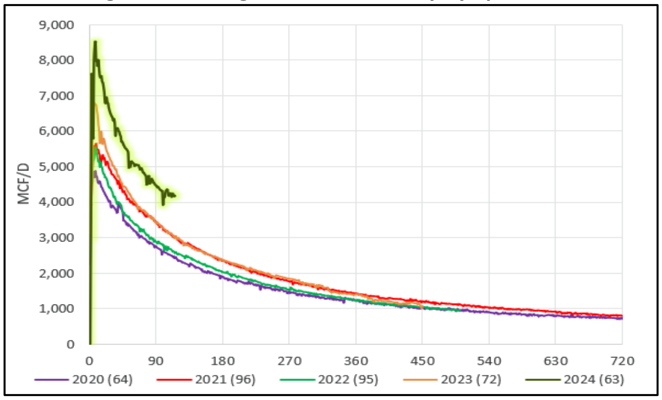
# Peyto Exploration & Development Corp.
# Monthly Report

**November 2024** — **By Jean-Paul Lachance, President and Chief Executive Officer**

## Rolling in the Deep… Basin

The 2024 drilling program is shaping up to be one of the most prolific in recent years at Peyto. Figure 1 below shows the average production from wells brought on stream to date in 2024, which are outperforming some of our previous (and best) programs by more than 25%. In the past, we have highlighted increased completion intensity and lateral length as a key driver to improving productivity. While we continue to increase lateral lengths in 2024, another key driver for improved well performance is the pivot of two of our rigs toward some recently acquired high-quality assets.

**Figure 1: Average Well Productivity by Spud Year**

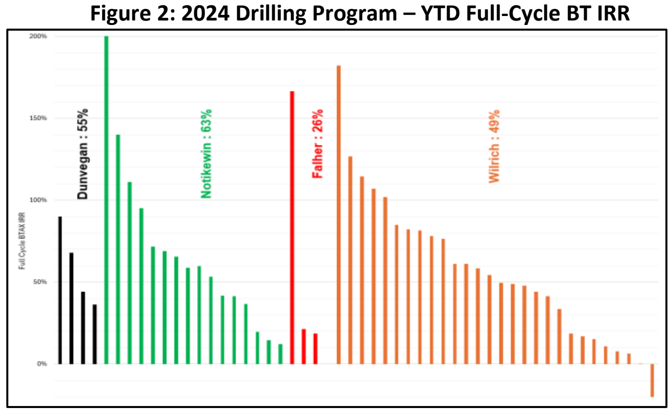



Peyto has a long and proud history of generating drilling prospects on our lands by improving our drilling techniques and refining our geotechnical understanding of the abundant stacked plays that enrich the Deep Basin fairway. We continue to discover more opportunities on our existing land every year and leverage that knowledge to seek similar adjacent opportunities. We have built our 1.1-million-acre Deep Basin land position through crown sales, farm-ins, swaps, and tuck-in acquisitions. Peyto applies our technical learnings from the 1,350 horizontal wells we have drilled since 2009 to these new lands to increase the overall quantity and quality of our drilling inventory. For example, Peyto acquired assets in 2021 just north of Oldman with an underutilized 65 MMcf/d operated gas processing plant. The acquisition opened new Dunvegan and Falher plays for Peyto and stocked us up on high impact Notikewin locations that we are still drilling today. Similarly in 2022, we added two smaller acquisitions in the Greater Brazeau Area with a 45 MMcf/d operated gas processing plant and an inventory of high-quality opportunities that remain today. And in October of 2023, Peyto acquired Repsol Canada Energy Partnership. This larger acquisition added over 800 low-risk locations to the inventory cupboards and was complemented with 571 MMcf/d of gross operated gas processing capacity, taking our total capacity to 1.5 bcf/d, and allowed us to reset our development plans altogether.

Since the time of the Repsol acquisition, we have dedicated two rigs to the new lands and more than doubled production from those assets. Peyto has drilled a total of 63 wells to date in 2024, 28 (44%) have been drilled on the lands that were acquired from Repsol. These wells are outperforming 2023 results by 40% on average. But the shifting of our drilling focus to the Repsol lands has also allowed us to high grade the inventory on our legacy lands. This has improved our average outcomes by approximately 10% on those lands as compared to 2023 results.

While production outcomes are important, the true measure of success is the return we get from investing shareholders capital. When evaluating economic performance, we apply the actual drill, complete, equip and tie-in costs to every well and include a provision for non-well specific capital. This full-cycle provision accounts for facility optimization projects incurred throughout the year. We also show the good, the bad, and the ugly well results for full transparency. Figure 2 shows the before tax internal rate of return (BT IRR), generated by each well under a flat price deck of $3.00/GJ and US$70/bbl WTI for all the wells onstream to date. The entire 2024 program is forecasted to generate an IRR of 50% under these conditions, far exceeding our cost of capital.

**Figure 2: 2024 Drilling Program – YTD Full-Cycle BT IRR**




## Operational Highlights

The colder temperatures have arrived in Alberta and the morning ritual of scraping the frost off the windshield begins. We ramped up production in October as prices improved averaging a record 130,000 Boe/d in the month. With our strong hedge book and market diversification, we have minimal AECO exposure at these production levels. Facilities costs were higher in September as we completed the last phase of the Edson Gas Plant turnaround. Everything went better than expected and the plant is back up and running smoothly.

### Capital Investment ($C millions)[1]

| | 2022 | Q1 23 | Q2 23 | Q3 23 | Q4 23 | 2023 | Q1 24 | Q2 24 | Jul 24 | Aug 24 | Sep 24 | Q3 24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *D,C,E&T [2]* | **371** | 89 | 72 | 81 | 91 | **333** | 94 | 87 | 19 | 41 | **39** | **99** |
| *Facilities* | **100** | 32 | 9 | 11 | 12 | **64** | 18 | 13 | 9 | 6 | **11** | **26** |
| *Other [3]* | **10** | 1 | 1 | 1 | 12 | **16** | 2 | 1 | 1 | | **1** | **2** |
| *Acquisitions [4]* | **48** | | | | 699 | **699** | | | | -1 | | **-1** |
| ***Total*** | **529** | **122** | **82** | **94** | **814** | **1112** | **114** | **101** | **29** | **46** | **51** | **126** |
| *ARO Activities [5]* | **5** | | | 1 | 2 | **3** | 4 | - | 1 | 1 | | **2** |

### Production (mboe/d)[1]

| | 2022 | Q1 23 | Q2 23 | Q3 23 | Q4 23 | 2023 | Q1 24 | Q2 24 | Jul 24 | Aug 24 | Sept 24 | Q3 24 | Oct 24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Sundance* | **76** | 71 | 67 | 66 | 87 | **73** | **93** | **92** | 92 | 93 | 87 | **91** | **101** |
| *Brazeau* | **23** | 27 | 28 | 28 | 29 | **28** | **27** | **26** | 24 | 24 | 24 | **24** | **24** |
| *Other* | **5** | 5 | 4 | 4 | 4 | **4** | **5** | **5** | 5 | 5 | 6 | **5** | **5** |
| ***Total*** | **104** | **103** | **99** | **98** | **120** | **105** | **125** | **122** | **121** | **122** | **117** | **120** | **130** |
| *liquids %* | **12%** | 12% | 11% | 11% | 13% | **12%** | **13%** | **12%** | 11% | 12% | **11%** | **11%** | **12%** |

1. *This estimate is based on field data, actual numbers will vary from the estimate due to accruals and adjustments.*
2. *Well related costs including Drilling, Completions, Equip and Tie-in.*
3. *Other costs include Land, Seismic, and Miscellaneous.*
4. *Acquisitions costs include asset and corporate deals.*
5. *Asset Retirement Obligations (ARO) spending is decommissioning expenditures incurred in the period.*

# FORWARD LOOKING STATEMENTS

*Certain information set forth in this monthly report, including management's estimate of monthly capital spending, field estimate of production and production decline rates, contains forward-looking statements. Reserves disclosures are also forward-looking information, including the volumes and the life of Peyto's reserves, production estimates, project economics including NPV, IRR, netback and recycle ratio. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Peyto's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. 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 that Peyto will derive there from. The forward-looking statements contained in this monthly report are made as of the date of this monthly report. Except as required by applicable securities law, we assume no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing risks and assumptions affecting such forward-looking statements, whether as a result of new information, future events or otherwise.*

*All references are to Canadian dollars unless otherwise indicated. Natural gas liquids and oil volumes are recorded in barrels of oil (bbl) and are converted to a thousand cubic feet equivalent (mcfe) using a ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). 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). Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based in an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of oil as compared with natural gas is significantly different from the energy equivalent of six to one, utilizing a boe conversion ratio of 6 mcf:1 bbl may be misleading as an indication of value.*

# NON-GAAP AND OTHER FINANCIAL MEASURES

*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 long-term debt, net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto's performance.*

*The 800+ gross drilling locations identified herein with respect to the Repsol acquisition are made up 216 gross proved locations, 83 gross probable locations and 501+ gross unbooked locations. Booked locations are derived from an independent engineering report by GLJ Ltd. effective December 31, 2023. Unbooked locations have been identified by management as an estimation of Peyto's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Peyto will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves or production. The drilling locations on which Peyto actually drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of the other unbooked drilling locations are further away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations, and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves or production.*