

# PEYTO

Exploration & Development Corp.

*Press Release*

Monday, August 23, 1999

## **Peyto Exploration & Development Corp.'s Second Quarter 1999 Report**

PEYTO Exploration & Development Corp. is pleased to present its second quarter financial and operating results for the period ended June 30, 1999.

### **Quarterly Review**

From the previous quarter, production climbed 72% to 41 barrels of oil and natural gas liquids and 594 thousand cubic feet (mcf) of natural gas per day. For the quarter, operating income climbed 294% to \$106,677. Product prices averaged \$18.77 per barrel for oil and \$2.93 per mcf for gas with associated operating costs of \$2.19 per barrel of oil and \$0.66 per mcf of gas. At the end of the period, Peyto had a working capital surplus of \$354,834 with no debt. Peyto's capital spending totaled \$(92,374) for the quarter.

During the quarter, Peyto tied-in and brought on production its first operated well. Peyto also completed the sale of its Hanlan property to Rio Alto Exploration Ltd. for net proceeds of \$833,336.

### **Activity Update**

In July 1999, Peyto successfully re-completed two more operated gas wells. Both wells will be tied-in and on production in the fall of 1999.

### **Outlook**

The company will continue to develop its large inventory of low risk development and exploitation projects in West Central Alberta. For further information on the company, visit Peyto's web site located at [www.peyto.com](http://www.peyto.com).

Don T. Gray, P. Eng.  
President & CEO  
August 19, 1999

# *financial statements*

## **Balance Sheet**

(Unaudited)

<b>As at June 30</b>	<b>1999</b>	1998
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and short-term investments	\$ (15,365)	\$ 435,156
Accounts receivable	1,412,950	-
Prepaid expenses	11,653	-
	<b>1,409,238</b>	435,156
<b>Petroleum &amp; natural gas properties</b>		
Petroleum & natural gas properties	1,370,580	-
Production equipment and other	208,855	-
	<b>1,579,435</b>	-
<b>Less accumulated depreciation and depletion</b>		
Petroleum & natural gas properties	61,977	-
Production equipment and other	14,626	-
	<b>76,603</b>	-
	<b>1,502,832</b>	-
<b>Total assets</b>	<b>\$ 2,912,070</b>	\$ 435,156
<b>LIABILITIES and SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,054,404	\$ 2,500
<b>Future site restoration</b>	<b>6,568</b>	-
<b>Future income tax</b>	<b>202,690</b>	(30,269)
<b>Shareholders' equity</b>		
Share capital	1,755,942	462,402
Retained earnings (deficit)	(107,534)	523
	<b>1,648,408</b>	462,925
<b>Total liabilities and equity</b>	<b>\$ 2,912,070</b>	\$ 435,156

# *financial statements*

## **Statement of Operations and Retained Earnings**

(Unaudited)

<b>Six Months Ended</b>		
<b>June 30</b>	<b>1999</b>	<b>1998</b>
<b>Revenue</b>		
Oil and gas sales	\$ 341,448	\$ -
Royalties	(118,507)	-
Interest income	4,966	6,600
	<b>227,907</b>	<b>6,600</b>
<b>Expenses</b>		
Production	80,005	-
General and administrative	137,134	6,007
Interest	2,427	-
Depletion, depreciation and Site restoration	59,169	-
	<b>278,735</b>	<b>6,007</b>
<b>Net income (loss) for the period</b>	<b>(50,828)</b>	<b>593</b>
Retained earnings (deficit), Beginning of period	(56,706)	(70)
<b>Retained earnings (deficit), End of period</b>	<b>\$ (107,534)</b>	<b>\$ 523</b>
<b>Common shares outstanding</b>	<b>13,108,671</b>	<b>3,750,000</b>
<b>Earnings (loss) per share</b>	<b>\$(0.00)</b>	<b>\$0.00</b>

# *financial statements*

## **Statement of Cash Flows**

(Unaudited)

<b>Six Months Ended</b>		
<b>June 30</b>	<b>1999</b>	1998
<b>Cash provided by (used in)</b>		
<b>Operating Activities</b>		
Net income (loss) for the period	\$ (50,828)	\$ 593
Items not requiring cash		
Depletion, depreciation and		
Site restoration	<b>59,169</b>	-
<b>Cash flow from operations</b>	<b>8,341</b>	593
<b>Change in non-cash working capital balances related to operating activities</b>	<b>(357,290)</b>	2,500
	<b>(348,949)</b>	3,093
<b>Cash provided by (used in)</b>		
<b>Financing Activities</b>		
Issue of common shares	<b>296,460</b>	-
Share issue costs	<b>9,601</b>	(4,597)
	<b>306,061</b>	(4,597)
<b>Cash provided by (used in)</b>		
<b>Investing Activities</b>		
Additions to petroleum and		
Natural gas properties	<b>(997,163)</b>	-
<b>Net increase in cash and short-term investments</b>	<b>(1,040,051)</b>	(1,504)
<b>Cash and short-term investments, beginning of period</b>	<b>1,024,686</b>	436,660
<b>Cash and short-term investments, end of period</b>	<b>\$ (15,365)</b>	\$ 435,156
<b>Cash flow per share</b>	<b>\$0.00</b>	\$0.00

# *corporate information*

## **Management**

**Don T. Gray**  
President and Chief Executive Officer

**Marc Villéger**  
Vice-President, Exploration

**Sandra Brick**  
Controller

## **Directors**

**Rick Braund**  
Chairman of the Board

**Don T. Gray**  
Director, Secretary

**Mike Broadfoot**  
Director

**Bill Petrie**  
Director

**Brian Craig**  
Director

## **Auditors**

Grant Thornton

## **Solicitors**

Blake, Cassels & Graydon

## **Bankers**

National Bank of Canada

## **Transfer Agent**

Montreal Trust Company of Canada

## **Head Office**

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Stock Listing Symbol: PEY

Alberta Stock Exchange

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