CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited, in thousands of Canadian dollars		**June 30, 2024**	**December 31, 2023**
Assets			
Current assets			
Cash and cash equivalents		**11,167**	18,333
Restricted cash		**520**	670
Accounts receivable		**45,160**	61,523
Prepaid expenses and other		**8,275**	9,578
Inventories		**3,540**	3,656
Risk management contracts	(Note 13)	**40,296**	49,344
		108,958	143,104
Risk management contracts	(Note 13)	**15,188**	15,071
Property, plant and equipment	(Note 5)	**373,614**	400,991
Exploration and evaluation assets	(Note 6)	**8,041**	8,025
Right-of-use assets		**2,758**	3,428
Deferred income tax asset		**77,381**	67,922
Total assets		**585,940**	638,541
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**103,108**	121,934
Current portion of decommissioning obligations	(Note 9)	**282**	4,965
Current portion of lease liabilities		**1,889**	2,035
Warrant liability	(Note 8)	**4,285**	4,192
Current portion of long-term debt	(Note 7)	**32,776**	30,748
		142,340	163,874
Other amounts payable		**938**	401
Decommissioning obligations	(Note 9)	**151,197**	156,916
Lease liabilities		**965**	1,476
Long-term debt	(Note 7)	**148,442**	141,468
Total liabilities		**443,882**	464,135
Shareholder's equity			
Share capital	(Note 10)	**275,954**	275,942
Contributed surplus		**13,357**	13,191
Warrants		**1,349**	1,349
Accumulated other comprehensive income		**45,998**	53,044
Deficit		**(194,259)**	(168,779)
Equity attributable to equity holders of the Company		**142,399**	174,747
Non-controlling interests		**(341)**	(341)
Total shareholders' equity		**142,058**	174,406
Total liabilities and shareholders' equity		**585,940**	638,541

Commitments (Note 15)
Subsequent events (Note 16)
See accompanying notes to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

		Three months ended June 30,		Six months ended June 30,	
Unaudited, in thousands of Canadian dollars, except per share amounts		**2024**	2023	**2024**	2023
Revenue					
Petroleum and natural gas	(Note 11)	**48,156**	72,048	**124,466**	197,449
Royalties	(Note 11)	**(5,589)**	16,594	**(14,362)**	1,888
		42,567	88,642	**110,104**	199,337
Processing, marketing revenue	(Note 11)	**4,203**	5,410	**9,275**	11,811
Other revenue	(Note 11)	**144**	151	**288**	4,381
		46,914	94,203	**119,667**	215,529
Realized gain on risk management contracts	(Note 13)	**18,215**	3,301	**25,494**	3,682
Unrealized gain (loss) on risk management contracts	(Note 13)	**230**	(102)	**230**	439
		65,359	97,402	**145,391**	219,650
Expenses					
Operating		**52,999**	48,982	**104,503**	115,455
Transportation		**4,478**	4,679	**9,588**	9,918
General and administrative		**6,316**	6,588	**11,911**	11,816
Finance	(Note 12)	**8,385**	16,356	**16,527**	27,442
Depletion and depreciation	(Note 5)	**15,043**	16,218	**31,373**	32,846
Share-based compensation		**682**	513	**1,429**	530
Foreign exchange loss (gain)		**1,609**	(2,386)	**5,514**	(2,401)
Loss on warrant liability	(Note 8)	**246**	1,396	**93**	1,396
Gain on asset disposition	(Note 5)	**-**	-	**(2,723)**	-
		89,758	92,346	**178,215**	197,002
Net income (loss) before taxes		**(24,399)**	5,056	**(32,824)**	22,648
Deferred income tax expense (recovery)		**(5,203)**	874	**(7,344)**	4,827
Net income (loss)		**(19,196)**	4,182	**(25,480)**	17,821
Other comprehensive income (loss), net of income tax					
Items that may be reclassified to net income (loss)					
Foreign currency translation loss		**-**	(2)	**-**	(3)
Unrealized gain (loss) on cash flow hedges, net of tax		**4,094**	7,139	**(26,676)**	7,139
Reclassification of realized gain on cash flow hedges to net income, net of tax		**14,026**	-	**19,630**	-
Total comprehensive income (loss)		**(1,076)**	11,319	**(32,526)**	24,957
Net income (loss) attributable to					
Equity holders of the Company		**(19,196)**	11,319	**(25,480)**	24,957
Net income (loss) per share attributable to equity holders of the Company					
Basic	(Note 10)	**(0.12)**	0.03	**(0.16)**	0.11
Diluted	(Note 10)	**(0.12)**	0.03	**(0.16)**	0.11

See accompanying notes to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited, in thousands of Canadian dollars	**Share Capital**	**Contributed Surplus**	**Warrants**	**Deficit**	**Accumulated Other Comprehensive Income**	**Total Equity Attributable to Equity Holders**	**Non-Controlling Interests**	**Total Equity**
As at December 31, 2022	275,882	12,819	1,349	(177,760)	2,809	115,099	(341)	114,758
Share-based compensation	-	254	-	-	-	254	-	254
Common shares issued on stock option exercise	9	(4)	-	-	-	5	-	5
Unrealized loss on cash flow hedges, net of tax	-	-	-	-	7,139	7,139	-	7,139
Net income	-	-	-	17,821	-	17,821	-	17,821
Other comprehensive income	-	-	-	-	(3)	(3)	-	(3)
As at June 30, 2023	275,891	13,069	1,349	(159,939)	9,945	140,315	(341)	139,974
As at December 31, 2023	275,942	13,191	1,349	(168,779)	53,044	174,747	(341)	174,406
Share-based compensation	-	170	-	-	-	170	-	170
Common shares issued on stock option exercise	12	(4)	-	-	-	8	-	8
Unrealized gain on cash flow hedges, net of tax	-	-	-	-	(7,046)	(7,046)	-	(7,046)
Net loss	-	-	-	(25,480)	-	(25,480)	-	(25,480)
As at June 30, 2024	**275,954**	**13,357**	**1,349**	**(194,259)**	**45,998**	**142,399**	**(341)**	**142,058**

See accompanying notes to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited, in thousands of Canadian dollars		**Three months ended June 30, 2024**	2023	**Six months ended June 30, 2024**	2023
Operating activities					
Net income (loss)		**(19,196)**	4,182	**(25,480)**	17,821
Unrealized loss (gain) on risk management contracts		**(230)**	102	**(230)**	(439)
Depletion and depreciation	(Note 5)	**15,043**	16,218	**31,373**	32,846
Non-cash financing costs	(Note 12)	**2,234**	5,060	**4,410**	12,481
Loss on debt extinguishment	(Note 7)	**-**	6,859	**-**	6,859
Accretion of decommissioning obligations	(Note 9)	**584**	548	**1,149**	1,062
Stock-based compensation		**90**	135	**170**	254
Unrealized loss (gain) on foreign exchange		**1,302**	(121)	**5,213**	(121)
Loss on revaluation of warrants	(Note 8)	**246**	1,396	**93**	1,396
Gain on asset disposition	(Note 5)	**-**	-	**(2,723)**	-
Deferred income tax expense		**(5,203)**	874	**(7,344)**	4,827
Proceeds from non-refundable deposit		**-**	-	**-**	(4,200)
Other amounts payable		**256**	179	**539**	59
Settlement of decommissioning obligations	(Note 9)	**(666)**	(375)	**(4,684)**	(887)
Changes in non-cash working capital	(Note 14)	**3,985**	(7,524)	**3,008**	(7,316)
Cash provided by (used in) operating activities		**(1,555)**	27,533	**5,494**	64,642
Investing activities					
Additions to property, plant and equipment	(Note 5)	**(4,990)**	(9,181)	**(9,882)**	(29,756)
Additions to exploration and evaluation assets	(Note 6)	**(13)**	(203)	**(16)**	(114)
Proceeds from non-refundable deposit		**-**	-	**-**	4,200
Changes in non-cash working capital	(Note 14)	**(1,039)**	(3,496)	**(1,027)**	(6,517)
Cash used in investing activities		**(6,042)**	(12,880)	**(10,925)**	(32,187)
Financing activities					
Exercise of stock options		**4**	2	**8**	5
Restricted cash		**180**	-	**150**	-
Draws on Revolving Loan	(Note 7)	**6,850**	-	**7,525**	-
Repayment of Senior Facility and Bridge Loan	(Note 7)	**(2,761)**	-	**(8,446)**	-
Proceeds on issuance of debt, net		**-**	194,661	**-**	194,661
Repayment of term debt		**-**	(190,808)	**-**	(221,378)
Payment of financing fees		**-**	(12,384)	**-**	(12,584)
Payments on lease obligations		**(479)**	(489)	**(972)**	(986)
Cash provided by (used in) financing activities		**3,794**	(9,018)	**(1,735)**	(40,282)
Increase (decrease) in cash and cash equivalents		**(3,803)**	5,635	**(7,166)**	(7,827)
Cash and cash equivalents, beginning of period		**14,970**	8,810	**18,333**	22,273
Effect of foreign exchange on cash		**-**	(3)	**-**	(4)
Cash and cash equivalents, end of period		**11,167**	14,442	**11,167**	14,442
Cash paid:					
Interest paid in cash	(Note 12)	**5,274**	3,767	**10,705**	7,009

See accompanying notes to the condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Pieridae Energy Limited (the "Company" or "Pieridae") is a publicly traded, Canadian company headquartered in Calgary, Alberta. Pieridae is focused on developing and producing conventional raw natural gas and processing it into sales products that include natural gas liquids ("NGLs") and sulphur.

The common shares of Pieridae trade on the Toronto Stock Exchange ("TSX") under the symbol PEA. The Company was incorporated on May 29, 2012, under the laws of Canada. It is headquartered at 3100, 308 – 4th Avenue SW, Calgary, Alberta, T2P 0H7.

Many of the Company's activities involve jointly owned assets. The condensed consolidated financial statements reflect only the Company's proportionate interest in such activities. The majority of Pieridae's assets and business activities are held in a wholly owned subsidiary, Pieridae Alberta Production Ltd ("PAPL").

These condensed interim consolidated financial statements were approved by the Board of Directors of Pieridae on August 13, 2024.

2. Basis of Presentation

These unaudited condensed interim consolidated financial statements ("interim financial statements") and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These interim financial statements have been prepared following the same accounting policies and methods of computation as the Company's annual consolidated financial statements as at and for the year ended December 31, 2023. Certain information and disclosures normally required to be included in the notes to the annual financial statements have been condensed or omitted. Accordingly, these condensed interim financial statements should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2023. Comparative amounts have been reclassified to match the current period presentation.

3. Material accounting judgments 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 judgments 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 for the year ended December 31, 2023.

4. New Accounting Policies and Standards

The Company's significant accounting policies under IFRS are presented in Note 3 to the annual consolidated financial statements. Certain information and disclosures normally required to be included in the notes to the annual consolidated financial statements presented in accordance with IFRS have been condensed or omitted in the interim financial statements.

5. Property, Plant and Equipment

The following table summarizes the Company's property, plant and equipment ("PP&E") balances at June 30, 2024 and December 31, 2023:

($ 000s) **Cost**	**June 30, 2024**	**December 31, 2023**
Balance, January 1	**640,616**	537,594
Additions	**9,882**	55,377
Change in decommissioning obligations (Note 9)	**(6,867)**	(10,485)
Assets held for sale - Northeast British Columbia	**-**	58,645
Assets held for sale - Central and Southern Alberta [1]	**-**	(515)
Balance, end of period	**643,631**	640,616

Accumulated Depletion and Depreciation	**June 30, 2024**	**December 31, 2023**
Balance, January 1	**239,625**	139,502
Depletion and depreciation	**30,392**	59,481
Assets held for sale - Northeast British Columbia	**-**	40,914
Assets held for sale - Central and Southern Alberta [1]	**-**	(272)
Balance, end of period	**270,017**	239,625

Net Book Value	**June 30, 2024**	**December 31, 2023**
Balance, January 1	**400,991**	398,092
Balance, end of period	**373,614**	400,991

[1] Classified as prepaid expenses and other.

At June 30, 2024, future development costs of the Company's proved plus probable reserves of $781.5 million (December 31, 2023- $791.0 million) were included in the depletion calculations.

In December 2023, the Company classified certain non-core assets in Central and Southern Alberta with a carrying value of $0.2 million and associated decommissioning obligation liabilities of $3.0 million as held for sale (Note 9). Immediately prior to classifying the assets as held for sale, the Company conducted a review of the assets' recoverable amounts and transferred these assets at their carrying amount, with no impairment recorded. The disposition of these assets closed in the first quarter of 2024 and a gain of $2.7 million was recognized.

Impairment

At June 30, 2024, the Company did not identify any indicators of impairment or potential impairment reversals on any of its CGUs, thus no impairment test was required. At December 31, 2023, the Company determined that indicators of impairment existed in the Northern CGU due to lower forward AECO pricing and higher operating costs. The fair value less cost of disposal method was used to determine the recoverable amount of the Northern CGU and was classified as Level 3 fair value measurement as certain key assumptions were not based on observable market data, but rather Management's best estimates. The impairment test resulted in a recoverable amount, supporting the CGU's carrying value of $34.7 million.

6. Exploration and Evaluation Assets

The following table summarizes the Company's exploration and evaluation ("E&E") assets at June 30, 2024 and December 31, 2023:

($ 000s)	**June 30, 2024**	**December 31, 2023**
Balance, January 1	**8,025**	7,863
Additions	**16**	162
Balance, end of period	**8,041**	8,025

E&E assets consist primarily of the Company's seismic assets, undeveloped land, and exploration projects which are pending the determination of technical feasibility and commercial viability. At June 30, 2024, and December 31, 2023, no impairment indicators were identified related to the Company's E&E assets, therefore no impairment tests were performed.

7. Long-Term Debt

Senior Facility, Subordinated Notes and Bridge Term Loan

The following tables summarize the Company's available liquidity and long-term debt balances as of June 30, 2024:

($ 000s)	Principal outstanding (USD)	Available (USD)	Principal outstanding (CAD)
Senior Facility			
Revolving Loan USD $25,000 (1)	17,800	7,200	**24,363**
Term Loan USD $85,000 (1)	78,200	-	**107,032**
Delayed Draw Term Loan USD $10,000 (1)(2)	-	10,000	**-**
Subordinated Notes USD $30,000 (1)(3)	30,000	-	**41,061**
Total under Senior Facility	126,000	17,200	**172,456**
Bridge Term Loan $20,000 (4)	-	-	**23,469**
Total, June 30, 2024	**126,000**	**17,200**	**195,925**

(1) Converted to Canadian dollars ("CAD") using the month end exchange rate of 1.3687.
(2) Included in the Term Notes is a US Dollar ("USD") $10 million delayed draw term loan, which is undrawn. It must be drawn prior to December 31, 2024. Any amount drawn will be combined with the amortizing term loan, together (the "Term Notes").
(3) Excludes unamortized deferred financing fees of USD$5.0 million.
(4) Includes interest payable in-kind of $4.0 million and excludes unamortized deferred financing fees of $0.1 million.

	Term Notes (i) (2)	Revolving Loan (i)	Subordinated Notes (ii)	Bridge Term Loan (iii)	Financing Costs	Total
Balance, January 1	107,924	19,574	32,280	21,754	(9,316)	**172,216**
Draws	-	7,525	-	-	-	**7,525**
Repayments	(4,630)	(3,381)	-	(435)	-	**(8,446)**
Non-cash interest paid in kind (Note 12)	-	-	-	1,997	-	**1,997**
Accretion of financing costs (Note 12)	-	-	741	153	1,519	**2,413**
Foreign exchange (1)	3,738	645	1,130	-	-	**5,513**
Balance, end of period	**107,032**	**24,363**	**34,151**	**23,469**	**(7,797)**	**181,218**
Current portion	9,307	-	-	23,469	-	32,776
Long-term portion	97,725	24,363	34,151	-	(7,797)	148,442

(1) Converted to CAD using the month end exchange rate of 1.3687.
(2 Included in the Term Notes is a USD$10 million delayed draw term loan, which is undrawn. It must be drawn prior to December 31, 2024. Any amount drawn will be combined with the amortizing term loan, together (the "Term Notes").

(i) Senior Facility

The Senior Facility was issued to PAPL and consists of the Term Notes, the Revolving Loan and a Delayed Draw Term Loan. The Senior Facility bears interest at the Secured Overnight Financing Rate ("SOFR") plus 6.75% per annum from the date of issue accrued daily and payable monthly or quarterly at PAPL's discretion. The Term Notes amortize at 2% quarterly, beginning September 30, 2023. The Revolving Loan and Term Notes are subject to an excess cash flow sweep, which is based on a prescriptive formula and was not triggered at June 30, 2024. The Revolving Loan is subject to a standby fee of 0.5% per annum payable quarterly on the undrawn portion. The Delayed Draw Term Loan may be drawn any time prior to December 31, 2024 to fund the Waterton turnaround project and is subject to a standby fee of 1% per annum, payable quarterly on the undrawn portion of the loan. The Senior Facility is repayable in full on March 13, 2027. The Company may repay the Term Notes in whole or in part upon written notice to the lender, by incurring a prepayment penalty, which was identified as an embedded derivative that is clearly and closely related to the Senior Facility contract and thus, no incremental value was assigned. The prepayment penalty is 103% of the principal plus accrued interest any time prior to December 5, 2025 and 100% of the principal plus accrued interest any time after December 5, 2025. PAPL incurred $10.8 million of closing costs, which were accounted for as transaction costs and netted against the value of the loan to be amortized over 45 months. At June 30, 2024, the effective interest rate on the Senior Facility was 12.1% (December 31, 2023 – 12.1%).

(ii) Subordinated Notes

The Subordinated Notes were issued to PAPL and bear interest at a fixed rate of 13% per annum accrued daily and payable quarterly. The Subordinated Notes are repayable in full on September 13, 2027. The Company may repay them in whole or in part upon written notice to the lender by incurring an early termination penalty of up to USD $48 million less the total amount of the principal and interest paid to date. The Subordinated Notes contain a prepayment option, which is an embedded derivative that is clearly and closely related to the underlying contract and thus no incremental value was assigned. PAPL incurred $0.8 million of closing costs, which were accounted for as transaction costs and netted against the value of the loan to be amortized over 51 months. The common share purchase warrants were issued in conjunction with the Subordinated Notes described in Note 8. The proceeds from the Subordinated Notes were allocated between the Subordinated Notes and the warrants based on their relative fair values resulting in $7.2 million being allocated to the warrant liability at inception. At June 30, 2024, the effective interest rate on the Subordinated Notes was 20.0% (December 31, 2023 – 20.0%).

(iii) Bridge Term Loan

The Bridge Term Loan was issued to the Company and has no direct recourse against the assets or cash flows of PAPL. The Bridge Term Loan bears interest at a fixed rate of 18% per annum accrued daily and payable in-kind quarterly and is repayable in full on December 13, 2024. The Company may repay the principal and interest in whole or in part any time prior to December 13, 2024, upon 30 days written notice to the agent, without penalty. Additionally, either the Company or the lender may convert the outstanding principal amount, accrued and unpaid interest plus a conversion fee equal to 20% of the remaining original principal amount outstanding into common shares of the Company, upon no less than 15 days and no more than 60 days prior written notice. The conversion feature may be exercised anytime until the maturity of the loan. This conversion feature caused the Bridge Term Loan to be a compound financial instrument with an embedded derivative classified as a financial liability and measured at its fair value, which equals the present value of its future cash flows. Because the loan can be converted by either Pieridae or the lender and there is not a fixed number of shares on conversion, there is no value assigned to the equity portion.

The Company incurred $0.4 million in closing costs, which were accounted for as transaction costs and netted against the value of the loan to be amortized over 18 months. At June 30, 2024, the effective interest rate on the Bridge Term Loan was 19.2% (December 31, 2023 – 19.2%).

Covenants

As at June 30, 2024 the Company was in compliance with or had received waivers from the lenders for all covenants.

Letter of Credit Guarantee Facility

Effective June 30, 2023, the guarantee facility from Export Development Canada was renewed and maintained at $12.0 million. This facility provides for 100% guarantee to the issuing bank of the Company's existing and future letter of credit of which $7.3 million was drawn at June 30, 2024 (December 31, 2023 - $5.9 million).

8. Warrant Liability

In conjunction with the issuance of the Subordinated Notes, the Company issued 18,596,322 warrants at an exercise price of $0.49 per share with a seven-year term expiring on June 13, 2030. Each warrant is exercisable into one common share. The warrants are classified as a financial liability due to a cashless exercise feature. The initial value of the warrants was calculated using relative fair value between the total value of the Subordinated Notes and the initial Black-Scholes option valuation. The proportionate amount of the Black-Scholes valuation was then applied to the value of the Subordinated Notes. At each subsequent reporting period the warrants are remeasured and any changes in fair value are recognized in the statements of income (loss). The fair value of the warrants is determined using the Black-Scholes option valuation model. The warrants may be exercised at any time and are therefore presented as a current liability on the consolidated statements of financial position. The following table reconciles the warrant liability in the period:

($ 000s)	
Balance, initial valuation	7,160
Change in fair value during period	(2,968)
Balance, December 31, 2023	**4,192**
Change in fair valuation during period	**93**
Balance, June 30, 2024	**4,285**

The following table provides the assumptions used in Black-Scholes pricing model to calculate fair value of the warrants:

	June 30, 2024	**December 31, 2023**
Risk-free interest rate	**3.37%**	3.46%
Expected life (years)	**5.96**	6.45
Volatility	**70.0%**	81.2%

9. Decommissioning Obligations

The following table summarizes the Company's decommissioning obligations at June 30, 2024 and December 31, 2023:

($ 000s)	**June 30, 2024**	**December 31, 2023**
Balance, January 1	**161,881**	159,504
Additions	**-**	104
Change in estimates	**-**	2,293
Change in discount rate	**(6,867)**	(12,882)
Settlement of obligations	**(4,684)**	(3,118)
Accretion	**1,149**	2,273
Liability held for sale – Northeast British Columbia (Note 5)	**-**	16,673
Liability held for sale – Central and Southern Alberta (Note 5)	**-**	(2,966)
Balance, December 31	**151,479**	161,881
Expected to be incurred within one year	**282**	4,965
Expected to be incurred beyond one year	**151,197**	156,916

The Company's decommissioning obligations result from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. At June 30, 2024, the total undiscounted amount of cash flows required to settle its decommissioning obligations is approximately $270.7 million (December 31, 2023 - $275.6 million).

The Company used an observable, market-based and inflation adjusted risk-free real rate of return to estimate the present value of the decommissioning obligation. At June 30, 2024, the Company used a discount rate of 1.59% (December 31, 2023 – 1.40%).

As of December 2023, $3.0 million in decommissioning liabilities was classified as held for sale and included in accounts payable and accrued liabilities.

10. Share Capital

Issued and Outstanding Common Shares

	June 30, 2024		**December 31, 2023**	
($ 000s except share amount)	**Common shares**	**$**	**Common shares**	**$**
Balance, January 1	**159,087,336**	**275,942**	158,963,336	275,882
Shares issued on stock option exercise	**24,000**	**12**	124,000	60
Balance, end of period	**159,111,336**	**275,954**	159,087,336	275,942

Per Share Amounts

Per common share amounts have been determined based on the following:

	Three months ended June 30		**Six months ended June 30**	
	2024	**2023**	**2024**	**2023**
Weighted average common shares	**159,065**	158,979	**159,062**	158,972
Dilutive effect of equity instruments (1)	**-**	495	**-**	719
Weighted average common shares, diluted	**159,065**	159,474	**159,062**	159,691

(1) For both the three and six months ended June 30, 2024, all options and all warrants (for the three and six months ended June 30, 2023 – 3.8 million options and all warrants) were excluded from the diluted weighted average shares calculation as they were anti-dilutive.

11. Petroleum and Natural Gas Sales

The Company's major revenue sources are comprised of sales from the production of natural gas, condensate, natural gas liquids and sulphur. The sale of these products is recognized when control of the product transfers to the customer and the cash collection is reasonably probable, upon delivery of the product. The sale of produced commodities occurs under contracts of varying terms of up to one year. Revenues are typically collected on the 25th day of the month following delivery. Product sales are based on fixed or variable price contracts. Transaction prices for variable priced contracts are based on benchmark commodity prices and other variable factors, including quality differentials and location.

The Company's petroleum and natural gas revenues are set out below:

	Three months ended		Six months ended	
		June 30		June 30
($ 000s)	**2024**	**2023**	**2024**	**2023**
Natural gas	**17,821**	43,534	**60,129**	128,698
Condensate	**22,482**	19,219	**45,557**	44,896
NGLs	**5,546**	6,472	**14,507**	17,481
Sulphur	**2,307**	2,823	**4,273**	6,374
Total petroleum and natural gas sales	**48,156**	72,048	**124,466**	197,449
Less:				
Gross royalties	**11,127**	10,772	**28,506**	34,827
Gas cost allowance	**(5,538)**	(27,366)	**(14,144)**	(36,715)
Less royalties	**5,589**	(16,594)	**14,362**	(1,888)
Processing and marketing revenue	**4,203**	5,410	**9,275**	11,811
Other revenue	**144**	151	**288**	4,381
Processing, marketing and other revenue	**4,347**	5,561	**9,563**	16,192
Total	**46,914**	94,203	**119,667**	215,529

12. Finance Expense

The following is a summary of finance expenses:

	Three months ended		Six months ended	
		June 30		June 30
($ 000s)	**2024**	**2023**	**2024**	**2023**
Cash portion of interest expense	**5,274**	3,767	**10,705**	7,009
Non-cash interest paid in kind	**1,011**	1,792	**1,997**	4,442
Accretion of financing costs	**1,223**	3,268	**2,413**	8,039
Loss on debt extinguishment	**-**	6,859	**-**	6,859
Accretion of decommissioning obligations (Note 9)	**584**	548	**1,149**	1,062
Interest on lease liabilities	**58**	57	**122**	109
Other finance charges	**235**	65	**141**	(78)
Total finance expense	**8,385**	16,356	**16,527**	27,442

13. Financial Instruments and Risk Management

Financial instruments at June 30, 2024 consist of cash and cash equivalents, restricted cash, deposits (included in other assets), accounts receivable, accounts payable, current and long-term debt, risk management contracts, and warrant liability. Risk management contracts and warrant liability are recorded at their fair values using Level 2 inputs. The carrying value of long-term debt approximates its fair value as it bears interest at market rates. The Company does not have any recurring fair value measurements classified as Level 3. There were no transfers between the levels in the fair value hierarchy for the period ended June 30, 2024. The Company's accounts receivable, accounts payable and other amounts payable approximate their fair values due to the short-term nature of these instruments.

The Company has exposure to counterparty credit risk, liquidity risk and market risk. Pieridae recognizes that effective management of these risks is a critical success factor in managing organization and shareholder value. Risk management strategies, policies and limits ensure risks and exposures are aligned to the Company's business strategy and risk tolerance. The Board of Directors is responsible for providing risk management oversight and oversees how management assesses and monitors risk. The following analysis provides an assessment of those risks as at June 30, 2024.

Counterparty credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk arises principally from cash and cash equivalents held with major financial institutions and accounts receivable from natural gas marketers, and partners in jointly owned assets.

Substantially all of the Company's petroleum and natural gas production is marketed under standard industry terms. Sales from petroleum and natural gas marketers are normally collected on the 25th day of the month following the sale. The Company's credit policy includes parameters to mitigate credit risk associated with these balances. The Company historically has not experienced any material collection issues with its petroleum and natural gas marketers. The Company's financial risk management contracts are held with large reputable financial institutions; management has concluded credit risk associated with these contracts is low.

Liquidity risk

Liquidity and funding risk is the risk that the Company may be unable to obtain sufficient cash or its equivalent in a timely and cost-effective manner in order to meet its commitments as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company manages its liquidity risk by forecasting cash flows over a twelve-month rolling time period; these requirements are then addressed through management of Pieridae's capital structure, being its share capital and debt facilities and adjustments are made based on the funds available to the Company.

The Company's financial liabilities consist of accounts payable and accrued liabilities, which are expected to be funded as they come due by cash provided by operating activities and long-term debt.

Capital management

The Company manages its capital structure and makes adjustments in light of changes in economic and market conditions and the risk characteristics of the underlying assets. The Company's objective when managing capital is to ensure it has sufficient funds to maintain and develop its operating properties, accelerate debt repayment, develop resource opportunities and meet its commitments. To maintain or adjust the capital structure, the Company may issue new shares, obtain additional debt facilities and/or consider strategic alliances including joint venture partners.

Pieridae manages its capital structure and financing requirements using funds flow from operations, a non-GAAP measure. Funds flow is used to monitor and assess liquidity and the flexibility of the Company's capital structure by providing management and investors with a measure of the cash flows generated by the Company's assets available to meet financial obligations. Funds flow from operations is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

The calculation of funds flow from operations is as follows:

	Three months ended June 30		Six months ended June 30	
($ 000s)	**2024**	**2023**	**2024**	**2023**
Cash provided by operating activities	**(1,555)**	27,533	**5,494**	64,642
Settlement of decommissioning obligations	**666**	375	**4,684**	887
Changes in non-cash working capital	**(3,985)**	7,524	**(3,008)**	7,316
Funds flow from operations	**(4,874)**	35,432	**7,170**	72,845

The Company funds its share of commitments from existing cash balances, issuing shares and various debt facilities. The Company may require additional financing to advance growth opportunities. Management will explore all options to achieve the appropriate funding levels. Sources of future funds can include the issuance of shares, debt, a partnership agreement, or the sale of an interest in an oil or natural gas properties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk comprises three types of risk: commodity price risk, interest rate risk and currency risk.

Commodity price risk

The Company's natural gas, condensate, NGL and sulphur sales, and electricity purchase, are directly subject to fluctuations in underlying commodity prices. Fluctuations in commodity prices, both absolute and where relevant, are impacted by changes in the CAD to USD exchange rate. Commodity price volatility may impact the Company's operating cash flows, its ability to attract investment and the ability to generate cashflows to maintain operations. The Company continually evaluates options to manage commodity price volatility and risk.

The Company utilizes fixed price physical delivery contracts and various financial derivative instruments as part of its overall risk management strategy to assist in managing the exposure to commodity price, foreign exchange and interest rate risk. These financial instruments are not used for speculative purposes.

Physical contracts are considered normal purchase or sales contracts and are not included in the risk management account on the statement of financial position but recognized in petroleum and natural gas revenue or operating expense as contracts are settled. The Company had the following fixed price physical commodity sales contracts and power contracts in place at June 30, 2024:

Type of contract	Quantity	Time Period	Contract Price
Fixed Price - Natural Gas Sales	2,500 Gj/d	Jul 2024 - Oct 2024	CAD $3.73 /GJ
Fixed Price - Natural Gas Sales	5,000 Gj/d	Jul 2024 - Oct 2026	CAD $3.31 /GJ
Fixed Price - Power Purchases	55 MW	Jul 2024 - Dec 2024	CAD $68.39 /MWh
Fixed Price - Power Purchases	55 MW	Jan 2025 - Dec 2025	CAD $79.12 /MWh
Fixed Price - Power Purchases	45 MW	Jan 2026 - Dec 2026	CAD $75.88 /MWh
Fixed Price - Power Purchases	25 MW	Jan 2027 - Dec 2027	CAD $70.19 /MWh

The Company applies hedge accounting to its financial risk management contracts. There was no hedge ineffectiveness identified as of June 30, 2024. The Company had the following financial risk management contracts in place as at June 30, 2024:

Type of contract	Quantity	Time Period	Contract Price
AECO Natural Gas Swap	30,000 Gj/d	Jul 2024 - May 2026	CAD $3.10 /GJ
AECO Natural Gas Swap	50,000 Gj/d	Jul 2024 - May 2026	CAD $3.30 /GJ
AECO Natural Gas Swap	25,000 Gj/d	Jul 2024 - May 2027	CAD $3.62 /GJ
AECO Natural Gas Swap	35,000 Gj/d	Jun 2026 - May 2027	CAD $3.95 /GJ
AECO Natural Gas Swap	16,200 Gj/d	Jun 2026 - May 2027	CAD $3.63 /GJ
WTI Crude Oil Collar	1,401 bbl/d	Jul 2024 - Dec 2024	CAD $80.00 - $90.75 /bbl
WTI Crude Oil Collar	1,235 bbl/d	Jan 2025 - Dec 2025	CAD $80.00 - $90.75 /bbl
WTI Crude Oil Collar	918 bbl/d	Jan 2026 - Dec 2026	CAD $80.00 - $90.75 /bbl
WTI Crude Oil Collar	761 bbl/d	Jan 2027 - May 2027	CAD $80.00 - $90.75 /bbl
WTI Crude Oil Swap	30 bbl/d	Jul 2024 - Dec 2024	CAD $110.25 /bbl
WTI Crude Oil Swap	275 bbl/d	Jul 2024 - May 2025	CAD $99.80 /bbl
WTI Crude Oil Swap	70 bbl/d	Jul 2024 - May 2026	CAD $104.00 /bbl
WTI Crude Oil Swap	225 bbl/d	Jun 2025 - Dec 2025	CAD $93.07 /bbl
WTI Crude Oil Swap	185 bbl/d	Jan 2026 - May 2026	CAD $90.28 /bbl
WTI Crude Oil Swap	385 bbl/d	Jun 2026	CAD $83.21 /bbl
WTI Crude Oil Swap	15 bbl/d	Jul 2026 - Dec 2026	CAD $88.25 /bbl
WTI Crude Oil Swap	50 bbl/d	Jul 2026 - May 2027	CAD $92.25 /bbl
WTI Crude Oil Swap	780 bbl/d	Jun 2027	CAD $79.14 /bbl
WTI Crude Oil Swap	220 bbl/d	Jun 2025 - Mar 2028	CAD $93.85 /bbl
WTI Crude Oil Swap	135 bbl/d	Jul 2026 - Mar 2028	CAD $90.78 /bbl
WTI Crude Oil Swap	430 bbl/d	Jul 2027 - Mar 2028	CAD $88.52 /bbl
WTI Crude Oil Swap	750 bbl/d	Apr 2028 - Jun 2028	CAD $86.50 /bbl

The hedge ratio, representing the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting is 1:1 at June 30, 2024.

Changes in fair value of risk management asset and liabilities for the period ended June 30, 2024 are as follows:

($ 000s)	Cashflow Hedges
Fair value of assets, balance January 1	64,415
Changes in fair value – OCI	(34,655)
Risk management contract settlements	25,494
Fair value of assets, balance end of period	**55,254**
Risk management contracts – current	40,066
Risk management contracts – long-term	15,188

Changes in fair value of risk management asset and liabilities for the period ended December 31, 2023 are as follows:

($ 000s)	Financial Derivatives	Cashflow Hedges	Total
Fair value of assets, balance January 1	251	-	251
Changes in fair value – profit or loss	(2,409)	-	(2,409)
Changes in fair value – OCI	-	60,436	60,436
Risk management contract settlements	2,158	3,979	6,137
Fair value of assets, balance December 31	**-**	**64,415**	**64,415**
Risk management contracts – current	-	49,344	49,344
Risk management contracts – long-term	-	15,071	15,071

The following table illustrates the effects of potential movement in commodity prices on net income due to the changes in the fair value of financial derivative contracts in place at June 30, 2024. The sensitivity is based on a 10% increase and 10% decrease in forward price curves at June 30, 2024.

($ 000s)	Increase WTI and AECO	Decrease WTI and AECO
Increase (decrease) to net income (loss)		
Crude Oil - WTI (CAD)	**(17,075)**	16,616
Natural Gas - AECO (CAD)	**(25,108)**	25,108

Currency risk

Currency risk is the risk that cashflows will fluctuate as a result of changes in foreign currencies and the CAD. A small portion of the Company's accounts receivable, accounts payable, accrued liabilities and commitments are denominated in USD, however the impact of currency fluctuations are immaterial to these items.

Periodically, the Company enters into currency hedges, which provide the right but not the obligation to purchase USD at a fixed exchange rate. These provide downside protection on cash flow risk associated with currency fluctuations between USD and CAD for a portion of scheduled debt service obligations denominated in USD.

The Company had the following financial risk management contracts, to which hedge accounting is not applied, in place as at June 30, 2024:

Type of Contract	Quantity (USD '000s)	Time Period	Average Price
USD Call Option	$5,036	Jul 2024 – Sep 2024	CAD $1.3900
USD Call Option	$4,910	Oct 2024 – Dec 2024	CAD $1.3580
USD Call Option	$4,850	Jan 2025 – Mar 2025	CAD $1.3600
USD Call Option	$4,715	Apr 2025 – Jun 2025	CAD $1.3600

Changes in fair value of risk management asset and liabilities for the period ended June 30, 2024 are as follows:

($ 000s)	June 30, 2024
Fair value of currency hedges, January 1	-
Change in fair value – profit or loss	230
Fair value of currency hedges, June 30	**230**
Risk management contracts – current	**230**

A 5% change in the foreign exchange rates between CAD and USD would result in a $2.9 million impact on interest expense and an $8.6 million impact on foreign exchange translation gain (loss) related to the long-term debt valuation.

Interest rate risk

Interest rate risk is the risk that future cashflows will fluctuate as a result of changes in market interest rate. For the period ended June 30, 2024, the Company's primary interest rate exposure was the variable rate Senior Facility. A 1.0% change in the SOFR rate would result in a $0.6 million change in interest expense (December 31, 2023 - $0.8 million).

14. Presentation in Consolidated Statements of Cash Flows

The following table provides a detailed breakdown of certain line items contained within cashflow from operating and investing activities:

	Three months ended June 30		Six months ended June 30	
($ 000s)	**2024**	**2023**	**2024**	**2023**
Changes in non-cash working capital				
Accounts receivable	**5,513**	16,232	**16,363**	23,007
Prepaid expenses and deposits	**872**	(727)	**1,060**	(1,314)
Inventories	**312**	(252)	**116**	(411)
Risk management contracts – current assets	**-**	311	**-**	-
Accounts payable and accrued liabilities	**(3,751)**	(26,490)	**(15,558)**	(35,115)
Risk management contracts – current liabilities	**-**	(94)	**-**	-
Total change in non-cash working capital	**2,946**	(11,020)	**1,981**	(13,833)
Relating to:				
Operating activities	**3,985**	(7,524)	**3,008**	(7,316)
Investing activities	**(1,039)**	(3,496)	**(1,027)**	(6,517)

15. Commitments

The following is a summary of the Company's commitments as at June 30, 2024:

($ 000s)	**2024**	**2025**	**2026**	**Thereafter**	**Total**
Firm transportation	6,130	11,919	2,924	-	20,973
Premium on foreign exchange hedges	357	327	-	-	684
Total	**6,487**	**12,246**	**2,924**	**-**	**21,657**

16. Subsequent Events

On July 25, 2024, Pieridae issued a binding Bridge Term Loan repayment notice. The Bridge Term Loan was settled in cash on August 1, 2024 for $24.0 million, which included all outstanding principal and accrued interest.

On July 25, 2024, the Company also announced the sale of its Goldboro assets for cash proceeds of $12.0 million. The sale closed on August 1, 2024. The Goldboro assets have a net book value to Pieridae of $3.8 million.

Concurrent with the closing of the sale of the Goldboro assets, Pieridae entered into a subscription agreement to issue 12.8 million common shares to an existing shareholder at a price of $0.35 per share, for gross proceeds of $4.5 million. The non-brokered private placement closed on August 2, 2024.

Proceeds from the sale of the Goldboro assets, the private placement, and existing liquidity were used to repay the Bridge Term Loan.