taxation. In addition, Pieridae maintains a level of liability, property and business interruption insurance which is believed to be adequate for the Company's size and activities, but is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims. Risk to Pieridae's business and operations include, but are not limited to:

- Weakness in the oil and gas industry
- Additional financing requirements
- Liquidity
- Access to capital
- Share price volatility
- Impact of future financing on Pieridae's market price
- Competition
- Environmental incidents
- Climate change
- Epidemics or pandemics
- Pricing, markets, and the marketing of crude oil and gas
- Exploration, development and production risk
- Availability and cost of material and equipment
- Insurable risks
- Operational dependence
- Risks inherent to gathering and processing facilities and pipelines
- Possible failure to realize the anticipated benefits of acquisitions
- Large capital project risks
- Conflicts of interest
- Permits, licenses and approvals
- Title to property
- Litigation
- Regulatory
- Carbon pricing
- Liability management
- Royalty regimes
- Hydraulic fracturing
- Variations in foreign exchange and interest rates

- Hedging
- Tax horizon
- Third party credit risk
- Political, geo-political and social risks
- Land claims
- Growth management
- Reliance on key personnel
- Cost of new technologies
- Alternatives to, and changing demand for petroleum products
- International protocols
- Climate change regulations
- Reserves and resource estimates
- Reserve and resource replacement
- Internal controls
- Dividends
- Dilution
- Breach of confidentiality
- Information technology and cyber security
- Reputational risk
- Forward looking statement and information may prove inaccurate

Refer to Management Discussion & Analysis and Annual Information Form for the year ended December 31, 2019 for fulsome discussion of these risks. See “Forward Looking Statements”.

The current challenging economic climate due to the COVID-19 pandemic may have significant adverse impacts to the Company, including but not limited to:

- Material declines in revenue and cash flows due to reduced commodity prices
- Material decline in future revenues, which may result in potential impairment on non-financial assets
- Increase in the risk of non-performance by our customers, resulting in the risk of higher customer defaults

While Pieridae believes the COVID-19 pandemic to be temporary, the situation is dynamic and the future economic impact of COVID-19 on the results of operations and financial condition cannot be reasonably estimated at this time. Pieridae will continue to monitor the impact of COVID-19 on an ongoing basis and make revisions as determined necessary by management. Such revisions are recognized in the period in which the estimates are revised and may impact future periods as well.

Environmental, Social and Governance Commitment

A growing number of companies are taking ESG issues more seriously than ever because there is recognition that companies that focus on ESG and creating long-term value perform better over time. Much of this is driven by a united demand from employees, investors and customers. These groups have shifted from a passive to more active stance and are forcing companies to step up efforts against climate change and social injustice. Many feel companies must capitalize on strategic, operational and reporting functionalities they already have in place in order to better assess risk and put a value on the impact to assets.

In parallel, ESG practices such as understanding risks, reducing waste, using resources effectively and ensuring compliance will help companies uncover cost efficiencies. Understanding ESG factors that are material to our business and to key stakeholders is a core ESG practice which is key to identifying and integrating ESG into the business and strategy. In this sense, embracing sustainability is twofold: supporting the resilience of the business, while enabling positive social and environmental impacts.

ESG is fundamental to Pieridae’s ability to create long term shareholder value. It starts with the tone at the top, creating a business environment where our Board, senior leadership, and employees are empowered and aligned toward the Company’s targets. Pieridae recognizes the importance of building and maintaining our relationships with the communities in which we operate and have aligned our ESG goals and framework toward fostering those relationships.

At Pieridae, we are formally investigating how we will continue and formalize our ESG journey by developing a plan that will integrate our Corporate Strategy with an ESG roadmap. We are committed to finding the right path.

Specifically, our 2020 goals, against which a portion of management compensation is measured, contain specific and measurable ESG targets. The table below reflects a number of areas that Pieridae is focused on as part of its ESG program:

Key Sustainability Topic/Risk	Management Goal, Process, Controls and Measurement	Progress
Environmental		
<p>Sulfate aerosol (SO₂/H₂S) emission management</p> <p>Risk of regulatory or environmental incident or air quality performance failure due to high sulfate aerosol releases.</p>	<ul style="list-style-type: none"> Pieridae is committed to ensuring its operations have minimal impact to the air quality near its facilities and operates continuous air monitoring stations at its large gas plants. 	<p>Neutral to Positive</p> <ul style="list-style-type: none"> Pieridae undertakes a comprehensive air monitoring program as per EPEA and other regulatory requirements.
<p>Greenhouse gas emission reduction</p> <p>Methane (CH₄) is a primary GHG which is considered “fugitive” or an unintended leak from facilities. CH₄ has the highest global warming potential thus impacts to emission reductions are also higher.</p>	<ul style="list-style-type: none"> Management is committed to establishing a baseline and targeting reduction in the emission of CH₄ from its facilities through increased monitoring, process improvements, and equipment upgrades. In January 2020, Pieridae formalized its corporate Fugitive Emissions Management Plan (FEMP) and Methane Reduction Retrofit Compliance Plan (MRRCP). 	<p>Neutral</p> <ul style="list-style-type: none"> Since 2018, a total of 58 pneumatic pumps have been replaced, and the program has produced approximately 18,418 carbon offset credits (tonnes of CO₂ equivalent). Pieridae will continue this program and we anticipate tripling this reduction over several years.
<p>Water usage reduction</p> <p>Fresh water usage has become a central issue for many oil and gas producers in western Canada.</p>	<ul style="list-style-type: none"> Reduction in future water use through conventional (non-hydraulic stimulation) drilling in the Foothills. The production of non-hydraulic fractured gas may allow us to certify our sales under a number of “green-gas” programs which may allow us to obtain a price premium over market prices. Water usage is relatively high at the Company’s three main gas plants, which Pieridae is committed to reducing. Management is committed to establishing a baseline and targeting reduction in water use. 	<p>Neutral to Positive</p> <ul style="list-style-type: none"> Signed an evergreen contract with Shell to address site-specific ground pollution at the two largest and oldest plants in the current asset portfolio. Shell and Pieridae are committed to ensuring that the site is free of contaminants. Developing a conventional drilling plan which vastly reduces the water required for hydraulic fracturing.
Social		
<p>Indigenous Peoples Engagement</p> <p>Risk that Indigenous Peoples impacted by our activities do not feel they are benefitting from the Goldboro LNG Project nor Alberta gas reserves development & partnerships.</p>	<ul style="list-style-type: none"> Pieridae maintains ongoing, direct Treaty 7 engagement to discuss potential partnerships. Coordination with the Mi’kmaq First Nations on long-term Goldboro site management plans. Developing an Indigenous People Principles document which will be adhered to. 	<p>Positive</p> <ul style="list-style-type: none"> Positive, initial partnership discussions with Stoney Nakoda Nation. Building on the ratified Mi’kmaq Benefits Agreement, on September 30, 2020 signed a Letter of Award selecting Black Diamond and the 13 Nova Scotia Mi’kmaq communities to exclusively negotiate the contract to build a \$720 million workforce lodge and amenities construction of the Facility
<p>Stakeholder Engagement</p>	<ul style="list-style-type: none"> Ongoing, annual development of Pieridae Engagement Plan (matrix & SWOT). 	<p>Neutral</p>

<p>Pieridae is working with landowners' concerns through asset transfer process/post AER decision. We are continuing to strengthen positive and trusting relationships with landowners through ongoing engagement.</p>	<ul style="list-style-type: none"> • Commitment to following AER asset transfer approval conditions, develop tracking mechanism as part of the consultation record. • Pieridae has a clear legacy policy that highlights how to achieve financial support. • Community liaison officers ("CLO") live & work in local communities, constantly building relationships & Pieridae brand. 	<ul style="list-style-type: none"> • Answered asset transfer SOCs thoroughly. • Direct, timely landowner & stakeholder engagement. • Formal Engagement Plan to be completed in 2020. • Legacy financial policy continues to build community goodwill. • Local CLO community presence has demonstrated value mitigating current & future issues.
<p>Workforce Health and Safety</p> <p>Risk of injuries, fatalities and other safety concerns due to inadequate controls, processes and training, including currently heightened risk to workers due to the ongoing pandemic.</p>	<ul style="list-style-type: none"> • Pieridae tracks and reports total recordable injury frequency (TRIF) and lost-time injury frequency (LTIF). Focus is to improve proactive behaviors and reporting to maintain a low injury frequency. • LTI = 0 in 2020. TRIF target for 2020 <1.0 (TRIF of 0.72 in 2019, 2020 year-to-date of 0.34). • HS&E targets are tied to bonus structure. • HS&E statistics are communicated company-wide on a monthly basis to preserve a good safety culture and transparency. • Dedicated HS&E team in the field working directly with front-line workers and supervisors. 	<p>Positive</p> <ul style="list-style-type: none"> • Integration of safety systems; process framework, and controls is well underway. • Integration activity will result in an effective Safety Management & Loss framework for employees and contractors. • Continued learning from incidents shared with entire company through safety hub and safety alerts. • Training & competency management will remain a focus.
Governance		
<p>Board and Executive Diversity</p> <p>Risk of non-optimal management and Board decision making from lack of diversity of opinions, experiences and perspectives.</p>	<ul style="list-style-type: none"> • Pieridae's Board of Directors is committed to increasing the diversity of the Board and Executives of Pieridae. 	<p>Neutral to Positive</p> <ul style="list-style-type: none"> • Nominations to the Board of Directors suggest increasing diversity. • Increased disclosure of diversity in the Company's 2019 Management Information Circular. • Evolving Human Resources and recruitment policies and procedures. • On May 26, 2020, Pieridae elected Ms. Kiren Singh as its newest Board member. Ms. Singh has 30 years of experience and previously served as CFO, VP Risk Management and Treasurer in the energy sector.
<p>Critical Incident Management</p> <p>The release of hydrocarbons or other hazardous substances as a result of accidents could have significant ESG consequences.</p>	<ul style="list-style-type: none"> • Pieridae has a comprehensive corporate emergency response plan (ERP) with site-specific ERPs and an emergency response assistance program (ERAP) in place. • Participates in the Alberta Government Wildfire Management Plan. • Ongoing emergency response training held in the field at each of the assets. 	<p>Positive</p> <ul style="list-style-type: none"> • Practices and procedures and training processes are in place to effectively handle emergencies and minimize the risk of negatively impacting the environment, people and communities in which it operates.

	Competency to ICS and number of exercises conducted are measured.	<ul style="list-style-type: none"> • An established emergency management program promotes prompt and effective response to emergencies.
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We recognize that operating our business sustainably requires transparency with our stakeholders about our ESG performance and overall performance. These goals are intended to support this performance, and we commit to updating our stakeholders regularly.

Significant Accounting Judgement and Estimates

The preparation of these Interim Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and related disclosures with respect to contingent assets and liabilities. Pieridae bases judgments, estimates and assumptions on current facts, historical experience and various other factors that are reasonable under the circumstances. The economic environment could also impact certain judgments, estimates and discount rates necessary to prepare these Interim Financial Statements, including significant estimates and judgements used in assessing for impairment indicators in the current economic environment. Actual results could differ materially from estimates and assumptions. Pieridae reviews estimates and underlying assumptions on an ongoing basis and make revisions as determined necessary by management. Such revisions are recognized in the period in which the estimates are revised and may impact future periods as well.

Critical accounting judgments and estimates used in preparing the Interim Financial Statements are described in Pieridae's Consolidated Financial Statements and MD&A for the year ending December 31, 2019. Current conditions have increased the complexity in making judgments, estimates and assumptions used to prepare the Interim Financial Statements, particularly related to the following:

(i) 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. The impact of COVID-19, or the assessment of future prices, have not triggered impairment indicators as at September 30, 2020.

(ii) Litigation and Arbitration

The Company records provisions related to legal matters if it is probable that the Company will not be successful in defending the claim, or an adverse outcome arises from arbitration, and if an amount can be reasonably estimated. Determining the probability of a claim being defended or the outcome of arbitration, by nature, requires the use of significant judgement as it is based on the occurrence of one or more future events. Additionally, the potential claim or final settlement may fall within a range of probable outcomes which makes estimation of the amount and timing of any economic outflows difficult to predict and may be materially different upon settlement of the obligation. Provisions recognized are based on management's best estimate of the timing, scope, and amount of expected future cash outflows to settle the obligation.

Critical Accounting Estimates

There have been no changes in our critical accounting estimates in the three and nine months ended September 30, 2020. Additional information regarding our critical accounting policies and estimates can be found in the notes to the Consolidated Financial Statements.

Changes in Accounting Policies

The Interim Financial Statements have been prepared using the same accounting policies as used in the preparation of the Consolidated Financial Statements, except for the adoption of amended standards, and interpretations effective as of January 1, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Definition of a Business (Amendments to IFRS 3)

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all the inputs and processes needed to create outputs. This amendment had no impact on the Interim Financial Statements, as the Company did not carry out a business combination during the three and nine months ended September 30, 2020.

Outlook and Guidance

2020 Guidance

We now anticipate 2020 NOI in the range of \$55 million to \$65 million, production of 40,000 to 45,000 boe/day, capital expenditures of \$11 million, and investment in Goldboro LNG development expense 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. Adjusted operating expenses are anticipated to be \$10.00 to \$11.00/boe.

Non-IFRS Measures

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

Net Operating Income

Net operating income equals revenue including realized gains and losses on commodity risk management contracts less royalties, operating expenses and transportation expenses.

(\$ 000s)	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Revenue ¹	55,742	13,165	202,473	50,866
Royalties	(1,195)	(35)	(5,207)	(1,368)
Operating expense	(51,543)	(14,365)	(147,947)	(44,087)
Transportation expense	(3,650)	(1,464)	(11,425)	(4,880)
Net operating income (loss)	(646)	(2,699)	37,894	531

⁽¹⁾ Excludes unrealized gains or losses from risk management contracts.

Operating Netback

The operating netback equals revenue including realized gains and losses on commodity risk management contracts less royalties, operating expenses and transportation expenses calculated on a per BOE basis. Management considers net operating income and operating netback important measures to evaluate the Company's operational performance as it demonstrates Pieridae's field level profitability relative to current commodity prices.

(\$ per boe)	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Revenue	15.86	9.77	18.00	11.83
Royalties	(0.34)	(0.03)	(0.46)	(0.32)
Operating expense	(14.66)	(10.65)	(13.15)	(10.26)
Transportation expense	(1.04)	(1.09)	(1.02)	(1.14)
Operating netback (\$/boe)	(0.18)	(2.00)	3.37	0.11

Adjusted Operating Expenses

Adjusted operating expense is intended to provide an industry-comparable view of operating expenses for our sour gas processing facilities. Management considers comparability to mean consideration for all volumes running through these facilities, not only Pieridae-owned volumes, and some factor to normalize the increased expense of running sulphur recovery units at these facilities. Adjusted operating expense is calculated as operating expenses, less third-party processing revenue and sulphur revenue.

(\$ 000s except per boe)	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Operating expense	51,543	14,365	147,947	44,087
Third party processing revenue	(6,009)	(1,442)	(19,737)	(1,442)
Sulphur revenue	(1,900)	(1,552)	(4,404)	(4,428)
Adjusted operating expense	43,634	11,371	123,806	38,217
Adjusted operating expense (\$/boe)	12.41	8.43	11.00	8.89

Adjusted Funds Flow from Operations

Pieridae defines adjusted funds flow from operations as its net loss, less financial income and expense, where financial income and expense excludes accretion, less depletion and depreciation. Development expenses are also added back to better focus the metric on the Company's upstream operational performance.

(\$ 000s)	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Net loss	(29,845)	(13,180)	(54,725)	(45,706)
Depletion and depreciation	9,057	3,599	28,561	11,942
Finance expense	11,537	1,412	34,435	3,720
Development expense	2,472	504	10,060	8,345
Impairment of exploration and evaluation assets	-	-	-	7,859
Adjusted funds flow (used in) from operations	(6,779)	(7,665)	18,331	(13,840)

Project Investment

Project investment represents total capital expenditures included in the financial statements plus development expenses. This information is important as it shows Pieridae's total spending on key long-term initiatives.

(\$ 000s)	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Capital expenditures	6,033	1,914	8,317	3,403
Development expense	2,472	504	10,060	8,345
Total project investment	8,505	2,418	18,377	11,748

Capital expenditures relate primarily to the Company's upstream spending. Development expenses relate to costs to keep the proposed Goldboro LNG Project on schedule, including the FEED and OBE. Development expenses reflect all expenditures associated with the Company's proposed Facility in Goldboro, Nova Scotia, that are not of a capital nature. This information is important as it shows Pieridae's continued investment in Goldboro, prior to these costs being eligible for capitalization on successful FID.