Peyto Exploration & Development Corp.

Condensed Consolidated Balance Sheet *(unaudited)*

(Amount in $ thousands)

	June 30 2021	December 31 2020
Assets		
Current assets		
Cash	3,533	9,310
Accounts receivable (*Note 10)*	66,435	56,445
Prepaid expenses	19,719	16,896
	89,687	82,651
Long-term derivative financial instruments *(Note 11)*	-	6,475
Property, plant and equipment, net *(Note 3)*	3,572,812	3,511,931
	3,572,812	3,518,406
	3,662,499	3,601,057
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	95,592	87,342
Dividends payable *(Note 7)*	1,658	1,649
Current portion of lease obligation *(Note 6)*	1,164	1,107
Derivative financial instruments *(Note 11)*	111,326	4,962
	209,740	95,060
Long-term debt *(Note 4)*	1,140,000	1,170,000
Long-term derivative financial instruments *(Note 11)*	16,812	-
Decommissioning provision *(Note 5)*	199,458	182,456
Lease obligation *(Note 6)*	5,956	6,563
Deferred income taxes	456,234	469,505
	1,818,460	1,828,524
Equity		
Share capital *(Note 7)*	1,655,520	1,649,635
Contributed surplus	11,713	10,487
Retained earnings	60,678	12,727
Accumulated other comprehensive income (loss) *(Note 7)*	(93,612)	4,624
	1,634,299	1,677,473
	3,662,499	3,601,057

See accompanying notes to the condensed consolidated financial statements.

Approved by the Board of Directors

(signed) *"Michael MacBean"*
Director

(signed) *"Darren Gee"*
Director

Peyto Exploration & Development Corp.

Condensed Consolidated Income Statement *(unaudited)*

(Amount in $ thousands except earnings per share amount)

	Three months ended June 30		Six months ended June 30	
	2021	**2020**	**2021**	**2020**
Revenue				
Natural gas and natural gas liquid sales (*Note 10)*	162,365	70,907	362,748	168,682
Royalties	(12,730)	(2,705)	(26,799)	(7,641)
Sales of natural gas from third parties	-	-	-	11,060
Natural gas and natural gas liquid sales, net of royalties	**149,635**	68,202	**335,949**	172,101
Realized (loss) gain on derivative financial instruments *(Note 11)*	(21,908)	2,976	(46,964)	2,923
Unrealized loss on derivative financial instruments (*Note 11)*	(3,524)	-	(2,071)	-
Other Income	390	-	768	-
	124,593	71,178	**287,682**	175,024
Expenses				
Natural gas purchased from third parties	-	-	-	10,338
Operating	16,808	15,458	33,709	32,134
Transportation	10,653	7,253	18,763	15,445
General and administrative	2,271	1,697	4,255	3,337
Stock based compensation *(Note 9)*	1,435	1,565	2,552	3,214
Interest	16,194	13,758	34,125	26,245
Gain on disposition of capital assets	(3,000)	-	(2,581)	-
Accretion of decommissioning provision (*Note 5)*	989	837	1,928	1,667
Depletion, depreciation, and impairment (*Note 3)*	62,243	59,880	127,596	199,814
	107,593	100,448	**220,347**	292,194
Earnings (loss) before taxes	**17,000**	(29,270)	**67,335**	(117,170)
Income tax				
Deferred income tax expense (recovery)	4,240	(6,732)	16,075	(26,949)
Earnings (loss) for the period	**12,760**	(22,538)	**51,260**	(90,221)
Earnings per share *(Note 7)*				
Basic	**$0.08**	$(0.14)	**$0.31**	$(0.55)
Diluted	**$0.08**	$(0.14)	**$0.30**	$(0.55)

See accompanying notes to the condensed consolidated financial statements.

Peyto Exploration & Development Corp.

Condensed Consolidated Statement of Comprehensive Income *(unaudited)*

(Amount in $ thousands)

	Three months ended June 30		Six months ended June 30	
	2021	2020	**2021**	2020
Earnings (loss) for the period	**12,760**	(22,538)	**51,260**	(90,221)
Other comprehensive income				
Change in unrealized gain (loss) on cash flow hedges	(127,841)	566	(173,869)	4,042
Deferred income tax (expense) recovery	24,519	554	29,343	(257)
Realized gain (loss) on cash flow hedges	21,235	(2,976)	46,290	(2,923)
Comprehensive loss	**(69,327)**	(24,394)	**(46,976)**	(89,359)

See accompanying notes to the condensed consolidated financial statements.

Peyto Exploration & Development Corp.

Condensed Consolidated Statement of Changes in Equity *(unaudited)*

(Amount in $ thousands)

	Six months ended June 30	
	2021	**2020**
Share capital, beginning of period	**1,649,635**	1,649,369
Stock option issuance costs (net of tax)	5,885	-
Share capital, end of period	**1,655,520**	1,649,369

Contributed surplus, beginning of period	**10,487**	4,462
Stock based compensation expense	**2,553**	3,213
Recognized under stock-based compensation plans	**(1,327)**	-
Contributed surplus, end of period	**11,713**	7,675

Retained earnings (deficit), beginning of period	**12,727**	63,122
Earnings (loss) for the period	51,260	(90,221)
Dividends *(Note 7)*	(3,309)	(11,541)
Retained earnings (deficit), end of period	**60,678**	(38,640)

Accumulated other comprehensive income, beginning of period	**4,624**	(3,036)
Other comprehensive income (loss)	(98,236)	862
Accumulated other comprehensive (loss) income, end of period	**(93,612)**	(2,174)

Total equity	**1,634,299**	1,616,230

See accompanying notes to the condensed consolidated financial statements.

Peyto Exploration & Development Corp.

Condensed Consolidated Statement of Cash Flows *(unaudited)*

(Amount in $ thousands)

	Three months ended June 30		Six months ended June 30	
	2021	2020	**2021**	2020
Cash provided by (used in) operating activities				
Earnings	**12,760**	(22,538)	**51,260**	(90,221)
Items not requiring cash:				
Deferred income tax (recovery)	4,240	(6,732)	16,075	(26,949)
Depletion, depreciation, and impairment	62,243	59,880	127,596	199,814
Gain on disposition of capital assets	(3,000)	-	(2,581)	-
Accretion of decommissioning provision	989	837	1,928	1,667
Stock based compensation	1,435	1,565	2,552	3,214
Unrealized loss on derivative financial instruments	3,524	-	2,071	-
Change in non-cash working capital related to operating activities	3,723	3,242	6,765	14,570
	85,914	36,254	**205,666**	102,095
Financing activities				
Bank overdraft	(93)	83	-	83
Stock option issuance costs	4,077	-	4,558	-
Cash dividends paid	(1,651)	(3,298)	(3,300)	(13,190)
Lease interest *(Note 6)*	63	72	127	147
Principal repayment of lease *(Note 6)*	(338)	(338)	(677)	(677)
Increase (decrease) in bank debt	(10,000)	25,000	(30,000)	35,000
	(7,942)	21,519	**(29,292)**	21,363
Investing activities				
Additions to property, plant and equipment	(57,086)	(37,299)	(165,937)	(105,886)
Change in prepaid capital	(5,395)	1,831	(4,466)	5,939
Change in non-cash working capital relating to investing activities	(11,958)	(28,019)	(11,748)	(29,696)
	(74,439)	(63,487)	**(182,151)**	(129,643)
Net increase in cash	**(3,533)**	(5,714)	**(5,777)**	(6,185)
Cash, beginning of period	**-**	5,714	**9,310**	6,185
Cash, end of period	**3,533**	-	**3,533**	-

The following amounts are included in cash flows from operating activities:				
Cash interest paid	**13,865**	12,820	**30,620**	26,292
Cash taxes paid	**-**	-	**-**	-

See accompanying notes to the condensed consolidated financial statements.

(Amount in $ thousands, except as otherwise noted)

1. Nature of operations

Peyto Exploration & Development Corp and its subsidiary (together "Peyto" or the "Company") is a Calgary based oil and natural gas company. Peyto conducts exploration, development, and production activities in Canada. Peyto is incorporated and domiciled in the Province of Alberta, Canada. The address of its registered office is 300, 600 – 3rd Avenue SW, Calgary, Alberta, Canada, T2P 0G5.

These financial statements were approved and authorized for issuance by the Audit Committee of Peyto on August 11, 2021.

2. Basis of presentation

The condensed consolidated financial statements have been prepared by management and reported in Canadian dollars in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These condensed consolidated financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2020.

Significant Accounting Policies

(a) Significant Accounting Judgments Estimates and Assumptions

The timely preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the condensed consolidated financial statements.

All accounting policies and methods of computation followed in the preparation of these consolidated financial statements are the same as those disclosed in Note 2 of Peyto's consolidated financial statements as at and for the year ended December 31, 2020.

3. Property, plant and equipment, net

Cost	
At December 31, 2020	**6,148,012**
Additions	168,937
Decommissioning provision additions	15,074
Prepaid capital	4,466
At June 30, 2021	6,336,489
Accumulated depletion and depreciation	
At December 31, 2020	**(2,636,081)**
Depletion and depreciation	(127,596)
At June 30, 2021	**(2,763,677)**

Carrying amount at December 31, 2020	3,511,931
Carrying amount at June 30, 2021	**3,572,812**

During the three- and six-month periods ended June 30, 2021, Peyto capitalized $1.6 million and $3.5 million (2020- $0.9 million and $1.9 million) of general and administrative expense directly attributable to exploration and development activities.

During the period ended March 31, 2020, Peyto recorded an impairment of $79.7 million ($61.4 million net of deferred tax expense). At December 31, 2020 due to the increase in the outlook of future oil and natural gas prices as well as an increase in the market capitalization since March 31, 2020 indicators of impairment reversal were identified. A recovery of $76.1 million net of depletion was recognized as depletion, depreciation, and impairment. The estimated recoverable amounts were based on fair value less costs of disposal calculations using after-tax discount rates that are based on an estimated industry weighted average cost of capital of 10 per cent after tax.

For the period ended June 30, 2021, the Company identified no indicators of impairment and therefore a test was not performed.

On February 1, 2021, the Company acquired assets in the Deep Basin for cash consideration of $35.0 million. The acquisition resulted in an increase in PP&E of approximately $48.0 million including $13 million in decommissioning liabilities. The assets acquired include a working interest in production, reserves and a gas processing facility The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition.

On March 5, 2021, the Company acquired assets in the Deep Basin for cash consideration of $0.75 million. The acquisition resulted in an increase in PP&E of approximately $1.5 million including $0.75 million in decommissioning liabilities. The assets acquired include a working interest in production and reserves. The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition.

4. Current and Long-term debt

	June 30, 2021	December 31, 2020
Bank credit facility	725,000	755,000
Long-term senior secured notes	415,000	415,000
Balance, end of the period	1,140,000	1,170,000

The Company has a syndicated $950 million extendible secured revolving credit facility with a stated term date of October 13, 2022. The bank facility is made up of a $40 million working capital sub-tranche and a $910 million production line. The facilities are available on a revolving basis. Borrowings under the facility bear interest at Canadian bank prime or US base rate, or, at Peyto's option, Canadian dollar bankers' acceptances or US dollar LIBOR loan rates, plus applicable margin and stamping fees. The total stamping fees range between 200 basis points and 600 basis points on Canadian dollar bankers' acceptance and US dollar LIBOR borrowings. The undrawn portion of the facility is subject to a standby fee in the range of 50 to 150 basis points.

The Company has received relief from its previous financial covenants with respect to senior and total debt to EBITDA and interest coverage until March 2022. Peyto is subject to the following financial covenants as set forth in the June 29, 2020, amended credit facility and note purchase agreements:

Total Debt to EBITDA

Fiscal Quarter ended	Limit
June 30, 2021	Less than 5.00
September 30, 2021	Less than 4.75
December 31, 2021	Less than 4.50
March 31, 2022	Less than 4.25
June 30, 2022 and thereafter	Less than 4.00

Senior Debt to EBITDA

Fiscal Quarter ended	Limit
June 30, 2021	Less than 4.50
September 30, 2021	Less than 4.25
December 31, 2021	Less than 4.00
March 31, 2022	Less than 3.75
June 30, 2022 and thereafter	Less than 3.50

Interest Coverage Ratio

EBITDA to be greater than 2.50:1:00 up to and including the Fiscal Quarter ending December 31, 2021; and 3.00:1.00 for each Fiscal Quarter thereafter.

Total Debt to Capitalization Ratio

Total Debt not to exceed 55% of shareholders' equity and total debt.

Peyto's financial covenants include financial measures defined within our revolving credit facility agreement that are not defined under IFRS. These financial measures are defined by our amended credit facility agreement as follows:

- Total Debt: includes long-term debt and subordinated debt plus bank overdraft and letters of credit.
- Senior Debt: includes long-term debt plus bank overdraft and letters of credit.
- EBITDA: trailing twelve-month net income before non-cash items, interest, and income taxes.

Outstanding senior notes are as follows:

Senior Secured Notes	**Date Issued**	**Rate***	**Maturity Date**
$50 million	September 6, 2012	4.88%	September 6, 2022
$100 million	October 24, 2016	3.70%	October 24, 2023
$65 million	May 1, 2015	4.26%	May 1, 2025
$100 million	January 3, 2012	4.39%	January 3, 2026
$100 million	January 2, 2018	3.95%	January 2, 2028

* In any fiscal quarter where senior debt to EBITDA exceeds 3.0x, the interest rate on the notes will increase by a range of 85 basis points to 285 basis points.

Peyto is in compliance with all financial covenants at June 30, 2021

Total interest expense for the three- and six-month periods ended June 30, 2021 was $16.1 million and $34.0 million (2020 - $13.8 million and $26.2 million) and the average borrowing rate for the period was 5.6% and 5.9% (2020– 4.8% and 4.7%).

5. Decommissioning provision

The following table reconciles the change in decommissioning provision:

Balance, December 31, 2020	**182,456**
New provisions	2,857
New provisions relating to property acquisitions	13,951
Accretion of decommissioning provision	1,928
Change in discount rate and estimates	(1,734)
Balance, June 30, 2021	**199,458**
Current	-
Non-current	**199,458**

The Company has estimated the net present value of its total decommissioning provision to be $199.5 million as at June 30, 2021 (2020 – $182.5 million) based on a total escalated future undiscounted liability of $359.4 million (2020 – $337.3 million). At June 30, 2021 management estimates that these payments are expected to be made over the next 50 years (2020 – 50 years) with the majority of payments being made in years 2024 to 2070. The Bank of Canada's long-term bond rate of 2.00 per cent (2020 – 2.00 per cent) and an inflation rate of 2.0 per cent (2020 – 2.0 per cent) were used to calculate the present value of the decommissioning provision.

6. Leases

The ROU asset and lease obligation relates to the Company's head office lease in Calgary.

Right of use Asset

Balance as at December 31, 2020	**6,052**
Depreciation	(504)
Balance at June 30, 2021	**5,548**

The ROU asset is included in Property plant & equipment, refer to Note 3.

Lease Obligation

Lease obligation at December 31, 2020	**7,670**
Lease interest expense	127
Principal repayment of lease	(677)
Lease obligation at June 30, 2021	**7,120**

Current portion of lease obligation at June 30, 2021	**1,164**
Non-current portion of lease obligation at June 30, 2021	**5,956**

The variable lease payments not included in the measurement of the office lease obligation is $0.2 million and $0.4 million for the three and six months ended June 30, 2021 (2020-$0.2 million and $0.4 million). The variable lease payments are recognized through general and administration expense.

During the three and six months ended June 30, 2021, $4.2 million and $9.6 million (2020 $3.6 million and $9.3 million) was capitalized in relation to short-term leases.

The following sets forth future commitments associated with its lease obligation:

	As at June 30, 2021
Less than 1 year	676
1-3 years	4,285
4-5 years	2,857
Total lease payment	7,818
Amount representing interest	(698)
Present value of lease payments	7,120
Current portion of lease obligation	1,164
Non-current portion of lease obligation	5,956

7. Share capital

Authorized: Unlimited number of voting common shares

Issued and Outstanding

Common Shares (no par value)	**Number of Common Shares**	**Amount $**
Balance, December 31, 2020	**164,940,975**	**1,649,635**
Common shares issued	841,020	5,885
Balance, June 30, 2021	**165,781,995**	**1,655,520**

Earnings per common share has been determined based on the following:

	Three Months ended June 30		Six Months ended June 30	
	2021	2020	**2021**	2020
Weighted average common shares basic	**165,343,937**	164,874,175	**165,207,341**	164,874,175
Weighted average common shares diluted	**168,635,872**	164,874,175	**168,110,438**	164,874,175

Dividends

During the three- and six-month periods ended June 30, 2021, Peyto declared and paid dividends of $0.01 and $0.02 per common share totaling $1.7 million and $3.3 million respectively (2020 - $0.01 and $0.07 totaling $1.6 million and $11.5 million respectively).

Comprehensive income

Comprehensive income consists of earnings and other comprehensive income (“OCI”). OCI comprises the change in the fair value of the effective portion of the derivatives used as hedging items in a cash flow hedge. “Accumulated other comprehensive income” is an equity category comprised of the cumulative amounts of OCI.

Accumulated hedging gains and losses

Gains and losses from financial derivative instruments are accumulated until settled. These outstanding hedging contracts are recognized in earnings on settlement. Further information on these contracts is set out in Note 11.

8. Performance-based compensation

Reserve based component

The reserves value-based component is 4% of the incremental increase in value, if any, as adjusted to reflect changes in debt, dividends, general and administrative expenses and interest expense, of proved producing reserves calculated using a realized price at December 31 of the current year and a discount rate of 8%. For three and six months ended June 30, 2021 $nil, (2020 - $nil) was expensed.

9. Stock based compensation

In 2019, the Company adopted a stock option plan allowing for the granting of stock options to officers, employees and consultants of the Company. In addition, the shareholders of the Company approved the issuance of commons shares to fulfill the Company's obligation under previously granted rights pursuant to its market-based bonus plan, as a transition between the market-based bonus and the newly adopted stock option plan. The stock option plan will replace the market-based bonus plan on a go forward basis. These plans limit the number of options and DSU's that may be granted to 10% of the outstanding common shares at the date of the Board's adoption of these plans, being 16,487,418 common shares.

The following tables summarize the rights outstanding under the market-based bonus plan at June 30, 2021:

		Weighted average exercise price $
Balance, December 31, 2020	**726,200**	**7.23**
Rights under market-based bonus plan granted	-	7.23
Forfeited	(20,233)	(7.23)
Balance, June 30, 2021	**705,967**	**7.23**

The Company estimates the fair value of rights under the market-based bonus plan using the Black-Scholes pricing model. During the three months ended June 30, 2021, the fair value per right was $2.99. The following tables summarizes the assumptions used in the Black-Scholes model:

	June 30, 2021
Share price	$7.23
Exercise price (net of dividends)	$7.17
Expected volatility	39.60%
Average life	2 year
Risk-free interest rate	1.85%
Forfeiture rate	0.17%

The rights granted under the 2019 market-based bonus plan vest one-third on each of December 31, 2019, 2020 and 2021.

The following tables summarize the stock options outstanding at June 30, 2021:

		Weighted average exercise price $
Balance, December 31, 2020	**7,934,202**	**3.50**
Stock options granted	2,574,800	4.41
Exercised	(841,020)	5.42
Forfeited	(360,654)	3.57
Balance, June 30, 2021	**9,307,328**	**3.57**

The Company estimates the fair value of stock options using the Black-Scholes pricing model. During the six months ended June 30, 2021, the weighted-average fair value per option was $1.15. The following tables summarize the assumptions used in the Black-Scholes model:

	June 30, 2021
Share price	$3.77
Exercise price	$3.86
Expected volatility	50.66%
Average option life	2 year
Risk-free interest rate	1.04%
Forfeiture rate	0.17%

Options are granted throughout the year and vest 1/3 on each of the first, second and third anniversaries from the date of grant.

The following tables summarizes the Company's equity compensation arrangements:

		Weighted Average Exercise price $	Weighted Average Remaining Contractual life-Years
Rights under market-based bonus plan	705,967	7.23	0.75
Stock options	9,307,328	3.57	1.62
DSU	153,947	2.91	17.14

At June 30, 2021, no stock options were exercisable

10. Revenue and receivables

	Three Months ended June 30		Six Months ended June 30	
	2021	**2020**	**2021**	**2020**
Natural Gas Sales	99,793	51,333	242,456	113,303
Natural Gas Sales from third parties	-	-	-	11,060
Natural Gas Liquid sales	62,572	19,574	120,292	55,379
Natural gas and natural gas liquid sales	**162,365**	70,907	**362,748**	179,742

	June 30, 2021	December 31, 2020
Accounts receivable from customers	64,899	52,519
Accounts receivable from realized risk management contracts	-	766
Accounts receivable from joint venture partners and other	1,536	3,160
	66,435	56,445

A substantial portion of the Company's accounts receivable is with petroleum and natural gas marketing entities. Industry standard dictates that commodity sales are settled on the 25th day of the month following the month of production.

11. Financial instruments and capital management

Financial instrument classification and measurement

Financial instruments of the Company carried on the condensed consolidated balance sheet are carried at amortized cost with the exception of cash and derivative financial instruments. There are no significant differences between the carrying amount of financial instruments and their estimated fair values as at June 30, 2021 except for derivative financial instruments.

The Company's areas of financial risk management and risks related to financial instruments remained unchanged from December 31, 2020.

The fair value of the Company's cash and financial derivative instruments are quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's cash and financial derivative instruments have been assessed on the fair value hierarchy described above and classified as Level 1.

Fair values of financial assets and liabilities

The Company's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, dividend payable, long term debt and derivative financial instruments. At June 30, 2021 and 2020, cash and derivative financial instruments, are carried at fair value through profit or loss ("FVTPL"). Accounts receivable and current liabilities approximate their fair value due to their short-term nature. The carrying value of the long-term debt approximates its fair value due to the floating rate of interest charged under the credit facility.

Commodity price risk management

Peyto uses derivative instruments to reduce its exposure to fluctuations in commodity prices. Peyto considers all these transactions to be effective economic hedges for accounting purposes.

Following is a summary of all risk management contracts in place as at June 30, 2021:

Natural Gas Period Hedged- Monthly Index	Type	Daily Volume	Price (AECO CAD/GJ)
April 1, 2021 to October 31, 2021	Fixed Price	75,000 GJ	$1.48 to $2.63
November 1, 2021 to March 31, 2022	Fixed Price	120,000 GJ	$2.55 to $3.10
April 1, 2022 to October 31, 2022	Fixed Price	115,000 GJ	$2.07 to $2.26
November 1, 2022 to March 31, 2023	Fixed Price	65,000 GJ	$2.30 to $2.80
April 1, 2023 to October 31, 2023	Fixed Price	30,000 GJ	$2.05 to $2.20

Natural Gas Period Hedged – Daily Index	Type	Daily Volume	Price (AECO CAD/GJ)
April 1, 2021 to October 31, 2021	Fixed Price	50,000 GJ	$1.64 to $2.55

Natural Gas Period Hedged - NYMEX	Type	Daily Volume	Price (Nymex USD/mmbtu)
April 1, 2020 to March 31, 2022	Fixed Price	20,000 mmbtu	$2.28
April 1, 2021 to October 31, 2021	Fixed Price	187,500 mmbtu	$2.47 to $2.99
November 1, 2021 to March 31, 2022	Fixed Price	77,500 mmbtu	$2.86 to $3.20
April 1, 2022 to October 31, 2022	Fixed Price	10,000 mmbtu	$2.56 to $2.57

Natural Gas Period Hedged - Malin	Type	Daily Volume	Price (Nymex USD/mmbtu)
November 1, 2021 to March 31, 2022	Fixed Price	15,000 mmbtu	$3.21 to $3.30
April 1, 2022 to October 31, 2022	Fixed Price	40,000 mmbtu	$2.35 to $2.40
November 1, 2022, to March 31, 2023	Fixed Price	40,000 mmbtu	$2.90 to $3.10

Crude Oil Period Hedged - WTI	Type	Daily Volume	Price (WTI USD/bbl)
April 1, 2021 to December 31, 2021	Fixed Price	1,000 bbl	$57.50 to $59.00
July 1, 2021 to September 30, 2021	Fixed Price	2,700 bbl	$51.55 to $71.25
July 1, 2021 to December 31, 2021	Fixed Price	900 bbl	$52.25 to $61.10
October 1, 2021 to December 31, 2021	Fixed Price	1,100 bbl	$50.60 to $65.75
April 1, 2022 to June 30, 2022	Fixed Price	300 bbl	$62.10 to $64.00
January 1, 2022 to March 31, 2022	Fixed Price	800 bbl	$58.65 to $65.25
January 1, 2022 to December 31, 2022	Fixed Price	300 bbl	$63.75 to $64.65

Crude Oil Period Hedged - WTI	Type	Daily Volume	Price (WTI CDN/bbl)
January 1, 2022 to December 31, 2022	Fixed Price	200 bbl	$80.75 to $81.55
July 1, 2021 to September 30, 2021	Fixed Price	400 bbl	$86.15 to $89.57
October 1, 2021 to December 31, 2021	Fixed Price	400 bbl	$81.85 to $86.65

Propane Period Hedged	Type	Daily Volume	Price (USD/bbl)
April 1, 2021 to September 30, 2021	Fixed Price	1,750 bbl	$23.42 to $32.97
April 1, 2021, to March 31, 2022	Fixed Price	250 bbl	$26.36
October 1, 2021 to March 31, 2022	Fixed Price	250 bbl	$25.41

Natural Gas Period – Covered Call Options	Type	Daily Volume	Strike Price Nymex USD/mmbtu
April 1, 2021, to October 31, 2021	Call	50,000 mmbtu	$2.75 to $3.15

As at June 30, 2021, Peyto had committed to the future sale of 74,340,000 gigajoules (GJ) of natural gas at an average price of $2.37per GJ or $2.72 per mcf, 42,385,500 mmbtu at an average price of $2.73 US per mmbtu, 908,000 barrels of crude at an average price of $60.29 USD per bbl, 146,600 barrels of crude at an average price of $83.52 CAD per bbl and 275,000 barrels of propane at an average price of $27.66 USD per bbl. Had these contracts closed on June 30, 2021, Peyto would have realized a loss in the amount of $123.7 million. If the gas price on June 30, 2021, were to increase by $0.10/GJ, the unrealized loss would decrease by approximately $22.3 million. An opposite change in commodity prices would result in an opposite impact on other comprehensive income.

Subsequent to June 30, 2021, Peyto entered into the following contracts:

Natural Gas Period Hedged- Monthly Index	Type	Daily Volume	Price (AECO CAD/GJ)
November 1, 2022 to March 31, 2023	Fixed Price	20,000 GJ	$2.84 to $3.21
April 1, 2023 to October 31, 2023	Fixed Price	40,000 GJ	$2.20 to $2.47

Crude Oil Period Hedged - WTI	Type	Daily Volume	Price (WTI CAD/bbl)
October 1, 2021 to December 31, 2021	Fixed Price	300 bbl	$86.70 to $89.00
January 1, 2022 to December 31, 2022	Fixed Price	300 bbl	$81.10 to $83.50

12. Related party transactions

Certain directors of Peyto are considered to have significant influence over other reporting entities that Peyto engages in transactions with. Such services are provided in the normal course of business and at market rates. These directors are not involved in the day to day operational decision making of the Company. The dollar value of the transactions between Peyto and the related reporting entities is summarized below:

Expense				Accounts Payable	
Three Months ended June 30		Six Months ended June 30		As at June 30	
2021	2020	**2021**	2020	**2021**	2020
(96.0)	45.9	**(52.0)**	94.9	**(4)**	41.6

13. Commitments

Following is a summary of Peyto's contractual obligations and commitments as at June 30, 2021.

	2021	2022	2023	2024	2025	Thereafter
Interest payments [1]	8,625	17,249	14,809	11,109	9,725	12,070
Transportation commitments	29,954	84,162	53,177	35,475	35,017	371,808
Operating leases	1,063	2,200	2,200	2,200	2,200	2,200
Total	39,642	103,611	70,186	48,784	46,942	386,078

(1) Fixed interest payments on senior secured notes

Officers

Darren Gee
President and CEO

Kathy Turgeon
Vice President, Finance and CFO

Lee Curran
Vice President, Drilling and Completions

Todd Burdick
Vice President, Production

Scott Robinson
Vice President, Business Development

Derick Czember
Vice President, Land

David Thomas
Vice President, Exploration

Jean-Paul Lachance
Vice President, Engineering and COO

Stephen Chetner
Corporate Secretary

Directors

Don Gray, Chairman
Brian Davis
Michael MacBean, Lead Independent Director
Darren Gee
Gregory Fletcher
Kathy Turgeon
John Rossall

Auditors

Deloitte LLP

Solicitors

Burnet, Duckworth & Palmer LLP

Bankers

Bank of Montreal
Royal Bank of Canada
Canadian Imperial Bank of Commerce
The Toronto-Dominion Bank
The Bank of Nova Scotia
MUFG Bank, Ltd., Canada Branch
National Bank of Canada
Wells Fargo Bank, N.A., Canadian Branch
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