

Pieridae Announces Third Quarter Results

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Key Development: Transformational Change Following Close of Shell Alberta Foothills Assets Acquisition

Highlights:

- Completed the transformational Shell asset acquisition which is immediately accretive to the Company
- Shell assets give Pieridae majority of the gas resource to supply Train 1 (or facility) at Goldboro LNG facility
- Third quarter production averaged 14,657 barrels of oil equivalent per day (“Boe/d”), resulting in \$12.7 million in revenues, three per cent higher than Q2 2019
- Natural gas physical hedging resulted in a 41 per cent premium price to AECO
- Upstream year to date net operating income (“NOI”)¹ is positive despite two successive quarters of a low-priced environment

CALGARY, Alberta, Nov. 06, 2019 -- [Pieridae Energy Ltd.](#) (“Pieridae” or the “Company”) (PEA - TSXV) has filed its third quarter (“Q3”) unaudited condensed interim financial statements and related management’s discussion and analysis (“MD&A”) for the three and nine month periods ending September 30, 2019. Pieridae's unaudited condensed interim financial statements and MD&A are available on our website at www.pieridaeenergy.com and are filed on SEDAR at www.sedar.com.

“Closing the Shell asset acquisition means we have secured the majority of the gas needed to supply the first train at our Goldboro LNG facility for at least twenty years. Now, we can focus on completing negotiations with Kellogg Brown & Root Limited for a fixed price contract to build the Goldboro LNG facility in order to complete the project financing and make the final investment decision in 2020,” said Pieridae’s Chief Executive Officer Alfred Sorensen.

“Focusing on our Q3 results, while average daily production of our natural gas assets was down, we did increase overall revenues. And our hedging program helped partially offset low AECO prices that, at times, were at decade lows. We saw an average price of \$1.22 per gigajoule in the quarter,” concluded Sorensen.

Q3 2019 Financial & Operations Highlights

Coming into the quarter, the Company’s upstream business had year to date NOI of \$3.2 million. The expected low seasonal gas price cycle and shut in production due to the lows that are traditionally experienced in summer contributed to the loss in Q3 of \$2.7 million. Despite two successive quarters of this low pricing environment, the upstream business continues to have year to date positive NOI.

Petroleum and natural gas revenues, net of royalties, in Q3 were \$12.6 million, a \$.7 million increase from Q2 2019. An increase in natural gas revenues from \$10.0 million in Q2 2019 to \$10.4 million in Q3 2019 accounted for much of the improvement. A higher realized average natural gas price for Pieridae of \$1.22 per gigajoule (“GJ”) was 41 per cent higher than the average AECO price, which speaks to the value of the Company’s recently implemented physician hedging program.

Net Operating Income & Operating Netbacks

Net Operating Income

Upstream segment (\$000s, except where otherwise stated)	For the three months ended		For the nine-months ended	
	September 30, 2019	September 30, 2019	September 30, 2019	September 30, 2018
Revenue (net of royalties)	\$ 12,638	\$ -	\$ 46,929	\$ -
Realized loss on risk management contracts	\$ -	\$ -	\$ (656)	\$ -
Net operating expenses	\$ (13,906)) \$ (13,906)	\$ (40,924)) \$ (427)
Transportation expense	\$ (1,464)) \$ -	\$ (4,880)) \$ -
Net operating (loss) income	\$ (2,732)) \$ (13,469)	\$ 469) \$ (427)

As mentioned, Q3 production averaged 14,657 Boe/d, comprised of 99 per cent natural gas and one per cent natural gas liquids ("NGL's") and condensate. Year to date production averaged 15,744 Boe/d. This production is below estimated combined field capacity and is related to voluntary well shut-ins due to low gas prices.

NGL pricing was flat in Q3 2019. Pieridae realized an average price of \$42.45 per barrel ("bbl") versus \$41.83 per bbl in Q2 2019. The year to date average price for NGL sales was \$43.22 per bbl.

The poor pricing environment continues to force the Company to limit its capital investment to sustaining production, as opposed to growing it. Consequently, exploration and development expenditures in the quarter were \$1.8 million. Year to date expenditures totalled \$3.3 million.

Finally, there was a deliberate reduction in spending on the proposed Goldboro LNG facility and this was responsible for much of the improvement in the Company's overall loss in Q3 2019 of \$13.2 million down 33 per cent from Q2 2019. Instead, the Company focused its efforts on closing the Shell acquisition.

Q3 2019 Developments

Uniper Deadlines Extensions

On July 11, 2019, Pieridae negotiated extensions of the key deadlines under its 20-year agreement with Germany's largest utility Uniper. These included expected commercial deliveries of gas to Uniper to start between November 30th, 2024 and May 31st, 2025; and the extension to September 30, 2020 of the deadline to make a positive financial investment decision for the Company's proposed Goldboro LNG facility. The 20-year agreement with Uniper is for all of Train 1 at Goldboro or 5 million tonnes per annum.

Shell Assets Acquisition Close

On October 17, 2019, Pieridae announced it had completed a transformational milestone for the Company by closing the transaction to purchase all of Shell Canada Energy's midstream and upstream assets in the Southern Alberta Foothills for \$190 million. The acquisition includes approximately 28,634 Boe/d, three deep cut sour gas processing plants: Jumping Pound, Caroline and Waterton, a 14 per cent working interest in the Shantz sulphur forming plant, and approximately 1,700 kilometres of pipelines.

The acquisition gives Pieridae a better product mix, creating a stronger business platform which will help protect the Company from overall price volatility. The acquisition is immediately accretive and contributes positive operating cash flow to Pieridae, is a major step forward for the supply for Train 1 of the Goldboro LNG facility, makes the Company a major player in the Alberta midstream and conventional upstream natural gas industries, and sees Shell take an equity interest in Pieridae.

Pieridae now has an extensive drilling inventory that includes multiple dry gas and liquids-rich gas reservoirs within the Foothills area. The new employees coming from Shell have strong experience managing the four major processing facilities and associated midstream assets. Together with existing Foothills drilling and development experience within the Company, Pieridae is well positioned to leverage the US\$1.5 billion of the government-backed loan guarantees for conventional gas supply development which the German government approved in principle. This amount is in addition to the US\$3.0 billion of government-backed

loan guarantees for the construction of the Goldboro LNG facility which the German government has also approved in principle.

Certain aspects of the asset retirement obligation with respect to the Jumping Pound and Waterton gas plants remain with Shell.

2019 Guidance:

There will be no significant capital expenditures in Q4 2019. Consistent with prior guidance, with the closing of the Shell acquisition, management is expecting an increase in production to between 40,000 and 50,000 Boe/d in the latter part of the year. This represents an increase of between 230 to 290 per cent over Q3 2019 exit production of 17,300 Boe/d. Pieridae has approved a pre Final Investment Decision ("FID") Capital budget of \$32 million and LNG Development expense budget of \$16 million in 2020. A further update on 2020 operational guidance will be provided prior to year end.

About Pieridae

Founded in 2011, Pieridae, a majority Canadian owned corporation based in Calgary, is focused on the development of integrated energy-related activities, from the exploration and extraction of natural gas to the development, construction and operation of the Goldboro LNG facility and the production of LNG for sale to Europe and other markets. Pieridae is on the leading edge of the re-integration of the LNG value chain in North America. After completion of all the transactions disclosed in this news release, Pieridae has 157,459,584 common shares issued and outstanding which trade on the TSX Venture Exchange (PEA).

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Forward-Looking Statements

Certain statements contained herein may constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws (collectively "forward-looking statements"). Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", "shall", "estimate", "expect", "propose", "might", "project", "predict", "forecast" and similar expressions may be used to identify these forward-looking statements.

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

Forward-looking statements are based on a number of factors and assumptions which have been used to develop such forward-looking statements, but which may prove to be incorrect. Although Pieridae believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because Pieridae can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Pieridae operates; the timely receipt of

any required regulatory approvals; the ability of Pieridae to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the operator of the projects which Pieridae has an interest in, to operate the field in a safe, efficient and effective manner; the ability of Pieridae to obtain financing on acceptable terms; the ability to replace and expand oil and natural gas resources through acquisition, development and exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of Pieridae to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Pieridae operates; timing and amount of capital expenditures, future sources of funding, production levels, weather conditions, success of exploration and development activities, access to gathering, processing and pipeline systems, advancing technologies, and the ability of Pieridae to successfully market its oil and natural gas products.

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

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

¹ NOI is a non-IFRS measure. See page 18 in the Company's MD&A.

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