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Department of Energy
Office of Oil and Gas Global Security and Supply
Docket Room 3F-056, FE-50
Office of Regulation and International Engagement
Docket Rooms 3E-042 and 3E-052, FE-34
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585
United States of America

Subject: Pieridae Energy (USA) Ltd., FE Docket No. 14-179-LNG
the semi-annual report for the period ending March 31, 2020
filed pursuant to Ordering Paragraph J of DOE/FE Order No. 3639
and pursuant to Ordering Paragraph N of DOE/FE Order No. 3768

Pieridae Energy (USA) Ltd. ("Pieridae US") hereby submits its semi-annual report for the period ending March 31, 2020 pursuant to Ordering Paragraph J of Order No. 3639 issued by the Department of Energy, Office of Fossil Energy ("DOE/FE") on May 22, 2015 in the above-referenced docket, and Ordering Paragraph N of Order No. 3768 ("Order 3768") issued by the DOE/FE on February 5, 2016 in the above-referenced docket, granting long-term, multi-contract authorization to export natural gas to Canada and re-export to other free trade agreement nations and to non-free trade agreement nations, respectively. Unless otherwise stipulated herein, capitalized words have the meaning ascribed to them by Order 3768.

Pieridae US is wholly-owned by Pieridae Energy Limited ("Pieridae").

On December 20, 2018 Pieridae acquired all of the issued and outstanding shares of Ikkuma Resources Corp. ("Ikkuma") effected by way of a plan of arrangement under section 193 of the *Business Corporations Act* (Alberta).

On June 25, 2019 Ikkuma signed a purchase and sale agreement (the "Purchase Agreement") with Shell Canada Energy ("Shell") to purchase all of Shell's midstream and upstream assets in the southern and central Alberta Foothills (the "Assets") for a purchase price of CDN\$190 million, subject to normal adjustments (the "Acquisition"). The purchase price for the Acquisition was satisfied via (i) the payment to Shell of CDN\$175 million in cash (net of adjustments), to be raised by the issuance of term debt by

Ikkuma and the issuance of common shares of Pieridae, and (ii) the issuance of common shares of Pieridae to Shell having an aggregate value of CDN\$15 million.

On October 17, 2019 Ikkuma completed the Acquisition thereby acquiring the Assets from Shell pursuant to the terms of the Purchase Agreement (subject to regulatory approval).

The completion of the Arrangement and the Acquisition provides Pieridae with ownership of an extensive area of producing and gas-prone reserve and resource properties situated primarily in the central foothills of Alberta.

The acquisition of Ikkuma and the Assets are important steps in the execution of Pieridae's strategic plans for the procurement of natural gas reserves and resources in its integrated business model. It is anticipated that the development of the upstream Assets together with the existing upstream assets already owned by Ikkuma (collectively, the "Natural Gas Properties") will produce much of the 800 MMcf/d conventional natural gas supply that is required for the long-term operation of one train of the Goldboro LNG facility.

Pieridae CA obtained regulatory approval from the Nova Scotia Utility and Review Board (the "Board") to construct the Goldboro LNG facility based on the front-end engineering design that was submitted to the Board. The issuance of this approval allows Pieridae CA to commence the construction of the Goldboro LNG facility immediately after a positive final investment decision ("FID") is taken in 2020 or early 2021 with operations anticipated to commence in 2025.

The acquisition of these Natural Gas Properties has been, and continues to be, completed at metrics significantly below the cost of similar reserves and resources in other parts of North America and will provide a long-term competitive advantage for delivering liquefied natural gas to European and other markets. These acquisitions constitute a significant step towards reaching FID. Moreover, as the Natural Gas Properties are primarily conventional in nature, it is expected that they will be developed without the use of multistage fracturing.

The acquisition of Ikkuma provides a basis for further consolidation of long-life natural gas properties in Alberta and British Columbia that are complementary to the feedstock requirements of the Goldboro LNG facility. Moreover, in addition to the well-regarded professional staff of Ikkuma, Pieridae will be employing many of the experienced professionals of Shell who are familiar with the operation of the Assets. Together, these professionals will lead the development of the existing Natural Gas Properties and supplemental properties which are yet to be acquired.

The decision of whether the Goldboro LNG facility will consist of one train or two trains will depend in large measure on the degree of success that Pieridae CA and Pieridae USA achieve in securing long-term supply of natural gas for use as feed stock for a second train and in securing long-term offtake of the LNG produced from a second train.

If you have any questions or require any clarification, please contact me at 778.385.8466.

Yours truly,

[signed]

Thomas Ciz
General Counsel