NEWS RELEASE

MAY 12, 2020 **SYMBOL: PEY – TSX**

PEYTO ANNOUNCES Q1 2020 RESULTS

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("Peyto" or the "Company") herein presents its operating and financial results for the first quarter of the 2020 fiscal year. The unprecedented global pandemic which disrupted world energy demand, in combination with an untimely market share price war amongst certain OPEC+ members, led to severe commodity price volatility in the quarter. Peyto's industry leading costs structure allowed it to preserve a 55% Operating Margin[1] however both Profit Margin[2], Return on Capital (0%) and Return on Equity (2%) were eroded due to a further 30% drop in realized commodity prices. Highlights for the quarter included:

- **Funds from operations of $0.33/share.** Generated $55 million in Funds from operations ("FFO") in Q1 2020, down from $103 million in Q1 2019 due to lower commodity prices and lower production levels. Trailing twelve month FFO ($275 million) exceeded both capital expenditures ($213 million) and dividend payments ($40 million) by $22 million resulting in reduced levels of net debt when compared to a year ago.

- **Liquids yield increased 24%.** Condensate and NGL yields increased from 23 bbl/mmcf in Q1 2019 to 29 bbl/mmcf in Q1 2020, resulting from a focus on development of Peyto's liquids rich Cardium play. Total liquids production of 11,585 bbl/d in Q1 2020 was the highest in Company history comprised of 6,662 bbls/d of Condensate and Pentanes+, and 4,923 bbls/d of Propane and Butane. Natural gas production was down 13% to 402 mmcf/d as Peyto replaced declining dry gas with significantly higher liquids-rich gas. Total Q1 2020 production of 78,514 boe/d was up slightly from the previous quarter production of 77,457 boe/d but down 10% from 87,703 boe/d recorded in Q1 2019.

- **Total cash costs of $1.03/Mcfe (or $0.91/Mcfe ($5.46/boe) excluding royalties).** Industry leading total cash costs, included $0.12/Mcfe royalties, $0.39/Mcfe operating costs, $0.19/Mcfe transportation, $0.04/Mcfe G&A and $0.29/Mcfe interest, combined with a realized price of $2.30/Mcfe, resulted in a $1.27/Mcfe ($7.63/boe) cash netback, down 42% from $2.18/Mcfe ($13.06/boe) in Q1 2019. Operating costs per unit for Q1 2020 were up 15% from Q1 2019 largely due increased power costs, and stockpiling of chemicals and equipment in preparation for anticipated COVID-19 supply chain disruptions.

- **Capital investment of $69 million**. A total of 17 gross wells (14.3 net) were drilled in the first quarter, 19 gross wells (18 net) were completed, and 20 gross wells (18 net) were brought on production. Over the last 12 months the 64 gross (55.9 net) wells brought on production accounted for approximately 18,000 boe/d at the end of the quarter, which, when combined with a trailing twelve month capital investment of $213 million, equates to an annualized capital efficiency of $11,800/boe/d. Peyto anticipates the 2020 full year capital efficiency will be less than $9,500/boe/d.

- **Dividends of $0.06/share, Loss of $0.41/share.** Dividends of $9.9 million were paid to shareholders during the quarter. This is the first quarterly loss posted since Q4 2004 and is largely due to the confluence of global events occurring in the first quarter of the year resulting in a first ever, non-cash impairment of $80 million.

First Quarter 2020 in Review

Preparation for and reaction to the sweeping global pandemic dominated the first quarter of 2020. As Peyto and its hydrocarbon production was deemed an essential and critical provincial service during this time, to provide reliable heat and fuel for electrical generation, all attention was turned to the Company's business continuity plans in order to ensure the safety and security of Peyto's employees and field contractors. Peyto's Working Remotely and Working Alone policies ensured production operations continued without interruption, while at the same time, strategic alliances with select service providers ensured drilling, completion and pipeline operations continued safely throughout the quarter. Drilling and completion operations were focused primarily in the Greater Sundance and Brazeau River areas, on both the Cardium and Spirit River formations. Peyto completed the construction of a 17 km pipeline project in the quarter, connecting a new area called Chambers to Peyto's Brazeau gas plant. This enabled the existing production that was being processed in third party facilities to be redirected into the Company's operated gas plant, as well as the connection of several new wells that were drilled in the quarter. As Peyto now controls over 33 prospective sections of land in the Chambers area, this pipeline will be a strategic piece of infrastructure for future opportunities. A lack of winter heating demand in North American natural gas markets caused natural gas prices to weaken throughout the quarter, which combined with the rapid drop in oil and natural gas liquid prices resulted in the lowest realized revenue per Mcfe in the Company's 21 year history and despite Peyto's low cash costs, still translated into the lowest ever cash netback at $1.27/mcfe ($7.63/boe).

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 March 31		%
	2020	2019	Change
Operations			
Production			
Natural gas (mcf/d)	**401,572**	462,003	*-13%*
Oil & NGLs (bbl/d)	**11,585**	10,703	*8%*
Thousand cubic feet equivalent (mcfe/d @ 1:6)	**471,083**	526,220	*-10%*
Barrels of oil equivalent (boe/d @ 6:1)	**78,514**	87,703	*-10%*
Production per million common shares (boe/d)	**476**	532	*-11%*
Product prices			
Natural gas ($/mcf)	**1.63**	2.48	*-34%*
Oil & NGLs ($/bbl)	**36.73**	50.37	*-27%*
Operating expenses ($/mcfe)	**0.39**	0.35	*11%*
Transportation ($/mcfe)	**0.19**	0.19	-
Field netback ($/mcfe)	**1.60**	2.52	*-37%*
General & administrative expenses ($/mcfe)	**0.04**	0.06	*-33%*
Interest expense ($/mcfe)	**0.29**	0.28	*4%*
Financial ($000, except per share)			
Revenue and realized hedging gains (losses) [1]	**97,723**	151,660	*-36%*
Royalties	**4,936**	6,673	*-26%*
Funds from operations	**54,513**	103,078	*-47%*
Funds from operations per share	**0.33**	0.63	*-48%*
Total dividends	**9,892**	9,892	-
Total dividends per share	**0.06**	0.06	-
Payout ratio	**18**	10	*80%*
Earnings (loss)	**(67,684)**	24,970	*-371%*
Earnings per diluted share	**(0.41)**	0.15	*-373%*
Capital expenditures	**68,587**	62,395	*10%*
Weighted average common shares outstanding	**164,874,175**	164,874,175	-
As at March 31			
Net debt	**1,166,781**	1,188,810	*-2%*
Shareholders' equity	**1,640,707**	1,654,076	*-1%*
Total assets	**3,514,524**	3,654,039	*-4%*

[1]excludes revenue from sale of third party volumes

	Three Months Ended March 31	
($000 except per share)	**2020**	2019
Cash flows from operating activities	**65,841**	91,511
Change in non-cash working capital	**(11,328)**	9,061
Change in provision for performance-based compensation	**-**	215
Performance based compensation	**-**	2,291
Funds from operations	**54,513**	103,078
Funds from operations per share	**0.33**	0.63

(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

First quarter 2020 activity was focused exclusively in the Greater Sundance and Brazeau River areas on the Cardium and Spirit River plays as shown in the following table:

Zone	Field							Total Wells Drilled
	Sundance	Nosehill	Wildhay	Ansell	Whitehorse	Kisku/ Kakwa	Brazeau	
Belly River								
Cardium	3		6				1	10
Notikewin				1			2	3
Falher								
Wilrich	2	2						4
Bluesky								
Total	5	2	6	1			3	17

Drilling costs for the first quarter of 2020 were slightly higher on a per meter basis due to an increased weighting of deeper formations in the Brazeau area while completion costs continued to fall, despite the longer lateral and increased frac stage count as illustrated in the following table.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 Q1
Gross Hz Spuds	52	70	86	99	123	140	126	135	70	61	**17**
Measured Depth (m)	3,762	3,903	4,017	4,179	4,251	4,309	4,197	4,229	4,020	3,848	**4,069**
Drilling ($MM/well)	$2.76	$2.82	$2.79	$2.72	$2.66	$2.16	$1.82	$1.90	$1.71	$1.62	**$1.75**
$ per meter	$734	$723	$694	$651	$626	$501	$433	$450	$425	$420	**$430**
Completion ($MM/well)	$1.36	$1.68	$1.67	$1.63	$1.70	$1.21	$0.86	$1.00	$1.13	$1.01*	**$975**
Hz Length (m)	1,335	1,303	1,358	1,409	1,460	1,531	1,460	1,241	1,348	1,484	**1,563**
$ per Hz Length (m)	$1,017	$1,286	$1,231	$1,153	$1,166	$792	$587	$803	$835	$679	**$624**
$ '000 per Stage	$231	$246	$257	$188	$168	$115	$79	$81	$51	$38	**$38**

**excluding Peyto's Wildhay Montney well.*

Capital Expenditures

During the first quarter of 2020, Peyto invested $27.7 million on drilling, $19.4 million on completions, $7 million on wellsite equipment and tie-ins, $10.2 million on facilities and major pipeline projects, and $4.3 million acquiring new lands and seismic, for total capital investments of $68.6 million.

The $10.2 million invested in new facilities and major pipeline projects in the quarter included the $7 million, 17 km, 8 inch pipeline connecting the Chambers (South Brazeau) area to the Brazeau River gas plant. Other facility capital included wellsite conversions to reduce emissions and reduce operating costs as well as upgrades to wellsite automation and monitoring systems. Only one new section of land was purchased in the quarter and after the quarter end, all new land sales were suspended by the Crown due to the deteriorated Alberta business environment.

Commodity Prices

Peyto actively marketed all components of its production stream in the quarter including natural gas, condensate, pentane, butane and propane. Peyto's market diversification activity resulted in natural gas being sold at various hubs including AECO, Dawn, Ventura, Emerson 2 and Henry Hub using both physical fixed price and temporary basis transactions to access those locations. Natural gas prices were left to float on daily pricing or locked in using fixed price swaps at those hubs and Peyto's realized price was benchmarked against those local prices, then adjusted for transportation (either physical or short term synthetic) to those markets.

The Company's liquids were also actively marketed with condensate being sold on a monthly index differential linked to West Texas Intermediate ("WTI") oil prices. Peyto's NGLs (a blend of pentanes plus, butane and propane) are fractionated by a third party in Fort Saskatchewan, Alberta but Peyto markets each product separately. Pentanes Plus were sold on a monthly index differential linked to WTI, with some volumes forward sold on fixed differentials to WTI. Butane was sold as a percent of WTI or a fixed differential to the Mount Belvieu, Texas market. Propane was sold on a fixed differential to the Conway, Kansas market. While some products were sold pursuant to annual term contracts to ensure delivery paths remain open, others were marketed on the daily spot market.

During Q1 2020 Peyto sold 63% of its natural gas at AECO, 9% at Emerson, 5% at Ventura, and 23% at Henry Hub. Benchmark prices, Peyto realized prices, and aggregate gas marketing diversification costs are shown below.

Benchmark Commodity Prices

	Three Months ended March 31	
	2020	2019
AECO 7A monthly ($/GJ)	**2.03**	1.84
AECO 5A daily ($/GJ)	**1.93**	2.49
Empress daily (US$/MMBTU)	**1.76**	2.95
NYMEX (US$/MMbtu)	**1.88**	2.89
Ventura daily (US$/MMbtu)	**1.72**	3.14
Dawn daily (US$/MMbtu)	**1.76**	2.92
Canadian WTI ($/bbl)	**61.65**	72.98
Conway C3 (US$/bbl)	**14.33**	24.32

Q1 2020 average CND/USD exchange rate of 1.3449.

Peyto Realized Commodity Prices by Component

	Three Months ended March 31	
	2020	2019
Natural gas ($/mcf)	**2.59**	2.48
Gas marketing diversification activities ($/mcf)	**(0.88)**	(0.12)
Gas hedging ($/mcf)	**(0.08)**	0.12
Oil, condensate and C5+ ($/bbl)	**57.34**	64.28
Oil hedging ($/bbl)	**2.77**	3.52
Butane and propane ($/bbl)	**5.09**	21.58

Liquids prices are Peyto realized prices in Canadian dollars adjusted for fractionation, transportation and market differentials.
Peyto natural gas has an average heating value of approximately 1.15 GJ/mcf
Details of Peyto's ongoing marketing and diversification efforts are available on Peyto's website at:
http://www.peyto.com/Files/Operations/Marketing/hedges.pdf

Financial Results

Approximately 36%, or $0.84/Mcfe, of Peyto's unhedged revenue came from its associated natural gas liquids sales while 64%, or $1.46/Mcfe, is attributable to natural gas sales. Natural gas and liquid hedging activity did not contribute to a material change in total revenue of $2.30/Mcfe. Cash costs of $1.03/Mcfe, included royalties of $0.12/Mcfe, operating costs of $0.39/Mcfe, transportation costs of $0.19/Mcfe, G&A of $0.04/Mcfe and interest costs of $0.29/Mcfe. Cash costs per unit of production were similar to Q1 2019 despite the increase in operating costs that resulted from a stockpiling of chemicals and maintenance equipment. For the balance of the year, Peyto expects lower per unit operating costs from optimized road use, lower water disposal costs, lower chemical and lubricating oil prices, optimized power consumption as well as lower municipal tax and AER fees.

When the total cash costs of $1.03/Mcfe were deducted from realized revenues of $2.30/Mcfe, it resulted in a cash netback of $1.27/Mcfe or a 55% operating margin. Historical cash costs and operating margins are shown in the following table.

	2017				**2018**				**2019**				**2020**
($/Mcfe)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	3.44	3.36	3.24	3.50	3.54	3.20	3.27	3.03	3.20	2.60	2.50	2.76	2.30
Royalties	0.19	0.17	0.09	0.15	0.17	0.10	0.14	0.12	0.14	0.01	0.03	0.12	0.12
Op Costs	0.29	0.24	0.26	0.28	0.29	0.30	0.31	0.33	0.35	0.34	0.31	0.34	0.39
Transportation	0.17	0.18	0.17	0.16	0.13	0.18	0.19	0.19	0.19	0.19	0.19	0.19	0.19
G&A	0.04	0.05	0.03	0.03	0.08	0.05	0.03	0.04	0.06	0.05	0.05	0.02	0.04
Interest	0.20	0.21	0.21	0.21	0.24	0.26	0.27	0.27	0.28	0.30	0.31	0.31	0.29
Cash Costs	0.89	0.85	0.76	0.83	0.91	0.89	0.94	0.95	1.02	0.89	0.89	0.98	1.03
Netback	2.55	2.51	2.48	2.67	2.63	2.31	2.33	2.08	2.18	1.71	1.61	1.78	1.27
Operating Margin	74%	75%	76%	76%	74%	72%	71%	69%	68%	66%	64%	65%	55%

Depletion, depreciation, amortization and impairment charges of $3.28/Mcfe, along with a provision for deferred tax and stock-based compensation payments reduced the cash netback to a loss of $1.58/Mcfe. Dividends of $0.23/Mcfe were paid to shareholders in the quarter.

Due to a significantly reduced independent reserve engineer price forecast, attributable to the exceptional commodity price volatility experienced in the first quarter, the carrying value of Peyto's reserve assets was reduced and a non-cash impairment expense of $80 million was recognized. The impairment has no impact on funds from operations and is expected to reverse in the future should commodity futures recover.

Activity Update

Peyto currently has 2 rigs drilling on pad sites that utilize existing Company infrastructure in order to limit exposure to third party road bans or restrictions during spring breakup. Both rigs have quickly shifted their focus to leaner natural gas prospects to take advantage of improving gas prices, with one rig operating in the Brazeau area and the other focused in Greater Sundance. The Company continues to work closely with service providers and is taking additional precautions to ensure the health and safety of all workers during the COVID-19 pandemic.

Since the end of the quarter, the Company has drilled 6 gross (3.9 net) wells, completed 3 gross (3 net) wells, and brought onstream 4 gross (4 net) new wells. The 6 new wells drilled will be completed later in the quarter after breakup. The most recent wells brought onstream include several Notikewin discoveries in the Chambers and Edson areas that have greatly exceeded Management expectations. Peyto is planning to add two additional drilling rigs in the second half of 2020 as natural gas prices improve. These two rigs will continue focus on leaner natural gas prospects within the Company's portfolio.

At the end of April, the Company installed 80,000 barrels of tank storage capacity in the Sundance and Brazeau areas to serve Peyto's associated condensate production in the event there are supply disruptions or negative price realizations for this product. This should ensure that Peyto's natural gas and other associated NGL production will not be shut in if condensate demand is materially impacted by heavy oil curtailments/shut ins.

Outlook

While the 2020 capital program to date has exceeded expectation for results and costs, Peyto anticipates that an additional 10-15% cost savings will be further realized in the balance of the year due to much reduced industry activity. Peyto will continue to be nimble and flexible, as evidenced by the recently reduced capital program and reduced dividend and may adjust its program for changing commodity prices and in order to match the capital program to forecast funds flow.

In order to preserve financial flexibility in the event commodity prices continue to remain weak, Peyto is currently in discussions with its syndicate of lenders and term debt noteholders for temporary relief from its financial covenants as they are defined in its revolving unsecured credit facility and note purchase agreements. Pending results from these discussions, the Company believes it will have sufficient funds from operations and credit capacity to execute the remainder of its revised 2020 capital program of $200 to $250 million. Peyto is also reviewing all government programs which may provide additional relief and liquidity during this highly volatile and challenging period to determine if they may be available to Peyto.

Peyto is encouraged by the recent oil supply response that is taking associated gas out of the market and strengthening current and future natural gas prices at both AECO and Henry Hub. While the Company has over 50% of natural gas sales hedged for the next two quarters, all future natural gas production remains extremely exposed to this increasing natural gas price with less than 5% of all producing reserves currently pre-sold.

Conference Call and Webcast

A conference call will be held with the senior management of Peyto to answer questions with respect to the 2020 first quarter financial results on Wednesday, May 13th, 2020, at 9:00 a.m. Mountain Daylight Time (MDT), or 11:00 a.m. Eastern Daylight Time (EDT). 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/jfmqq7kz. 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 first quarter report to shareholders, including the MD&A, unaudited financial statements and related notes, is available at http://www.peyto.com/Files/Financials/2020/Q12020FS.pdf and at http://www.peyto.com/Files/Financials/2020/Q12020MDA.pdf and will be filed at SEDAR, www.sedar.com at a later date.

Darren Gee
President and CEO
May 12, 2020

Cautionary Statements

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: macro-economic conditions, including public health concerns (including the impact of the COVID-19 pandemic) and other geopolitical risks, the condition of the global economy and, specifically, the condition of the crude oil and natural gas industry including the collapse of global crude oil prices, other commodity prices and the decrease in global demand for crude oil in 2020, and the ongoing significant volatility in world markets; other 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 other 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 supply chain disruptions as a result of the COVID-19 pandemic; 2020 annual capital efficiency; the expectation that the Company's new pipeline project will be a strategic piece of infrastructure for future opportunities; the shift in focus of the Company's rigs to leaner natural gas prospects; the continued need for precautions to be taken to ensure the health and safety of all workers during the COVID-19 pandemic; the Company's drilling and completion program for the remainder of 2020, including the timing of completion of the six new wells drilled after breakup and the plans to add two additional drilling rigs in the second half of 2020; the benefits of the Company's newly installed tank storage capacity in the Sundance and Brazeau areas; the anticipated additional cost savings to be realized in the balance of the year; the Company's ability to continue to be nimble and flexible in adjusting its program for 2020 as required; the Company's discussions regarding revisions to its financial covenants with respect to its credit facility and outstanding notes; Peyto's belief that it has sufficient funds from operations and credit capacity to execute the remainder of its revised 2020 capital program; potential government program availability; Peyto's hedging program; 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: continued changes and volatility in general global economic conditions including, without limitations, the economic conditions in North America and public health concerns (including the impact of the COVID-19 pandemic); continued fluctuations and volatility in commodity prices, foreign exchange or interest rates; continued stock market volatility; imprecision of reserves estimates; competition from other industry participants; failure to secure required equipment; increased competition; the lack of availability of qualified operating or management personnel; 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; and the ability to access sufficient capital from internal and external sources. 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, 2019 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 months ended March 31, 2020.