NEWS RELEASE

NOVEMBER 6, 2019 **SYMBOL: PEY – TSX**

PEYTO ANNOUNCES Q3 2019 RESULTS

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("Peyto" or the "Company") is pleased to present its operating and financial results for the third quarter of the 2019 fiscal year. A 64% Operating Margin(1) and a 6% Profit Margin(2) in the quarter, delivered a 4% return on capital employed (ROCE) and a 9% return on equity (ROE), on a trailing twelve month basis. Additional highlights included:

- **Condensate and C5+ production up 17%.** Condensate and Pentanes production increased from 5,175 bbl/d in Q3 2018 to 6,041 bbl/d in Q3 2019 contributing to total liquid production of 10,650 bbl/d. Total NGL yields increased from 20 bbl/mmcf to 27 bbl/mmcf over that same period due to the continued focus on Peyto's liquids rich Cardium play. Total liquids production in Q3 2019 was up 16% year over year, while natural gas production was down 13% to 396 mmcf/d. Consistent with the second quarter, periods of low or negative AECO natural gas price in the quarter, resulted in lean gas production being curtailed while liquids rich gas production remained on. Total Q3 2019 production of 76,707 boe/d was down 6% from Q2 2019 due to the restricted capital program and lean gas curtailment.

- **Funds from operations of $0.41/share.** Generated $68 million in Funds from Operations ("FFO") in Q3 2019 down from $76 million in Q2 2019 and $110 million in Q3 2018 due to lower commodity prices and lower gas production levels. FFO ($68 million) exceeded both capital expenditures ($37 million) and dividend payments ($10 million) in the quarter by $22 million, or $84 million year to date, resulting in reduced debt levels. This is the seventh quarter of reduced capital investment with cumulative free cashflow (FFO-Capex-Dividend) of $207 million during this period. At the same time, Peyto's producing reserve life, a measure of its sustainability, has increased at a rate of 25% per year while its base production decline rate has fallen.

- **Total cash costs of $0.89/Mcfe (or $0.86/Mcfe ($5.17/boe) excluding royalties).** Industry leading total cash costs, included $0.03/Mcfe royalties, $0.31/Mcfe operating costs, $0.19/Mcfe transportation, $0.05/Mcfe G&A and $0.31/Mcfe interest, which combined with a realized price of $2.50/Mcfe, resulted in a $1.61/Mcfe ($9.34/boe) cash netback, down 31% from $2.33/Mcfe in Q3 2018.

- **Capital investment of $36.6 million**. A total of 13 gross wells (10.5 net) were drilled in the third quarter, 10 gross wells (6.5 net) were completed, and 14 gross wells (10.5 net) were brought on production.

- **Earnings of $0.04/share, dividends of $0.06/share.** Earnings of $6 million were generated in the quarter, while dividends of $10 million were paid to shareholders. The Company has never incurred a write down nor recorded an impairment of its assets and this quarter represents Peyto's 59th consecutive quarter of earnings.

Third Quarter 2019 in Review

Operations in the third quarter continued to be plagued by extremely wet surface conditions that hampered drilling rig and frac equipment movement and delayed pipeline installations. Despite these hinderances, Peyto was still able to advance its liquids rich Cardium drilling program. Well results and drilling and completion costs continued to improve throughout the quarter. Most of the activity was concentrated in the Wildhay area where Peyto has the highest condensate yields. The average Cardium well in Wildhay is recovering approximately 25,000 bbls of condensate in its first 6 months of production while costs for the total Cardium drilling program to date are 10% lower than last year, at $2.25 million per well. Natural gas prices in Alberta plunged in the quarter to some of the lowest prices in the past 30 years as restricted access to storage prevented supplies from finding a market. Despite the Company's market diversification efforts this still resulted in some of the lowest realized natural gas prices in Peyto's 20 year history. Late in the quarter, however, and with the help of the Alberta government, an industry agreement to revise NGTL service priorities during future summer periods was successfully negotiated. This had an immediate impact on AECO natural gas prices and should help prevent the recurrence of such a disconnected Alberta gas market over the next few years while NGTL continues to build out its capacity to handle basin growth. Despite the commodity price weakness in the quarter, Peyto's industry leading low costs still delivered a 68% operating margin, strong earnings and returns which reinforced the strength of the Peyto business model. To the end of Q3 2019, Peyto has accumulated over $2.6 billion in earnings on a $6.1 billion cumulative capital investment, or one of the highest ratios of profit to capital in the industry.

1. Operating Margin is defined as funds from operations divided by revenue before royalties but including realized hedging gains/losses.
2. Profit Margin is defined as net earnings for the quarter divided by revenue before royalties but including realized hedging gains/losses.
Natural gas volumes recorded in thousand cubic feet (mcf) are converted to barrels of oil equivalent (boe) using the ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). Natural gas liquids and oil volumes in barrel of oil (bbl) are converted to thousand cubic feet equivalent (Mcfe) using a ratio of one (1) barrel of oil to six (6) thousand cubic feet. This could be misleading, particularly if used in isolation as it is based on an energy equivalency conversion method primarily applied at the burner tip and does not represent a value equivalency at the wellhead.

	Three Months Ended Sep 30		%	Nine Months Ended Sep 30		%
	2019	**2018**	Change	**2019**	**2018**	Change
Operations						
Production						
Natural gas (mcf/d)	**396,343**	456,197	*-13%*	**426,648**	505,760	*-16%*
Oil & NGLs (bbl/d)	**10,650**	9,209	*16%*	**10,821**	9,496	*14%*
Thousand cubic feet equivalent (mcfe/d @ 1:6)	**460,243**	511,453	*-10%*	**491,572**	562,733	*-13%*
Barrels of oil equivalent (boe/d @ 6:1)	**76,707**	85,242	*-10%*	**81,929**	93,789	*-13%*
Production per million common shares (boe/d)*	**465**	517	*-10%*	**497**	569	*-13%*
Product prices						
Natural gas ($/mcf)	**1.84**	2.43	*-24%*	**2.07**	2.57	*-19%*
Oil & NGLs ($/bbl)	**39.65**	61.04	*-35%*	**44.87**	61.41	*-27%*
Operating expenses ($/mcfe)	**0.31**	0.31	-	**0.34**	0.30	*13%*
Transportation ($/mcfe)	**0.19**	0.19	-	**0.19**	0.17	*12%*
Field netback ($/mcfe)	**1.97**	2.63	*-25%*	**2.19**	2.74	*-20%*
General & administrative expenses ($/mcfe)	**0.05**	0.03	*67%*	**0.05**	0.05	-
Interest expense ($/mcfe)	**0.31**	0.27	*15%*	**0.30**	0.25	*20%*
Financial ($000, except per share*)						
Revenue	**105,944**	153,589	*-31%*	**373,130**	513,797	*-27%*
Royalties	**1,440**	6,399	*-77%*	**8,350**	20,822	*-60%*
Funds from operations	**68,106**	109,549	*-38%*	**247,157**	374,105	*-34%*
Funds from operations per share	**0.41**	0.66	*-38%*	**1.50**	2.27	*-34%*
Total dividends	**9,892**	29,677	*-67%*	**29,677**	89,032	*-67%*
Total dividends per share	**0.06**	0.18	*-67%*	**0.18**	0.54	*-67%*
Payout ratio	**15**	27	*-44%*	**12**	24	*-50%*
Earnings	**6,275**	29,506	*-79%*	**130,003**	78,146	*66%*
Earnings per diluted share	**0.04**	0.18	*-78%*	**0.79**	0.65	*22%*
Capital expenditures	**36,574**	69,716	*-48%*	**133,080**	120,148	*11%*
Weighted average common shares outstanding	**164,874,175**	164,874,175	-	**164,874,175**	164,874,175	-
As at September 30						
Net debt				**1,133,869**	1,167,672	*-3%*
Shareholders' equity				**1,721,158**	1,647,059	*4%*
Total assets				**3,587,612**	3,584,530	-

**all per share amounts using weighted average common shares* outstanding

	Three Months Ended Sep 30		Nine Months Ended Sep 30	
($000 except per share)	**2019**	2018	**2019**	2018
Cash flows from operating activities	**64,913**	123,019	**241,993**	383,920
Change in non-cash working capital	**3,193**	(14,658)	**2,873**	(13,176)
Change in provision for performance based compensation	**-**	1,188	**-**	3,361
Performance based compensation	**-**	-	**2,291**	-
Funds from operations	**68,106**	109,549	**247,157**	374,105
Funds from operations per share	**0.41**	0.66	**1.50**	2.27

(1) Funds from operations ("FFO") - Management uses FFO to analyze the operating performance of its energy assets. In order to facilitate comparative analysis, FFO is defined throughout this report as earnings before performance based compensation, non-cash and non-recurring expenses. Management believes that FFO is an important parameter to measure the value of an asset when combined with reserve life. FFO is not a measure recognized by Canadian generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by GAAP. Therefore, FFO, as defined by Peyto, may not be comparable to similar measures presented by other issuers, and investors are cautioned that FFO should not be construed as an alternative to net earnings, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP. FFO cannot be assured and future dividends may vary.

Exploration & Development

Third quarter 2019 activity was again focused almost exclusively on the Company's liquids-rich Cardium play with 11 wells drilled in the Wildhay area and one in the Sundance area. There was also one Falher well drilled in the Ansell area. The Company continues to drive down costs, as illustrated in the following table.

	2012	2013	2014	2015	2016	2017	2018	2019 Q1	2019 Q2	2019 Q3
Gross Hz Spuds	86	99	123	140	126	135	70	15	**8**	**13**
Measured Depth (m)	4,017	4,179	4,251	4,309	4,197	4,229	4,020	3,853	**3,847**	**3,755**
Drilling ($MM/well)	$2.79	$2.72	$2.66	$2.16	$1.82	$1.90	$1.71	$1.54	**$1.554**	**$1,398**
$ per meter	$694	$651	$626	$501	$433	$450	$425	$400	**$404**	**$372**
Completion ($MM/well)	$1.67	$1.63	$1.70	$1.21	$0.86	$1.00	$1.13	$1.15	**$1.123***	**$873**
Hz Length (m)	1,358	1,409	1,460	1,531	1,460	1,241	1,348	1,528	**1,578**	**1,374**
$ per Hz Length (m)	$1,231	$1,153	$1,166	$792	$587	$803	$835	$751	**$712**	**$635**
$ '000 per Stage	$257	$188	$168	$115	$79	$81	$51	$46	**$37**	**$29**

**Peyto's Montney well is excluded from drilling and completion cost comparison.*

Capital Expenditures

Peyto invested $14.4 million on drilling, $10.0 million on completions, $3.2 million on wellsite equipment and tie-ins, $7.9 million on facilities and major pipeline projects, and $1.1 million acquiring new lands and seismic, for total capital investments of $36.6 million in Q3 2019.

The $7.9 million invested in facilities and major pipeline projects included $4.0 million for final installation of a major pipeline expansion in the Wildhay area as well as $1.3 million for the expansion of liquids stabilization at the Wildhay gas plant to accommodate the additional condensate production from both Cardium and Montney drilling activity.

Commodity Prices

Average Monthly AECO natural gas price was $0.99/GJ in Q3 2019, down from $1.11/GJ in the previous quarter and from $1.28/GJ in the prior year period. Meanwhile, the average Daily AECO gas price was $0.86/GJ in Q3 2019, down from $0.98/GJ in the previous quarter, and down from $1.13/GJ in the prior year period. Historically, monthly prices have outperformed daily prices, and this was also the case in the third quarter. Peyto typically hedges the majority of the AECO exposed production using fixed price swaps settled against the monthly price which is why such a large portion of Peyto's unhedged gas received the monthly price.

Peyto's natural gas sales for the quarter were split approximately 37% to Henry Hub, 14% to Eastern Canadian/US markets, 41% to AECO Monthly and 7% to AECO Daily prices. These marketing efforts resulted in AECO equivalent prices of $1.93/mcf, $1.46/mcf, $1.13/mcf and $1.08/mcf respectively after adjusting for heat content, and physical or synthetic transportation charges. Combined, these prices resulted in an average price of $1.47/mcf before hedging gains of $0.37/mcf.

In the third quarter of 2019, NGL prices, relative to natural gas prices, continued to justify the operation of Peyto's Oldman deep cut plant which extracts more propane and butane from the raw gas stream. As a result, Peyto realized a blended oil and natural gas liquids price of $39.65/bbl, which represented 53% of the $74.55/bbl average Canadian WTI price. This results from the combination of 57% of liquids comprised of condensate and pentanes and 43% comprised of propane and butane, each realizing a blended price of $67.76/bbl and $2.79/bbl, respectively.

Financial Results

Approximately 41%, or $0.87/Mcfe, of Peyto's unhedged revenue came from its associated natural gas liquids sales while 59%, or $1.26/Mcfe, came from natural gas. Natural gas and oil hedging activity contributed $0.37/Mcfe for total revenue of $2.50/Mcfe. Liquids production represented 14% of total production but 37% of unhedged revenue. Revenue from the liquids production covered all cash costs. Total cash costs, when deducted from realized revenues of $2.50/Mcfe, resulted in a cash netback of $1.61/Mcfe or a 64% operating margin. Depletion, depreciation and amortization charges of $1.37/Mcfe, along with a provision for the market-based bonus resulted in earnings of $0.15/Mcfe, or an 6% profit margin. Dividends of $0.23/Mcfe were paid to shareholders.

Historical cash costs and operating margins are shown in the following table.

	2016				2017				2018				2019		
($/Mcfe)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
Revenue	3.24	2.92	3.16	3.38	3.44	3.36	3.24	3.50	3.54	3.20	3.27	3.03	3.20	2.60	**2.50**
Royalties	0.13	0.10	0.12	0.18	0.19	0.17	0.09	0.15	0.17	0.10	0.14	0.12	0.14	0.01	**0.03**
Op Costs	0.23	0.26	0.25	0.26	0.29	0.24	0.26	0.28	0.29	0.30	0.31	0.33	0.35	0.34	**0.31**
Transportation	0.16	0.17	0.16	0.16	0.17	0.18	0.17	0.16	0.13	0.18	0.19	0.19	0.19	0.19	**0.19**
G&A	0.03	0.06	0.04	0.03	0.04	0.05	0.03	0.03	0.08	0.05	0.03	0.04	0.06	0.05	**0.05**
Interest	0.17	0.21	0.19	0.18	0.20	0.21	0.21	0.21	0.24	0.26	0.27	0.27	0.28	0.30	**0.31**
Cash Costs	0.72	0.80	0.76	0.81	0.89	0.85	0.76	0.83	0.91	0.89	0.94	0.95	1.02	0.89	**0.89**
Netback	2.52	2.12	2.40	2.57	2.55	2.51	2.48	2.67	2.63	2.31	2.33	2.08	2.18	1.71	**1.61**
Operating Margin	78%	73%	76%	76%	74%	75%	76%	76%	74%	72%	71%	69%	68%	66%	**64%**

Natural Gas Marketing

Peyto continues to pursue a market diversification strategy for future sales of natural gas, propane, butane, pentanes and condensate. Natural gas diversification efforts have resulted in approximately 180 MMcf/d being directed to the US market in 2020, 70 MMcf/d directed to Eastern Canadian market and the remainder directed to the local market in Alberta. Beyond 2020, Peyto has secured additional access to Eastern Canadian markets.

While all liquids production is currently marketed within Alberta, the Company is considering broadening its market access as new LPG export projects come to fruition. A real time summary of Peyto's market diversification portfolio and future hedges is available on Peyto's website at: http://www.peyto.com/Files/Operations/Marketing/hedges.pdf

Activity Update

During the month of October, Peyto spud 8 gross, (7.1 net) wells and completed and brought onstream 7 gross (5.5 net) Cardium wells. Natural gas prices since the end of the quarter have been strengthening as early winter weather descends on Western Canada. The AECO spot price averaged $2.14/GJ in October, up from $0.51/GJ in September, while November prices are expected to average over $2.40/GJ. As a result, Peyto has started up 2 additional drilling rigs, one in Sundance and one in Brazeau, focused on higher deliverability Spirit River formations. These 2 additional rigs are anticipated to add significant lean gas volumes by December which will take advantage of the current improvement in natural gas prices and the strengthening winter gas price sentiment.

Also, during October a third party midstream fractionation facility in Fort Saskatchewan, Alberta experienced a failure in one of its distillation towers leading to a reduction in available capacity and an apportionment of producers' LPG supply mix to the facility. The resultant loss in production to Peyto over the month of October was approximately 1,000 boe/d. To mitigate the impact on cash flow, Peyto has shut in its Oldman deep cut plant and warmed up all Company refrigeration plants to put more of the LPG mix into the gas phase which is now benefiting from higher gas prices. The tower is being repaired and it is expected to be back online by the end of November.

2020 Budget

The recent strength in, and significantly improved outlook for, AECO natural gas prices, combined with the success of Peyto's most recent Cardium drilling program has provided the confidence to continue with Peyto's strategic three-year plan as announced in January of this year. Consistent with that plan, Peyto's Board of Directors is reviewing a go forward capital program that invests more free cashflow into resource development opportunities. While specifics of the 2020 budget are not yet finalized, a capital program of $250 to $300 million, funded entirely from free cashflow, would add 25,000-30,000 boe/d, based on historic on-stream metrics, which would more than offset the annual forecast of 23% base decline on 2019 exit production of 81,000-83,000 boe/d. The exact 2019 exit production and subsequent base decline will depend on year end tie-in timing. As always, Peyto will ensure any capital plans will be nimble with the ability to react to changes in commodity prices and the global economic environment, both of which continue to be volatile and uncertain. Peyto remains committed to pursuing only those investments that can achieve the maximum possible returns regardless of timing or production outcomes. Peyto also expects that with future commodity price strength, the Company will continue to reduce indebtedness. By pursuing a capital program that grows EBITDA rather than just reduce debt, Peyto will strengthen its balance sheet going forward.

Management Addition

Peyto is very pleased to announce that Mr. Scott Robinson, will be re-joining the Peyto management team in the role of Vice President, Business Development. Scott was previously Peyto's Chief Operating Officer before embarking on a brief period of semi-retirement. During that period Scott continued to help advance many of Peyto's new ventures including the Big Sunny storage scheme, participation in the Rockies LNG consortium, in-field fractionation and LPG export opportunities, deep cut facility projects, and natural gas power generation markets. In this new role, Scott will be leading a technical team looking at new resource development opportunities within and beyond Peyto's traditional Deep Basin core areas.

Outlook

The Canadian natural gas market has changed throughout 2019 from one of over supply and lack of take away capacity to one of undersupply and increasing take away capacity. Based on industry projections for reduced drilling activity, Peyto expects this trend will continue in 2020. When combined with a new temporary supply management program that allows gas storage to once again function effectively, the result is a domestic natural gas market that is better connected to the greater North American market. All of this has translated into higher natural gas prices going forward for Canadian natural gas producers.

While a higher commodity price has traditionally resulted in increased capital investment and greater production, there remains a liquidity issue in the industry which has reduced access to external capital, meaning capital investments will generally continue to be limited to internally generated cashflows. This discipline should prevent the industry from overwhelming demand with growth in new supply and negatively impacting the commodity price recovery.

The Canadian energy industry today has been changing its focus from one of growth to a pursuit of profit. For Peyto, no change is needed as this has been the sole focus of the Company over the past 20 years. A disciplined, counter-cyclical, profit driven strategy has motivated Peyto from day one and remains the focus today.

Peyto continues to execute on its three-year strategic plan as announced earlier this year. The reduced capital programs in 2018 and 2019 have preserved drilling inventory and reserves for the price recovery that is now underway. The plan to ramp up capital investment in 2020 and 2021 as commodity prices improve is continuing to solidify. As expected, Peyto's proved producing reserve life has continued to increase and is expected to approach 10 years by the end of 2019 as annual base production declines have fallen to almost 20% from 40% three years ago. This will provide a solid platform for growth in the future as less capital will be required to offset base declines. As always, Peyto will only invest shareholder capital if sufficient full cycle returns can be achieved.

Conference Call and Webcast

A conference call will be held with the senior management of Peyto to answer questions with respect to the 2019 third quarter financial results on Thursday, November 7th, 2019, at 9:00 a.m. Mountain Standard Time (MST), or 11:00 a.m. Eastern Standard Time (EST). To participate, please call 1-844-492-6041 (North America) or 1-478-219-0837 (International). Shareholders and interested investors are encouraged to ask questions about Peyto and its most recent results. Questions can be submitted prior to the call at info@peyto.com. The conference call can also be accessed through the internet: : https://edge.media-server.com/mmc/p/a3gno5dm. The conference call will be archived on the Peyto Exploration & Development website at www.peyto.com.

Management's Discussion and Analysis/Financial Statements

A copy of the third quarter report to shareholders, including the MD&A, unaudited financial statements and related notes, is available at http://www.peyto.com/Files/Financials/2019/Q32019FS.pdf and at http://www.peyto.com/Files/Financials/2019/Q32019MDA.pdf and will be filed at SEDAR, www.sedar.com at a later date.

Darren Gee
President and CEO
November 6, 2019

Forward-Looking Statements

This news release contains certain forward-looking statements or information ("forward-looking statements") as defined by applicable securities laws that involve substantial known and unknown risks and uncertainties, many of which are beyond Peyto's control. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words "plan", "expect", "prospective", "project", "intend", "believe", "should", "anticipate", "estimate", or other similar words or statements that certain events "may" or "will" occur are intended to identify forward-looking statements. The projections, estimates and beliefs contained in such forward-looking statements are based on management's estimates, opinions, and assumptions at the time the statements were made, including assumptions relating to: the impact of economic conditions in North America and globally; industry conditions; changes in laws and regulations including, without limitation, the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; increased competition; the availability of qualified operating or management personnel; fluctuations in commodity prices, foreign exchange or interest rates; stock market volatility and fluctuations in market valuations of companies with respect to announced transactions and the final valuations thereof; results of exploration and testing activities; and the ability to obtain required approvals and extensions from regulatory authorities. Management of the Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Peyto will derive from them. As such, undue reliance should not be placed on forward-looking statements. Forward-looking statements contained herein include, but are not limited to, statements regarding: the anticipated continued impact of the industry agreement to revise NGTL service priorities during future summer periods; the Company's continued ability to drive down costs of its exploration and development activities; 2019 annual capital efficiency; the amount of gas volumes expected to be exposed to US based pricing in 2019 and 2020; the timing for the Company's analysis of the production results from its Cardium, Spirit River and Montney evaluation; the expectation that the two new drilling rigs in Sundance and Brazeau will add significant lean gas volumes by December 2019; the anticipated timing for the distillation tower at a third party midstream fractionation facility to be back online; the continued confidence in the Company's strategic three year plan; expectations regarding future drilling and completion costs; the Company's natural gas marketing diversification strategy; Peyto's hedging program; the Company's drilling and completion program for the remainder of 2019; future resource opportunities for the Company; future supply source opportunities for the Company and potential LNG export projects the Company may become involved with; Peyto's preliminary 2020 budget and new production estimates for year-end 2019, including the Company's expected increased capital program for 2020; the Company's expectation that future commodity prices will remain strong and the Company will be able to continue to reduce indebtedness; the expectation that the Company will be able to strengthen its balance sheet and grow EBITDA; the expectation that the trend of undersupply and increasing take away capacity in the Canadian natural gas market will continue in 2020; the expectation that external capital will generally continue to be limited; Peyto's expectation that less capital will be required to offset base declines; expectations for exit production for 2019; pricing expectations for the future, including average AECO spot pricing for November 2019; and the Company's overall strategy and focus.

The forward-looking statements contained herein are subject to numerous known and unknown risks and uncertainties that may cause Peyto's actual financial results, performance or achievement in future periods to differ materially from those expressed in, or implied by, these forward looking statements, including but not limited to, risks associated with: imprecision of reserves estimates; competition from other industry participants; failure to secure required equipment; changes in general global economic conditions including, without limitations, the economic conditions in North America; increased competition; the lack of availability of qualified operating or management personnel; fluctuations in commodity prices, foreign exchange or interest rates; environmental risks; changes in laws and regulations including, without limitation, the adoption of new environmental and tax laws and regulations and changes in how they are interpreted and enforced; the results of exploration and development drilling and related activities; the ability to access sufficient capital from internal and external sources; and stock market volatility. In addition, to the extent that any forward-looking statements presented herein constitutes future-oriented financial information or financial outlook, as defined by applicable securities legislation, such information has been approved by management of Peyto and has been presented to provide management's expectations used for budgeting and planning purposes and for providing clarity with respect to Peyto's strategic direction based on the assumptions presented herein and readers are cautioned that this information may not be appropriate for any other purpose. Readers are encouraged to review the material risks discussed in Peyto's annual information form for the year ended December 31, 2018 under the heading "Risk Factors" and in Peyto's annual management's discussion and analysis under the heading "Risk Management". The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Peyto's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Peyto will derive there from. The forward-looking statements, including any future-oriented financial information or financial outlook, contained in this news release speak only as of the date hereof and Peyto does not assume any obligation to publicly update or revise them to reflect new information, future events or circumstances or otherwise, except as may be required pursuant to applicable securities laws.

Barrels of Oil Equivalent

To provide a single unit of production for analytical purposes, natural gas production and reserves volumes are converted mathematically to equivalent barrels of oil (BOE). Peyto uses the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). The 6:1 BOE ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on current prices. While the BOE ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value. Non-IFRS Measurements Within this news release references are made to terms commonly used in the oil and gas industry. Funds from operations, funds from operations per share and netbacks do not have any standardized meaning under IFRS and previous GAAP and are referred to as non-IFRS measures. Funds from operations are described in footnote 1 to the first table on page 2 of this news release. Netbacks are a non-IFRS measure that represents the profit margin associated with the production and sale of petroleum and natural gas. Netbacks are per unit of production measures used to assess Peyto's performance and efficiency. The primary factors that produce Peyto's strong netbacks and high margins are a low cost structure and the high heat content of its natural gas that results in higher commodity prices. The Company's calculation of the non-IFRS measures included herein may differ from the calculation of similar measures by other issuers. Therefore, the Company's non-IFRS measures may not be comparable to other similar measures used by other issuers. Non-IFRS measures should only be used in conjunction with the Company's annual audited and interim financial statements. A reconciliation of these measures can be found in Peyto's management's discussion and analysis for the three and nine months ended September 30, 2019.