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PEYTO Exploration & Development, Corp.

Company Profile

April 21, 2025

Management

JP Lachance – President and CEO
Todd Burdick – VP, Production
Tavis Carlson – VP, CFO
Derick Czember – VP, Land & Business Dev.

www.peyto.com

EPG Commentary by Dan Steffens

Peyto Exploration & Development Corp. (PEY.TO and PEYUF) is a Canadian mid-size gas producer (ranked 5th in Canada), operating conventional gas fields in the Deep Basin in Alberta. It is a new addition to our High Yield Income Portfolio, with annual dividend yield of ~7.35% as of the date of this report.

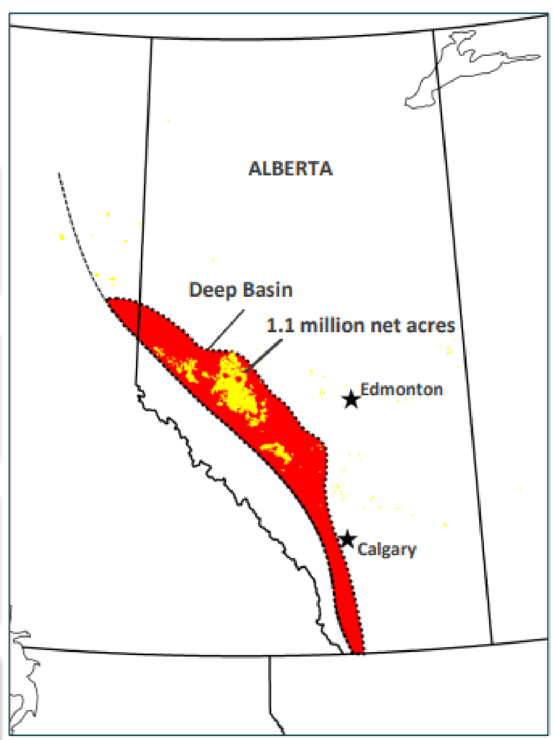
The Company reported solid 2024 results. Production increased by 19.3% year-over-year to 125,193 Boepd, with a mix of 87.7% natural gas and 12.3% liquids, which are primarily high value NGLs that sold for an average realized price of $66.05Cdn per barrel, including cash settlements on hedges.

Peyto's stated goal is that they will increase production by 8% to 10% per year and they have more than enough proved + probable (2P) reserves of 8.2 trillion cubic feet (TCFE) to exceed that goal.

Out of 84 energy companies, Peyto ranks a high 4th in Harry van Neck's NPV ranking system as of 4/18/2025

WHO IS PEYTO | CORPORATE OVERVIEW

Focused Assets	26-year publicly traded company focused exclusively on the Alberta Deep Basin
6th Largest Canadian Gas Producer	133,000 boe/d (~12% liquids) *March 2025* Long reserve life assets (10yr PDP RLI , 28yr 2P RLI @ 2024YE)
Lowest-Cost Operator	Own and control production with operated processing capacity of 1.5 bcf/d with over 90% ownership
Shareholder Returns	Current dividends $0.11/share/month Avg ROCE 14%, ROE 24% (average over 26 years to the end of Dec 31, 2024)
PEY.TO	197 MM shares (3% insiders, see disclosure) Net Debt $1.35B Enterprise Value = $4.9B



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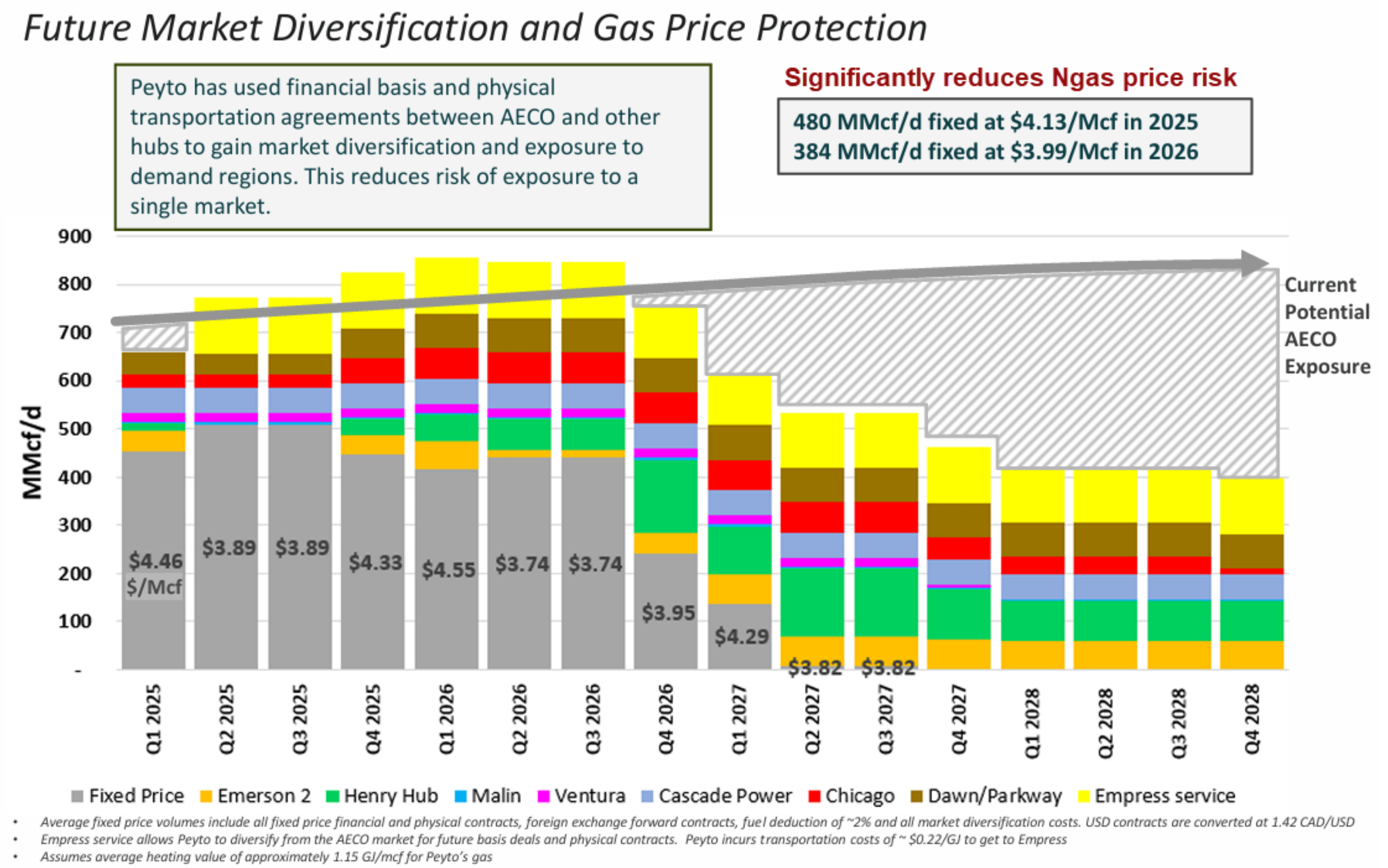
Company Profile

April 21, 2025

The year 2024 was one of Peyto's most successful in 26 years of operations. Natural gas prices sunk to multi-year lows in 1H 2024 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, and continued industry leading cost structure.

KEY to my valuation of PEY.TO is their outstanding Gas Marketing Strategy



Peyto's 2024 field netback of \$3.26/Mcfe and PDP F&D costs and acquisition 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 (acquired in late 2023) 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 Boepd with a drilling program that outperformed recent years by 40%.

PEYTO Exploration & Development, Corp.

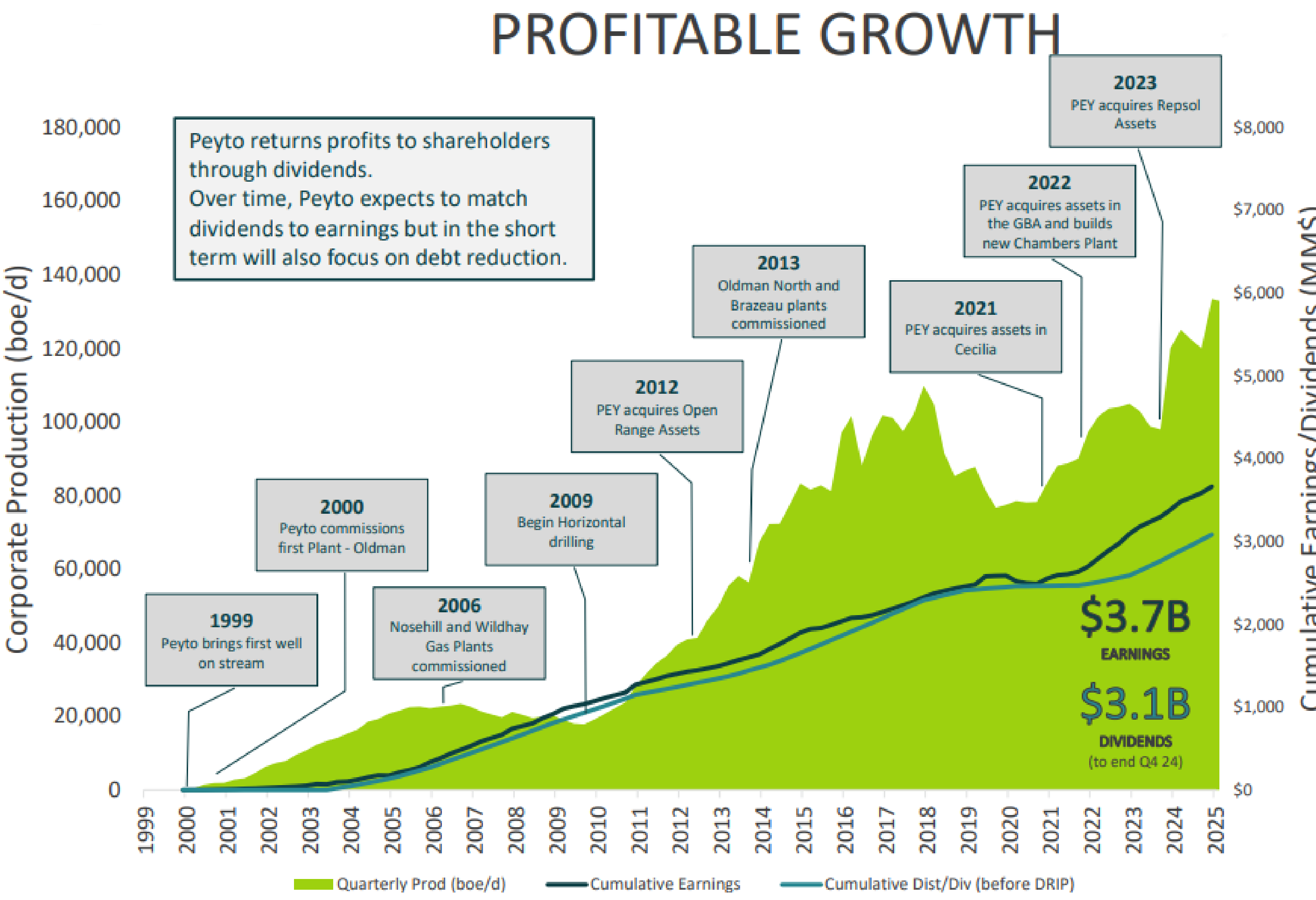
Company Profile

April 21, 2025

Peyto reported 2024 funds from operations of $712.8Cdn million, earnings of $280.6Cdn million, and returned $258.4Cdn million of dividends to shareholders while decreasing net debt by $14.2Cdn 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 natural gas prices.

I am bullish on PEY.TO because the outlook for North American natural gas & NGL prices is bright.



My Fair Value Estimate for PEY.TO is $24.00Cdn/share

Compares to First Call's price target of $19.32Cdn

Disclosure: I do not have a position in PEY.TO. I do not intend on buying or selling any units in the next 72 hours. I wrote this profile myself, and it expresses my own opinions. I am not receiving compensation for it from the company. I have no business relationship with any company whose stock is mentioned in this report.

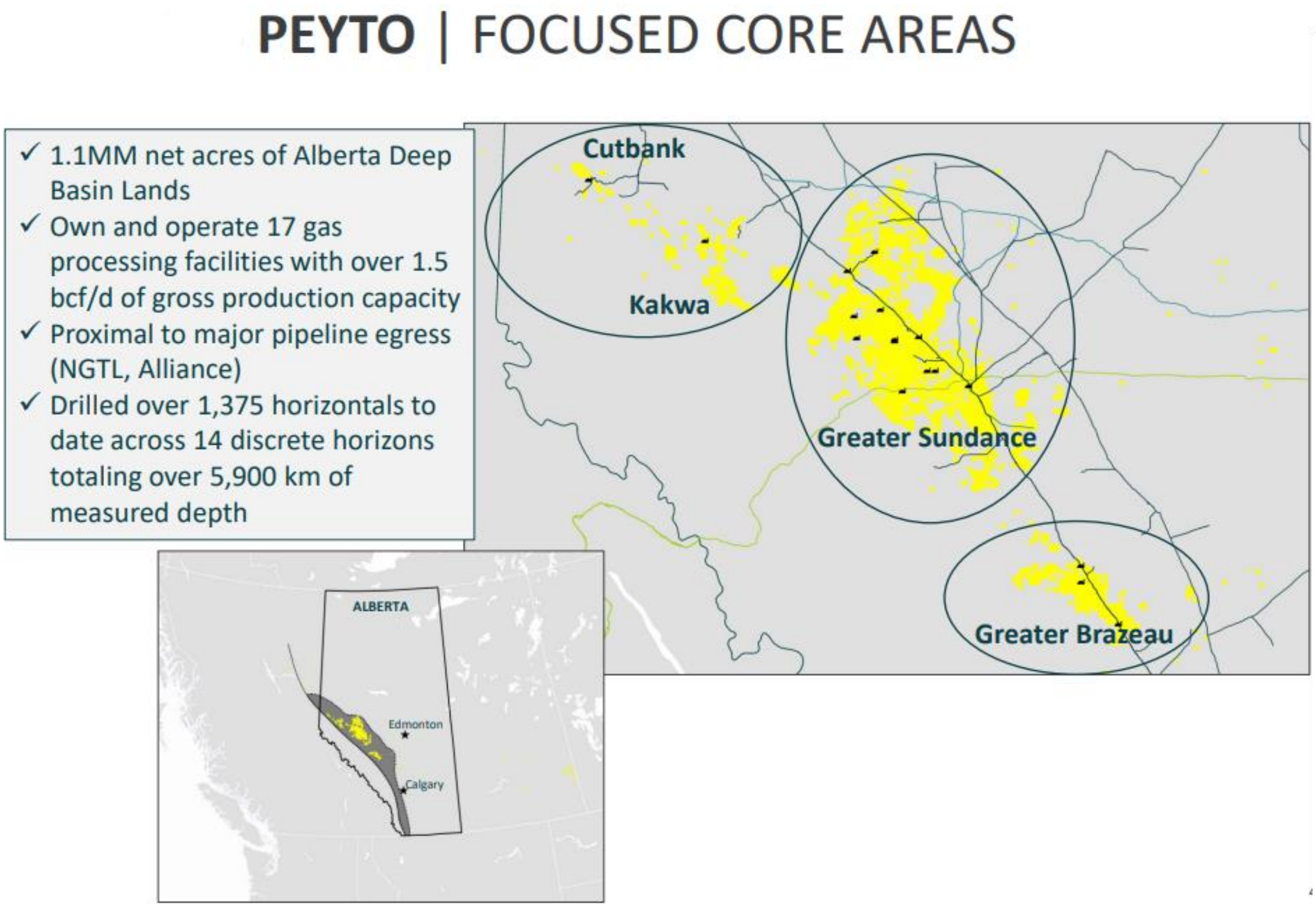
PEYTO Exploration & Development, Corp.

Company Profile

April 21, 2025

PEYTO Exploration & Development, Corp. is focused on the **Alberta Deep Basin,** which is a geologic setting situated on the northeastern front of the Rocky Mountain belt in the deepest part of the Alberta sedimentary basin.

The Company also owns Repsol Canada Energy Partnership (Repsol Assets). Repsol Assets includes approximately 23,000 barrels of oil equivalent per day (boe/d) of low-decline production, 455,000 net acres of mineral land and interests in five operated gas plants in the Alberta Deep Basin directly adjacent to the Company's Greater Sundance area.



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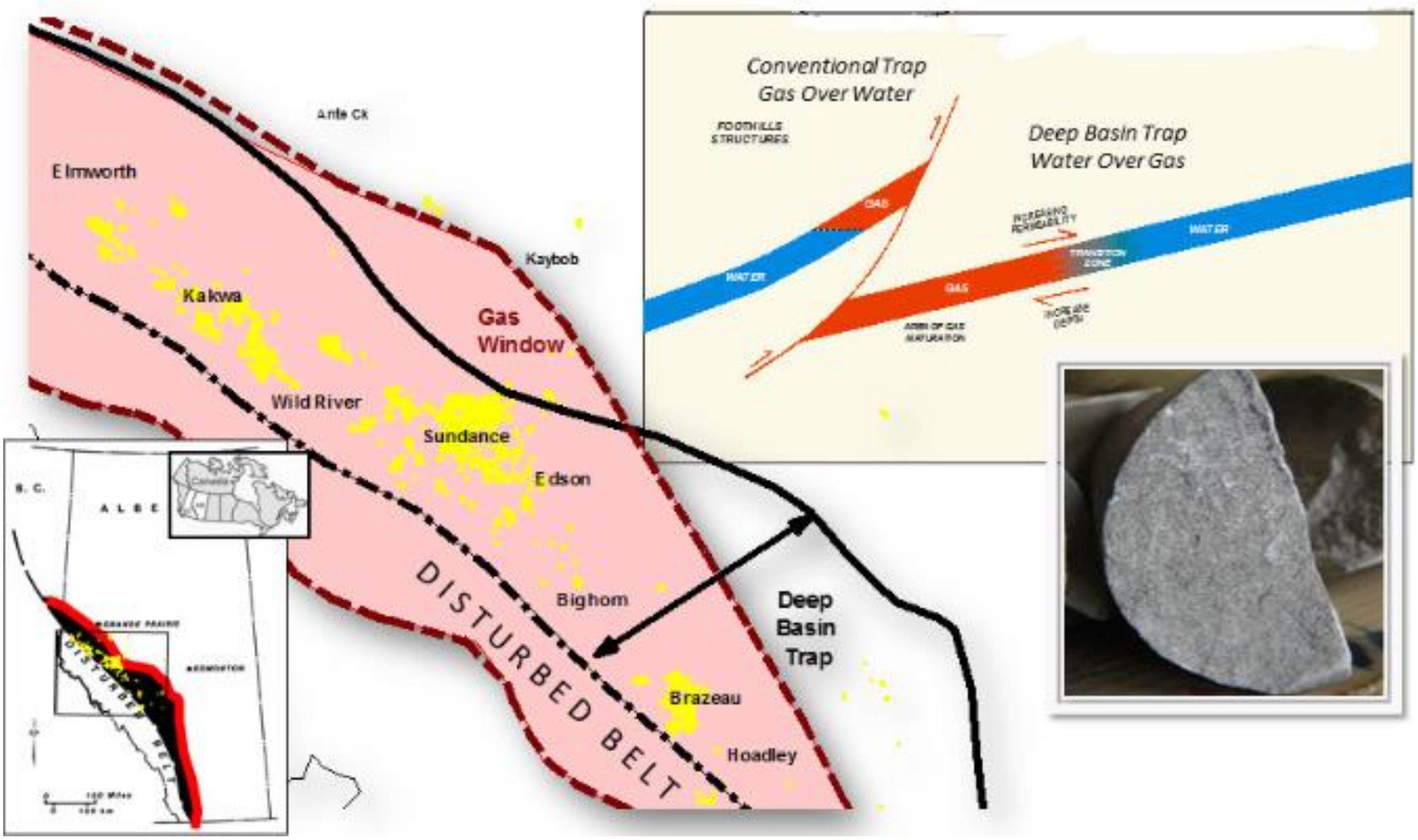
PEYTO Exploration & Development, Corp.

Company Profile

April 21, 2025

Since its inception in 1998, Peyto has deliberately focused its attentions on exploring and developing the vast, sweet, liquids-rich, natural gas resources uniquely trapped in this basin.

A lack of mobile water throughout the thick, tight Cretaceous aged sandstone formations results in higher reserve recovery with lower recovery risk and more predictable production profiles than conventional reservoirs. Over time, Peyto's engineers and geoscientists have developed expertise at the efficient and profitable extraction of this resource basin through economically and environmentally sustainable development.



The multiple stacked formations within the Cretaceous aged sandstone rocks contain a large volume of liquids-rich, sweet natural gas that can be commercially developed using the latest horizontal multi-stage fractured well designs.

As a result, Peyto can re-use a single collection of surface infrastructure including roads, pipelines, well sites, and processing facilities to develop the various layers over time. This allows for concentrated development and production operations that are more efficient resulting in less land disturbance and reduced environmental impact.

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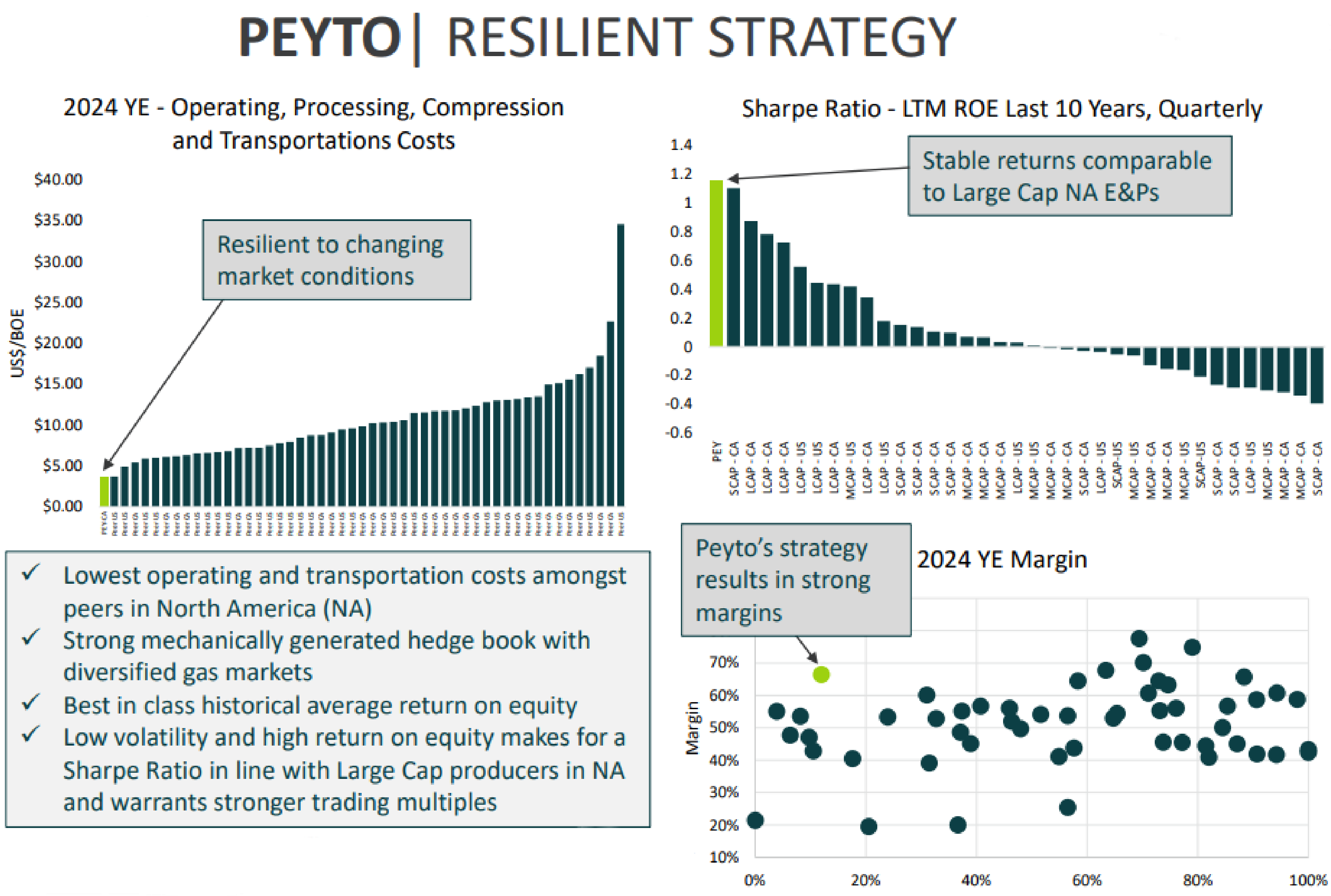
PEYTO Exploration & Development, Corp.

Company Profile

April 21, 2025

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.



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PEYTO Exploration & Development, Corp.

Company Profile

April 21, 2025

Full Year and Q4 2024 Highlights (all in $Canadian dollars)

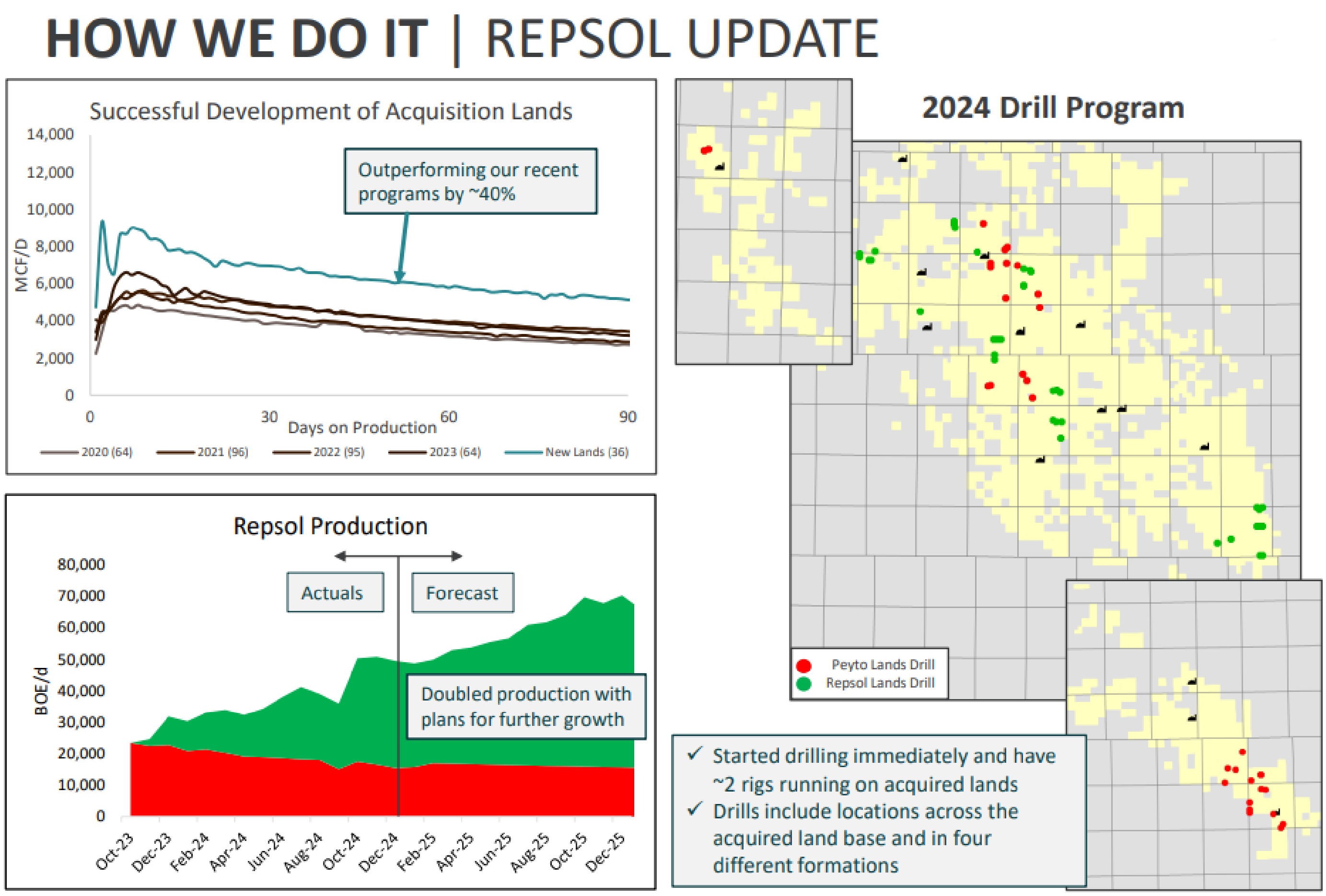
- During Q4 2024 Peyto delivered $199.0 million in funds from operations ("FFO"), or $1.00/diluted share, and $79.6 million of free funds flow in the quarter. Annual FFO totaled $712.8 million or $3.62/diluted share, and annual free funds flow totaled $246.7 million.
- Annual capital expenditures of $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 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 and a 24% annual profit margin, resulting in a 9% return on capital employed ("ROCE") and a 10% return on equity ("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 (~66% if 2025 natural gas production) and 366 MMcf/d of natural gas production for 2025 and 2026, respectively, at prices greater than $4.00/Mcf. Peyto's hedging and diversification program protects future revenues for the sustainability of the Company's dividends, capital program, and debt repayment.
- 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 ("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 (2.6 times on an after-tax cash netback11 basis), the Company's best recycle metrics over the last 20 years.
- Fourth quarter production volumes averaged a record 133,426 boe/d (708.1 MMcf/d of natural gas, 15,409 Bbls/d of crude oil, condensate, and 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 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.***

PEYTO Exploration & Development, Corp.

- Total capital expenditures were $117.5 million in the 4th quarter. Peyto drilled 16 wells (16.0 net), completed 23 wells (23.0 net), and brought 23 wells (23.0 net) on production.

"We delivered on what we said we're going to do with the Repsol assets after making that significant acquisition in late 2023. This time last year, we were already drilling some great wells. That continued through 2024 where we drilled a total of 41 gross wells on the old Repsol lands that represents about 55% of our total 75%. And the outcomes from those wells exceeded our expectations by delivering a sustained 40% production improvement over our legacy programs and combined with the near flawless execution in the field helped the company deliver outstanding PDP, F&D and Acquisition costs in 2024 of $1 Mcfe.

"In February, our Board of Directors formally approved a 2025 capital budget between $450,000,000 to $500,000,000 which should drill us between 70 to 80 net wells and add between 43,000 to 48,000 Boe per day by the end of next year to offset our base decline rate, which we estimated to be around 27%. That should see us exit December of 2025 at or about 145,000 Boepd using the midpoint of that guidance. We think we can do that with a four rig program, which is designed to hold production flat more or less through the first half of 2025, similar to what we've done in past year. I think we are in the right business," **– JP Lachance, President and CEO.**



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Fourth Quarter 2024 Operating Results (in $Canadian dollars)

- 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 liquids 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. *< Peyto reports oil, condensate and NGL production on a combined basis.*

- 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.

PEYTO Exploration & Development, Corp.

Company Profile

April 21, 2025

Financial Update

- The balance sheet is in good shape, recovering from the late 2023 Repsol Canada acquisition (US$ 468M).
    - The late 2024 equity ratio (=equity/balance sheet total) is a moderate 49.0%, flat versus the 49.3% in late 2023.
    - Higher gas prices in 2025 will lead to more FCF and an improving balance sheet. The equity ratio should recover to a better 52.5-53.0% in late 2025
    - Net debt at the end of 2024 was C$ 1,295 M, leading to a highish 2024 debt/EBITDA ratio of 1.5
    - With higher production and higher gas prices, the debt/EBITDA ratio can improve to a good 1.15 in 2025 and 0.7-0.8 in 2026
    - The balance sheet allows moderate shareholder returns, which can pick up towards the end of 2025

	Three Months Ended Dec 31		%	Year Ended Dec 31		%
	2024	2023	Change	**2024**	2023	Change
Financial ($000, except per share)						
Natural gas and NGL sales including realized hedging gains (losses)	**315,098**	317,246	*-1%*	**1,172,079**	1,046,925	*12%*
Funds from operations	**198,956**	200,319	*-1%*	**712,758**	670,471	*6%*
Funds from operations per share - basic	**1.01**	1.05	*-4%*	**3.64**	3.75	*-3%*
Funds from operations per share - diluted	**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	**117,525**	115,218	*2%*	**457,607**	412,919	*11%*
Corporate acquisition	**-**	699,358	*-100%*	**-**	699,358	*-100%*
Total payout ratio	**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				**1,348,574**	1,362,777	*-1%*
Shareholders' equity				**2,696,329**	2,714,943	*-1%*
Total assets				**5,505,890**	5,909,642	*-7%*

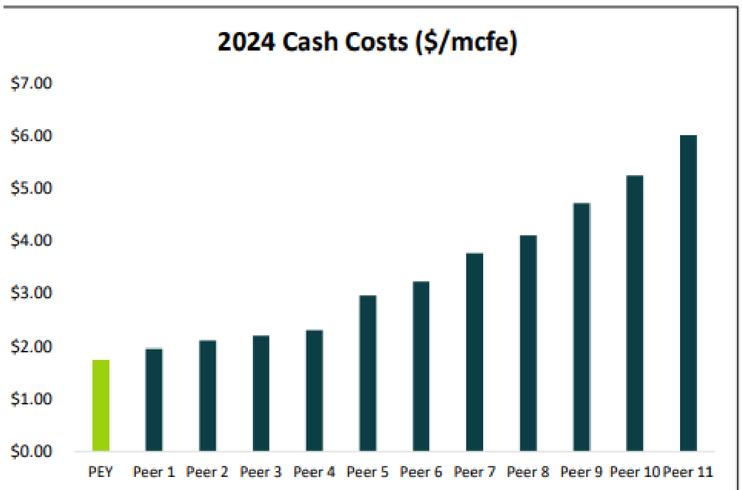
PEYTO Exploration & Development, Corp.

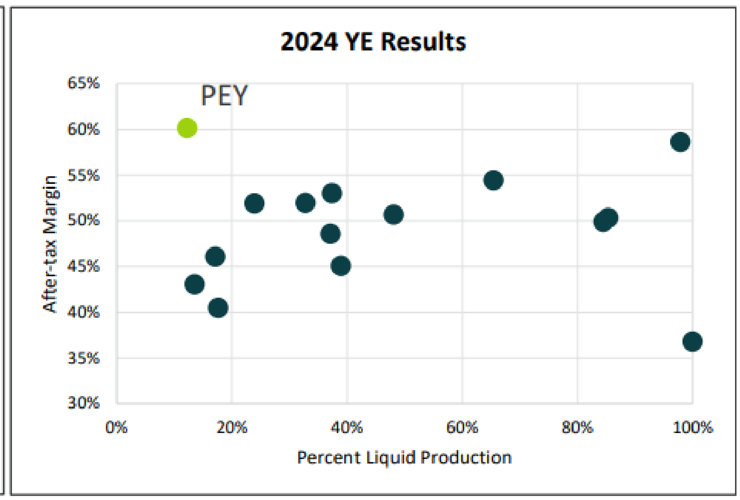
Company Profile

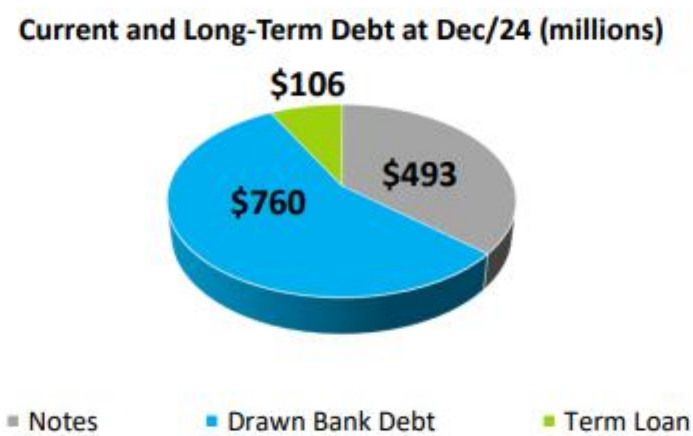
April 21, 2025

HOW WE DO IT | LOW COSTS DRIVE MARGINS

At Peyto we focus on costs since they are "sticky", and they drive superior margins. Peyto's margins were even stronger than liquids-weighted producers in 2024.







PEYTO Exploration & Development, Corp.

Company Profile

April 21, 2025

Operations Update and Production

- Peyto Exploration has seen extensive production growth over the last six years.
- Production has grown with 55% from 484 MM mcfe/d (2019) to 750 MM mcfe/d (2024)
- 2024 production (750 MM mcf/d) was announced previously and was 19.3% above 2023 (630 MM mcfe/d). Q4 production (801 MM mcfe/d) was well above Q3 (720 MM mcfe/d).
- Production in 2025 got off to a good start. Production was 810 MM mcfe/d in January and 804 MM mcfe/d in February.
- Peyto outlook for the whole of 2025 is 828 MM mcfe/d. Production in 2025 is expected to pick-up in H2 2025 with the start of Canadian LNG exports and increasing power demand.
- 2026 production could reach 820-860 MM mcfe/d, 70% of the volumes would be for firm contracts while the remaining 30% “floats” at various hubs.
- From 2027 onwards, Peyto is hopeful on gas contracts for LNG and new power stations. 2026 outlook is 960 MM mcfe/d
- Fluids consist of 88% gas and 12% NGL (13.7%). There is no oil
- Fluids (88/12) are aligned with reserves (86/14) and the composition will not change in the future.

	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%*

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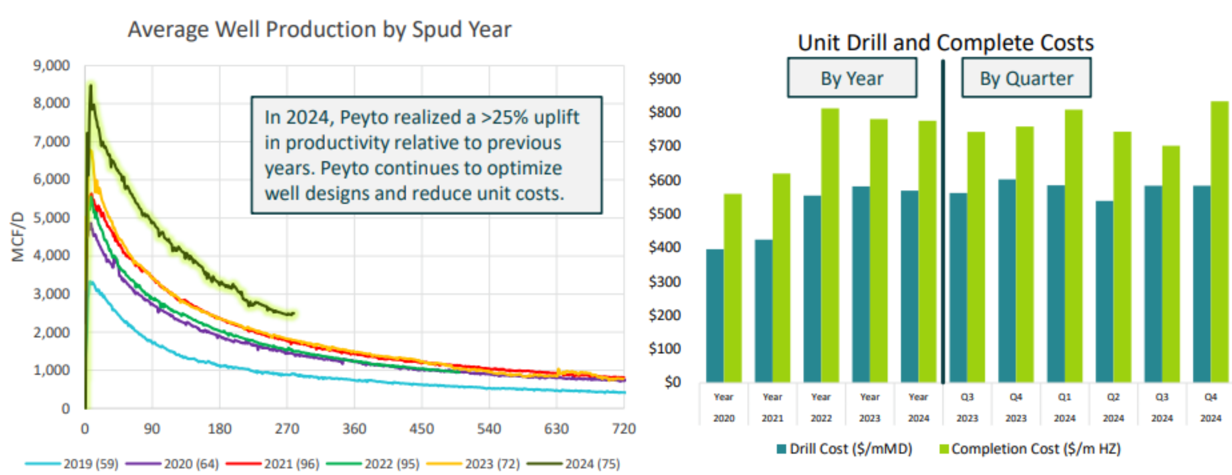
April 21, 2025

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.

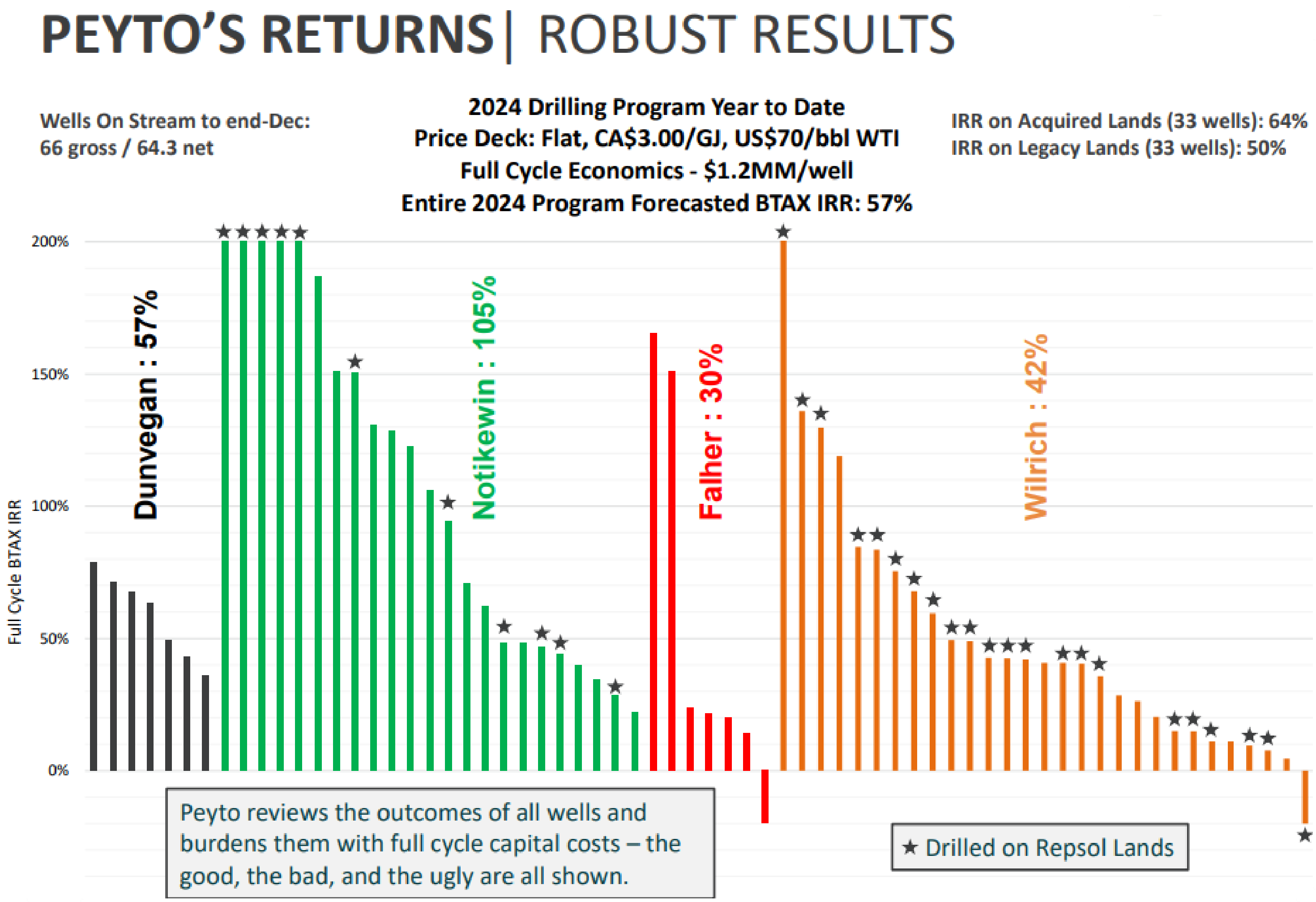
HOW WE DO IT | CONTINUOUS IMPROVEMENT



	2020	2021	2022	2023	2024	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4
Depth (mMD)	4,247	4,453	4,611	4,891	5,092	4,868	5,220	5,364	4,804	4,987
Drill ($/mMD)	$396	$424	$555	$582	$569	$603	$585	$539	$585	$572
HZ Length (m)	1,682	1,612	1,661	1,969	2,184	1,949	2,223	2,350	2,224	1,989
Completion ($/m)	$560	$620	$813	$781	$776	$759	$809	$744	$703	$834

Shareholder returns

- Peyto does not buy back shares
- Peyto pays a monthly dividend of C$ 0.11, or C$ 1.32 on an annual basis
- The dividend is equivalent to a high yield of 8.7%
- After 2025 the shareholder returns can increase to a very high 10-16% once the balance sheet reinforcement has been completed



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**

Reserves

- Peyto has a solid proved + probable reserve base.

- Proven reserves have grown by 66% over the last six years - from 3.2 Tcf (2019) to 5.3 Tcf (2024). The growth was mostly autonomous.

- Reserves growth continued with 5% in 2024 from 4.983 Tcf (2023) to 5.256 Tcf (2024).

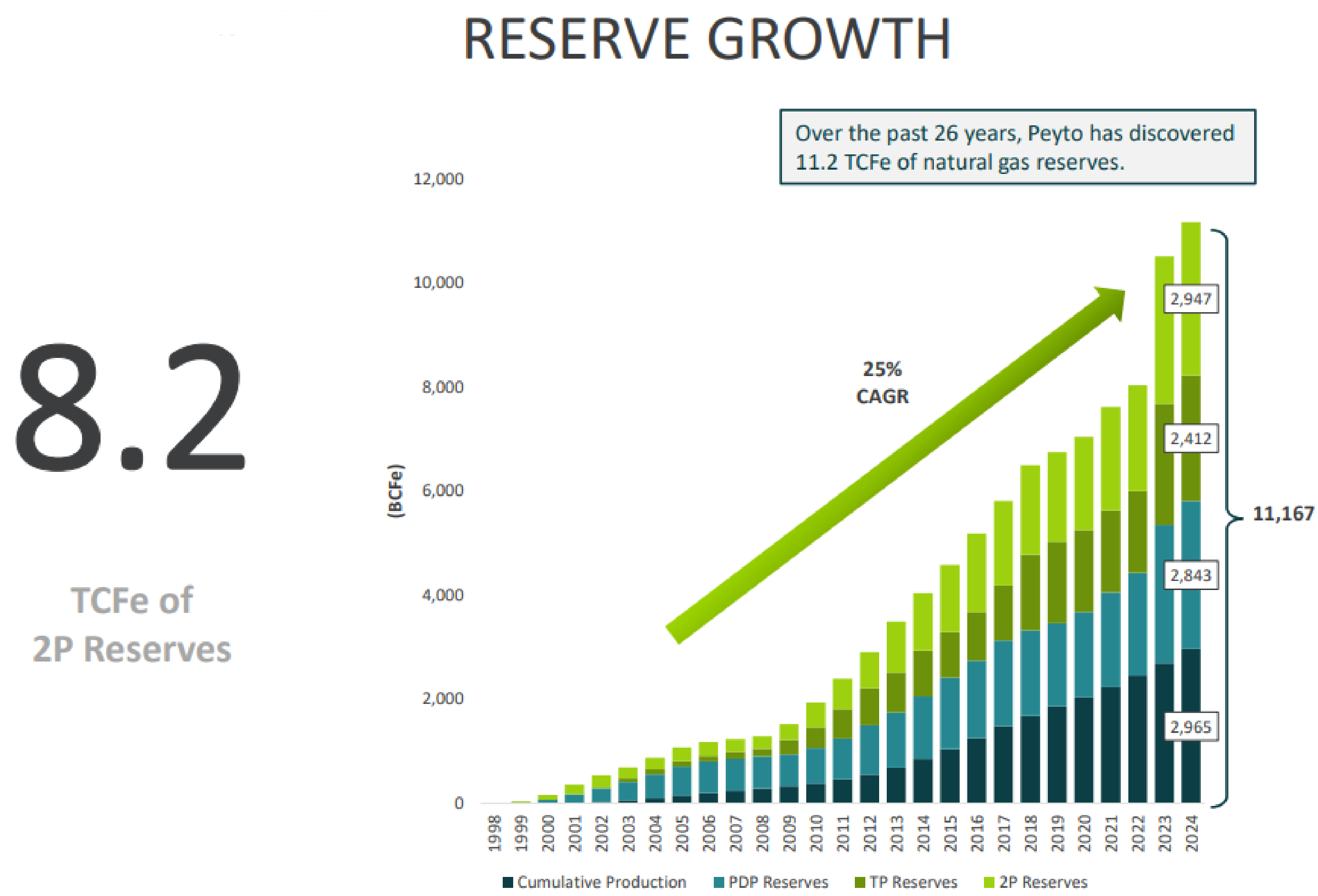
- Based on December 31, 2024 estimates the six-year Reserves Replacement Ratio (RRR) over the period 2019-2024 was a very high 1.89 (industry average (0.89-0.95) and the 2024 RRR a good 2.00.

- The 2P reserves are equivalent to a very high 18.1 years of 2025 production (industry average = 9.5-10 years).

- The 2P reserves and RRR combined allow for substantial growth of production (6-8%/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)
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 ($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%



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.

GAS MARKETING

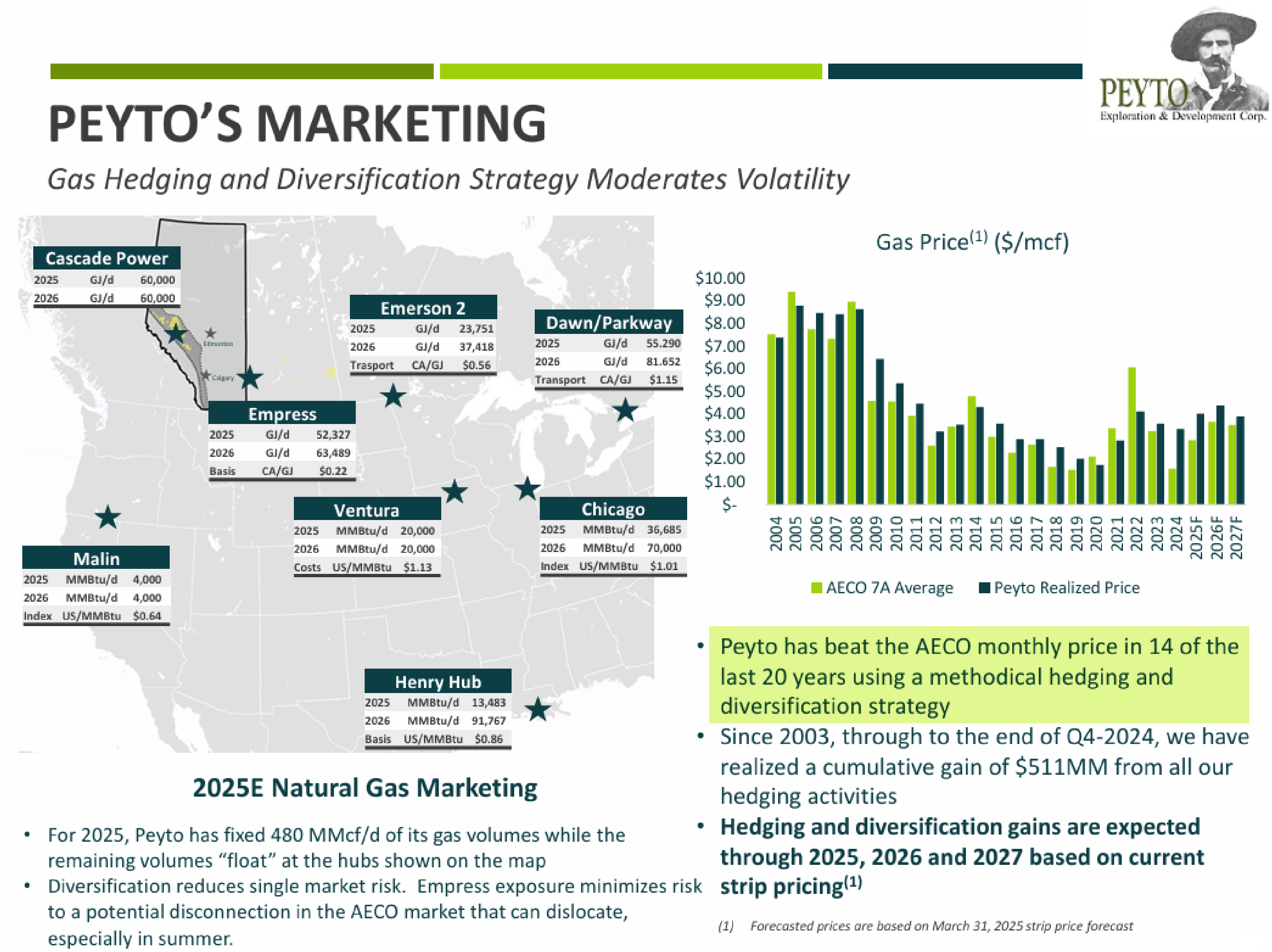
Fixed Price Gas Contracts

Peyto uses a dollar cost averaging approach to smooth out the volatility in future prices by forward selling smaller blocks of production. Fixed price swaps give price certainty.

	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026	2026	2027
AECO 7A Fixed Price Swaps (CAD$/GJ)											
Volume GJ/d	265,000	290,000	290,000	256,848	**275,479**	240,000	212,500	212,500	137,908	**200,479**	**24,658**
Price CAD$/GJ	3.92	3.33	3.33	3.85	**3.59**	4.17	3.31	3.31	3.37	**3.57**	**3.44**
AECO 5A Fixed Price Swaps (CAD$/GJ)											
Volume GJ/d	-	25,000	25,000	8,424	**14,658**	-	-	-	-	-	-
Price CAD$/GJ	-	3.60	3.60	3.60	**3.60**	-	-	-	-	-	-
NYMEX (AECO & Empress Basis) Fixed Price (US$/MMBtu)											
Volume MMBtu/d	242,778	210,000	210,000	219,946	**220,589**	225,000	230,000	230,000	113,967	**199,521**	**19,425**
Price US$/MMBtu	3.04	2.93	2.93	3.01	**2.98**	2.99	2.62	2.62	2.84	**2.76**	**3.08**
Price CAD$/GJ	4.09	3.94	3.94	4.06	**4.01**	4.03	3.53	3.53	3.83	**3.71**	**4.14**
EMERSON 2 Fixed Price (US$/MMBtu)											
Volume MMBtu/d	-	47,391	47,391	15,969	**27,785**	-	50,000	50,000	16,848	**29,315**	-
Price US$/MMBtu	-	2.35	2.35	2.35	**2.35**	-	2.51	2.51	2.51	**2.51**	-
Fixed AECO Netback US$/MMBtu	-	1.93	1.93	1.93	**1.93**	-	2.09	2.09	2.09	**2.09**	-
Fixed AECO Netback CAD$/GJ	-	2.60	2.60	2.60	**2.60**	-	2.82	2.82	2.82	**2.82**	-

Marketing – 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.



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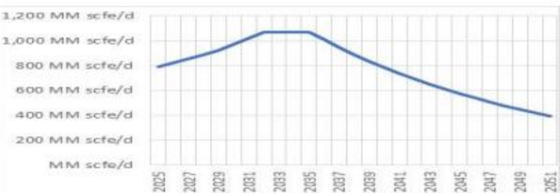
April 21, 2025

Harry van Neck's Analysis

Reserves and Production

Peyto has extensive, growing reserves and a high Reserve Replacement Ratio (RRR). Combined they should allow production to grow from 800,556 mcfe/d to ~1,070,000 mcfe/d over the next five years, provided that a gas market can be found. Production is approximately 89% natural gas and 11% liquids.

2024 proven reserves	Years 2025 production	RRR 2019-2024	RRR 2024	Comments
5.256 tcfe	18.2 years Avg. 8.8 (USA) – 12.9 (Can)	1.89 0.99 (USA) – 1.36 (Can)	? Ind. average 0.94	Ample reserves and high RRR enable growing production.



Balance Sheet

The 2024 balance sheet is meagre, suffering from the 2023 C$ 690 M Repsol Canada acquisition. Equity ratio is reasonable (49%). Long-term debt of C$ 1.24 B led to high 2024 debt/EBITDA ratio of 1.45. The balance sheet will have recovered by the end of 2025.

Balance sheet	2024	2025	2026	2027	2028	2029
Equity ratio	48.9%	51.7%	65.6%	63.3%	70.5%	78.3%
Debt/EBITDA ratio	1.45	0.93	0.57	0.28	<0.1	<0.1

Profitability/returns

Profitability/returns – WTI = $ 70/bbl	2025	2026	2027	2028	2029
Eps (C$)	C$ 2.74	C$ 3.72	C$ 4.19	C$ 4.24	C$ 4.23
Price Earnings ratio	6.0	4.4	4.0	3.9	3.9
Shareholder returns	8.8%	14.2%	16.6%	17.2%	17.5%

Summary

Peyto Exploration is a small Canadian gas producer. Market value is US$ 2.3 B. Production is constrained by the gas market. The earnings per share should increase in 2025/2026 once the gas prices have recovered. The PE is low. The balance sheet needs some reinforcement, but can be at strengthened at late 2025. Shareholder returns are high.

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April 21, 2025

PEYTO
Exploration & Development Corp.

PEYTO'S DEBT

In June 2024, Peyto extended its Revolving Credit Facility and Amortizing Term Loan to October 13, 2027, and October 13, 2026, respectively. Peyto plans to reduce debt over the next 2 years targeting leverage under 1.0 Debt/EBITDA[(2)].

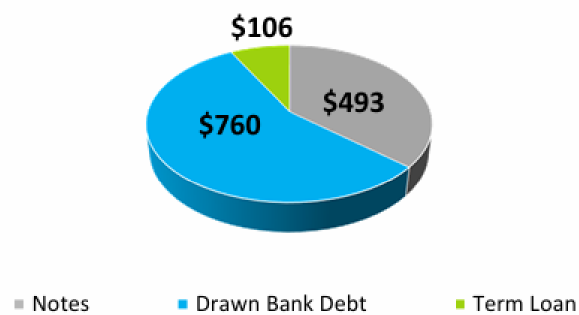
Net Debt[(1)] of $1.35 billion at December 31, 2024. Notes and credit facility include:

- **$493 million of notes fixed at attractive interest rates of ~4.92%**
- **$760 million drawn on $1B revolving credit facility**
- **$106 million drawn on term loan**
- **Debt/EBITDA[(2)] of 1.57 at December 31, 2024**

	Date Issued	Rate	Maturity Date
Senior Secured Notes			
$100 million (CAD)	January 3, 2012	4.39%	January 3, 2026
$100 million (CAD)	January 2, 2018	3.95%	January 2, 2028
$40 million (USD)	October 29, 2021	3.98%	October 29, 2028
$160 million (CAD)	October 24, 2023	6.46%	October 24, 2030
$75 million (CAD)	October 17, 2024	5.64%	October 17, 2034*
Revolving Credit Facility			
$1 billion limit (CAD)	June 10, 2024	Variable	October 13, 2027
Amortizing Term Loan			
$174 million (CAD)	June 10, 2024	Variable	October 13, 2026

*On October 17, 2024, Peyto issued $75 million, 10-year senior secured notes at 5.64%, and repaid the $65 million, 4.26% notes due May 1, 2025

Current and Long-Term Debt at Dec/24 (millions)

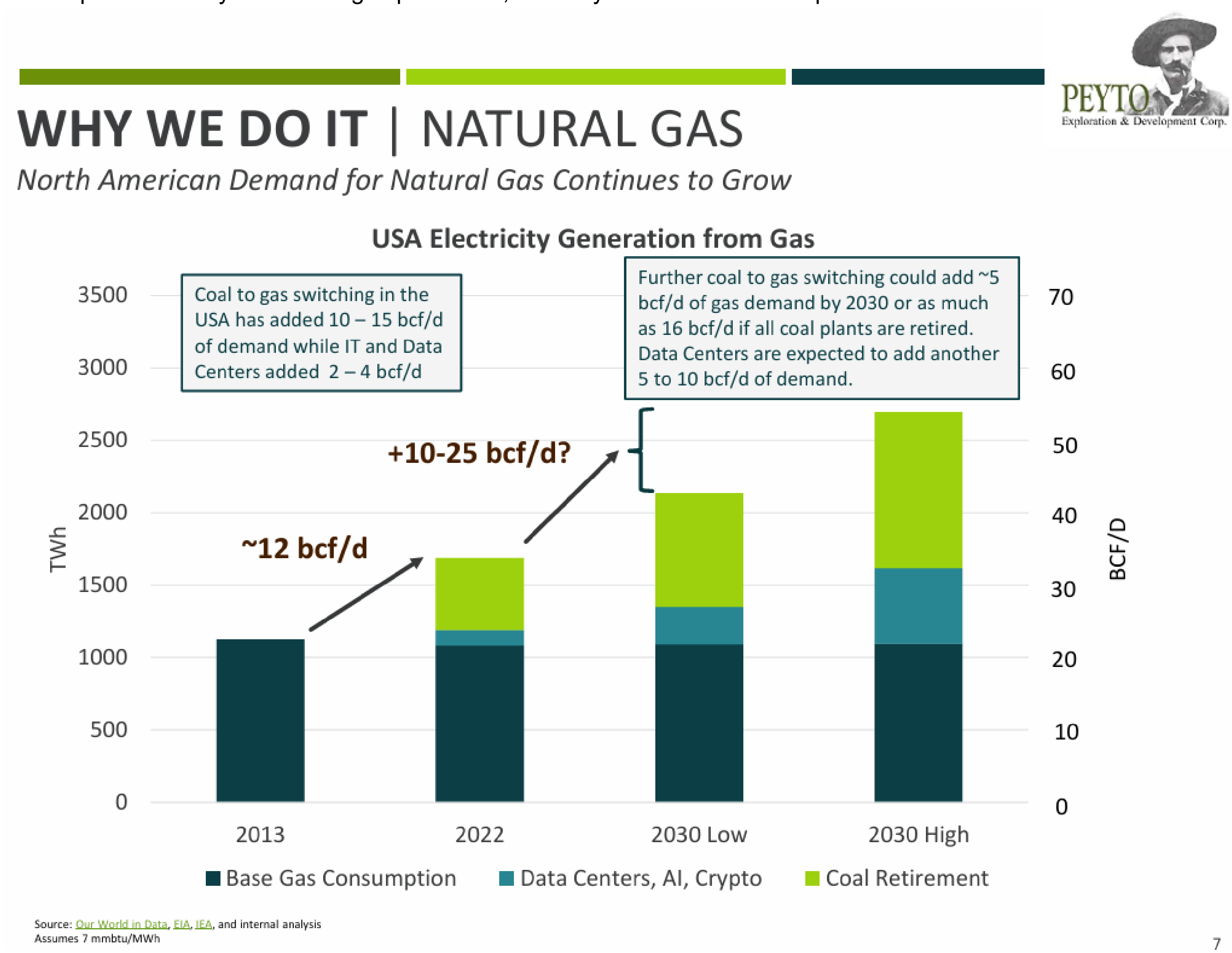


(1) This is a non-GAAP financial measure or ratio. Refer to the heading entitled "Non-GAAP and Other Financial Measures" contained within the "Advisories" section of this presentation for further information.
(2) Debt to EBITDA ratio is a specified financial measure that is calculated in accordance with the financial covenants in the Company's credit agreement.. See "Non-GAAP and Other Financial Measures".

"With a significant improvement in the North American natural gas market, Peyto has no near-term debt issue." **– Dan Steffens**

2025 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 centers 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.

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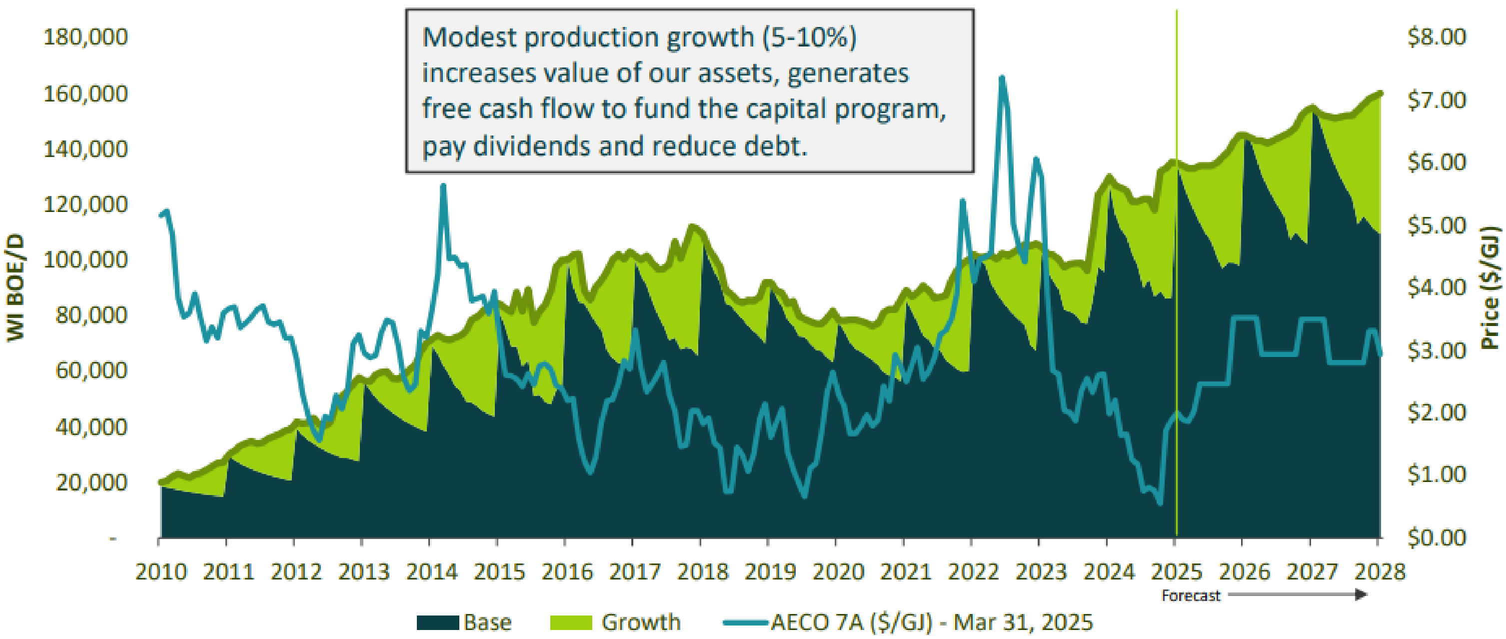
Company Profile

April 21, 2025

- 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 continue strengthening of the balance sheet.



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Base Decline	33%	35%	34%	38%	40%	40%	37%	35%	29%	23%	27%	30%	29%	27%		26% - 28%	
FFO (MM$)	$315	$309	$438	$663	$565	$515	$574	$474	$323	$213	$470	$828	$670	$713			
CAPEX (MM$)	$379	$618	$578	$690	$594	$469	$521	$232	$206	$236	$365	$529	$1,112	$458		$450 - $500	
Capital Efficiency ($/boe/d)	$17,500	$20,600	$15,100	$16,800	$11,600	$10,800	$10,900	$9,800	$12,000	$8,900	$9,000	$13,600	$21,500	$9,700		$10,000 - $11,000	

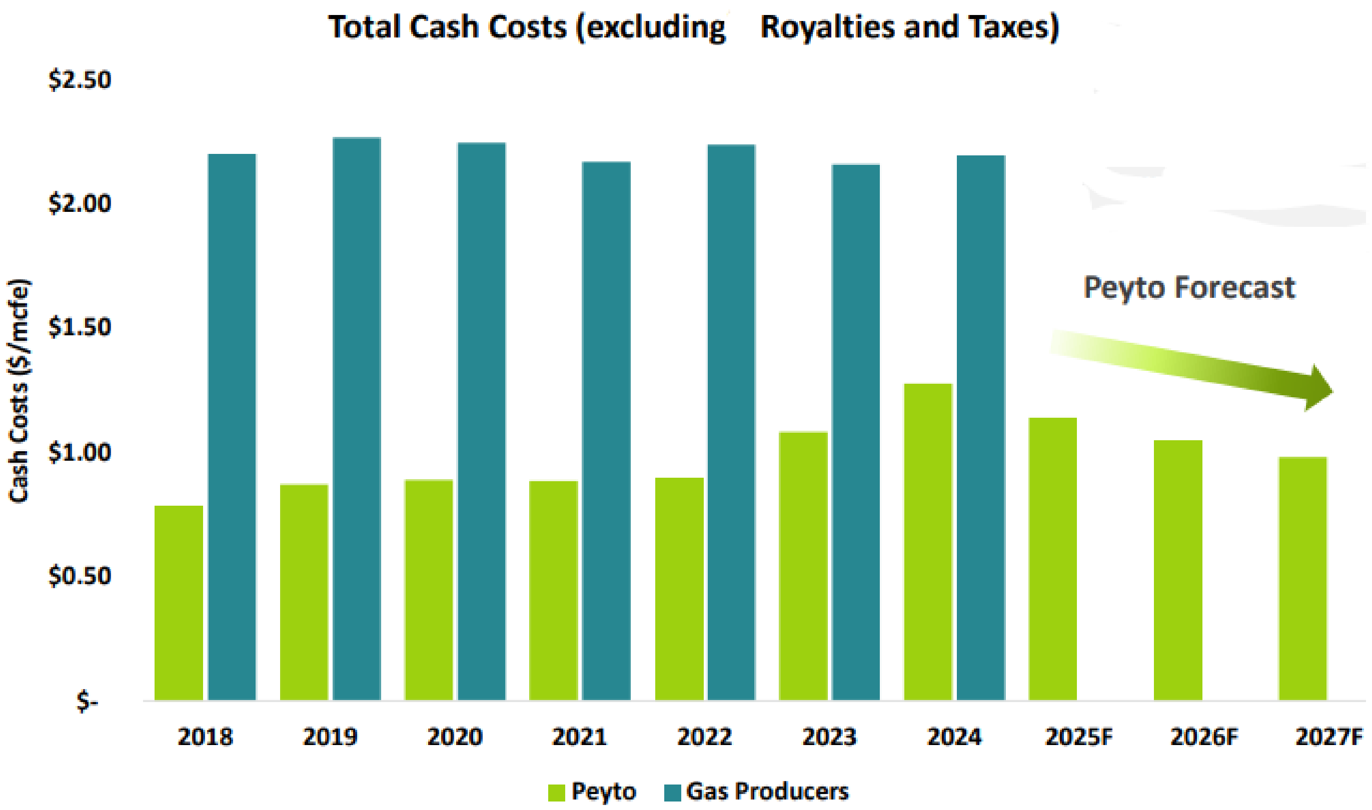
PEYTO Exploration & Development, Corp.

Company Profile

April 21, 2025

PEYTO'S FUTURE | CASH COSTS

Still a Leader in the Industry



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Net Income and Cash Flow Forecast Model

April 21, 2025

Peyto Exploration & Development Corp. (PEY.TO and PEYUF)
Net Income and Cash Flow 2022 - 2026 (last updated 4/20/2025)

($Thousands)	Actual 2022	Actual 2023	*In Canadian Dollars* Actual Qtr1 2024	Actual Qtr2 2024	Actual Qtr3 2024	Actual Qtr4 2024	Actual Year 2024	*In Canadian Dollars* Forecast Qtr1 2025	Forecast Qtr2 2025	Forecast Qtr3 2025	Forecast Qtr4 2025	Forecast Year 2025	Forecast 2026	
REVENUES:														< Forecasts include realized gain (loss) on hedges which
Natural gas and NGL sales	$1,539,436	$985,737	$239,138	$195,821	$183,782	$238,486	$857,227	$337,480	$315,944	$344,918	$401,263	$1,399,605	$1,635,176	are shown on row 12 when actuals are reported
Royalties	(168,379)	(74,342)	(16,648)	(17,440)	(11,695)	(15,768)	(61,551)	(23,624)	(22,116)	(24,144)	(28,088)	(97,972)	(130,814)	< 7% in 2025 & 8% in 2026
Sales of Ngas & NGLs from 3rd parties	92,625	24,403	25,851	8,404	8,729	8,039	51,023	25,000	10,000	10,000	15,000	60,000	80,000	
Realized gain (loss) on derivatives	(340,437)	61,188	93,403	68,011	76,826	76,612	314,852	0	0	0	0	0		
Other income	10,262	9,716	3,421	1,755	1,701	3,512	10,389	2,000	2,000	2,000	2,000	8,000	10,000	< Primarily overhead charges to non-op WI
Total Revenues	1,133,507	1,006,702	345,165	256,551	259,343	310,881	1,171,940	340,857	305,828	332,774	390,174	1,369,632	1,594,361	
OPERATING EXPENSES:														
Purchases of Ngas & NGLs from 3rd parties	86,977	24,511	26,238	7,854	6,925	6,776	47,793	22,500	9,000	9,000	13,500	54,000	72,000	< 90% of row 11
Lease operating (incl. production taxes)	89,415	113,391	37,443	34,777	36,070	37,053	145,343	38,903	39,039	41,262	43,355	162,559	177,938	< $3.25 / boe
Transportation	58,306	61,668	20,377	20,338	20,500	20,014	81,229	22,145	22,222	23,488	24,679	92,533	101,288	< $1.85 / boe
G&A	5,253	10,589	3,777	4,295	2,254	3,832	14,158	4,000	4,000	4,500	5,500	18,000	20,000	
Transaction costs	0	6,182	0	0	0	0	0	0	0	0	0	0	0	
Performance based compensation	5,557	3,280	0	2,500	2,500	10,250	15,250	3,000	3,000	3,000	12,000	21,000	25,000	
Stock based compensations	11,703	15,162	4,045	2,475	3,817	3,773	14,110	3,500	3,500	3,500	4,500	15,000	16,000	
Finance costs	53,270	70,860	27,130	26,336	28,287	25,361	107,114	28,000	27,500	27,000	26,500	109,000	110,000	
Foreign exchange realized loss (gain)	(1,359)	1,389	(513)	167	34	(163)	(475)	0	0	0	0	0	0	
Foreign exchange unrealized loss (gain)	3,465	(1,272)	1,296	548	(752)	3,560	4,652	0	0	0	0	0	0	
Loss on dispostion of capital assets	1,250	0	0	0	0	0	0	0	0	0	0	0	0	
DD&A	302,586	316,135	94,456	92,475	92,701	98,057	377,689	96,957	97,297	102,838	108,054	405,146	443,475	< $8.10 / boe
TOTAL OPERATING EXPENSES	616,423	621,895	214,249	191,765	192,336	208,513	806,863	219,004	205,558	214,587	238,088	877,238	965,700	
NET INCOME BEFORE INCOME TAXES	517,084	384,807	130,916	64,786	67,007	102,368	365,077	121,853	100,269	118,187	152,086	492,395	628,661	
INCOME TAXES														***Current tax rate should go down in 2025 with larger drilling porgram***
Current	20,277	59,047	28,477	10,361	14,180	20,459	73,477	21,933	18,048	21,274	27,376	88,631	113,159	< 18%
Deferred	106,144	33,125	2,564	2,988	2,798	2,680	11,030	6,093	5,013	5,909	7,604	24,620	31,433	< 05%
NET INCOME	$390,663	$292,635	$99,875	$51,437	$50,029	$79,229	$280,570	$93,826	$77,207	$91,004	$117,106	$379,144	$484,069	
Common Stock outstanding	**170,739**	**178,894**	**195,737**	**197,829**	**197,829**	**197,829**	**197,829**	**198,500**	**198,500**	**198,500**	**198,500**	**198,500**	**200,000**	< 2024 is weighted average stock during the year
Earnings per share	$2.29	$1.64	$0.51	$0.26	$0.25	$0.40	$1.42	$0.47	$0.39	$0.46	$0.59	$1.91	$2.42	
								$0.63	$0.57	N/A	N/A	$2.62	$2.83	< First Call's EPS Forecast
Operating cash flows	$ 817,371	$ 657,932	$ 200,418	$ 151,944	$ 149,830	$ 186,870	$ 689,062	$ 200,376	$ 178,018	$ 195,751	$ 227,265	$ 801,410	$ 909,977	***< 2025 CapEx s/b $450 to $500 million (~75 Net HZ gas wells)***
Cashflow per share	$4.79	$3.68	$1.02	$0.77	$0.76	$0.94	$3.49	$1.01	$0.90	$0.99	$1.14	$4.04	$4.55	**< Fair Value est. of 6 X 2024 to 2026 CFPS = $ 24.18**
														First Call's PT >> $ 19.32 *< $Cdn*
PRODUCTION			*In Canadian Dollars*					*In Canadian Dollars*						**Prod Mix**
Natural Gas (mcfp/d)	543,595	553,748	647,236	642,751	638,430	708,102	659,130	702,240	696,960	728,640	765,600	723,360	792,000	**< 88%**
Oil (bbls/d)	0	0	0	0	0	0	0	0	0	0	0	0	0	**< 00%**
NGLs (bbls/d) ***All liquids combined***	12,949	12,657	17,145	15,174	13,626	15,409	15,339	15,960	15,840	16,560	17,400	16,440	18,000	**< 12%**
boepd	103,548	104,948	125,018	122,299	120,031	133,426	125,193	133,000	132,000	138,000	145,000	137,000	150,000	***< Adding ~75 Net HZ wells in 2025***
PRODUCT PRICES	3.3%	4.7%					19.3%					9.4%	9.5%	
Natural Gas ($/mcf)	$ 4.12	$ 3.57	$ 4.05	$ 2.87	$ 2.95	$ 3.43	$ 3.32	$ 3.86	$ 3.50	$ 3.61	$ 4.11	$ 3.77	$ 4.07	**< See impact of hedges below (Peyto has access to premiun**
Oil ($/bbl)	$ -	$ -	$ -	$ -	$ -	$ -	$ -					$ -		**natural gas and NGL markets. See April slide deck)**
NGLs ($/bbl)	$ 80.89	$ 70.22	$ 60.37	$ 69.44	$ 69.61	$ 64.78	$ 66.05	$ 65.00	$ 65.00	$ 67.50	$ 70.00	$ 66.88	$ 70.00	**< Crude oil, condensate & NGLs**
Gross Revenue check (prod * ave price)	1,198,988	1,046,926	332,541	263,832	260,608	315,098	1,169,519	337,480	315,944	344,918	401,263	1,396,931	1,635,176	
Revenues are net of cash settlements on hedges >>>								389,700	355,000	N/A	N/A	1,380,000	1,530,000	< First Call's Revenue Forecasts

2025 EBITDA	2026 EBITDA
$1,042,541	$1,223,136