PEYTO
Exploration & Development Corp.

These materials are important and require your immediate attention. If you have questions or require assistance with voting your shares, you may contact the Company's proxy solicitation agent:

Laurel Hill Advisory Group

North America Toll-Free: 1-877-452-7184

Outside North America: 1-416-304-0211

Email: assistance@laurelhill.com

YOUR VOTE IS IMPORTANT. PLEASE VOTE YOUR SHARES TODAY.

PEYTO EXPLORATION & DEVELOPMENT CORP.

Notice of
Annual Meeting of Shareholders
to be held on May 22, 2024

The annual meeting of the shareholders of Peyto Exploration & Development Corp. (the "**Corporation**") will be held at the offices of the Corporation, located at +15 Level, 600 – 3rd Avenue SW, Calgary, Alberta T2P 0G5, on Wednesday, May 22, 2024, at 3:00 p.m. (Calgary time) to:

1. receive and consider the Corporation's financial statements for the year ended December 31, 2023, together with the auditors' report thereon;

2. fix the number of directors of the Corporation to be elected at the meeting at nine (9);

3. elect nine (9) directors of the Corporation;

4. appoint the auditors and authorize the directors to fix their remuneration as such;

5. consider and, if thought appropriate, to approve a non-binding advisory resolution to accept the Corporation's approach to executive compensation;

6. transact such other business as may properly be brought before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the accompanying Information Circular.

The Corporation requests that you date and sign the enclosed form of proxy and mail it to or deposit it with Computershare, (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1. Alternatively, a shareholder may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 or 1-416-263-9524 (if outside North America) or by internet using the 15 digit control number located at the bottom of your proxy at www.investorvote.com. All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received no later than 3:00 p.m. (Calgary time) on May 17, 2024, or, if the meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before the beginning of any adjournment of the meeting.

Only shareholders of record at the close of business on April 4, 2024, will be entitled to vote at the meeting, unless a shareholder has transferred any common shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the common shares and demands that the transferee's name be included on the list of shareholders.

DATED at Calgary, Alberta this 4th day of April, 2024.

By order of the Board of Directors of
Peyto Exploration & Development Corp.

(signed) "*Jean-Paul Lachance*"
President and Chief Executive Officer

PEYTO EXPLORATION & DEVELOPMENT CORP.

Information Circular – Proxy Statement
for the Annual Meeting to be held on May 22, 2024

PROXIES

Solicitation of Proxies

This information circular – proxy statement is furnished in connection with the solicitation of proxies for use at the annual general meeting of the shareholders of Peyto Exploration & Development Corp. ("**Peyto**" or the "**Corporation**") to be held on Wednesday, May 22, 2024, at 3:00 p.m. (Calgary time) at the offices of the Corporation, located at +15 Level, 600 – 3rd Avenue SW, Calgary, Alberta T2P 0G5, and at any adjournment thereof. The Corporation requests that a shareholder date and sign the enclosed form of proxy and mail it to or deposit it with Computershare, (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1. Alternatively, a shareholder may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 or 1-416-263-9524 (if outside North America) or by internet using the 15 digit control number located at the bottom of the shareholder's proxy at www.investorvote.com. All instructions are listed in the enclosed form of proxy. A shareholder's proxy or voting instructions must be received no later than 3:00 p.m. (Calgary time) on May 17, 2024, or, if the meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before the beginning of any adjournment of the meeting. Only shareholders of record at the close of business on April 4, 2024, will be entitled to vote at the meeting, unless a shareholder has transferred any common shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the common shares and demands that the transferee's name be included on the list of shareholders.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are officers of the Corporation. **As a shareholder, you have the right to appoint a person, who need not be a shareholder, to represent you at the meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names of the nominees of management.**

Following the meeting, the Corporation is planning to provide a brief presentation by management.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your common shares in your own name. Only proxies deposited by shareholders whose names appear on the Corporation's records as the registered holders of common shares can be recognized and acted upon at the meeting. If common shares are listed in an account statement provided by your broker, then in almost all cases those common shares will not be registered in your name on the Corporation's records. Such common shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such common shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Common shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your common shares.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your common shares are voted at the meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternatively, you can call their toll-free telephone number or visit their internet site to vote your common shares. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of common shares to be represented at the meeting. **If you receive a voting instruction form from Broadridge it cannot be used as a proxy to vote common shares directly at the meeting as the proxy must be returned to Broadridge well in advance of the meeting in order to have the common shares voted.** If you receive a voting instruction form from a mailing/tabulating agent, it cannot be used as a proxy to vote shares directly at the meeting as it must be returned to the mailing/tabulating agent well in advance of the meeting in order to have the shares vote.

Peyto may utilize Broadridge's QuickVote™ service to assist eligible beneficial holders of common shares that are "non-objecting beneficial owners" with voting their shares over the telephone. Certain beneficial holders of common shares who are non-objecting beneficial owners may be contacted by Laurel Hill Advisory Group ("**Laurel Hill**"), which is soliciting proxies on behalf of the management of Peyto, to conveniently obtain a vote directly over the telephone.

Notice-And-Access

Peyto has elected to use the "notice-and-access" provisions (the "**Notice-and-Access Provisions**") under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") for the meeting in respect of the mailing of the Corporation's meeting materials, annual financial statements and management's discussion and analysis to the beneficial holders of common shares (i.e., a shareholder who holds their shares in the name of a broker or an agent) but not in respect of mailings to registered holders of the common shares (i.e., a shareholder whose name appears on the Corporation's records as a holder of common shares). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post its information circular in respect of a meeting of its shareholders and related materials online.

Peyto has also elected to use procedures known as "stratification" in relation to the Corporation's use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable, a paper copy of financial statements and related management's discussion and analysis ("**Financial Information**"), to some shareholders together with a notice of a meeting of its shareholders. In relation to the meeting, registered holders of the common shares will receive a paper copy of the notice of the meeting, this information circular – proxy statement and a form of proxy and the Corporation's financial statements and related management's discussion and analysis whereas all beneficial holders of common shares will receive a notice containing information prescribed by the Notice-and-Access Provisions and a voting instruction form. Peyto intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of common shares. Furthermore, a paper copy of the Financial Information in respect of the Corporation's most recently completed financial year was mailed to those registered and beneficial holders of common shares who previously requested to receive such information.

Revocability of Proxy

You may revoke your proxy at any time prior to a vote. If you or the person you give your proxy to attends personally at the meeting, you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either at the Corporation's head office at any time up to and including the last business day before the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof.

Persons Making the Solicitation

This solicitation is made on behalf of the management of the Corporation. Pursuant to NI 54-101, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to the beneficial owners of the common shares. The Corporation will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual general meeting and this information circular – proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by the Corporation's directors, officers and employees who will not be remunerated therefor.

Laurel Hill has been retained as the Corporation's proxy solicitation agent and shareholder communications advisor to assist with corporate governance advisory services and communicating with shareholders. In connection with these services, Laurel Hill is expected to receive a fee of $40,000, plus out-of-pocket expenses. The Corporation

will bear all costs of this solicitation. The Corporation has arranged for intermediaries to forward the meeting materials to beneficial owners of the common shares held of record by those intermediaries and the Corporation may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Exercise of Discretion by Proxy

The common shares represented by the form of proxy in favour of management nominees will be voted on any poll at the meeting. Where you specify a choice with respect to any matter to be acted upon, the common shares will be voted on any poll in accordance with the specification so made. If no direction is given, your common shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual general meeting and with respect to any other matters which may properly be brought before the meeting or any adjournment thereof. At the time of printing this information circular – proxy statement, we know of no such amendment, variation or other matter.

VOTING IS EASY. VOTE WELL IN ADVANCE OF THE PROXY DEADLINE ON FRIDAY, MAY 17 AT 3:00 p.m. (Calgary time)

		Registered Shareholders *Common shares held in own name and represented by a physical certificate or direct registration statement (DRS)*	**Non-Registered (Beneficial) Shareholders** *Common shares held with a bank, broker or other intermediary*
	Internet	www.investorvote.com	www.proxyvote.com
	Phone	1-866-732-8683	Call the applicable number listed on the voting instruction form
	Mail	Return the form of proxy in the enclosed postage paid envelope	Return the voting instruction form in the enclosed postage paid envelope

Questions or Require Voting Assistance?

Contact our proxy solicitation agent:

LH LAUREL HILL

North America Toll Free: 1-877-452-7184

Outside North America: 1-416-304-0211

Email: assistance@laurelhill.com

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of common shares. As at April 4, 2024, there were 194,544,220 common shares issued and outstanding. As a holder of common shares, you are entitled to one vote for each common share you own.

To the knowledge of the Corporation's directors and officers, as at April 4, 2024, no person or company beneficially owned or controlled or directed, directly or indirectly, more than 10% of the common shares which may be cast at the meeting.

As at April 4, 2024, the Corporation's directors and officers, as a group, beneficially owned or controlled or directed, directly or indirectly, approximately 6.1 million common shares or approximately 3.1% of the issued and outstanding common shares.

QUORUM FOR MEETING

A quorum for the meeting is two or more persons either present in person or represented by proxy and representing in the aggregate not less than 25% of the Corporation's outstanding common shares. If a quorum is not present at the meeting within one-half hour after the time fixed for the holding of the meeting, the meeting will be adjourned to such day being not less than 21 days later and to such place and time as may be determined by the chairman of the meeting. At such meeting, the shareholders present either personally or by proxy shall form a quorum.

APPROVAL REQUIREMENT

All of the matters to be considered at the meeting are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution by or on behalf of shareholders present in person or represented by proxy at the meeting. The vote on our approach to executive compensation is advisory and the results will not be binding on the board of directors (the "**Board**") of the Corporation.

MATTERS TO BE ACTED UPON AT THE MEETING

Election of Directors

At the meeting, the shareholders will be asked to fix the number of directors of the Corporation to be elected at the meeting at nine (9) and to elect nine (9) directors.

Management is soliciting proxies, in the accompanying form of proxy, for an ordinary resolution in favour of fixing the Board at nine (9) members, and in favour of the election as directors, until the next annual meeting of shareholders of the Corporation, of the nine (9) nominees set forth below:

Donald Gray
Michael MacBean
Brian Davis
Darren Gee
Jean-Paul Lachance
Jocelyn McMinn
John W. Rossall
Debra Gerlach
Nicki Stevens

All of the current directors are standing for re-election as directors of the Corporation at the Meeting and Nicki Stevens, a nominee director, is standing for election as a director for the first time at the Meeting.

In the event that a vacancy among such nominees occurs because of death or for any reason prior to the meeting, the proxy shall not be voted with respect to such vacancy. At the 2023 annual meeting of shareholders of the Corporation, the resolution fixing the number of directors to be elected at the meeting was passed with 92,625,192 common shares voted in favour (98.2% of the common shares voted at the meeting).

The form of proxy provided by management of the Corporation accompanying this information circular – proxy statement provides for individual voting on directors rather than slate voting.

As described below under "*Majority Voting for Directors*", the election of each individual director of the Corporation will be effected by an ordinary resolution requiring the approval of more than 50% of the votes cast in respect of the resolution by or on behalf of shareholders present in person or represented by proxy at the meeting. It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies FOR the election of each of the persons specified above.

At the 2023 annual meeting, all director nominees were successfully elected to the board. As noted below, Donald Gray and Michael MacBean received less shareholder support than the other director nominees, and in each case less than 80% of the votes cast in favor of the election of such individuals as directors of Peyto. While each of Mr. Gray and Mr. MacBean still received majority support of votes cast, certain shareholders and proxy advisors have expressed concerns regarding Mr. Gray's attendance at Board meetings and also in regard to the level of gender diversity of the Peyto Board at the time of the 2023 annual meeting.

As part of the Corporation's continued shareholder engagement efforts, members of management and the Board have reached out to many of the Corporation's shareholders, including its largest shareholders, to solicit feedback in order to better understand their concerns. In advance of the Corporation's 2023 annual meeting, the Corporation announced its commitment to increase the percentage of female directors on the Board to 30% for the 2024 annual meeting of Peyto shareholders. The directors of Peyto also reaffirmed their commitment to continuing their active engagement and contributions to Peyto and all committed to attend substantially all meetings of the board and in any case not less than 75% of all board and committee meetings as well as providing increased transparency in future meeting materials regarding these contributions.

In 2023, the Board committed to increasing the percentage of female directors on the Board to 30% for the 2024 annual meeting of Peyto shareholders. As set forth herein, the Board of Peyto is now comprised of three (3) female directors, one of which (being Jocelyn McMinn) is a citizen of the Métis Nation of Alberta, and accordingly female directors now represent 33.3% of all directors (including the directors proposed for election at the Meeting) demonstrating Peyto's continued commitment to Board diversity and inclusion. Furthermore, as set forth in the director attendance records below, all Board members attended 100% of the Board and applicable committee meetings in 2023, further demonstrating the Board's commitment to its stated objectives.

The Board understands and appreciates the concerns that have been raised thus far and will continue to monitor the effectiveness and commitments of all directors and the Board's stated commitments. Should the Board's effectiveness decline for any reason, the Nominating Committee and the Board will discuss the issues and address as necessary.

Directors' Biographies

The following information relating to the director nominees is based partly on the Corporation's records and partly on information received by the Corporation from the nominees and sets forth the names, ages and cities of residence of the proposed nominees, their committee memberships, the date on which each became a director of the Corporation (as applicable), the present occupations and brief biographies of such persons and the number of common shares owned, controlled or directed by each as at April 4, 2024.

Nominee for Election as Director	Age	Director Since (1)	Common Shares Owned, Controlled or Directed (2)
Donald Gray Scottsdale, Arizona	58	October 1998	1,288,236

Chairman of the Board
Independent

Mr. Gray is currently a private investor.

Mr. Gray was the former President and Chief Executive Officer of Peyto from 1998 until his retirement in 2006. From May 2007 to September 2017, Mr. Gray was primarily engaged as President of EIQ Capital Corp., a private capital management company. Since September 2017, Mr. Gray has been a private investor. Mr. Gray has also been the Chairman of Gear Energy Ltd., an oil and gas company listed on the Toronto Stock Exchange (the "**TSX**"), since January 2010 and the Chairman of Petrus Resources Ltd., an oil and gas company listed on the TSX, since December 2010. Mr. Gray holds a BSc in petroleum engineering from Texas A&M University and has over 30 years experience in the Canadian oil and gas business in various capacities.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(7/7)	100%
	Total	**(7/7)**	**100%**
Current Board Directorships	Public Boards		
	Gear Energy Ltd.		
	Petrus Resources Ltd.		
Voting Results of 2023 AGM	Number of Votes	% of Votes	
Votes For	47,729,123	50.60%	
Votes Withheld	46,599,621	49.40%	

Nominee for Election as Director	Age	Director Since (1)	Common Shares Owned, Controlled or Directed (2)
Michael MacBean Calgary, Alberta	56	June 2003	114,820

Lead Director of the Board
Independent

Mr. MacBean is the Senior Managing Director of TriWest Capital Partners, a private equity firm since April 2010.

Mr. MacBean is the independent Lead Director of the Board and was Chair of the Audit Committee until June 30, 2023. Mr. MacBean is primarily engaged as the Senior Managing Director of TriWest Capital Partners, a private equity firm. From October 1998 to April 2010, Mr. MacBean was the Chief Executive Officer of Diamond Energy Services LP, a partnership engaged in the energy services sector. From 1995 through 1998, Mr. MacBean served as Controller and subsequently Senior Investment Analyst for ARC Financial Corporation. During this time Mr. MacBean also served as Vice-President, Finance for ARC Energy Trust. Mr. MacBean holds a Bachelor of Commerce Degree from the University of Saskatchewan, holds his CPA, CA designation and is a member of the Chartered Professional Accountants of Alberta. In February 2007, Mr. MacBean received his Chartered Directors (C.Dir) designation from McMaster University. Mr. MacBean meets the widely accepted governance definition of "financial expert" having earned a professional accounting designation and having extensive relevant career experience.

Board and Committee Membership	Membership(5)	Meeting Attendance	
	Board	(7/7)	100%
	Audit Committee	(4/4)	100%
	Reserves, Health and Safety Committee	(2/2)	100%
	Compensation and Nominating Committee	(1/1)	100%
	Environmental, Social and Governance Committee (Chair)	(2/2)	100%
	Compensation Committee (Chair)	(2/2)	100%

	Nominating Committee	(1/1)	100%
	Total	**(19/19)**	**100%**

Current Board Directorships	Public Boards
	TerraVest Industries Inc.

Voting Results of 2023 AGM	Number of Votes	% of Votes
Votes For	74,156,222	78.61%
Votes Withheld	20,172,522	21.39%

Nominee for Election as Director	**Age**	**Director Since** [(1)]	**Common Shares Owned, Controlled or Directed** [(2)]
Brian Davis Houston, Texas	58	August 2006	217,240

Director
Independent

Mr. Davis is the Managing Partner of Oil and Gas Evaluations and Consulting, an independent oil and gas engineering consultancy firm based in Houston, Texas, since July 1994.

Mr. Davis is the Chairman of the Reserves Committee of Peyto. Mr. Davis has been primarily engaged as the Managing Partner of Oil and Gas Evaluations and Consulting, an independent oil and gas engineering consultancy firm based in Houston, Texas, since July 1994. Through his experience at Oil and Gas Evaluations and Consulting, Mr. Davis has acquired significant experience and exposure to accounting and financial issues. Mr. Davis holds a BSc in petroleum engineering from Texas A&M University.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(7/7)	100%
	Audit Committee	(4/4)	100%
	Reserves, Health and Safety Committee (Chair)	(2/2)	100%
	Compensation and Nominating Committee	(1/1)	100%
	Health and Safety Committee	(1/1)	100%
	Nominating Committee	(1/1)	100%
	Reserves Committee (Chair)	N/A	N/A
	Total	**(16/16)**	**100%**

Current Board Directorships	Public Boards
	N/A

Voting Results of 2023 AGM	Number of Votes	% of Votes
Votes For	87,312,482	92.56%
Votes Withheld	7,016,262	7.44%

Nominee for Election as Director	**Age**	**Director Since** [(1)]	**Common Shares Owned, Controlled or Directed** [(2)]
Darren Gee Calgary, Alberta	56	January 2007	2,349,192

Director
Non-Independent

Mr. Gee is currently a private investor.

Mr. Gee was the Chief Executive Officer of Peyto from January 2007 until his retirement on January 1, 2023, and was President of Peyto from August 2006 until November 2021. Prior thereto, Mr. Gee was the Vice-President, Engineering of Peyto, joining the organization in 2001. Mr. Gee has over 30 years experience in the Canadian oil and gas business. Mr. Gee has a BSc in mechanical engineering from the University of Alberta and is a member of APEGA.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(7/7)	100%

	Membership	Meeting Attendance	
	Environmental, Social and Governance Committee	(2/2)	100%
	Health and Safety Committee	(1/1)	100%
	Reserves Committee	N/A	N/A
	Total	**(10/10)**	**100%**

Current Board Directorships	Public Boards
	N/A

Voting Results of 2023 AGM	Number of Votes	% of Votes
Votes For	88,414,884	93.73%
Votes Withheld	5,913,860	6.27%

Nominee for Election as Director	**Age**	**Director Since** (1)	**Common Shares Owned, Controlled or Directed** (2)
John W. Rossall Calgary, Alberta	63	May 2019	144,820

Director
Independent

Mr. Rossall is currently a corporate director and is a board member of Tundra Oil & Gas Ltd., a private oil and gas company.

Mr. Rossall joined the Peyto Board in 2019. He was previously the Executive Director, North America of Repsol SA from May 2015 to July 2018, and the Senior Vice President, Canada at Talisman Energy Inc. from Sept. 2012 to May 2015. Prior thereto, Mr. Rossall was the President and Chief Executive Officer of ProspEx Resources Ltd. and Vice President, North Business Unit of Burlington Resources Canada Ltd. (formerly Canadian Hunter Exploration Ltd.).

Mr. Rossall has also served on the board of directors of the Canadian Association of Petroleum Producers, and the United Way of Calgary and Area, including terms as the Chair of both organizations. During his term at the United Way Mr. Rossall was directly involved in the development and implementation of both an Indigenous Strategy and a Diversity, Equity and Inclusion Strategy and has significant skills in these areas. By virtue of his chemical engineering training and experience, and his work with the Creative Destruction Lab – Rockies Energy program, Mr. Rossall also has significant climate skills.

Mr. Rossall earned a Bachelor of Applied Science (Chemical Engineering) degree from the University of Waterloo and attended the Harvard Business School (Program for Management Development). Mr. Rossall is a professional engineer and a member of APEGA.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(7/7)	100%
	Audit Committee	(2/2)	100%
	Reserves, Health and Safety Committee	(2/2)	100%
	Compensation and Nominating Committee	(1/1)	100%
	Health and Safety Committee (Chair)	(1/1)	100%
	Compensation Committee	(2/2)	100%
	Total	**(15/15)**	**100%**

Current Board Directorships	Public Boards
	N/A

Voting Results of 2023 AGM	Number of Votes	% of Votes
Votes For	85,468,174	90.61%
Votes Withheld	8,860,570	9.39%

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed [(2)]
Debra Gerlach Calgary, Alberta	63	November 2022	9,500

Director
Independent

Ms. Gerlach is a corporate director and is the Chair of the Audit Committee. She is a board member of Birchcliff Energy Ltd., an oil and gas company listed on the TSX and is also the Chair of their Audit Committee.

Ms. Gerlach was a partner with Deloitte LLP from September 1996 to September 2017, where she practiced in the Assurance and Advisory group. Prior thereto, she held various positions within Deloitte LLP from the time she joined the firm in August 1982. During her 35-year career with the firm, Ms. Gerlach worked with numerous public oil and natural gas companies. Ms. Gerlach holds a Bachelor of Commerce degree and a Master of Business Administration degree from the University of Calgary. Ms. Gerlach is a Chartered Accountant with the Chartered Professional Accountants of Alberta. She also holds an Audit Committee Certificate from the Chartered Professional Accountants of Canada. Ms. Gerlach meets the widely accepted governance definition of "financial expert" having earned a professional accounting designation and having extensive relevant career experience.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(7/7)	100%
	Audit Committee (Chair)	(4/4)	100%
	Reserves, Health and Safety Committee	(2/2)	100%
	Compensation and Nominating Committee	(1/1)	100%
	Environmental, Social and Governance Committee	(2/2)	100%
	Compensation Committee	(2/2)	100%
	Reserves Committee	N/A	N/A
	Total	**(18/18)**	**100%**
Current Board Directorships	Public Boards		
	Birchcliff Energy Ltd.		
Voting Results of 2023 AGM	Number of Votes	% of Votes	
Votes For	92,727,012	98.30%	
Votes Withheld	1,601,732	1.70%	

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed [(2)]
Jean-Paul Lachance Calgary, Alberta	57	January 2023	460,143

Director
Non-Independent

Mr. Lachance joined Peyto in 2011 as VP Exploitation before being promoted to COO on February 1, 2018 and subsequently assumed the role of President and CEO on January 1, 2023. Mr. Lachance has over 30 years of industry experience and held prior positions with ProspEx Resources Ltd., Marathon, and Chevron in various engineering and management roles. Mr. Lachance also serves as a member of the Board of Governors for The Explorers and Producers Association of Canada (EPAC). Mr. Lachance is a licensed professional engineer with the Association of Professional Engineers and Geoscientists of Alberta (APEGA) and received a Bachelor Applied Science (Civil Engineering) degree in 1991 from the University of Waterloo.

Board and Committee Membership	Membership	Meeting Attendance[(3)]	
	Board	(7/7)	100%
Current Board Directorships	Public Boards		
	N/A		
Voting Results of 2023 AGM	Number of Votes	% of Votes	
Votes For	92,395,011	97.95%	

Votes Withheld	1,933,733	2.05%

Nominee for Election as Director	Age	Director Since	Common Shares Owned, Controlled or Directed [(2)]
Jocelyn McMinn Calgary, Alberta	38	June 2023	12,610

Director
Independent

Ms. McMinn is currently the Executive Vice President at Peloton Computer Enterprises Ltd., working closely with the COO and CEO to lead global business operations and corporate strategy. As a leader at Peloton, Ms. McMinn is a resource for cybersecurity best practices and remains knowledgeable of changing industry requirements. From 2021 to 2022, Ms. McMinn held the role of Product Manager, Peloton Frac, where she was responsible for all operational, financial and strategic aspects of the Peloton Frac division. Ms. McMinn cofounded Cevian Technologies Ltd. in 2019 and served as Managing Director until Cevian's acquisition by Peloton in 2021. From 2003 to 2019, Ms. McMinn held progressively advancing technical and managerial roles, first in Fracturing and then directing all engineering divisions at Trican Well Service Ltd. Ms. McMinn is a Professional Engineer, holds a BSc. in Mechanical Engineering from the University of Alberta, an eMBA from Haskayne School of Business, and a Chartered Directors Designation from McMaster University. Ms. McMinn has been awarded Hart Energy's top 40 under 40 and the Daily Oil Bulletin's Rising Stars Class of 2020. Ms. McMinn is a citizen of the Métis Nation of Alberta.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(3/3)	100%
	Environmental, Social and Governance Committee	(2/2)	100%
	Health and Safety Committee	(1/1)	100%
	Compensation Committee	(2/2)	100%
	Nominating Committee (Chair)	(1/1)	100%
	Total	**(9/9)**	**100%**

Current Board Directorships	Public Boards
	N/A

Voting Results of 2023 AGM	Number of Votes	% of Votes
Votes For	91,258,108	96.74%
Votes Withheld	3,070,636	3.26%

Nominee for Election as Director	Age	Director Since [(4)]	Common Shares Owned, Controlled or Directed [(2)]
Nicki Stevens Calgary, Alberta	54	October 2023	-

Director
Independent

Ms. Stevens was the Senior Vice President of Production, Marketing and ESG at Hammerhead Energy, which was acquired by Crescent Point Energy Corp. in December 2023. Ms. Stevens has over 30 years of experience and prior to her role at Hammerhead, held various technical and leadership roles for Talisman Energy and Chevron Canada, focused on oil and gas development in the WCSB. Ms. Stevens has led teams responsible for finding and developing oil and gas assets, reserves management, subsurface enhancement, facility design, production optimization, marketing diversification, joint venture negotiation, safety, and ESG performance. Ms. Stevens also served as a member of the Board of Governors for The Explorers and Producers Association of Canada (EPAC) until December 2023. Ms. Stevens is a Professional Engineer with the Association of Professional Engineers and Geoscientists of Alberta (APEGA) and holds a Bachelor of Science degree in Mechanical Engineering from the University of Alberta.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(1/1)	100%
	Environmental, Social and Governance Committee	(1/1)	100%

	Health and Safety	(1/1)	100%
	Nominating Committee	N/A	N/A
	Reserves Committee	N/A	N/A
	Total	**(3/3)**	**100%**
Current Board Directorships	Public Boards		
	N/A		
Voting Results of 2023 AGM	Number of Votes	% of Votes	
Votes For	N/A	N/A	
Votes Withheld	N/A	N/A	

Notes:

(1) The period of time served as a director or officer of the Corporation includes, where applicable, the period of time served as a director of the Corporation's predecessors, Peyto Exploration & Development Corp., a corporation amalgamated on January 1, 2011, Peyto Energy Administration Corp., former administrator of Peyto Energy Trust, and Peyto Exploration & Development Corp., a corporation amalgamated under the *Business Corporations Act* (Alberta) (the "**ABCA**"), prior thereto.
(2) The information as to common shares beneficially owned, directly or indirectly, is based upon information furnished to Peyto by the nominees. All of the directors meet or exceed the Corporation's minimum share ownership requirement for directors. See "*Statement of Executive Compensation – Director and Officer Equity Ownership*".
(3) Mr. Lachance attended all Audit Committee, Reserves Committee, Compensation Committee and Nominating Committee meetings during 2023. During the year, certain meetings of directors were held without management, and the above noted meeting attendance figures above for Mr. Lachance does not include any meeting of directors to which they were not eligible to attend.
(4) Ms. Stevens was appointed a director on October 17, 2023.
(5) On June 30, 2023, the following changes were made to certain committees of the board, namely: (i) the Reserves, Health and Safety Committee was separated into the Reserves Committee and the Health and Safety Committee; and (ii) the Compensation and Nominating Committee was separated into the Compensation Committee and the Nominating Committee. As such, the disclosure above includes meeting attendance for the committees of the board from January 1, 2023 to June 30, 2023, prior to the reconstitution of the committees as well as the post-reconstitution committee meetings from June 30, 2023 to December 31, 2023.

Experience and Background of Directors

The Board and the Compensation Committee review the experience, qualifications and skills of the Corporation's directors to ensure that the composition of the Board and committees and the competencies and skills of the members are in line with those that the Compensation Committee considers that the Board and its respective committees should possess.

The Board identifies and evaluates the competencies and skills of the members based on the individual experience and background of each director. This exercise is performed both on an ad-hoc basis and at least annually based on self-assessment by each director whereby each director is asked to rate their experience and background in a variety of key subject areas. This data is compiled into a matrix representing the broad Board skills for current directors. This matrix is maintained to identify areas for strengthening the Board, if any, and address them through the recruitment of new members. See "*Corporate Governance Practices – Item 9 – Assessments*".

The following table outlines the experience and background of, but not necessarily the technical expertise of, the individual members of the Board proposed to be elected at the Meeting, as of December 31, 2023 based on information provided by such individuals.

		Gray	MacBean	Davis	Gee	Rossall	Gerlach	Lachance	McMinn	Stevens	**Total**
Enterprise Management	Experience as a President or CEO leading an organization or major business line	✓	✓	✓	✓	✓	✓	✓	✓		8/9
Business Development	Management or executive experience with responsibility for identifying value creation opportunities	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Financial	Ability to critically read and analyze financial	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9

Literacy	statements	Gray	MacBean	Davis	Gee	Rossall	Gerlach	Lachance	McMinn	Stevens	**Total**
Corporate Governance	Understanding the requirements of good corporate governance usually gained through experience as a senior executive officer or a Board member of a public organization	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Change Management	Experience leading a major organizational change or managing a significant merger	✓	✓		✓	✓	✓	✓	✓	✓	8/9
Operations	Management or executive experience with oil and gas operations	✓			✓	✓		✓	✓	✓	6/9
Financial Experience	Senior executive experience in financial accounting and reporting and corporate finance	✓	✓		✓	✓	✓	✓	✓	✓	8/9
Human Resources	Management or executive experience with responsibility for human resources	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Reserves Evaluation	General experience with or executive responsibility for oil and gas reserves evaluation	✓	✓	✓	✓	✓	✓	✓		✓	8/9
Risk Evaluation	Management or executive experience in evaluating and managing the variety of risks faced by an organization	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
HSE and ESG Management	Understanding of the regulatory environment surrounding workplace health, safety, environment and ESG for the oil and gas industry	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Legal and Regulatory	Experience in legal and regulatory matters	✓	✓		✓	✓		✓	✓	✓	7/9
Diversity, Equity and Inclusion	Contributes to the Board in a way that enhances perspectives through diversity in gender, ethnic background, geographic origin, experience (industry and public, private and non-profit sectors), etc.	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Information Technology and Cybersecurity	Understanding of the use of information technology and data analytics and general experience in managing cybersecurity risks associated with these technologies	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Climate Related Issues	General experience or knowledge of the risks related to a broad range of environmental indicators	✓	✓	✓	✓	✓	✓	✓		✓	8/9

Advance Notice Provisions

The Corporation has adopted by-laws (the "**By-laws**") which contain advance notice provisions regarding advance notice of nominations of directors of the Corporation (the "**Advance Notice Provisions**"). The Advance Notice Provisions provide that advance notice to the Corporation must be made in circumstances where nominations of persons for election to the Board are made by shareholders other than pursuant to: (a) a "proposal" made in accordance with the ABCA; or (b) a requisition of a meeting made pursuant to the ABCA.

The Advance Notice Provisions fix a deadline by which shareholders must submit director nominations to the Chief Financial Officer of the Corporation prior to any annual or special meeting of shareholders and outlines the specific information that a nominating shareholder must include in the written notice to the Chief Financial Officer of the Corporation for an effective nomination to occur. No person nominated by a shareholder will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice Provisions.

In the case of an annual meeting of shareholders, notice to the Chief Financial Officer of the Corporation must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

If Notice-and-Access Provisions are used for delivery of proxy related materials in respect of a meeting described above and the notice date in respect of the meeting is not less than 50 days before the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the date of the applicable meeting.

In the event of an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof, a new time period shall commence for the giving of timely notice.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Provisions of the By-laws.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, no proposed director is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that: (i) while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) while such person was acting in that capacity, or within a year of such person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Darren Gee, a director and former Chief Executive Officer of Peyto, was a director of Endurance Energy Ltd. ("**Endurance**"), a private corporation engaged in the exploration and production of natural gas. Mr. Gee resigned as a director of Endurance on September 1, 2015. Nine months after Mr. Gee's resignation, Endurance filed for creditor protection under the *Companies Creditors' Arrangement Act* on May 30, 2016.

No proposed director (or any personal holding company of such person) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in making an investment decision.

Personal Bankruptcies

No proposed director (or any personal holding company of such person), has, within the 10 years preceding the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Majority Voting for Directors

The Board has adopted a policy stipulating that if the number of common shares voted in favour of the election of a particular director nominee at a shareholders' meeting is less than the number of common shares voted and withheld from voting for that nominee, the nominee will submit their resignation to the Board within five days of the meeting, with the resignation to take effect upon acceptance by the Board. The Nominating Committee will consider the director nominee's offer to resign and will make a recommendation to the Board as to whether or not to accept the resignation. The Nominating Committee will be expected to accept the resignation except in special circumstances requiring the applicable director to continue to serve on the Board. In considering whether or not to accept the resignation, the Nominating Committee will consider all factors that it deems relevant including, without limitation, the stated reasons why shareholders "withheld" votes from the election of that nominee, the existing Board composition, the length of service and the qualifications of the director whose resignation has been tendered, the director's contributions to the Corporation and attendance at previous meetings, the Corporation's compensation and nominating policies and such other skills and qualities as the Nominating Committee deems to be relevant.

The Board will consider the Nominating Committee's recommendation and make a decision as to whether to accept the director's offer to resign within 90 days of the date of the meeting, which it will announce by way of a press release, including, if the Board elects, the reasons for rejecting the resignation offer. In considering whether to accept the director's offer of resignation, the Board will consider the factors considered by the Nominating Committee and such additional factors it considers to be relevant. No director who is required to tender their resignation shall participate in the deliberations or recommendations of the Nominating Committee or the Board. The Board shall accept the resignation absent any exceptional circumstances.

If a director's offer of resignation is accepted, subject to any corporate law restrictions, the Board may leave the resultant vacancy unfilled until the next annual general meeting. Alternatively, at the Board's discretion, it may fill the vacancy through the appointment of a new director whom the Board considers appropriate or it may call a special meeting of shareholders at which there will be presented nominees supported by the Board to fill the vacant position or positions. The foregoing policy does not apply in circumstances involving contested director elections.

Risk Oversight by the Board

The Board must have a good understanding of the principal risks the Corporation faces in its business in order to provide proper oversight and guidance to management. Management must be diligent about identifying all of the Corporation's principal risks, establishing appropriate risk management practices and implementing an appropriate system to manage risks effectively to support our long-term viability.

The Board reviews and assesses the following as part of its risk oversight duties:

- the material risks that affect the Corporation's strategic plan;
- how Peyto's compensation structure affects risk-taking behaviour;
- the Corporation's risk appetite and tolerance; and
- talent management and succession planning.

The Board also oversees management's system of controls either directly or through its committees:

- the integrity of the Corporation's internal controls over financial reporting, disclosure controls and management information systems;
- compliance with significant policies and procedures for the Corporation's operations;
- compliance with the laws and regulations that apply to Peyto;
- the health of the Corporation's corporate documents and records in terms of them being properly prepared, approved and maintained; and
- the structure and integrity of Peyto's health, safety and environmental programs to achieve expectations.

Appointment of Auditors

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of Deloitte LLP, Chartered Professional Accountants, as the Corporation's auditors, to hold office until the next annual meeting of the shareholders and to authorize the directors to fix their remuneration as such. Deloitte LLP was first appointed auditors of the Corporation's predecessor, Peyto Energy Trust, on June 3, 2004. At the 2023 annual meeting of shareholders of the Corporation, this resolution was passed with 96,546,543 common shares voted in favour (96.93% of the common shares voted at the meeting).

It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies FOR the appointment of auditors.

Advisory Vote on Executive Compensation

The underlying principle for executive compensation at the Corporation is "pay-for-performance". Management of the Corporation believes that this philosophy achieves the goal of attracting and retaining excellent employees and executive officers, while rewarding the demonstrated behaviors that reinforce our values and help us to deliver on our corporate objectives. For a detailed discussion of our executive compensation program, see "*Statement of Executive Compensation*".

After monitoring developments and emerging trends in the practice of holding advisory votes on executive compensation (commonly referred to as "Say-on-Pay"), the Board, as a part of our commitment to corporate governance, has determined to provide shareholders with a "Say-on-Pay" advisory vote at the meeting. The Board believes that it is essential for the shareholders to be well informed of the Corporation's approach to executive compensation and considers this advisory vote to be an integral component of the ongoing process of engagement between the shareholders and the Board.

At the meeting, shareholders will have an opportunity to vote on our approach to executive compensation through consideration of the following advisory resolution:

> "BE IT RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the board of directors of Peyto Exploration & Development Corp. ("**Peyto**"), that the shareholders accept Peyto's approach to executive compensation as more particularly disclosed in the information circular – proxy statement of Peyto dated April 4, 2024."

It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies FOR the advisory vote on executive compensation.

As this is an advisory vote, the results will not be binding upon the Board. However, the Compensation Committee and the Board will consider the outcome of the vote as part of its ongoing review of the Corporation's approach to executive compensation. We will disclose the results of the shareholder advisory vote as part of our report of voting results to be filed on SEDAR+ following the meeting.

In the event that the advisory resolution is not approved by a majority of the votes cast at the meeting, the Board will take measures to understand the concerns of shareholders and will review the Corporation's approach to compensation going forward within the context of those concerns.

At last year's annual and special meeting, shareholders of the Corporation voted 95.43% in favour of Peyto's approach to executive compensation.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Role of Compensation Committee

The Compensation Committee (formerly the Compensation and Nominating Committee) is currently comprised of Ms. Gerlach and Messrs. MacBean and Rossall. Mr. MacBean is the Chair of the Compensation Committee. These directors are considered independent from Peyto for the purposes of National Instrument 58-201 – *Corporate Governance Guidelines*. See "*Matters to be Acted Upon at the Meeting – Election of Directors – Directors' Biographies*" for the relevant education and experience of each member of the Compensation and Nominating Committee that enables each member to make decisions on the suitability of Peyto's compensation policies and practices.

The purpose of the Compensation Committee is to assist the Board in fulfilling its responsibilities relating to compensation matters, particularly those relating to compensation of the Corporation's executive officers and human capital management. The role of the Compensation Committee includes human resources matters in the sense of the establishment and maintenance of an overall compensation plan to attract, reward and keep talented people and in the sense of ensuring that the Board is comprised of appropriate individuals to serve the Corporation's needs. In addition, the Compensation Committee attempts to design the Corporation's compensation in a manner that will foster longer-term value creation. In carrying out its mandate in respect of compensation matters, the Compensation Committee is expected to:

A. Advise the Board on executive compensation matters.

B. Review and recommend a compensation philosophy, guidelines and plans for the Corporation's executives and employees.

C. Review and approve corporate goals and objectives relevant to Chief Executive Officer ("**CEO**") compensation.

D. Evaluate the CEO's performance in light of those goals, and make recommendations to the Board with regard to the CEO's compensation based on this evaluation.

E. In consultation with the CEO, review and approve non-CEO compensation, incentive-compensation plans and equity-based plans.

F. Review and approve all discretionary compensation granted.

G. Review and approve fees to be paid to members of the Board.

H. Review executive compensation disclosure before it is publicly disclosed.

The Compensation Committee meets from time to time each year for the purpose of, among other things, reviewing the overall compensation policy of Peyto. The Compensation Committee makes recommendations to the Board on salaries of executive officers, bonus allocations and directors' compensation. The Board reviews all recommendations of the Compensation Committee relating to compensation matters before final approval.

In carrying out its mandate, the risks associated with the Corporation's compensation policies and practices were discussed both by the Compensation Committee and the Board, including the risk of executive officers taking inappropriate or excessive risks and the risk of inappropriate focus on short-term goals at the expense of long-term return to shareholders. While no program can fully mitigate these risks, the Compensation Committee does not believe the Corporation's compensation programs encourage its executive officers to take inappropriate or excessive risks. This assessment is based on a number of considerations including, without limitation: (i) the Corporation's compensation policies and practices are uniform throughout the organization and there are no significant differences in compensation structure among the executive officers; (ii) the overall compensation program is both market and performance based and aligned with the Corporation's business plan and long-term strategies. The compensation package for executive officers consists of fixed (base salary, which is payable in cash) and variable elements (options under the option plan for the Corporation (the "**Option Plan**") which are exercised for common shares and reserves/value based bonus (the "**Value Component**"), which is payable in cash), which are designed to balance long-term goals and the short-term interests of the Corporation and are aimed at creating sustainable value for shareholders. The performance elements are linked to achievement of the Corporation's business goals and are reviewed annually by the Compensation Committee; (iii) in exercising its discretion under the Option Plan and Value Component, the Compensation Committee reviews individual and corporate performance taking into account the long-term interests of the Corporation; (iv) the compensation expense to executive officers is not a significant percentage of the Corporation's revenue; and (v) results of annual performance assessments of executive officers goals, objectives and performance are reviewed and considered in awarding compensation and such discretionary judgement is applied in awarding options under the Option Plan, discretionary bonuses under the Value Component and future compensation.

In adopting the Option Plan in 2019, the Board considered the compensation arrangements of its peer group relative to the Corporation's compensation practices. The Board made the decision to adopt the Option Plan, as opposed to continuing to utilize a cash based market based bonus (referred to herein as the "**Market Component**"), to bring Peyto more in line with its peer group, to ensure that the Corporation's compensation practices are aligned with the Corporation's current asset base, head count and operations, to eliminate the complexity of the Market Component, to shift towards long term securities based incentive awards and to focus the organization on shareholder return and per share performance metrics.

Prior to the adoption of the Option Plan, the Board had approved the grant of rights ("**Rights**") on January 1, 2019 pursuant to the Market Component. At the same time that the Option Plan was adopted and as part of the transition to long term securities-based incentive awards in the form of options, the Board adopted a market based bonus plan (the "**2019 Market Based Bonus Plan**") which provided for the issuance of common shares on settlement of the Rights granted on January 1, 2019, which was subsequently approved by the TSX and shareholders. The 2019 Market Based Bonus Plan was in effect only for the one-time grant of Rights, which were granted on January 1, 2019. No further Rights will be granted under the 2019 Market Based Bonus Plan. The 2,475,000 Rights granted effective January 1, 2019 pursuant to the 2019 Market Based Bonus Plan are substantially the same as the Rights previously granted by the Corporation pursuant to the Market Component except that the Board has the discretion to settle the Rights under the 2019 Market Based Bonus Plan in common shares (either acquired by the Corporation on the TSX or by issuance from treasury) or in cash.

In addition, in adopting the directors' deferred share unit plan (the "**DSU Plan**"), the Board considered the director compensation arrangements of its peer group relative to the Corporation's director compensation practices. The Board made the decision to adopt the DSU Plan, as opposed to continuing to utilize the cash based Multiplier (as described and defined under "*Statement of Executive Compensation – Directors' Compensation – DSU Plan*" below) with respect to the payment of the variable portion of 50% of each non-executive director's annual retainer, to preserve cash, bring Peyto's director compensation structure more in line with its peer group, to ensure that the Corporation's compensation practices are aligned with the Corporation's current asset base, head count and operations, to eliminate the complexity of the Multiplier, to shift towards long term securities based incentive awards and to focus the organization on shareholder return and per share performance metrics.

See "*Statement of Executive Compensation – Compensation Discussion and Analysis – Option Plan*", "*Statement of Executive Compensation – Compensation Discussion and Analysis – Reserves/Value Based Bonus*", "*Statement of Executive Compensation – Compensation Discussion and Analysis – Prior Compensation Arrangements - Market Based Bonus*", "*Statement of Executive Compensation – Compensation Discussion and Analysis – Prior Compensation Arrangements - 2019 Market Based Bonus Plan*", "*Statement of Executive Compensation – Directors' Compensation*" and "*Statement of Executive Compensation – Directors' Compensation – DSU Plan"*.

Executive and Employee Compensation Principles and Strategy

The Corporation's compensation policies are founded on the principle that executive and employee compensation should be consistent with shareholders' interests and, therefore, the compensation strategy employed is weighted towards variable or performance based compensation. The objectives of the policies are to attract and retain a high quality management and employee team and to motivate performance by tying a significant portion of compensation to performance measures. The current elements of the Corporation's executive and employee compensation policies are consistent with the Corporation's business strategy of creating shareholder value by efficiently developing and producing oil and gas reserves, while distributing a portion of the Corporation's cash to shareholders through dividends. The Compensation Committee evaluates these objectives on an ongoing basis. The Corporation's current compensation plan consists of the following items:

- base salary
- Option Plan
- Value Component

The Option Plan was approved by shareholders at the Corporation's annual and special meeting of shareholders held on May 9, 2019 (with certain amendments thereto approved at the shareholder meeting on May 12, 2022) and, following such initial approval, the Corporation has discontinued with the grant of Rights under the Market Component and has not granted any further Rights under the 2019 Market Based Bonus Plan.

In keeping with the objectives stated above, the Corporation generally pays base salaries at the median of entities of similar size. The variable or performance based compensation consists of grants under the Option Plan which are described in detail below. Grants under the Option Plan reward participants for the performance of the Corporation and encourage commitment to the Corporation. The Compensation Committee reviews all three components in assessing the compensation of individual executive officers and of Peyto employees as a whole. The Corporation does not have a pension plan or other form of formal retirement compensation.

When determining executive compensation, including the assessment of the competitiveness of the Corporation's executive compensation practices, the CEO and the Compensation Committee utilize compensation survey information provided by various companies including Mercer Human Resource Consulting Ltd. ("**Mercer**"), an independent human resource consulting firm, in addition to other compensation information obtained by the CEO and the Compensation Committee from public disclosure documents of comparable issuers. The Corporation accesses Mercer's survey results periodically. Information provided by Mercer is based on Mercer's annual survey of compensation practices within the Canadian oil and gas industry, which reflects the prior fiscal year's compensation determinations. In addition, the Compensation Committee reviews compensation information available in the public domain with respect to companies considered to be in the Corporation's peer group. In selecting a benchmarking group for comparison purposes, the CEO and the Compensation Committee consider the entities with which the Corporation competes for talent and, from that group, selects benchmarking group members based on a comparison of broad corporate measures such as annual production, annual revenue and number of employees.

Currently, the entities included in the Corporation's benchmarking peer group are: Advantage Energy Ltd., Baytex Energy Corp., Birchcliff Energy Ltd., NuVista Energy Ltd., Paramount Resources Ltd., Spartan Delta Corp., Crew Energy, Tourmaline Oil Corp. and Vermilion Energy Inc.

The CEO is responsible for making recommendations to the Compensation Committee with respect to compensation levels for all executive officers, other than the CEO. In making such recommendations, the CEO analyzes a number of factors including the performance of the individual executive officer, level of responsibility, experience, expertise and the leadership role undertaken. The CEO's compensation is determined by the Board upon recommendation by the Compensation Committee. A description of each element of the Corporation's compensation, as well as a detailed description of the CEO's compensation is set forth below.

Base Salaries

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer's or employee's primary duties and responsibilities. The Corporation's policy is that salaries for its executive officers and other employees are competitive within its industry and generally set at the median salary level among entities its size. The rationale, as set forth above, is to focus compensation on variable or performance based compensation.

Option Plan

In adopting the Option Plan, the Board considered the compensation arrangements of its peer group relative to the Corporation's compensation practices. The Board made the decision to adopt the Option Plan, as opposed to continuing to utilize the cash-based Market Component (as described below), to ensure that the Corporation's compensation practices are aligned with the Corporation's current asset base, head count and operations, to eliminate the complexity of the Market Component, to shift towards long term securities-based incentive awards and to focus the organization on shareholder return and per share performance metrics.

Since approval of the Option Plan by shareholders at the Corporation's annual and special shareholder meeting held May 9, 2019, the Option Plan has replaced the Market Component and the Corporation will not make any further grants under the Market Component.

As the Option Plan is a "rolling" share option plan, the issuance of any common shares, including on the exercise of any options granted under the Option Plan, will create additional unallocated grants available for re-issuance under the Option Plan.

The maximum number of common shares that may be issued under all security based compensation arrangements of the Corporation, being the Option Plan and the DSU Plan, is currently 19,454,422 common shares, representing 10% of the number of issued and outstanding common shares as at the date hereof. Currently, there are 10,350,000 options to acquire common shares outstanding and 272,715 deferred share units ("**DSUs**") outstanding. Up to 8,831,707 common shares are available for future grants under the Option Plan, the DSU Plan and all other security based compensation arrangements, based on the number of outstanding awards under each of the Option Plan and the DSU Plan as at April 4, 2024.

Description of the Option Plan

The full text of the Option Plan is attached to the Corporation's information circular – proxy statement dated March 23, 2022 as Schedule "A". The following is a summary of certain key provisions of the Option Plan. This summary is subject to, and qualified by, the specific provisions of the Option Plan. Capitalized terms used in the summary below and defined in the Option Plan have the meanings given to them in the Option Plan.

The Option Plan permits the granting of options to officers, employees of and consultants to, the Corporation and its subsidiaries, and other persons who provide ongoing management and consulting services to the Corporation and its subsidiaries. The Option Plan limits the number of common shares that may be subject to options granted and outstanding under the Option Plan and any other security based compensation arrangements established by the Corporation at 10% of the outstanding common shares from time to time.

Options granted pursuant to the Option Plan have a term as determined by the Board and vest in such manner as determined by the Board. Options which expire during a blackout period (as defined in the Option Plan) or within nine business days following the expiration of a blackout period, shall be extended for a period of ten business days after the end of such blackout period. Options granted under the Option Plan are non-transferable and non-assignable. The Option Plan does not provide for or contemplate the provision of financial assistance to facilitate the exercise of options and the issuance of common shares. The exercise price of options granted is determined by the Board at the time of grant provided that if at such time the common shares are listed on a stock exchange, the exercise price shall not be less than the volume weighted average trading price per common share on the stock exchange, for the last five (5) consecutive trading days immediately prior to the date of grant or such other minimum price that may be prescribed by such exchange.

The number of common shares that may be issued under the Option Plan are subject to the following additional limitations: (i) the aggregate number of common shares that may be issued pursuant to the exercise of Options awarded under the Option Plan and all other established or proposed share compensation arrangements of the Corporation shall not exceed 10% of the outstanding common shares; (ii) the number of common shares reserved for issuance at any time, pursuant to the Option Plan and all other established or proposed security based compensation arrangements of the Corporation, to Insiders (as defined in the Option Plan) of the Corporation shall not exceed 10% of the outstanding common shares; (iii) the number of common shares reserved for issuance to Insiders within any one year, period pursuant to the Option Plan and all other established or proposed security based compensation arrangements of the Corporation, shall not exceed 10% of the outstanding common shares; and (iv) the number of common shares issued within one year, pursuant to the Option Plan and all other established or proposed security based compensation arrangements of the Corporation, to any one Insider and such Insider's associates shall not exceed 10% of the outstanding common shares.

In case of death of an optionee, options terminate on the date determined by the Board which may not be more than 12 months from the date of death and, if the optionee ceases to be an officer or employee of, or to provide ongoing management or consulting services to, the Corporation, options terminate on the expiry of a period not in excess of six months as determined by the Board at the time of grant. In each case, the optionee is entitled to exercise those options that the optionee was entitled to exercise on the date of death or the date the optionee ceased to be an officer, or employee of, or to provide ongoing management or consulting services to, the Corporation, as the case may be. An optionee may make an offer ("**Surrender Offer**") to the Corporation, at any time, for the disposition and surrender by the optionee to the Corporation of any options granted for an amount in cash or in common shares equal to the difference between closing price of the Common Shares on the TSX on the date the Options are surrendered to the Corporation (provided that if the Common Shares are not then listed and posted for trading on stock exchange, then the Surrender Price shall be determined by the Board in its sole discretion acting reasonably and in good faith) and the exercise price of such options and the Corporation may, but is not obligated to, accept the Surrender Offer.

If approved by the Board, options may provide that, whenever the shareholders receive a take-over proposal (a "**Take-over Proposal**"), such option may be exercised as to all or any of the common shares in respect of which such option has not previously been exercised (including in respect of common shares not otherwise vested at such time) by the optionee, but any such option not otherwise vested and deemed only to have vested in accordance with the foregoing may only be exercised for the purposes of tendering to such Take-over Proposal.

In the event of a change of control (as defined in the Option Plan) prior to the expiry date of any outstanding option: (i) an optionee is terminated without cause in connection with such change of control or within the six (6) months following a change of control, all options held by the optionee shall vest and the optionee shall, if such termination occurs prior to, or at, the effective time of such change of control, be entitled to exercise all options held by the optionee until immediately prior to the effective time of such change of control (or such other time as may be designated by the Board) and, if such termination period occurs following such change of control, the optionee shall be entitled to exercise all options held by such optionee until the date that is 90 days after the optionee's termination date, all options which have not been exercised prior to the required dates as set forth in the Option Plan shall become null and void and all rights to receive common shares thereunder shall be forfeited by the optionee; or (ii) within six (6) months following a change of control, the optionee voluntarily resigns for an event or events which constitute good reason (as defined in the Option Plan), all options held by the optionee shall vest and the optionee shall be entitled to exercise all options held by such optionee until the date that is 90 days after the optionee's termination date and after such date all options which have not been exercised shall become null and void and all rights to receive common shares thereunder shall be forfeited by the optionee.

The Option Plan contains standard adjustment and anti-dilution provisions for changes in the capital structure of the Corporation.

Additionally, the Option Plan contains a "cashless exercise" feature, which provides that, unless the Board determines otherwise at any time, an option holder may elect to exercise an option by surrendering such option in exchange for the issuance of common shares equal to the number determined by dividing (i) the difference between the market price on the date of exercise and the exercise price of such option by (ii) the market price of the common shares at the date of exercise. If a holder utilizes this "cashless exercise" feature, the full number of common shares underlying the options exercised will be deducted from the number of common shares reserved for issuance under the Option Plan.

The Board may make certain amendments to the Option Plan or discontinue the Option Plan at any time without the consent of the participants as permitted by the provisions of the Option Plan and, if required, subject to the approval by any exchange on which the common shares are listed. However, the Board may not amend the Option Plan without shareholder approval with respect to: (i) increasing the number of common shares reserved for issuance under the Option Plan and all other established or proposed security based compensation arrangements of the Corporation; (ii) increasing the number of common shares reserved for issuance to Insiders or issuable to Insiders in any one year period as set forth in the Option Plan; (iii) reduce the Exercise Price of any option granted pursuant to the Option Plan; (iv) extend the expiry date of any outstanding options other than as permitted in the Option Plan; (v) make any amendment that would reduce the Exercise Price of an outstanding option (including a cancellation and reissue of an option that constitutes a reduction in Exercise Price; (vi) permit a holder of options to transfer or assign options to a new beneficial holder, other than for estate settlement purposes; or (vii) any amendments to the amendments section of the Option Plan. Other than as listed above, the Corporation may make such amendments to the Option Plan and any options granted thereunder without the approval of shareholders in accordance with the provisions of the Option Plan.

Options are granted throughout the year and vest one-third (1/3) on each of the first, second and third anniversaries from the date of grant. At the time of vesting, recipients have 30 days to exercise options after which any unexercised options are expired. See "*Statement of Executive Compensation – Securities Authorized for Issuance Under Equity Compensation Plans – Annual Burn Rate Under Equity Compensation Plans*".

Reserves/Value Based Bonus

The principal purpose of the Value Component is to advance the interests of Peyto by providing for bonuses for key employees of Peyto who are designated as participants thereunder. The overriding philosophy of the Value Component is to reward participants annually for accretive oil and natural gas reserve value growth, which is a result of Peyto's exploration and development program. The Value Component is designed to recognize individual performance that has played a role in creating incremental value per common share but not to reward for increases in commodity prices. Peyto believes that the change in value of the Corporation's proven producing reserves is the best measure of performance of an oil and gas company.

The Value Component is administered by the CEO, who selects the participants, other than the CEO, among key employees of Peyto and allocates participation points to each such participant. The amount of participation in the Value Component is not set in relation to any formula or specific criteria but is the result of a subjective determination by the CEO and is approved by the Compensation Committee and the Board, with the use of the Corporation's independent engineering firm's calculation of the incremental value of the Corporation's proven producing reserves using the same constant price forecast for the opening and closing valuation and an 8% discount factor. This incremental value is adjusted for dividends, debt, equity, interest and general and administrative expenses in order to isolate the net incremental value added on a per share basis and assists the CEO in making their recommendation. Recommendations regarding the allocations made by the CEO are reviewed by the Compensation Committee. Allocations and payments made to the CEO are determined by the Board on the advice of the Compensation Committee. Given the small number of employees at Peyto, this manner of allocation remains optimal.

Under the Value Component, the bonus pool is comprised of 4% of the annual incremental increase in value, if any, as adjusted to reflect changes in debt, equity, dividends, general and administrative expenses and interest expense, of the Corporation's proven producing reserves calculated using a discount rate of 8%, calculated on an after tax basis. The change in the Corporation's proven producing reserves is calculated on a calendar year basis. The Corporation's proven producing reserves are calculated by an independent oil and gas reservoir engineer, at the end of a fiscal year, using the previous year's unhedged realized commodity prices held constant for all calculations. The bonuses, if any, under the Value Component are paid in cash. Compensation expense with respect to the Value Component totalled $3.3 million in 2023 (2022 – $5.6 million).

Prior Compensation Arrangements

Market Component

Since approval of the Option Plan by shareholders at the Corporation's annual and special shareholder meeting held May 9, 2019, the Option Plan has replaced the Market Component described below and the Corporation will not make any further grants under the Market Component. The following description of the Market Component is included in this information circular – proxy statement even though there are no Rights outstanding under the Market Component.

Prior to the adoption of the Option Plan, at the beginning of each calendar year, the Board used its discretion to determine whether to award new Rights, the number of Rights to be awarded, if any, the vesting schedule of such Rights and the allocations. Such new Rights were granted effective January 1 and were issued at the Grant Price (as defined below). In certain circumstances, a new Service Provider may be granted Rights at the time they commenced providing services to Peyto, with the Grant Price of such Rights being the market price of the common shares at such time. All Rights that vested expire at the end of the year regardless of whether they are in the money or not.

The grant price (the "**Grant Price**") per Right is equal to the weighted average of the per common share closing price of common shares traded through the facilities of the TSX on the ten (10) consecutive trading days immediately preceding the date of grant of the Rights.

All Rights granted are valued at December 31 of the year of grant using the formula set forth below, but vest and are paid out equally over three (3) years. Each Right is valued at an amount equal to the sum of: (i) the weighted average of the per common share closing price of common shares traded through the facilities of the TSX on the ten (10) consecutive trading days immediately preceding the end of the calendar year less the Grant Price for such Right; and (ii) the amount of dividends declared by Peyto per common share from the grant date to the date of valuation. If the Grant Price of such Rights exceeds the value of the Rights on the vesting date, the Market Component is not paid to such holder of Rights for that period. All previously issued Rights under the Market Component have been cancelled as a result of the applicable Grant Price exceeding the value of such Rights on the applicable vesting date.

2019 Market Based Bonus Plan

As a result of the transition to securities based incentive awards and the adoption of the Option Plan, the Board approved the issuance of common shares on settlement of the Rights granted on January 1, 2019, all pursuant to the terms of the 2019 Market Based Bonus Plan. In order to set the terms of the issuance of common shares pursuant to the Rights and to comply with the rules of the TSX regarding securities based compensation plans, the Board adopted the 2019 Market Based Bonus Plan.

The purpose of the 2019 Market Based Bonus Plan was to provide officers, consultants, employees and other service providers, as applicable (all of which are hereinafter called "**Service Providers**"), of Peyto with an opportunity to be issued Rights, as designated from time to time by the Board, the future value of which is based on the market value of the common shares and the dividends paid to shareholders. The 2019 Market Based Bonus Plan provided an increased incentive for these Service Providers to contribute to the future success of Peyto, thus enhancing the value of the common shares for the benefit of all the shareholders.

The grant price (the "**2019 Plan Grant Price**") per Right was equal to the volume weighted average of the per common share closing price of common shares traded through the facilities of the TSX on the ten (10) consecutive trading days immediately preceding January 1, 2019, which was $7.23.

The Rights granted under the 2019 Market Based Bonus Plan vested as to one-third (1/3) of the total number of Rights granted to a Grantee pursuant to the 2019 Market Based Bonus Plan on each of December 31, 2019, 2020 and 2021 (each, a "**Vesting Date**"). Each vested right was valued on the Vesting Date (subject to any black-out period extension as set forth in the 2019 Market Based Bonus Plan) at an amount (the "**Vesting Value**") equal to the sum of: (i) the volume weighted average trading price per common share on the TSX for the ten (10) consecutive trading days immediately preceding the Vesting Date (the "**Valuation Price**") less the 2019 Plan Grant Price for such Right; and (ii) the amount of dividends declared by the Corporation per common share from January 1, 2019 to the Vesting Date. If, on the applicable Vesting Date, the Valuation Price was less than the 2019 Plan Grant Price, no amount was payable to the Grantees and the vested Rights expired on such date.

If, on the applicable Vesting Date, the Valuation Price was greater than the 2019 Plan Grant Price, the vested Rights became subject to payment by the Corporation (subject to any black-out period extension as set forth in the 2019 Market Based Bonus Plan), in its sole and absolute discretion, by any of the following methods, or by a combination of such methods: (i) payment in cash; (ii) payment in common shares acquired by the Corporation on the TSX; or (iii) if approved by the Board, payment in common shares issued from treasury of the Corporation.

As at the date hereof, no Rights remain outstanding under the 2019 Market Based Bonus Plan and no further rights will be issued thereunder.

CEO Compensation

The compensation of the CEO is reviewed annually and determined by the Board as a whole on the recommendation of the Compensation Committee. The level of CEO compensation is determined by the Board considering all factors which they deem appropriate, including chief executive officer salaries for companies of comparable size, industry, geography and complexity. The grant of incentive awards is determined by the Board, upon recommendation of the Compensation Committee, based on consideration such as the Corporation's overall performance, relative shareholder returns and/or other relevant factors.

The following table summarizes total reported CEO compensation over the past five years. Mr. Darren Gee was CEO for 2019 through 2022 and Mr. Jean-Paul Lachance has been CEO since January 1, 2023.

Compensation Component	**2019 ($)**	**2020 ($)**	**2021 ($)**	**2022 ($)**	**2023 ($)**
Base Salary	285,000	289,300	325,000	330,900	315,000
Value Component	-	-	600,000	400,000	260,000
Fair Value of Rights Granted in the Year	452,134	-	-	-	-
Fair Value of Options Granted in the Year(1)	758,781	559,418	389,186	-	1,244,685
Total Reported Compensation	**1,495,915**	**848,718**	**1,314,186**	**730,900**	**1,819,685**
Percentage at Risk	**81%**	**66%**	**75%**	**55%**	**83%**

Notes:

(1) Represents options issued pursuant to the Option Plan. Based on the grant date fair value of the Options and does not reflect what was actually paid to the CEO in the calendar year. The fair value of Options granted are estimated at the date of grant using a Black-Scholes option pricing model.

As of December 31, 2023, Mr. Lachance held 444,143 common shares, representing a value of $5.3 million (based on the closing price of the common shares on the TSX on December 29, 2023, being $12.04), 818,566 options representing a value of $0.9 million (based on the closing price of the common shares on the TSX on December 29, 2023, being $12.04) and did not hold any other securities exercisable or convertible into common shares.

Three Year Named Executive Officer Compensation Versus Financial Measures

Total Named Executive Officer compensation over the past three years is presented below and remains a relatively small percentage of both the Corporation's funds from operations and enterprise value.

	2021	2022	2023
Total Named Executive Officer Compensation (millions)[(1)]	$6.3	$9.0	$7.1
Funds from Operations (millions)	$469.7	$827.6	$670.5
Named Executive Officer Compensation as a % of Funds from Operations	1%	1%	1%
Enterprise Value (billions)	$2.7	$3.3	$3.7
Named Executive Officer Compensation as a % of Enterprise Value	0.2%	0.3%	0.2%
Shareholder Return (annual)	228%	53%	-4%

Note:

(1) For further details, see Note 7 to the table under the heading "*Statement of Executive Compensation – Summary Compensation Table*" below.

Compensation Consultant or Advisor

At no time in the previous two completed financial years of the Corporation, has a compensation consultant or advisor been formally retained by the Corporation to assist the Board or the Compensation Committee to review the compensation of the executive officers of the Corporation. However, the Compensation Committee engages Mercer to advise on employee compensation and incentive plan design. Fees billed by Mercer (no other compensation consultants or advisors were retained) to the Corporation in 2022 and 2023, are detailed below.

	December 31, 2023 ($)	**December 31, 2022 ($)**
Employee Compensation Related Fees	32,675	49,275
All Other Fees[1]	-	27,825
Total	32,675	77,100

(1) Other fees are related to the performance peer group constituents and calculation.

Anti-Hedging Policy and Other Restrictions on Trading Activities

The Corporation has adopted a Joint Disclosure, Confidentiality & Trading Policy which, among other things, ensures that executives and directors cannot participate in speculative activity related to the Corporation's securities to artificially protect themselves against declines in share price. The Joint Disclosure, Confidentiality & Trading Policy provides that executive officers and directors are prohibited, at any time, from: (i) entering into a sale of the Corporation's securities that they do not own or have a right to own (a speculative practice, called "selling short", which is done in the belief that the price of a stock is going to fall and the seller will then be able to cover the sale by buying the stock back at a lower price); and (ii) selling a "call option" or buying a "put option" in respect of any the Corporation's securities (as such persons could profit from the Corporation's stock price falling). Executive officers and directors are also prohibited from participating in equity monetization transactions involving any the Corporation's securities that are part of the Corporation's long-term incentive programs which have not vested or the common shares that constitute part or all of the Corporation's requirements under the Corporation's minimum share ownership guidelines. Executive officers and directors are also strictly prohibited from entering into any equity monetization transaction that is the equivalent of "selling short".

Clawback Policy (Recoupment of Incentive Compensation)

The Corporation has adopted a policy regarding recoupment of any incentive payment (including cash payments, and when applicable, Rights granted under the Market Component or the 2019 Market Based Bonus Plan and options granted under the Option Plan, and the common shares issuable on exercise or vesting thereof, as the case may be), to an executive officer where:

- the payment or grant was predicated upon achieving certain financial results that were subsequently the cause of a substantial restatement of the Corporation's financial statements;
- the Board determines the executive officer engaged in gross negligence, intentional misconduct or fraud that caused or substantially caused the need for substantial restatement of the Corporation's financial statements; and
- a lower incentive compensation payment or grant would have been made to the executive officer based upon the restated financial results.

In such circumstances, the Corporation will seek to recover from such executive officer, in the case of cash incentive payments, the amount by which that executive officer's incentive payments for the relevant period exceeded the lower payment that would have been made based on the restated financial results and in the case of equity incentive awards, the number of equity incentive awards by which the executive officer's grant for the relevant period exceeded the lower number of equity incentive awards that would have been granted based on the restated financial results.

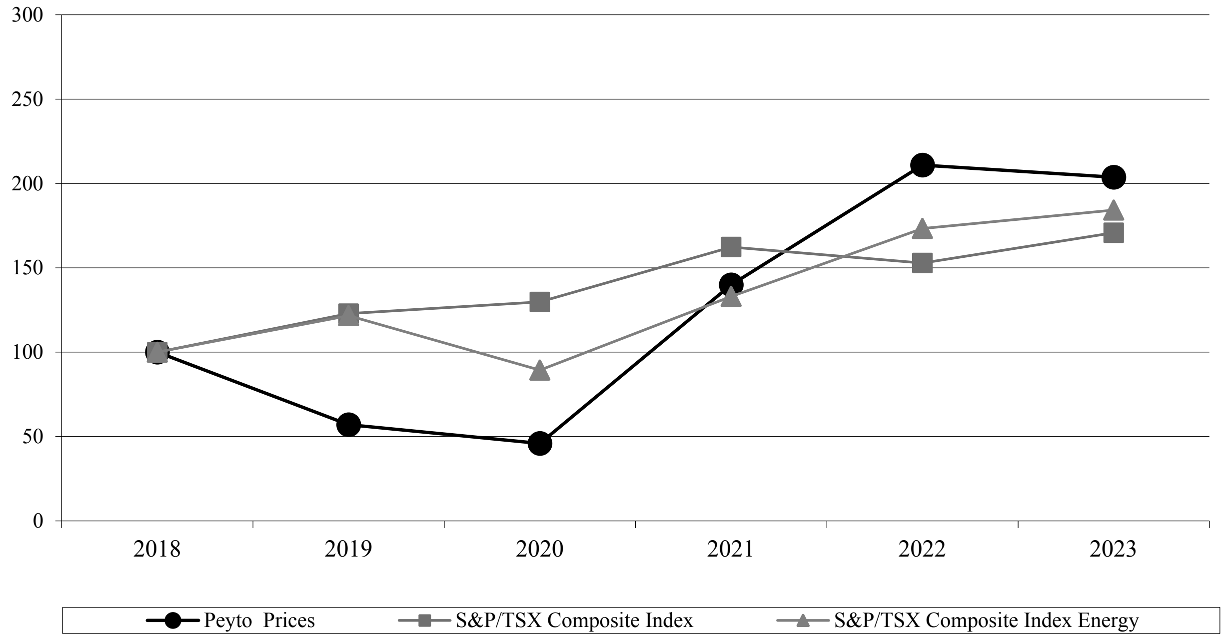
Additionally, under the policy in the event that any executive officer is found to have engaged in intentional misconduct, fraud, theft or embezzlement, the Board may in its discretion, to the full extent permitted by applicable laws and to the extent it determines that it is in best interests of Peyto to do so, require the reimbursement of some or all of the after-tax amount of any incentive compensation already paid or awarded in the previous 24 months or forfeiture of any vested or unvested incentive compensation awards regardless of whether or not a restatement of the financial statements of the Corporation has occurred or is required.

Summary

The Board believes that generating long-term shareholder value is enhanced by compensation based upon corporate performance achievements. Through the programs described above, a significant portion of the compensation for all employees, including executive officers, is based on corporate performance and generating shareholder value, as well as industry-competitive pay practices.

Performance Graph

The following graph illustrates the Corporation's five-year cumulative shareholder return, as measured by the closing price of the common shares at the end of each financial year, assuming an initial investment of $100.00 on December 31, 2018, compared to the S&P/TSX Composite Index and the S&P TSX Composite Index Energy, assuming the reinvestment of dividends where applicable.



	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023
Peyto Exploration & Development Corp.	57	46	140	211	204
S&P/TSX Composite Index (1)	123	130	162	153	171
S&P/TSX Composite Index Energy (Sector) (1)	122	89	133	173	184

Note:

(1) Total Return Index.

Summary Compensation Table

The following table sets forth for the years ended December 31, 2023, December 31, 2022 and December 31, 2021 information concerning the compensation paid to the CEO and Chief Financial Officer ("**CFO**") and each of the three other most highly compensated executive officers at the end of each of the years ended December 31, 2023, December 31, 2022 and December 31, 2021 whose total compensation was more than $150,000 (each a "**Named Executive Officer**" and collectively, the "**Named Executive Officers**").

Name and Principal Position	Year	Salary ($)	Share-Based Awards ($)	Option-Based Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)		Pension Value ($)	All Other Compensation(2)	Total Compensation ($)(3)
					Annual Incentive Plans	Long-Term Incentive Plans			
Jean-Paul Lachance President and Chief Executive Officer (formerly President and Chief Operating Officer)(4)	2023 2022 2021	315,000 300,300 272,000	N/A N/A N/A	1,244,685 1,752,825 647,175	260,000 400,000 540,000	- - -	N/A N/A N/A	- - -	1,819,685 2,453,125 1,459,175
Kathy Turgeon Vice President and Chief Financial Officer	2023 2022 2021	259,600 259,600 250,400	N/A N/A N/A	823,380 1,399,431 491,983	235,000 250,000 350,000	- - -	N/A N/A N/A	- - -	1,317,980 1,909,031 1,092,383

Name and Principal Position	Year	Salary ($)	Share-Based Awards ($)	Option-Based Awards ($)[1]	Non-Equity Incentive Plan Compensation ($)		Pension Value ($)	All Other Compensation[2]	Total Compensation ($)[3]
					Annual Incentive Plans	Long-Term Incentive Plans			
Lee Curran Vice President, Drilling and Completions	2023 2022 2021	254,500 254,500 240,000	N/A N/A N/A	995,748 1,399,431 504,922	210,000 300,000 425,000	- - -	N/A N/A N/A	- - -	1,460,248 1,953,931 1,169,922
Todd Burdick Vice President, Production	2023 2022 2021	235,000 224,000 209,800	N/A N/A N/A	853,499 1,205,322 466,732	210,000 250,000 350,000	- - -	N/A N/A N/A	- - -	1,298,499 1,679,322 1,026,532
Derick Czember Vice President, Land & Business Development	2023 2022 2021	225,000 213,800 190,000	N/A N/A N/A	746,811 1,086,448 373,910	210,000 235,000 325,000	- - -	N/A N/A N/A	- - -	1,181,811 1,535,248 888,910

Notes:

(1) Represents options issued pursuant to the Option Plan. Based on the grant date fair value of the Options and does not reflect what was actually paid to the Named Executive Officers in the calendar year. The fair value of Options granted are estimated at the date of grant using a Black-Scholes option pricing model. Key assumptions used in the pricing model for 2023 were: expected volatility: 2023 – 47.40%; risk-free interest rate: 2023 – 4.33%; and weighted average life: 2023 – 2 years. Key assumptions used in the pricing model for 2022 were: expected volatility: 2022 – 54.96%; risk-free interest rate: 2022 – 2.76%; and weighted average life: 2022 – 2 years. Key assumptions used in the pricing model for 2021 were: expected volatility: 2021 – 57.59%; risk-free interest rate: 2021 – 1.10%; and weighted average life: 2021 – 2 years. The Black-Scholes pricing methodology was selected due to its acceptance as an appropriate valuation model used by similar sized oil and gas companies.

(2) The value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than $50,000 or 10% of the Named Executive Officer's total salary for the financial year.

(3) Total compensation includes both cash and non-cash amounts (as set out under "*Incentive Plan Awards*"). The following table outlines the total cash compensation amounts for each Named Executive Officer:

Named Executive Officer	Total Cash Compensation for 2021 ($)	Total Cash Compensation for 2022 ($)	Total Cash Compensation for 2023 ($)
Jean-Paul Lachance	812,000	700,300	575,000
Kathy Turgeon	600,400	509,600	494,600
Lee Curran	671,500	554,500	464,500
Todd Burdick	559,800	474,000	445,000
Derick Czember	515,000	448,800	435,000

(4) Mr. Lachance was appointed as Chief Executive Officer on January 1, 2023. As such, compensation paid to Mr. Lachance in 2021 and 2022 was in respect of his role as President and Chief Operating Officer.

Incentive Plan Awards

Please see discussion under "*Compensation Discussion and Analysis – Option Plan*", "*Compensation Discussion and Analysis – Reserves/Value Based Bonus*", "*Compensation Discussion and Analysis –Prior Compensation Arrangements – 2019 Market Based Bonus Plan*"-and "*Statement of Executive Compensation – Directors' Compensation – DSU Plan*" for a description of the Corporation's incentive plan awards.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for each Named Executive Officer all options outstanding at the end of the year ended December 31, 2023. The Corporation does not have any share-based awards.

Outstanding Option-Based Awards

Name	Options	Exercise Price	Option Expiration Date	Value In the Money
Jean-Paul Lachance	30,000	$2.92	31-Jan-2024	$273,600
	27,400	$5.92	19-Jun-2024	$167,688
	23,500	$6.53	19-Sep-2024	$129,485
	35,000	$9.49	31-Jan-2024	$89,250
	35,000	$9.49	31-Jan-2025	$89,250
	35,000	$10.73	19-Jul-2024	$45,850
	35,000	$10.73	19-Jul-2025	$45,850
	35,000	$10.73	19-Jul-2026	$45,850
	30,000	$11.26	17-Dec-2024	$23,400
	35,000	$12.84	18-Sep-2024	Nil
	35,000	$12.84	18-Sep-2025	Nil
	35,000	$12.88	15-Oct-2024	Nil
	35,000	$12.88	15-Oct-2025	Nil
	35,000	$12.88	15-Oct-2026	Nil
	35,000	$13.33	15-Dec-2024	Nil
	35,000	$13.33	15-Dec-2025	Nil
	35,000	$13.33	15-Dec-2026	Nil
	35,000	$13.81	22-Mar-2024	Nil
	35,000	$13.81	31-Jan-2025	Nil
	35,000	$13.81	31-Jan-2026	Nil
	34,833	$14.22	19-Jun-2024	Nil
	34,833	$14.22	19-Jun-2025	Nil
	39,000	$14.58	18-Dec-2024	Nil
	39,000	$14.58	18-Dec-2025	Nil
Kathy Turgeon	22,000	$2.92	31-Jan-2024	$200,640
	20,100	$5.92	19-Jun-2024	$123,012
	18,000	$6.53	19-Sep-2024	$99,180
	28,000	$9.49	31-Jan-2024	$71,400
	28,000	$9.49	31-Jan-2025	$71,400
	28,000	$10.73	19-Jul-2024	$36,680
	28,000	$10.73	19-Jul-2025	$36,680
	28,000	$10.73	19-Jul-2026	$36,680
	23,334	$11.26	17-Dec-2024	$18,201
	28,000	$12.84	18-Sep-2024	Nil
	28,000	$12.84	18-Sep-2025	Nil
	28,000	$12.88	15-Oct-2024	Nil
	28,000	$12.88	15-Oct-2025	Nil
	28,000	$12.88	15-Oct-2026	Nil
	28,000	$13.81	22-Mar-2024	Nil
	28,000	$13.81	31-Jan-2025	Nil
	28,000	$13.81	31-Jan-2026	Nil
	27,866	$14.22	19-Jun-2024	Nil
	27,867	$14.22	19-Jun-2025	Nil
	31,000	$14.58	18-Dec-2024	Nil
	31,000	$14.58	18-Dec-2025	Nil
Lee Curran	23,000	$2.92	31-Jan-2024	$209,760
	21,000	$5.92	19-Jun-2024	$128,520
	19,000	$6.53	19-Sep-2024	$104,690
	28,000	$9.49	31-Jan-2024	$71,400
	28,000	$9.49	31-Jan-2025	$71,400
	28,000	$10.73	19-Jul-2024	$36,680
	28,000	$10.73	19-Jul-2025	$36,680
	28,000	$10.73	19-Jul-2026	$36,680

	23,334	$11.26	17-Dec-2024	$18,201
	28,000	$12.84	18-Sep-2024	Nil
	28,000	$12.84	18-Sep-2025	Nil
	28,000	$12.88	15-Oct-2024	Nil
	28,000	$12.88	15-Oct-2025	Nil
	28,000	$12.88	15-Oct-2026	Nil
	28,000	$13.33	15-Dec-2024	Nil
	28,000	$13.33	15-Dec-2025	Nil
	28,000	$13.33	15-Dec-2026	Nil
	28,000	$13.81	22-Mar-2024	Nil
	28,000	$13.81	31-Jan-2025	Nil
	28,000	$13.81	31-Jan-2026	Nil
	27,867	$14.22	19-Jun-2024	Nil
	27,866	$14.22	19-Jun-2025	Nil
	31,000	$14.58	18-Dec-2024	Nil
	31,000	$14.58	18-Dec-2025	Nil
Todd Burdick	19,000	$2.92	31-Jan-2024	$173,280
	17,400	$5.92	19-Jun-2024	$106,488
	16,000	$6.53	19-Sep-2024	$88,160
	24,000	$9.49	31-Jan-2024	$61,200
	24,000	$9.49	31-Jan-2025	$61,200
	24,000	$10.73	19-Jul-2024	$31,440
	24,000	$10.73	19-Jul-2025	$31,440
	24,000	$10.73	19-Jul-2026	$31,440
	20,000	$11.26	17-Dec-2024	$15,600
	24,000	$12.84	18-Sep-2024	Nil
	24,000	$12.84	18-Sep-2025	Nil
	24,000	$12.88	15-Oct-2024	Nil
	24,000	$12.88	15-Oct-2025	Nil
	24,000	$12.88	15-Oct-2026	Nil
	24,000	$13.33	15-Dec-2024	Nil
	24,000	$13.33	15-Dec-2025	Nil
	24,000	$13.33	15-Dec-2026	Nil
	24,000	$13.81	22-Mar-2024	Nil
	24,000	$13.81	31-Jan-2025	Nil
	24,000	$13.81	31-Jan-2026	Nil
	23,867	$14.22	19-Jun-2024	Nil
	23,866	$14.22	19-Jun-2025	Nil
	27,000	$14.58	18-Dec-2024	Nil
	27,000	$14.58	18-Dec-2025	Nil
Derick Czember	13,000	$2.92	31-Jan-2024	$118,560
	13,000	$5.92	19-Jun-2024	$79,560
	13,000	$6.53	19-Sep-2024	$71,630
	21,000	$9.49	31-Jan-2024	$53,550
	21,000	$9.49	31-Jan-2025	$53,550
	21,000	$10.73	19-Jul-2024	$27,510
	21,000	$10.73	19-Jul-2025	$27,510
	21,000	$10.73	19-Jul-2026	$27,510
	17,000	$11.26	17-Dec-2024	$13,260
	22,000	$12.84	18-Sep-2024	Nil
	22,000	$12.84	18-Sep-2025	Nil
	21,000	$12.88	15-Oct-2024	Nil
	21,000	$12.88	15-Oct-2025	Nil
	21,000	$12.88	15-Oct-2026	Nil
	21,000	$13.33	15-Dec-2024	Nil
	21,000	$13.33	15-Dec-2025	Nil
	21,000	$13.33	15-Dec-2026	Nil

	21,000	$13.81	22-Mar-2024	Nil
	21,000	$13.81	31-Jan-2025	Nil
	21,000	$13.81	31-Jan-2026	Nil
	20,900	$14.22	19-Jun-2024	Nil
	20,900	$14.22	19-Jun-2025	Nil
	25,000	$14.58	18-Dec-2024	Nil
	25,000	$14.58	18-Dec-2025	Nil

Notes:

(1) Options granted to date vest as to 1/3 on each of the first, second and third anniversaries of grant and expire 30 business days following their vesting date if not otherwise exercised. In accordance with the Option Plan, options that are cancelled, surrendered, terminated or expire prior to the exercise of all or a portion thereof shall result in the common shares that were reserved for issuance thereunder being available for a subsequent grant of options pursuant to the Option Plan to the extent of any common shares issuable thereunder that are not issued under such cancelled, surrendered, terminated or expired option. See "*Compensation Discussion and Analysis – Option Plan*".

(2) Calculated based on the closing market price of the common shares on December 29, 2023 ($12.04) and the exercise price of the options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the value of options and Rights which vested during the year ended December 31, 2023 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2023.

Name	Option-Based Awards – Value Vested During the Year[(1)] ($)	Share-Based Awards – Value Vested During the Year ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year[(2)] ($)
Jean-Paul Lachance	1,664,280	N/A	260,000
Kathy Turgeon	1,195,922	N/A	235,000
Lee Curran	1,214,237	N/A	210,000
Todd Burdick	994,290	N/A	210,000
Derick Czember	601,969	N/A	210,000

Notes:

(1) The value of options is calculated based on the difference between the closing price of the common shares on the vesting date and the exercise price of the options multiplied by the options vested during the year.

(2) Represents amounts paid pursuant to the Value Component. Such Rights are payable in cash only.

Termination and Change of Control Benefits

The Corporation has entered into executive employment agreements ("**Executive Employment Agreements**") with the following Named Executive Officers that provide for termination payments as described below. Additionally, the Option Plan, Market Component and Value Component provide for certain payments to be made to the Named Executive Officers in the event of a change of control of the Corporation.

Termination by the Corporation for Just Cause

The Corporation may terminate its employment agreement with any of the Named Executive Officers at any time for just cause and is then obligated to pay such Named Executive Officer's salary (and accrued and unused vacation and reimbursable expenses) through to the termination date.

Termination by the Corporation without Just Cause

The Corporation may also terminate its employment agreement with any of the Named Executive Officers at any time for any reason other than just cause and is then obligated to pay to the applicable Named Executive Officers:

(a) such Named Executive Officer's salary (and accrued and unused vacation and reimbursable expenses) through to the termination date;

(b) in the event the Named Executive Officer has Rights that have not vested under the 2019 Market Based Bonus Plan, any of such Rights that would have vested in the twelve (12) months following the termination date had the Named Executive Officer's employment continued, shall accelerate and vest on the termination date and be settled in accordance with the 2019 Market Based Bonus Plan. Any other Rights granted under the 2019 Market Based Bonus Plan that are unvested on the termination date, and all unvested Rights pursuant to the Market Component, shall terminate and be forfeited on the termination date;

(c) in the event that the termination date is following the completion of a calendar year, but prior to the payment of an annual reserves/value based cash bonus (the Value Component) for such completed calendar year, the Named Executive Officer shall be paid a cash bonus equal to the Average Bonus (as defined below); and

(d) a retiring allowance equal to the Total Monthly Compensation (as defined below) times the Severance Multiplier (as defined below).

For the purposes of the Executive Employment Agreements:

"**Average Bonus**" means the average of the annual reserves/value based cash bonuses or other cash bonuses, if any, paid to the Named Executive Officer in respect of the five (5) calendar years prior to the termination date, provided that the Average Bonus shall not be greater than $400,000 ($500,000 for Mr. Lachance) nor less than $100,000 ($150,000 for Mr. Lachance).

"**Severance Multiplier**" means twelve (12) plus one (1) for each fully completed year of employment after the Named Executive Officer's start date, up to a maximum of twenty four (24).

"**Total Monthly Compensation**" means one-twelfth (1/12) of the sum of:

(i) the Named Executive Officer's then annual salary;

(ii) twenty (20%) percent of the Named Executive Officer's then annual salary for the loss of benefits and perquisites; and

(iii) the Average Bonus.

Resignation by the Executive

The Named Executive may resign from the Named Executive Officer's employment on three (3) months advance notice and in such event the Corporation is obligated to pay such Named Executive Officer's salary (and accrued and unused vacation and reimbursable expenses) through to the termination date.

Resignation by the Executive for Good Reason Following a Change of Control

In the event of a change of control of the Corporation, and within 12 months of the change of control, there is an event or series of events that constitute "good reason", the Named Executive Officer may, following the event or series of events that constitute good reason, elect to terminate the Named Executive Officer's employment upon 30 days advance notice. In such event, the Corporation is obligated to pay to the Named Executive Officer the amount described above under

"*Termination by the Corporation without Just Cause*" as would be payable to the Named Executive Officer if such person was terminated by the Corporation without just cause.

Each Executive Employment Agreement provides for confidentiality, non-competition and non-solicitation obligations standard to this type of employment agreement.

The table below provides details of the cash payment that would have been made under the Executive Employment Agreements to each of the Named Executive Officers and the value of accelerated Options and Rights (including under the Market Component and the Value Component) assuming the occurrence of a termination without just cause or in association with a change in control of the Corporation as of December 31, 2023.

Name	Cash Payment ($)(1)	Value of Outstanding Options at December 31, 2023(2) ($)	Total Incremental Obligation ($)
Jean-Paul Lachance President and Chief Executive Officer (formerly President and Chief Operating Officer)	1,556,000	886,823	2,442,823
Kathy Turgeon Vice President and Chief Financial Officer	1,120,667	693,873	1,814,540
Lee Curran Vice President, Drilling and Completions	1,234,133	714,011	1,948,144
Todd Burdick Vice President, Production	1,104,000	600,248	1,704,248
Derick Czember Vice President, Land & Business Development	877,778	472,640	1,350,418

Notes:

(1) Amounts payable if Named Executive Officer is terminated without just cause as described under "*Termination by the Corporation without Just Cause*" or resigns after change of control of the Corporation as described under "*Resignation by the Executive for Good Reason Following a Change of Control*".

(2) Calculated based on the difference between the closing market price of the common shares on December 29, 2023 ($12.04) and the exercise price of the options subject to accelerated vesting.

Directors' Compensation

Peyto's compensation philosophy for directors is to attract and retain qualified individuals and ensure that their interests are aligned with Peyto's shareholders.

Each of the non-executive directors of Peyto receives an annual retainer plus expenses for attending meetings of the Board and committees thereof. The base retainers for each non-executive director of Peyto are $168,750 per annum. Additionally, the Chairman of the Board is entitled to an additional $75,000 annual fee, the Chairman of the Audit Committee is entitled to an additional $20,000 annual fee and the Chairman of each of the Reserves Committee, the Health and Safety Committee, the Compensation Committee, the Nominating Committee and the Environmental, Social and Governance Committee is entitled to an additional $10,000 annual fee. The retainers are payable monthly during each year of service. Half of the retainer is fixed and paid in cash, while the other half is variable and in the form of DSUs.

Prior to June 15, 2020, the variable portion was subject to the Multiplier. If shareholder value was increased during a given year, the variable portion of the directors' retainer would go up. Conversely, if shareholder value was decreased during the year, the variable portion would go down. The cash payments made to each non-executive director on June 15 of each year is adjusted up or down based on the Multiplier. It was expected that each director would use the after tax portion of the variable portion of their retainer to buy common shares on the TSX.

Commencing after June 15, 2020, the Multiplier variable portion of each directors' retainer was replaced with a quarterly payment of DSUs in accordance with the DSU Plan. For additional information regarding the DSU Plan, see "*Statement of Executive Compensation – Directors' Compensation – DSU Plan*".

In 2019, the Board adopted new share ownership guidelines for the Corporation's directors and officers. See "*Statement of Executive Compensation – Director and Officer Equity Ownership*" for a description of the Corporation's share ownership guidelines for directors and officers. As at December 31, 2023, all directors satisfied the minimum shareholdings requirement.

DSU Plan

In adopting the DSU Plan, the Board considered the director compensation arrangements of its peer group relative to the Corporation's director compensation practices. The Board made the decision to adopt the DSU Plan in 2020, as opposed to continuing to pay the variable 50% of the directors' annual retainer in cash in accordance with the Multiplier, to preserve cash, to bring Peyto more in line with its peer group, to ensure that the Corporation's compensation practices are aligned with the Corporation's current asset base, head count and operations, to eliminate the complexity of the Multiplier, to shift towards long term securities based incentive awards and to focus the organization on shareholder return and per share performance metrics. See "*Statement of Executive Compensation – Compensation Discussion and Analysis*" and "*Statement of Executive Compensation – Directors' Compensation*".

The "**Multiplier**" for the variable 50% of each directors' annual retainer was calculated as follows: the weighted average of the per common share closing price of common shares traded through the facilities of the TSX on the ten (10) consecutive trading days immediately preceding the date of the Corporation's annual meeting of shareholders in a given year plus the dividends paid per common share for that year divided by the weighted average of the per common share closing price of common shares traded through the facilities of the TSX on the ten (10) consecutive trading days immediately preceding the date of the Corporation's annual meeting of shareholders of the previous year.

The DSU Plan replaces the Multiplier component of the Corporation's compensation arrangements for non-executive directors. The Corporation will not pay any further directors' annual retainer pursuant to the Multiplier. For a description of the Multiplier, see "*Statement of Executive Compensation – Directors' Compensation*".

Grants under the DSU Plan are included in the maximum number of common shares that may be issued under all security based compensation arrangements of the Corporation, which currently are the Option Plan and the DSU Plan. Up to 8,831,707 common shares will be available for future grants under the DSU Plan which amount will be shared with grants under all other security based compensation arrangements, which includes the Option Plan, based on the number of outstanding awards under each of the Option Plan and the DSU Plan.

Description of the DSU Plan

The full text of the DSU Plan is attached to the Corporation's information circular – proxy statement dated March 15, 2021 as Schedule "A". The following is a summary of certain key provisions of the DSU Plan. This summary is subject to, and qualified by, the specific provisions of the DSU Plan. Capitalized terms used in the summary below and defined in the DSU Plan have the meanings given to them in the DSU Plan.

The DSU Plan allows the Compensation Committee to grant deferred share units to members of the Board, who are not also full-time employees of Peyto.

The purposes of the DSU Plan are to: (i) promote greater alignment of the interests between Peyto's directors and Peyto's shareholders; (ii) support compensation that is competitive and rewards our long-term success as measured in total shareholder return; and (iii) attract and retain qualified individuals with the experience and ability to serve as directors. In addition, the DSU Plan has been designed to reduce the amount of cash compensation paid to non-executive directors of Peyto.

The DSU Plan is administered by the Compensation Committee. Subject to the Compensation Committee's reporting to and obtaining approval from the Board on all matters relating to the DSU Plan, the Compensation Committee has sole and absolute discretion to administer the DSU Plan.

Participants will receive 50% of their annual retainer remuneration that is otherwise payable in cash (which was previously subject to the Multiplier) in the form of deferred share units. Additionally, the Compensation Committee may also from time to time determine that special circumstances justify the approval of a grant of deferred share units in addition to the other compensation to which the participant is entitled.

Deferred share units are not transferable or assignable.

Subject to an extension for blackouts, the Corporation will credit deferred share units to a participant's deferred share unit account on the date that the remuneration would otherwise be payable (see "*Statement of Executive Compensation – Directors' Compensation*"). The number of deferred share units credited is determined by dividing the amount of the participant's deferred remuneration by the fair market value (as defined in the DSU Plan) of the common shares on the date the deferred share units are credited.

The number of common shares reserved for issuance from time to time pursuant to outstanding deferred share units granted and outstanding under the DSU Plan and all other established or proposed security-based compensation arrangements of Peyto (including the Option Plan and, when applicable, the 2019 Market Based Bonus Plan) is limited to 16,487,418 common shares.

If any deferred share units granted under the DSU Plan expire, terminate or are cancelled for any reason without the common shares issued thereunder having been issued in full, any unissued common shares to which such deferred share units relate shall be awardable for the purposes of granting of further deferred share units.

The aggregate number of deferred share units granted to any single participant cannot exceed 1% of the issued and outstanding common shares. In addition, the value of all deferred share units granted to any participant during a calendar year, as calculated on the grant date (excluding deferred share units granted in lieu of Board and committee retainers and meeting fees), under the DSU Plan and combined with the value of grants to such participant under all other established or proposed security based compensation arrangements of Peyto, shall not exceed $150,000 in value.

The number of common shares that are available to be issued to insiders within one year pursuant to the DSU Plan and combined with all other established or proposed security based compensation arrangements of Peyto, and issuable to insiders at any time, under the DSU Plan and combined with all other established or proposed security based compensation arrangements of Peyto (including the Option Plan and, when applicable, the 2019 Market Based Bonus Plan), shall not exceed 10% of the issued and outstanding common shares. Additionally, the number of common shares that are available to be issued to any one insider and such insider's associates within any one year period under the DSU Plan and combined with all other established or proposed security based compensation arrangements of Peyto (including the Option Plan and, when applicable, the 2019 Market Based Bonus Plan), shall not exceed 10% of the issued and outstanding common shares.

Dividends paid on the common shares before the maturity date of the deferred share units will be credited as deferred share units to the participant's account as of the dividend payment date and such additional deferred share units shall be subject to the same terms regarding vesting and payment date as the underlying deferred share units to which they relate.

In the event that the Corporation determines to pay a non-cash dividend on the common shares, the Board may, in its sole discretion and subject to TSX approval, determine that this non-cash dividend, or cash equivalent amount determined in the sole discretion of the Board, can also be provided to participants under the DSU Plan in the same manner as such non-cash dividend is provided to shareholders. In such an event, participants would receive such non-cash dividend at the same time as the shareholders and there would be no credit of deferred share units to any participant's account. If a participant does not participate in a non-cash dividend, the Board will, in its sole discretion, determine the cash value of such non-cash dividend and credit it as deferred share units to the participant's account. The Corporation does not expect to declare non-cash dividends to its shareholders.

Deferred share units vest immediately upon being credited to a participant's account.

Following the date on which the participant ceases to hold all positions with us and our subsidiaries, partnerships, trusts or other controlled entities (the "**Termination Date**"), except as a result of death, all deferred share units credited to a participant's account will be redeemed as of the maturity date. The maturity date for US taxpayers is the Termination Date.

For directors who are not US taxpayers, the maturity date is December 1st of the calendar year immediately following the year of the Termination Date. Directors may file an irrevocable maturity date acceleration election subsequent to the Termination Date. Subject to the exceptions below, the elected maturity date must be no earlier than 180 days after the Termination Date and no later than December 1st of the calendar year following the Termination Date. The elected maturity date may be any time between the Termination Date and December 1st of the following calendar year, if one of the following exceptions apply: (i) the director resigns pursuant to the "majority voting" or similar policy; (ii) the director fails to be elected as a director at a shareholder meeting after being included as a nominee in our information circular; or (iii) the director is removed from office by a vote of shareholders.

Following a participant's Termination Date except as a result of death, the participant will have the right to have the deferred share units credited to their account redeemed by us. All deferred share units and dividend entitlements thereon (if any) will be redeemed for a cash payment except that, at our election, we may redeem deferred share units and dividend entitlements thereon (if any) issued as compensation for annual board and committee retainers and meeting attendance fees, in cash or through the issuance of common shares from treasury or purchased on the market and any combination of these. The cash payment will be equal to the number of deferred share units and dividend entitlements thereon (if any) in the participant's account as of the Termination Date, multiplied by the fair market value of our common shares determined at the maturity date.

If a participant dies while in office or after the Termination Date but before the maturity date, we must make a lump sum cash payment to the participant's legal representative within 90 days of the participant's death. The cash payment will be equal to the number of deferred share units in the participant's account as of the date of the participant's death, multiplied by the fair market value of our common shares determined at the date of death.

Participants have no further rights respecting any redeemed deferred share units. Deferred share units are deemed cancelled upon redemption.

The DSU Plan may be amended, modified or terminated by our board of directors without shareholder approval, subject to any required approval of the TSX. Notwithstanding the foregoing, the DSU Plan and any deferred share units granted under the plan may not be amended without shareholder approval to: (i) increase the fixed number of common shares available to be issued under outstanding deferred share units at any time; (ii) extend the term of any outstanding deferred share units; (iii) permit a holder to transfer or assign deferred share units to a new beneficial holder other than in the case of death of the holder; (iv) increase the number of common shares that may be issued to participants above the restrictions in the DSU Plan; (v) increase the number of common shares that may be issued to insiders above the restriction contained in the DSU Plan; or (vi) amend the amendment provision.

In addition, no amendment to the DSU Plan or deferred share units granted pursuant to the plan may be made without the consent of the holder, if it adversely alters or impairs any right previously granted to such holder under the DSU Plan.

The DSU Plan also contains anti-dilution provisions which allow the Board to make such adjustments to the DSU Plan and to any deferred share units as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to participants thereunder, as well as specific considerations for any participants who are US taxpayers.

Directors' Summary Compensation Table

The following chart highlights all the payments made to the Corporation's directors for the 2023 year:

Name	2023 Fees Earned Fixed ($)	Share-Based Awards (DSUs) ($)(1)	Option-Based Awards ($)	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
Donald Gray	97,500	121,875	-	-	-	-	219,375
Michael MacBean	77,500	94,375	-	-	-	-	171,875

Name	2023 Fees Earned Fixed ($)	Share-Based Awards (DSUs) ($)[1]	Option-Based Awards ($)	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
Brian Davis	72,500	89,375	-	-	-	-	161,875
Gregory Fletcher[2]	33,330	18,125	-	-	-	-	51,455
John W. Rossall	72,500	89,375	-	-	-	-	161,875
Debra Gerlach	72,500	89,375	-	-	-	-	161,875
Darren Gee	67,500	67,500	-	-	-	-	135,000
Jocelyn McMinn[3]	39,375	70,000	-	-	-	-	109,375
Nicki Stevens[4]	14,065	-	-	-	-	-	14,065

Notes:

(1) The value of DSUs is based on the number of DSUs granted multiplied by the 5-day volume weighted average price per common share on the TSX prior to the date of the grant. This methodology for calculating the fair value of the DSU awards on the grant date is consistent with the initial fair value determined in accordance with IFRS 2.

(2) Mr. Fletcher retired from the Board on June 13, 2023 and the compensation set forth in this table represents compensation received as a director from January 1, 2023 until his retirement from the Board**.** Upon Mr. Fletcher's retirement from the Board, all DSUs held by Mr. Fletcher were settled for 42,994 common shares.

(3) Ms. McMinn was appointed to the Board on June 13, 2023 and the compensation set forth in this table represents compensation received as a director from June 13, 2023 to December 31, 2023.

(4) Ms. Stevens was appointed to the Board on October 17, 2023 and the compensation set forth in this table represents compensation received as a director from October 17, 2023 to December 31, 2023.

Directors' Outstanding Option-Based Awards and Share-Based Awards

Other than the DSUs, there are no option-based or share-based awards outstanding to non-executive directors as at December 31, 2023. The following table sets forth all DSUs held by non-executive directors at the end of the year ended December 31, 2023.

Name	Number of DSUs[1]	Market or Payout Value of Vested DSUs Not Paid Out ($)[1]
Donald Gray	70,641	850,520
Michael MacBean	54,986	662,031
Brian Davis	51,221	616,703
Gregory Fletcher[2]	-	-

Name	Number of DSUs[(1)]	Market or Payout Value of Vested DSUs Not Paid Out ($)[(1)]
John W. Rossall	51,221	616,703
Debra Gerlach	8,607	103,627
Darren Gee	5,584	67,231
Jocelyn McMinn[(3)]	5,777	69,555
Nicki Stevens[(4)]	-	-

Note:

(1) Calculated based on the number of DSUs held as of December 31, 2023 multiplied by the closing price per common share on the TSX on the last trading day of 2023, being December 29, 2023 ($12.04).
(2) Mr. Fletcher retired from the Board on June 13, 2023. Upon Mr. Fletcher's retirement from the Board, all DSUs held by Mr. Fletcher were settled for 42,994 common shares.
(3) Ms. McMinn was appointed to the Board on June 13, 2023.
(4) Ms. Stevens was appointed to the Board on October 17, 2023.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each director, the value of DSUs which vested during the year ended December 31, 2023 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2023. There are no other option-based or share-based awards outstanding as to non-executive directors at December 31, 2023.

Name	Option-Based Awards – Value Vested During the Year ($)	Share-Based Awards – Value Vested During the Year ($)[(1)]	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
Donald Gray	-	121,875	97,500
Michael MacBean	-	94,375	77,500
Brian Davis	-	89,375	72,500
Gregory Fletcher[(2)]	-	18,125	33,330
John W. Rossall	-	89,375	72,500
Debra Gerlach	-	89,375	72,500
Darren Gee	-	67,500	67,500
Jocelyn McMinn[(3)]	-	70,000	39,375

Name	Option-Based Awards – Value Vested During the Year ($)	Share-Based Awards – Value Vested During the Year ($)(1)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
Nicki Stevens(4)	-	-	14,065

Note:

(1) Calculated based on the number of DSUs granted multiplied by the 5-day volume weighted average price per common share on the TSX on the prior to the grant date.
(2) Mr. Fletcher retired from the Board on June 13, 2023.
(3) Ms. McMinn was appointed to the Board on June 13, 2023.
(4) Ms. Stevens was appointed to the Board on October 17, 2023.

Liability Insurance of Directors and Officers and Indemnification

Peyto maintains directors' and officers' liability insurance coverage, in the amount of $80 million, for losses to Peyto if it is required to reimburse directors and officers, where permitted, and for direct indemnity of directors and officers where corporate reimbursement is not permitted by law. The insurance protects Peyto against liability (including costs), subject to standard policy exclusions, which may be incurred by directors and/or officers acting in such capacity for Peyto. All directors and officers of Peyto are covered by the policy and the amount of insurance applies collectively to all. The cost of this insurance policy is currently $281,000 per annum.

In addition, Peyto has entered into indemnification agreements with its directors and officers. The indemnification agreements generally require that Peyto indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to Peyto as directors and officers, if the indemnitees acted honestly and in good faith with a view to the best interests of Peyto and, with respect to criminal or administrative actions or proceedings that are enforced by monetary penalty, if the indemnitee had no reasonable grounds to believe that their conduct was unlawful. The indemnification agreements also provide for the advancement of defence expenses to the indemnitees by Peyto.

Director and Officer Equity Ownership

The Board has adopted share ownership guidelines to encourage alignment with the interests of shareholders by requiring its directors and management to build and hold equity in the Corporation in accordance with prescribed guidelines. The Board has determined that each non-executive director must hold a minimum number of common shares representing three times their total annual cash retainer, which minimum level of ownership must be achieved by each new director within three years of such director's appointment or election to the Board. Officers of the Corporation are required, within three years of their executive appointment, to accumulate a multiple of their annual salary in the form of common shares, as follows: CEO (five times); and other executive officers (three times). For directors, share-based compensation arrangements in the form of DSUs may be counted in determining if their ownership target has been achieved. The valuation of the common shares is determined on an annual basis as the fair market value at the closing trading price of the common shares on the TSX on December 31 or last day on which the common shares traded on such exchange prior to December 31.

The following tables set out the value of the holdings of each of Peyto's directors and officers based on the closing price of the common shares on the TSX on the last trading day of 2023, being $12.04 per common share on December 29, 2023.

Non-Executive Directors

Director	Equity Ownership Guideline		Shareholdings				Guideline Met or Investment Required to Meet Guideline ($)
	Multiple of Annual Cash Compensation	Amount of Annual Cash Compensation Retainer ($)	Common Shares Held as at December 31, 2023	DSUs(2)	Holdings as Multiple of Retainer	Value of Equity Holdings ($)	
Donald Gray	3x	97,500	1,288,236	70,641	168x	16,360,881	Guideline Met
Michael MacBean	3x	77,500	114,820	54,986	26x	2,044,464	Guideline Met
Brian Davis	3x	72,500	217,240	51,221	45x	3,232,272	Guideline Met
John W. Rossall	3x	72,500	144,820	51,221	33x	2,360,336	Guideline Met
Debra Gerlach	3x	72,500	9,500	8,607	3x	218,007	Guideline Met
Darren Gee	3x	67,500	2,349,192	5,584	420x	28,351,503	Guideline Met
Jocelyn McMinn (2)	3x	39,375	12,610	5,777	6x	221,379	Guideline Met
Nicki Stevens (3)	3x	14,065	-	-	-	-	N/A

Notes:

(1) The number of DSUs reflects dividends paid on Common Shares to December 31, 2023.
(2) Ms. McMinn was appointed to the Board in June 2023 and has three years from joining the Board to satisfy the ownership guidelines.
(3) Ms. Stevens was appointed to the Board in October 2023 and has three years from joining the Board to satisfy the ownership guidelines.

Officers

Officer	Equity Ownership Guideline		Shareholdings			Guideline Met or Investment Required to Meet Guideline (1)
	Multiple of Annual Compensation	Amount of Annual Base Salary ($)	Common Shares	Holdings as Multiple of Retainer	Value of Equity Holdings ($)	
Jean-Paul Lachance	5x	315,000	444,143	17x	5,347,482	Guideline Met
Kathy Turgeon	3x	259,600	173,264	8x	2,086,099	Guideline Met
Lee Curran	3x	254,500	361,101	17x	4,347,656	Guideline Met
Todd Burdick	3x	235,000	155,184	8x	1,868,415	Guideline Met
Derick Czember	3x	225,000	72,177	4x	869,011	Guideline Met

Notes:

(1) Executive officers have three years from their appointment to meet the target common share ownership.

The following tables set out each current directors' and officers' equity ownership interest in Peyto and any changes in ownership interests since March 23, 2023.

Non-Executive Directors

	Directors' Equity Ownership and Changes Therein			Market Value of Equity Holdings as at April 4, 2024 ($)
	Equity Ownership as at March 23, 2023	Equity Ownership as at April 4, 2024	Net Change in Equity Ownership	
Director	**Common Shares**	**Common Shares**	**Common Shares**	
Donald Gray	1,208,136	1,288,236	80,100	19,800,187
Michael MacBean	108,510	114,820	6,310	1,764,783
Brian Davis	217,240	217,240	-	3,338,979
John W. Rossall	107,000	144,820	37,820	2,225,883
Debra Gerlach	2,700	9,500	6,800	146,015
Darren Gee	2,349,192	2,349,192	-	36,107,081
Jocelyn McMinn	-	12,610	12,610	193,816
Nicki Stevens	-	-	-	-

Officers

	Officers' Equity Ownership and Changes Therein			Market Value of Equity Holdings as at April 4, 2024 ($)
	Equity Ownership as at March 23, 2023	Equity Ownership as at April 4, 2024	Net Change in Equity Ownership	
Officer	**Common Shares**	**Common Shares**	**Common Shares**	
Jean-Paul Lachance	372,133	460,143	88,010	7,072,398
Kathy Turgeon(1)	150,654	173,264	22,610	2,663,068
Lee Curran	342,151	379,098	36,947	5,826,736
Todd Burdick	132,752	162,338	29,586	2,495,135
Derick Czember	48,667	72,177	23,510	1,109,360

Note:

(1) Ms. Turgeon retired on March 31, 2024. As such, Ms. Turgeon's equity ownership listed above is as at March 31, 2024.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under the Corporation's equity compensation plans as at December 31, 2023.

Securities Authorized for Issuance Under Equity Compensation Plans

Plan Category	Number of securities to be issued upon exercise of outstanding Options, warrants and rights (a)	Weighted average exercise price of outstanding Options, warrants and rights ($) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) (1)
Equity compensation plans approved by securityholders(1)	10,116,360	11.73	9,251,537
Equity compensation plans not approved by securityholders	-	-	-

Total	10,116,360	11.73	9,251,537

Note:

(1) The total dilution from the Option Plan and the DSU Plan is limited, in the aggregate, to such number of common shares as is equal to 10% of the number of issued and outstanding common shares outstanding from time to time. For a summary of the Option Plan and the DSU Plan, see "*Statement of Executive Compensation – Compensation Discussion and Analysis – Option Plan*", and "*Statement of Executive Compensation – Directors' Compensation – DSU Plan"*, respectively.

Annual Burn Rate Under Equity Compensation Plans

The following sets forth the number of options granted under the Option Plan and DSUs granted under the DSU Plan during the period noted below and the potential dilutive effect of such options and Rights.

Period	Number of Rights Granted	Number of Options and DSUs Granted	Weighted Average Common Shares Outstanding(1)	Burn Rate(2)(3) (%)
2023	-	5,565,095	178,894,013	3
2022	-	5,912,742	170,739,471	3
2021	-	4,887,516	166,107,837	3

Notes:

(1) Pursuant to the requirements of the TSX, the weighted average number of common shares outstanding during the period is the number of common shares outstanding at the beginning of the period, adjusted by the number of common shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the common shares are outstanding as a proportion of the total number of days in the period.

(2) The burn rate for a given period is calculated by dividing the number of options subject to the Option Plan and DSUs subject to the DSU Plan granted during such period by the weighted average number of common shares outstanding during such period.

(3) Peyto's stock options vest one-third (1/3) on each of the first, second and third anniversary dates of the date of grant and expire 30 days after vest date. This differs from many of Peyto's peers that have stock option plans with five-year expiry dates. As a result, actual dilution from the Company's stock option plan can vary significantly from the Burn Rate. The following table summarizes Peyto's actual dilution from the Company's stock option plan in the past three years:

	Number of Shares Issued from Option Exercises	Weighted Average Common Shares Outstanding	Dilution (%)
2023	3,249,239	178,894,013	2
2022	5,071,238	170,739,471	3
2021	3,210,244	166,107,837	2

For further information regarding the outstanding options and Rights held by the Named Executive Officers, see "*Statement of Executive Compensation – Incentive Plan Awards*" and for further information regarding the outstanding DSUs held by directors, see "*Statement of Executive Compensation – Directors' Compensation – DSU Plan"*.

CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F1 which is attached to NI 58-101 ("**Form 58-101F1 Disclosure**").

Set out below is a description of the Corporation's current corporate governance practices, relative to the Form 58-101F1 Disclosure.

1. **Board of Directors**

(a) **Disclose the identity of directors who are independent.**

The following seven (7) directors of the Corporation are independent (for purposes of NI 58-101):

Donald Gray (Chairman)
Michael MacBean (Lead Director)
Brian Davis
John W. Rossall
Debra Gerlach
Jocelyn McMinn
Nicki Stevens

For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgement. Mr. Gray ceased to be the President and CEO of the Corporation in 2006, which was over 17 years ago. Peyto's Nominating Committee, as well as the Board as a whole, have reviewed and considered the relationship of Mr. Gray to the Corporation, including the statutory guidance with respect to the meaning of independence contained in NI 58-101 and, specifically, the period of time that has elapsed since Mr. Gray was an executive officer of the Corporation. As a result of such review and consideration, both the Nominating Committee and the Board have determined that this relationship does not interfere with the exercise of the independent judgement of Mr. Gray in his role as a member of the Board.

Seven (7) of the nine (9) directors are independent directors.

(b) **Disclose the identity of directors who are not independent, and describe the basis for that determination.**

Darren Gee is not independent as he was the CEO of the Corporation until January 1, 2023.

Jean-Paul Lachance is not independent as he occupies the position of President and CEO of the Corporation.

(c) **Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the Board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.**

A majority of the directors of the Corporation (currently seven (7) of nine (9)) are independent (for purposes of NI 58-101).

For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgement. Mr. Gray ceased to be the President and CEO of the Corporation in 2006, which was over 17 years ago. Peyto's Nominating Committee, as well as the Board as a whole, have reviewed and considered the relationship of Mr. Gray to the Corporation, including the statutory guidance with respect to the meaning of independence contained in NI 58-101 and, specifically, the period of time that has elapsed since Mr. Gray was an executive officer of the Corporation. As a result of such review and consideration, both the Nominating Committee and the Board have determined that this relationship does not interfere with the exercise of the independent judgement of Mr. Gray in his role as a member of the Board.

(d) **If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.**

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Name of Other Reporting Issuers
Donald Gray	Gear Energy Ltd. Petrus Resources Ltd.
Mick MacBean	TerraVest Industries Inc.
Debra Gerlach	Birchcliff Energy Ltd.

The Board's mandate does not specifically prohibit interlocking board positions. The Board prefers to examine each situation on its own merits with a view to examine material relationships which may affect independence. As at the date hereof, there were no interlocking board memberships among Peyto's directors.

(e) **Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.**

At the end of or during each meeting of the Board, the members of management of the Corporation and the non-independent directors of the Corporation who are present at such meeting leave the meeting in order for the independent directors to meet. In addition, as the Nominating Committee is comprised of all the independent directors, it also serves as a forum for discussion amongst independent members of the Board. Further, other meetings of the independent directors may be held from time to time if required. The Chairs of the Board and the Board committees follow up with the President and CEO as necessary with respect to matters requiring management action that are raised at these in-camera meetings. The Chairman of the Board also communicates informally, from time to time, with the independent members. Additionally, the Board also excuses members of management and any non-independent directors from portions of any meeting at which a potential conflict arises or where otherwise appropriate. One (1) meeting of only the independent directors has been held since the beginning of the Corporation's most recently completed financial year.

(f) **Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe their role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.**

The Chairman of the Board is Donald Gray, who is an independent member of the Board. The Chairman presides at all meetings of the Board and, unless otherwise determined, at all meetings of shareholders and acts to enforce the rules of order in connection with such meetings. The Chairman is to provide overall leadership to the Board without limiting the principle of collective responsibility and the ability of the Board to function as a unit. The Chairman is to endeavour to fulfill their Board responsibilities in a manner that will ensure that the Board is able to function independently of management and is to consider, and allow for, when appropriate, a meeting of independent directors, so that Board meetings can take place without management being present. The Chairman is also to endeavour to ensure that reasonable procedures are in place to allow directors to engage outside advisors at the expense of the Corporation in appropriate circumstances.

Notwithstanding that the Chairman of the Board is independent, Michael MacBean, an independent member of the Board, has been appointed as Lead Director. Among other things, the Lead Director assists the Chairman in endeavouring to ensure that the Board leadership responsibilities are conducted in a manner that will ensure that the Board is able to function independently of management.

(g) **Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.**

The attendance record of each of the directors of the Corporation for Board meetings and committee meetings held since January 1, 2023, is as follows:

Name of Director	**Attendance Record[1]**	
Darren Gee	7 out of 7	Board Meetings
	1 out of 1	Health and Safety Committee
	2 out of 2	Environmental, Social and Governance Committee Meetings
	N/A	Reserves Committee Meetings
Don Gray	7 out of 7	Board Meetings
Michael MacBean	7 out of 7	Board Meetings
	4 out of 4	Audit Committee Meetings
	2 out of 2	Reserves, Health and Safety Committee Meetings
	1 out of 1	Compensation and Nominating Committee Meetings
	2 out of 2	Environmental, Social and Governance Committee Meetings
	2 out of 2	Compensation Committee Meetings
	1 out of 1	Nominating Committee Meetings
Brian Davis	7 out of 7	Board Meetings
	4 out of 4	Audit Committee Meetings
	2 out of 2	Reserves, Health and Safety Committee Meetings
	1 out of 1	Compensation and Nominating Committee Meetings
	1 out of 1	Health and Safety Committee Meetings
	1 out of 1	Nominating Committee Meetings
	N/A	Reserves Committee Meetings
Gregory Fletcher[2]	4 out of 4	Board Meetings
	2 out of 2	Audit Committee Meetings
	2 out of 2	Reserves, Health and Safety Committee Meetings
Kathy Turgeon [2][3]	4 out of 4	Board Meetings
John W. Rossall	7 out of 7	Board Meetings
	2 out of 2	Audit Committee Meetings
	2 out of 2	Reserves, Health and Safety Committee Meetings
	1 out of 1	Compensation and Nominating Committee Meetings
	1 out of 1	Health and Safety Committee Meetings
	2 out of 2	Compensation Committee Meetings
	N/A	Reserves Committee Meetings
Debra Gerlach	7 out of 7	Board Meetings
	4 out of 4	Audit Committee Meetings
	2 out of 2	Reserves, Health and Safety Committee Meetings
	1 out of 1	Compensation and Nominating Committee Meetings
	2 out of 2	Environmental, Social and Governance Committee Meetings
	2 out of 2	Compensation Committee Meetings

Name of Director	Attendance Record[1]	
	N/A	Reserves Committee Meetings
Jean-Paul Lachance	7 out of 7	Board Meetings
Jocelyn McMinn[4]	3 out of 3	Board Meetings
	1 out of 1	Health and Safety Committee Meetings
	1 out of 1	Nominating Committee Meetings
	2 out of 2	Environmental, Social and Governance Committee Meetings
	2 out of 2	Compensation Committee Meetings
Nicki Stevens[5]	1 out of 1	Board Meetings
	1 out of 1	Health and Safety Committee Meetings
	1 out of 1	Environmental, Social and Governance Committee Meetings
	N/A	Reserves Committee Meetings

Notes:

(1) On June 30, 2023, the following changes were made to certain committees of the board, namely: (i) the Reserves, Health and Safety Committee was separated into the Reserves Committee and the Health and Safety Committee; and (ii) the Compensation and Nominating Committee was separated into the Compensation Committee and the Nominating Committee. As such, the disclosure above includes meeting attendance for the committees of the board from January 1, 2023 to June 30, 2023, prior to the reconstitution of the committees as well as the post-reconstitution committee meetings from June 30, 2023 to December 31, 2023.
(2) Ms. Turgeon and Mr. Fletcher ceased to act as directors on June 13, 2023.
(3) Ms. Turgeon was not a member of any committees as she is the Vice President and CFO of the Corporation; however, Ms. Turgeon attended all Audit Committee; Reserves, Health and Safety Committee; Environmental, Social and Governance Committee; Health and Safety; and Compensation Committee meetings from January 1, 2023 to June 13, 2023.
(4) Ms. McMinn was appointed a director of the Corporation on June 13, 2023.
(5) Ms. Stevens was appointed a director of the Corporation on October 17, 2023.

2. **Board Mandate – Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.**

The mandate of the Board is attached to this information circular – proxy statement at Schedule "A".

3. **Position Descriptions**

(a) **Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.**

The Board has developed written position descriptions for the Chairman of the Board as well as the Chairman of each of the committees of the Board. The position descriptions are available on the Corporation's website under the heading "Corporate Responsibility".

(b) **Disclose whether or not the Board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the Board and Chief Executive Officer have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the Chief Executive Officer.**

The Board, with the input of the CEO, has developed a written position description for the CEO. The position description is available on the Corporation's website under the heading "Corporate Responsibility".

4. **Orientation and Continuing Education**

(a) **Briefly describe what measures the Board takes to orient new directors regarding (i) the role of the Board, its committees and its directors, and (ii) the nature and operation of the issuer's business.**

As new directors join the Board, management provides these individuals with the Corporation's corporate policies, historical information about the Corporation, as well as information on the Corporation's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures are a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, limited turnover of the directors and the experience and expertise of the members of the Board.

(b) **Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

Presentations are made regularly to the Board and committees to educate and inform them of changes within the Corporation and on appropriate other subjects such as regulatory and industry requirements and standards, capital markets, cybersecurity, commodity pricing and corporate governance. Management provides updates to the Board regarding cybersecurity and information security on an annual basis.

The Audit Committee has quarterly presentations on emerging trends and issues in the accounting and audit fields from management and the auditor of the Corporation is present at all audit committee meetings. The Board has quarterly presentations on operational results and technical and regulatory issues pertaining to reserves evaluation from management and the independent reserves evaluator is present at a minimum of one of the Board meetings each year. The Board also receives quarterly updates from Burnet, Duckworth & Palmer LLP on material changes in securities regulation and other corporate matters. Management provides the Board with an annual update on corporate governance "best practices" from third party publications as well as quarterly reports on new legislation or regulation relating to health, safety and environmental matters.

The Corporation also encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Corporation has the responsibility for ensuring that they maintain the skill and knowledge necessary to meet their obligations as a director. The Board has determined that all members of the Audit Committee are financially literate as described in National Instrument 52–110—*Audit Committees*. Debra Gerlach and Michael MacBean meet the widely accepted governance definition of “financial expert” having each earned a professional accounting designation and having extensive relevant career experience. Additionally, Mr. MacBean and Ms. McMinn both received their Chartered Directors (C. Dir) designation from McMaster University, and Ms. Gerlach completed the Chartered Professional Accountants of Canada Audit Committee Certificate.

5. **Ethical Business Conduct**

(a) **Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:**

The Corporation has adopted a Code of Business Conduct and Ethics for directors, officers and employees (the "**Code**").

(i) **disclose how a person or company may obtain a copy of the code;**

A copy of the Code may be obtained by contacting the Manager, Human Resources of the Corporation at (mwiwchar@peyto.com) and is also available on SEDAR+ at www.sedarplus.ca or on the Corporation's website under the heading "Corporate Responsibility".

(ii) **describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and**

The Board monitors compliance with the Code by requiring each of the executive officers of the Corporation to affirm in writing on an annual basis their agreement to abide by the Code, as to their ethical conduct and with respect to any conflicts of interest. Please also see item 5(c) below for a discussion of the Corporation's whistleblower policy.

(iii) **provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

There have been no material change reports filed since the beginning of the Corporation's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

(b) **Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

In accordance with the ABCA, directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In addition, in certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

(c) **Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.**

In addition to the Code, the Board has also adopted a "Whistleblower Policy" wherein employees and consultants of the Corporation are provided with the mechanics by which they may raise concerns about incorrect financial reporting, unlawful activities, actions that violate the Code and any other serious improper conduct in a confidential, anonymous process. A copy of this policy is available on the Corporation's website under the heading "Corporate Responsibility".

6. **Nomination of Directors**

(a) **Describe the process by which the Board identifies new candidates for Board nomination.**

The Nominating Committee is responsible for recommending suitable candidates as nominees for election or appointment as director and recommending the criteria governing the overall composition of the Board and governing the desirable characteristics for directors. In making such recommendations, the Nominating Committee is to consider: (i) the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competence and skills that the Board considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the Board; (iv) the Corporation's Board Diversity Policy; and (v) whether or not each new nominee can devote sufficient time and resources to their duties as a member of the Board. The Board has adopted the Board Renewal Policy. See item 10 below.

The Board and Nominating Committee regularly discuss and evaluate the experience, qualification and skills of our directors with a view to ensuring the appropriate skill and experience profile is represented at the Board and committee level. See "*Matters to be Acted Upon at the Meeting – Election of Directors – Experience and Background of Directors*". Some of the key competencies that the Corporation believes directors should have are: corporate executive experience, capital markets experience, crude oil and natural gas operational experience, crude oil and natural gas contracts and land experience, financial acumen and expertise, and knowledge in the areas of compensation, governance and health, safety and environment. Character and behavioral qualities including credibility, integrity, professionalism and communication skills are also important attributes taken into account when recruiting new directors. The Nominating Committee also reviews on a periodic basis the composition of the Board to ensure that an appropriate number of independent directors sit on the Board and analyze the needs of the Board and recommend nominees who meet such needs. The Chairman and CEO from time to time arrange meetings with such candidates to determine interest and availability with a view to making recommendations to the Board if and when appropriate. When necessary, the Nominating Committee may engage the services of a search firm to assist them in the identification of director candidates with the necessary skills or experience the Board requires.

The Board has adopted a majority voting policy, which provides that if a nominee for election as a director receives a greater number of votes "withheld" than votes "for" at an uncontested meeting of the shareholders of the Corporation, such nominee shall offer their resignation as a director to the Board promptly following the meeting of shareholders at which the director was elected. Upon receiving such offer of resignation, the Nominating Committee will consider such offer and make a recommendation to the Board whether to accept it or not. In the absence of special circumstances, it is expected that the Board will accept the resignation consistent with an orderly transition. The director will not participate in any Nominating Committee or Board deliberations on the resignation offer. It is anticipated that the Board will make its decision to accept or reject the resignation within 90 days. See "*Matters to be Acted Upon at the Meeting – Election of Directors – Majority Voting for Directors*".

In addition, the Corporation's By-laws include Advance Notice Provisions designed to: (i) facilitate an orderly and efficient annual meeting or, where the need arises, special meeting, process; (ii) ensure that all shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation. As a whole, these provisions are intended to provide shareholders, directors and management of the Corporation with a clear framework for nominating directors. See "*Matters to be Acted Upon at the Meeting – Election of Directors – Advance Notice Provisions*" for a detailed description of the Advance Notice Provisions.

(b) **Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.**

The Nominating Committee, which is responsible for nominating directors, is comprised of only independent directors.

(c) **If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.**

See item 6(a) above.

7. **Compensation**

(a) **Describe the process by which the Board determines the compensation for the issuer's directors and officers.**

Compensation of Directors

The Compensation Committee conducts a yearly review of directors' compensation having regard to various reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to the Corporation.

Please also see discussion under the heading "*Statement of Executive Compensation – Directors' Compensation*".

Compensation of Officers

The Chairman of the Compensation Committee has ongoing communication with the CEO regarding compensation matters for the upcoming fiscal year. After such background communication, the two meet in person to discuss compensation matters, with the Chairman and the CEO striving to ensure that executive compensation is consistent with the general principles as set forth under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis – Executive and Employee Compensation Principles and Strategy*". The Chairman and CEO go through the proposed compensation for each executive officer, other than the CEO, including salary and participation levels in the bonus plans. The Chairman then meets with the other members of the Compensation Committee and briefs them on the discussions held with the CEO. The full Compensation Committee discuss the proposed executive officer compensation, in light of the strategic, operating and financial objectives of the Corporation as well as industry norms and conditions. If general or specific issues are raised, the Compensation Committee will debate them. The full Compensation Committee then meets with the CEO to discuss such matters and raise any questions or issues they may have regarding executive compensation. In light of the Corporation's size and small number of employees, these meetings allow the Compensation Committee to get a sense of the practical issues involved in determining compensation levels for executives. the Compensation Committee then deals specifically with setting the compensation of the CEO. The Compensation Committee then discusses and debates, as necessary, the specific executive officer compensation proposals. If further clarification is necessary, the Chairman will ask the CEO for information. Once compensation levels are agreed to by the members of the Compensation Committee, they are formally approved.

Please also see discussion under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis – Executive and Employee Compensation Principles and Strategy*", "*Statement of Executive Compensation – Compensation Discussion and Analysis – CEO Compensation*" and "*Statement of Executive Compensation – Compensation Discussion and Analysis – Three Year Named Executive Officer Compensation Versus Financial Measures*".

(b) **Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.**

The Compensation Committee is comprised entirely of independent directors.

(c) **If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.**

The Compensation Committee's responsibility is to formulate and make recommendations to the Board in respect of compensation issues relating to directors and officers of the Corporation. Without limiting the generality of the foregoing, the Compensation Committee has the following duties:

(i) advise the Board on executive compensation matters;

(ii) review and recommend a compensation philosophy, guidelines and plans for the Corporation's executives and employees;

(iii) review and approve corporate goals and objectives relevant to CEO compensation;

(iv) evaluate the CEO's performance in light of those goals, and make recommendations to the Board with regard to the CEO's compensation based on this evaluation;

(v) in consultation with the CEO, review and approve non-CEO compensation, incentive-compensation plans, and equity-based plans;

(vi) review and approve all discretionary compensation granted;

(vii) review and approve fees to be paid to members of the Board;

(viii) review executive compensation disclosure before it is publicly disclosed; and

(ix) be the forum for meetings of all independent directors of the Corporation.

The Compensation Committee is required to be comprised of at least three directors, or such greater number as the Board may determine from time to time. All members of the Compensation Committee are required to be independent, as such term is defined for this purpose under applicable securities law requirements. Pursuant to the mandate and terms of reference of the Compensation Committee, meetings of the Compensation Committee are to take place at least two times per year and at such other times as the Chairman of the Compensation Committee may determine.

(d) **If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.**

A compensation consultant or advisor has not, at any time since the beginning of the Corporation's most recently completed financial year, been retained to assist in determining compensation for any of the Corporation's directors and officers. In 2023, however, the Compensation Committee engaged Mercer to advise on employee compensation.

8. **Other Board Committees – If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.**

In addition to the Audit Committee, the Compensation Committee, the Nominating Committee, the Corporation has established a Reserves Committee, a Health and Safety Committee and an Environmental, Social and Governance Committee.

Reserves Committee

The Reserves Committee is comprised of five directors, a majority of which are independent.

The Reserves Committee is responsible for various matters, including relating to reserves of the Corporation that may be delegated to the Reserves Committee pursuant to National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") and health, safety, environment and sustainability, including:

(a) reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements;

(b) reviewing the Corporation's procedures for providing information to the independent evaluator;

(c) meeting, as considered necessary, with management and the independent evaluator, to determine whether any restrictions placed by management affect within the ability of the evaluator to report without reservation on the Reserves Data (as defined in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*) (the "**Reserves Data**") and to review the Reserves Data and the report thereon of the independent evaluator (if such report is provided);

(d) reviewing the appointment of the independent evaluator and, in the case of any proposed change to change the independent evaluator, determine the reason therefor and whether there have been any disputes with management;

(e) reviewing qualifications and independence of the independent evaluator to ensure the independent evaluator being considered for appointment or re-appointment is technically qualified and competent, independent of management, that there are no restrictions affecting the ability of the independent evaluator to report on the Corporation's oil and natural gas reserves without reservations and to establish the terms of their engagement;

(f) reviewing any matters relating to the preparation, assumptions, evaluation processes and resulting outcomes for any report on the Corporation's reserves (including reserves to be acquired) for material acquisitions or which may form the basis of any public disclosure by the Corporation;

(g) providing a recommendation to the Board as to whether to approve the content and/or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith;

(h) reviewing the Corporation's procedures for reporting other information associated with oil and gas producing activities;

(i) regularly assessing whether management has in place appropriate policies and processes to prevent and detect inaccuracies in estimating reserves and disclosing reserves and related oil and gas information in compliance with regulatory requirements;

(j) generally, reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves;

(k) annually reviewing the Committee's mandate and work plan and provide the work plan and any recommended changes to the mandate to the Chair of the Board; and

(l) performing any other activities consistent with the Committee's mandate as the Committee or the Board deems necessary or appropriate; and

(m) having the authority to investigate any activity of the Corporation that has an impact on or relating to the Committee's mandate and responsibilities. All employees are to cooperate as requested by the Committee.

Health and Safety Committee

The Health and Safety Committee is comprised of five directors, a majority of which are independent.

The Health and Safety Committee is responsible for various matters, including relating to the development and implementation of the policies, standards and practices of the Corporation and assisting the Corporation with meeting its legal, industry and community obligations pertaining to health and safety. The Health and Safety Committee is responsible for:

(a) reviewing the Corporation's strategies, policies, programs and internal control systems with respect to health, workforce safety, asset integrity, process safety and monitor the Corporation's performance relative to internal improvement objectives and industry best practice;

(b) reviewing and recommending to the Board for approval fundamental policies pertaining to health, workforce safety, asset integrity and process safety having the potential to impact the Corporation's activities and strategies;

(c) reviewing the Corporation's policies and programs for achieving full and continuous compliance with engineering standards, codes, regulations and applicable laws;

(d) reviewing and monitoring the Corporation's emergency response policies and plans and the Corporation's state of readiness to respond to crisis situations, including, but not limited to, monitoring notices from management and reviewing circumstances involving any major emergencies reported by the Corporation:

(e) reviewing and reporting to the Board:

- on the Corporation's performance in the areas of health, workforce safety, process safety, field operational excellence and compliance with codes, standards, regulations and applicable laws;

- on emerging trends, issues and regulations related to health, workforce safety, process safety and field operational excellence that are relevant to the Corporation;

- the findings of any significant report by regulatory agencies, external health and safety consultants or auditors concerning the Corporation's performance in health and safety and any necessary corrective measures taken to address issues and risks with regards to the Corporation's performance in the areas of health and safety that have been identified by the Corporation, external auditors or by regulatory agencies;

- any civil or criminal occupational health and safety proceedings, claims, orders, actions or government investigation contemplated or threatened against the Corporation, including notices from management in respect thereof;

- the results of any review with management, outside accountants and legal advisors of the implications of major corporate undertakings such as the acquisition or expansion of facilities or decommission of facilities as it relates to health and safety that are relevant to the Corporation and, in the Committee's discretion, make recommendations to the Board for consideration;

- a framework for management's decisions on abandonment and reclamation, including appropriate asset retirement obligation determination; and

- policies and other directives of the Corporation relating to security and the safeguarding of the Corporation's premises, installations, assets and personnel;

(f) reviewing the insurable risks related to health and safety issues and evaluate cost/insurance benefits associated with those risks; concerning insurance, the Committee shall consult with and review the recommendations of the Audit Committee of the Board and if desirable, recommend changes to the

Corporation's insurance program including coverage for operations, property damage, business interruption and liabilities;

(g) annually reviewing the Committee's mandate and work plan and provide the work plan and any recommended changes to the mandate to the Chair of the Board; and

(h) performing any other activities consistent with the Committee's mandate as the Committee or the Board deems necessary or appropriate; and

(i) having the authority to investigate any activity of the Corporation that has an impact on or relating to the Committee's mandate and responsibilities. All employees are to cooperate as requested by the Committee.

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee is comprised of five directors, four of which are independent.

The Environmental, Social and Governance Committee is responsible for various matters relating to environmental, social and governance ("**ESG**") and sustainability matters (including climate risks) and its primary duties and responsibilities for the oversight of ESG and sustainability matters are as follows:

(a) review, approve or recommend to management of the Corporation and/or the Board policies and priorities related to ESG and sustainability matters, including the following:

- climate and energy;
- Indigenous rights and relationships;
- stakeholder engagement;
- community investment;
- community and landowner awareness on pipeline safety; and
- political contributions;

(b) receive and review periodic reports from management regarding the Corporation's initiatives and opportunities to optimize its climate related and sustainability performance including processes to reduce or substitute energy and water use, reduce emissions and waste and minimize land disturbance;

(c) provide oversight of the Corporation's programs to identify social, political and environmental trends in public debate, public policy, regulation and legislation that may impact the Corporation's strategies and business interests and recommend, where significant, appropriate responses to management of the Corporation and/or the Board;

(d) provide oversight of the Corporation's performance, engagement and communications directed towards building public confidence and stakeholder trust;

(e) review and provide oversight of the Corporation's conduct of business in a socially responsible, ethical and transparent manner;

(f) review and provide oversight on the incorporation of ESG factors in the Corporation's reporting and public disclosure on ESG and sustainability matters, including use of reporting frameworks and methodologies for annual and specialized disclosure, as well as the Corporation's position in relevant independent ranking systems;

(g) review and provide oversight of the Corporation's programs and processes for community, Indigenous and governments relations, including community investment and partnerships and communication, consultation and engagement with key stakeholders, rights-holders and decision makers, to ensure a rigorous and systemic approach;

(h) provide oversight with respect to risk management in ESG and sustainability areas; and

(i) address any other matter properly referred to the Committee by the Chair of the Board, the Board, a director, the CEO, or the management of the Corporation for review, recommendation or decisions.

9. **Assessments – Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.**

The Nominating Committee is responsible by its terms of reference to evaluate the effectiveness of the Board, its committees and individual directors. The Nominating Committee has developed a questionnaire that assesses the effectiveness of the Board as a whole, individual Board members and each of the committees of the Board. Assessments are conducted annually. The results of the assessment are summarized by the Corporate Secretary and provided to the Chair of the Nominating Committee as well as the Chair of the Board. The Chairman of the Nominating Committee presents a summary of the results to the Board as a whole and communicates the results of the committee assessment to each committee Chair. The assessment for 2023 will be conducted in the first half of 2024.

10. **Director Term Limits and Other Mechanisms of Board Renewal**

When considering nominees for the Board, the Nominating Committee reviews the skills and experience of the current directors of the Corporation to assess whether the Board's skills and experience need to be strengthened in any area. In addition to considering the skills and experience of the Board, the Nominating Committee also assesses the knowledge and character of all nominees to the Board and other factors such as independence of the directors to ensure that the Board is operating effectively and independently of management. The Nominating Committee considers both the term of service and age of individual directors, the average term of the Board as a whole and turnover of directors over the prior years when proposing nominees for election of the directors of the Corporation. The Nominating Committee considers the benefits of regular renewal in the context of the needs of the Board at the time and the benefits of the institutional knowledge of the Board members.

The Board has adopted the Board Renewal Policy which provides a framework for the Corporation to allow for renewal of the Board by providing for, where appropriate, the "deemed resignation" of a director on the earlier of the director: (i) reaching the age of seventy-five (75); or (ii) having served as a non-executive director of the Corporation for fifteen (15) years since January 1, 2011, being the effective date of the Corporation's conversion from Peyto Energy Trust.

Upon receipt of a "deemed resignation", the Nominating Committee will consider whether the continued service of the director would be in the best interests of the Corporation in light of, among other relevant considerations, the individual director's and the Board's competencies and skills, the size of the Board and the composition of the Board in light of Peyto's Board Diversity Policy (as discussed below) and will make a recommendation to the Board to accept or reject the deemed resignation of the individual director.

If the Nominating Committee recommends that the Board accept the director's deemed resignation, it shall recommend that the deemed resignation be accepted in conjunction with the Corporation's next annual meeting of shareholders or such other date as it reasonably believes will allow for orderly transition. The Board shall consider but is not obligated to follow the recommendation of the Nominating Committee.

If the deemed resignation of a director pursuant to the Board Renewal Policy is not accepted, the director shall be deemed to re-submit such resignation on January 1st of each calendar year thereafter.

The Board Renewal Policy is available on the Corporation's website under the heading "Corporate Responsibility".

11. **Policies Regarding the Representation of Women on the Board**

The Board has adopted the Board Diversity Policy which recognizes that the nomination and appointment of candidates with multiple perspectives, skills, expertise, industry experience and personal characteristics such as age, gender, ethnicity and other distinctions will contribute to the continued success of the Corporation. This Board Diversity Policy sets out the framework for Peyto's approach to Board diversity and outlines the key criteria for the composition of the Board to promote the Corporation's commitment and aspirational targets to diversity and inclusion.

The Nominating Committee oversees the evaluation and assesses and considers the effectiveness, of the Board as a whole, the committees of the Board and the contribution of individual members on a periodic basis. The Nominating Committee, in conjunction with the Board, also reviews the experience, qualifications and skills of Peyto's incumbent directors to ensure that the composition of the Board and committees and the competencies of the members are in line with those that the Nominating Committee considers that the Board and its respective committees should possess.

In considering suitable candidates for appointment or re-election to the Board, or whether to accept the deemed resignation of a director pursuant to the Board Renewal Policy, and to assist us in attaining our targeted representation, the Nominating Committee shall: (i) consider all aspects of diversity including, but not limited to, those described above, in order to enable the Nominating Committee to discharge its duties and responsibilities effectively; (ii) assess the skills and backgrounds collectively represented on the Board to ensure that they reflect the diverse nature of the business environment in which Peyto operates; (iii) consider candidates on merit against objective criteria having due regard to the benefits of diversity on the Board; and (iv) engage, as deemed necessary, qualified independent external advisors to identify and assess candidates that meet the Board's skills and diversity criteria.

In addition, the Nominating Committee will review the number of women considered or brought forward as potential nominees for board positions when the Board is looking to add additional members or replace existing members and will evaluate the skills, knowledge, experience and character of any such women candidates relative to other candidates to ensure that women candidates are being fairly considered relative to other candidates.

Any search firm engaged to assist the Nominating Committee in identifying candidates for appointment to the Board will be specifically directed to include diverse candidates generally, and multiple women candidates in particular.

In addition, each year the Nominating Committee will: (i) assess the effectiveness of the Board Diversity Policy and related objectives; (ii) monitor and review the Corporation's progress in achieving its aspirational target for gender diversity; (iii) monitor the implementation of the Board Diversity Policy; and (iv) report to the Board and recommend any revisions that may be necessary.

As all recommendations of director nominees need to be approved by the Nominating Committee, the Board has concluded that appropriate measures are in place to ensure that the Board Diversity Policy is effectively implemented.

The Peyto Board Diversity Policy is available on the Corporation's website under the heading "Corporate Responsibility".

12. **Consideration of the Representation of Women in the Director Identification and Selection Process**

See item 11.

13. **Consideration Given to the Representation of Women in Executive Officer Appointments**

The Board believes that the appointment of executive officers should be made based on each candidate's experience, knowledge, education, management capabilities and competency, as well as the effect of the appointment on the diversity of the Corporation's executive officers as a whole. The Corporation is staffed with a large female contingent (47% of office employees) and given its focus on the identification, assessment and development of internal candidates to build leadership capability and strengthen overall succession, the Corporation believes it is poised to ensure it has strong internal female candidates to drive both short and long-term performance. The Corporation's philosophy of development and promotion from within will strengthen its values and culture, aid in retention of talent and provide a diversity of options for succession. See item 14.

14. **Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

The Board does not specifically consider the level of female representation in executive officer positions when making such appointments nor does it have targets in respect of appointing women to these positions. In making appointments to executive officer positions, the Board considers each candidate's experience, knowledge, education, management capabilities and competency, as well as the effect of the appointment on the diversity of the Corporation's executive officers as a whole. Also see item 13. As all recommendations of appointments of executive officers need to be approved by the Nominating Committee, the Board has concluded that appropriate measures are in place to ensure that the Corporation's approach to executive officer appointments is effectively implemented.

15. **Number of Women on the Board and in Executive Officer Positions**

There is presently three (3) women serving on the Board, which represents 33% of the Board.

Other Matters Relating to the Board

The Board holds regularly scheduled meetings at least quarterly to perform its responsibilities. The Board and members of management hold strategic planning sessions annually and revisit the strategic plan at each quarterly meeting of the Board. Significant operational decisions and all decisions relating to: (i) the acquisition and disposition of properties in excess of limits established by the Board from time to time; (ii) the approval of capital expenditure budgets; (iii) the establishment of credit facilities; (iv) issuances of additional common shares or debt; and (v) the determination of the amount of the monthly dividends, are made by the Board.

The Board and its committees have access to senior management on a regular basis as Tavis Carlson, the Vice President and CFO and Riley Frame, Chief Operating Officer attend all meetings of the Board along with other executive officers who are invited to attend such meetings to provide necessary information to facilitate decision making. Additionally, Mr. Jean-Paul Lachance, the President and Chief Executive Officer (formerly President and Chief Operating Officer), attends all meetings of the Board to provide necessary information to facilitate decision making and effective January 1, 2023, was also appointed as a director of the Corporation.

In addition, in the past year, the Board has added two new female directors, bringing its total female representation on the Board to 33.3%. Jocelyn McMinn, one of the female directors added in the past year, is also a citizen of the Métis Nation of Alberta, enhancing the ethnic diversity and experience of the Peyto Board.

Succession Planning

The Corporation spends considerable time and energy on succession planning for its executive officers and other key personnel. The Corporation focuses on developing leadership bench-strength and future management candidates from within the organization. On an annual basis, the executive officers meet to discuss succession planning within the organization and to identify high potential employees for additional leadership development opportunities. The Nominating Committee, which is comprised of only independent directors, is responsible for developing a system under which succession to senior management positions will occur in a timely manner. The Board also takes responsibility for senior officer succession planning and specifically succession planning for the CEO. Succession planning is frequently a part of the Board agenda and in-camera discussions and is discussed formally at least on an annual basis. At these sessions, the Board and the CEO discuss succession plans and candidates for all executive officer positions, including the CEO role. The review includes an assessment of each individual's strengths and development requirements, an estimate as to when such individuals may be prepared to accept such a role change, and any current plans for such individual's career and educational development.

Effective January 1, 2023 Mr. Jean-Paul Lachance was appointed the President and Chief Executive Officer (formerly President and Chief Operating Officer), succeeding Mr. Darren Gee who retired as the Chief Executive Officer of the Corporation on the same date.

Effective January 1, 2024, Mr. Riley Frame assumed the position of Chief Operating Officer. Also, announced on November 8, 2023, Kathy Turgeon retired as Chief Financial Officer of Peyto effective March 31, 2024 and Tavis Carlson, was promoted to the role of Chief Financial Officer effective April 1, 2024.

Shareholder Engagement

We communicate with our shareholders in a wide variety of ways, including through the Corporation's website, annual responsibility reports, news releases, annual and quarterly reports, management information circulars, annual information forms, investor presentations, group meetings and industry conferences, annual meetings of shareholders and one-on-one meetings with shareholders. The Corporation holds conference calls for quarterly earnings releases and major corporate developments as soon as practicable after they are publicly disclosed, and such calls are open to be heard by the public. Details of the time, place and method of accessing any such call and instructions as to where are broadly disseminated.

The Board has adopted a Shareholder Engagement Policy, which formalizes its commitment to engaging in constructive communications with our shareholders and expresses our directors' interest in meeting with key shareholders to discuss specific matters of mutual interest and concern. Shareholders may initiate communication directly with the Board by contacting our Lead Director by mail or email at:

Peyto Exploration & Development Corp.
Attention: Lead Director of the Board
300, 600 – 3rd Avenue SW
Calgary, Alberta T2P 0G5

Email: info@peyto.com

The Shareholder Engagement Policy is available on the Corporation's website under the heading "Corporate Responsibility".

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Neither the Corporation, nor any director or executive officer of the Corporation, any proposed nominee for election as a director of the Corporation, nor any associate of any of the foregoing, is, or has at any time since the beginning of the Corporation's last completed financial year, been indebted to the Corporation, nor is or has the indebtedness of any such persons to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

CORPORATE SUSTAINABILITY

The Corporation is committed to conducting its business in a safe and responsible manner to protect both the health and safety of employees, contractors, stakeholders, and the public as well as the environment. Safeguarding the environment and maintaining the integrity of the Corporation's infrastructure is inherent in its day-to-day operations. The Corporation's culture promotes responsibility and accountability for health, safety and environmental performance throughout the entire organization. Recognizing the more prominent role that environmental and sustainability factors are playing in the Corporation's business, in 2020, the Board formed the Environmental, Social and Governance Committee. This committee is comprised of independent directors, who are responsible for, among other things, reviewing the Corporation's policies and practices pertaining to environment, health and safety, and sustainability matters and reviewing procedures designed to minimize environmental, occupational health and safety and other risks to asset value and mitigate such risks. See "*Corporate Governance Practices – Other Board Committees*".

The Corporation has been reporting on sustainability initiatives since 2016 through annual sustainability reports using metrics tracked back from 2013. See the Corporation's website for the 2023 ESG Report for more information. An updated report for 2024 will be available later this year.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, there were no material interests, direct or indirect, of directors or executive officers of the Corporation, any proposed director of the Corporation, any securityholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding common shares, or any other Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Management is not aware of any material interest of any director or executive officer or anyone who has held office as such since the beginning of the Corporation's last financial year, any proposed nominee for election as a director or of any associate or affiliate of any of the foregoing in any matter to be acted on at the meeting, save as is disclosed herein.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this information circular – proxy statement relate to matters that are not historical facts and may constitute forward-looking statements. These statements are identified by the use of words such as "could", "should", "anticipate", "expect", "will", "may" and similar expressions and statements. Forward-looking statements contained herein include, but are not limited to, statements regarding the Corporation's expected approach to its compensation practices. These statements are based on certain assumptions and analysis made by Peyto in light of its experience and its perception of historical trends and expected future developments as well as other factors it believes are appropriate in the circumstances. Whether actual results, performance or achievements will conform to Peyto's expectations is subject to a number of known and unknown risks and uncertainties which could cause actual results to differ materially from Peyto's expectations.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, royalties, environmental risks, taxation, regulation, changes in tax or other legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, and our ability to access sufficient capital from internal and external sources. The foregoing and other risks are described in more detail in Peyto's management's discussion and analysis for the year ended December 31, 2023 and Peyto's annual information form for the year ended December 31, 2023 under the headings "*Risk Management*" and "*Risk Factors*", respectively, each of which is available at www.sedarplus.ca and on Peyto's website.

Further, any forward-looking statement is made only as of the date of this information circular – proxy statement, and Peyto undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for Peyto to predict all of these factors or to assess in advance the impact of each such factor on Peyto's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

The forward-looking statements contained in this information circular – proxy statement are expressly qualified by this cautionary statement.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR+ at www.sedarplus.ca. Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual audited comparative financial statements for the year ended December 31, 2023 and the related management's discussion and analysis. Copies of the

Corporation's financial statements and related management's discussion and analysis are available upon request from the Corporation at Suite 300, 600 – 3rd Avenue SW, Calgary, Alberta T2P 0G5, Attention: Tavis Carlson, telephone (587) 390-6120, or telecopy (403) 451-4100.

OTHER MATTERS

Management of the Corporation knows of no amendment, variation or other matter to come before the meeting other than the matters referred to in the notice of annual and special meeting. However, if any other matter properly comes before the meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

The contents and the sending of this information circular – proxy statement have been approved by the Board.

Shareholders are encouraged to contact management of the Corporation or members of the Board with respect to any questions or concerns regarding the Corporation, its business, operations and/or governance matters. Jean-Paul Lachance, the Corporation's President and CEO, may be reached by telephone at (403) 451-4111; Tavis Carlson, the Corporation's Vice President and CFO, may be reached by telephone at (587) 390-6120; and Michael MacBean, the Corporation's Lead Director, may be reached by telephone at (403) 225-1144. Additionally, shareholders may call Melissa Wiwchar, Manager, Human Resources for the Corporation, at 1-844-847-9706 (toll free in North America) or (403) 261-6081 (for outside of North America).

Dated: April 4, 2024

SCHEDULE "A"

PEYTO EXPLORATION & DEVELOPMENT CORP.

MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the "**Board**") of Peyto Exploration & Development Corp. (the "**Corporation**") is responsible for the stewardship of the Corporation. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of the Corporation. In general terms, the Board will:

A. in consultation with the chief executive officer of the Corporation (the "**CEO**"), define the principal objective(s) of the Corporation;

B. supervise the management of the business and affairs of the Corporation with the goal of achieving the Corporation's principal objective(s) as defined by the Board;

C. discharge the duties imposed on the Board by applicable laws; and

D. for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will perform the following duties:

Strategic Direction, Operating, Capital and Financial Plans

1. require the CEO to present annually to the Board a yearly business plan for the Corporation's business, which plans must:

    (a) be designed to achieve the Corporation's principal objectives,

    (b) identify the principal strategic and operational opportunities and risks of the Corporation's business, and

    (c) be approved by the Board as a pre-condition to the implementation of such plans;

2. review progress towards the achievement of the goals established in the strategic, operating and capital plans;

3. identify the principal risks of the Corporation's business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks;

4. approve the annual operating and capital plans, as may be amended from time to time;

5. approve issuances of additional common shares of the Corporation or other securities to the public;

6. monitor the Corporation's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;

Management and Organization

7. appoint the CEO and determine the terms of the CEO's employment with the Corporation;

8. in consultation with the CEO, develop a position description for the CEO;

9. evaluate the performance of the CEO at least annually;

10. in consultation with the CEO, establish the limits of management's authority and responsibility in conducting the Corporation's business;

11. in consultation with the CEO, appoint all officers of the Corporation and approve the terms of each officer's employment with the Corporation;

12. receive annually from the CEO the CEO's evaluation of the performance of each senior officer;

13. approve any proposed significant change in the management organization structure of the Corporation;

14. approve all retirement plans, if any, for officers and employees of the Corporation;

15. in consultation with the CEO, establish a communications/disclosure policy for the Corporation;

16. generally provide advice and guidance to management;

Finances and Controls

17. use reasonable efforts to ensure that the Corporation maintains appropriate systems to manage the risks of the Corporation's business;

18. monitor the appropriateness of the Corporation's capital structure;

19. ensure that the financial performance of the Corporation is properly reported to shareholders, other security holders and regulators on a timely and regular basis;

20. in consultation with the CEO, establish the ethical standards to be observed by all officers and employees of the Corporation and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards;

21. require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by the Corporation and its officers and employees;

22. require that the CEO institute, and maintain the integrity of, internal control and information systems, including maintenance of all required records and documentation;

23. review insurance coverage of significant business risks and uncertainties;

24. review and approve the Corporation's hedging program;

25. review and approve material contracts to be entered into by the Corporation;

26. recommend to the shareholders of the Corporation a firm of chartered accountants to be appointed as the Corporation's auditors;

27. review dividend levels, based on information from and consultation with management;

28. approve all changes to dividend levels;

29. take all necessary actions to gain reasonable assurance that all financial information made public by the Corporation (including the Corporation's annual and quarterly financial statements) is accurate and complete and represents fairly the Corporation's financial position and performance;

Governance

30. in consultation with the Chairman of the Board, develop a position description for the Chairman of the Board;

31. facilitate the continuity, effectiveness and independence of the Board by, amongst other things,

    (a) selecting nominees for election to the Board,

(b) appointing a Chairman of the Board who is not a member of management,

(c) appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate,

(d) defining the mandate of each committee of the Board,

(e) ensuring that processes are in place and are utilized to assess the size of the Board, the effectiveness of the Chairman of the Board, the Board as a whole, each committee of the Board and each director,

(f) review the orientation and education program for new members to the Board to ensure that it is adequate and effective, and

(g) establishing a system to enable any director to engage an outside adviser at the expense of the Corporation;

32. review annually the adequacy and form of the compensation of directors.

Delegation

The Board shall determine the composition of all committees and ensure that such composition is in compliance with all applicable laws.

The Board may delegate its duties to and receive reports and recommendations from any committee of the Board.

Meetings

33. the Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair;

34. minutes of each meeting shall be prepared;

35. the CEO or their designate(s) may be present at all meetings of the Board;

36. Vice Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.

YOUR VOTE AS A SHAREHOLDER IS IMPORTANT. VOTE TODAY.

These materials are important and require your immediate attention. If you have questions or require assistance with voting your shares, you may contact Peyto's proxy solicitation agent:

LAUREL HILL

North American Toll-Free Number: 1-877-452-7184

Collect Calls Outside North America: 1-416-304-0211

Email: assistance@laurelhill.com