NEWS RELEASE

MARCH 11, 2025 **SYMBOL: PEY – TSX**

PEYTO REPORTS STRONG FOURTH QUARTER AND 2024 ANNUAL RESULTS

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("Peyto" or the "Company") is pleased to report operating and financial results for the fourth quarter and 2024 fiscal year, and senior management additions.

Full Year and Q4 2024 Highlights:

- Delivered $199.0 million in funds from operations[1,2] ("FFO"), or $1.00/diluted share, and $79.6 million of free funds flow[3] in the quarter. Annual FFO totaled $712.8 million or $3.62/diluted share, and annual free funds flow totaled $246.7 million.
- Annual capital expenditures[4] of $457.6 million resulted in record production of 136 Mboe/d (720.7 MMcf/d gas, 15,708 bbl/d NGLs) in December, yielding a trailing 12-month capital efficiency[5] of $9,700 boe/d. Peyto booked a record 6.0 Bcfe of Proved Developed Producing ("PDP") reserves per well in 2024, up 40% from 2023. Peyto delivered a 66% annual operating margin[6] and a 24% annual profit margin[7], resulting in a 9% return on capital employed[8] ("ROCE") and a 10% return on equity[8] ("ROE"), on a trailing 12-month basis.
- The Company's disciplined hedging and diversification program in 2024 protected revenues from the sharp decline in benchmark natural gas prices. The 2024 average price for the AECO daily benchmark sunk to an annual average of $1.38/GJ, yet Peyto realized an average price of approximately $2.89/GJ ($3.32/Mcf). The Company exited 2024 with a strong hedge position, which currently protects approximately 480 MMcf/d and 366 MMcf/d of natural gas production for 2025 and 2026, respectively, at prices greater than $4/Mcf. Peyto's hedging and diversification program protects future revenues for the sustainability of the Company's dividends, capital program, and debt repayment. Additionally, this program minimizes the impacts of potential US tariffs.
- Peyto generated earnings of $78.2 million, or $0.39/diluted share, in the quarter and $280.6 million, or $1.42/diluted share, in 2024. Approximately 92% of earnings, or a record $258.4 million ($1.32/share) of dividends were returned to shareholders in 2024. Since inception, Peyto has returned over $3 billion of dividends to shareholders or a cumulative $22.63/share.
- As previously announced, Peyto developed a record 457 BCFe of PDP reserves and increased reserves by 7%, 5%, and 5% in the PDP, Total Proved ("TP"), and Total Proved plus Probable ("P+P") reserves categories, respectively. PDP Finding, Development and Acquisition[9] ("FD&A") costs of $1.00/Mcfe are amongst the lowest in the industry. When combined with an average field netback of $3.26/Mcfe in 2024, this resulted in a 3.3 times recycle ratio[10] (2.6 times on an after-tax cash netback[11] basis), the Company's best recycle metrics over the last 20 years. *Refer to more details in the* February 20, 2025 press release.
- Fourth quarter production volumes averaged a record 133,426 boe/d (708.1 MMcf/d of natural gas, 15,409 bbls/d of NGLs), an 11% (7% per share) increase year over year, mainly due to strong well results from Peyto's drilling program. Annual production averaged 125,202 boe/d during 2024, a 19% (9% per share) increase from 2023 due to the Company's drilling program and a full year of operations from the Repsol Canada Energy Partnership acquisition (the "Repsol Acquisition").
- Quarterly cash costs[12] totaled $1.36/Mcfe, including royalties of $0.21/Mcfe, operating expense of $0.50/Mcfe, transportation of $0.27/Mcfe, G&A of $0.05/Mcfe and interest expense of $0.33/Mcfe. Peyto achieved the 10% target reduction of operating expense announced earlier in 2024 in the quarter bringing costs of the Repsol assets closer to Peyto's legacy assets. Peyto continues to have the lowest cash costs of Canadian producers in the oil and natural gas industry.
- Total capital expenditures were $117.5 million in the quarter. Peyto drilled 16 wells (16.0 net), completed 23 wells (23.0 net), and brought 23 wells (23.0 net) on production.

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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 Q4 2024 MD&A.*
[3] *Free funds flow is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release and in the Q4 2024 MD&A.*
[4] *Total capital expenditures* is *a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release and in the Q4 2024 MD&A.*
[5] *Capital efficiency is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.*
[6] *Operating Margin is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.*
[7] *Profit Margin is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.*
[8] *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 Q4 2024 MD&A.*
[9] *FD&A is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.*
[10] *Recycle ratio is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.*
[11] *After-tax cash netback is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release and in the Q4 2024 MD&A.*
[12] *Cash costs is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release.*

	Three Months Ended Dec 31		%	Year Ended Dec 31		%
	2024	2023	Change	**2024**	2023	Change
Operations						
Production						
Natural gas (Mcf/d)	**708,105**	622,963	*14%*	**659,209**	553,745	*19%*
NGLs (bbl/d)	**15,409**	16,175	*-5%*	**15,334**	12,657	*21%*
Thousand cubic feet equivalent (Mcfe/d @ 1:6)	**800,558**	720,014	*11%*	**751,212**	629,686	*19%*
Barrels of oil equivalent (boe/d @ 6:1)	**133,426**	120,002	*11%*	**125,202**	104,948	*19%*
Production per million common shares (boe/d)	**676**	631	*7%*	**640**	587	*9%*
Product prices						
Realized natural gas price – after hedging and diversification ($/Mcf)	**3.43**	3.87	*-11%*	**3.32**	3.57	*-7%*
Realized NGL price – after hedging ($/bbl)	**64.78**	64.32	*1%*	**65.77**	70.22	*-6%*
Net sales price ($/Mcfe)	**4.28**	4.79	*-11%*	**4.26**	4.56	*-7%*
Royalties ($/Mcfe)	**0.21**	0.30	*-30%*	**0.22**	0.32	*-31%*
Operating ($/Mcfe)	**0.50**	0.55	*-9%*	**0.53**	0.49	*8%*
Transportation ($/Mcfe)	**0.27**	0.26	*4%*	**0.30**	0.27	*11%*
Field netback[(1)] ($/Mcfe)	**3.35**	3.73	*-10%*	**3.26**	3.51	*-7%*
General & administrative expenses ($/Mcfe)	**0.05**	0.06	*-17%*	**0.05**	0.05	*0%*
Interest expense ($/Mcfe)	**0.33**	0.40	*-18%*	**0.36**	0.29	*24%*
Financial ($000, except per share)						
Natural gas and NGL sales including realized hedging gains (losses)[(2)]	**315,098**	317,246	*-1%*	**1,172,079**	1,046,925	*12%*
Funds from operations[(1)]	**198,956**	200,319	*-1%*	**712,758**	670,471	*6%*
Funds from operations per share - basic[(1)]	**1.01**	1.05	*-4%*	**3.64**	3.75	*-3%*
Funds from operations per share - diluted[(1)]	**1.00**	1.05	*-5%*	**3.62**	3.72	*-3%*
Total dividends	**65,140**	63,811	*2%*	**258,369**	239,006	*8%*
Total dividends per share	**0.33**	0.33	*0%*	**1.32**	1.32	*0%*
Earnings	**78,228**	87,795	*-11%*	**280,570**	292,635	*-4%*
Earnings per share – basic	**0.40**	0.46	*-13%*	**1.43**	1.64	*-13%*
Earnings per share – diluted	**0.39**	0.46	*-15%*	**1.42**	1.62	*-12%*
Total capital expenditures[(1)]	**117,525**	115,218	*2%*	**457,607**	412,919	*11%*
Corporate acquisition	**-**	699,358	*-100%*	**-**	699,358	*-100%*
Total payout ratio[(1)]	**93%**	90%	*3%*	**102%**	98%	*4%*
Weighted average common shares outstanding - basic	**197,388,049**	190,196,093	*4%*	**195,737,374**	178,894,013	*9%*
Weighted average common shares outstanding - diluted	**198,746,631**	191,271,677	*4%*	**197,084,973**	180,311,890	*9%*
Net debt[(1)]				**1,348,574**	1,362,777	*-1%*
Shareholders' equity				**2,696,329**	2,714,943	*-1%*
Total assets				**5,505,890**	5,909,642	*-7%*

(1) This is a Non-GAAP financial measure or ratio. See "non-GAAP and Other Financial Measures" in this news release and in the Q4 2024 MD&A

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

2024 in Review

The year 2024 was one of Peyto's most successful in 26 years of operations. Natural gas prices sunk to multi-year lows across North America as storage inventories remained elevated coming out of a warm 2023/2024 winter. The Company, nevertheless, delivered a strong year of results with its disciplined hedge strategy and diversified market portfolio, record well results from the drilling program, and continued industry leading cost structure. Peyto's field netback of $3.26/Mcfe and PDP FD&A costs of $1.00/Mcfe combined to generate a recycle ratio of 3.3 times, meaning the Company is generating 3.3 times the cash flow, at the field operating level, relative to the cost of finding and developing new reserves. On an after-tax cash netback basis (including G&A, interest costs and current tax), Peyto delivered a strong 2.6 times recycle ratio. Integration and optimization of the Repsol assets was a significant focus for Peyto in 2024. The Company successfully executed multiple projects, including the shut-in of approximately 3,500 boe/d of low-value sour gas and ethane production to reduce operating expenses, resulting in per-unit costs decreasing from $0.55/Mcfe in Q1 to $0.50/Mcfe in Q4. Since closing the Repsol Acquisition, Peyto has grown production on the acquired lands to 50,000 boe/d with a drilling program that outperformed recent years by 40%. The Company reported funds from operations of $712.8 million, earnings of $280.6 million, and returned $258.4 million of dividends to shareholders while decreasing net debt by $14.2 million from year-end 2023. Additionally, Peyto grew production volumes to a record 136 Mboe/d day (720.7 MMcf/d gas, 15,708 bbl/d NGLs) in December 2024 from 127 Mboe/d (656.2 MMcf/d gas, 17,166 bbl/d NGLs) in December 2023, representing a $9,700/boe/d exit capital efficiency. Operating and profit margins remained strong in 2024 at 66% and 24%, respectively, despite the significant drop in benchmark gas prices.

Capital Expenditures

Peyto drilled 75 gross (73.3 net) horizontal wells in 2024 and brought 72 gross (70.3 net) wells on production. The combination of longer horizontal wells, refreshed inventory resulting from the Repsol Acquisition, and high grading the locations on legacy Peyto lands has resulted in sustained production improvements of 25%, as compared to prior years and a 40% increase in per-well recovery, on a PDP basis, as per the Company's most recent reserves report. Drilling costs per meter were down 2% from 2023, while completion costs per meter were down 1%. The Company continued to increase the number of extended reach horizontal wells drilled in 2024, resulting in an 11% increase in average horizontal length from 2023.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	**2024**
Gross Hz Spuds	99	123	140	126	135	70	61	64	95	95	72	**75**
Measured Depth (m)	4,179	4,251	4,309	4,197	4,229	4,020	3,848	4,247	4,453	4,611	4891	**5,092**
Drilling ($MM/well)	$2.72	$2.66	$2.16	$1.82	$1.90	$1.71	$1.62	$1.68	$1.89	$2.56	$2.85	**$2.90**
$ per meter	$651	$626	$501	$433	$450	$425	$420	$396	$424	$555	$582	**$569**
Completion ($MM/well)	$1.63	$1.70	$1.21	$0.86	$1.00	$1.13	$1.01*	$0.94	$1.00	$1.35	$1.54	**$1.70**
Hz Length (m)	1,409	1,460	1,531	1,460	1,241	1,348	1,484	1,682	1,612	1,661	1,969	**2,184**
$ per Hz Length (m)	$1,153	$1,166	$792	$587	$803	$751	$679	$560	$620	$813	$781	**$776**
$ '000 per Stage	$188	$168	$115	$79	$81	$51	$38	$36	$37	$47	$52	**$52**

**Peyto's Montney well is excluded from drilling and completion cost comparison.*

Facilities and pipeline expenditures in 2024 totaled $75.2 million, to complete several significant pipeline and compressor upgrade projects to optimize gathering systems in both the Greater Sundance and Greater Brazeau area. Additionally, a once-in-ten-year turnaround at the strategic Edson Gas Plant was completed in two phases to extend useful life and simplify operations.

Peyto continued to be active pursuing high quality opportunities at crown land sales as well as through swaps, purchases, and farm-ins. In total, the Company spent $1.8 million to acquire 11.25 net sections of land across the Company's core areas.

Reserves

Delivering on the expectations from the Repsol Acquisition, a highly successful capital program provided growth across all reserves categories. The value of Peyto's reserves per share decreased in the Total Proved and Proved plus Probable categories due to the reduction of commodity price forecasts used in the GLJ Ltd. ("GLJ") report. However, the strong capital program generated a 14% increase in PDP reserves value per share over last year. The following table illustrates the change in reserve volumes and Net Present Value ("NPV") of future cash flows, discounted at 10%, before income tax and using the 3-Consultant average forecast pricing.

	As of December 31 2024	2023	% Change, per share (basic outstanding)[1]
Reserves (BCFe)			
Proved Developed Producing	**2,843**	2,661	5%
Total Proved	**5,255**	4,983	3%
Total Proved + Probable	**8,202**	7,820	3%
Net Present Value[2] ($millions) Discounted at 10%			
Proved Developed Producing	**$4,879**	$4,199	14%
Total Proved	**$7,051**	$7,403	-7%
Total Proved + Probable	**$9,569**	$10,073	-7%

[1] Basic shares outstanding as at Dec 31, 2024 were 197,829,480 and Dec 31, 2023 were 193,678,975
[2] It should not be assumed that the estimates of future net revenues presented in the tables above represent the fair market value of the reserves. See "Information Regarding Disclosure on Oil and Gas Reserves" in the advisory section of this news release.
Note: based on the GLJ Ltd Petroleum Consultants ("GLJ") report effective December 31, 2024. The GLJ 3-consultant price forecast is available at www.GLJPC.com.

For more information on Peyto's reserves, refer to the Press Release dated February 20, 2025, announcing the Year End Reserve Report which is available on the website at www.peyto.com. The complete statement of reserves data and required reporting in compliance with NI 51-101 will be included in Peyto's Annual Information Form to be released by March 31, 2025.

Fourth Quarter 2024

Peyto continued with steady drilling activity throughout the fourth quarter of 2024 up until mid-December with four rigs running across the Company's Deep Basin core areas. Drilling and completions capital of $90.5 million was invested to drill 16 gross (16 net) wells and complete 23 gross (23 net) wells. In addition, $6.1 million was invested in the tie-in of 23 gross (23 net) wells, while $17.7 million was invested in facility and major pipeline infrastructure which included several pipeline looping projects across both Greater Sundance and Greater Brazeau and a new compressor installation at the Cecilia gas plant.

During the quarter, 2 gross (2 net) wells were completed and brought on production in the Kakwa area. These wells were drilled on lands that have been assembled through a series of crown land sales and asset swaps over the past two years. Production from the wells filled the capacity of the Peyto-operated 25 MMcf/d Kakwa gas plant. The results of these wells are consistent with adjacent competitor wells in the area. The Company expects to drill follow-up locations later in 2025 to assess the extent of the play, and future development may include the expansion of the Kakwa plant to 50 MMcf/d, or more.

Production volumes for the quarter averaged 133,426 boe/d (708.1 MMcf/d gas, 15,409 bbl/d NGLs), up 11% from Q4 2023 from strong well results delivered by Peyto's drilling program. Natural gas production was up 14% from Q4 2023, while NGL production declined 5%. The year-over-year decline in NGL production was due to the rejection of low-value liquid ethane back into the gas phase to lower operating costs and improve netbacks.

The Company's realized price for natural gas for the quarter was $3.43/Mcf including hedging gains, while its realized liquids price was $64.78/bbl including hedging gains, which yielded an average net sale price of $4.28/Mcfe. The net sale price per unit for the quarter was down 11% from $4.79/Mcfe in Q4 2023 due to a sharp decline in benchmark natural gas prices, year over year. Total cash costs for the quarter of $1.36/Mcfe decreased 13% from $1.57/Mcfe for Q4 2023, reflecting lower royalties, operating costs, interest and financing, and G&A, partially offset by higher transportation. The total Q4 2024 cash cost included royalties of $0.21/Mcfe, operating costs of $0.50/Mcfe, transportation of $0.27/Mcfe, interest and financing of $0.33/Mcfe, and G&A of $0.05/Mcfe. Peyto's cash netback (before performance-based compensation and current tax expense) was $2.98/Mcfe, down 9% from Q4 2023, and yielded a 69% operating margin in the quarter.

Peyto generated funds from operations of $199.0 million for the quarter, or $1.00/diluted share. Q4 2024 funds from operations decreased by only 1% from $200.3 million for Q4 2023, as the sharp decline in natural gas prices was mostly offset by increased production volumes and realized hedging gains. The Company's profit margin in the quarter was 24%, down from 27% in Q4 2023.

Marketing

Commodity Prices

For the fourth quarter, Peyto realized a natural gas price after hedging and diversification of $3.43/Mcf, or $2.98/GJ, 2.13 times higher than the average AECO daily benchmark of $1.40/GJ. Peyto's natural gas hedging activity resulted in a realized gain of $1.16/Mcf ($75.3 million) in the quarter, as a result of lower AECO and Henry Hub benchmark prices.

In the quarter, Peyto commenced its 10-year, 50,000 GJ/day firm transportation service agreement on the TC Energy mainline from Empress to Union Parkway Belt in Ontario.

Condensate and pentanes averaged $90.87/bbl for the quarter, down 6% year over year, while Canadian dollar WTI ("WTI CAD") decreased 8% to $98.30/bbl over the same period. Other NGL (mainly butane and propane) volumes were sold at an average price of $31.81/bbl, or 32% of WTI CAD, up 3% from $30.86/bbl in Q4 2023. Peyto's combined realized NGL price in the quarter was $63.85/bbl before hedging, and $64.78/bbl including a hedging gain of $0.93/bbl.

Hedging

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 calendar 2025, and calendar 2026.

	2025	2026
Natural Gas		
Volume (MMcf/d)	480	366
Average Fixed Price ($/Mcf)	4.14	4.02
WTI Swaps		
Volume (bbls/d)	3,291	296
Average Fixed Price ($/bbl)	98.07	92.92
WTI Collars		
Volume (bbls/d)	623	248
Put–Call ($/bbl)	88.75–103.34	87.50–100.25
Propane		
Volume (bbls/d)	125	-
Average Fixed Price (US$/bbl)	33.86	-
USD FX Contracts		
Amount sold (USD 000s)	227,000	112,500
Rate (CAD/USD)	1.351	1.355

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 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.

The Peyto Strategy

The Peyto strategy has been one of the most consistent strategies in the Canadian Energy industry over the last two and a half decades and has focused simply on maximizing the returns on shareholders' capital by investing that capital into the profitable development of long life, low cost, and low risk natural gas resource plays. Peyto's strategy of maximizing returns doesn't just focus on the efficient execution of exploration and production operations in the field but continues in the head office where the management of corporate costs, including the cost of capital, is carefully controlled to ensure true returns are ultimately realized. The alignment of goals between what is good for the Company, its shareholders, its employees and what is good for the environment and all stakeholders is critical to ensuring the greatest returns are achieved. Evidence of Peyto's success deploying this strategy through the years is illustrated in the following table.

($/Mcfe)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	**2024**	***26 Year Wt. Avg.***
Sales Price[1]	$5.04	$3.83	$3.18	$3.39	$3.27	$2.78	$2.23	$3.61	$5.36	$4.59	**$4.31**	**$4.42**
All cash costs but royalties[2]	($0.71)	($0.67)	($0.63)	($0.68)	($0.79)	($0.87)	($0.88)	($0.88)	($0.88)	($1.10)	**($1.24)**	**($0.85)**
Capital costs[3]	($2.25)	($1.64)	($1.44)	($1.36)	($1.18)	($1.55)	($1.06)	($0.97)	($1.41)	($1.21)	**($1.00)**	**($1.54)**
Financial Benefit[4]	$2.08	$1.52	$1.12	$1.35	$1.30	$0.35	$0.29	$1.75	$3.07	$2.28	**$2.07**	**$2.02**
	41%	*40%*	*35%*	*40%*	*40%*	*13%*	*13%*	*49%*	*57%*	*50%*	***48%***	***46%***
Royalty Owners	$0.37	$0.14	$0.13	$0.15	$0.13	$0.08	$0.13	$0.37	$0.74	$0.32	**$0.22**	**$0.43**
Current Taxes	-	-	-	-	-	-	-	-	$0.09	$0.26	**$0.27**	**$0.05**
Left for Shareholders	$1.71	$1.38	$0.99	$1.19	$1.17	$0.27	$0.16	$1.38	$2.24	$1.70	**$1.59**	**$1.55**
Div./Dist. paid	$1.05	$1.11	$1.01	$0.97	$0.59	$0.22	$0.08	$0.11	$0.45	$1.04	**$0.94**	**$1.04**

1. *Sales price includes realized hedging gains (losses) and marketing revenue net of marketing purchases.*
2. *Cash costs not including royalties but including operating, transportation, G&A and interest.*
3. *Capital costs to develop new producing reserves is the PDP FD&A*
4. *Financial Benefit above is defined as the Sales Price, less all cash costs but royalties, less the PDP FD&A.*

Table may not add due to rounding.

The consistency and repeatability of Peyto's operational execution in the field, combined with strict cost control in all aspects of its business has resulted in 46% of the average sales price being retained in financial benefit over the past 26 years. This healthy margin of benefit (as shown above), which rewards both royalty owners and shareholders, has been preserved for over a decade. Out of that financial benefit, royalty owners have received approximately 21%, while shareholders, whose capital has been at risk, have received the balance. This margin of benefit is what has and will continue to help insulate Peyto and its stakeholders from future volatility in commodity prices.

Activity Update

Drilling operations in Q1 resumed after the holiday break with four rigs drilling across Peyto's core areas. Since the beginning of 2025, 13 gross (13 net) wells have been drilled, 8 gross (8 net) wells have been completed, and 14 gross (14 net) wells have been brought on production.

Peyto's Q1 drilling program has picked up where it left off in 2024, drilling a mix of highly economic Dunvegan, Notikewin and Wilrich targets in multiple areas across the Company's land base. Peyto's 2025 drilling program is currently planned to follow up on many of the successful wells drilled in 2024 and the Company expects the 2025 drilling program to deliver similarly strong results.

For much of February, colder winter weather returned across Canada and the US which drew down storage levels and moved current inventories below the 5-year average in the US. This caused natural gas prices to strengthen in the premium demand markets outside of AECO, where Peyto has 153 MMcf/d of floating exposure in Q1 2025.

In February 2025, Peyto further strengthened its diversification portfolio, adding 30,000 MMBtu/d of physical service, delivering gas to Union Dawn hub in Ontario via the Great Lakes Transmission line. This long-term service is set to commence November 1, 2025, and provides additional market exposure to a strong demand region and is consistent with the Company's strategy of selling unhedged gas volumes into premium demand markets.

Management Additions

Peyto is pleased to announce the addition of three new members to the senior management team. Michael Collens will be promoted to Vice President, Marketing, Mike Rees will be promoted to Vice President, Geoscience, and Crissy Rafoss will be promoted to Vice President, Finance effective April 1, 2025.

Mr. Collens has more than 20 years of gas marketing and trading experience and been with Peyto for over 5 years. He has been instrumental in the development of Peyto's gas diversification program and the securing of future revenue with the Company's active hedging program. As part of his new role, Mr. Collens will be actively seeking additional sales markets and business arrangements to continue to diversify Peyto's natural gas sales.

Mr. Rees has more than 20 years of industry experience and has been with Peyto for over 12 years. During that time, he has been a vital contributor to the successful development and execution of the Company's annual drilling programs. In his new role, he will continue to oversee the resource characterization, inventory development and operational aspects of the geoscience team.

Ms. Rafoss has over 20 years' experience in the oil and gas industry, with 11 years at Peyto in increasingly senior roles, including most recently, Financial Controller. Ms. Rafoss has played a key role in the Company's financial reporting, internal controls and treasury functions. In her new position, she will assume increasing responsibility for all financial matters and reporting of Peyto's strong performance. Existing Vice President of Finance and CFO, Tavis Carlson, will remain as CFO.

Peyto has a proud history of cultivating future leaders within the organization to ensure profitable resource development using sound technical judgement which remains a core value of the Company.

US and Canadian Tariffs

While the Company is optimistic that US or Canadian trade tariffs can be avoided, the majority of Peyto's existing natural gas diversification contracts tied to US hub exposure are physically delivered within Canada and would not be exposed to proposed US tariffs. Additionally, the Company sources most of its materials for capital and production operations domestically, limiting its impact to Canadian counter-tariffs.

Outlook

Recent US LNG export facility start-ups and the impending commencement of LNG Canada later in 2025, combined with continued natural gas demand for AI driven data centres in North America has set up a bullish price recovery for natural gas producers, and Peyto believes it is well positioned. The Company's strong hedge book, coupled with its physical and synthetic market diversification, provide shareholders with both revenue security and natural gas price upside. Over the next several years, the Company has significant volumes exposed to premium demand markets in the US and Canada, which offer a superior price above the current AECO market.

The Company plans to execute a 2025 capital program between $450 to $500 million specifically designed with flexibility in the back half of the year to adjust to changing commodity prices and the business environment. Peyto will manage production to limit exposure to weaker priced markets, if necessary, while the Company's systematic hedging and market diversification programs help secure revenues for future dividends and continued strengthening of the balance sheet.

Conference Call and Webcast

A conference call will be held with senior management of Peyto to answer questions with respect to the Company's Q4 2024 results on Wednesday, March 12, 2025, 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/gosofyeo.** To participate in the call, please register for the event at: **Participant Call Link**. 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.

Annual and Special Meeting

Peyto's Annual and Special Meeting of Shareholders is scheduled for 3:00 p.m. on Thursday, May 22, 2025, at the Eau Claire Tower, +15 level, 600 – 3rd Avenue SW, Calgary, Alberta. Shareholders who do not wish to attend are encouraged to visit the Peyto website at www.peyto.com where there is a wealth of information designed to inform and educate investors and where a copy of the AGM presentation will be posted. A monthly report from the President can also be found on the website which follows the progress of the capital program and the ensuing production growth.

Management's Discussion and Analysis

A copy of the fourth quarter report to shareholders, including the MD&A, audited consolidated financial statements and related notes, is available at http://www.peyto.com/Files/Financials/2024/Q42024FS.pdf and at http://www.peyto.com/Files/Financials/2024/Q42024MDA.pdf and will be filed at SEDAR+, www.sedarplus.com at a later date.

Jean-Paul Lachance
President & Chief Executive Officer
March 11, 2025

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 2025 capital expenditure program, the volumes and estimated value of Peyto's reserves, the life of Peyto's reserves, production estimates, project economics including NPV, expected follow-up locations in the Kakwa area, including possible Kakwa plant expansion plans; management's belief that the majority of Peyto's gas contracts with US pricing exposure are not exposed to US tariffs; management's expectation that the Company has limited exposure to Canadian counter-tariffs; LNG egress and AI data centres increasing natural gas demand; the sustainability of the Company's dividend; the timing of Peyto's Annual Information Form; the effectiveness of the Company's hedging program at securing revenue; the timing of Peyto's annual general meeting; 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, tariffs, 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 Factors".

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.

Information Regarding Disclosure on Oil and Gas Reserves

Some values set forth in the tables above may not add due to rounding. It should not be assumed that the estimates of future net revenues presented in the tables above represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

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 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 December 31		***Year Ended December 31***	
($000)	***2024***	*2023*	***2024***	*2023*
Cash flows from operating activities	***186,113***	*173,247*	***672,363***	*644,868*
Change in non-cash working capital	***757***	*16,755*	***16,699***	*13,064*
Decommissioning expenditures	***1,836***	*2,051*	***8,446***	*3,077*
Performance-based compensation	***10,250***	*3,280*	***15,250***	*3,280*
Transaction costs	***-***	*4,986*	***-***	*6,182*
Funds from operations	***198,956***	*200,319*	***712,758***	*670,471*

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. Peyto calculates free funds flow as cash flows from operating activities before changes in non-cash operating working capital, provision for performance-based compensation, and transaction costs, 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 December 31		***Year Ended December 31***	
($000)	***2024***	*2023*	***2024***	*2023*
Cash flows from operating activities	***186,113***	*173,247*	***672,363***	*644,868*
Change in non-cash working capital	***757***	*16,755*	***16,699***	*13,064*
Performance-based compensation	***10,250***	*3,280*	***15,250***	*3,280*
Transaction costs	***-***	*4,986*	***-***	*6,182*
Total capital expenditures	***(117,525)***	*(115,218)*	***(457,607)***	*(412,919)*
Free funds flow	***79,595***	*83,050*	***246,705***	*254,475*

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 December 31		Year Ended December 31	
($000)	**2024**	2023	**2024**	2023
Cash flows used in investing activities	**134,269**	565,762	**432,243**	1,146,866
Change in prepaid capital	**(2,261)**	2,552	**1,209**	1,888
Deposit for acquisition	**-**	63,303	**-**	-
Subscription receipt funds in escrow	**-**	201,307	**-**	-
Corporate acquisitions	**-**	(699,358)	**-**	(699,358)
Change in non-cash working capital relating to investing activities	**(14,483)**	(20,348)	**24,155**	(36,477)
Total capital expenditures	**117,525**	115,218	**457,607**	412,919

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 December 31, 2024**	As at December 31, 2023
Long-term debt	**1,295,238**	1,340,881
Current assets	**(394,517)**	(490,936)
Current liabilities	**269,609**	279,903
Financial derivative instruments - current	**188,136**	238,865
Current portion of lease obligation	**(936)**	(1,310)
Decommissioning provision - current	**(8,956)**	(4,626)
Net debt	**1,348,574**	1,362,777

Net marketing revenue

Peyto uses the term "net marketing revenue" to evaluate the profitability of products purchased from third parties that are resold. Net marketing revenue is calculated as marketing revenue less marketing purchases.

	Three Months Ended December 31		Year Ended December 31	
($000)	**2024**	2023	**2024**	2023
Marketing revenue	**8,038**	24,403	**51,023**	24,403
Marketing purchases	**(6,776)**	(24,511)	**(47,793)**	(24,511)
Net marketing revenue	**1,262**	(108)	**3,230**	(108)

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 net marketing revenue, if any, plus other income, less royalties, operating, and transportation expenses, 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. "After-tax cash netback" is calculated as "cash netback" less current tax, divided by production. Netbacks are per-unit-of-production measures used to assess Peyto's performance and efficiency.

	Three Months Ended December 31		***Year Ended December 31***	
($/Mcfe)	***2024***	*2023*	***2024***	*2023*
Gross sale price	***3.24***	*4.08*	***3.12***	*4.29*
Realized hedging gain	***1.04***	*0.71*	***1.14***	*0.27*
Net sale price	***4.28***	*4.79*	***4.26***	*4.56*
Net marketing revenue	***0.02***	*-*	***0.01***	*-*
Other income	***0.03***	*0.05*	***0.04***	*0.03*
Royalties	***(0.21)***	*(0.30)*	***(0.22)***	*(0.32)*
Operating costs	***(0.50)***	*(0.55)*	***(0.53)***	*(0.49)*
Transportation	***(0.27)***	*(0.26)*	***(0.30)***	*(0.27)*
Field netback	***3.35***	*3.73*	***3.26***	*3.51*
Net general and administrative	***(0.05)***	*(0.06)*	***(0.05)***	*(0.05)*
Interest and financing	***(0.33)***	*(0.40)*	***(0.36)***	*(0.29)*
Realized gain on foreign exchange	***0.01***	*(0.01)*	***0.01***	*-*
Cash netback ($/Mcfe)	***2.98***	*3.26*	***2.86***	*3.17*
Current tax ($/Mcfe)	***(0.28)***	*(0.23)*	***(0.27)***	*(0.26)*
After-tax cash netback ($/Mcfe)	***2.70***	*3.03*	***2.59***	*2.91*
After-tax cash netback ($/boe)	***16.21***	*18.15*	***15.55***	*17.50*

Net marketing revenue per Mcfe

"Net marketing revenue per Mcfe" is comprised of marketing revenue less marketing purchases, as determined in accordance with IFRS, divided by the Company's total production.

Total Payout Ratio

"Total payout ratio" is a non-GAAP measure which is calculated as the sum of dividends declared plus total capital expenditures plus decommissioning expenditures, divided by funds from operations. This ratio represents the percentage of the capital 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 December 31		***Year Ended December 31***	
($000, except total payout ratio)	***2024***	*2023*	***2024***	*2023*
Total dividends declared	***65,140***	*63,811*	***258,369***	*239,006*
Total capital expenditures	***117,525***	*115,218*	***457,607***	*412,919*
Decommissioning expenditures	***1,836***	*2,051*	***8,446***	*3,077*
Total payout	***184,501***	*181,080*	***724,422***	*655,002*
Funds from operations	***198,956***	*200,319*	***712,758***	*670,471*
Total payout ratio (%)	***93%***	*90%*	***102%***	*98%*

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 other income 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, other income 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.

Finding and Development Costs

F&D (finding and development) costs are used as a measure of capital efficiency and are calculated by dividing the capital costs for the period, including the change in undiscounted FDC, by the change in the reserves, incorporating revisions and production, for the same period.

Recycle Ratio

The Recycle Ratio is calculated by dividing the field netback per boe, by the FD&A costs for the period (eg. 2024 Proved Developed Producing $19.59/boe/$6.01/boe=3.3). The recycle ratio compares the netback from existing reserves to the cost of finding new reserves and may not accurately indicate investment success unless the replacement reserves are of equivalent quality as the produced reserves.

Capital Efficiency

Capital Efficiency refers to how efficiently the Company utilizes its capital investment to generate production. It is calculated by dividing the capital costs for the period, plus acquisition costs, by December production volumes added from the 2024 capital program (eg. 2024 capital efficiency ($458MM)/(47,300 boe/d) = $9,700 per boe/d).