Energy Prospectus Group
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PEYTO Exploration & Development, Corp.

Company Profile

December 18, 2025

Management

JP Lachance – President and CEO
Riley Frame – COO, VP Engineering
Todd Burdick – VP Production
Tavis Carlson – VP CFO
Lee Curran – VP Drilling & Completions
Derick Czember – VP Land & Business Dev.

www.peyto.com

EPG Commentary by Dan Steffens

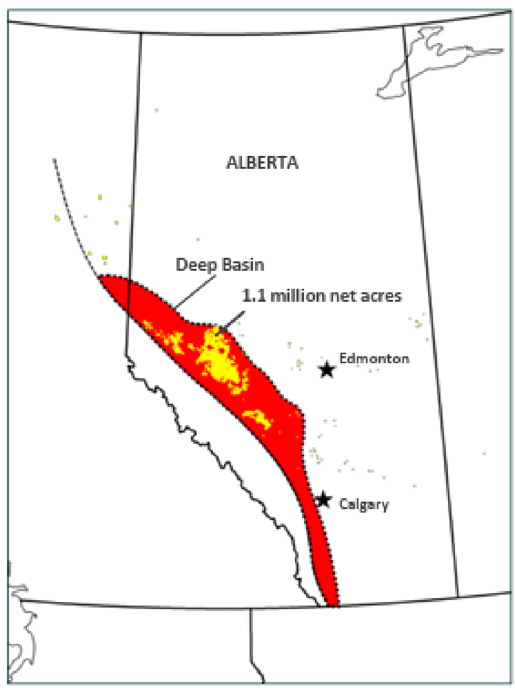
Peyto Exploration & Development Corp. (PEY.TO and PEYUF) is a Canadian mid-cap natural gas producer, ranking fifth nationally, and operates conventional gas fields within Alberta's Deep Basin.
The company was recently included in our High Yield Income Portfolio and currently offers an annual dividend yield of approximately 6% as of this report. Based on the 2026 forecast, Peyto is positioned to potentially increase its dividend distribution in the coming year.

The company delivered robust Q3 2025 results.

Peyto has communicated a strategic objective to grow production by 8% to 10% annually and possesses more than sufficient proved plus probable (2P) reserves totaling 8.2 trillion cubic feet (TCFE) to meet or surpass this target.

WHO IS PEYTO | CORPORATE OVERVIEW

Focused Assets	27-year publicly traded company focused exclusively on the Alberta Deep Basin
One of Canada's Largest Natural Gas Producers	141,000 boe/d (~12% liquids, 98% operated) *Nov-25* 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
Prudent Risk Management	Active hedging to secure revenues and market diversification to sell gas to multiple demand centres across North America
Shareholder Returns	Current dividends $0.11/share/month Avg ROCE 14%, ROE 24% (average over 26 years to the end of Dec 31, 2024)



Although natural gas prices remained low in Western Canada during 2025, Peyto is experiencing one of its most successful years both financially and operationally. In the second quarter of 2025, natural gas prices reached multi-year lows due to elevated storage inventories following a mild 2024/2025 winter. Nonetheless, Peyto has demonstrated robust financial performance, supported by an effective hedging strategy, a diversified market portfolio, record-setting well results, and a consistently industry-leading cost structure.

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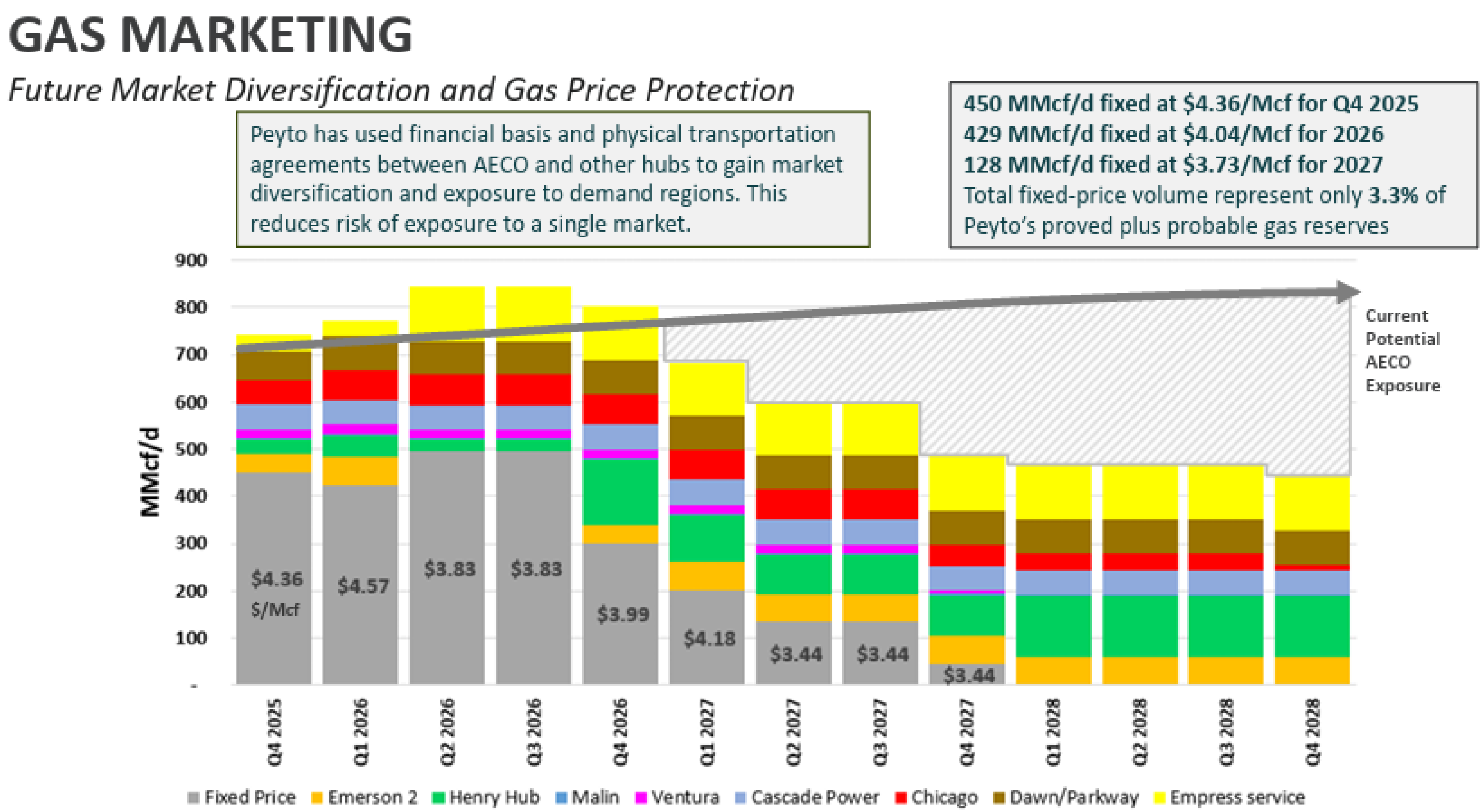

Here is what I like about Peyto

Free Cash Flow from Operations locks in sustainable dividends
Peyto reported Q3 2025 cash flow of $0.98/share (diluted), slightly above consensus and estimates. This is more than enough to cover the $0.33/share of dividends paid during the quarter.

Growth Potential
The investment community often overlooks Peyto's superior position with industry-leading gas processing capacity and robust medium-term growth potential. It has over a decade of high-quality "Running Room" in the Deep Basin.

Hedging Strategy
Peyto's rolling hedge program should allow it to capitalize on macro tailwinds of improving natural gas prices through late 2026. During the nine months ending September 30, 2025 Peyto has received cash settlements on their hedges of $192.7Cdn million.

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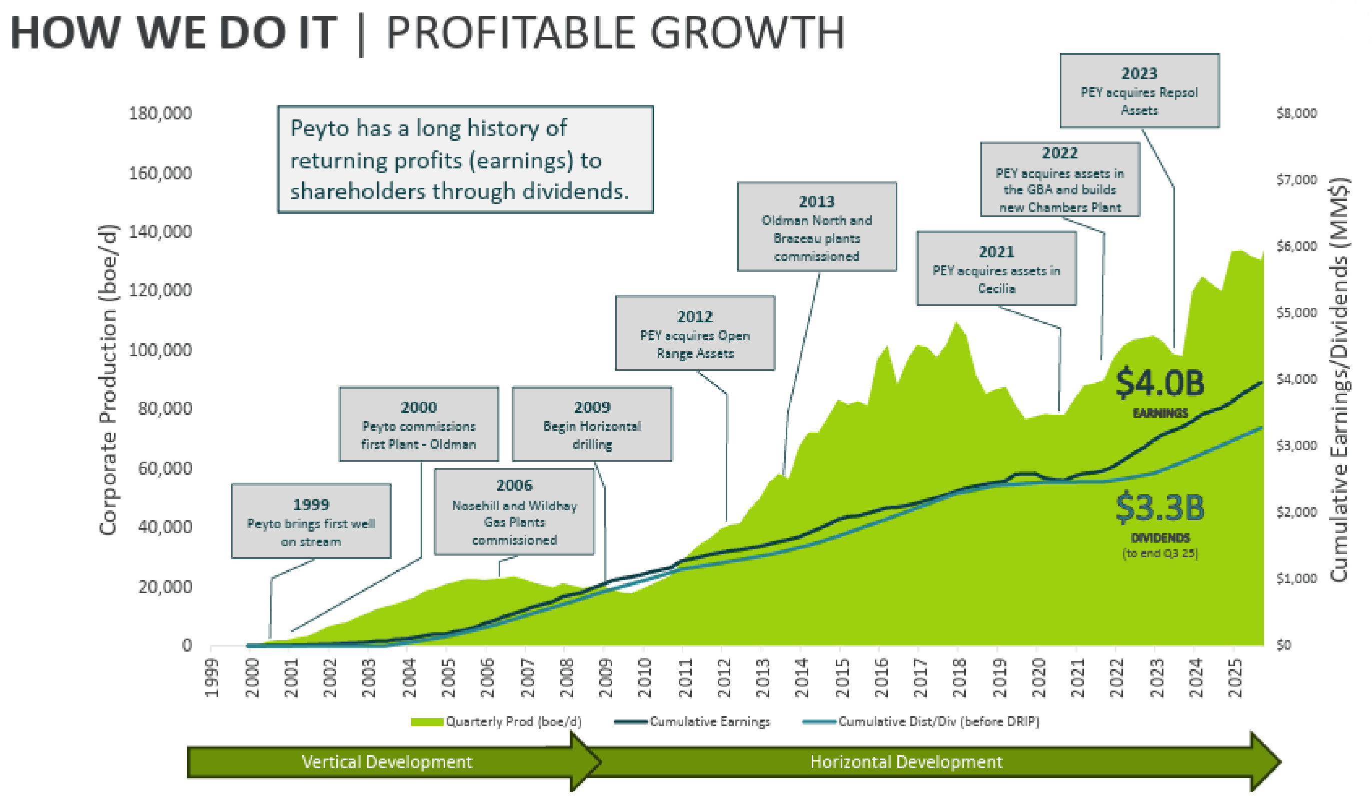

Peyto's Q3 2025 Earnings Call

The earnings call showcased Peyto's solid financial and operational performance, including effective hedging and plans for growth. The company achieved solid financial results despite some challenging weather, low AECO natural gas prices, and higher government costs.

In Q3 2025, Peyto saw production per share rise by 5%, with total output stable at about 130,000 BOEs/day. Cash costs fell to $1.21/Mcfe, the lowest since the Repsol Canada acquisition. Despite weak AECO prices, successful hedging delivered an average gas price of $3.57Cdn/Mcf. Funds from operations rose 29% to nearly $200 million with a 29% profit margin. Capital spending reached $126 million, focusing on infrastructure and expansion projects. Supported by a $1.05 billion credit facility, Peyto expects record 4th quarter production and aims for a December exit rate of more than 140,000 BOEs/day. For 2026, Peyto plans to invest $450–500 million, drill 70–80 wells, and potentially add 43,000–48,000 BOEs/day, continuing its balanced hedging strategy.

My Fair Value Estimate for PEY.TO is $25.00Cdn/share

Compares to First Call's price target of $23.45Cdn

Disclosure: I have a long position in PEYUF. I do not intend on buying or selling any shares 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.

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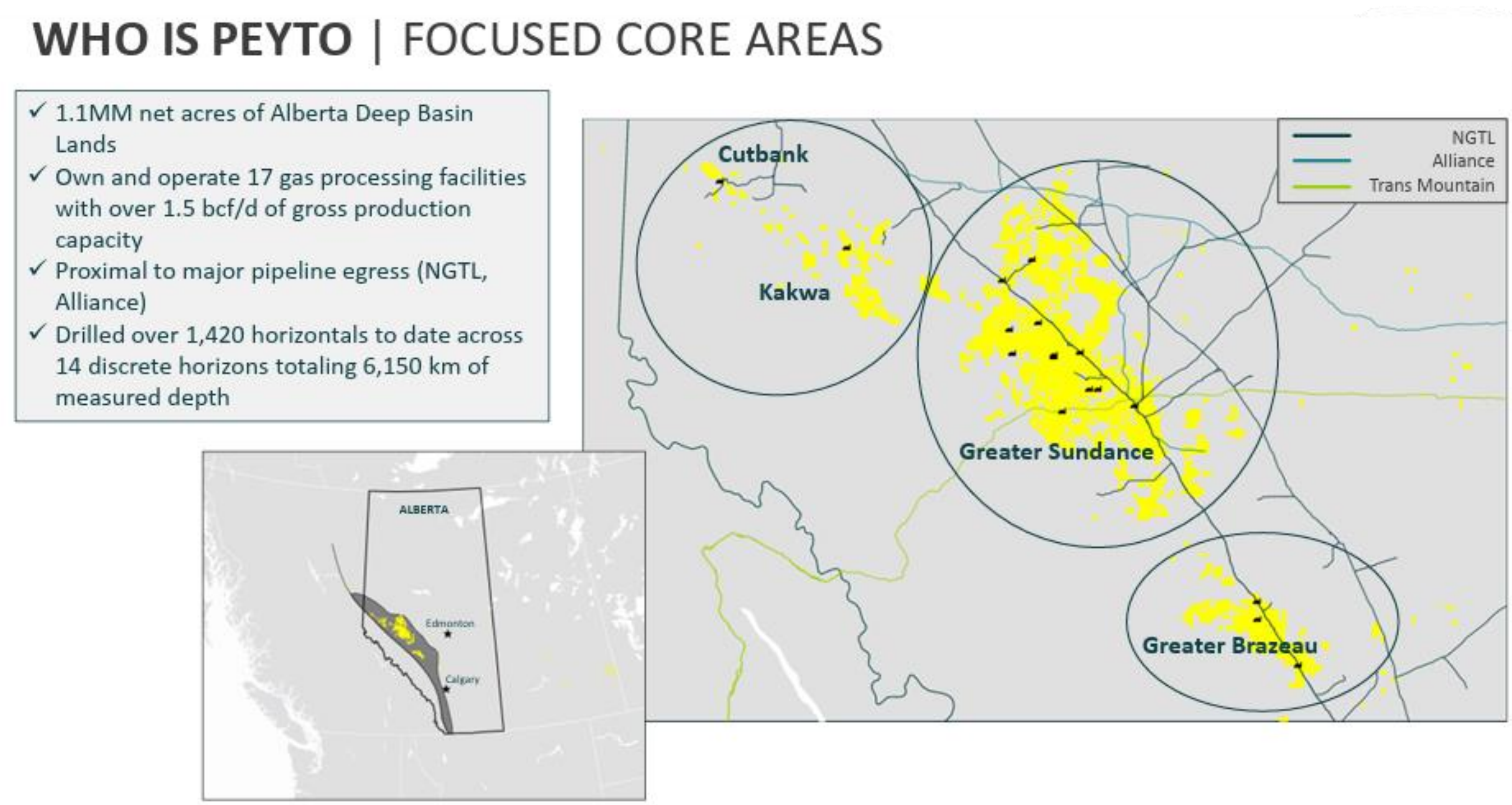
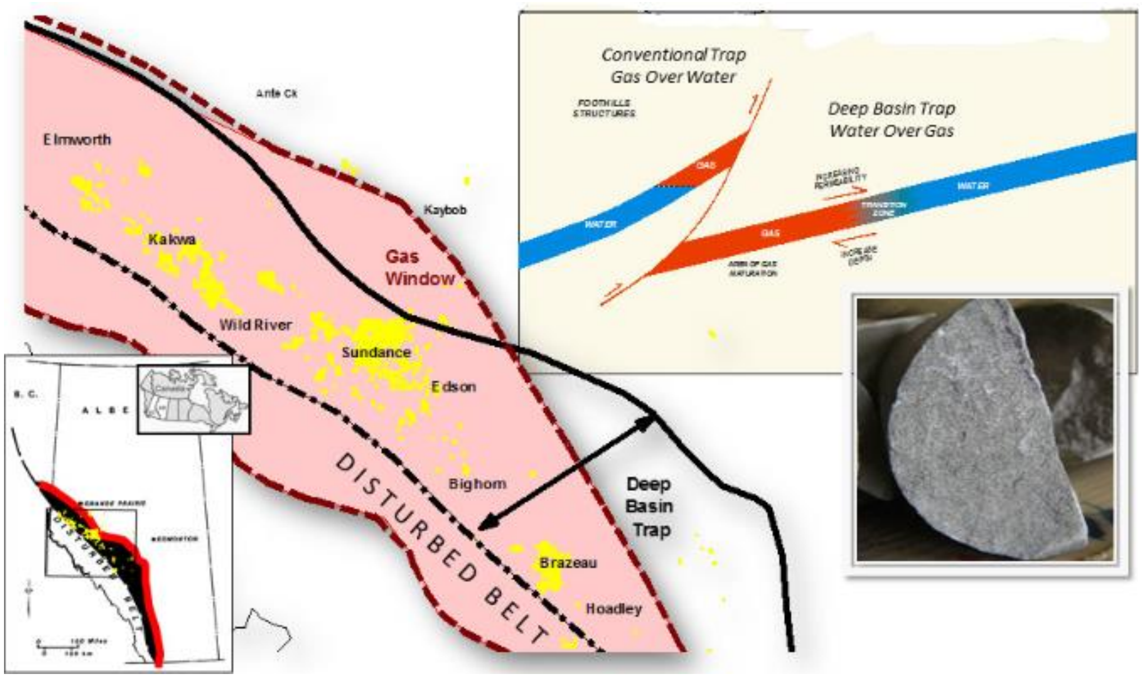
PEYTO Exploration & Development, Corp. is focused on the **Alberta Deep Basin,** which is a geologic setting situated on the northeastern front of the Rocky Mountain belt in the deepest part of the Alberta sedimentary basin.

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 that is heavily weighted to natural gas, 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.



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.

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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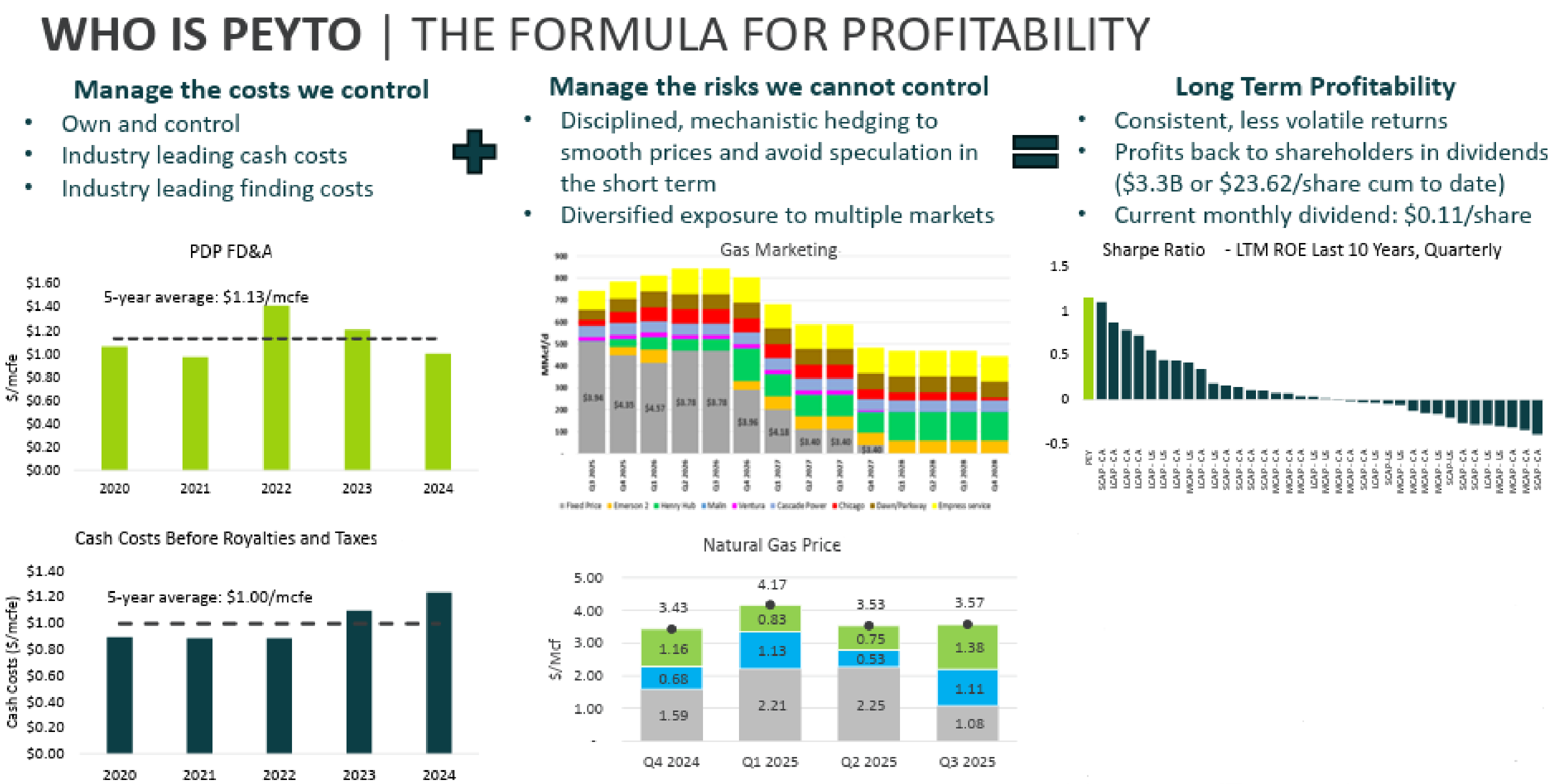

Third Quarter 2025 Highlights (all in $Canadian dollars)

- Peyto reported $198.9 million in funds from operations ("FFO"), or $0.98/diluted share, and generated $69.1 million of free funds flow in the quarter. Strong FFO was driven by the Company's industry-leading low cash costs and realized natural gas price after hedging and diversification of $3.57/Mcf, or 3.3 times the AECO 7A monthly benchmark. *< Peyto has an excellent gas marketing team. It's much higher realized natural gas prices than peers is why it is my Top Pick for more exposure to the natural gas market in Western Canada*.

- Earnings for the quarter totaled $90.7 million, or $0.45/diluted share, and Peyto returned $66.4 million as dividends to shareholders.

- Third quarter production volumes averaged 129,762 boe/d (684.9 MMcf/d of natural gas, 15,611 bbls/d of NGLs), an 8% increase year over year (5% on a per share basis), driven by the Company's successful capital program.

- Peyto recorded $89.2 million in realized hedging gains and exited the quarter with a hedge position protecting approximately 450 MMcf/d and 429 MMcf/d of natural gas production for Q4 2025 and 2026, respectively, at over $4/Mcf. Peyto's natural gas and liquid hedging has secured over $715 million of revenue for 2026.

PEYTO Exploration & Development, Corp.

- Cash costs totaled $1.21/Mcfe for the quarter, including royalties of $0.08/Mcfe, operating expense of $0.51/Mcfe, transportation of $0.30/Mcfe, G&A of $0.06/Mcfe and interest expense of $0.26/Mcfe. This represents the lowest quarterly cash costs (with or without royalties) since the acquisition of Repsol Canada Energy Partnership in Q4 2023 as the Company strives to reduce costs to pre-Repsol levels. Regardless, Peyto remains an industry leader in low cash costs amongst Canadian producers in the oil and natural gas industry.

- Total capital expenditures of $126.3 million were recorded in the quarter. Peyto drilled 20 wells (20.0 net), completed 16 wells (16.0 net), and brought 18 wells (18.0 net) on production. The Company also commissioned a new field compressor station in the Sundance area in the quarter.

- Net debt was reduced by $20.5 million in the quarter and by $126.1 million from December 31, 2024 to $1.22 billion at the end of the quarter.

- Peyto delivered a historically strong operating margin of 72% and profit margin of 29%, resulting in an 11% return on capital employed ("ROCE") and a 13% return on equity9 ("ROE"), on a trailing 12-month basis.

- **The Company has preliminary plans to invest $450 to $500 million in capital for 2026 and** expects to add between 43,000 to 48,000 Boe/d of new production from the development program to offset base production decline estimated between 26-28%.

WHO IS PEYTO | HIGHLIGHTS

Highlights		YE 2023	YE 2024	Q1 2025	Q2 2025	Q3 2025
Natural Gas	*mmcf/d*	554	659	710	697	685
NGLs	*bbl/d*	12,657	15,334	15,473	15,650	15,612
Average Production	*mmcfe/d*	630	751	803	791	779
Average Production	***boe/d***	**104,948**	**125,202**	**133,883**	**131,754**	**129,762**
Production per million shares	*boe/d*	587	640	673	659	645
Field Netback	*$/mcfe*	$3.51	$3.26	$3.88	$3.36	$3.45
Funds from Operations	***$MM***	**$670**	**$713**	**$225**	**$191**	**$199**
Dividends	*$MM*	$239	$258	$66	$66	$66
Earnings	***$MM***	**$293**	**$281**	**$114**	**$88**	**$91**
Capital Expenditures	*$MM*	$1,112	$458	$102	$105	$126
Weighted average shares outstanding – basic	*MM*	179	196	199	200	201
FFO per basic share	*$/sh*	$3.75	$3.64	$1.13	$0.96	$0.99
Period Ended Net Debt	***$MM***	**$1,363**	**$1,349**	**$1,283**	**$1,243**	**$1,222**

53%	**$9,700 boe/d**	**$1.32/share**	**129,762 BOE/D**	**$3.45/mcfe**	**$0.45/share**
2024 Total Shareholder Return	*2024 Capital Efficiency*	*2024 Dividends Paid*	*Q3 Production*	*Q3 Field Netback*	*Q3 Earnings*

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Third Quarter 2025 Financial and Operating Results (in $Canadian dollars)

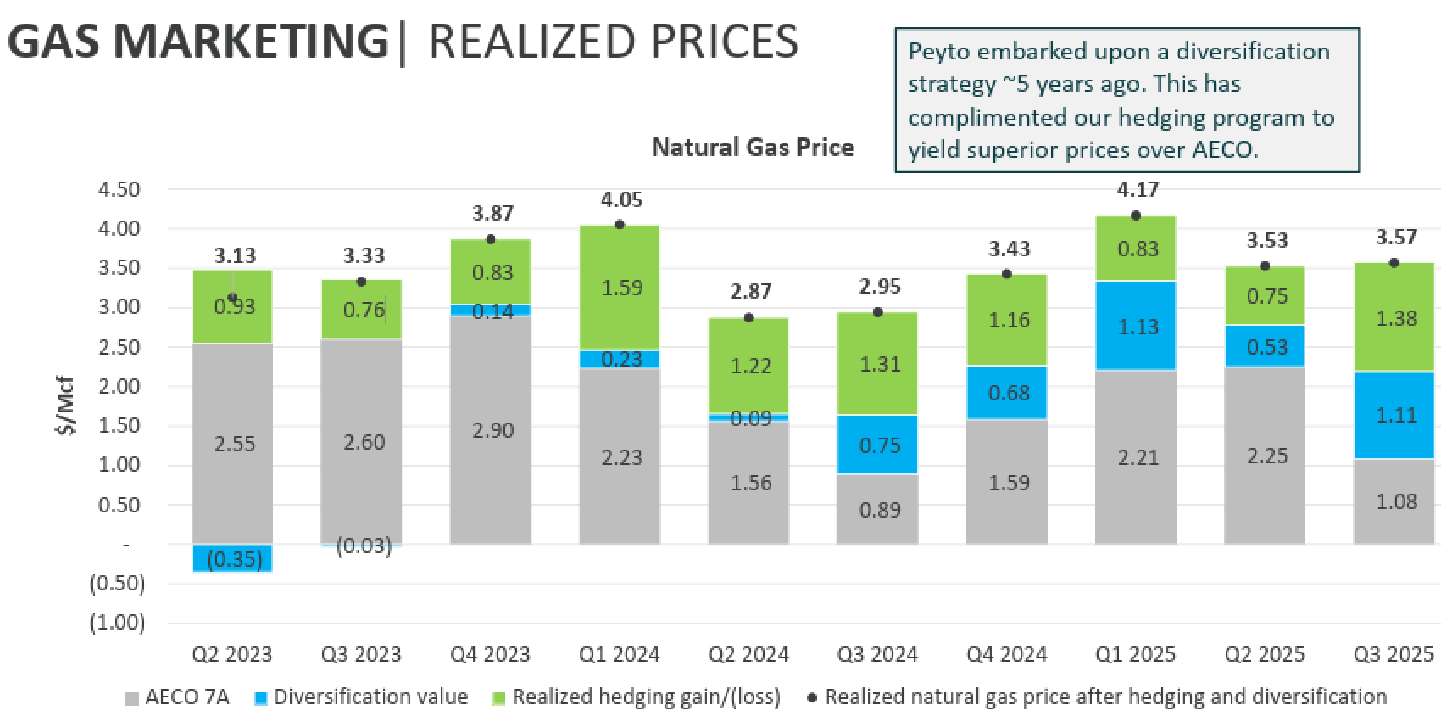
- Production averaged 129.8 Mboe/d, up 8% year over year, but 1.5% lower than Q2 2025 as Peyto navigated wet weather in July, turnarounds at two operated Peyto plants and low natural gas prices. The Company prudently shut in some dry gas production volumes at times during September when AECO/Empress natural gas prices fell below zero. Although Peyto did not have exposure to these prices, the Company elected to save reserves and fulfill downstream physical contracts with gas purchased at negative prices.

- The AECO 7A monthly index fell 52% from Q2 2025, averaging $0.94/GJ for the quarter due to seasonally high storage levels and ongoing pipeline maintenance. The U.S. benchmarks continued to fare better than AECO, with the NYMEX Henry Hub (last day) index averaging US$3.07/MMBtu in the quarter, down only 11% from Q2 2025.

- Peyto's diversified market exposure to Ventura, Chicago, Dawn/Parkway and the Cascade Power Plant, coupled with approximately 74% of gas volumes hedged at fixed prices for the quarter, resulted in an all-in realized natural gas price of $3.57/Mcf ($3.10/GJ), or 3.3 times the AECO 7A index.

- Peyto's disciplined risk management strategy, combined with its low-cost structure, generated FFO of $198.9 million, which funded $126.3 million of capital expenditures and $66.4 million of shareholder dividends.

- Despite the higher capital activity levels, the Company's net debt was reduced by $20.5 million in the quarter.



PEYTO Exploration & Development, Corp.

	Three Months Ended Sep 30		%	Nine Months Ended Sep 30		%
	2025	2024	Change	2025	2024	Change
Operations						
Production						
Natural gas (Mcf/d)	**684,903**	638,433	*7%*	**697,234**	642,791	*8%*
NGLs (bbl/d)	**15,611**	13,626	*15%*	**15,579**	15,309	*2%*
Thousand cubic feet equivalent (Mcfe/d @ 1:6)	**778,571**	720,186	*8%*	**790,707**	734,643	*8%*
Barrels of oil equivalent (boe/d @ 6:1)	**129,762**	120,031	*8%*	**131,784**	122,441	*8%*
Production per million common shares (boe/d)	**645**	612	*5%*	**659**	627	*5%*
Product prices						
Realized natural gas price – after hedging and diversification ($/Mcf)	**3.57**	2.95	*21%*	**3.76**	3.29	*14%*
Realized NGL price – after hedging ($/bbl)	**58.33**	69.61	*-16%*	**59.89**	66.12	*-9%*
Net sales price ($/Mcfe)	**4.31**	3.93	*10%*	**4.49**	4.25	*6%*
Royalties ($/Mcfe)	**0.08**	0.18	*-56%*	**0.15**	0.23	*-35%*
Operating ($/Mcfe)	**0.51**	0.54	*-6%*	**0.53**	0.54	*-2%*
Transportation ($/Mcfe)	**0.30**	0.31	*-3%*	**0.30**	0.30	*0%*
Field netback ($/Mcfe)	**3.45**	2.96	*17%*	**3.56**	3.22	*11%*
General & administrative expenses ($/Mcfe)	**0.06**	0.03	*100%*	**0.06**	0.05	*20%*
Interest expense ($/Mcfe)	**0.26**	0.38	*-32%*	**0.27**	0.37	*-27%*
Financial ($000, except per share)						
Natural gas and NGL sales including realized hedging gains	**308,832**	260,608	*19%*	**970,099**	856,982	*13%*
Funds from operations	**198,901**	154,534	*29%*	**615,517**	514,057	*20%*
Funds from operations per share - basic	**0.99**	0.79	*25%*	**3.15**	2.63	*20%*
Funds from operations per share - diluted	**0.98**	0.78	*26%*	**3.13**	2.62	*19%*
Total dividends	**66,387**	64,707	*3%*	**198,020**	193,229	*2%*
Total dividends per share	**0.33**	0.33	*0%*	**0.99**	0.99	*0%*
Earnings	**90,736**	51,029	*78%*	**292,685**	202,341	*45%*
Earnings per share – basic	**0.45**	0.26	*73%*	**1.46**	1.04	*40%*
Earnings per share – diluted	**0.45**	0.26	*73%*	**1.45**	1.03	*41%*
Total capital expenditures	**126,302**	125,869	*0%*	**333,078**	340,082	*-2%*
Decommissioning expenditures	**3,450**	2,013	*71%*	**9,266**	6,610	*40%*
Total payout ratio	**99%**	125%	*-21%*	**88%**	105%	*-16%*
Weighted average common shares outstanding - basic	**201,160,946**	196,077,193	*3%*	**200,023,611**	195,183,132	*2%*
Weighted average common shares outstanding - diluted	**203,366,724**	197,051,764	*3%*	**202,125,719**	196,395,465	*3%*
Net debt				**1,222,449**	1,362,947	*-10%*
Shareholders' equity				**2,767,560**	2,735,586	*1%*
Total assets				**5,430,376**	5,589,573	*-3%*

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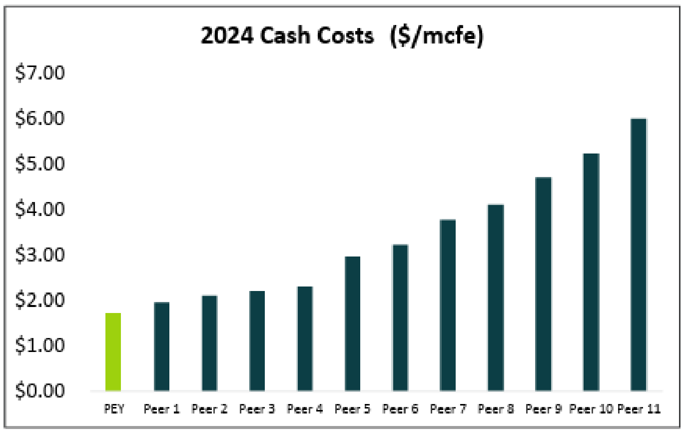
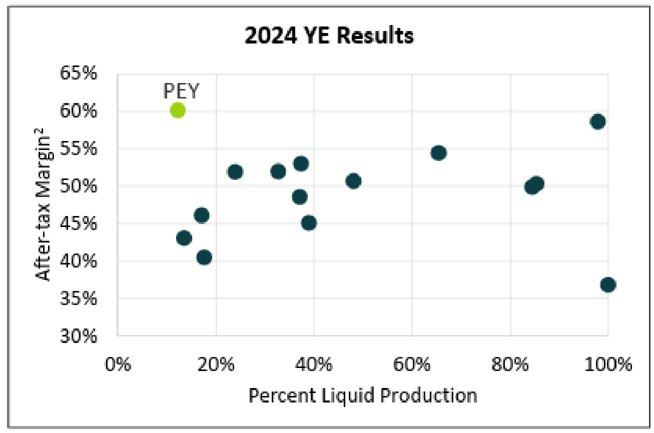
HOW WE DO IT | LOW COSTS DRIVE MARGINS

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





PEYTO'S DEBT

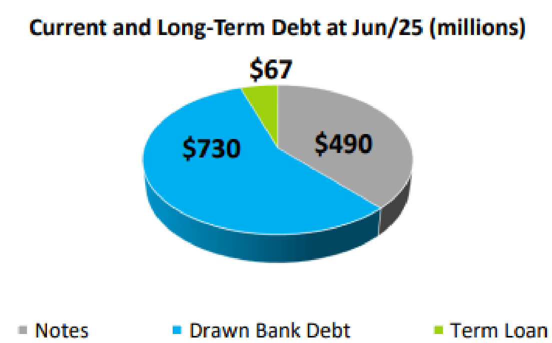
In June 2024, Peyto extended its Revolving Credit Facility and Amortizing Term Loan to October 13, 2027, and October 13, 2026, respectively. Peyto plans to reduce debt over the next 2 years targeting leverage under 1.0 Debt/EBITDA.

Net Debt of $1.24 billion at June 30, 2025. Notes and credit facility include:

- **$490 million of notes fixed at attractive interest rates of ~4.92%**
- **$730 million drawn on $1B revolving credit facility**
- **$67 million drawn on term loan**
- **Debt/EBITDA of 1.39 at June 30, 2025**

	Date Issued	Rate	Maturity Date
Senior Secured Notes			
$100 million (CAD)	January 3, 2019	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



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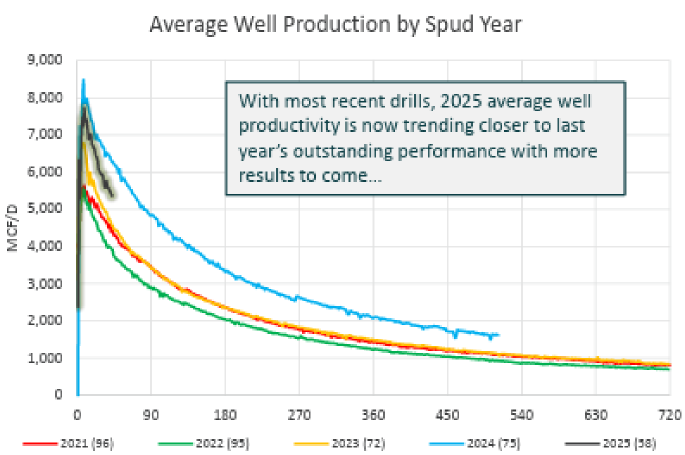
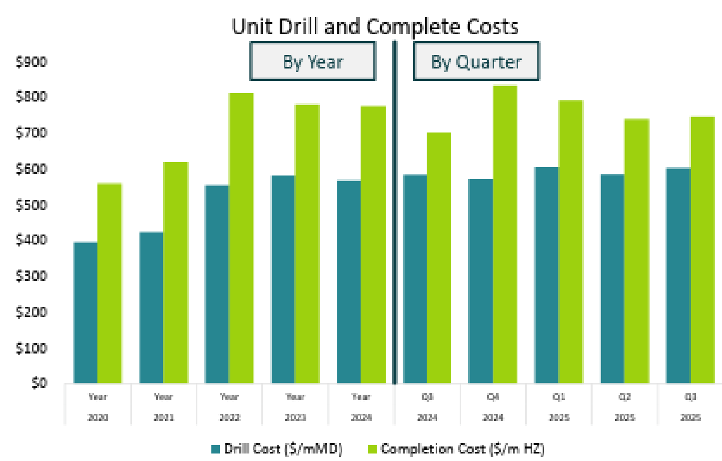
Activity Update

- Since the start of the fourth quarter, Peyto has continued with a five-rig drilling program spread across the Sundance and Brazeau core areas with 12 wells (10.8 net) drilled, 15 wells (14.5 net) completed, and 12 wells (12 net) brought on production. The recent drilling program has delivered strong initial production results in the fourth quarter as Peyto continues to focus on high rate Notikewin and Falher targets which are expected to ramp up production into improving winter prices. Peyto has been pleased with the performance of the additional rig and intends to continue with five rigs for the remainder of the 2025 program and through Q1 2026, assuming spot natural gas prices remain supportive.

- This past October marks Peyto's 27th anniversary of successful operations exclusively in Alberta's Deep Basin. After all these years, the Company continues to find new prospects, apply new technologies, and harvest opportunities in Peyto's existing core areas, achieving great results and returning profits to shareholders.

HOW WE DO IT | CONTINUOUS IMPROVEMENT





	2020	2021	2022	2023	2024	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3
Depth (mMD)	4,247	4,453	4,611	4,891	5,092	4,804	4,987	4,976	5,021	4,921
Drill ($/mMD)	$396	$424	$555	$582	$569	$585	$572	$605	$585	$603
HZ Length (m)	1,682	1,612	1,661	1,969	2,184	2,224	1,989	1,961	2,311	2,185
Completion ($/m)	$560	$620	$813	$781	$776	$703	$834	$793	$740	$747

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PEYTO'S FUTURE | SUPPLY COST GOALS

$/mcfe	2021	2022	2023	2024	2025 Goals
PDP FD&A	$0.97	$1.41	$1.21	$1.00	$1.00
Cash Costs	$1.25	$1.62	$1.42	$1.46	$1.32
Total Supply Cost	$2.22	$3.03	$2.63	$2.46	$2.32
Sales Price	$3.60	$5.36	$4.59	$4.31	$4.61
Full Cycle Netback	$1.38	$2.33	$1.96	$1.85	$2.29
Margin	38%	43%	43%	43%	50%
Dividend ($/mcfe)	$0.11	$0.45	$1.04	$0.94	
Dividend ($/sh/year)	$0.08	$0.60	$1.32	$1.32	$1.32

Royalties	$0.22
OPEX	$0.53
Transport	$0.30
G&A	$0.05
Interest	$0.36
Total Costs	$1.46

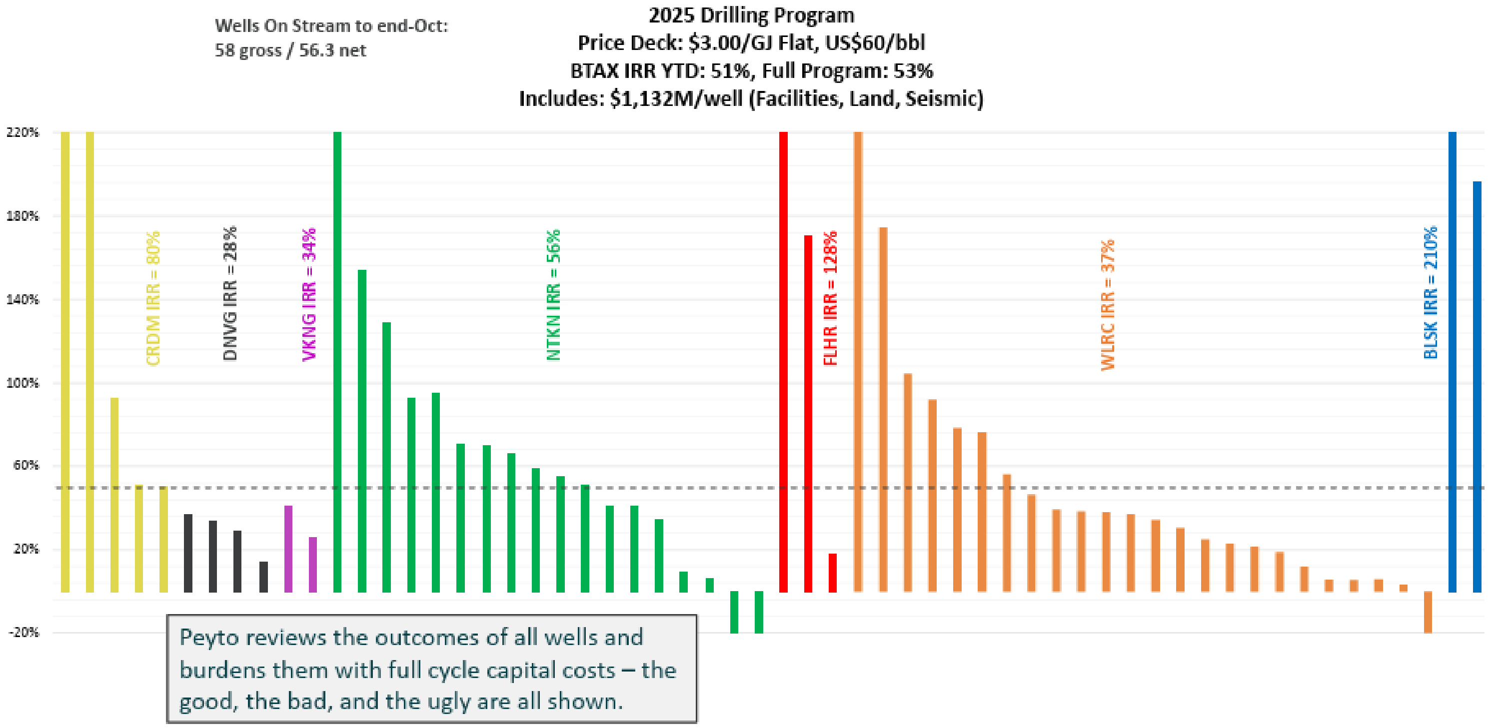
Revenue	$3.12
Hedge Gain	$1.14
Other Income	$0.05
Total Realized	$4.31

Repeat great results from 2024 program.

Royalties down. Interest down with reducing debt and lower interest rates. Opex continuing to improve since acquisition.

Assumes Nov-2025 strip price combined with strong hedging position and liquids.

PEYTO'S RETURNS | ROBUST RESULTS - 2025 YTD



Capital Expenditures

- Peyto contracted a fifth rig in September to catch up on lower-than-expected summer drilling activity. Peyto drilled 20 gross (20.0 net) horizontal wells in the third quarter including 10 Notikewin, 3 Wilrich, 3 Falher, 2 Viking, and 2 Bluesky wells in the core Sundance and Brazeau areas. The Company also completed 16 gross (16.0 net) wells and brought 18 gross (18.0 net) wells on production in the quarter, resulting in total well-related capital expenditures of $92.6 million.

- The capital program focused on drilling prolific zones in the Notikewin, Falher, and Bluesky, where initial results came in better than expected, and will contribute to a new production wedge being brought on in the fourth quarter for the winter season. Additionally, Peyto invested $33.3 million in gathering and processing facilities in the third quarter that included construction of a new field compressor station in Sundance, turnarounds at the Oldman plants, and pipeline de-bottlenecking in the Nosehill and Swanson areas of Sundance.

- The Sundance field compressor, which came in under budget, re-directs low pressure, liquids-rich gas wells to the Edson gas plant to make room in the gathering system for future drilling activity. Drilling and completion costs per meter were slightly higher in the quarter due to shorter laterals related to the composition of the well species. Peyto's historical drilling and completion costs are summarized in the following table.

	2018	2019	2020	2021	2022	2023	2024	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	**2025 Q3**
Gross Hz Spuds	70	61	64	95	95	72	75	18	20	21	16	19	19	**20**
Measured Depth (m)	4,020	3,848	4,247	4,453	4,611	4,891	5,092	5,220	5,364	4,804	4,987	4,976	5,021	**4,921**
Drilling ($MM/well)	$1.71	$1.62	$1.68	$1.89	$2.56	$2.85	$2.90	$3.05	$2.89	$2.81	$2.85	$3.01	$2.94	**$2.97**
$ per meter	$425	$420	$396	$424	$555	$582	$569	$585	$539	$585	$572	$605	$585	**$603**
Completion ($MM/well)	$1.13	$1.01	$0.94	$1.00	$1.35	$1.54	$1.70	$1.80	$1.75	$1.56	$1.66	$1.56	$1.71	**$1.63**
Hz Length (m)	1,348	1,484	1,682	1,612	1,661	1,969	2,184	2,223	2,350	2,224	1,989	1,961	2,311	**2,185**
$ per Hz Length (m)	$751	$679	$560	$620	$813	$781	$776	$809	$744	$703	$834	$793	$740	**$747**
$ '000 per Stage	$51	$38	$36	$37	$47	$52	$52	$55	$49	$48	$56	$56	$47	**$47**

- Peyto also spent $0.4 million during the quarter on acquiring mineral rights and divested a minor property for $0.5 million.

Commodity Prices and Realizations

- In the third quarter, Peyto realized a natural gas price after hedging and diversification of $3.57/Mcf, or $3.10/GJ, 3.3 times the average AECO 7A monthly benchmark of $0.94/GJ, driven by realized hedging gains and the Company's market diversification to non-AECO hubs. Peyto's natural gas hedging activity resulted in a realized gain of $1.38/Mcf ($87.0 million) while Peyto's diversification activities, including its gas supply agreement with the Cascade Power Plant, contributed $1.11/Mcf (net of diversification costs) in the quarter.

- Condensate and pentanes averaged $83.24/bbl for the quarter, down 18% year over year, due to falling benchmark oil prices over the same period. Other NGL volumes were sold at an average price of $27.04/bbl, or 30% of Canadian dollar WTI. Peyto's combined realized NGL price was $56.75/bbl before hedging, and $58.33/bbl including a realized hedging gain of $1.58/bbl ($2.3 million) in the third quarter.

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.

	Q4 2025	2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026	2026	2027	2028
AECO 7A Fixed Price Swaps (CAD$/GJ)									
Volume GJ/d	256,848	**275,479**	240,000	212,500	212,500	185,978	**212,596**	**63,055**	-
Price CAD$/GJ	3.85	**3.59**	4.17	3.31	3.31	3.43	**3.57**	**3.27**	-
AECO 5A Fixed Price Swaps (CAD$/GJ)									
Volume GJ/d	8,424	**14,658**	-	-	-	-	-	**23,452**	-
Price CAD$/GJ	3.60	**3.60**	-	-	-	-	-	**2.70**	-
NYMEX (AECO & Empress Basis) Fixed Price (US$/MMBtu)									
Volume MMBtu/d	223,315	**221,438**	235,000	275,000	275,000	129,130	**228,370**	**57,534**	-
Price US$/MMBtu	3.03	**2.99**	3.03	2.73	2.73	2.90	**2.83**	**2.76**	-
Price CAD$/GJ	4.03	**3.96**	4.03	3.63	3.63	3.85	**3.76**	**3.66**	-
EMERSON 2 Fixed Price (US$/MMBtu)									
Volume MMBtu/d	15,969	**27,785**	-	64,032	64,032	21,576	**37,542**	-	-
Price US$/MMBtu	2.35	**2.35**	-	2.57	2.57	2.57	**2.57**	-	-
Fixed AECO Netback US$/MMBtu	1.92	**1.92**	-	2.14	2.14	2.14	**2.14**	-	-
Fixed AECO Netback CAD$/GJ	2.55	**2.55**	-	2.85	2.85	2.85	**2.85**	-	-

GAS MARKETING

Floating Price Gas Contracts

Peyto has exposure to natural gas price upside with its diversification to premium markets in California, Ontario and the US mid-west and its Cascade Power contract.

	Q4 2025	2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026	2026	2027	2028
Henry Hub (AECO/Empress/Emerson 2 Basis) MMBtu/d									
Volume MMBtu/d	33,098	**12,589**	50,000	25,000	25,000	150,978	**62,918**	**95,767**	**140,000**
Basis cost US$/MMBtu	(0.87)	**(0.86)**	(0.88)	(0.92)	(0.92)	(0.94)	**(0.92)**	**(0.89)**	**(1.05)**
Malin									
Volume MMBtu/d	4,000	**4,000**	4,000	4,000	4,000	4,000	**4,000**	**4,000**	**4,000**
Index cost US$/MMBtu	(1.15)	**(1.15)**	(1.15)	(1.15)	(1.15)	(1.15)	**(1.15)**	**(1.15)**	**(1.15)**
Chicago									
Volume MMBtu/d	56,522	**36,685**	70,000	70,000	70,000	70,000	**70,000**	**64,986**	**33,333**
Index cost US$/MMBtu	(1.04)	**(1.03)**	(1.05)	(1.01)	(1.01)	(1.01)	**(1.02)**	**(1.01)**	**(1.01)**
Ventura									
Volume MMBtu/d	20,000	**20,000**	20,000	20,000	20,000	20,000	**20,000**	**16,658**	-
Transport, marketing, fuel US$/MMBtu	(1.13)	**(1.13)**	(1.13)	(1.13)	(1.13)	(1.13)	**(1.13)**	**(1.13)**	-
Emerson 2									
Volume GJ/d	45,317	**23,751**	68,348	-	-	45,318	**28,275**	**68,348**	**68,348**
Transport costs $/GJ	(0.56)	**(0.56)**	(0.56)	-	-	(0.56)	**(0.56)**	**(0.56)**	**(0.56)**
Dawn/Parkway									
Volume GJ/d	70,987	**55,290**	81,652	81,652	81,652	81,652	**81,652**	**81,652**	**81,652**
Transport costs $/GJ	(1.17)	**(1.19)**	(1.15)	(1.15)	(1.15)	(1.15)	**(1.15)**	**(1.15)**	**(1.15)**
Cascade Power									
Volume GJ/d	60,000	**60,000**	60,000	60,000	60,000	60,000	**60,000**	**60,000**	**60,000**

NGL MARKETING

Fixed Price Contracts

Peyto uses swaps and costless collars to secure liquids revenue as well.

	Q4 2025	2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026	2026	2027
WTI SWAPS								
Volume USD bbls/d	-	-	-	-	-	-	-	
Price US$	-	-	-	-	-	-	-	
Volume CAD bbls/d	4,900	**4,750**	4,000	2,600	2,100	2,100	**2,693**	**398**
Price CAD$	90.06	**95.23**	87.69	85.01	84.51	84.51	**85.79**	**83.85**
Price CAD$ (Equiv)	90.06	**95.23**	87.69	85.01	84.51	84.51	**85.79**	**83.85**
TOTAL bbls/d	4,900	**4,750**	4,000	2,600	2,100	2,100	**2,693**	**398**
WTI COLLARS								
Volume CAD bbls/d	500	**623**	500	500	-	-	**248**	
Put CAD$	90.00	**88.75**	85.00	90.00	-	-	**87.50**	
Call CAD$	100.50	**103.34**	100.00	100.50	-	-	**100.25**	
CONWAY SWAPS								
Volume USD bbls/d	500	**500**	500	-	-	-	**123**	
Price US$	33.60	**33.66**	33.60	-	-	-	**33.60**	
Price CAD$	47.04	**47.13**	47.04	-	-	-	**47.04**	

Netbacks

- The Company's realized natural gas and NGL sales yielded a combined revenue stream of $3.07/Mcfe before hedging gains of $1.24/Mcfe, resulting in a quarterly net sales price of $4.31/Mcfe, 10% higher than the $3.93/Mcfe realized in Q3 2024. Cash costs totaled $1.21/Mcfe in the quarter, 16% lower than $1.44/Mcfe in Q3 2024 due to decreased royalties, operating and interest costs.

- Operating costs totaled $0.51/Mcfe, down from $0.54/Mcfe in Q3 2024. Operating costs were also down from Q2 2025 despite lower production volumes, reflecting the Company's continuous pursuit of cost efficiency. The Company's cash netback (net sales price including other income, net marketing revenue, realized gain on foreign exchange, less total cash costs) was $3.14/Mcfe, resulting in a solid 72% operating margin. Historical cash costs and operating margins are shown in the following table:

	2022				2023				2024				2025		
($/Mcfe)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[2]	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	5.25	5.48	5.01	5.74	5.10	4.07	4.32	4.83	4.92	3.97	3.99	4.34	4.95	4.34	**4.35**
Royalties	0.60	0.95	0.70	0.72	0.53	0.18	0.29	0.30	0.24	0.26	0.18	0.21	0.25	0.14	**0.08**
Op Costs	0.41	0.39	0.38	0.41	0.50	0.47	0.44	0.55	0.55	0.52	0.54	0.50	0.53	0.54	**0.51**
Transportation	0.28	0.27	0.26	0.22	0.24	0.29	0.29	0.26	0.30	0.30	0.31	0.27	0.29	0.31	**0.30**
G&A	0.03	0.02	0.02	0.02	0.03	0.05	0.04	0.06	0.06	0.06	0.03	0.05	0.06	0.06	**0.06**
Interest	0.21	0.20	0.21	0.21	0.22	0.22	0.28	0.40	0.36	0.36	0.38	0.33	0.29	0.26	**0.26**
Cash cost pre-royalty	0.93	0.88	0.87	0.86	0.99	1.03	1.05	1.27	1.27	1.24	1.26	1.15	1.17	1.17	**1.13**
Total Cash Costs	1.53	1.83	1.57	1.58	1.52	1.21	1.34	1.57	1.51	1.50	1.44	1.36	1.42	1.31	**1.21**
Cash Netback	3.72	3.65	3.44	4.16	3.58	2.86	2.98	3.26	3.41	2.47	2.55	2.98	3.53	3.03	**3.14**
Operating Margin	71%	67%	69%	72%	71%	70%	69%	67%	69%	62%	64%	69%	71%	70%	**72%**

- Depletion, depreciation, and amortization charges of $1.33/Mcfe, along with provisions for current tax, deferred tax, performance-based compensation and stock-based compensation resulted in earnings of $1.27/Mcfe, for a 29% profit margin. Dividends to shareholders totaled $0.93/Mcfe.

PEYTO Exploration & Development, Corp.

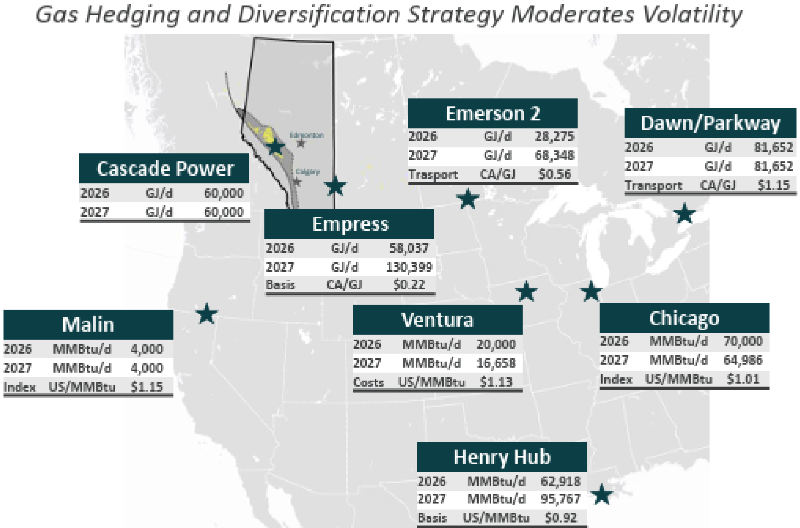
Hedging and Marketing

- The Company has been active in hedging future production with financial and physical fixed price contracts to protect a portion of its future revenue from commodity prices and foreign exchange volatility. The following table summarizes Peyto's hedge position for the fourth quarter of 2025, calendar 2026, and calendar 2027.

	Q4 2025	2026	2027
Natural Gas			
Volume (MMcf/d)	450	429	128
Average Fixed Price ($/Mcf)	4.36	4.04	3.73
WTI Swaps			
Volume (bbls/d)	4,900	2,693	398
Average Fixed Price ($/bbl)	90.06	85.79	83.85
WTI Collars			
Volume (bbls/d)	500	248	-
Put–Call ($/bbl)	90.00–100.50	87.50–100.25	-
Propane			
Volume (bbls/d)	500	123	-
Average Fixed Price (US$/bbl)	33.60	33.60	-
USD FX Contracts			
Amount sold (USD 000s)	60,025	128,840	27,895
Rate (CAD/USD)	1.354	1.361	1.365

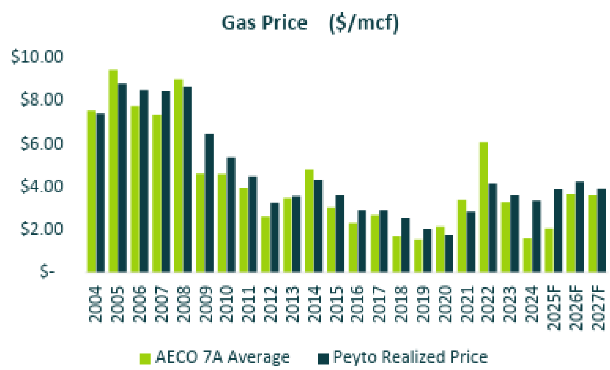
PEYTO'S MARKETING

Gas Hedging and Diversification Strategy Moderates Volatility



2026E Natural Gas Marketing

- For 2026, Peyto has fixed 429 MMcf/d of its gas volumes while the remaining volumes "float" at the hubs shown on the map
- Diversification reduces single market risk. Empress exposure minimizes risk to a potential disconnection in the AECO market that can dislocate, especially in summer.



- Peyto has beat the AECO monthly price in 15 of the last 20 years using a methodical hedging and diversification strategy
- Since 2003, through to the end of Q3-2025, we have realized a cumulative gain of **$703MM** from all our hedging activities
- **Hedging and diversification gains are expected through 2026 based on current strip pricing**

Credit Facility Amendment and Extension

- On October 23, 2025, the Company entered into an agreement with its syndicate of lenders to amend and extend its credit facilities, which increased the revolving credit facility to $1.05 billion from $1.0 billion and extended the maturity date to October 23, 2029, from October 13, 2027. There was no change in Peyto's borrowing costs or the financial covenants in the amended agreement. Additionally, effective October 23, 2025, Peyto repaid the $50 million outstanding balance under its term loan facility using proceeds from the increased revolving credit facility and terminated the term loan facility.

- The credit facility extension, along with Peyto's long-term notes, provides the Company with a strong liquidity position to execute its business plan over the next four years.

2026 Preliminary Budget and Plans

- **Peyto's preliminary capital budget for 2026, set at $450–$500 million**, includes a low-risk development program targeting multiple formations across all core areas with a larger portion expected in the Greater Sundance area, leveraging successful drilling results from 2025. The Company expects to continue with five drilling rigs at the start of the year for this capital program and will modify investments, as necessary, depending on market conditions. The program is expected to drill between 70–80 horizontal wells, with well-related costs representing approximately 80% of the 2026 budget.

- Facility spending planned for 2026 includes a major pipeline looping project in the Sundance area to accommodate future well development. Other facility projects include minor turnarounds at plants in the Sundance area, multiple pipeline optimization and debottlenecking initiatives, and plant optimization projects. These projects will increase reliability and lower long-term operating costs, leveraging Peyto's operated 1.4 Bcf/d of net gas processing capacity. Additionally, the Company plans to spend approximately $13 million on closure related activities to reduce abandonment retirement obligations.

- While specific details of the budget will be finalized in early 2026, the capital program is estimated to add approximately 43,000 to 48,000 boe/d of new production by the end of the year and more than offset annual forecasted decline of between 26–28%. The program will be designed to add production throughout 2026 and will remain flexible, as always, to allow Peyto to react to changes in commodity prices, service costs and the global economic environment.

PEYTO Exploration & Development, Corp.

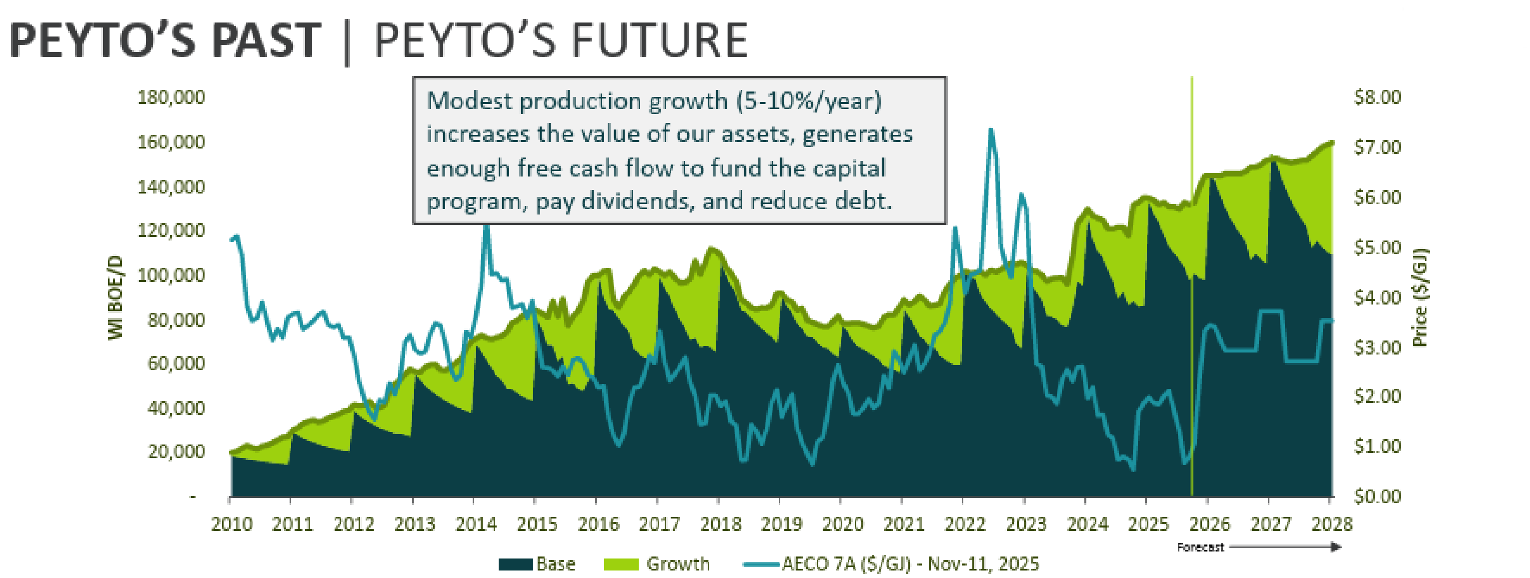
Company Profile

December 18, 2025

Outlook

- The Company remains on track to execute the 2025 capital program within the $450–$500 million capital guidance and exit the year with production volumes at approximately 145,000 boe/d for December.

- Peyto remains bullish on the outlook for natural gas going forward as local natural gas demand continues to grow to support increasing electrification, growing oil sands production and economic development in the province. LNG Canada continues to ramp up production at their new facility and should reach full capacity in 2026. In the US, demand for natural gas is steadily growing with increasing power demand and LNG exports. The US has added over 3 Bcf/d of LNG export capacity in 2025, recently setting new daily records over 17 Bcf/d, and is expected to add another 12 Bcf/d of capacity by the end of the decade. Peyto is well positioned to take advantage of the constructive outlook for natural gas demand while the Company's disciplined hedging program and diversification to multiple demand markets helps to protect revenues for the short term. Additionally, Peyto's resilient strategy focuses on maintaining low cash and finding costs with its long-life reserves, which supports the capital program, future dividends and continued strengthening of the balance sheet for shareholders.



	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'S FUTURE | 2026 FOCUS

$450M-$500M

2026 Preliminary Capital Program

✓ Drill ~70 – 80 Net Hz Wells

4-5 rig program contemplated using ~80% of capital budget for well-related costs

Add 43,000 – 48,000 boe/d (~$10,500/boed) to offset 26%-28% base production decline

✓ Optimize Infrastructure

Gathering and Plant Debottlenecking Projects including Nosehill pipeline looping

✓ Increase Opportunities

Explore new drilling horizons and technology, farm-ins, swaps, and acquisitions

✓ Diversify Markets and Protect Revenues

Continue to diversify to external markets and layer in hedges

✓ Generate Shareholder Returns

Payout dividend at $0.11/share/month and fund capital program with free cashflow while reducing debt

PEYTO Exploration & Development, Corp.

Energy Prospectus Group
A Division of DMS Publishing, LLC

Company Profile

Net Income and Cash Flow Forecast Model

December 18, 2025

Peyto Exploration & Development Corp. (PEY.TO and PEYUF)
Net Income and Cash Flow 2022 - 2026 (last updated 12/17/2025)
($Thousands)

	Actual 2022	Actual 2023	Actual Qtr1 2024	Actual Qtr2 2024	Actual Qtr3 2024	Actual Qtr4 2024	Actual Year 2024	Actual Qtr1 2025	Actual Qtr2 2025	Actual Qtr3 2025	Forecast Qtr4 2025	Forecast Year 2025	Forecast 2026	
			In Canadian Dollars					*In Canadian Dollars*						
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	$303,495	$254,369	$219,584	$359,741	$1,137,189	$1,498,296	are shown on **row 12** when actuals are reported
Royalties	(168,379)	(74,342)	(16,648)	(17,440)	(11,695)	(15,768)	(61,551)	(17,714)	(9,753)	(5,649)	(12,591)	(45,707)	(74,915)	< 3.5% in Q4 2025 & 5% in 2026
Sales of Ngas & NGLs from 3rd parties	92,625	24,403	25,851	8,404	8,729	8,039	51,023	8,342	5,385	4,892	8,000	26,619	40,000	
Realized gain (loss) on derivatives	(340,437)	61,188	93,403	68,011	76,826	76,612	314,852	50,773	52,630	89,248	0	192,651	0	
Other income	10,262	9,716	3,421	1,755	1,701	3,512	10,389	2,445	4,824	2,170	2,500	11,939	10,000	
Total Revenues	1,133,507	1,006,702	345,165	256,551	259,343	310,881	1,171,940	347,341	307,455	310,245	357,650	1,322,691	1,473,382	
OPERATING EXPENSES:														
Purchases of Ngas & NGLs from 3rd parties	86,977	24,511	26,238	7,854	6,925	6,776	47,793	7,283	4,775	4,296	7,200	23,554	36,000	< 90% of row 11
Lease operating (incl. production taxes)	89,415	113,391	37,443	34,777	36,070	37,053	145,343	38,603	38,932	36,785	40,282	154,602	166,714	< $3.15 / boe
Transportation	58,306	61,668	20,377	20,338	20,500	20,014	81,229	21,162	22,183	21,800	23,658	88,803	97,911	< $1.85 / boe
G&A	5,253	10,589	3,777	4,295	2,254	3,832	14,158	4,669	4,475	4,036	5,000	18,180	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	2,500	2,500	2,500	10,500	18,000	22,000	
Stock based compensations	11,703	15,162	4,045	2,475	3,817	3,773	14,110	3,581	3,650	3,671	4,000	14,902	16,000	
Finance costs	53,270	70,860	27,130	26,336	28,287	25,361	107,114	23,708	22,372	21,783	21,500	89,363	80,000	***< Free cash flow after dividends will continue to***
Foreign exchange realized loss (gain)	(1,359)	1,389	(513)	167	34	(163)	(475)	(88)	895	(164)	0	643	0	***pay down debt in 2026***
Foreign exchange unrealized loss (gain)	3,465	(1,272)	1,296	548	(752)	3,560	4,652	(52)	(2,932)	1,112	0	(1,872)	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	96,701	95,840	95,325	102,304	390,170	423,400	< $8.00 / boe
TOTAL OPERATING EXPENSES	616,423	621,895	214,249	191,765	192,336	208,513	806,863	198,067	192,690	191,144	214,444	796,345	862,025	
NET INCOME BEFORE INCOME TAXES	517,084	384,807	130,916	64,786	67,007	102,368	365,077	149,274	114,765	119,101	143,206	526,346	611,357	
INCOME TAXES														***Current tax rate should go down in 2026 with larger drilling porgram***
Current	20,277	59,047	28,477	10,361	14,180	20,459	73,477	29,838	25,966	26,290	30,789	112,883	131,442	< 21.5%
Deferred	106,144	33,125	2,564	2,988	2,798	2,680	11,030	5,319	967	2,075	2,864	11,225	12,227	< 2.0%
NET INCOME	$390,663	$292,635	$99,875	$51,437	$50,029	$79,229	$280,570	$114,117	$87,832	$90,736	$109,553	$402,238	$467,688	
Common Stock outstanding	**170,739**	**178,894**	**195,737**	**197,829**	**197,829**	**197,829**	**197,829**	**199,031**	**200,581**	**201,897**	**202,200**	**198,500**	**203,000**	***< 2025 is stock o/s at end of each Qtr***
Earnings per share	$2.29	$1.64	$0.51	$0.26	$0.25	$0.40	$1.42	$0.57	$0.44	$0.45	$0.54	$2.03	$2.30	
								$0.57	$0.44	$0.45	$0.68	$2.26	$2.26	< First Call's EPS Forecast
Operating cash flows	$ 817,371	$ 657,932	$ 200,418	$ 151,944	$ 149,830	$ 186,870	$ 689,062	$ 219,961	$ 185,839	$ 192,951	$ 216,721	$ 815,472	$ 889,315	***< 2026 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	$1.11	$0.93	$0.96	$1.07	$4.06	$4.38	**< Fair Value est. of 6 X 2025 to 2026 CFPS = $ 25.00 < $Cdn**
														PEYUF PT >>> $ 18.00 < $US
PRODUCTION			*In Canadian Dollars*					*In Canadian Dollars*						***Q3 2025 Mix*** / ***Forecast Mix*** — TipRanks' PT >> $ 16.69 *< $US*
Natural Gas (mcfp/d)	543,595	553,748	647,236	642,751	638,430	708,102	659,130	710,460	696,624	684,905	733,920	706,477	765,600	< 87.97% / < 88% — First Call's PT >> $ 23.45 *< $Cdn*
Oil (bbls/d)	0	0	0	0	0	0	0	0	0	0	0	0	0	< 00% / < 00%
NGLs (bbls/d) ***All liquids combined***	12,949	12,657	17,145	15,174	13,626	15,409	15,339	15,473	15,650	15,611	16,680	15,854	17,400	< 12.03% / < 12%
boepd	103,548	104,948	125,018	122,299	120,031	133,426	125,193	133,883	131,754	129,762	139,000	133,600	145,000	***< Adding ~75 Net HZ wells in 2025***
PRODUCT PRICES	3.3%	4.7%					19.3%					6.7%	8.5%	***< Peyto's goal is 8% to 10% annual production growth***
Natural Gas ($/mcf)	$ 4.12	$ 3.57	$ 4.05	$ 2.87	$ 2.95	$ 3.43	$ 3.32	$ 4.17	$ 3.53	$ 3.57	$ 3.96	$ 3.81	$ 3.95	**< See impact of hedges below + $0.20 (Peyto has access to premiun**
Oil ($/bbl)	$ -	$ -	$ -	$ -	$ -	$ -	$ -					$ -		**natural gas markets and their Ngas has high BTU content.)**
NGLs ($/bbl)	$ 80.89	$ 70.22	$ 60.37	$ 69.44	$ 69.61	$ 64.78	$ 66.05	$ 62.98	$ 58.44	$ 58.33	$ 60.00	$ 59.94	$ 62.00	**< NGLs + Crude oil & condensate (my WAG)**
Gross Revenue check (prod * ave price)	1,198,988	1,046,926	332,541	263,832	260,608	315,098	1,169,519	354,268	306,999	308,832	359,741	1,328,953	1,498,296	
Revenues are net of cash settlements on hedges >>>				***Revenues include cash settlements on hedges >>>***				**354,268**	**306,999**	***308,832***	390,600	1,360,000	1,470,000	< First Call's Revenue Forecasts

2025 EBITDA	2026 EBITDA
$1,038,781	$1,152,757