NEWS RELEASE

NOVEMBER 12, 2024 **SYMBOL: PEY – TSX**

PEYTO REPORTS STRONG THIRD QUARTER RESULTS AND PRELIMINARY 2025 CAPITAL PROGRAM

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("Peyto" or the "Company") is pleased to report its operating and financial results for the third quarter of 2024 and a preliminary capital plan for 2025.

Highlights:

- Delivered $154.3 million in funds from operations[1,2] ("FFO"), or $0.78/diluted share, generated earnings of $51.0 million, or $0.26/diluted share, and returned $64.7 million of dividends to shareholders.
- Production volumes averaged 120,031 boe/d (638.4 MMcf/d of natural gas, 13,626 bbls/d of NGLs), a 23% increase year over year, mainly due to the Repsol Canada Energy Partnership acquisition that closed in the fourth quarter of 2023 (the "Repsol Acquisition" or "Repsol Assets").
- The 2024 drilling program on the Repsol Assets continued to deliver strong well results in the quarter including sustained increases to average well productivity of approximately 40% above Peyto's recent annual drilling programs. Production from the Repsol Assets has doubled from 23,000 to 46,000 Boe/d since the acquisition.
- The Company's disciplined hedging and diversification program protected third quarter revenues from the continued decline in AECO natural gas prices. Peyto's realized natural gas price for the quarter of $2.95/Mcf (or $2.57/GJ) was nearly 4 times the average AECO daily price of $0.65/GJ.
- The Company exited the quarter with a strong hedge position, which currently protects approximately 436 MMcf/d, 455 MMcf/d and 273 MMcf/d of gas production for the fourth quarter of 2024, calendar 2025, and calendar 2026, respectively, at an average gas price near $4/Mcf. The securing of future revenues supports the sustainability of the Company's capital program, dividends, and continued strengthening of the balance sheet. Currently Peyto’s fixed revenue for 2025 is approximately $790 million.
- Quarterly cash costs[3] totaled $1.44/Mcfe, including royalties of $0.18/Mcfe, operating costs of $0.54/Mcfe, transportation of $0.31/Mcfe, G&A of $0.03/Mcfe and interest expense of $0.38/Mcfe. Peyto's operating costs increased 4% from the second quarter of 2024 due to curtailed production volumes in the quarter and turnaround expenses but are on target to achieve a 10% reduction in the fourth quarter of 2024 from $0.55/Mcfe in the first quarter of 2024. Peyto continues to have the lowest cash costs of producers in the Canadian oil and natural gas industry.
- Total capital expenditures were $125.9 million in the quarter. Peyto drilled 21 wells (21.0 net), completed 19 wells (18.8 net), and brought 21 wells (19.3 net) on production. Facilities and pipeline projects totaled $26.1 million in the quarter, which included $7.5 million of turnaround costs, and multiple plant and gathering system optimization projects.
- Peyto delivered a 64% operating margin[4] and a 19% profit margin[5], resulting in a 9% return on capital employed[6] ("ROCE") and an 11% return on equity[8] ("ROE"), on a trailing 12-month basis.
- The Company has set preliminary plans to spend $450 to $500 million in capital for 2025 and expects to add between 43,000 to 48,000 Boe/d of new production from the development program to offset base production decline estimated between 26–28%.

Third Quarter 2024 in Review

Peyto maintained a steady drilling and completion program through the third quarter but managed its production levels in response to weak natural gas prices by curtailing new production and shutting in base production at times when prices were weakest. While this resulted in a total payout ratio[7] greater than 100%, Peyto believes running a consistent program is an important factor that drives lower costs and improved capital efficiencies. Early in the quarter, the Company shut down the sour gas processing and Sulphur recovery units at the Edson Gas Plant ("EGP") which is expected to yield lower plant operating costs

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[1] *This press release contains certain non-GAAP and other financial measures to analyze financial performance, financial position, and cash flow including, but not limited to "operating margin", "profit margin", "return on capital", "return on equity", "netback", "funds from operations", "free funds flow", "total cash costs", and "net debt". These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as earnings, cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto’s performance. See "Non-GAAP and Other Financial Measures" included at the end of this press release and in Peyto's most recently filed MD&A for an explanation of these financial measures and reconciliation to the most directly comparable financial measure under IFRS.*

[2] *Funds from operations is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2024 MD&A.*

[3] *Cash costs is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release.*

[4] *Operating Margin is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.*

[5] *Profit Margin is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.*

[6] *Return on capital employed and return on equity are non-GAAP financial ratios. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2024 MD&A.*

[7] *Total Payout Ratio is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.*

and increased reliability. Peyto also successfully completed a major turnaround at the EGP on the remaining sweet gas processing facilities to improve the life of this strategic asset. During the quarter, Peyto realized a natural gas price of $2.57/GJ, nearly 4 times the AECO daily average benchmark price of $0.65/GJ. Peyto's operating costs of $0.54/Mcfe were slightly higher in the third quarter due to the curtailment of production and non-capitalized costs associated with the EGP turnaround. The Company remains committed to its goal of reducing operating costs by 10% from first quarter levels by the end of 2024. Peyto's disciplined hedging strategy, natural gas market diversification and low cash costs combined to deliver FFO of $154.3 million and earnings of $51.0 million in the quarter.

	Three Months Ended Sep 30		%	Nine Months Ended Sep 30		%
	2024	2023	Change	**2024**	2023	Change
Operations						
Production						
Natural gas (Mcf/d)	**638,433**	520,504	*23%*	**642,791**	530,418	*21%*
NGLs (bbl/d)	**13,626**	11,231	*21%*	**15,309**	11,471	*33%*
Thousand cubic feet equivalent (Mcfe/d @ 1:6)	**720,186**	587,888	*23%*	**734,643**	599,245	*23%*
Barrels of oil equivalent (boe/d @ 6:1)	**120,031**	97,981	*23%*	**122,441**	99,874	*23%*
Production per million common shares (boe/d)	**612**	558	*10%*	**627**	570	*10%*
Product prices						
Realized natural gas price – after hedging and diversification ($/Mcf)	**2.95**	3.33	*-11%*	**3.29**	3.46	*-5%*
Realized NGL price – after hedging ($/bbl)	**69.61**	70.25	*-1%*	**66.11**	73.02	*-9%*
Net Sales Price ($/Mcfe)	**3.93**	4.29	*-8%*	**4.25**	4.46	*-5%*
Royalties ($/Mcfe)	**0.18**	0.29	*-38%*	**0.23**	0.33	*-30%*
Operating expenses ($/Mcfe)	**0.54**	0.44	*23%*	**0.54**	0.47	*15%*
Transportation ($/Mcfe)	**0.31**	0.29	*7%*	**0.30**	0.27	*11%*
Field netback(1) ($/Mcfe)	**2.96**	3.29	*-10%*	**3.22**	3.42	*-6%*
General & administrative expenses ($/Mcfe)	**0.03**	0.04	*-25%*	**0.05**	0.04	*25%*
Interest expense ($/Mcfe)	**0.38**	0.28	*36%*	**0.37**	0.24	*54%*
Financial ($000, except per share)						
Natural gas and NGL sales including realized hedging gains (losses)(2)	**260,608**	231,938	*12%*	**856,982**	729,679	*17%*
Funds from operations(1)	**154,343**	147,980	*4%*	**513,802**	470,152	*9%*
Funds from operations per share - basic(1)	**0.79**	0.84	*-6%*	**2.63**	2.69	*-2%*
Funds from operations per share - diluted(1)	**0.78**	0.84	*-7%*	**2.62**	2.66	*-2%*
Total dividends	**64,707**	59,802	*8%*	**193,229**	175,195	*10%*
Total dividends per share	**0.33**	0.33	*0%*	**0.99**	0.99	*0%*
Earnings	**51,029**	57,444	*-11%*	**202,341**	204,840	*-1%*
Earnings per share – basic	**0.26**	0.33	*-21%*	**1.04**	1.17	*-11%*
Earnings per share – diluted	**0.26**	0.33	*-21%*	**1.03**	1.16	*-11%*
Total capital expenditures(1)	**125,869**	93,579	*35%*	**340,082**	297,701	*14%*
Decommissioning expenditures	**2,013**	1,026	*96%*	**6,610**	1,026	*544%*
Total payout ratio(1)	**125%**	104%	*20%*	**105%**	101%	*4%*
Weighted average common shares outstanding - basic	**196,077,193**	175,573,752	*12%*	**195,183,132**	175,085,253	*11%*
Weighted average common shares outstanding - diluted	**197,051,764**	176,732,946	*11%*	**196,395,465**	176,589,394	*11%*
Net debt(1)				**1,362,947**	877,011	*55%*
Shareholders' equity				**2,735,586**	2,290,511	*19%*
Total assets				**5,589,573**	4,325,691	*29%*

(1) This is a Non-GAAP financial measure or ratio. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2024 MD&A

(2) Excludes revenue from sale of third-party volumes

Capital Expenditures

Peyto drilled 21 wells (21.0 net), completed 19 wells (18.8 net) and brought 21 wells (19.3 net) on production for total drilling, completion, equipping and tie-in costs of $99.9 million in the quarter. Facilities and pipeline projects totaled $26.1 million in the quarter, which included $7.5 million for the second and final phase of the Edson Gas Plant turnaround, and several pipeline and plant debottlenecking projects across Peyto's core areas. Peyto's drilling program featured 13 Notikewin (62%), 3 Wilrich (14%), 3 Dunvegan (14%) and 2 Falher (10%) wells including 10 wells (48%) drilled on the acquired Repsol lands. The results of the overall drilling program in 2024 show an average 25% sustained production improvement over recent past years. The improvement of productivity outcomes is partially attributable to the continued successful drilling program on the acquired Repsol lands which exhibit an average 40% increase over average legacy results. Production from the Repsol Assets has doubled from an initial 23,000 to 46,000 boe/d, the result of an active drilling program, despite the shut-in of approximately 2,000 net boe/d of low value Ethane recovery in the second quarter and the recent shut-in of 1,500 net boe/d of uneconomic sour gas production processed at the EGP. The Company's focus on the more prolific Notikewin formation in the quarter led to a 10% reduction in overall well lengths. This lowered total average drilling costs per well by 3% but increased the average per meter costs by 8%. The better reservoir quality of the Notikewin allows for reduced stimulation requirements, lowering average well completion costs by 11% and average unit costs per horizontal meter by 6%. Drilling and completion cost history is summarized in the following table.

	2017	2018	2019	2020	2021	2022	2023	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	**2024 Q3[(1)]**
Gross Hz Spuds	135	70	61	64	95	95	72	19	15	19	19	18	20	**21**
Measured Depth (m)	4,229	4,020	3,848	4,247	4,453	4,611	4,891	5,198	4,768	4,728	4,868	5,220	5,364	**4,804**
Drilling ($MM/well)	$1.90	$1.71	$1.62	$1.68	$1.89	$2.56	$2.85	$3.05	$2.74	$2.64	$2.94	$3.05	$2.89	**$2.81**
$ per meter	$450	$425	$420	$396	$424	$555	$582	$587	$574	$559	$603	$585	$539	**$585**
Completion ($MM/well)	$1.00	$1.13	$1.01[(2)]	$0.94	$1.00	$1.35	$1.54	$1.73	$1.64	$1.38	$1.48	$1.80	$1.75	**$1.56**
Hz Length (m)	1,241	1,348	1,484	1,682	1,612	1,661	1,969	1,947	2,140	1,853	1,949	2,223	2,350	**2,224**
$ per Hz Length (m)	$803	$751	$679	$560	$620	$813	$781	$888	$776	$743	$759	$809	$744	**$703**
$ '000 per Stage	$81	$51	$38	$36	$37	$47	$52	$59	$50	$46	$53	$55	$49	**$48**

(1) Based on field estimates and may be subject to minor adjustments going forward.
(2) Peyto's Montney well is excluded from drilling and completion cost comparison.

In addition to the capital program, Peyto incurred $2.0 million on decommissioning expenditures in the quarter as part of the Company's responsible 2024 asset retirement plan, bringing the total to $6.6 million for the year to date. The Company also divested non-core land in Saskatchewan, which was acquired in the Repsol acquisition, for $1.0 million.

Commodity Prices and Realizations

In the third quarter, Peyto realized a natural gas price after hedging and diversification of $2.95/Mcf, or $2.57/GJ, 3.95 times higher than the average AECO daily benchmark of $0.65/GJ. Peyto's natural gas hedging activity resulted in a realized gain of $1.31/Mcf ($76.8 million) in the quarter, due to the low-price environment at AECO and Henry Hub.

Condensate and pentanes averaged $101.18/bbl in the quarter, up 1% year over year, while Canadian dollar WTI ("WTI CAD") decreased 7% to $102.45/bbl over the same period. The Q3 2024 condensate and pentanes price included an adjustment for component balancing on shipped volumes in 2024, which increased the realized price in the quarter by approximately $4.50/bbl. Butane, and propane volumes were sold in combination at an average price of $28.73/bbl, or 28% of WTI CAD, down 12% from $32.47/bbl in Q3 2023. Peyto's combined realized NGL price in the quarter was $69.60/bbl before hedging, and $69.61/bbl including a hedging gain of $0.01/bbl.

Netbacks

The Company's realized natural gas and NGL sales yielded a combined revenue stream of $2.77/Mcfe before hedging gains of $1.16/Mcfe, resulting in a quarterly net sales price of $3.93/Mcfe. Peyto's net sales price was 8% lower than the $4.29/Mcfe realized in Q3 2023 due to the continued decline in natural gas prices, partially offset by increased realized hedging gains. Cash costs totaled $1.44/Mcfe in the quarter, 4% lower than the $1.50/Mcfe in Q2 2024 due to lower royalties and G&A, which offset higher operating, transportation and interest costs. Operating and transportation costs increased to $0.54/Mcfe and $0.31/Mcfe in the quarter, respectively, from $0.52/Mcfe and $0.30/Mcfe in the second quarter of 2024, mainly due to Peyto curtailing production volumes in response to low natural gas prices. Peyto's cash netback (net sales price including other income, third-party sales net of purchases, realized gain on foreign exchange, less total cash costs), in a quarter with extremely weak natural gas prices, was $2.55/Mcfe resulting in a strong 64% operating margin. Historical cash costs and operating margins are shown in the following table:

	2021				2022				2023				2024		
($/Mcfe)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
Revenue (1)	3.70	2.92	3.33	4.42	5.25	5.48	5.01	5.74	5.10	4.07	4.32	4.83	4.92	3.97	**3.99**
Royalties	0.29	0.26	0.36	0.53	0.60	0.95	0.70	0.72	0.53	0.18	0.29	0.30	0.24	0.26	**0.18**
Op Costs	0.36	0.35	0.35	0.32	0.41	0.39	0.38	0.41	0.50	0.47	0.44	0.55	0.55	0.52	**0.54**
Transportation	0.17	0.22	0.23	0.23	0.28	0.27	0.26	0.22	0.24	0.29	0.29	0.26	0.30	0.30	**0.31**
G&A	0.04	0.05	0.02	0.02	0.03	0.02	0.02	0.02	0.03	0.05	0.04	0.06	0.06	0.06	**0.03**
Interest	0.38	0.33	0.26	0.22	0.21	0.20	0.21	0.21	0.22	0.22	0.28	0.40	0.36	0.36	**0.38**
Cash cost pre-royalty	0.95	0.95	0.86	0.79	0.93	0.88	0.87	0.86	0.99	1.03	1.05	1.27	1.27	1.24	**1.26**
Total Cash Costs[8]	1.24	1.21	1.22	1.32	1.53	1.83	1.57	1.58	1.52	1.21	1.34	1.57	1.51	1.50	**1.44**
Cash Netback[9]	2.46	1.71	2.11	3.10	3.72	3.65	3.44	4.16	3.58	2.86	2.98	3.26	3.41	2.47	**2.55**
Operating Margin	67%	59%	63%	70%	71%	67%	69%	72%	71%	70%	69%	67%	69%	62%	**64%**

(1) Revenue includes other income, net third party sales and realized gains on foreign exchange.

Depletion, depreciation, and amortization charges of $1.40/Mcfe, along with provisions for current tax, deferred tax and stock-based compensation payments resulted in earnings of $0.77/Mcfe, or a 19% profit margin. Dividends to shareholders totaled $0.98/Mcfe.

Hedging and Marketing

The Company has been active in hedging future production with financial and physical fixed price contracts to protect a portion of its future revenue from commodity price and foreign exchange volatility. The following table summarizes Peyto's hedge position for the fourth quarter of 2024, calendar 2025, and calendar 2026.

	Q4 2024	2025	2026
Natural Gas			
Volume (MMcf/d)	436	455	273
Average Fixed Price ($/Mcf)	4.09	4.14	3.99
WTI Swaps			
Volume (bbls/d)	4,350	2,466	197
Average Fixed Price ($/bbl)	101.11	97.91	92.59
WTI Collars			
Volume (bbls/d)	750	623	123
Put–Call ($/bbl)	90.00–103.05	88.75–103.34	85.00–100.00
Propane			
Volume (bbls/d)	500	123	-
Average Fixed Price (US$/bbl)	33.86	33.86	-
USD FX Contracts			
Amount sold (USD 000s)	62,000	245,000	116,000
Rate (CAD/USD)	1.3421	1.3509	1.355

In the third quarter, Peyto commenced its 15-year, 60,000 GJ/day gas supply agreement with the Cascade Power Plant and added 50,000 GJ/day of firm transportation service on the TC Energy mainline from Empress to Union Parkway Belt ("Parkway") in Ontario. This additional service uses a portion of Peyto's existing Empress service and provides market exposure to a strong demand region. The service commenced on November 1, 2024 and has a 10 year term. The additional cost to access the Parkway market is approximately $1.00/GJ.

The Company's fixed price contracts combined with its diversification to the Cascade power plant and other premium market hubs in North America allow for revenue security and support Peyto's capital expenditure program, continued shareholder returns

[8] *Total Cash costs is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.*
[9] *Cash netback is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2024 MD&A.*

through dividends and debt reduction. Details of Peyto's ongoing marketing and diversification efforts are available on Peyto's website at https://www.peyto.com/Marketing.aspx.

Activity Update

Since the start of the fourth quarter, Peyto has continued with an active drilling program across all core areas with 9 wells (9.0 net) drilled, 8 wells (8.0 net) completed, and 12 wells (12.0 net) brought on production. The Company believes a steady capital program is a key factor in running efficient operations and reducing costs rather than starting and stopping activity during low commodity periods. Peyto reached a new monthly milestone of 130,000 boe/d for the month of October and continues to have minimal exposure to the AECO market with increased volumes diversified to other markets. The Company will continue, if prices weaken, to manage production and avoid exposure to low natural gas prices by restricting new well rates or delaying onstream timing.

In October, Peyto completed a second well in a newly discovered Falher channel that has recently been mapped across the Company's legacy land position. The results to date from these wells have been excellent and the team has identified at least another 20 locations on Peyto lands. The discovery of this exciting new trend in the heart of an established development area serves as a reminder of the value of the stacked potential found in the Deep Basin and across Peyto's lands.

Private Placement Issuance of Senior Secured Notes

Peyto is pleased to announce that it issued $75 million of senior secured notes on October 17, 2024. The notes have a coupon rate of 5.638% and mature on October 17, 2034. The notes were issued by way of a private placement pursuant to a note purchase agreement and rank equally with Peyto's obligations under its credit facilities and existing note purchase and private shelf agreement. Interest will be paid semi-annually in arrears. Proceeds from the notes have been used to repay the $65 million, 4.26% notes that were due May 1, 2025.

2025 Preliminary Budget and Plans

Peyto's preliminary capital budget for 2025 includes a lower-risk development program targeting multiple formations across all core areas but with a larger portion expected in the Greater Sundance area. Peyto will continue to leverage successful drilling results in 2024 and pursue a balanced program between Peyto's legacy lands and acquired Repsol lands. The Company expects to utilize an average of 4 drilling rigs for this capital program and drill between 70–80 horizontal wells, with well-related costs representing approximately 80% of the 2025 budget.

Major facility spending planned for 2025 includes a field compressor project in the greater Sundance area to direct low pressure liquids rich gas to the EGP for better liquids recovery while freeing up space in existing pipelines for new development. Other facility projects include a turnaround at the Oldman plant and multiple pipeline optimization and debottlenecking initiatives to take advantage of Peyto's operated 1.4 Bcf/d net gas processing capacity. Additionally, the Company plans to spend approximately $10 million on closure related activities to proactively reduce abandonment retirement obligations.

While specific details of the 2025 budget are still being finalized, a capital program between $450–$500 million is anticipated and is estimated to add approximately 43,000 to 48,000 boe/d of new production by the end of the year. This volume addition would be more than sufficient to offset the annual forecast decline of between 26–28% on anticipated 2024 exit production of 135,000 boe/d. The slight increase in expected annual decline is due to a large portion of production being brought on at the end of this year, but is offset by improved expected capital efficiencies, based on Peyto's recent results. The program will be designed to add production in the back half of 2025, timed with expected improved market fundamentals as LNG projects and other demand sources mature. As always, Peyto will ensure any capital plans will be nimble with the ability to react to changes in commodity prices, service costs and the global economic environment.

Outlook

The Company remains on track to execute a 2024 capital program targeting the lower end of Peyto's guidance of $450 - 500 million and exit at production volumes at or greater than 135,000 boe/d. The Company's disciplined hedging program has secured revenue of approximately $790 million for 2025 which supports the capital program and future dividends while Peyto's industry leading cash costs provide insulation from low prices and allows for continued strengthening of the balance sheet. Over the balance of 2024, the Company expects to reduce net debt despite a challenging natural gas price environment.

Peyto remains bullish on the outlook for natural gas as significant LNG egress is completed in North America and the continued increase in power demand for further electrification, coal to gas switching for power generation and new technologies including data centers. Peyto's market diversification to Eastern Canada, US Midwest, the Gulf Coast, and the Alberta power market is well positioned to provide multiple sources of revenue and reduce risk of relying on a single market.

Conference Call and Webcast

A conference call will be held with senior management of Peyto to answer questions with respect to the Company's Q3 2024 results on Wednesday, November 13, 2024, at 9:00 a.m. Mountain Time (MT), or 11:00 a.m. Eastern Time (ET).

Access to the webcast can be found at: **https://edge.media-server.com/mmc/p/mtgecffi.** To participate in the call, please register for the event at: **https://register.vevent.com/register/BI57a7ba327099493696f40a53f273c7a7.** Participants will be issued a dial in number and PIN to join the conference call and ask questions. Alternatively, questions can be submitted prior to the call at info@peyto.com. The conference call will be available on the Peyto Exploration & Development website at www.peyto.com.

Management's Discussion and Analysis

A copy of the third quarter report to shareholders, including the MD&A, unaudited consolidated financial statements and related notes, is available at http://www.peyto.com/Files/Financials/2024/Q32024FS.pdf and at http://www.peyto.com/Files/Financials/2024/Q32024MDA.pdf and will be filed at SEDAR+, www.sedarplus.com at a later date.

Jean-Paul Lachance
President & Chief Executive Officer
November 12, 2024

Cautionary Statements

Forward-Looking Statements

This news release contains certain forward-looking statements or information ("forward-looking statements") as defined by applicable securities laws that involve substantial known and unknown risks and uncertainties, many of which are beyond Peyto's control. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words "plan", "expect", "prospective", "project", "intend", "believe", "should", "anticipate", "estimate", or other similar words or statements that certain events "may" or "will" occur are intended to identify forward-looking statements. The projections, estimates and beliefs contained in such forward-looking statements are based on management's estimates, opinions, and assumptions at the time the statements were made, including assumptions relating to: macro-economic conditions, including public health concerns and other geopolitical risks, the condition of the global economy and, specifically, the condition of the crude oil and natural gas industry, and the ongoing significant volatility in world markets; other industry conditions; changes in laws and regulations including, without limitation, the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; increased competition; the availability of qualified operating or management personnel; fluctuations in other commodity prices, foreign exchange or interest rates; stock market volatility and fluctuations in market valuations of companies with respect to announced transactions and the final valuations thereof; results of exploration and testing activities; and the ability to obtain required approvals and extensions from regulatory authorities. Management of the Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Peyto will derive from them. As such, undue reliance should not be placed on forward-looking statements. Forward-looking statements contained herein include, but are not limited to, statements regarding: management's assessment of Peyto's future plans and operations, including the 2024 and 2025 capital expenditure programs; Peyto's expectation to add between 43,000 to 48,000 Boe/d of new production from the 2025 development program and the volume addition will be more than sufficient to offset the annual forecast decline of between 26–28% on anticipated 2024 exit production of 135,000 boe/d; the sustainability of the Company's dividend; the Company's target of at least a 10% reduction in per unit operating costs by the end of 2024; the Company's expectation to reduce net debt over the balance of 2024; Peyto's outlook on natural gas as significant LNG egress is completed in North America and the continued increase in power demand; and the Company's overall strategy and focus.

The forward-looking statements contained herein are subject to numerous known and unknown risks and uncertainties that may cause Peyto's actual financial results, performance or achievement in future periods to differ materially from those expressed in, or implied by, these forward-looking statements, including but not limited to, risks associated with: continued changes and volatility in general global economic conditions including, without limitations, the economic conditions in North America and public health concerns; continued fluctuations and volatility in commodity prices, foreign exchange or interest rates; continued stock market volatility; imprecision of reserves estimates; competition from other industry participants; failure to secure required equipment; increased competition; the lack of availability of qualified operating or management personnel; environmental risks; changes in laws and regulations including, without limitation, the adoption of new environmental and tax laws and regulations and changes in how they are interpreted and enforced; the results of exploration and development drilling and related activities; and the ability to access sufficient capital from internal and external sources. In addition, to the extent that any forward-looking statements presented herein constitutes future-oriented financial information or financial outlook, as defined by applicable securities legislation, such information has been approved by management of Peyto and has been presented to provide management's expectations used for budgeting and planning purposes and for providing clarity with respect to Peyto's strategic direction based on the assumptions presented herein and readers are cautioned that this information may not be appropriate for any other purpose. Readers are encouraged to review the material risks discussed in Peyto's latest annual information form under the heading "Risk Factors" and in Peyto's annual management's discussion and analysis under the heading "Risk Management".

The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Peyto's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Peyto will derive there from. The forward-looking statements, including any future-oriented financial information or financial outlook, contained in this news release speak only as of the date hereof and Peyto does not assume any obligation to publicly update or revise them to reflect new information, future events or circumstances or otherwise, except as may be required pursuant to applicable securities laws.

Barrels of Oil Equivalent

To provide a single unit of production for analytical purposes, natural gas production and reserves volumes are converted mathematically to equivalent barrels of oil (BOE). Peyto uses the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). The 6:1 BOE ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on current prices. While the BOE ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

Thousand Cubic Feet Equivalent (Mcfe)

Natural gas volumes recorded in thousand cubic feet (mcf) are converted to barrels of oil equivalent (boe) using the ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). Natural gas liquids and oil volumes in barrel of oil (bbl) are converted to thousand cubic feet equivalent (Mcfe) using a ratio of one (1) barrel of oil to six (6) thousand cubic feet. This could be misleading, particularly if used in isolation as it is based on an energy equivalency conversion method primarily applied at the burner tip and does not represent a value equivalency at the wellhead.

Non-GAAP and Other Financial Measures

Throughout this press release, Peyto employs certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto's performance.

Non-GAAP Financial Measures

Funds from Operations
"Funds from operations" is a non-GAAP measure which represents cash flows from operating activities before changes in non-cash operating working capital, decommissioning expenditure, provision for future performance-based compensation and transaction costs. Management considers funds from operations and per share calculations of funds from operations to be key measures as they demonstrate the Company's ability to generate the cash necessary to pay dividends, repay debt and make capital investments. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds from operations provides a useful measure of Peyto's ability to generate cash that is not subject to short-term movements in operating working capital. The most directly comparable GAAP measure is cash flows from operating activities.

	Three Months Ended September 30		*Nine Months Ended September 30*	
($000)	*2024*	*2023*	*2024*	*2023*
Cash flows from operating activities	*147,485*	*139,406*	*486,250*	*471,621*
Change in non-cash working capital	*2,345*	*6,352*	*15,942*	*(3,691)*
Decommissioning expenditures	*2,013*	*1,026*	*6,610*	*1,026*
Performance based compensation	*2,500*	*-*	*5,000*	*-*
Transaction costs	*-*	*1,196*	*-*	*1,196*
Funds from operations	*154,343*	*147,980*	*513,802*	*470,152*

Free Funds Flow
Peyto uses "free funds flow" as an indicator of the efficiency and liquidity of Peyto's business, measuring its funds after capital investment available to manage debt levels, pay dividends, and return capital to shareholders through activities such as share repurchases. In reporting for prior periods, decommissioning expenditures incurred were excluded from the Company's free funds flow non-GAAP financial measure as they were insignificant. Peyto has changed the reporting of free funds flow to no longer exclude decommissioning expenditures in the non-GAAP financial measure as the Company expects an increase in abandonment and reclamation projects going forward associated with the Repsol Assets. Peyto calculates free funds flow as cash flows from operating activities before changes in non-cash operating working capital less total capital expenditures, allowing Management to monitor its free funds flow to inform its capital allocation decisions. The most directly comparable GAAP measure to free funds flow is cash from operating activities. The following table details the calculation of free funds flow and the reconciliation from cash flow from operating activities to free funds flow.

	Three Months Ended September 30		Nine Months Ended September 30	
($000)	2024	2023	2024	2023
Cash flows from operating activities	147,485	139,406	486,250	471,621
Change in non-cash working capital	2,345	6,352	15,942	(3,691)
Performance-based compensation	2,500	-	5,000	-
Transaction costs	-	1,196	-	1,196
Total capital expenditures	(125,869)	(93,579)	(340,082)	(297,701)
Free funds flow	26,461	53,375	167,110	171,425

Total Capital Expenditures

Peyto uses the term "total capital expenditures" as a measure of capital investment in exploration and production activity, as well as property acquisitions and divestitures, and such spending is compared to the Company's annual budgeted capital expenditures. The most directly comparable GAAP measure for total capital expenditures is cash flow used in investing activities. The following table details the calculation of cash flow used in investing activities to total capital expenditures.

	Three Months Ended September 30		Nine Months Ended September 30	
($000)	2024	2023	2024	2023
Cash flows used in investing activities	119,439	350,780	297,974	579,104
Change in prepaid capital	2,612	(4,051)	3,470	(664)
Deposit for acquisition	-	(63,303)	-	(63,303)
Subscription receipt funds in escrow	-	(201,307)	-	(201,307)
Corporate acquisitions	-	-	-	-
Change in non-cash working capital relating to investing activities	3,818	11,460	38,638	(16,129)
Total capital expenditures	125,869	93,579	340,082	297,701

Net Debt
"Net debt" is a non-GAAP financial measure that is the sum of long-term debt and working capital excluding the current financial derivative instruments, current portion of lease obligations and current portion of decommissioning provision. It is used by management to analyze the financial position and leverage of the Company. Net debt is reconciled to long-term debt which is the most directly comparable GAAP measure.

($000)	As at September 30, 2024	As at December 31, 2023	As at September 30, 2023
Long-term debt	1,235,275	1,340,881	818,080
Current assets	(423,803)	(490,936)	(481,090)
Current liabilities	330,049	279,903	449,048
Financial derivative instruments - current	231,266	238,865	94,213
Current portion of lease obligation	(900)	(1,310)	(1,300)
Decommissioning provision - current	(8,940)	(4,626)	(1,940)
Net debt	1,362,947	1,362,777	877,011

Third-Party Sales Net of Purchases
Peyto uses the term "third-party sales net of purchases" to evaluate the profitability of natural gas and NGLs purchased from third parties. Third-party sales net of purchases is calculated as sales of natural gas and NGLs from third parties less natural gas and NGLs purchased from third parties.

	Three Months Ended September 30		Nine Months Ended September 30	
($000)	2024	2023	2024	2023
Sales of natural gas and NGLs from third parties	8,729	-	42,984	-
Natural gas and NGLs purchased from third parties	(6,925)	-	(41,016)	-
Third-party sales net of purchases	1,804	-	1,968	-

Third party sales net of purchases per Mcfe
"Third party sales net of purchases per Mcfe" is comprised of sales of natural gas from third parties less natural gas purchased from third parties, as determined in accordance with IFRS, divided by the Company's total production.

Non-GAAP Financial Ratios

Funds from Operations per Share
Peyto presents funds from operations per share by dividing funds from operations by the Company's diluted or basic weighted average common shares outstanding. "Funds from operations" is a non-GAAP financial measure. Management believes that funds from operations per share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

Netback per MCFE and BOE
"Netback" is a non-GAAP measure that represents the profit margin associated with the production and sale of petroleum and natural gas. Peyto computes "field netback per Mcfe" as commodity sales from production, plus third party sales net of purchases, if any, plus other income, less royalties, operating, and transportation expense divided by production. "Cash netback" is calculated as "field netback" less interest, less general and administration expense and plus or minus realized gain on foreign exchange, divided by production. Netbacks are before tax, per unit of production measures used to assess Peyto's performance and efficiency. The primary factors that produce Peyto's strong netbacks and high margins are a low-cost structure and the high heat content of its natural gas that results in higher commodity prices.

	Three Months Ended September 30		*Nine Months Ended September 30*	
($/Mcfe)	*2024*	*2023*	*2024*	*2023*
Gross Sale Price	*2.77*	*3.67*	*3.07*	*4.37*
Realized hedging gain (loss)	*1.16*	*0.62*	*1.18*	*0.09*
Net Sale Price	*3.93*	*4.29*	*4.25*	*4.46*
Third party sales net of purchases	*0.03*	*-*	*0.01*	*-*
Other income	*0.03*	*0.02*	*0.03*	*0.03*
Royalties	*(0.18)*	*(0.29)*	*(0.23)*	*(0.33)*
Operating costs	*(0.54)*	*(0.44)*	*(0.54)*	*(0.47)*
Transportation	*(0.31)*	*(0.29)*	*(0.30)*	*(0.27)*
Field netback(1)	*2.96*	*3.29*	*3.22*	*3.42*
Net general and administrative	*(0.03)*	*(0.04)*	*(0.05)*	*(0.04)*
Interest on long-term debt	*(0.38)*	*(0.28)*	*(0.37)*	*(0.24)*
Realized loss on foreign exchange	*0.00*	*(0.01)*	*0.00*	*-*
Cash netback(1) ($/Mcfe)	*2.55*	*2.96*	*2.80*	*3.14*
Cash netback(1) ($/boe)	*15.26*	*17.85*	*16.90*	*18.85*

Total Payout Ratio
"Total payout ratio" is a non-GAAP measure which is calculated as the sum of dividends declared plus total capital expenditures and decommissioning expenditures, divided by funds from operations. In reporting for prior periods, decommissioning expenditures incurred were excluded from the Company's total payout ratio as they were insignificant. Peyto has changed the reporting of total payout ratio to no longer exclude decommissioning expenditures in the non-GAAP financial ratio as the Company expects an increase in abandonment and reclamation projects going forward associated with the Repsol Assets. This ratio represents the percentage of the capital expenditures, decommissioning expenditures and dividends that is funded by cashflow. Management uses this measure, among others, to assess the sustainability of Peyto's dividend and capital program.

	Three Months Ended September 30		*Nine Months Ended September 30*	
($000, except total payout ratio)	*2024*	*2023*	*2024*	*2023*
Total dividends declared	*64,707*	*59,802*	*193,229*	*175,195*
Total capital expenditures	*125,869*	*93,579*	*340,082*	*297,701*
Decommissioning expenditures	*2,013*	*1,026*	*6,610*	*1,026*
Total payout	*192,589*	*154,407*	*539,921*	*473,922*
Funds from operations	*154,343*	*147,980*	*513,802*	*470,152*
Total payout ratio (%))	*125%*	*104%*	*105%*	*101%*

Operating Margin
Operating Margin is a non-GAAP financial ratio defined as funds from operations, before current tax, divided by revenue before royalties but including realized hedging gains/losses and third-party sales net of purchases.

Profit Margin
Profit Margin is a non-GAAP financial ratio defined as net earnings divided by revenue before royalties but including realized hedging gains/losses and third-party sales net of purchases.

Cash Costs
Cash costs is a non-GAAP financial ratio defined as the sum of royalties, operating expenses, transportation expenses, G&A and interest, on a per Mcfe basis. Peyto uses total cash costs to assess operating margin and profit margin.