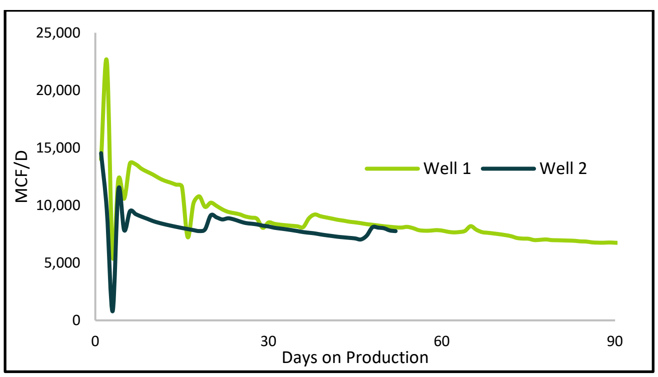
January 2025 **By Jean-Paul Lachance, President and Chief Executive Officer**

Everything Old is New Again

In last month's report we highlighted some tailwinds for the business, and why we are excited for 2025 and beyond. That has only improved with the announcement about plans for an additional 7.5 GW power generation in AB primarily fuelled from natural gas. As we turn the page to a New Year, it is important to reflect on 2024 and what we accomplished, as it sets the stage for our future. It was a busy year integrating the new infrastructure with our legacy assets. We have been grinding away on operating costs and expect to achieve the 10% reduction target we set for the end of 2024. In addition to improving our cost structure at the new facilities, we have improved our reliability by connecting the new assets to our existing facilities. This gives us flexibility to reroute gas in the event of a turnaround or a plant upset. Beyond realizing the synergies we saw with the Repsol assets, Peyto has been busy executing on the high-quality inventory added through the acquisition. The team has delivered a sustained increase of greater than 40% over our historical drilling programs, in terms of average per-well productivity on the new lands, without materially changing our capital cost structure.

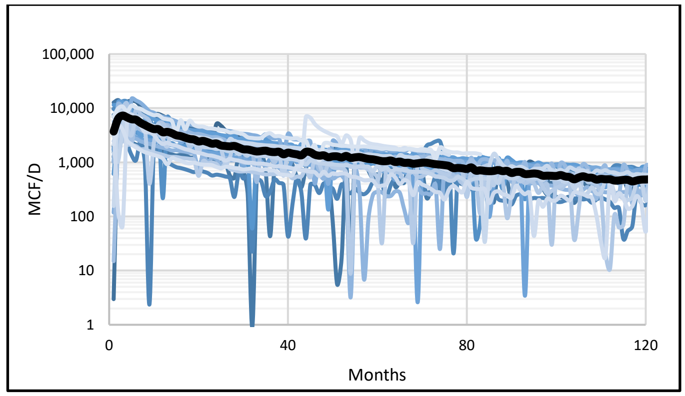
At the same time, 2024 was an exciting year on the "old" Peyto lands. We redirected two of our four rigs to the acquired lands allowing us to high-grade the locations on the legacy assets and test some new ideas. Our technical team worked up an exciting new target in Sundance in a previously undeveloped channel in the Spirit River. With improving technology and the data gathered by drilling deeper targets, we get a renewed look at the shallower targets. This provides us with new interpretations that reveal opportunities previously overlooked. Figure 1 below shows the results of the first two horizontals in this channel located in "downtown" Peyto. There are at least 20 follow-up locations in this channel alone, but more importantly, this success demonstrates that Peyto can still find new targets despite decades of drilling in the area, and we expect to continue to add new, high-impact locations to our inventory.

Figure 1: New Opportunities on Existing Lands



In the second half of 2024, Peyto temporarily added a fifth rig to test the extension of a Falher play in our Kakwa area. This is not a new area for the Company, in fact, the Kawka plant was the second one built by Peyto in 2004 to service Cardium production we had established. Since 2018, there has been little activity by the Company in this area and the 25 MMcfd plant has been at less than 50% capacity. However, through a series of Crown land sales and swaps (Peyto's typical modus operandi) we have established a land position of approximately 50 net sections with Spirit River rights in Kakwa along existing Peyto infrastructure, including the CFGGS that ties directly into the Edson Gas Plant. Early results are promising and in line with the offsetting results shown in Figure 2. These two new drills have filled the available Kakwa Gas Plant capacity. Our geological team has mapped over 50 locations on the new acreage in the Wilrich and Falher and see additional upside in the Dunvegan as well. Depending on the performance of the wells and the success of future locations, we could expand the plant to 50 MMcfd to match the egress transport we have secured in the area.

Figure 2: Offsetting Falher Horizontals



Although the Repsol acquisition in 2023 was transformative, Peyto's old assets continue to play a significant role in the future growth of the Company underpinned by 8 TCFE of 2P reserves, industry leading costs, and a PDP reserve life index of 10 years.

Operational Highlights

We have just started up activity again after slowing the pace in mid December to give our contractors and office staff a well-deserved break. Production averaged approximately 135,000 boe/d in December which marks a new high for the Company and meets the target we projected with (the low end of) our capital program despite some shut-ins (both temporary and permanent) impacting the plan.

Capital Investment ($C millions)[1]

	2022	Q1 23	Q2 23	Q3 23	Q4 23	2023	Q1 24	Q2 24	Q3 24	Oct 24	Nov 24
D,C,E&T [2]	**371**	89	72	81	91	**333**	94	87	99	37	**34**
Facilities	**100**	32	9	11	12	**64**	18	13	26	8	**5**
Other [3]	**10**	1	1	1	12	**16**	2	1	2	1	**1**
Acquisitions [4]	**48**				699	**699**			-1		
Total	**529**	**122**	**82**	**94**	**814**	**1112**	**114**	**101**	**126**	**46**	**40**
ARO Activities [5]	**5**			1	2	**3**	4	-	2		**1**

Production (mboe/d)[1]

	Q1 23	Q2 23	Q3 23	Q4 23	2023	Q1 24	Q2 24	Q3 24	Oct 24	Nov 24	Dec 24	Q4 24	2024
Sundance	71	67	66	87	**73**	**93**	**92**	**91**	101	103	102	**102**	**95**
Brazeau	27	28	28	29	**28**	**27**	**26**	**24**	24	25	26	**25**	**25**
Other	5	4	4	4	**4**	**5**	**5**	**5**	5	5	7	**6**	**5**
Total	**103**	**99**	**98**	**120**	**105**	**125**	**122**	**120**	**130**	**133**	**135**	**133**	**125**
liquids %	12%	11%	11%	13%	**12%**	13%	12%	11%	12%	12%	12%	**12%**	**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.*

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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.