PIERIDAE ENERGY LIMITED

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED

DECEMBER 31, 2019

April 15, 2020

TABLE OF CONTENTS

SPECIAL NOTES TO READER

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 ("**Pieridae**" or the "**Corporation**") 2020 outlook and 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 Corporation 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, 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 (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.

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, the extent and impact of the novel coronavirus (COVID-19) outbreak on our business, the 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, ability to access sufficient capital from internal and external sources and the risk factors outlined under "Risk Factors" and elsewhere herein. The recovery and resources estimate of Pieridae's reserves provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

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

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

Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and Pieridae assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward-looking statements contained herein concerning the oil and gas industry and Pieridae's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which Pieridae believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While Pieridae is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

Presentation of Information

The information contained in this Annual Information Form ("**AIF**") is presented as at December 31, 2019 except where otherwise noted.

In this AIF, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

This AIF and certain documents incorporated by reference herein make reference to certain financial measures that are not recognized by IFRS. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. An example of a Non-IFRS financial measure in this AIF is Netbacks. Netbacks are per boe and per mcf performance measures used in the analysis of operational activities. Pieridae assess netbacks to assess the operational and financial performance of the Corporation versus third party crude oil and natural gas producers. Investors are cautioned that these non-IFRS financial measures should not be construed as alternatives to other measures of financial performance calculated in accordance with IFRS. For information regarding the non-IFRS financial measures used by the Corporation, including a reconciliation to the most comparable IFRS measure for each such non-IFRS measure, see "Non-IFRS Financial Measures" in Pieridae's Management Discussion and Analysis ("**MD&A**") for the years ended December 31, 2019 and 2018. The MD&A is available on SEDAR at www.sedar.com

ABBREVIATIONS AND CONVERSIONS TABLE

The following are abbreviations of terms used in this AIF and a conversion table from Imperial to Metric units. Additional terms relating to reserves and other oil and gas information have the meanings set forth in Appendix E – *Definitions Used for Reserve and Resource Categories*.

ABCA	*Business Corporations Act* (Alberta), as amended, including the regulations promulgated thereunder.
APA	*Partnership Act* (Alberta), as amended, including the regulations promulgated thereunder
BCCA	*Company Act* (British Columbia), as amended, including the regulations promulgated thereunder
CBCA	*Canada Business Corporations Act*, as amended, including the regulations promulgated thereunder
NBBCA	*Business Corporations Act* (New Brunswick), as amended, including the regulations promulgated thereunder
NI 51-101	National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*
QBCA	*Business Corporations Act* (Quebec), as amended, including the regulations promulgated thereunder

Conversion Factors		
barrels (bbl) (@ 60°F)	x 0.15898	= cubic metres (m^3) (@ 15°C), water
bbl (@ 60°F)	x 0.15798	= m^3 (@ 15°C), Ethane
bbl (@ 60°F)	x 0.15873	= m^3 (@ 15°C), Propane
bbl (@ 60°F)	x 0.15881	= m^3 (@ 15°C), Butanes
bbl (@ 60°F)	x 0.15891	= m^3 (@ 15°C), oil, Pentanes Plus
thousands of cubic feet (Mcf) (@ 14.65 psia, 60°F)	x 28.17399	= m^3 (@ 101.325 kPaa, 15°C)
Mcf (@ 14.65 psia, 60°F)	x 0.02817399	= 1,000 cubic metres (10^3m^3) (@ 101.325 kPaa, 15°C)
acres	x 0.4046856	= hectares (ha)
acres	x 4.046856	= 1,000 square metres (10^3m^2)
Btu	x 1054.615	= joules (J)
British thermal units per standard cubic foot (Btu/Scf)	x 0.03743222	= megajoules per cubic metre (MJ/m3)
(@ 14.65 psia, 60°F)		(@ 101.325 kPaa, 15°C)
$/Mcf (1,000 Btu gas)	x 0.9482133	= dollars per gigajoule ($/GJ)
$/Mcf (@ 14.65 psia, 60°F) Alta.	x 35.49373	= $/$10^3m^3$ (@ 101.325 kPaa, 15°C)
$/Mcf (@ 15.025 psia, 60°F), B.C.	x 35.494	= $/$10^3m^3$ (@ 101.325 kPaa, 15°C)
feet (ft)	x 0.3048	= metres (m)
miles (mi)	x 1.609344	= kilometers (km)
$/bbl	x 6.29287	= $/$m^3$ (average for 30°-50° API)
GOR (scf/bbl)	x 0.177295	= gas/oil ratio (GOR) (m^3/m^3)
psi	x 6.894757	= kilopascals (kPa)
gallons (Imperial)	x 4.54609	= litres (L) (.001 m^3)
gallons (U.S.)	x 3.785412	= litres (L) (.001 m^3)

PIERIDAE ENERGY LIMITED

Name, Address and Incorporation

The Corporation (as defined below) maintains its head office at 308 – 4th Avenue S.W., Suite 3100, Calgary, Alberta, Canada T2P0H7 and an LNG office at 1718 Argyle Street, Suite 730 Halifax, Nova Scotia, Canada B3J 3N6. The registered office of the Corporation is located at 400 – 3rd Avenue S.W., Suite 3700, Calgary, Alberta, Canada T2P 4H2.

Pieridae Energy Limited (corporation number 10341223) (the "**Corporation**" or "**Pieridae**") was formed on October 24, 2017 by the amalgamation of Pétrolia Inc. (corporation number 91126094) and Pieridae Energy Limited (corporation number 8203962) ("**Former Pieridae**") pursuant to a plan of arrangement effected under the CBCA (the "**PEL Arrangement**").

Pétrolia was incorporated on January 22, 2002 under the name 9112-6094 Québec Inc. under the laws of the province of Quebec. Subsequently, Pétrolia changed its name to "Pétrolia Inc." ("**Pétrolia**") by Articles of Amendment dated September 10, 2002. On October 20, 2004 the 4,326,154 Class A shares that were then issued and outstanding in the capital of Pétrolia were subdivided into 5,191,389 Class A shares. On October 21, 2004, Pétrolia filed Articles of Amendment in order to amend its share capital, convert its issued and outstanding shares into common shares and to remove the private company provisions from its Articles. The shares of Pétrolia commenced trading on the TSX Venture Exchange (the "**TSXV**") on February 16, 2005 under the symbol "PEA".

Former Pieridae was incorporated on May 29, 2012 pursuant to the CBCA and was extra-provincially registered under the ABCA. On October 4, 2012 Former Pieridae filed Articles of Amendment in order to consolidate the number of its then issued and outstanding common shares into a smaller number of shares on a 5.1282 to 1 basis.

The Corporation acquired all of the issued and outstanding shares of Ikkuma Resources Corp. ("**Ikkuma**") on December 20, 2018 pursuant to a plan of arrangement effected under section 193 of the ABCA (the "**IKK Arrangement**"). In consideration for the shares of Ikkuma, the Corporation issued 21.6 million of its common shares, valued at approximately $56.1 million, to the then shareholders of Ikkuma. On October 17, 2019 Ikkuma changed its name to "Pieridae Alberta Production Ltd.".

The Corporation is a reporting issuer, or the equivalent, in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. The common shares of the Corporation trade on the TSXV under the symbol "PEA". The Corporation is extra-provincially registered in Alberta and Québec.

Mission & Strategy

The Corporation 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 Sector**") 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 Sector**" and together with the Upstream Sector, the "**Goldboro LNG Project**").

The Corporation's fundamental strategy is to acquire currently under-valued natural gas reserves (primarily in Alberta), and exploit these properties for the purpose of supplying natural gas to the proposed Goldboro LNG 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 Corporation intends to construct its LNG liquefaction facility (the "**Goldboro LNG Facility**" or the "**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 m^3 of LNG.

Many key elements of the Goldboro LNG Project are already in place including:

(a) the Corporation's acquisition of natural gas reserves (discussed below) achieved through the take-over of Ikkuma Resources Corp. (re-named Pieridae Alberta Production Ltd.), a foothills natural gas producer based in Alberta and

BC, and the recent purchase of significant natural gas resource properties and related infrastructure from Shell Canada Energy;

(b) an environmental assessment issued to the Corporation in relation to the Goldboro LNG Facility by the Government of Nova Scotia;

(c) a permit to construct the Facility granted by the Nova Scotia Utility Review Board to the Corporation;

(d) the execution of a project special needs collective agreement which establishes the applicable rates of the various trades personnel who will be engaged to construct the Facility;

(e) the execution of a First Nations benefits agreement;

(f) the execution of a long-term (twenty-year) LNG offtake agreement contemplating the sale of 5 million tons of LNG *per annum* to Uniper Global Commodities S.E. ("**Uniper**"), a major German energy concern; and

(g) the approval in principle of a U.S. $4.5 billion loan guarantee by the German federal government.

Pieridae believes strongly in the responsible development of its natural gas resource properties and to that end, the Corporation has committed that none of the LNG that will be produced from Train One and sold to Uniper under its long-term LNG offtake agreement will be produced from natural gas that has been extracted using multistage fracturing stimulation.

Moreover, Pieridae's production of LNG supports the global trend of generating electricity increasingly from natural gas as an alternative for coal. The International Energy Agency has stated that global carbon dioxide emissions flatlined in 2019 as governments across the world embarked on an ambitious energy transition. The agency attributed the flat growth to the greater role of renewable sources in power generation, fuel switching from coal to natural gas, and higher nuclear power generation.

The Goldboro LNG Project is anticipated to directly generate significant long-term employment in the Upstream Sector (primarily in Alberta) as a consequence of the sustained development of the Corporation's natural gas resource properties over the next twenty-five to thirty years and in the LNG Sector (primarily in Nova Scotia) as a consequence of the construction and operation of the Goldboro LNG Facility.

The Corporation is presently focused on achieving the following additional objectives during 2020 and early 2021 leading to a positive financial investment decision for the construction of the Goldboro LNG Facility:

(a) procure additional long-term supply of natural gas from sources including those located in Western and Eastern Canada, as well as and Eastern U.S.A.;

(b) procure long-term transportation capacity on the existing pipeline systems that connect Empress, Alberta to Goldboro, Nova Scotia;

(c) negotiating and executing a fixed-price engineering, procurement, construction and commissioning contract (an "**EPCC Contract**") with a creditworthy counterparty; and

(d) procure the capital (in the form of both project financing and equity) which is required to finance the construction of the Facility and the development of the natural gas reserves.

The Corporation's senior management is comprised of an experienced team of professionals in all key operational areas of the organization. Refer to "*Directors and Officers*" in this AIF.

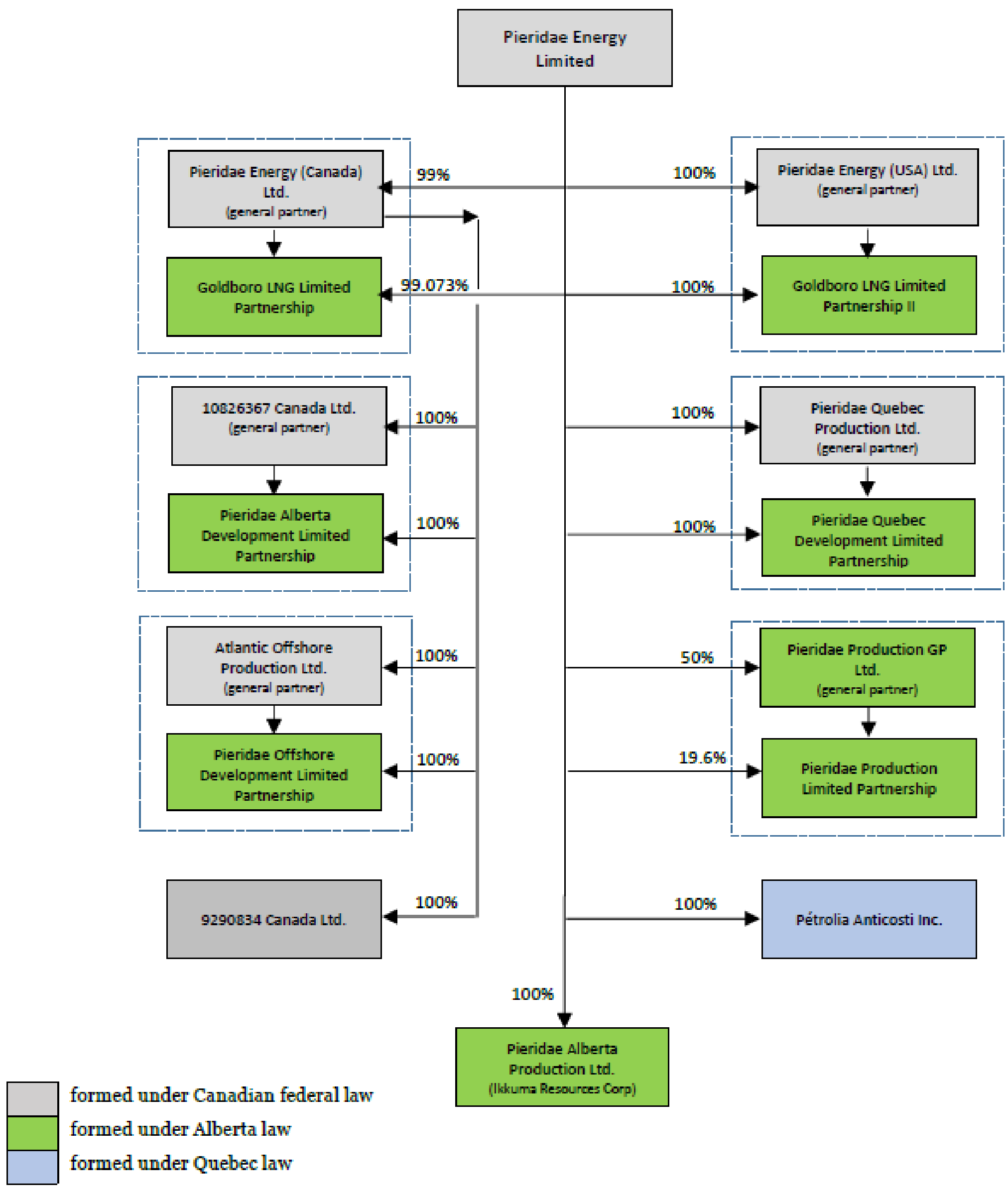
Intercorporate Relationships

The Table 1 below describes the intercorporate relationships among Pieridae and its subsidiaries.

The percentages indicated in Table 1 represent the percentage of votes that attach to all voting securities of the subsidiary that are beneficially owned, or controlled or directed, directly or indirectly by the Corporation.

Table 1: Corporate Structure

PIERIDAE ENERGY



Pieridae Energy Limited

Pieridae, which is described above, is the ultimate majority shareholder or majority voting partner, as the case may be, of the following entities.

Pieridae Energy (Canada) Ltd.

(“**Pieridae Canada**”) is the sole general partner of Goldboro LNG Limited Partnership. Pieridae Canada was incorporated on February 14, 2012 under the CBCA and is extra-provincially registered under the ABCA and under the *Corporations Registration Act*, R.S.N.S. 1989, c 101.

Goldboro LNG Limited Partnership

Goldboro LNG Limited Partnership (“**Goldboro Canada LP**”) was formed on December 11, 2012 under the APA for the purposes of developing, constructing and operating the proposed Goldboro LNG Facility (excluding Train Two) and of procuring long-term conventional natural gas supply from its affiliates in Canada and transporting the natural gas to the proposed Goldboro LNG Facility for use as feed gas and fuel in the production of LNG from Train One.

Pieridae Energy (USA) Ltd.

Pieridae Energy (USA) Ltd. (“**Pieridae USA**”) is the sole general partner of Goldboro LNG Limited Partnership II. Pieridae USA was incorporated on August 16, 2013 under the CBCA and is extra-provincially registered under the ABCA and under the *Corporations Registration Act*, R.S.N.S. 1989, c 101.

Goldboro LNG Limited Partnership II

Goldboro LNG Limited Partnership II (“**Goldboro USA LP**”) was formed on September 24, 2013 under the APA for the purposes of developing, constructing and operating Train Two of the proposed Goldboro LNG Facility, procuring long-term natural gas supply from its affiliate producers in Canada and producers in the U.S.A. and transporting the natural gas to the proposed Goldboro LNG Facility for use as feed gas and fuel in the production of LNG from Train Two. No such supply agreement has yet been entered into by Goldboro USA LP with any such producers.

10826367 Canada Ltd.

10826367 Canada Ltd. (“**10826367**”) is the sole general partner of Pieridae Alberta Development Limited Partnership. 10826367 was incorporated on June 6, 2018 under the CBCA and is extra-provincially registered under the ABCA. 10826367 is presently inactive.

Pieridae Alberta Development Limited Partnership

Pieridae Alberta Development Limited Partnership (“**Alberta Development LP**”) was formed on June 29, 2018 under the APA for the purposes of acquiring and developing natural gas resource properties in Western Canada. Alberta Development LP is presently inactive.

Pieridae Québec Production Ltd.

Pieridae Québec Production Ltd. (“**Québec Production**”) is the sole general partner of Pieridae Québec Development Limited Partnership. Québec Production was incorporated on December 27, 2017 under the CBCA and is extra-provincially registered under the ABCA and under the QBCA.

Pieridae Québec Development Limited Partnership

Pieridae Québec Development Limited Partnership (“**Québec Development LP**”) was formed on April 13, 2018 under the APA for the purposes of acquiring and developing natural gas resource properties in Québec. Québec Development LP is the owner of the resource properties situated in Québec formerly held by Pétrolia Inc.

Atlantic Offshore Production Ltd.

Atlantic Offshore Production Ltd. ("**Atlantic Production**") is the sole general partner of Pieridae Offshore Development Limited Partnership. Atlantic Production was incorporated on September 23, 2015 under the CBCA and is extra-provincially registered under the ABCA and under the *Corporations Registration Act*, R.S.N.S. 1989, c 101. Atlantic Production is presently inactive.

Pieridae Offshore Development Limited Partnership

Pieridae Offshore Development Limited Partnership ("**Offshore Development LP**") was formed on October 20, 2015 under the APA for the purposes of acquiring and developing natural gas resource properties in the Atlantic provinces. Offshore Development LP is presently inactive.

Pieridae Production GP Ltd.

Pieridae Production GP Ltd. ("**Production GP**") is the sole general partner of Pieridae Production Limited Partnership. Production GP was incorporated on February 5, 2013 under the ABCA and is extra-provincially registered under the NBBCA.

Pieridae Production Limited Partnership

Pieridae Production Limited Partnership ("**Production LP**") was formed on February 27, 2013 under the APA for the purposes of acquiring and developing natural gas resource properties in New Brunswick.

9290834 Canada Ltd.

9290834 Canada Ltd. ("**9290834**") was incorporated on May 11, 2015 under the CBCA and is extra-provincially registered under the ABCA and under the *Corporations Registration Act*, R.S.N.S. 1989, c 101. 9290834, in its capacity as agent and bare trustee of Pieridae Canada and Goldboro Canada LP, holds legal title to the lands on which the proposed Goldboro LNG Facility is being developed and is proposed to be constructed and operated.

Pétrolia Anticosti Inc.

Pétrolia Anticosti Inc. ("**Pétrolia Anticosti**") was incorporated on March 17, 2014 under the QBCA and currently provides services in relation to the demobilization of infrastructure and the capping of wells necessitated by a settlement made between Pétrolia Inc. and the Government of Québec pursuant to which the corporation received compensation for the termination by the government of the corporation's right to conduct oil and gas exploration and development activities on Anticosti Island. For additional information concerning the terms of settlement, refer to the joint information circular of Pétrolia and Former Pieridae dated August 29, 2017 filed on SEDAR at www.sedar.com.

Pieridae Alberta Production Ltd.

Pieridae Alberta Production Ltd. ("**Alberta Production**") was incorporated on October 18, 1979 as "Rambler Explorations Ltd." under the BCCA. The Corporation changed its name to "Ramcor Resources Inc." on January 11, 1985, to "Rampton Oil Corporation" on June 1, 1993, to "Rampton Resource Corporation" on July 17, 1996 to "PanTerra Exploration Corp." on August 15, 2002 and to "PanTerra Resource Corp." on September 1, 2004. On October 27, 2005 the corporation continued out of British Columbia and into Alberta as "PanTerra Resource Corp.". The corporation changed its name to "Ikkuma Resources Corp." on September 19, 2014 and to "Pieridae Alberta Production Ltd." on October 17, 2019. Alberta Production is extra-provincially registered under the ABCA, the *Business Corporations Act*, S.B.C. 2002, c. 57 and *The Business Corporations Act*, R.S.S. 1978, c B-10. In addition to the properties that Alberta Production acquired since its incorporation, the corporation recently acquired the natural gas resource properties and related infrastructure from Shell Canada Energy.

Reorganizations

Other than the PEL Arrangement and the IKK Arrangement, the Corporation and its subsidiaries have not been the object of any reorganization within the three most recently completed financial years. During the current financial year ending December 31, 2019, the Corporation completed the transfer of the licenses it holds for oil and gas exploration in Québec to Pieridae Québec Development LP, a limited partnership created on January 2, 2018, of which Pieridae is the limited partner and Pieridae Québec Production Ltd. the general partner.

Business Segments

The Corporation's reportable segments are the Upstream Segment and the LNG Segment, as follows:

1) The Upstream Segment includes the ownership of natural gas resource properties and exploration, development and production of gas and natural gas liquids ("**NGLs**"), gas processing facilities and associated infrastructure located primarily in the Western Canadian foothills. The Upstream Segment also includes unrealized gains and losses recorded on derivative financial instruments, and financing activities related to the upstream properties. The production of gas and NGLs in this segment has increased substantially as a result of the acquisition of Ikkuma in 2018 and the Shell Foothills Assets (as defined below) in 2019. The acquisition of the Shell Foothills Assets has also diversified the Corporation's revenue mix by increasing the ratio of NGLs to natural gas and providing gas processing capacity which is available to be sold to unrelated producers.

2) The LNG Segment includes the development of the Goldboro LNG Facility in Nova Scotia, Canada. This segment also includes the corporate activities of the Corporation, and other corporate-wide costs for general and administrative expenses.

Three Year History of the Business

The following is a summary description of the major events which influenced the general development of The Corporation and its predecessors, and which are material to the current business of the Corporation.

Developments in 2017

Amalgamation of Former Pieridae and Pétrolia

On October 24, 2017 Pétrolia and Former Pieridae amalgamated pursuant to the PEL Arrangement to form the Corporation (the "**Amalgamation**"). The completion of the PEL Arrangement resulted in a reverse takeover of the Corporation as defined in the policies of the TSXV. The Amalgamation was subject to the receipt of shareholder and court approvals and regulatory approval. At meetings of their respective shareholders held on October 7, 2017 for Pétrolia and September 26, 2017 for Former Pieridae, shareholders of both Pétrolia and Former Pieridae approved the Amalgamation. On October 11, 2017, the Superior Court of Québec issued a final order approving the Amalgamation.

In connection with the PEL Arrangement, Former Pieridae raised net proceeds of $24.6 million in a brokered subscription receipt financing, in which 2,052,130 subscription receipts of Former Pieridae were converted into common shares of Former Pieridae, which in turn were subsequently converted into common shares of the Corporation in accordance with the exchange mechanics described as follows.

On October 24, 2017, the PEL Arrangement became effective with the issuance, by Corporations Canada, of a Certificate of Arrangement. Pursuant to the Arrangement, the common shares in the capital of Pétrolia (the "**Pétrolia Shares**") were consolidated (the "**Consolidation**") on the basis of one (1) post-Consolidation Pétrolia Share for each twelve (12) Pétrolia Shares held by a Pétrolia shareholder (a "**Pétrolia Shareholder**") (subject to rounding). Former Pieridae issued to the holders ("**Former Pieridae Shareholders**") of common shares in the capital of Former Pieridae ("**Former Pieridae Shares**") 2.2057526 common shares in the capital of Pieridae ("**Pieridae Shares**") for each one (1) Former Pieridae Share held by a Former Pieridae Shareholder (subject to rounding), for aggregate consideration of 40,750,339 Pieridae Shares issuable to Former Pieridae Shareholders in exchange for the 18,474,574 Former Pieridae Shares which were outstanding at the effective time of the PEL Arrangement. Similarly, at the effective time of the PEL Arrangement, Pieridae issued to the Pétrolia Shareholders one (1) Pieridae Share for each one (1) Pétrolia Share held by a Pétrolia Shareholder in exchange for the 9,043,724 Pétrolia Shares (on a post-Consolidation basis) which were outstanding at the effective time of the PEL Arrangement. Each Pieridae Share issued to Former Pieridae Shareholders or to Pétrolia Shareholders pursuant to the PEL Arrangement were issued at a deemed price of $5.667 per Pieridae Share (on a post-Consolidation basis).

After giving effect to the PEL Arrangement, there were approximately 49,794,063 Pieridae Shares issued and outstanding (calculated on a non-diluted basis).

On November 2, 2017, the Pieridae Shares commenced trading on the TSXV under the symbol "PEA".

Other Events in 2017

On May 3, 2017, Former Pieridae completed the successful negotiation of a project special needs collective agreement affecting fifteen of the relevant trade unions in Nova Scotia the terms of which will prevail during the construction of the Goldboro LNG Facility.

On July 28, 2017, the Labour Board (Nova Scotia) issued the orders LB-1322 and LB-1323 declaring that the collective agreement is a project agreement with effect commencing July 27, 2017 in accordance with subsection 5(3) of the *Construction Project Labour Relations Act*, S.N.S. 2016, c 18.

On October 24, 2017 the deadline for the commencement of work on the project site imposed by paragraph 1.3 of the environmental assessment approval issued by the Minister of the Environment of Nova Scotia of the proposed Goldboro LNG Facility (the "**Environmental Assessment Approval**") was extended from March 21, 2018 to March 21, 2019. On November 9, 2018 the Government of Nova Scotia confirmed that this condition was satisfied by the clearing of the project site in early 2018.

Developments in 2018

Appointment of Financial Advisors

On February 27, 2018, Pieridae announced it had engaged Morgan Stanley & Co, LLC ("**Morgan Stanley**") and SG Americas Securities, LLC to serve as financial advisors for the Goldboro LNG Facility. After year end the engagement with Morgan Stanley was terminated on mutually acceptable terms with effect as of February 19, 2019.

On August 15, 2018 Pieridae announced the appointment of KfW IPEX-Bank as an additional adviser to assist it in finalizing a multibillion US dollar untied loan guarantee from the German federal government under its Bundesgarantien für ungebundene Finanzkredite (federal guarantee for untied finance credit) program (the "**UFK**").

Purchase and Sale Agreement

On May 7, 2018, Pieridae announced that it had entered into a term sheet to negotiate a binding liquefied natural gas (LNG) purchase and sale agreement to supply Canadian-sourced liquefied natural gas to Europe from Train Two of the Goldboro LNG Facility. Under the term sheet with Pieridae, the off taker, AXPO Trading A.G., will purchase up to 1 million tonnes *per annum* of LNG. This arrangement is proposed to begin from the start of commercial deliveries (from the Train 2 production) and last for a 10-year period.

Appointment of New Directors

On June 27, 2018, the Corporation announced the election of Mr. Kjell Pedersen as a new independent director. On December 21, 2018 the Corporation appointed Mr. Tim de Freitas as a new non-independent director.

Arrangement with Ikkuma (now Pieridae Alberta Production Ltd.)

On August 24, 2018, Pieridae and Ikkuma announced that they had entered into a definitive agreement dated August 23, 2018 (the "**Arrangement Agreement**") providing for the acquisition by Pieridae of all of the issued and outstanding shares of Ikkuma in consideration for shares of Pieridae to be effected by way of a plan of arrangement (the "**IKM Arrangement**") under section 193 of the ABCA.

On December 20, 2018, the Corporation and Ikkuma announced that they had completed the arrangement, whereby Pieridae acquired of all the issued and outstanding shares of Ikkuma in consideration for the issuance of 21.6 million common shares of Pieridae valued at approximately $56.1 million.

On completion of the Arrangement, each shareholder of Ikkuma received, for each common share of Ikkuma, 0.1926 of a common share of Pieridae and 0.1 of a share of a corporation wholly-owned by Ikkuma immediately prior to the completion, Briko Energy Corp. ("**ExploreCo**") (with Ikkuma shareholders holding 100% of ExploreCo upon completion of the Arrangement. The exchange ratio valued the shares of Ikkuma at $0.86 per share (excluding the value of ExploreCo shares), representing a premium of 188% to the closing price of $0.30 per share as of August 23, 2018 of Ikkuma common shares on the TSX Venture Exchange. Pieridae shareholders owned approximately 70% of the outstanding shares of the Corporation after completion of the transaction.

Appointment of CFO

On September 1, 2018 Mr. Mario Racicot resigned as the chief financial officer ("**CFO**") of Pieridae, and on September 14, 2018 Pieridae announced the appointment of Ms. Melanie Litoski as CFO.

Québec Regulatory Changes

On September 20, 2018 the Government of Québec adopted new regulations aimed at Québec oil and gas development. The new regulations curtail oil and gas development within a 1,000-metre radius of any urban area. The new regulations adversely impacted some of Pieridae's properties in Québec. The carrying value of those properties for accounting purposes have been written down to reflect their economic impairment.

German Loan Guarantee

On October 29, 2018 Pieridae announced that its proposed financing of upstream activities within the Goldboro LNG Project received a written confirmation of eligibility in principle for up to U.S. $1.5 billion of untied loan guarantee by the German federal government under its UFK program. This confirmation satisfied a condition to completion of the Ikkuma Arrangement and marked an important milestone in advancing the Goldboro LNG Project towards a final investment decision ("**FID**"). This prospective U.S. $1.5 billion German government loan guarantee in relation to the proposed financing of conventional upstream natural gas development is in addition to a like confirmation in principle of UFK eligibility that was previously announced, namely for up to U.S. $3.0 billion of prospective German government loan guarantees in relation to the proposed financing of the construction of the Goldboro LNG Facility (excluding Train Two) and all associated facilities.

The final terms and conditions of both guarantees will be negotiated in the context of an overall project financing. Given that the rationale of Germany´s UFK program is to enhance security of commodity supply, the actual grant of the guarantees will be subject to, among other things, a commitment that a pre-determined amount of LNG produced annually from Train One of the proposed Goldboro LNG Facility over a term of twenty years (with an option for an additional ten years) will be delivered to, and be regasified in, Europe. In 2013, Uniper entered into a twenty-year agreement with Goldboro Canada LP to purchase approximately 4.8 million tons per annum of LNG produced from Train One of the proposed Goldboro LNG Facility. This agreement was subsequently amended on February 3, 2016, June 2, 2017, November 1, 2018 and July 9, 2019 thereby extending the deadline imposed on Pieridae for satisfying certain conditions thereunder. The amendment of this agreement on November 1, 2018 satisfied a condition to the completion of the Arrangement.

Goldboro Construction Permit

On November 5, 2018 the Nova Scotia Utility and Review Board issued the permit to construct the Goldboro LNG Facility. Pieridae expects to proceed to satisfy each of the associated conditions of that permit and to commence the construction of the Goldboro LNG Facility as soon as a positive FID is taken by Pieridae.

AIMCo Financing

On November 15, 2018, the Corporation announced that it has completed a financing for a $20.0 million senior secured term loan (the "**Term Loan**") with AIMCo. The Term Loan bore annual interest at 9.5% and matured on the earliest of the closing of the acquisition by Pieridae and March 31, 2022. Proceeds from the Term Loan were used to repay Ikkuma's existing syndicated credit facility of $4.0 million and proceed with Ikkuma's flow-through drilling program of $12.0 million to be spent by December 31, 2018. As a result of completing the Term Loan with AIMCo and repaying all outstanding bank debt, Ikkuma terminated its amended and restated syndicated credit agreement with its banking syndicate.

Private Placement

On December 18, 2018 Pieridae announced the closing of a private placement, under which the Corporation issued 2,358,824 units at $3.40 per unit, for total considerations of $8.0 million. Each unit consists of: (i) one common share in the capital of Pieridae ("**Common Shares**"); and (ii) one half common share purchase warrant (the "**Warrants**"), with each whole Warrant entitling the holder thereof to acquire one Common Share at an exercise price of $5.67, representing a premium of approximately 167% to the unit price, at any time prior to the second anniversary of this private placement closing date.

Developments in 2019

Ratification of Benefits Agreement

On February 4, 2019 Pieridae and the Assembly of Nova Scotia Mi'kmaq Chiefs ratified the previously negotiated Nova Scotia Mi'kmaq Benefits Agreement (the "**Benefits Agreement**"). This Benefits Agreement establishes the framework under which the Mi'kmaq of Nova Scotia will benefit economically from the development, construction and operation of the Goldboro LNG Project. A Memorandum of Understanding signed in 2013 originally outlined the relationship between Pieridae and the Mi'kmaq in Nova Scotia and this new Benefits Agreement underscores Pieridae's commitment to ongoing engagement and relationship building with the First Nations communities in Nova Scotia.

Private Placements

Between February 12, 2019 and March 6, 2019 the Corporation raised an aggregate of $17.9 million through the issuance of 8,956,000 common shares at a price of $2.00 per common share in concurrent brokered and non-brokered private placements, including shares issued under an overallotment option granted to a syndicate of investment dealers co-led by KES 7 Capital Inc., National Bank Financial Inc. and Laurentian Bank Securities Inc. Within this offering, certain officers and directors of Pieridae subscribed for a total of 150,000 common shares pursuant to the non-brokered offering for aggregate gross proceeds of $0.3 million. In addition, the AIMCo made a strategic investment in Pieridae by purchasing 5,000,000 common shares on behalf of certain of its clients.

Engagement of KBR

On April 1, 2019, Pieridae engaged Kellogg Brown & Root Limited ("**KBR**") to perform a review of an amended version of the previously prepared front-end engineering and design ("**FEED**") study for the proposed Goldboro LNG Facility. KBR will also conduct an open-book estimate ("**OBE**") necessary for entering into a project specific, fixed price EPCC contract.

Acquisition of Foothills Assets from Shell, Loan with Third Eye Capital and Private Placement

On June 26, 2019, Pieridae signed a purchase and sale agreement ("**Shell PSA**") with Shell Canada Energy ("**Shell**") to purchase all of Shell's midstream and upstream assets in the southern Alberta foothills (the "**Shell Foothills Assets**") for a purchase price of $190.0 million, subject to normal adjustments (the "**Acquisition**"). This Acquisition more than doubled Pieridae's production, added three deep cut, sour gas processing plants (Jumping Pound Gas plant, Caroline Gas Complex and Waterton Complex) with combined processing capacity of approximately 750 mmcf/d, and upon closing on October 16, 2019 positioned Pieridae as the dominant foothills natural gas producer in the Western Canada Sedimentary Basin. As part of the consideration, 15,219,619 common shares of the Corporation were issued to Shell. In conjunction with the signing of the Shell PSA, the Corporation launched:

(i) a non-brokered private placement of a secured convertible debenture of the Corporation for aggregate gross proceeds of $10.0 million;

(ii) a non-brokered private placement of common shares at a price of $0.86 per common share, for gross proceeds of up to $2.2 million;

(iii) a non-brokered private placement of 711,967 subscription receipts of the Corporation at a price of $0.86 per subscription receipt, for aggregate gross proceeds of $612,291.62; and

(iv) a brokered private placement of 38,225,883 subscription receipts of the Corporation at a price of $0.86 per subscription receipt, for aggregate gross proceeds of approximately $32 million. This includes a subscription of 23,255,813 subscription receipts from Erikson National Energy Inc. ("**Erikson**"), through its agent, Third Eye Capital Corporation ("**TEC**"). This resulted in Erikson becoming a significant shareholder of the Corporation.

The proceeds of these private placements were used to partly fund the Acquisition. On the closing of the Acquisition, each subscription receipt issued was automatically converted into one common share of Pieridae, on a one-to-one basis, without any further action on the part of the subscriber and without the payment of additional consideration.

Concurrently, TEC, as agent of the lenders, issued a senior secured non-revolving term loan facility in the aggregate amount of $206.0 million (the "**TEC Term Loan**"), at a fixed rate of 15% *per annum*. The advance under the TEC Term Loan was used to partially fund the Acquisition, to repay Ikkuma's then current outstanding debt owed to AIMCo pursuant to the term loan entered into with AIMCo on December 20, 2018, to fund letters of credit required for existing and purchased assets, and to satisfy all fees and expenses associated with the TEC Term Loan and Acquisition. As part of the conditions of the TEC Term Loan, Mark Horrox, a Principal at TEC, was appointed to the Board of Directors on November 1, 2019.

Extension of Key Deadlines with Uniper

On July 9, 2019 Uniper and Pieridae negotiated an extension of key deadlines under its 20-year offtake agreement to September 30, 2020, by which date the corporation is required to make a positive FID for the Corporation's proposed Goldboro LNG facility. As a result of depressed market conditions and COVID-19 impacts, FID for the Goldboro LNG Project will be delayed beyond the previously disclosed date of September 30, 2020. Once market conditions improve, we will be in a better position to announce an updated FID date. The Corporation is currently in negotiations with Uniper to extend the FID deadline to June 2021. The Corporation believes that it will obtain the extension. The Corporation does not expect any material negative implications to the business as a result of the renegotiation of this contract.

Appointment of CFO

On November 11, 2019, Rob Dargewitcz was appointed CFO.

Description of Our Business

Pieridae is organized into two segments: the Upstream Segment and the LNG Segment.

Upstream Segment

Pieridae's assets have been consolidated through a series of mergers and acquisitions, the largest of which was the Acquisition. Through these mergers and acquisitions, the Corporation has become a significant mid-sized capitalized oil and gas entity including midstream operatorship, and now owns three large, deep cut, sour gas plants and associated Sulphur forming facilities, together with a various pipelines which are connected to the TC Energy NGTL pipeline system in Alberta. All assets have been well managed, and will continue to be under Pieridae's stewardship, but are currently operating at well below maximum throughput capacity. Pieridae's intent is in the short term to market available capacity for optimization and to ultimately maximize throughput of these facilities during the anticipated drilling program required to supply natural gas for liquefaction at the proposed Goldboro LNG Facility.

Pieridae's extensive industrial footprint associated with the foothills gas fields will be revitalized to expand production by drilling shallow, deep, or offset reservoirs, reducing environmental impact by limiting further footprint expansion. The majority of Pieridae's reservoirs "conventional" and occur within the complexly deformed part of the basin. As such, drilling technologies and subsurface understanding of these areas requires unique technical skills which Pieridae possesses but is rare within much of the Western Canada Sedimentary Basin.

Property description

As at December 31, 2019 the Corporation's land holdings are located in the provinces of Alberta, British Columbia, Saskatchewan, Québec and New Brunswick. These lands cover a total area of 2,220,827 acres on a gross basis and 1,824,485 acres on a net basis.

Table 2: Land Holdings

Areas	Gross Acres	Net Acres	Working Interest (%)
BC FOOTHILLS	23,263	16,105	**69%**
NORTHEAST BC	130,033	120,449	**93%**
NORTHERN ALBERTA	491,020	333,055	**68%**
SOUTHERN ALBERTA	567,412	389,109	**69%**
SASKATCHEWAN	485	485	**100%**
Total Western Canada (1)	**1,212,213**	**859,203**	**71%**
NEW BRUNSWICK (2)	14,371	14,371	**100%**
QUÉBEC (3)	1,316,521	1,150,452	**87%**
Total Eastern Canada	**1,330,892**	**1,164,823**	**88%**
GRAND TOTAL	**2,543,105**	**2,024,026**	**80%**

(1) Pieridae Alberta Production Ltd.

(2) Pieridae Production Limited Partnership – Pieridae Energy Limited owns approximately 19% of the partnership

(3) Pieridae Québec Development Limited Partnership – see the note below with respect to abandonments of exploration permits in Québec

The following is a description of the Corporation's principal oil and gas properties, major plants, facilities and installations:

British Columbia

<u>British Columbia Foothills</u>

The Ojay area is non-operated and located on the border between British Columbia ("**BC**") and Alberta, approximately 100 km southwest of Grande Prairie, Alberta. As at December 31, 2019, the Corporation had an interest in 23,263 gross acres (16,105 net) in this area. The Corporation has a 40% working interest in a dehydration and compression station and various working interests in gas gathering systems. After compression and dehydration, gas produced from this location flows into Alberta to be processed at the Canadian Natural Resources Limited Narraway Gas Plant, in which the Corporation is a minority owner.

<u>Northern British Columbia</u>

This area includes assets in the Sierra and Ekwan areas, roughly between 45km and 85km east of Fort Nelson, BC which was acquired as part of an acquisition from Husky Energy in 2017. As at December 31, 2019, the Corporation had an interest in 130,033 gross acres (120,449 net) in this area. The Sierra asset consists of ~25mmcf/d of production from the Pine Point Formation and is currently shut-in due to infrastructure constraints. Ekwan is currently producing ~7.5mmcf/d from the Jean Marie Formation which is transported southward in the TC Energy Nova system.

Alberta

<u>Northern Alberta</u>

This area starts at the Alberta and BC border, approximately 100km southwest of Grande Prairie, Alberta and continues 360km southeast to Nordegg, Alberta. Assets in this area comprised the bulk of Pieridae Alberta Production's production base prior to its acquisition by Pieridae. Approximately 40% of the gas production of the Corporation comes from this area. As at December 31, 2019, the Corporation had an interest in 491,020 gross acres (333,055 net) in this area representing an average 68% working interest. The Corporation has multiple gas plants, gas dehydrators, compressors, transportation pipelines and gas gathering systems connected to the NOVA system at multiple points north of James River.

<u>Southern Alberta</u>

The Southern Alberta foothills assets extend from the town of Rocky Mountain House to Waterton. As at December 31, 2019, the Corporation had an interest in 566,132 gross acres (387,829 net) representing an average 69% working interest. This area includes the Jumping Pound Gas plant (100% working interest), Waterton Complex (100% working interest) and the Caroline Gas Complex (74% working interest) with over 750mmcf/d of potential processing capacity combined, all acquired on October 16, 2019 as part of the Acquisition. Southern Alberta currently represents 60% of the Corporation's production and nearly all its NGL revenue is produced in this core area. Each of the major processing facilities are connected to the TCPL NOVA system and possess the capability to recover NGLs and Sulphur.

Québec

The Corporation is in the process of reducing its holdings in Québec and has submitted an application to abandon a significant number of its exploration permits, comprising 901,560 gross acres (861,134 net). These assets are not a part of the Corporation's future LNG business, and abandoning the permits is expected to save approximately $0.5 million annually. The properties of Haldimand and Bourque represent prospective opportunities for oil development and are not included in the abandonment plans. As of December 31, 2019, the retained areas consist of 414,961 gross acres (289,318 net). There continues to be no production or revenue generated from any of the Corporation's Québec assets, which have been impaired as at December 31, 2019 to no value.

New Brunswick

On March 4, 2013, Former Pieridae entered into an agreement with Contact Exploration Inc. (subsequently Kicking Horse Energy Inc., subsequently acquired by ORLEN Upstream Canada Ltd.) to establish Pieridae Production Limited Partnership ("**PPLP**") in order to acquire and develop natural gas resources in New Brunswick. The Corporation originally held a 16.98% interest in PPLP, which increased as a result of additional investments in 2015 to 20%. Pieridae is entitled to contribute an additional $14.1 million to PPLP prior to any further funding by the other partner, thereby increasing its ownership to 50%.

As of December 31, 2019, the Corporation held a 19.656% interest, as a limited partner, in PPLP and held a 50% interest, as a shareholder, in PPLP's general partner, Pieridae Production GP Ltd. The Corporation's interest in PPLP and in Pieridae Production GP Ltd. are accounted for in the Corporation's consolidated financial statements using the equity method.

There is presently a government-imposed moratorium on the use of hydraulic fracturing in New Brunswick which effectively prevents any further exploration and development by PPLP of its natural gas resource properties in that province.

Oil and Gas Wells

The following table sets forth the number and status of wells in which Pieridae has a working interest as at December 31, 2019.

TABLE 3: Oil and Gas Wells

	PRODUCING				NON-PRODUCING				SERVICE WELLS	
	Oil		Natural Gas		Oil		Natural Gas			
LOCATION	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)
ALBERTA	-	-	484	328	-	-	394	256	5	4
BRITISH COLUMBIA	-	-	84	72	-	-	71	61	-	-
SASKATCHEWAN	-	-	-	-	-	-	5	5	-	-
QUÉBEC	-	-	-	-	9	7	-	-	-	-
TOTAL	**-**	**-**	**568**	**400**	**9**	**7**	**470**	**322**	**5**	**4**

(1) "Gross" wells mean the number of wells in which Pieridae has a working interest or a royalty interest that may be convertible to a working interest.

(2) "Net" wells mean the aggregate number of wells obtained by multiplying each gross well by Pieridae's percentage working interest therein.

LNG Segment

The Goldboro LNG site is near the community of Goldboro in Guysborough county in Nova Scotia. The site was selected to make use of existing infrastructure and is aligned with the corporation's goal to minimize capital exposure by reusing existing, underutilized energy midstream infrastructure. The site is near to a decommissioned sour gas processing facility which gathered gas from numerous offshore reservoirs. That plant processed gas from the offshore Scotia shelf at the Sable Island project, and it tied into an existing sales pipeline (the "**Maritimes Northeast Pipeline"**) which is conveniently located next to the site, and which will be used to deliver supply gas to the Goldboro LNG facility.

The Goldboro LNG facility has progressed to the OBE stage and KBR has been engaged to review the previously completed FEED study and provide a fixed price contract to construct the gas liquefaction facility. Pieridae will also contract for the site preparation, marine civil works, and worker camp. These individual subprojects will be financed concurrently with a positive FID, and project execution will commence thereafter.

Under the FEED study, Air Products and Chemicals, Inc. will develop, design and deliver a two-train (each capable of producing at least 4.8 mmtpa at FOB) 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 land adjacent to the Goldboro LNG site, inside the industrial park. 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.

Following the FEED verification, KBR will proceed to the OBE stage where they will commence contacting numerous contractors in order to derive a fixed price for the facility construction and commissioning. The fixed price and terms and conditions of the EPCC contract will be negotiated following the agreement of detailed scope and timeline.

Other Business Information

Forward Contracts and Marketing

The Corporation's commodity hedging policy has been established by the Board which requires management to achieve a hedge position of at least 60% of expected production on an 18-month rolling basis under normal circumstances. Other than as disclosed in the financial statements of the Corporation for the year ended December 31, 2019, Pieridae is not bound by any agreement (including any transportation agreement), directly or through an aggregator, under which it is precluded from fully realizing, or may be protected from the full effect of, future market prices for natural gas or NGLs. Refer to Note 20 “Financial Risk Management – Market Risk” in the recently filed Consolidated Financial Statements of the Corporation as at and for the years ended December 31, 2019 and 2018 for further discussion on the Corporation's commodity hedging activities. Pieridae’s obligations or commitments for future physical deliveries of natural gas and NGLs are not expected to vary significantly from Pieridae’s future forecasted production.

Competitive Conditions

The oil and gas industry is very competitive. Pieridae has a strong competitive position in its core areas (see “Description of Properties”). Companies operating in the petroleum industry must manage risks which are beyond the direct control of Corporation personnel. Among these risks are those associated with exploration, environmental damage, commodity prices, foreign exchange rates, international political or economic conditions and interest rates. The oil and natural gas industry is competitive and Pieridae competes with a substantial number of other entities, some of which have greater technical or financial resources. Pieridae attempts to enhance its competitive position by operating in areas where it believes its technical personnel are able to reduce some of the risks associated with exploration, production and marketing because they are familiar with the areas of operation. Management believes that Pieridae will be able to explore for and develop new production and reserves with the objective of increasing its cash flow and reserve base. See “Risk Factors – Competition”.

Additionally, there are many inherent risks that must be considered in the development of an LNG export project, including worker productivity, weather, access to financing, international LNG pricing, access to construction yards, etc. Other risks are outlined in the section titled Risk Factors. LNG pricing following plant commissioning is of particular risk, particularly in the financing phase of the project. For example, a low-price forecast at the time of forecasting may significantly delay the project. There is also non-commercial risk related to changes in government regulation, which has challenged major projects in Canada over the last number of years. The Corporation has undertaken many pre-emptive initiatives to procure First Nations support and support from all levels of government and the local community. This has included active company participation in policy creation and intensive work with government to allow for the accommodation of LNG export projects within prescribed legislation.

Seasonality

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw can make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites consists of swampy terrain. There can be no assurance that these seasonal factors will not adversely affect the timing and scope of Pieridae’s exploration and development activities, which could in turn have an adverse impact on Pieridae’s business, operations and prospects. Additionally, the realized price for natural gas produced by the Corporation has a component of cyclicality relating to the demand for natural gas in peak heating and cooling seasons during the year.

Environmental, Social and Governance Policies

The Corporation's operations are regulated by laws, acts and regulations with respect to, among others, environmental protection. Environmental consequences are difficult to identify, whether in terms of level, timeline or impact. Compliance with such legislation may require significant expenditures or result in operational restrictions. Breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties, all of which might have a significant negative impact on earnings and overall competitiveness of the Corporation. For a description of the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Corporation see "Industry Conditions – Environmental Regulation" and "Risk Factors – Environmental Issues".

The Corporation has adopted policies relating to health, safety and environmental matters. The Corporation's objective is to pursue its business strategy while ensuring that its operations meet applicable safety standards and account for environmental and social impacts. Occupational and community health and safety are key concerns in the planning and performance of exploration work. Special attention is also paid to local community and business relationships, as well as environmental protection.

In Alberta, the Corporation's Senior Vice President; Drilling, Completions & HSE and a Manager of HSE oversee all of the Health, Safety and Environmental policy development, implementation and enforcement for the company and reports regularly to the senior management team and the Board of Directors. Based on the acquisition of Shell assets and the growth of the HSE & Regulatory department, an HSE & R Manager with supplementary strengths in environmental compliance and regulatory reporting has been added to the group. The Pieridae HSE structure includes Health, Safety and Emergency Response as well as Environmental roles stationed at each of the main facilities supporting the large network of dedicated and competent employees.

In Nova Scotia, under the Environmental Assessment Approval, the Corporation has established Community Liaison and Fisheries Advisory Committees. In addition, the Corporation has developed a complaint resolution plan, along with a Mi'kmaq Communication Plan, Community Communication Plan, and Archaeology and Heritage Resources Monitoring and Contingency Plan which are updated periodically.

Employees, and Specialized Skill and Knowledge

The following table summarizes Pieridae's full-time equivalent ("**FTE**") employees as at December 31, 2019:

Table 4: Pieridae Employees

Upstream and Midstream Operations (1)	251
Goldboro and Corporate	33
Total	**284**

(1) Include 4 employees on long term leaves of absence

Pieridae also engages contractors and service providers. Refer to the section entitled "Risk Management and Risk Factors" in the Corporation's 2019 MD&A, which section of the MD&A is incorporated by reference into this AIF, for further information on employee and other workforce related risks affecting Pieridae.

Pieridae employs individuals with various professional skills in the course of pursuing its strategy. These professional skills include, but are not limited to, geology, geophysics, engineering, financial and business skills, which are widely available in the industry. Drawing on significant experience in the oil and gas industry, with a particular focus on exploration and development of natural gas reserves in the Alberta and BC Foothills play, Pieridae's management team has a demonstrated track record of bringing together all of the key components required to realize it's potential as a fully integrated LNG company.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Disclosure of Reserves Data

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of crude oil, NGL and natural gas reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in this AIF are estimates only. The recovery and reserve estimates of the crude oil, NGL and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and NGL reserves may be greater than or less than the estimates provided herein. In general, estimates of economically recoverable crude oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of crude oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, among others, estimates of the economically recoverable crude oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves may vary and such variations may be material. The actual production, revenues, taxes and development and operating expenditures with respect to the reserves associated with Pieridae's assets may vary from the information presented herein and such variations could be material. See "Risk Factors" in this AIF.

The following tables are based on the Reserves Report prepared by Deloitte Touche Tohmatsu Limited ("**Deloitte**"), an independent qualified reserves evaluator, effective as of December 31, 2019 and dated and prepared as of April 6, 2019 (the "**Deloitte Reserves Report**"). The tables show the estimated share of Pieridae's oil, natural gas and NGL reserves in its properties and the present value of estimated future net revenue for these reserves, after provision for Alberta gas cost allowance, using forecast price and cost assumptions. All evaluations of the present worth of estimated future net revenue in the Deloitte Reserve Report are stated after provision for estimated future capital expenditures, both before and after income taxes, but, except where otherwise indicated, prior to indirect costs, well abandonment and disconnect costs and surface lease reclamation costs and do not necessarily represent the fair market value of the reserves. The Deloitte Reserves Report was prepared in accordance with the standards included in the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook"**) and NI 51-101.

Throughout the following summary tables differences may arise due to rounding.

In accordance with the requirements of NI 51-101, attached hereto are the following appendices:

Appendix A:	NI 51-101 Form F2 Report on reserves Data by Independent Qualified Reserves Evaluator
Appendix B:	Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure
Appendix C:	Definitions Used for Reserve and Resource Categories

The following table summarizes Pieridae's oil and gas reserves as of December 31, 2019 based on forecast price and cost assumptions.

TABLE 5: Summary of Oil and Gas Reserves as of December 31, 2019

	Light/Medium Crude Oil		**Conventional Natural Gas (1)**		**Natural Gas Liquids**	
Reserves Category	**Gross (Mbbl)**	**Net (Mbbl)**	**Gross (Mmcf)**	**Net (Mmcf)**	**Gross (Mbbl)**	**Net (Mbbl)**
Proved						
Developed Producing (2)	-	-	753,221	667,300	29,585	21,832
Developed Non-Producing (3)	-	-	87,769	72,822	3,544	2,861
Undeveloped (4)	-	-	44,884	41,430	2,792	2,235
Total Proved	**-**	**-**	885,875	781,552	35,921	26,928
Total Probable	**-**	**-**	331,392	295,976	13,154	10,007
Total Proved + Probable	**-**	**-**	1,217,267	1,077,529	49,075	36,935

(1) Natural gas volumes include associated, and non-associated gas.

(2) "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

(3) "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

(4) "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

The following tables summarize the undiscounted value and the present value, discounted at 5%, 10%, 15% and 20%, of Pieridae's estimated future net revenue based on forecast price and cost assumptions as of December 31, 2019.

TABLE 6: Summary of Before-Tax Present Value of Future Net Revenue at December 31, 2019 (1)

	Before Income Tax, Discounted at (%/year)					**Unit Value Before Income Tax, Discounted at 10%/year**
Reserves Category (2)	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)	$/BOE
Proved						
Developed Producing	650,900	727,433	592,649	488,584	414,212	4.45
Developed Non-Producing	(147,525)	34,892	47,582	39,169	29,825	3.17
Undeveloped	139,569	107,626	85,020	68,412	55,840	9.30
Total Proved	642,944	869,950	725,250	596,165	499,877	4.61
Total Probable	1,081,994	557,455	337,203	225,212	160,768	5.68
Total Proved + Probable	1,724,938	1,427,405	1,062,453	821,377	660,645	4.91

(1) Future net revenue is estimated using forecast prices and costs – see "Pricing Assumptions – Forecast Prices and Costs – December 31, 2019" in this AIF.

(2) Values reflect abandonment and reclamation costs for all wells, facilities, and pipelines and for all future locations assigned reserves in the Deloitte Reserves Report in the aggregate amount of $523.6 million (undiscounted) for total proved reserves and $538.4 million (undiscounted) for total proved plus probable reserves.

TABLE 7: Summary of After-Tax Present Value of Future Net Revenue as of December 31, 2019 (1)

	After Income Tax, Discounted at (%/year)				
Reserves Category (2)	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)
Proved					
Developed Producing	493,012	555,930	452,692	372,862	315,847
Developed Non-Producing	(120,188)	20,517	30,478	34,142	17,053
Undeveloped	107,042	81,693	63,809	50,703	40,809
Total Proved	479,866	658,139	546,979	447,708	373,709
Total Probable	830,924	427,055	257,464	171,213	121,573
Total Proved + Probable	1,310,790	1,085,195	804,444	618,921	495,282

(1) Future net revenue is estimated using forecast prices and costs – see "Pricing Assumptions – Forecast Prices and Costs – December 31, 2019" in this AIF.

(2) Values reflect abandonment and reclamation costs for all wells, facilities, and pipelines and for all future locations assigned reserves in the Deloitte Reserves Report in the aggregate amount of $523.6 million (undiscounted) for total proved reserves and $538.4 million (undiscounted) for total proved plus probable reserves.

TABLE 8: Total Future Net Revenue (Undiscounted) as of December 31, 2019 (1)

Reserves Category	**Revenue (2) (M$)**	**Royalties (M$)**	**Operating Costs (M$)**	**Development Costs (M$)**	**Well Abandonment and Reclamation Costs (M$)**	**Future Net Revenue Before Income Taxes (M$)**	**Future Income Taxes (M$)**	**Future Net Revenue After Income Taxes (M$)**
Proved Reserves	5,563,232	290,532	4,017,183	88,958	523,616	642,944	163,078	479,866
Proved + Probable Reserves	8,026,576	419,895	5,217,740	125,591	538,411	1,724,938	414,148	1,310,790

(1) Future net revenue is estimated using forecast prices and costs – see "Pricing Assumptions – Forecast Prices and Costs – December 31, 2019" in this AIF.

(2) Revenue includes product revenue and other income from facilities, wells and corporate if specified.

TABLE 9: Future Net Revenue by Product Type as of December 31, 2019 (1)

Reserve Category	**Product Type**	**Future Net Revenue Before Income Taxes (discounted at 10%/year) (M$)**	**Unit Value Before Income Taxes (discounted at 10%/Year) ($/BOE)**
Proved Reserves	Conventional Natural Gas (including associated by-products)	725,250	4.61
Proved + Probable Reserves	Conventional Natural Gas (including associated by-products)	1,062,453	4.91

(1) Future net revenue is estimated using forecast prices and costs – see "Pricing Assumptions – Forecast Prices and Costs – December 31, 2019" in this AIF.

Costs Incurred

The following table summarizes the capital expenditures made by Pieridae on oil and gas properties for the year ended December 31, 2019.

TABLE 10: Capital Expenditures Made by Pieridae on Oil and Gas Properties for the Year Ended December 31, 2019

Nature of Cost	**Amount (M$)**
Acquisition Costs for Proved Properties	166,122 (1)
Acquisition Costs for Unproved Properties	-
Exploration Costs	1,077
Total Costs	167,199

(1) Acquisition costs for proved properties includes the allocation of purchase price to petroleum and natural gas assets net of the asset retirement obligations assumed as a result of the acquisition of the Shell Foothills Assets as disclosed in the financial statements of the Corporation for the year ended December 31, 2019.

Pricing Assumptions

Forecast Prices and Costs - December 31, 2019

Deloitte employed the following pricing, exchange rate and inflation rate assumptions in estimating Pieridae's reserves data using forecast prices and costs as of December 31, 2019.

TABLE 11: Canadian Domestic Forecast [(1)]

	Light Oil		Natural Gas	Natural Gas Liquids			
Year	**Canadian Light Sweet Crude [(2)] 40º API ($Cdn/Bbl)**	**Alberta AECO ($Cdn/Mcf)**	**Edmonton Propane ($Cdn/Bbl)**	**Edmonton Butane ($Cdn/Bbl**	**Edmonton Pentanes Plus ($Cdn/Bbl)**	**Operating Cost Inflation Rate (%/Year)**	**Exchange Rate ($US/$Cdn)**
Historical							
2013	93.36	3.17	38.54	77.44	103.52	0.90%	0.97
2014	94.00	4.50	42.93	59.43	101.47	1.90%	0.91
2015	57.00	2.69	5.35	33.70	55.15	1.10%	0.78
2016	52.22	2.16	8.71	31.45	52.43	1.40%	0.75
2017	62.11	2.16	27.56	40.96	62.85	1.60%	0.77
2018	75.39	1.61	29.54	45.93	81.62	2.30%	0.77
2019	66.93	1.80	27.00	39.40	62.65	1.50%	0.75
Forecast							
2020	71.58	2.05	24.04	37.56	74.21	0.00%	0.76
2021	75.33	2.32	28.75	44.41	78.15	1.75%	0.77
2022	77.51	2.60	33.14	50.19	80.48	2.00%	0.78
2023	79.77	2.74	34.16	51.67	82.77	2.00%	0.79
2024	81.60	2.82	35.00	52.88	84.66	2.00%	0.79
2025	83.46	2.91	35.85	54.09	86.56	2.00%	0.79
2026	85.34	2.97	36.71	55.33	88.49	2.00%	0.79
2027	87.19	3.03	37.55	56.53	90.40	2.00%	0.79
2028	88.97	3.10	38.37	57.69	92.22	2.00%	0.79
2029	90.79	3.16	39.19	58.87	94.09	2.00%	0.79
Escalation rate of 2% thereafter							

(1) Forecast prices were estimated using the average of the escalated price forecasts of four independent reserve evaluators, namely Deloitte LLP, GLJ Petroleum Consultants Ltd., McDaniels & Associates Consultants Ltd. and Sproule Associates Limited. There is no assurance that the forecast prices and forecast factors used by Deloitte in the Deloitte Report will prove accurate and variances could be material.

(2) Edmonton Par prior to 2014.

Pieridae's weighted average realized sales prices for the year ended December 31, 2019 were $28.99/bbl for NGLs and $1.75/Mcf for natural gas, before derivative financial instruments.

Production Estimates

The following table discloses, by product type, the volume of Pieridae's production estimated for the year ended December 31, 2020 as evaluated by Deloitte.

TABLE 12: 2020 Production Estimates

Reserves Category [(2)]	**Light/Medium Crude Oil (Bbl/d)**	**Conventional Natural Gas (MMcf/d)**	**Natural Gas Liquids (Bbl/d)**	**Combined (BOE/d)**
Proved				
Developed Producing	-	214	8,626	44,336
Developed Non-Producing	-	(1)	790	680
Undeveloped	-	1	-	80
Total Proved	-	**214**	**9,416**	**45,096**
Total Probable	-	**5**	**88**	**909**
Total Proved + Probable	-	**219**	**9,504**	**46,005**

Production History

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by Pieridae for each quarter of its most recently completed financial year:

TABLE 13: 2019 Quarterly Production History

Reserves Category	**Three months ended March 31, 2019**	**Three months ended June 31, 2019**	**Three months ended September 31, 2019**	**Three months ended December 31, 2019**
Average Daily Production				
Light/Medium Crude Oil (Bbl/d)	-	-	-	2,903
Conventional Natural Gas (MMcf/d)	102,221	90,942	86,884	204,262
Natural Gas Liquids (Bbl/d)	200	211	167	5190
Average Net Prices Received				
Light/Medium Crude Oil (Bbl/d)	49.34	63.09	54.09	58.34
Conventional Natural Gas (MMcf/d)	2.26	1.25	1.31	1.91
Natural Gas Liquids (Bbl/d)	35.67	4.85	16.42	10.02
Royalties ($/boe)	0.59	0.30	0.03	0.62
Production Costs ($/boe)	10.44	9.67	10.65	8.50
Netback[(1)] Received ($/boe)	3.32	(1.32)	(2.03)	6.30

(1) Netback is a Non-IFRS financial measure. Please see our discussion of Non-IFRS measures under *Presentation of Information* in this AIF.

Reconciliation of Changes in Reserves and Future Net Revenue

Reserves Reconciliation

As at December 31, 2017, Pieridae had no reserves; Pieridae only acquired reserves via the acquisition of Ikkuma on December 20, 2018, which remains a wholly owned subsidiary of Pieridae. Accordingly, there was no reconciliation provided to December 31, 2017. The following table outlines the primary drivers of reserve changes during 2019, as at December 31, 2019:

Table 14: Reserve Reconciliation

	Light & Medium Oil			Conventional Gas			Natural Gas Liquids		
	Proved	**Probable**	**Proved + Probable**	**Proved**	**Probable**	**Proved + Probable**	**Proved**	**Probable**	**Proved + Probable**
	Mstb	**Mstb**	**Mstb**	**MMcf**	**MMcf**	**MMcf**	**Mstb**	**Mstb**	**Mstb**
Opening Balance	-	-	-	496,398	174,099	670,497	1,071	286	1,357
Production	(2)	-	(2)	(45,731)	-	(45,731)	(906)	-	(906)
Technical Revisions	2	-	2	146,673	28,791	175,463	13,227	4,616	17,844
Acquisitions	-	-	-	338,738	133,027	471,765	22,663	8,229	30,892
Economic Factors	-	-	-	(50,203)	(4,524)	(54,727)	(134)	23	(111)
Closing Balance	**-**	**-**	**-**	**885,875**	**331,393**	**1,217,267**	**35,921**	**13,154**	**49,075**

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by Deloitte in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101. In general, undeveloped reserves associated with Pieridae's assets are planned to be developed over the next two to three years.

In some cases, it will take longer than two to three years to develop these reserves. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion, or to changes in geological interpretation, including reservoir continuity and quality); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion formation is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals). For more information, see "Risk Factors" in this AIF.

Developed Non-Producing Reserves

The Deep Basin area includes assets in the Sierra and Ekwan areas roughly 45km east of Fort Nelson, British Columbia stretching 85 km east towards the Alberta border and as was acquired as part of the 2017 acquisition from Husky. The Sierra asset consists of ~25mmcf/d of production from the Pine Point formation and was shut in due to infrastructure constraints in September 2017. The restart is scheduled for 2021 and is estimated to require $21.6MM of capital primarily for sour gas related plant upgrades and pipelines. Sierra represents 13.7MMboe in reserves and $12.1MM value within the proved non-producing category.

Significant Factors or Uncertainties

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, commodity prices and economic conditions. Pieridae's reserves are evaluated by Deloitte, an independent engineering firm.

Estimates made are reviewed and revised, either upward or downward, as warranted by new information. Revisions are often required due to changes in well performance, commodity prices, economic conditions and governmental restrictions. Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. Pieridae's actual production, revenues, taxes, development and operating expenditures with respect to its reserves may vary from such estimates, and such variances could be material. See "Risk Factors – Reserves Estimates" in this AIF.

Pieridae estimates the total cost of future abandonment and reclamation for its existing wells, pipelines, associated production facilities and infrastructure and the expected timing of the costs to be incurred in future periods. The Corporation has a process for estimating these costs, which considers past experience, applicable current regulations, technology and industry standards, actual and anticipated costs, the type and depth of the well (or the nature and size of the pipeline or facility), and the geographic location. Pieridae expects to incur abandonment and reclamation costs on 1190 gross (918 net) wells, comprising currently producing, non-producing and service wells. As at December 31, 2019, the Corporation has estimated its share of the total abandonment and reclamation costs for its existing wells, pipelines and facilities to be $538.0 million undiscounted (approximately $27.5. million discounted at 10%), of which Pieridae expects to pay approximately $3.0 million over the next five financial years.

Of the discounted future abandonment and reclamation costs to be incurred over the life of Pieridae's proved plus probable reserves, approximately $27.5 million have been deducted in estimating the future net revenue in the Deloitte Report, which represents the Corporation's total existing estimated abandonment and reclamation costs, plus all forecast estimates of abandonment and reclamation costs attributable to future development activity associated with the reserves.

Future Development Costs

The following table sets forth development costs deducted in the estimation of the future net revenue attributable to the reserve categories noted below, using forecast prices and costs.

TABLE 15: Future Development Costs [(1)]

	Undiscounted Forecast Prices and Costs	
Year	**Proved Undeveloped Reserves (M$)**	**Proved + Probable Undeveloped Reserves (M$)**
2020	29.8	38.2
2021	38.3	59.4
2022	-	0.1
2023	-	5.2
2024	-	-
Remaining Years	20.8	22.7
Total Undiscounted	**88.9**	**125.6**

(1) Future net revenue estimated using forecast prices and costs – see "Pricing Assumptions – Forecast Prices and Costs – December 31, 2019" in this AIF.

Pieridae expects to fund the development costs of these reserves through a combination of the funds available from internally generated cash flow, non-core asset dispositions and the issuance of new equity and/or debt where and when the Board of Directors believes it is appropriate.

There can be no guarantee that funds will be available or that the Corporation will allocate funding to develop all of the reserves attributable in the Deloitte Report. Failure to develop those reserves could have a negative impact on Pieridae's future cash flow.

The interest or other costs of external funding are not included in the reserves and future net revenue estimates set forth above and would reduce the reserves and future net revenue to some degree depending upon the funding sources utilized. Pieridae does not anticipate that interest or other funding costs would make further development of any of Pieridae's assets uneconomic.

See "Risk Factors –Liquidity" in this AIF.

Properties with no Attributed Reserves

The following table sets forth the gross and net acres of unproved properties held by Pieridae as at December 31, 2019 and the net area of unproved property for which Pieridae expects its rights to explore, develop and exploit to expire during the next year Pieridae has an 83% working interest in its undeveloped land.

TABLE 16: Unproved Properties – Undeveloped Land

Location	**Gross (1) (Acres)**	**Net (2) (Acres)**	**Net Area to Expire in 2020**
Western Canada	617,597	465,139	19,203
Eastern Canada	1,351,168	1,184,890	861,134
Total	**1,968,765**	**1,650,029**	**880,337**

(1) "Gross Acres" are the total acres in which Pieridae has or had an interest.

(2) "Net Acres" is the aggregate of the total acres in which Pieridae has or had an interest multiplied by Pieridae's working interest percentage held therein.

There are no costs or work commitments associated with Pieridae's Western Canada non-producing properties except for annual lease rental payments. Pieridae's Québec non-producing properties are all subject to annual license fees and work obligations. However, the work commitment obligation was suspended in June 2011 upon the imposition of the Québec government's moratorium on oil and gas exploration and development activity in the province. Pieridae had complied with the requirement to that point. It is not clear when this moratorium will be lifted.

CAPITAL STRUCTURE

Common Shares

The authorized capital of the Corporation consists of an unlimited number of common shares without nominal value, of which 157,641,871 were issued and outstanding on the date of this AIF. The common shares do not carry any exchange, exercise, conversion, redemption or retraction rights.

The holders of the common shares are entitled to one vote per share at all meetings of shareholders of the Corporation and are entitled to dividends, if and when declared by the directors of the Corporation, and to the distribution of the residual assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation.

Common Share Issuances

The following table discloses the securities of the Corporation that have been issued in the 12 months prior to the date of this AIF:

TABLE 17: Share Issuances

Date of Issuance	**Issue Price per Share**	**Number of Shares Issued [(2)]**
2019		
January 2 [(2)]	$2.68	11,281
February 27 [(1)]	$0.005	44,115
February 28 [(1)]	$2.00	1,376,000
February 28 [(1)]	$2.00	7,580,000
March 6 [(3)]	$2.00	274,000
March 6 [(3)]	$2.00	320,000
June 27 [(3)]	$0.86	2,558,139
July 3 [(2)]	$0.89	33,584
October 16 [(4)]	$0.86	38,937,850
October 16 [(5)]	$0.86	11,963,841
October 16 [(6)]	$0.99	15,219,619
October 16 [(7)]	$0.86	4,624,561
December 20 [(2)]	$0.87	101,590
2020		
February 5 [(2)]	$0.79	80,697

(1) Issuances related to the exercises of stock options.

(2) Pieridae Shares issued to directors in accordance with Director Compensation Policy.

(3) Shares issued in relation to a private placement.

(4) Shares for subscription receipts related to acquisition of the Shell assets. This includes the non-brokered and brokered offerings.

(5) Shares issued to AIMCo upon conversion of the principal and interest on the secured convertible debenture issued by Pieridae to AIMCo.

(6) Shares related to acquisition of the Shell assets. Shell rate adjustment for 10-day VWAP as per Amended PSA.

(7) Shares related to the acquisition of the Shell assets. The shares were issued for deferred interest on the secured convertible debenture issued by Pieridae to AIMCo.

Below is a list of the unlisted securities of the Corporation issued during the year ended December 31, 2019, including price per security, quantity issued and date of issuance.

TABLE 18: Stock Options

Quantity	Exercise Price ($)	Issuance Date	Expiry
3,149,341	0.89	July 3, 2019	July 3, 2024
1,115,000	0.92	October 21, 2019	October 21, 2024

Escrowed Securities

Below is a description of the total Corporation's securities that are currently held in escrow.

TABLE 19: Escrowed Securities

Designation of Class	**Number of Securities Hold in Escrow (1) (2)**	**Percentage of Class**
Tier 2 Surplus Escrowed Securities (3)		
Common Shares	6,767,198	4.29%
Stock Options	485,265	7.59%
Tier 2 Value Escrowed Securities (4)		
Common Shares	774,220	0.49%
Stock Options	26,984	0.42%

(1) Computershare Trust Company of Canada acts as depositary for the securities held in escrow.

(2) Securities issued under a private placement are restricted from trading for a period of four months plus a day but are not in escrow.

(3) Securities that are currently held in escrow in accordance with the terms of a Tier 2 surplus security escrow agreement (the "**TSXV Surplus Escrow Agreement**"). The TSXV Surplus Escrow Agreement provides for a release of 5% of the escrowed securities six months after the time of the final exchange notice dated October 24, 2017 accepting completion of the Amalgamation (the "**Exchange Notice**"), 10% 12 months after the time of the Exchange Notice, 10% 18 months after the time of the Exchange Notice, 15% 24 months after the time of the Exchange Notice, 15% 30 months after the time of the Exchange Notice, and 40% 36 months after the time of the Exchange Notice. Pursuant to the TSXV Surplus Escrow Agreement, the above-mentioned escrowed securities can only be transferred in accordance with the policies of the Exchange.

(4) Securities that are currently held in escrow in accordance with the terms of a Tier 2 value security escrow agreement (the "**TSXV Tier 2 Value Escrow Agreement**"). The TSXV Tier 2 Value Escrow Agreements provides for a release of 15% of the escrowed securities every six months after the issuance of the Exchange Notice. Pursuant to the TSXV Tier 2 Value Escrow Agreement, the escrowed securities can only be transferred in accordance with the policies of the Exchange.

Market for Securities

The common shares of the Corporation are listed on the TSXV under the symbol "PEA".

The following table sets forth the reported price range and trading volume of the Common Shares on the TSXV for the periods indicated.

TABLE 20: Price Range and Trading Volume

	Price Range		
	High ($/share)	**Low ($/share)**	
2018			
May	4.95	4.41	232,400
June	4.8	4.21	151,300
July	4.45	3.00	1,500,400
August	4.49	3.13	1,228,573
September	3.87	3.00	408,942
October	4.50	3.30	580,446
November	4.55	3.33	376,500
December	4.31	1.98	1,322,300

2019			
January	2.80	2.35	776,000
February	2.55	1.90	911,200
March	2.07	1.72	835,100
April	2.03	1.50	744,200
May	1.70	0.90	1,017,300
June	1.00	0.75	741,000
July	1.60	0.71	2,934,300
August	1.00	0.75	733,100
September	1.09	0.75	1,047,900
October	1.00	0.81	1,516,600
November	0.93	0.74	352,300
December	0.88	0.71	1,178,200
2020			
January	0.83	0.70	946,400
February	0.73	0.30	1,510,200
March	0.38	0.12	3,263,500
April 1 – 13	0.45	0.18	918,700

Dividends and Dividend Policy

The Corporation is currently committed to retaining its earnings in order to finance future growth, including the remaining development activities required to reach FID for the Goldboro LNG Facility. As a result, the Corporation does not anticipate paying dividends in the foreseeable future. Any future decision to pay dividends will be at the discretion of the Board of Directors and will depend on the financial position of the Corporation, its results of operations and its capital requirements and such other factors as the board of directors considers relevant.

DIRECTORS AND EXECUTIVE OFFICERS

Directors of Pieridae

The following table presents the name and municipality of residence of the directors of the Corporation, their offices held with the Corporation, the date on which they became directors and their principal occupations. Each director will hold office until the next annual meeting of the shareholder of Pieridae or until his successor has been duly elected or appointed, unless he resigns, or his office becomes vacant for any reason.

TABLE 21: Directors of the Corporation

NAME, CITY AND PROVINCE OF RESIDENCE AND AGE	POSITION WITHIN THE CORPORATION	PRINCIPAL OCCUPATION	DIRECTOR SINCE	NUMBER OF SHARES OWNED OR CONTROLLED (1)
Myron A. Tétreault (3) *Calgary, Alberta, Canada* *Age: 52*	Chairman	Mr. Tétreault has been chairman of Calafate Holdings Ltd. since 1999 and serves as the Lead Director of PHX Energy Services Corp. He is also a co-founder and director of Fitzroy Developments Ltd., Fitzroyalty Land Opportunities Fund LP, and the Chairman of West Aspen Holdings Ltd. and Stoked Oats Ltd.	March 20, 2009	583,284(5) (0.37%)
Alfred Sorensen *Calgary, Alberta, Canada* *Age: 58*	President, Chief Executive Officer and Director	President and CEO of Pieridae since its founding in 2012. Director of Canadian Spirit Resources Inc. since January 2012.	May 20, 2012	11,662,492(6) (7.40%)

NAME, CITY AND PROVINCE OF RESIDENCE AND AGE	POSITION WITHIN THE CORPORATION	PRINCIPAL OCCUPATION	DIRECTOR SINCE	NUMBER OF SHARES OWNED OR CONTROLLED (1)
Andrew Judson[(2)(3)] *Calgary, Alberta, Canada* *Age: 52*	Director	Director of Condor Petroleum Inc..	June 12, 2015	51,682 (7) (0.03%)
Charles Boulanger [(2)(4)] *Québec City, Québec, Canada* *Age: 62*	Director	CEO of Leddartech Inc. President of Moody Management Inc. Sits on the boards of Chimie Parachem and LeddarTech.	December 11, 2012	270,795 (8) (0.17%)
Kjell Pedersen [(3)(4)] *Stavanger, Norway* *Age: 67*	Director	Director at Pieridae Energy Ltd.	June 27, 2018	46,829 (9) (0.03%)
Charle Gamba [(2)(4)] *Bogota S.F., Columbia* *Age: 55*	Director	Current President and CEO of Canacol Energy Ltd., which he founded in 2008.	June 18, 2019	224,718(10) (0.14%)
Mark Horrox Toronto, Ontario, Canada Age: 44	Director	Principal at TEC. Director of Erikson National Energy Inc. Director of other TEC-backed resource companies.	November 1, 2019	Nil(11)
Tim De Freitas *Calgary, Alberta* *Age: 58*	Director	COO at Pieridae Energy Ltd since December 21, 2018. Director at Arrow Exploration Inc. since Feb 2019.	December 21, 2018	231,862(12) (0.15%)

(1) The directors have provided the information concerning the shares that they control. Warrants have been excluded.
(2) Members of the Audit Committee. Additional information about the members of the Audit Committee and their financial literacy is contained on pages 48-49 inclusive of the Management Information Circular dated April 17, 2020.
(3) Members of the Compensation and Governance Committee.
(4) Members of the Reserve and Health, Safety and Environment Committee.
(5) Not including 346,458 shares that may be issued to him through options.
(6) Not including 315,000 shares that may be issued to him through options.
(7) Not including 541,150 shares that may be issued to him through options.
(8) Not including 237,499 shares that may be issued to him through options.
(9) Not including 225,000 shares that may be issued to him through options.
(10) Not including 90,000 shares that may be issued to him through options.
(11) Mr. Horrox is a director of Erikson National Energy Inc., which owns 23,255,813 common shares of the Corporation.
(12) Not including 156,809 shares that may be issued to him through options.

Officers of Pieridae

The following table sets forth the name and municipality of residence of the executive officers of the Corporation, the office they hold with the Corporation and their principal occupation during the last five years.

TABLE 22: Officers of the Corporation

NAME, CITY, PROVINCE AND COUNTRY OF RESIDENCE AND AGE	OFFICE HELD WITH THE CORPORATION	PRINCIPAL OCCUPATION DURING THE LAST 5 YEARS	NUMBER OF SHARES OWNED OR CONTROLLED
Alfred Sorensen **Calgary, Alberta, Canada** **Age: 58**	President, Chief Executive Officer and Director	President and CEO of Pieridae since its founding in 2012.	11,662,492[(1)] (7.40%)
Tim De Freitas **Calgary, Alberta** **Age: 58**	Chief Operating Officer	President and Chief Executive Officer of Ikkuma from May 2014 to December 21, 2018.	231,862[(2)] (0.15%)
Robert Dargewitcz **Calgary, Alberta, Canada** **Age: 52**	Chief Financial Officer	Appointed Chief Financial Officer November 11, 2019, previously Interim Chief Financial Officer, and Senior Vice President Risk & Treasury since September 6, 2018. Treasurer of North West Redwater Partnership 2013-2018.	75,490[(4)] (0.05%)
Thomas Ciz **Vancouver, British Columbia, Canada** **Age: 60**	General Counsel and Corporate Secretary	General Counsel to Former Pieridae since August 1, 2015.	732,527[(5)] (0.46%)
Yvonne McLeod ***Calgary, AB, Canada*** ***Age: 49***	Senior Vice President, Completions and HSE	Senior Vice President, Engineering at Ikkuma Resources Corp since May 2014.	83,523[(6)] (0.05%)
Thomas Dawson ***Calgary, AB, Canada*** ***Age: 57***	Senior Vice President, Marketing and Business Development	Senior Vice President, Marketing and Business Development of Pieridae since May 2012.	2,629,848[(7)] (2.24%)

(1) Not including 315,000 shares that may be issued to him through options.
(2) Not including 156,809 shares that may be issued to him through options.
(3) Mr. Dargewitcz was appointed Chief Financial Officer of the Corporation on November 11, 2019. He was the interim Chief Financial Officer from August 18, 2019 until November 10, 2019.
(4) Not including 216,148 shares that may be issued to him through options.
(5) Not including 638,619 shares that may be issued to him through options.
(6) Not including 136,612 shares that may be issued to her through options.
(7) Not including 225,000 shares that may be issued to him through options.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, to the knowledge of the Corporation, and according to the information that the directors and officers have provided to it, none of them is or has been, within the ten years preceding the date of this Annual Information Form, a director, chief executive officer or chief financial officer of a company that was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of this paragraph, “order” refers to (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant entity to any exemption under securities legislation.

Charle Gamba was formerly a director of Solimar Energy Limited (“**Solimar**”) from September 12, 2011 to December 12, 2014, upon which date all of the directors and officers resigned. On December 3, 2015, December 8, 2015 and December 21, 2015, the common shares of Solimar were cease traded by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission, respectively, as a result of the failure by Solimar various continuous disclosure documents, including interim financial statements and related management’s discussion and analysis for the three-month period ended September 30, 2014, together with the related certification of filings thereto.

To the knowledge of the Corporation, none of its directors, executive officers or a shareholder holding a sufficient number of securities of the Corporation to affect materially its control:

a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date hereof, a director or executive officer of any entity (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;

To the knowledge of the Corporation, none of its directors or executive officers, or any shareholder holding a sufficient number of securities to affect materially the control of the Corporation, has been subject to:

a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Interest of Management and Others in Material Transactions

Except as disclosed in the notes to the financial statements of the Corporation for the year ended December 31, 2019, there is no material interest, direct or indirect, of any director, executive officer, shareholder who beneficially owns, directly or indirectly, more than 10 percent of the Corporation’s outstanding common shares, or of any associates or affiliates of such persons, in any transaction within the three most recently completed fiscal years or during the current fiscal year which has materially affected or will materially affect the Corporation.

CONFLICTS OF INTEREST, AND INTERESTS OF EXPERTS

The fact that certain directors and officers of the Corporation are associated with other resource companies may lead to conflict of interest situations. If a director or officer is placed in a situation of conflict of interest, he shall abstain from taking part in discussions, decisions, and voting. There are currently no existing or potential material conflicts of interest between the Corporation and any director or officer.

As at the date of this information form, the Corporation’s directors and officers beneficially owned, or controlled or directed, directly or indirectly, as a group, a total of 16,593,050 issued and outstanding shares, representing approximately 10.53% of the Corporation’s issued and outstanding shares.

Ernst & Young LLP (“**EY**”) are the external auditors who have prepared the independent auditors’ report to shareholders of the Corporation regarding the financial statements of Pieridae for the year ended December 31, 2019. EY confirmed to the Corporation that they are independent from the Corporation within the meaning of the code of ethics of the Institute of Chartered Professional Accountants of Alberta.

Deloitte is the petroleum consulting firm who has reviewed the technical report on the properties of the Corporation as at December 31, 2019, and which is referred to under "Properties of the Corporation". At the time of preparation of such report, Deloitte does not own any common shares of the Corporation.

LEGAL PROCEEDINGS

The Corporation was not a party to any material legal proceedings, and its assets were not the subject of material legal proceedings, during the year ended December 31, 2019. The Corporation is not aware that any such material legal proceeding is threatened.

INDUSTRY CONDITIONS

Legislative Framework

The oil and gas industry is subject to extensive controls and regulations imposed by various levels of government. Oil and gas operations are subject to Canadian federal, provincial, territorial and local laws and regulations, which regulate, among other things, land tenure and the exploration, development, production, handling, storage, transportation and disposal of oil and gas, oil and gas by-products, waste and other substances and materials produced or used in connection with oil and gas operations. These laws and regulations may change in response to changing economic or political conditions.

Regulatory approval is required for, among other things, the drilling of oil and natural gas wells, construction and operations of facilities and pipelines, the storage, injection and disposal of substances, the abandonment and reclamation of well-sites, and the decommissioning and reclamation of facilities and pipelines. In order to conduct oil and gas operations and remain in good standing with the applicable provincial regulator, the Corporation must comply with applicable legislation, regulations, orders, directives and other directions (all of which are subject to governmental oversight, review and revision, from time to time).

Failure to comply with the laws and regulations may result in administrative, civil and criminal penalties, revocation or suspension of permits, remedial obligations and injunctions that could delay, limit or prohibit certain operations. All laws and regulations are a matter of public record and Pieridae is unable to predict what additional laws, regulations or amendments may be enacted.

Pieridae conducts business in the following provinces, each with its own legislative frameworks:

Québec
On December 10, 2016, *Bill 106: An Act to implement the 2030 Energy Policy and amending various legislative provisions* was adopted at the Québec National Assembly. This law provides a legislative framework for oil and gas exploration and exploitation activities, which were previously governed by the *Mining Act*.

The *Petroleum Resources Act* and its regulations were published on September 5, 2018 and came into force on September 20, 2018. It governs the management of oil and gas activities carried out pursuant to exploration, production and petroleum storage licenses, including drilling, completion, production of wells, the construction and use of pipelines and fees and duties on the substances produced.

Nova Scotia
In Nova Scotia, provincial environmental permits are issued under the *Environment Act* which applies to LNG. Also, other provincial departments such as Lands and Forestry, Transportation and Infrastructure Renewal along with the Department of Energy and Mines also have legislation which applies to or is associated with LNG. This legislation includes the *Crown Lands Act*, the *Endangered Species Act*, and the *Pipeline Act*. In addition, federal departments and agencies administer legislation associated with LNG, such as Transport Canada and the Department of Fisheries and Oceans. This legislation includes the *Department of Transport Act*, the *Canada Shipping Act* and the *Fisheries Act*. LNG projects require a Nova Scotia Environmental Assessment Approval from Natural Resources and Energy Development.

New Brunswick
The *Oil and Natural Gas Act* regulates oil and gas activities in New Brunswick. The Government of New Brunswick introduced a moratorium on the use of hydraulic fracturing on December 18, 2014 which effectively prevents any further exploration and development by Production LP of its natural gas resource properties in that province. On June 19, 2019 the Minister was granted authority to exempt certain parts of the province from the moratorium.

Alberta
The Alberta Energy Regulation ("**AER**") is the single regulator responsible for all provincial energy development in Alberta. The AER ensures the safe, efficient, orderly and environmentally responsible development of hydrocarbon resources including allocating and conserving water resources, managing public lands, and protecting the environment. The AER's responsibilities exclude the functions of the Alberta Utilities Commission and the Surface Rights Board, as well as Alberta Energy's responsibility for mineral tenure. The objective behind a single regulator is an enhanced regulatory regime that is efficient, attractive to business and investors, and effective in supporting public safety, environmental management and resource conservation while respecting the rights of landowners.

The AER administers the *Oil and Gas Conservation Act*, the *Pipeline Act*, the *Responsible Energy Development Act* and other statutes and regulations.

British Columbia
In British Columbia, the *Oil and Gas Activities Act* (the "**OGAA**") regulates oil and gas producers in British Columbia. The British Columbia Oil and Gas Commission (the "**BC Commission**") administer the OGAA and is responsible for granting permits and authorizations for wells, pipelines, facilities and other oil and gas activities.

The Corporation's business requires specialized skills and knowledge in all its aspects including, but not limited to, oil and gas operations, LNG facility engineering, construction and operations. The employees, subcontractors and consultants of the Corporation have the required expertise and specialized knowledge to allow the Corporation to carry out its activities.

Land Tenure
Provincial and federal governments grant rights to explore for and produce oil and natural gas over government owned mineral rights pursuant to leases, licenses, and permits for varying terms, and on conditions set in provincial legislation including requirements to perform specific work or make payments.

Continuing interests in petroleum and natural gas leases are earned by drilling wells. A lease can be extended indefinitely at the end of its initial term by drilling a successful well, being part of a unit agreement or paying offset compensation. The tenure comes to an end when the holder can no longer prove its well is capable of producing oil or gas.

Many jurisdictions in Canada have legislation in place for mineral rights reversion to the Crown of stratigraphic formations that cannot be shown to be productive at the end of their initial term. In some provinces, energy companies are able to continue lease terms for non-productive lands if certain criteria are met under the relevant legislation.

Certain oil and natural gas mineral interests are privately-owned and rights to explore and produce on such lands are granted by leases on the terms and conditions negotiated between the landowner and the lessee.

Since 1999, Canada has been working in partnership with oil and gas producing First Nations to modernize the legislative and regulatory regime for oil and gas activity on First Nations lands. A major milestone was achieved when the *Indian Oil and Gas Act, 2009* ("**IOGA**") received Royal Assent in May 2009. With the formal proclamation of the *Indian Oil and Gas Regulations, 2019* ("**2019 Regulations**"), the IOGA and its 2019 Regulations both became law August 1, 2019. The IOGA and the 2019 Regulations govern both surface and subsurface and leases establish the terms and conditions with which an IOGC leaseholder must comply.

Royalties and Incentives

General
In addition to federal regulations, each province has legislation and regulations which govern land tenure, royalties, production rates and other matters. The royalty regime in Alberta and BC is a significant factor in the profitability of crude oil, NGLs, sulphur and natural gas production. Royalties payable on production from private lands are determined by negotiation between the mineral freehold owner and the lessee, although production from such lands is subject to certain provincial taxes and royalties. Royalties from production on Crown lands are determined by governmental regulation and are generally calculated as a percentage of the value of gross production. Royalty rates generally depend in part on prescribed reference prices, well productivity and depth, geographical location, field discovery date, method of recovery and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are, from time to time, carved out of the working interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests, or net carried interests.

Occasionally some Canadian provinces create incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays or royalty tax credits and are generally introduced when commodity prices are low to encourage exploration and development activity by improving earnings and cash flow within the industry.

The federal government has signaled it will phase out certain subsidies for the oil and gas industry, which include only allowing the use of the Canadian Exploration Expenses tax deduction in cases of successful exploration. The federal government has also implemented a more stringent review for pipelines and major energy projects, and established a pan-Canadian legislative framework for combating climate change. These policies can affect earnings of companies operating in the oil and natural gas industry. Pieridae conducts business in the following provinces, each with its own royalties framework:

Alberta

On January 29, 2017, the Government of Alberta adopted a "Modernized Royalty Framework" for Alberta (the "**MRF**"). Wells drilled prior to January 1, 2017 will continue to be governed by the previous "Alberta Royalty Framework" for a period of 10 years until December 31, 2026. The MRF is structured in three phases: (i) Pre-Payout, (ii) Mid-Life, and (iii) Mature. During the Pre-Payout phase, a fixed 5% royalty applies until the well reaches payout. Well payout occurs when the cumulative undiscounted revenue from a well is equal to the Drilling and Completion Cost Allowance (determined by a formula that approximates drilling and completion costs for wells based on depth, length, historical costs and placed proppant). The Pre-Payout royalty rate is payable on gross revenue generated from all production streams (oil, gas and NGLs), eliminating the need to label a well as "oil" or "gas." Post-payout, during the Mid-Life phase the royalty rate is determined by reference to the current commodity prices of the substances the well is producing, with the royalty rate ranging from 5% - 40%. The metrics for calculating the Mid-Life phase royalty are intended, on average, to yield the same internal rate of return as under the previous Alberta Royalty Framework. In the Mature phase, once a well's production falls below a Maturity Threshold (40 boe/d or 345,500m3 of gas per month), the royalty rate is on a sliding scale (based on volume and price) with a minimum royalty rate of 5%. The downward adjustment of the royalty rate in the Mature phase is intended to account for the higher per-unit fixed cost involved in operating an older well.

The *Royalty Guarantee Act* came into effect July 18, 2019 and provides that no major changes will be made to the current oil and natural gas royalty structure for a period of at least 10 years.

Currently, producers of oil and natural gas from Crown lands in Alberta are required to pay annual rental payments, currently at a rate of $3.50 per hectare, and make monthly royalty payments in respect of oil and natural gas produced.

Royalties for wells drilled prior to January 1, 2017 are paid pursuant to the "Alberta Royalty Framework" until January 1, 2027.

Royalty rates for conventional oil are set by a single sliding rate formula, which is applied monthly and incorporates separate variables to account for production rates and market prices. The maximum royalty payable under the royalty regime for conventional oil is 40%. Royalty rates for natural gas also use a single sliding rate formula incorporating separate variables to account for production rates and market prices. The maximum royalty payable for natural gas is 36%. Royalties on NGLs are levied at a flat rate of 30% of the sales volume for propane and butane and 40% for pentanes plus with field condensate at a rate equivalent to oil.

Producers of oil and natural gas from freehold lands in Alberta are required to pay annual freehold mineral taxes levied by the Government of Alberta on the value of oil and natural gas production from non-Crown lands and is derived from the *Freehold Mineral Rights Tax Act* (Alberta). The freehold mineral tax uses a tax formula that depends on, among other things, the amount of production, the value of each unit of production, the tax rate and the percentage that the owner hold in the title. On average, the tax levied is 4% of revenues reported from fee simple mineral title properties.

British Columbia

Producers of oil and natural gas from Crown lands in British Columbia are required to pay annual rental payments, currently at a rate of $3.50 per hectare for licenses and $7.50 per hectare for leases, and make monthly royalty payments in respect of oil and natural gas produced. The amount payable as a royalty in respect of oil depends on the type and vintage of the oil, the quantity of oil produced in a month and the value of that oil. Generally, oil is classified as either light or heavy and the vintage of oil is based on the determination of whether the oil is produced from a pool discovered before October 31, 1975, between October 31, 1975 and June 1, 1998, or after June 1, 1998 or through an enhanced oil recovery scheme ("**Third-Tier Oil**"). The royalty calculation takes into account the production of oil on a well-by-well basis, the specified royalty rate for a given vintage of oil, the average unit selling price of the oil and any applicable royalty exemptions. Royalty rates are reduced on low productivity wells, reflecting the higher unit costs of extraction, and are the lowest for Third-Tier Oil, reflecting the higher unit costs of both exploration and extraction.

The royalty payable in respect of natural gas produced on Crown lands is determined by a sliding scale formula based on a reference price, which is the greater of the average net price obtained by the producer and a prescribed minimum price and weather the gas classified as conservation or non-conservation gas. For non-conservation gas (not produced in association with oil), the royalty rate depends on the date of acquisition of the oil and natural gas tenure rights, the spud date of the well and the select price, which is a parameter used in the royalty rate formula to account for inflation. Royalty rates are fixed for certain classes of non-conservation gas when the reference price is below the select price. Conservation gas is subject to a lower royalty rate than non-conservation gas. Royalties on natural gas liquids are levied at a flat rate of 20% of the sales volume.

Producers of oil and natural gas from freehold lands in British Columbia are required to pay monthly freehold production taxes. For oil, the freehold production tax is based on the volume of monthly production and is either a flat rate, or, at certain production levels, is determined using a sliding scale formula based on the reference price similar to that applied to oil production on Crown land. For natural gas, the freehold production tax is either a flat rate, or, at certain production levels, is determined using a sliding scale formula based on the reference price similar to that applied to natural gas production on Crown land, and depends on whether the natural gas is conservation gas or non-conservation gas. The freehold production tax rate for natural gas liquids is a flat 12.25%.

Nova Scotia
Nova Scotia has an off-shore petroleum royalty regime based upon revenue and profits. The royalty is initially set as an increasing percentage of gross revenues but then switches to an increasing percentage of net revenues. Royalty rates increase with project profitability. Once a net revenue royalty level is achieved, then the royalty cannot be less than a specified level of gross revenues. Prescribed royalties on petroleum products range from 2% to 50% according to regulations made under the *Offshore Petroleum Royalty Act*.

Québec
Before September 20, 2018, Québec did not have a legislative and regulatory regime that is specific to the oil and gas industry. Its oil and gas resources were regulated principally under the province's mining laws and regulations pursuant to which royalty rates of 5 to 12.5% of the market value of petroleum and natural gas production apply, depending on the average daily production at the wellhead.

In December 2016, Québec passed *An Act to implement the 2030 Energy Policy* and amend various legislative provisions. This legislation included the new *Petroleum Resources Act*, which, once in force on September 20, 2018, replaced existing provisions of the *Mining Act* and established a license and authorization system for the development of petroleum resources in Québec. Under Québec's new regulations to the Petroleum Resources Act, the royalty regime remains the same as under the *Mining Act* and its regulations. The royalty for oil production varies from 5% to 12% and for natural gas from 10% to 12.5%.

New Brunswick
New Brunswick uses a two-tier royalty regime for natural gas production. The basic royalty rate is equal to the greater of 4% of the wellhead price or 2% of gross revenues. After a project has recovered all its eligible costs and begins to make a profit, the producer must also pay 25% of the excess of revenues over eligible costs.

The royalty rate for NGL is 10% of gross revenues.

Governmental Licenses and Partnerships

The adoption of the *Petroleum Resources Act* in Québec in 2018 has had a profound impact on the Corporation’s holdings in the province. The multitude of new restrictions contemplated in the legislation caused the Corporation to reevaluate its Quebec license holdings. This exercise resulted in Pieridae relinquishing roughly half of all of its acreage under license. As of December 31, 2018, the Corporation is reporting licenses for and net interests in an area of 4,583 km^2, however the Québec government has yet to approve these relinquishments**.** Located in Eastern Québec, the areas retained by the Corporation are considered to offer the most oil potential. Pieridae’s territories under license also offer the potential of discovering natural gas and possibly NGLs.

In 2019 management re-evaluated the Corporation’s prospects in Québec and compared these to other opportunities available to the Corporation. Management concluded that renewing some petroleum licenses in Québec was not in the best interests of the Corporation. Consequently, only licenses for properties which held the most promise, and likelihood of exploratory success, were renewed. The other licenses were relinquished.

Pricing and Marketing

Natural Gas
The price of natural gas is determined by negotiations between buyers and sellers. In Canada there is a robust and liquid marketplace for natural gas. Natural gas prices depend, in part, on natural gas quality produced, the price of competing fuels such as coal or distillates, the distance to market, the ability access pipeline transportation to markets, the length of contract term, seasonal weather conditions, the supply/demand balance for natural gas and the economy in general.

Natural gas exported from Canada is subject to regulation by the federal Canadian Energy Regulator ("**CER**"). In general exporters are free to negotiate prices and terms with counterparties, provided the export contracts meet certain other criteria prescribed by the CER and the Government of Canada. Natural gas exports for a term of two years or less require Order from the CER and the exporter must report the volumes of natural gas that have been exported. The majority of natural gas is exported from Canada under such orders. For longer terms the proponent requires an export license from the CER. As part considering an export license request the CER considers if Canada will still have adequate supplies domestically if the license is granted.

Alberta's natural gas market has been deregulated since 1985. Natural gas supply and demand determine the market price of natural gas. Sales from natural gas can occur at the wellhead, the outlet of a gas processing plant, on a gas transmission system such as the TC Energy NGTL system known as Alberta "NIT" (Nova Inventory Transfer), at a storage facility, at the inlet to a utility system or at the point of receipt by the consumer. Accordingly, the price for natural gas is dependent upon such producer's own arrangements (whether long or short-term contracts and the specific point of sale). As natural gas is also traded on electronic trading platforms such as the Natural Gas Exchange ("**NGX**") which is owned by the Intercontinental Exchange or on the New York Mercantile Exchange ("**NYMEX**") in the United States, spot and future prices can also be influenced by supply and demand fundamentals on these platforms.

British Columbia's natural gas market has also been deregulated since 1985. British Columbia is a much smaller producing basin than Alberta and has less of a large industrial load than Alberta. Pricing for BC natural gas is similar to Alberta, with two major pricing points. The first is in Northern BC on the Spectra (Enbridge) pipeline system at a point known as Station 2. This point tends to trade at a discount to Alberta prices normally. The second location is at the BC-US border where gas is exported into Washington State. This point also carries a differential relationship with Alberta gas, but not to the same extent as the Station 2 point. BC natural gas is also traded on electronic trading platforms such as the NGX.

Natural Gas Liquids
In Canada, the price of NGLs sold in intra-provincial, interprovincial and international trade is determined by negotiation between buyers and sellers across many markets in North America. Such price depends, in part, on the quality of the NGL, prices of competing chemical feed stock, distance to market, access to downstream transportation, length of contract term, the supply/demand balance and other contractual terms. There are also electronic exchanges for the sale of NGLs on the NYMEX. NGLs exported from Canada are subject to regulation by the CER and require an order from the CER. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts meet the criteria prescribed by the CER. Propane and butane may be exported under an order for a term of no more than one year, and ethane may be exported under an order for no more than two years. All exports of NGLs require an order of the CER.

Condensate
Condensate, also included as part of NGLs, is a low-density mixture of hydrocarbon liquids in the raw natural gas produced from many natural gas fields. It is also called condensate, gas condensate, or natural gasoline. In Alberta, condensate is commonly blended with heavy oil to create lighter oils for shipment by pipeline or rail, which is why Condensate is referred to as a diluent for heavy oil. Condensate pricing in Alberta is typically priced as a differential to the NYMEX futures exchange WTI crude oil contract and can provide a very visible and liquid hedging instrument to use. Hedging is typically done with fixed priced sales, over the counter hedge contracts or futures contracts.

Sulphur
Alberta is one of the world's largest producers of elemental sulphur. Most Alberta sulphur production comes from the production of oil and natural gas. Most sulphur produced in Alberta is exported, mainly to the US or Asia. In general, the sulphur markets worldwide are a very illiquid market, with very poor price discovery. Typically, contracts are done on a one-off basis between counterparties. Currently there are not any financial instruments which would allow a sulphur producer to hedge prices. Pieridae sells sulphur to markets in the US and to Asia. It normally negotiates prices with a price floor and cap in order to manage its price risk.

International Trade

The United States-Mexico-Canada Agreement
On September 30, 2018, after a year of negotiation, the United States, Mexico and Canada reached a new trade agreement to be called the United States-Mexico-Canada Agreement ("**USMCA**"). On April 3, 2020 Canada announced that it had ratified the USMCA. As of the date of this AIF, the 'entry into force' date is not known. The Corporation is currently assessing the impacts of this agreement and its activities.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership
In October 2015, Canada concluded negotiations for a free trade agreement between the members of the Trans-Pacific Partnership ("**TPP**"), which includes Canada, Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam. All 12 countries signed the TPP in 2016. However, in 2017, the United States withdrew from TPP and the remaining 11 countries agreed to try to revive the deal without United States participation. On March 8, 2018, representatives from the 11 remaining countries met in Santiago, Chile to sign the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("**CPTPP"**). When the CPTPP comes fully into force, almost all tariffs between CPTPP member countries are expected to be reduced or eliminated, and non-tariff barriers to trade are expected to be removed.

Other International Agreements
Canada has also pursued a number of other international free trade agreements with other countries around the world. As a result, a number of free trade or similar agreements are in force between Canada and certain other countries while in other circumstances Canada has been unsuccessful in its efforts. Canada and the European Union recently agreed to the Comprehensive Economic and Trade Agreement ("**CETA**"), which provides for duty-free, quota-free market access for Canadian oil and gas products to the European Union. Although CETA remains subject to ratification by certain national legislatures in the European Union, provisional application of CETA commenced on September 21, 2017.

While it is uncertain what effect CETA or any other trade agreements will have on the oil and gas industry in Canada, the lack of available infrastructure for the offshore export of oil and gas may limit the ability of Canadian oil and gas producers to benefit from such trade agreements.

Environmental Regulations

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced or used in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. In addition, such legislation sets out the requirements with respect to oilfield waste handling and disposal, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well, facility, and pipeline sites. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in the suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, and the imposition of material fines and penalties. In addition to these specific, known requirements, future changes to environmental legislation, including anticipated legislation for air pollution and greenhouse gas ("**GHG**") emissions, may impose further requirements on operators and other companies in the oil and natural gas industry.

Pieridae conducts business is the following jurisdictions, each with its own environmental regulatory framework:

Federal
On August 28, 2019, the new federal *Impact Assessment Act* ("**IAA**"), replaced the *Canadian Environmental Assessment Act, 2012*, ("**CEAA 2012**"). The IAA broadens the scope of the assessment of large projects and requires proponents to take more steps to manage their project's environmental, socio-economic, cultural and health impacts.

The federal Impact Assessment Agency of Canada administers all impact assessments, including assessments of projects regulated by the CER.

The IAA emphasizes early engagement with Indigenous groups and stakeholders potentially affected by a project so their interests can be factored into the planning and ongoing life of the project. Under the IAA, the nature and extent of assessment is tailored for each project during a new 180-day planning phase.

The IAA contemplates a role for regional and strategic assessments, undertaken by the federal government, potentially in partnership with other jurisdictions, designed to help understand cumulative impacts on a regional scale. Once a regional assessment is completed, conditions may be set through regulations that can exempt certain designated projects from a federal review.

Other federal environmental legislation that applies to oil and gas development includes the *Fisheries Act*, the *Migratory Birds Convention Act*, 1994, the *Species of Risk Act*, the *Navigation Protection Act* and the *Canadian Environmental Protection Act, 1999*.

Alberta
Alberta relies on regional planning to accomplish its resource development goals. Alberta's Integrated Resource Management System provides for engagement and consultation with stakeholders and the public and examines the cumulative impacts of development on the environment and communities, by incorporating the management of all resources, including energy, minerals, land, air, water and biodiversity. While the AER is the primary regulator for oil and gas development, other governmental departments and agencies may be involved in land use and other issues, including Alberta Environment and Parks, Alberta Energy, the Aboriginal Consultation Office and the Land Use Secretariat.

Alberta environmental legislation that applies to oil and gas development includes the *Environmental Protection and Enhancement Act*, the *Water Act*, the *Wildlife Act*, the *Climate Change and Emissions Management Act* and the *Alberta Land Stewardship Act*.

British Columbia
In British Columbia, the *Environmental Management Act* regulates pollution, waste, contaminated sites, emissions and other environmental activities. The government has established environmental objectives and laws for water, riparian habitats, wildlife and wildlife habitat, old-growth forests and cultural heritage resources. The OGAA requires the BC Commission to consider these environmental objectives and laws when authorizing oil and gas activities. In addition the OGAA requires proponents to obtain various permits and authorizations before undertaking exploration or production work, such as geophysical licenses, geophysical exploration project approvals and permits and well, test hole and water-source well authorizations. Such permits and authorizations are given subject to environmental protection conditions and permits and project approvals can be suspended or cancelled for non-compliance.

Nova Scotia
Environmental laws in Nova Scotia are largely set out in the *Environment Act* and it applies to LNG activities. Other provincial departments such as Lands and Forestry and the Department of Energy and Mines also administer legislation which applies to LNG projects and concerns environmental protection. In addition, federal departments and agencies administer legislation associated with LNG, such as Transport Canada and the Department of Fisheries and Oceans. Many large projects are subject to the Nova Scotia environmental assessment approval process.

Québec
Environmental laws in Québec are largely set out in the *Environment Quality Act*, which requires proponents of certain commercial and industrial activities to first obtain a certification of authorization from the Québec Minister of Environment and the Fight Against Climate Change. The legislation can apply to erecting or altering a structure, carrying on certain activities, using an industrial process or increasing the production of goods or services if certain activities will result in the emission of contaminants or change the quality of the environment. The *Environment Quality Act* applies to the majority of oil and gas operations in Québec.

In September 2018, Government of Québec brought into force the *Petroleum Resources Act*. This legislation and its regulations govern oil and gas activities in Québec and require licenses for activities like the exploration, development and storage of petroleum and pipeline construction.

New Brunswick
New Brunswick environmental laws are largely set out in the *Clean Environment Ac*t, the *Clean Air Act* and the *Climate Change Act*. New Brunswick has an indefinite legislated moratorium on hydraulic fracturing although the Minister of Natural Resources and Energy Development was recently granted authority to exempt certain parts of the province from the moratorium.

Liability Management Rating Programs

Alberta
In Alberta, the AER administers the Liability Management Rating Program (the "**AB LMR Program**") to manage the abandonment and reclamation liabilities associated with oil and gas wells, pipelines and facilities. The *Oil and Gas Conservation Act* established an orphan fund (the "**Orphan Fund**") to pay the costs to suspend, abandon, remediate and reclaim a well, pipeline or facility included in the AB LMR Program if a licensee or working interest participant becomes defunct. The Orphan Fund is funded through

a levy administered by the AER one AER licences. The AB LMR Program is designed to minimize the risk to the Orphan Fund posed by unfunded liabilities of licensees and to prevent the taxpayers of Alberta from incurring costs to suspend, abandon, remediate and reclaim wells, pipelines and facilities. The AB LMR Program requires a licensee whose deemed liabilities exceed its deemed assets to provide the AER with a security deposit. The ratio of deemed liabilities to deemed assets is assessed once each month and upon the transfer of any well or facility licenses to another operator. Failure to post a required security deposit may result in enforcement action by the AER.

There is an expectation that the AER will alter the LMR program the future to create a more fulsome corporation health score card system, but the exact details are yet to be released.

On February 1, 2019, the Supreme Court of Canada ("**SCC**") overturned a decision of the Alberta Court of Appeal's regarding the interests of secured creditors in bankruptcy over the fulfillment of oil and gas industry abandonment and reclamation obligations. At issue was whether the AB LMR Program and the laws for wells, pipelines and facilities frustrated the purpose of Canada's federal bankruptcy laws. The SCC ruled there was no conflict. As a result, trustees of bankrupt oil and gas companies can no longer disclaim abandonment, reclamation and remediation liabilities for uneconomic oil and gas sites and abandonment reclamation and environmental clean-up obligations now take priority over payments to creditors.

The SCC decision has introduced further uncertainty for secured lenders in the oil and gas sector.

British Columbia
In British Columbia, the BC Commission implements the Liability Management Rating Program (the "**BC LMR Program**"), designed to manage public liability exposure related to oil and gas activities by ensuring that permit holders carry the financial risks and regulatory responsibility of their operations through to regulatory closure. Under the BC LMR Program, the BC Commission determines the required security deposits for permit holders under the OGAA. The LMR is the ratio of a permit holder's deemed assets to its deemed liabilities. Permit holders whose deemed liabilities exceed their deemed assets are considered higher risk and may be required to pay a security deposit for their abandonment and reclamation obligations. Permit holders who fail to pay a required security deposit may be in non-compliance with the OGAA.

Climate Change Regulations

Pieridae conducts business is the following jurisdictions, each with its own climate change regulatory framework.

Federal

Canada has been a signatory to the United Nations Framework Convention on Climate Change (the "**UNFCCC**") since 1992. Since its inception, the UNFCCC has instigated numerous policies with respect to climate governance. On April 22, 2016, 197 countries signed the Paris Agreement, committing to prevent global temperatures from rising more than 2° Celsius above pre-industrial levels and to pursue efforts to limit this rise to no more than 1.5° Celsius. To date, 189 of the 197 parties to the UNFCCC have ratified the Paris Agreement. Canada ratified the Paris Agreement on October 5, 2016 and pledged to cut its emissions by 30% from 2005 levels by 2030.

Additionally, on December 9, 2016, the federal government announced the Pan-Canadian Framework on Clean Growth and Climate Change (the "**PCF**")and on April 1, 2019 implemented a Canada-wide GHG pricing scheme through the *Greenhouse Gas Pollution Pricing Act* (the "**GGPPA**"). It requires each province to adopt a GHG the cap and trade system or a carbon tax regime which will result in emission reductions equivalent to the federal scheme. In 2018, the federal government imposed a price on GHG of $20 per tonne on any province or territory which failed to implement its own system and as of April 1, 2020 the federal GHG price is $30 per tonne. This amount will increase by $10 annually until it reaches $50 per tonne in 2022 at which time the program will be reviewed. Several provinces have challenged the federal GHG pricing scheme in court.

On January1, 2020, the federal *Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compound*s *(Upstream Oil and Gas Sector*) (the "**Federal Methane Regulations**") came into force. The Federal Methane Regulations look to reduce methane emissions from the oil and natural gas industry by introducing new control measures, such as the reduction of unintentional leaks and intentional venting of methane, as well as ensuring that oil and natural gas operations use low-emission equipment and processes.

Alberta
Alberta enacted the *Climate Change and Emissions Management Act* on December 4, 2003. The *Technology Innovation and Emissions Reduction Regulation* ("**TIER Regulation**") came into force January 1, 2020. The TIER Regulation applies to facilities that emitted 100,000 tonnes or more of GHGs per year in 2016 or a subsequent year. Under the TIER Regulation, a facility is required

to reduce the GHG emission intensity of stationary fuel combustion emissions in 2020 by 10% relative to the facility's historical baseline. If the facility does not do so, it must pay $30 per tonne of GHG emissions into a TIER fund or, subject to limits, use emission performance credits generated by facilities which have exceeded their emission reduction targets or offset credits generated by facilities not regulated by the TIER Regulation. The federal government has agreed Alberta's system will result in emission reductions equivalent to the federal scheme for large emitters.

On June 4, 2019, the *Carbon Tax Repeal Act* repealed the Alberta carbon tax, which had been in effect since January 1, 2017. The federal government subsequently imposed the federal carbon tax on Alberta on January 1, 2020, as it had done in Ontario, New Brunswick, Manitoba and Saskatchewan.

British Columbia

British Columbia enacted a revenue-neutral carbon tax that took effect July 1, 2008. The tax is consumption-based and applied at the time of retail sale or consumption of virtually all fossil fuels purchased or used in British Columbia. The current tax level is $40 per tonne of GHG emissions equivalent.

In May 2018, the Government of British Columbia updated its Climate Leadership Plan (the "**Plan**") with a goal to reduce net annual GHG emissions by up to 40% from 2007 levels by 2030, 60% by 2040 and 80% by 2050. The Plan includes various measures across the economy that are designed to incentivize the growth of the renewable energy sector, the use of low GHG emitting technologies, and the improvement of energy efficiency. Further, the Plan sets out a strategy to reduce methane emissions in the upstream natural gas sector, beginning with a target of a 45% reduction in fugitive and vented emissions by 2025 relative to 2014 levels. On January 1, 2020 the BC Commission brought into force regulations that will require mandatory methane leak detection and repair and equipment performance standards.

Nova Scotia

Nova Scotia enacted the *Sustainable Development Goals Act* on October 30, 2019 but has not declared it in force. It requires that emissions to be reduced by 53% below 2005 levels by 2030, moving the province to a net-zero carbon footprint by 2050 and creating a new fund to help communities fight climate change and grow the economy.

Nova Scotia's cap-and-trade program began in January 2018 and sets a cap on the total amount of GHG emissions allowed in covered sectors in the province for the years 2019-2022 (compliance period). The program regulates the industrial, power, heat (buildings), and transport sectors and covers approximately 80% of GHG emissions in Nova Scotia.

Québec

Québec operates under its 2013-2020 Climate Change Action Plan, which calls for a 20% reduction in GHG emissions below 1990 levels by 2020 and 37.5% by 2030. Québec passed the *Environmental Quality Act*, which empowers the government to set emission limits, establish reporting requirements for GHG emitters and establish a cap-and-trade system.

Regulations under the *Environmental Quality Act* established Québec's cap-and-trade system in 2012. Under this system, the province sets GHG reduction targets and businesses that emit 25,000 tonnes or more of GHGs per year must cover their emissions with an equivalent number of emissions allowances.

Québec's comprehensive Energy Policy 2030 ("**Policy 2030"**) seeks to significantly alter Québec's energy profile by 2030 through five consumption targets: enhance energy efficiency by 15%, reduce petroleum product consumption by 40%, eliminate the use of thermal coal, increase overall renewable energy output by 25% and increase bioenergy production by 50%. Policy 2030 involves the implementation of numerous new regulations.

On February 14, 2018, the Government of Québec announced new regulations to the *Environment Quality Acts*, as part of the modernization of its environmental approval scheme.

New Brunswick

In March 2018, New Brunswick

brought into force the *Climate Change Act*. This legislation introduced a modified carbon pricing system. On June 13, 2019 New Brunswick released for public comment an output-based pricing scheme that will regulate GHG emissions from industrial and electrical sources. On April 1, 2020 New Brunswick introduced a provincial carbon tax that replaced the federal government's back stop carbon pricing system.

Accountability and Transparency

The federal *Extractive Sector Transparency Measures Act* (the "**ESTMA**") imposes mandatory reporting requirements on certain entities engaged in the commercial development of oil, gas or minerals, which includes exploration, extraction and holding permits to explore or extract. All companies subject to ESTMA are required to report payments over $100,000 made to any level of a Canadian or foreign government, including royalty payments, taxes (other than consumption taxes and personal income taxes), fees, production entitlements, bonuses, dividends (other than ordinary dividends paid to shareholders) and infrastructure improvement payments. These categories are distinct; regardless of the aggregate payment amount, one or more individual categories must reach the $100,000 threshold for reporting to be required.

Any persons or entities found in violation of the ESTMA (which includes making a false report, failing to make the report public or failing to maintain records for the prescribed period) can be fined up to $250,000 for each day that the offence continues. There is a further fine of up to $250,000 for any person or entity who has structured payments in order to avoid the obligation to report such payments under the ESTMA. Officers or directors who authorized or acquiesced in the commission of an offence can be subject to personal liability, regardless of whether the entity for which they acted has been prosecuted or convicted. The ESTMA contains a due diligence defense whereby no person will be found guilty of an offence under the ESTMA if the person can establish that he or she exercised due diligence to avoid committing the offence. Additionally, there is a five-year limitation period (from the time when the subject matter of the proceeding arouses) within which proceedings must be brought for offences under the ESTMA.

RISK FACTORS

The business of exploring for, developing and producing oil and natural gas reserves is inherently risky. The following information is a summary only of certain risk factors relating to the Corporation and should be read in conjunction with the detailed information appearing elsewhere in this AIF. Prospective investors should carefully consider the risk factors set out below and consider all other information contained in this AIF and in the Corporation's other public filings before making an investment decision. The risks set out below are not an exhaustive list, nor should they be taken as a complete summary or description of all the risks associated with the Corporation's business and the oil and natural gas business generally. Refer also to Pieridae's MD&A and Financial Statements for the years ending December 31, 2019 and 2018, incorporated by reference into this AIF, for additional disclosure on risks.

Risk Inherent to the Oil and Gas Industry

This section includes risks normally related to the oil, natural gas and LNG industries, including the fact that such industries are competitive, and the Corporation competes with numerous other participants to attract and retain customers for its LNG production. There is no assurance that the Corporation will be able to negotiate LNG sales and purchase agreements with new customers on favourable terms, that Uniper will not terminate the LNG Sale and Purchase Agreement in accordance with its terms, that potential customers (including Uniper) will be able to satisfy their obligations under such purchase and sale agreements, upon which the Corporation will be substantially dependent, or that the Corporation will be able to procure a sufficient long-term supply of natural gas and long-term pipeline transportation capacity for use in the production of LNG.

This section also includes risks inherent to the oil and natural gas exploration industry, such as requiring additional financing to support operations. The Corporation also competes with other companies that have greater financial resources or of business opportunities to participate in promising projects. There are natural risks that could cause damage to the environment, accidents or other unforeseen conditions that could result in damage to the properties of the Corporation or to properties owned by third parties which could lead to potential liability to third parties and regulators. There can be no assurance that the development projects and exploration activities that may be implemented in the future will result in reserves or that the Corporation will succeed in drilling productive wells at low exploration costs. The Corporation cannot be certain of the potential impact that controls and regulations established by the various levels of government could have on the Corporation's operations, including with respect to the hydraulic fracturing process. Oil and natural gas exploration and development activities in Canada may be subject to opposition from ecologist, environmentalist, aboriginal and political groups, and some properties may be subject to land claims by First Nations. Access restrictions may affect the Corporation's ability to procure drilling and related equipment and may delay any exploration and development activities.

Weakness in the Oil and Gas Industry

Recent market events and conditions including global excess oil and natural gas supply, actions taken by the Organization of the Petroleum Exporting Countries ("**OPEC**") and non-OPEC member countries' decisions on production growth, slowing growth in emerging economies, market volatility and disruptions in Asia, and sovereign debt levels in various countries have caused significant weakness and volatility in commodity prices. North American crude oil price differentials are expected to continue to be volatile throughout 2020, which will have an impact on crude oil prices for Canadian producers. These events and conditions have caused a significant decrease in the valuation of oil and gas companies and a decrease in confidence in the oil and gas industry. These difficulties have been exacerbated in Canada by the recent changes in government at the federal level and, in the case of Alberta, at the provincial level; the difficulties are further exacerbated by the resultant uncertainty surrounding regulatory, tax and royalty changes that may be implemented by the new governments. In addition, the inability to get the necessary approvals or other delays to build pipelines and other facilities to provide better access to markets for the oil and gas industry in western Canada has led to additional uncertainty and reduced confidence in the oil and gas industry in western Canada. Lower commodity prices may also affect the volume and value of the Corporation's reserves, especially as certain reserves become uneconomic. In addition, lower commodity prices have reduced, and are anticipated to continue to reduce, the Corporation's cash flow which could result in a reduced capital expenditure budget. As a result, the Corporation may not be able to replace its production with additional reserves and both the Corporation's production and reserves could be reduced on a year -over -year basis. Any decrease in value of the Corporation's reserves may reduce the borrowing base under the credit facilities, which, depending on the level of the Corporation's indebtedness, could result in the Corporation having to repay a portion of its indebtedness. Given the current market conditions and the lack of confidence in the Canadian oil and gas industry, the Corporation may have difficulty raising additional funds in the future, or if it is able to do so it may be on unfavorable and highly dilutive terms.

Risk Inherent to Our Business

Additional Financing
The Corporation may require additional financing to support its operations and will require additional financing to construct the Goldboro LNG facility. Sources of additional funds available to the Corporation through financing activities includes, among other options, the issuance of additional shares, debt, a partnership agreement or a sale of an interest in an oil or natural gas property. Debt financing may increase the Corporation's debt levels above industry standards and equity issuances would be dilutive to existing shareholders. Depending on future development and exploration plans, the Corporation may require additional equity and/or debt financing that may not be available or available on favourable terms. The level of the Corporation's indebtedness that may occur from time to time could impair the Corporation's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. Financing by way of a partnership or sale of an interest may reduce the interest held by the Corporation in the properties in respect of which the financing is obtained. There can be no assurance that such financing will be available to the Corporation. Furthermore, even if such financing is successfully secured, there can be no assurance it will be obtained on terms favourable to the Corporation or provide the Corporation with sufficient funds to meet its objectives. This may adversely affect the Corporation's business and financial position. If financing is obtained by issuing additional equity, control of the Corporation may be affected.

Liquidity
Pieridae anticipates that it will make substantial capital expenditures for the acquisition, exploration development and production of LNG production, and oil and natural gas reserves in the future. If Pieridae's future revenues or reserves decline or additional financing is not achieved, Pieridae may have limited ability to expend the capital necessary to undertake or complete future drilling and construction programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Pieridae. Moreover, future activities may require Pieridae to alter its capitalization significantly. The inability of Pieridae to access sufficient capital for its business could have a material adverse effect on Pieridae's financial condition, results of operations, growth or prospects.

Access to Capital
Pieridae, along with all other oil and gas entities, may have restricted access to capital, including debt and equity. The lending capacity of all financial institutions has diminished, and risk premiums have increased. As future capital expenditures will be financed out of funds generated from operations, non-core property dispositions, borrowings and possible future equity sales, Pieridae's ability to finance future capital projects is dependent on, among other factors, the overall state of debt markets and investor appetite for investments in the energy industry and Pieridae's securities in particular.

To the extent that external sources of capital become limited or unavailable or available on onerous terms, Pieridae's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result.

Share Price Volatility
The price of common shares is subject to changes owing to numerous factors beyond the Corporation's control, including reports pertaining to new information, changes in the Corporation's financial position, sales of the Corporation's shares in the market, Corporation announcements or LNG, oil and natural gas prices. There can be no assurance that the market price of the Corporation's shares will be protected from such fluctuations in the future.

Impact of Future Financings on Market Price
In order to finance future operations or acquisition opportunities, the Corporation may raise funds through the issuance of Common Shares, debt instruments or securities convertible into Common Shares. The Corporation cannot predict the size of future issuances of Common Shares or issuances of debt instruments or other securities convertible into Common Shares or the effect, if any, that future issuances and sales of the Corporation's securities will have on the market price of the Common Shares.

Competition
The LNG, oil and natural gas industry is extremely competitive. The Corporation competes with other companies that have ongoing or proposed LNG projects. Competition may affect the Corporation's ability to acquire customers, obtain sufficient supply or access to transportation.

Environmental Incidents
LNG, oil and natural gas operations inherently involve risks that could cause damage to the environment or to the properties of the Corporation or owned by third parties which could lead to potential liability toward third parties and regulators. The industry is subject to extensive local, provincial and federal environmental laws providing restrictions and prohibitions on the emissions or release of certain substances produced in various activities within this industry. In addition, the legislation requires that wells, pipelines and facility sites that are abandoned be reclaimed to the satisfaction of government authorities at the end of the license validity period.

Compliance with environmental legislation can require significant expenditures and failure to comply with these laws and regulations may result in the assessment of fines and penalties, orders to remediate property contamination, the suspension or revocation of permits and the issuance of injunctions that could limit or prohibit our operations, all of which could have a material impact on Pieridae. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Pieridae to incur costs to remedy such discharge. Changes in environmental laws and regulations may be enacted which could impose higher environmental standards which may increase the cost of Pieridae's operations and have a material adverse effect on our business, financial condition, results of operations and cash flows. No assurance can be given that future environmental laws and regulations will not adversely impact Pieridae's ability to develop or operate its properties.

Pieridae believes that it is in material compliance with applicable environmental legislation and is committed to continued compliance. Pieridae believes that it is reasonably likely a trend towards stricter standards in environmental legislation will continue and the Corporation anticipates making increased expenditures of both a capital and an expense nature as a result of increasingly stringent environmental laws, and such legislation may have a material adverse effect on its business, financial condition, results of operations and cash flows.

See "Industry Conditions – Environmental Regulation" in this AIF.

Climate Change
Climate change may pose varied and far ranging risks to the business and operations of the Corporation, both known and unknown, that may adversely affect the Corporation's business, financial condition, results of operations, prospects, reputation and share price. The Corporation's exploration and production facilities and other operations and activities emit GHGs which may require the Corporation to comply with GHG emissions legislation at the provincial or federal level. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. As a signatory to the UNFCCC and a signatory to the Paris Agreement, which was ratified in Canada on October 3, 2016, Canada pledged to cut its GHG emissions by 30 per cent from 2005 levels by 2030. One of the pertinent policies announced to date by the Government of Canada to reduce GHG emission was the implementation of a nation-wide price on carbon emissions. The federal carbon levy went into effect on April 1, 2019 and affects provinces which have not implemented their own carbon taxes, cap-and-trade systems or other plans for carbon pricing, namely Alberta, Ontario, Manitoba, Saskatchewan and New Brunswick. The federal carbon levy began at an initial rate of $20 per tonne and increased to $30 per tonne on April 1, 2020. The implementation of the federal carbon levy is currently subject to constitutional challenges by several provinces. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. Several of the

Corporation’s large facilities in Alberta are subject to GHG emission reduction requirements and some of the Corporation's other operations may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. In addition, concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels.

In addition, there has been public discussion that climate change may be associated with extreme weather conditions and increased volatility in seasonal temperatures. Extreme weather could interfere with the Corporation's production and increase the Corporation's costs. At this time, the Corporation is unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting its operations.

Chronic Climate Change Risks
The Corporation's exploration and production facilities and other operations and activities emit GHG which may require the Corporation to comply with federal and/or provincial GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate its effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Climate change has been linked to long-term shifts in climate patterns, including sustained higher temperatures. As the level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns, long-term shifts in climate patterns pose the risk of exacerbating operational delays and other risks posed by seasonal weather patterns. In addition, long-term shifts in weather patterns such as water scarcity, increased frequency of storm and fire and prolonged heat waves may, among other things, require the Corporation to incur greater expenditures (time and capital) to deal with the challenges posed by such changes to its premises, operations, supply chain, transport needs, and employee safety. Specifically, in the event of water shortages or sourcing issues, the Corporation may not be able to, or will incur greater costs to, carry out hydraulic fracturing operations.

Concerns about climate change have resulted in public opposition to the continued exploration and development of fossil fuels which has influenced investors' willingness to invest in the oil and natural gas industry. Historically, political and legal opposition to the fossil fuel industry focused on public opinion and the regulatory process. More recently, however, there has been a movement to more directly hold governments and oil and natural gas companies responsible for climate change through climate litigation. In November 2018, ENvironment JEUnesse, a Quebec advocacy group, applied to the Quebec Superior Court to certify all Quebecois under 35 as a class in a proposed class action lawsuit against the Government of Canada for climate related matters. While the application was denied, the group has appealed. In January 2019, the City of Victoria became the first municipality in Canada to endorse a class action lawsuit against oil and natural gas producers for alleged climate-related harms.

Given the evolving nature of climate change policy and the control of GHGs and resulting requirements, it is expected that current and future climate change regulations will have the effect of increasing the Corporation's operating expenses, and, in the long-term, potentially reducing the demand for oil and natural gas production, resulting in a decrease in the Corporation's profitability and a reduction in the value of its assets or requiring asset impairments for financial statement purposes.

Acute Climate Change Risk
Climate change has been linked to extreme weather conditions. Extreme hot and cold weather, heavy snowfall, heavy rainfall, drought, and wildfires may restrict the Corporation's ability to access its properties, cause operational difficulties including damage to machinery and facilities. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Certain of the Corporation's assets are located in locations that are proximate to forests and rivers and a wildfire and flood may lead to significant downtime and/or damage to such assets. Moreover, extreme weather conditions may lead to disruptions in the Corporation's ability to transport produced oil and natural gas as well as goods and services in its supply chain.

Epidemics or Pandemics
Epidemics or pandemics, such as the recent global outbreak of a novel coronavirus COVID-19, have the potential to disrupt the Corporation’s operations, projects and financial condition through the disruption of the local or global supply chain and transportation services, or the loss of manpower resulting from quarantines that affect the Corporation’s labour pools in their local communities or operating sites or that are instituted by local health authorities as a precautionary measure, any of which may require the Corporation to temporarily reduce or shut-down its operations depending on the extent and severity of a potential outbreak and the areas or operations impacted. Depending on the severity, a large-scale global epidemic or pandemic could impact the international demand for commodities and have a corresponding impact on the prices realized by the Corporation, which could have a material adverse effect on the Corporation’s financial condition.

In December 2019, COVID-19 was reported to have surfaced in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency and on March 11, 2020, the World Health Organization declared the outbreak a pandemic. In China, reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel within China, temporary business closures, quarantines and a general reduction in consumer activity. The outbreak has spread throughout Europe and the Middle East and there have been cases of COVID-19 in Canada and the United States, causing the governments of most western countries, including Canada and the United States, to take certain actions to reduce the spread of the virus. Such actions have included imposing restrictions such as quarantines, school closures, restrictions on public gatherings, business closures and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time. Further, there is no guarantee further measures may nevertheless require us to shut down some or all operations. The Corporation's ability to generate revenue would be materially impacted by any shut down of its operations.

Prices, Markets and Marketing of Crude Oil and Natural Gas
The Corporation's operating results and financial position are partly dependent on the prices obtained for its production. There have been significant fluctuations in LNG, oil and natural gas prices in recent years and months. These prices are based on international supply and demand, as well as other factors, such as climate, general economic conditions and conditions in other oil and natural gas producing regions, which are beyond the Corporation's control. Any change in LNG, oil and natural gas prices could have material adverse effects on the Corporation's business and financial position.

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of Pieridae. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices will result in a reduction of net production revenue. Oil and natural gas prices have varied greatly over the last two years, and are expected to remain volatile in the near future in response to a variety of factors beyond the Corporation's control, including, but not limited to: (i) global energy supply, production and policies, including the ability of OPEC to set and maintain production levels in order to influence prices for oil; (ii) political conditions, instability and hostilities; (iii) global and domestic economic conditions, including currency fluctuations; (iv) the level of consumer demand, including demand for different qualities and types of crude oil and liquids and the availability and pricing of alternative fuel sources; (v) the production and storage levels of North American natural gas and crude oil and the supply and price of imported oil and liquefied natural gas; (vi) weather conditions; (vii) the proximity of reserves and resources to, and capacity of, transportation facilities and the availability of refining and fractionation capacity; (viii) the ability, considering regulation and market demand, to export oil and liquefied natural gas and NGLs from North America; (ix) the effect of world-wide energy conservation and greenhouse gas reduction measures and the price and availability of alternative fuels; and (x) government regulations. Certain wells or other projects may become uneconomic as a result of a decline in world oil prices and natural gas prices, leading to a reduction in the future volume of Pieridae's oil and gas production. Pieridae might also elect not to produce from certain wells at lower prices. All these factors could result in a material decrease in Pieridae's future net production revenue, causing a reduction in its oil and gas acquisition and development activities.

In addition to establishing markets for its oil and natural gas, Pieridae must also successfully market its oil and natural gas to prospective buyers. The marketability and price of oil and natural gas which may be acquired or discovered by Pieridae will be affected by numerous factors beyond its control. Pieridae will be affected by the differential between the price paid by refiners for light quality oil and the grades of oil produced by Pieridae. The ability of Pieridae to market natural gas may depend upon its ability to acquire space on pipelines which deliver natural gas to commercial markets. Pieridae will also likely be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and the management of other aspects of the oil and natural gas business. Pieridae has limited direct experience in the marketing of oil and natural gas.

Exploration, Development and Production Risk
The future success of the exploration work will depend on Corporation's ability to discover or acquire natural gas reserves that are economically recoverable. The Corporation will find or acquire reserves only if it conducts successful exploration or development activities, concludes joint ventures and/or acquires properties containing proven reserves. There can be no assurance that the development projects and exploration activities that may be implemented in the future will result in reserves or that the Corporation will succeed in drilling productive wells at low exploration costs. If prevailing LNG, oil and natural gas prices were to increase significantly, the Corporation's exploration costs to find or acquire reserves would be expected to increase. Drilling oil wells involves a high degree of risk especially the risk of a dry hole or of a well that is not sufficiently productive to provide a return on the capital expended to drill the well. Thus, the LNG facility supply and the Corporation's financial situation could be impacted by these factors.

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that expenditures made on exploration by the Corporation will result in new discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves and resources. Without the continual addition of new reserves or resources, the Corporation's existing reserves and resources, and the production from them, will decline over time as the Corporation produces from such reserves. A future increase in the Corporation's reserves and resources will depend on both the ability of the Corporation to explore and develop its existing properties and on its ability to select and acquire suitable producing properties or prospects. There is no assurance that the Corporation will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of the Corporation may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participations uneconomic. There is also no assurance that the Corporation will discover or acquire further commercial quantities of oil and natural gas.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, completing, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards or environmental damage could greatly increase the cost of operations and various field operating conditions may adversely affect the production from successful wells. These conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, wildfires, floods and droughts, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering and spills or other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment and personal injury.

Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

As is standard industry practice, the Corporation is not fully insured against all risks, nor are all risks insurable. Although the Corporation maintains liability insurance in an amount that it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event the Corporation could incur significant costs. See "Insurable Risks" below.

Availability and Cost of Material and Equipment

Restrictions on the availability and cost of materials and equipment may impede the Corporation's exploration, development and operating activities. Oil and natural gas exploration, development and operating activities are dependent on the availability and cost of specialized materials and equipment (typically leased from third parties) in the areas where such activities are conducted. The availability of such material and equipment is limited. An increase in demand or cost, or a decrease in the availability of such materials and equipment may impede the Corporation's exploration, development and operating activities.

Insurable Risk

The Corporation has purchased liability insurance that will insure against risks and provide coverage in accordance with industry standards. The Corporation or the other entities in which the Corporation will invest can suffer damages resulting from incidents such as pollution, fires, blowouts, geological formation damage, oil spills as well as personal injury, against which they may not be insured or they may choose not to be insured in light of high premium costs or other reasons. In addition, indemnities could exceed the policy limits. The costs of repairing such damages or paying such indemnities could cause the ongoing operation of the Corporation's business to become unprofitable and/or impossible.

Operational Dependence
Other companies operate some of the assets in which Pieridae has an interest. As a result, Pieridae will have limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect Pieridae's financial performance. Pieridae's return on assets operated by others will therefore depend upon a number of factors that may be outside of Pieridae's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

In addition, due to the current low and volatile commodity prices, many companies, including companies that may operate some of the assets in which Pieridae has an interest, may be in financial difficulty, which could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner and satisfy regulatory requirements with respect to abandonment and reclamation obligations. If companies that operate some of the assets in which Pieridae has an interest fail to satisfy regulatory requirements with respect to operational and abandonment and reclamation obligations, Pieridae may be required to satisfy such obligations and to seek recourse from such companies. To the extent that any of such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, Pieridae potentially becoming subject to additional liabilities relating to such assets and Pieridae having difficulty collecting revenue due from such operators. Any of these factors could materially adversely affect Pieridae's financial and operational results.

Gathering and Processing Facilities and Pipeline Systems
The Corporation delivers its products through gathering, processing, pipeline and storage systems, some of which it does not own. The amount of oil, natural gas and NGLs that the Corporation can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering, processing, pipeline and storage systems. The lack of availability of capacity in any of the gathering, processing, pipeline and storage systems, and in particular the processing facilities, could result in the Corporation's inability to realize the full economic potential of its production or in a reduction of the price offered for the Corporation's production. Although pipeline expansions are ongoing, the lack of firm pipeline capacity continues to affect the oil and natural gas industry in Western Canada and limit the ability to produce and to market NGL, oil and natural gas production. In addition, the pro-rationing of capacity on inter-provincial pipeline systems also continues to affect the ability to export oil and natural gas. Unexpected shutdowns or curtailment of capacity of pipelines for maintenance or integrity work and actions taken by regulators could also affect the Corporation's production, operations and financial results. Furthermore, producers are increasingly turning to rail as an alternative means of transportation. In recent years, the volume of crude oil shipped by rail in North America has increased dramatically. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm the Corporation's business and, in turn, the Corporation's financial condition, results of operations and cash flows.

Following major accidents in Lac-Megantic, Québec and North Dakota, the Transportation Safety Board of Canada and the U.S. National Transportation Board have recommended additional regulations for railway tank cars carrying crude oil. In June 2015, as a result of these recommendations, the Government of Canada passed the *Safe and Accountable Rail Act* which increased insurance obligations on the shipment of crude oil by rail and imposed a per tonne levy of $1.65 on crude oil shipped by rail to compensate victims and for environmental cleanup in the event of a railway accident. In addition to this legislation, new regulations have implemented the TC-117 standard for all rail tank cars carrying flammable liquids which formalized the commitment to retrofit, and eventually phase out DOT-111 tank cars carrying crude oil. The increased regulation of rail transportation may reduce the ability of railway lines to alleviate pipeline capacity issues and add additional costs to the transportation of crude oil by rail. On July 13, 2016, the Minister of Transport (Canada) issued Protective Direction No. 38, which directed that the shipping of crude oil on D07- 111 tank cars end by November 1, 2016. Tank cars entering Canada from the United States will be monitored to ensure that they are compliant with Protective Direction No. 38.

A portion of the Corporation's production may, from time to time, be processed through facilities owned by third parties and over which the Corporation does not have control. From time to time these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could materially adversely affect the Corporation's ability to process its production and to deliver the same for sale.

Possible Failure to Realize Anticipated Benefits of Acquisitions
As part of its ongoing strategy, the Corporation may complete acquisitions of assets or other entities in the future. Achieving the benefits of completed and future acquisitions depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses and entities requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer

and employee relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of any acquisitions.

Project Risk
Pieridae manages a variety of small and large projects in the conduct of its business. Project delays may impact expected revenues from operations. Significant project cost over-runs and/or schedule delays could make a project uneconomic. Pieridae's ability to execute projects and market LNG, oil and natural gas will depend upon numerous factors beyond Pieridae's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the availability of the required project financing;
- currency and interest rate fluctuations;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- changes in regulations;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, Pieridae could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

Conflicts of Interest
Certain directors of the Corporation serve on the boards of other corporations engaged in natural resource exploration and development operations. Such ties could give rise to conflicts of interest. In making any decisions involving the Corporation, these directors will satisfy their duties and obligations to deal fairly and in good faith with the Corporation and the other entities. In addition, these directors will disclose their interest and refrain from voting on any matter that could give rise to a conflict of interest.

Permits, Licenses and Approvals
The Corporation's business requires permits and licenses from government authorities. There can be no assurance that the Corporation will obtain all the permits and licenses required to continue operations or that it will obtain them on acceptable terms or conditions. In addition, if the Corporation commences commercial operation of property, it must obtain and comply with all the necessary permits and licenses. There can be no assurance that the Corporation will be able to obtain or comply with the requirements of such permits and licenses.

Title to Property
While the Corporation has taken reasonable steps to ensure it has good and valid title over its properties, there can be no assurance that title to such properties will not be disputed or challenged. Third parties may have valid claims with respect to the Corporation's properties.

Litigation
The Corporation may be held liable for a variety of issues including pollution or for other risks for which it cannot be insured or for risks it may choose not to insure in light of high premium costs or other reasons. Payments of amounts in respect thereof may result in the loss of assets of the Corporation.

Regulatory
The LNG, oil and natural gas industry is subject to controls and regulations established by local, provincial and federal governments with respect to prices, royalties, land tenure, production quotas, imports and exports of LNG, oil, natural gas and environmental protection.

Various levels of governments impose extensive controls and regulations on oil and natural gas operations (exploration, production, pricing, marketing and transportation). Governments may regulate or intervene with respect to exploration and production activities, prices, taxes, royalties and the exportation of LNG, oil and natural gas. Amendments to these controls and regulations may occur from time to time in response to economic or political conditions. See “Industry Conditions” in this AIF. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for LNG, crude oil and natural gas and increase the Corporation’s costs, either of which may have a material adverse effect on the Corporation’s business, financial condition, results of operations and prospects.

In addition to regulatory requirements pertaining to the production, marketing and sale of LNG, oil and natural gas mentioned above, the Corporation’s business and financial condition could be influenced by federal legislation affecting, in particular, foreign investment, through legislation such as the *Competition Act* (Canada) and the *Investment Canada Act* (Canada).

Carbon Pricing

Taxes on carbon emissions affect the demand for oil and natural gas, the Corporation’s operating expenses and may impair the Corporation's ability to compete. The majority of countries across the globe have agreed to reduce their carbon emissions in accordance with the Paris Agreement. In Canada, the federal government implemented legislation aimed at incentivizing the use of alternative fuels and in turn reducing carbon emissions. The federal system currently applies in provinces and territories without their own system that meets federal standards. The federal regime is subject to a number of court challenges. See “Industry Conditions – Regulatory Authorities and Environmental Regulation”. Any taxes placed on carbon emissions may have the effect of decreasing the demand for oil and natural gas products and at the same time, increasing the Corporation's operating expenses, each of which may have a material adverse effect on the Corporation's profitability and financial condition. Further, the imposition of carbon taxes puts the Corporation at a disadvantage with its counterparts who operate in jurisdictions where there are less costly carbon regulations.

Liability Management

Liability management programs enacted by regulators in the western provinces may prevent or interfere with the Corporation's ability to acquire properties or require a substantial cash deposit with the regulator Alberta, Saskatchewan and British Columbia have developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines in the event that a licensee or permit holder is unable to satisfy its regulatory obligations. Changes to the AB LMR Program administered by the AER, or other changes to the requirements of liability management programs, may result in significant increases to the Corporation's compliance obligations. The impact and consequences of the SCC’s decision in Redwater on the AER's rules and policies, lending practices in the crude oil and natural gas sector and on the nature and determination of secured lenders to take enforcement proceedings are expected to evolve as the consequences of the decision are evaluated and considered by regulators, lenders and receivers/trustees. In addition, the AB LMR Program may prevent or interfere with the Corporation's ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and natural gas assets must be in compliance with the liability management programs (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets. See "Industry Conditions – Liability Management Rating Programs".

Royalty Regimes

The royalty program implemented by each province is a significant factor in the profitability of LNG, oil and natural gas production. Royalties payable on output are determined by government regulation; they are typically calculated as a percentage of the gross value of output and, depend in part on prescribed benchmark prices, well productivity, geographical location, field discovery date and the type or quality of the resource produced.

There can be no assurance that the federal or provincial governments will not adopt new or modify the royalty regimes which could have an impact on the economics of the Corporation’s projects. An increase in royalties would reduce the Corporation’s earnings and could make future capital investments, or the Corporation’s operations, less economic.

See “Industry Conditions” in this AIF.

Hydraulic Fracturing

Multistage fracturing stimulation or “hydraulic fracturing” of oil and gas wells has given rise to concerns with respect to the fluids used in the fracturing process and their effects on the water quality in aquifers, water use in connection with operations, the capability to recycle such water and the seismic effects associated with the process. A number of Canadian provinces are currently reviewing the scientific, regulatory and political framework in which hydraulic fracturing operations are carried out. At present, most of these governments are taking part in the collection, review and assessment of technical information regarding the hydraulic fracturing process. In Québec, hydraulic fracturing is prohibited in the Utica shale geological formation in the St. Lawrence Lowlands area. Fracturing in any other geological formation is only permitted at a depth greater than 1,000 meters from the surface. Nova Scotia has and New Brunswick have also restricted hydraulic fracturing.

The Corporation believes strongly in the responsible development of its natural gas resource properties and to that end, the Corporation has committed that none of the LNG developed with the support of the $1.5 billion UFK loan guarantee will be produced using hydraulic fracturing. At this time the Corporation is unable to make a similar commitment in regard to the LNG that will be produced from Train Two and sold to other customers. Accordingly, although the Corporation is unable to fully predict the impact of any potential regulations on its business, the implementation of new laws regarding the use or disposal of water, or hydraulic fracturing in general, could increase the Corporation's compliance costs and the operating and exploration costs of its properties, the litigation risk and environmental liability of the Corporation and, in turn, adversely impact the future prospects of the Corporation and its financial position. Risk to operations is lower than with most corporations, because most foothills reservoirs require little or no hydraulic stimulation in order for commercial hydrocarbons to be delivered to surface.

Variations in Foreign Exchange and Interest Rates
World oil and gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. In recent years, the Canadian dollar has seen a material decrease in value against the United States dollar. Any material increases in the value of the Canadian dollar may negatively impacted Pieridae's operating entities production revenues. Any increase in the future Canadian/U.S. exchange rates could accordingly impact the future value of Pieridae's reserves and resources as determined by independent evaluators.

The value of currencies, among other items, will also have an impact on the respective currency's underlying risk-free rate an entity would have to pay for borrowings that have an interest component. This would then have a credit spread component added to it that would then constitute the all-in borrowing rate a company would have to pay. Volatility in the market could impact the interest rate and correspondingly, the profitability of Pieridae

To the extent that Pieridae engages in risk management activities related to foreign exchange and interest rates, there is a credit risk associated with counterparties with which Pieridae may contract.

Hedging
From time to time Pieridae may enter into agreements to receive fixed prices on its NGL, condensate, sulphur and natural gas production to offset risk of revenue losses if commodity prices decline. However, if commodity prices increase beyond the levels set in such agreements, Pieridae will not benefit from such increases. Similarly, from time to time Pieridae may enter into agreements to fix the exchange or interest rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar, however, if the Canadian dollar declines in value compared to the United States dollar, Pieridae will not benefit from its fluctuating exchange rate. The same holds true with interest rates rising and falling which creates a monetary exposure for Pieridae.

Tax Horizon
It is expected, based upon current legislation, the projections contained in the Deloitte Report and various other assumptions that no cash income taxes are to be paid by Pieridae in the near future. If a lower level of capital expenditures is expended than those contained in the Deloitte Report or should the assumptions used by Pieridae prove to be inaccurate, Pieridae may be required to pay cash income taxes sooner than anticipated, which will reduce cash flow available to Pieridae.

Third Party Credit Risk
Pieridae is, or may be exposed to, third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. If these entities fail to meet their contractual obligations to Pieridae, these failures could have a material adverse effect on Pieridae and its cash flow from operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in Pieridae's ongoing capital program, potentially delaying the program and the results of such program until Pieridae finds a suitable alternative partner.

Political, Geo-Political and Social Risk
LNG, oil and natural gas exploration and development activities may be subject to opposition from politically motivated protest groups or other non-governmental protest groups. Demonstrations or acts of civil disobedience could have an impact on the Corporation's business. There can be no assurance that such activities will not target projects in which the Corporation holds an interest. Similarly, there can be no assurance as to any attitude or behaviour of a political party or a political group (whether municipal, provincial or federal) that could have an impact on the Corporation's business.

In the last several years, the United States and certain European countries have experienced significant political events that have cast uncertainty on global financial and economic markets. The United States has withdrawn from the Trans-Pacific Partnership and the NAFTA agreement has been replaced, the imposition of a tax on the importation of goods into the United States, reduction of regulation and taxation in the United States, and introduction of laws to reduce immigration and restrict access into the United States for citizens of certain countries. It is presently unclear exactly what actions the new administration in the United States will implement, and if implemented, how these actions may impact Canada and in particular the oil and gas industry. Any actions taken by the new United States administration may have a negative impact on the Canadian economy and on the businesses, financial conditions, results of operations and the valuation of Canadian oil and natural gas companies, including the Corporation. On September 30, 2018, after a year of negotiation, the United States, Mexico and Canada reached a new trade agreement to be called the United States-Mexico-Canada Agreement ("**USMCA**"). This agreement has not yet been ratified, and as such, the current NAFTA agreement remains in force. The Corporation is currently assessing the impacts on this agreement and its activities.

In addition to the political disruption in the United States, the citizens of the United Kingdom voted to withdraw from the European Union and the Government of the United Kingdom has started taking steps to implement such withdrawal. Some European countries have also experienced the rise of antiestablishment political parties and public protests held against open-door immigration policies, trade and globalization. To the extent that certain political actions taken in North America, Europe or elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement it could have an adverse effect on the Corporation's ability to market its products internationally, increase costs for goods and services required for third party lessees' operations, reduce their access to skilled labour and as a result, negatively impact the Corporation's business, operations, financial conditions and the market value of the Common Shares.

The marketability and price of oil and natural gas that may be acquired or discovered by Pieridae is and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising in the Middle East, and other areas of the world, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of Pieridae's net production revenue.

In addition, Pieridae's expected oil and natural gas properties, wells and facilities could be subject to a terrorist attack. As the oil and gas industry in Canada is a key supplier of energy to the United States, certain terrorist groups may target Canadian oil and gas properties, wells and facilities in an effort to choke the United States' economy. If any of Pieridae's properties, wells or facilities are the subject of terrorist attack it could have a material adverse effect on Pieridae. Pieridae does not have insurance to protect against the risk from terrorism.

Land Claims
Some properties may be subject to land claims by First Nations. There can be no assurance that such land claims will not be made against properties in which the Corporation holds an interest.

Growth Management
The Corporation may be subject to growth risks including limitations and pressure on its internal control systems and measures. The Corporation's ability to manage growth effectively will require it to continuously implement and improve its operating and financial systems and expand, train and manage its core workforce. The Corporation's inability to support such growth could have a material adverse impact on its business, operations and prospects.

Reliance on Key Personnel
Pieridae's future success depends in large measure on certain key personnel. The exploration for, and the development and production of oil and natural gas with respect to its assets requires experienced executive and management personnel and operational employees and contractors with expertise in a wide range of areas but have a specific expertise in the foothills. There can be no assurance that all of the required employees and contractors with the necessary expertise will be available. Further, the loss of any key personnel may have a material adverse effect on Pieridae's business, financial condition, results of operations and prospects. Pieridae currently has "key man" insurance in place for its CEO.

Any inability on the part of Pieridae to attract and retain qualified personnel may delay or interrupt the exploration for, and development and production of, oil and natural gas with respect to Pieridae's assets. Sustained delays or interruptions could have a material adverse effect on the financial condition and performance of Pieridae. In addition, rising personnel costs would adversely impact the costs associated with the exploration for, and development and production of, oil and natural gas in respect of Pieridae's assets, which could be significant and material.

Cost of New Technologies
The oil and gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil and gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Corporation. There can be no assurance that the Corporation will be able to respond to such competitive pressures

and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Corporation or implemented in the future may become obsolete. In such case, the Corporation's business, financial condition and results of operations could be materially adversely affected. If the Corporation is unable to utilize the most advanced commercially available technology, its business, financial condition and results of operations could be materially adversely affected.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. Pieridae cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on Pieridae's business, financial condition, results of operations and cash flows.

International Protocols

Canada has signed international protocols and conventions setting forth certain environment requirements that may adversely affect the Corporation's business. See "Industry Conditions" in this AIF.

Climate Change Regulations

Climate change policies and laws are evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. Current GHG emissions legislation has not resulted in material compliance costs. However, compliance are projected to increase in the future, as the taxes on emissions increase.

Adverse impacts to the Corporation's business as a result of comprehensive GHG legislation or regulation applied to the Corporation's business include, but are not limited to: (i) increased compliance costs; (ii) permitting delays; (iii) substantial costs to generate or purchase emission credits or allowances adding costs to the products the Corporation produces; and (iv) reduced demand for oil and gas products. Emission allowances or offset credits may not be available for acquisition or may not be available on an economic basis. Required emission reductions may not be technically or economically feasible to implement, in whole or in part, and failure to meet such emission reduction requirements or other compliance mechanisms may have a material adverse effect on the Corporation's business resulting in, among other things, fines, permitting delays, penalties and the suspensions of operations.

Beyond existing legal requirements, the extent and magnitude of any adverse impacts of any additional programs or additional regulations cannot be reliably or accurately estimated at this time because some specific legislative and regulatory requirements have not been finalized and uncertainty exists with respect to the additional measures being considered and the time frames for compliance. See "Industry Conditions – Climate Change Regulation" in this AIF. Consequently, no assurances can be given that the effect of future climate change regulations will not be significant to the Corporation.

Reserve and Resource Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and resources and cash flows to be derived therefrom, including many factors beyond Pieridae's control. The information concerning reserves and resources and associated cash flow set forth in this Annual Information Form represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and resources and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve and resources recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves and resources attributable to any particular group of properties, classification of such reserves and resources based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. Pieridae's actual production, revenues, taxes and development and operating expenditures with respect to its reserves and resources will vary from estimates thereof and such variations could be material. Further, the evaluations are based, in part, on the assumed success of the exploitation activities intended to be undertaken in future years. The reserves and resources and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluation.

In accordance with Applicable Securities Laws, Deloitte has used forecast price and cost estimates in calculating reserve and resources quantities. Actual future net cash flows will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs. Actual production and cash flows derived therefrom will vary from the estimates contained in the Deloitte Reserves Report, and such variations could be material. The Deloitte Reserves Report is based in part on the assumed success of activities Pieridae intends to undertake in future years. The reserves and resources and estimated cash flows to be derived therefrom contained in the Deloitte Reserves Report will be reduced to the extent that such activities do not achieve the level of success assumed in the Deloitte Reserves Report.

The Deloitte Reserves Report is effective as of a specific effective date and has not been updated and thus does not reflect changes in Pieridae's reserves or resources since that date.

Reserve and Resource Replacement
Pieridae's future oil and natural gas reserves and resources, production, and cash flows to be derived therefrom are highly dependent on Pieridae successfully acquiring or discovering new reserves and resources. Without the continual addition of new reserves and resources, any existing reserves and resources Pieridae may have at any time and the production therefrom will decline over time as such existing reserves and resources are exploited. A future increase in Pieridae's reserves and resources will depend not only on Pieridae's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that Pieridae's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Internal Controls
Effective internal controls are necessary for Pieridae to provide reliable financial reports and to help prevent fraud. Although Pieridae will undertake a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, Pieridae cannot be certain that such measures will ensure that Pieridae will maintain adequate control over financial processes and reporting.

Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Pieridae's results of operations or cause it to fail to meet its reporting obligations. If Pieridae or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Pieridae financial statements and harm the trading price of the Common Shares.

Dividends
To date, Pieridae has not paid any dividends on its Common Shares and does not anticipate the payment of any dividends on its Common Shares for the foreseeable future, though it is a possibility that the Corporation may pay dividends in the future if it has started generating sufficient positive cash flow. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of dividends and any other factors that the Board of Directors deems relevant.

Dilution
Pieridae may make future acquisitions or enter into financings or other transactions involving the issuance of securities of Pieridae which may be dilutive. Common Shares, including rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board of Directors may determine. In addition, the Corporation may issue additional Common Shares from time to time pursuant to the Corporation's stock option plan or restricted share unit plan. The issuance of these Common Shares would result in dilution for holders of Common Shares.

Breach of Confidentiality
While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to the business, operations or affairs of the Corporation. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Information Technology Systems and Cyber-Security
The Corporation relies heavily on information technology, such as computer hardware and software systems, in order to properly operate its business. In the event the Corporation is unable to regularly deploy software and hardware, effectively upgrade systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data, compromise confidential customer or employee information, result in the disruption of business, theft or extortion of funds, regulatory infractions, loss of competitive advantage and reputational damage. In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious

code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical and/or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, and confidential and proprietary information, and on the Corporation’s business, financial condition, results of operations and cash flows.

In the ordinary course of business, the Corporation collects, uses and stores sensitive data, including intellectual property, proprietary business information and personal information of the Corporation’s employees and third parties. Despite the Corporation’s security measures, its information systems, technology and infrastructure may be vulnerable to attacks by hackers and/or cyberterrorists or breaches due to employee error, malfeasance or other disruptions. Any such breach could compromise information used or stored on the Corporation’s systems and/or networks and, as a result, the information could be accessed, publicly disclosed, lost or stolen.

To date the Corporation has not experienced any material losses relating to cyber-attacks or other information security breaches. However, there can be no assurance that the Corporation will not incur such losses in the future. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences, including disruption to the Corporation’s operations and damage to its reputation, which could have a material adverse effect on the Corporation’s business, financial condition, results of operations and cash flows. Although the Corporation maintains a risk management program, which includes an insurance component that may provide coverage for the operational impacts from an attack to, or breach of, Pieridae’s information technology and infrastructure, including process control systems, the Corporation does not maintain stand-alone cyber insurance. Furthermore, not all cyber risks are insurable. As a result, Pieridae’s existing insurance may not provide adequate coverage for losses stemming from a cyber-attack to, or breach of, its information technology and infrastructure.

Although to date the Corporation has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Corporation will not incur such losses in the future.

Reputation Risk

The Corporation's business, operations or financial condition may be negatively impacted as a result of any negative public opinion towards the Corporation or as a result of any negative sentiment toward, or in respect of the Corporation's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Corporation operates as well as their opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licenses and increased costs and/or cost overruns. The Corporation's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which the Corporation has no control. In particular, the Corporation's reputation could be impacted by negative publicity related to environmental damage, loss of life, injury or damage to property caused by the Corporation's operations, or due to opposition from special interest groups opposed to oil and natural gas development. In addition, if the Corporation develops a reputation of having an unsafe work site it may impact the ability of the Corporation to attract and retain the necessary skilled employees and consultants to operate its business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate related litigation against governments and fossil fuel companies may impact the Corporation's reputation.

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Corporation's reputation. Damage to the Corporation's reputation could result in negative investor sentiment towards the Corporation, which may result in limiting the Corporation's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Corporation's securities.

Forward-Looking Statements and Information May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation’s forward-looking statements and information. By its nature, forward-looking statements and information involve numerous assumptions, known and unknown risk and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties related to forward-looking statements and information are found under the heading “Forward-Looking Statements and Information” in this AIF.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Ernst & Young LLP, Calgary, Alberta, are the auditors of the Corporation.

The transfer agent and registrar for the common shares of the Corporation is Computershare Trust Corporation of Canada at its office at 530 – 8th Ave SW, Suite 600, Calgary, AB T2P 3S8.

MATERIAL CONTRACTS

As of the date hereof, the following material contracts entered into by the Corporation are in effect:

Goldboro LNG Agreement
The FOB LNG Sale and Purchase Agreement made as of May 31, 2013 between Uniper, formerly E.ON Global Commodities S.E. (the "**Buyer**") and Pieridae Energy (Canada) Ltd. in its capacity as general partner of Goldboro LNG Limited Partnership (the "**Seller**"), as amended on February 3, 2016; June 2, 2017; November 1, 2018 and July 9, 2019 (the "**LNG Purchase and Sale Agreement**"). This firm contract is subject to early termination rights of Buyer and Seller and certain basic term extension rights of Buyer, the basic term of the LNG Purchase and Sale Agreement commences on May 31, 2013 and terminates on the twentieth anniversary of the Start of Commercial Deliveries. All capitalized terms used below have the meanings given in such agreement.

The LNG Purchase and Sale Agreement contemplates that commencing on the Start of Commercial Deliveries and throughout the balance of the term thereof, Seller will sell to Buyer, and Buyer will purchase from the Seller, LNG having an energy content of 245,000,000 MMBtu per annum (the "**Annual Contract Quantity**"), such Annual Contract Quantity being subject to adjustment in accordance with Clause 5.2 thereof, (the "**Adjusted Annual Contract Quantity**").

Buyer is obliged under the LNG Purchase and Sale Agreement to take and pay, or compensate Seller if not taken, for the applicable Adjusted Annual Contract Quantity, subject to adjustment in accordance with Clause 5.3(a) thereof.

Buyer shall pay to Seller a price for each LNG cargo equal to the amount by which the product obtained when the energy content of the LNG cargo, expressed in MMBtu, is multiplied by a reference price, expressed in MMBtu. The reference price is confidential.

Conditions[1]:

a) the FEED Launch Date must occur not later than April 30th, 2014;
b) Seller must enter into a sufficient number of binding Gas Supply Agreements with Gas Suppliers as specified in Clause 2.2(a)(i) of the LNG Purchase and Sale Agreement not later than June 30, 2020;
c) Seller must enter into a sufficient number of binding Pipeline Capacity Agreements with Pipeline Capacity Suppliers as specified in Clause 2.2(b)(i) the LNG Purchase and Sale Agreement not later than June 30, 2020;
d) Seller must obtain the relevant Canada Export License not later than December 31, 2016;
e) the conditions precedent, if any, in each and every of the Gas Supply Agreements specified in Clause 2.2(a)(i) the LNG Purchase and Sale Agreement must be satisfied in full or waived not later than the FID Date;
f) the conditions precedent, if any, in each and every of the Pipeline Capacity Agreements specified in Clause 2.2(b)(i) the LNG Purchase and Sale Agreement must be satisfied in full or waived not later than the FID Date;
g) the completion of Project Finance Secured must occur not later than the FID Date;
h) the Site Acquisition must occur not later than December 31, 2016;
i) the FID Date must occur not later than September 30, 2020;
j) the acquisition of Permits Issued must occur not later than June 30, 2019;
k) the EPC Launch Date must occur not later than October 31, 2020; and
l) the ordering of Major Components must commence not later than January 30, 2021.

As of the date hereof, conditions a, d and h have been satisfied. As a result of depressed market conditions and COVID-19 impacts, FID for the Goldboro LNG Project will be delayed beyond the previously disclosed date of September 30, 2020. Once market conditions improve, we will be in a better position to announce an updated FID date. The Corporation is currently in negotiations with Uniper to extend the FID deadline to June 2021. The Corporation believes that it will obtain the extension. The Corporation does not expect any material negative implications to the business as a result of the renegotiation of this contract.

[1] All terms capitalized but not defined herein have the meaning given to them in the LNG Purchase and Sale Agreement.

ADDITIONAL INFORMATION

Additional financial information is provided in the Financial Statements and MD&A for the financial year end 2019 and is available on SEDAR at www.sedar.com or on our website at https://pieridaeenergy.com/. Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in our Information Circular in respect of the annual and special meeting of Shareholders to be held on May 26, 2020, which will be available on SEDAR in due course.

APPENDICES

Appendix A: NI 51-101 Form F2 REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR

To the Board of Directors of Pieridae Energy Ltd. (the "**Company**"):

1. We have evaluated the Company's reserves data as at December 31, 2019. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2019, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2019, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management/Board of Directors:

Independent qualified reserves evaluator or auditor	**Effective date of evaluation report**	**Location of reserves (country or foreign geographic area)**	**Net present value of future net revenue (before income taxes; 10% discount rate)**			
			Audited $MM	**Evaluated $MM**	**Reviewed $MM**	**Total $MM**
Deloitte LLP	Pieridae Alberta Production Ltd. Reserve estimation and economic evaluation December 31, 2019	Canada	-	**1,062.5**	-	**1,062.5**

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our reports.
8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Deloitte LLP
700, 850 – 2nd Street S.W.

Original signed by: "Andrew Botterill"
Calgary, Alberta

Andrew Botterill, P. Eng.
T2P 0R8

Execution date: April 6, 2020

Appendix B: FORM 51-101F3 REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Pieridae Energy Limited (the "**Corporation**") is responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with the securities regulatory requirements. This information includes reserves data as at December 31, 2019.

An independent qualified reserve evaluator has evaluated and reviewed the Corporation's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves and Health, Safety and Environment Committee of the board of directors of the Corporation has:

a) reviewed the Corporation's procedures for providing information to the independent qualified reserves evaluator;

b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves and Health, Safety and Environment Committee of the board of directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves and Health, Safety and Environment Committee, approved:

a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

b) the filing of the Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary, and the variations may be material.

April 16, 2020

(signed) Alfred Sorensen
Alfred Sorensen,
Chief Executive Officer

(signed) Kjell Petersen
Kjell Petersen
Director

(signed) Tim De Freitas
Tim De Freitas,
Chief Operating Officer

(signed) Charle Gamba
Charle Gamba,
Director

APPENDIX C: DEFINITIONS USED FOR RESERVE CATEGORIES

The following definitions form the basis of the classification of reserves and values presented in the Deloitte Reserves Report. They have been prepared by the Standing Committee on Reserves Definitions of the Petroleum Society of the CIM incorporated in the COGE Handbook and specified by NI 51-101.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recovered from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology;
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed; and
- a remaining reserve life of 50 years.

Reserve Classifications

Reserves are classified according to the degree of certainty associated with the estimates.

Proved Reserves
Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable Reserves
Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Possible Reserves
Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. Possible reserves have not been considered in this AIF.

Reserve Categories

Other criteria that must also be met for categorization of reserves are provided in Section 1.3 of the COGE Handbook. Each of the reserve categories (proved, probable, and possible) may be divided into developed or undeveloped categories.

Developed Reserves
Developed reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

Developed Producing Reserves
Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

Developed Non-Producing Reserves
Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

Undeveloped Reserves
Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserve classification (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities, and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels contained in these definitions are applicable to individual reserves entities, which refers to the lowest level at which reserves estimates are made, and to reported reserves, which refers to the highest level sum of individual entity estimates for which reserve estimates are made.

Reported total reserves estimated by deterministic or probabilistic methods, whether comprised of a single reserves entity or an aggregate estimate for multiple entities, should target the following levels of certainty under a specific set of economic conditions:

There is a 90% probability that at least the estimated proved reserves will be recovered.
There is a 50% probability that at least the sum of the estimated proved reserves plus probable reserves will be recovered.
There is a 10% probability that at least the sum of the estimated proved reserves plus probable reserves plus possible reserves will be recovered.

A quantitative measure of the probability associated with a reserves estimate is generated only when a probabilistic estimate is conducted. The majority of reserves estimates will be performed using deterministic methods that do not provide a quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in Section 1.3.8.3 of the COGE Handbook. Whether deterministic or probabilistic methods are used, evaluators are expressing their professional judgement as to what are reasonable estimates.

Other Definitions

Gross Reserves
The Corporation's working interest share of the remaining reserves or resources, before deduction of any royalties.

Net Reserves
The gross remaining reserves or resources of the properties in which the Corporation has an interest, less all Crown, freehold, and overriding royalties and interests owned by others.

Net Production Revenue
Income derived from the sale of net reserves of oil, pipeline gas, and gas by-products, less all capital and operating costs.

Fair Market Value
The price at which a purchaser seeking an economic and commercial return on investment would be willing to buy, and a vendor would be willing to sell, where neither is under compulsion to buy or sell and both are competent and have reasonable knowledge of the facts.

Barrels of Oil Equivalent (BOE) Reserves
The sum of the oil reserves, plus the gas reserves divided by a factor of 6, plus the natural gas liquid reserves, all expressed in barrels or thousands of barrels. Equivalent reserves can also be expressed in thousands of cubic feet of gas equivalent (McfGE) using a conversion ratio of 1 bbl:6 Mcf.

Oil (or Crude Oil)
A mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other non-hydrocarbons but does not include liquids obtained from the processing of natural gas.

Gas (or Natural Gas)
A mixture of lighter hydrocarbons that exist either in the gaseous phase or in solution in crude oil in reservoirs but are gaseous at atmospheric conditions. Natural gas may contain sulphur or other non-hydrocarbon compounds.

Non-Associated Gas
An accumulation of natural gas in a reservoir where there is no crude oil.

Associated Gas
The gas cap overlying a crude oil accumulation in a reservoir.
Natural Gas By-Products
Those components that can be removed from natural gas including, but not limited to, ethane, propane, butanes, pentanes plus, condensate, and small quantities of non-hydrocarbons.

Products Types
A sub-classification of the principle product types of petroleum, crude oil, gas and by products, into specific groupings based on the properties of the hydrocarbon and the properties of the accumulation and reservoir rock from which it is found. Regulatory agencies may define in legislation the production types they require to be used for reporting purposes in their jurisdiction. The Canadian Securities Association (CSA) defines the Product Types for reporting purposes in NI 51-101, with the following Product Types referenced in this AIF.

Crude Oil
Light Crude Oil
Crude oil with a relative density greater than 31.1 degrees API gravity.

Medium Crude Oil
Crude oil with a relative density greater than 22.3 degrees API gravity and less than or equal to 31.1 degrees API gravity.

Natural Gas
Conventional Natural Gas
Natural gas that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete accumulations by seals that may be formed by localized structural, depositional or erosional geological features.

By Products
Natural Gas Liquids
Those hydrocarbon components that can be recovered from natural gas as a liquid including, but not, limited to, ethane, propane, butanes, pentanes plus and condensates.