NEWS RELEASE

NOVEMBER 9, 2021 **SYMBOL: PEY – TSX**

PEYTO REPORTS THIRD QUARTER 2021 RESULTS, REINSTATES MONTHLY DIVIDEND

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 2021 fiscal year. A 63% Operating Margin (1) and a 18% Profit Margin (2) in the quarter delivered an 8% Return on Capital and a 9% Return on Equity, on a trailing twelve-month basis. Highlights for the quarter included:

- **Funds from operations per share up 110%.** Funds from Operations ("FFO") were $105 million after hedging losses of $72 million in the quarter. Per share FFO were $0.63, up from $0.30 in Q3 2020. FFO in the quarter exceeded capital expenditures by $14 million. Over the past 12 months Peyto has generated $380 million in FFO, while allocating $324 million to capital expenditures.

- **Production per share up 14%.** Third quarter 2021 production of 89,998 boe/d, comprised of 473 MMcf/d of natural gas, 6,685 bbl/d of Condensate and Pentanes, and 4,479 bbl/d of Butane and Propane, was up 15% (14% per share) from 78,210 boe/d in Q3 2020. Total liquid yields of 23.6 bbl/MMcf, or 12% of total production, was down from 28.0 bbl/MMcf in Q3 2020 due to an increased focus on leaner Spirit River plays.

- **Total cash costs of $1.22/Mcfe (or $0.86/Mcfe ($5.14/boe) excluding royalties).** Industry leading low total cash costs included $0.36/Mcfe royalties, $0.35/Mcfe operating costs, $0.23/Mcfe transportation, $0.02/Mcfe G&A and $0.26/Mcfe interest, which combined with a realized price of $3.33/Mcfe to result in a $2.11/Mcfe ($12.68/boe) cash netback, up 86% from $1.14/Mcfe ($6.83/boe) in Q3 2020. Operating costs per unit for Q3 2021 were consistent with Q1 and Q2 2021 despite rising power prices, higher chemical costs and maintenance costs associated with 10 plant turnarounds. Interest charges were down 26% from $0.35/Mcfe in Q3 2020 due to lower interest rates and reduced debt levels.

- **Capital investment of $90 million in organic activity**. A total of 24 gross wells (93% Working Interest, "WI") were drilled in the third quarter, 22 gross wells (93% WI) were completed, and 21 gross wells (94% WI) were brought on production. Over the last 12 months new production additions, inclusive of acquisitions, accounted for approximately 40,100 boe/d at the end of the quarter, which, when combined with a trailing twelve-month capital investment of $324 million, equates to a record annualized capital efficiency of $8,100/boe/d.

- **Earnings of $0.18/share, Dividends of $0.01/share.** Earnings of $29.3 million were generated in the quarter while dividends of $1.7 million were paid to shareholders. The Board of Directors of Peyto is pleased to increase the dividend to $0.05/share on a monthly basis to shareholders of record as of November 30, 2021, paid on December 15, 2021.

Third Quarter 2021 in Review

A steady stream of drilling and completion activity throughout the quarter, utilizing the five drilling rigs active in Peyto's Deep Basin core areas, resulted in continuous production growth from 86,500 boe/d at the start of July to 94,000 boe/d by the end of September. Superior operational execution, combined with improved well results, delivered record capital efficiency throughout the period. AECO daily natural gas prices, while substantially higher, were extremely volatile with recorded highs of $4.80/GJ and lows of $1.02/GJ. This was the result of insufficient access to EGAT storage reservoirs during periods of NGTL restrictions. Despite the volatility, AECO daily prices averaged $3.41/GJ in Q3 2021, up 161% from $2.12/GJ in Q3 2020. Peyto's unhedged natural gas price for the quarter was $3.39/GJ, which is evidence of its improving market diversification program. The Company's methodical hedging program resulted in predictable after-hedge commodity prices that trailed the rapidly rising spot prices. Peyto's realized revenues were up 77% from Q3 2020, which combined with total cash costs, yielded operating margins of 63%. Lower depletion rates driven by better finding and development costs resulted in improved earnings and a profit margin of 18%. Peyto's ESG working group was active throughout the quarter advancing several initiatives to improve the Company's ongoing sustainability and industry leading environmental performance.

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		%
	2021	2020	Change	**2021**	2020	Change
Operations						
Production						
Natural gas (mcf/d)	**473,008**	401,680	*18%*	**462,496**	401,692	*15%*
Oil & NGLs (bbl/d)	**11,164**	11,263	*-1%*	**11,860**	11,325	*5%*
Thousand cubic feet equivalent (mcfe/d @ 1:6)	**539,990**	469,259	*15%*	**533,655**	469,640	*14%*
Barrels of oil equivalent (boe/d @ 6:1)	**89,998**	78,210	*15%*	**88,943**	78,273	*14%*
Production per million common shares (boe/d)*	**541**	474	*14%*	**537**	475	*13%*
Product prices						
Natural gas ($/mcf)	**2.48**	1.64	*51%*	**2.53**	1.57	*61%*
Oil & NGLs ($/bbl)	**55.47**	31.08	*78%*	**49.84**	29.73	*68%*
Operating expenses ($/mcfe)	**0.35**	0.32	*9%*	**0.35**	0.36	*-3%*
Transportation ($/mcfe)	**0.23**	0.16	*44%*	**0.20**	0.17	*18%*
Field netback ($/mcfe)	**2.39**	1.53	*56%*	**2.45**	1.42	*73%*
General & administrative expenses ($/mcfe)	**0.02**	0.04	*-50%*	**0.04**	0.04	-
Interest expense ($/mcfe)	**0.26**	0.35	*-26%*	**0.32**	0.32	-
Financial ($000, except per share*)						
Revenue and realized hedging gains (losses) [1]	**164,777**	92,853	*77%*	**480,561**	264,457	*82%*
Royalties	**17,985**	5,867	*207%*	**44,786**	13,508	*232%*
Funds from operations	**104,608**	49,173	*113%*	**303,509**	136,697	*122%*
Funds from operations per share – basic	**0.63**	0.30	*110%*	**1.83**	0.83	*120%*
Funds from operations per share - diluted	**0.62**	0.30	*110%*	**1.80**	0.83	*120%*
Total dividends	**1,671**	1,649	*1%*	**4,979**	13,191	*-62%*
Total dividends per share	**0.01**	0.01	-	**0.03**	0.08	*-63%*
Earnings (loss)	**29,271**	(11,285)	*359%*	**80,529**	(101,506)	*179%*
Earnings (loss) per share- basic	**0.18**	(0.07)	*359%*	**0.49**	(0.62)	*179%*
Earnings (loss) per share – diluted	**0.17**	(0.07)	*343%*	**0.48**	(0.62)	*177%*
Capital expenditures	**90,170**	61,568	*46%*	**256,107**	167,454	*53%*
Weighted average common shares outstanding	**166,440,704**	164,892,979	*1%*	**165,622,980**	164,880,489	-
As at September 30						
Net debt				**1,131,600**	1,183,754	*-4%*
Shareholders' equity				**1,574,058**	1,573,825	-
Total assets				**3,735,545**	3,515,148	*6%*

[1] excludes revenue from sale of third party volumes

($000 except per share)	Three Months Ended Sep 30 **2021**	2020	Nine Months Ended Sep 30 **2021**	2020
Cash flows from operating activities	**101,982**	48,074	**307,648**	150,169
Change in non-cash working capital	**2,626**	1,099	**(4,139)**	(13,472)
Funds from operations	**104,608**	49,173	**303,509**	136,697
Funds from operations per share – basic	**0.63**	0.30	**1.83**	0.83
Funds from operations per share - diluted	**0.63**	0.30	**1.83**	0.83

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

Exploration & Development

As a result of significantly higher natural gas prices, third quarter 2021 activity was focused on the leaner, Spirit River formations throughout Peyto's Deep Basin core areas as shown in the following table:

	Field							Total Wells Drilled
Zone	**Sundance**	**Nosehill**	**Wildhay**	**Ansell**	**Cecilia**	**Kisku/ Kakwa**	**Brazeau**	
Belly River								
Cardium	2						1	3
Notikewin	3	1	2	1	1		2	10
Falher		1		1	1			3
Wilrich	2	3		2			1	8
Bluesky								
Total	7	5	2	4	2		4	24

Peyto continued to drill longer horizontal laterals in the quarter to access greater reservoir volume and develop more reserves per wellbore, which has the combined benefit of minimizing costs and environmental impact. Drilling cost per meter and completion costs per stage so far in 2021 are consistent with that of 2020. Supply chain issues and labor challenges due to the COVID pandemic have pressured service costs which Peyto has successfully offset with improved well results.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 Q1-Q3
Gross Hz Spuds	86	99	123	140	126	135	70	61	64	**66**
Measured Depth (m)	4,017	4,179	4,251	4,309	4,197	4,229	4,020	3,848	4,247	**4,553**
Drilling ($MM/well)	$2.79	$2.72	$2.66	$2.16	$1.82	$1.90	$1.71	$1.62	$1.68	**$1.83**
$ per meter	$694	$651	$626	$501	$433	$450	$425	$420	$396	**$402**
Completion ($MM/well)	$1.67	$1.63	$1.70	$1.21	$0.86	$1.00	$1.13	$1.01*	$0.94	**$1.00**
Hz Length (m)	1,358	1,409	1,460	1,531	1,460	1,241	1,348	1,484	1,682	**1,696**
$ per Hz Length (m)	$1,231	$1,153	$1,166	$792	$587	$803	$835	$679	$560	**$593**
$ '000 per Stage	$257	$188	$168	$115	$79	$81	$51	$38	$36	**$35**

**excluding Peyto's Wildhay Montney well.*

Capital Expenditures

During the third quarter of 2021, Peyto invested $43 million on drilling, $26 million on completions, $7 million on wellsite equipment and tie-ins, $12 million on facilities and major pipeline projects, and $2 million acquiring new lands and seismic, for a total organic capital investment of $90 million. Pipeline projects in the Cecilia, Wildhay, Sundance and Brazeau areas accounted for $5 million of the $12 million of major pipeline and facility investments, while new condensate stabilization facilities at Brazeau and compressor equipment upgrades at the various plant turnarounds accounted for $6 million.

Environment, Social, Governance

Peyto's ESG working group was active in the third quarter, advancing scientific studies across the Company's business and operations in search of opportunities to enhance Peyto's environmental performance.

The Company recently completed an inhouse study of the porous saline reservoirs in and around its Greater Sundance Area for potential Carbon Capture and Underground Storage ("CCUS") of CO_2 emissions from Peyto's operations. Preliminary results from this study concluded that, based on Peyto's existing and future forecasted emissions, the Company expects to have access to enough storage capacity for all future CO_2 disposal requirements. Facility requirements to enable such capture and injection include compressor exhaust gas CO_2 extraction, CO_2 purification, CO_2 compression and pipeline transport, and the drilling and completion of suitable injection wells. While current government policy, taxation levels, carbon credit systems, and facility designs and technologies are rapidly evolving, Peyto envisions a future whereby a large proportion of its CO_2 emissions are captured and injected. The Company is actively contributing to and participating in the Government of Alberta's ongoing input solicitation for ideas and suggestions on policy as well as expressions of interest in instituting specific CCUS schemes.

Peyto's ESG working group has also been active in the design and testing of an inline pipeline turbine generator to provide emissions-free power at remote Peyto wellsites. The first field trials of this new equipment began in September 2021 and while no final conclusions have been reached, Peyto is encouraged this type of research and development will lead to further reductions in vented Methane emissions.

As a result of Peyto's Methane emissions reduction program so far, 2016 total Methane emissions of 378,275 tCO2e/yr will have been reduced by over 50% to approximately 175,000 tCO2e/yr by the end of 2021. The Company has set a further target to reduce the vented and flared methane emissions intensity by 75% from 2016 levels by 2023.

Commodity Prices

Peyto actively marketed all components of its production stream in the quarter including natural gas, condensate, pentane, butane and propane. Natural gas was sold in Q3 2021 at various hubs including Henry Hub (51%), AECO (29%), Malin (8%), Emerson (8%), and Ventura (4%), using both physical fixed price and basis transactions (diversification activities) to access those locations. Natural gas prices were left to float on daily or monthly pricing or locked in using fixed price swaps at those hubs and Peyto's realized price is benchmarked against those local prices, then adjusted for transportation (either physical or synthetic) to those markets. Going forward, Peyto expects that the cost of market diversification activities will begin to yield superior gas prices to that of a disconnected AECO market.

Peyto employs a methodical commodity risk management program that is designed to smooth out the short-term fluctuations in the price of natural gas and natural gas liquids through future sales. This smoothing gives greater predictability of cashflows for the purposes of capital planning and dividend payments. The future sales are meant to be orderly and consistent to avoid speculation, much like "dollar cost averaging" the future prices. In general, this approach will show hedging losses when short term prices climb and hedging gains when short term prices fall. For Q3 2021, approximately 81% of Peyto's gas was locked in at a fixed price of $2.04/Mcf. Most of those contracts were established several quarters prior at then market prices that were lower than the eventual spot prices. For Q4 2021, approximately 73% of Peyto's gas is locked in at a fixed price of $3.16/Mcf, and for Q1 2022, approximately 71% of Peyto's gas is locked in at a fixed price of $3.71/Mcf. This dramatic rise in fixed prices mirrors that of the spot price rise which occurred earlier.

The Company's liquids are 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 and Peyto markets each product separately. Pentanes Plus are sold on a monthly index differential linked to WTI, with some volumes forward sold on fixed differentials to WTI. Butane is sold as a percent of WTI or a fixed differential to Mount Belvieu, Texas markets. Propane is sold on a fixed differential to Conway, Kansas markets. While some products like Butane and Propane require annual term contracts to ensure delivery paths and markets are certain, others can be sold on the daily spot market.

Condensate and Pentane Plus volumes were sold in Q3 2021 for an unhedged average price of $83.60/bbl, which is almost double the $42.09/bbl in Q3 2020, and as compared to Canadian WTI light oil price that averaged $88.92/bbl. The $5.32/bbl differential from light oil price was similar to the $5.41/bbl in the previous year. Butane and propane volumes were sold in combination at an average price of $37.97/bbl, or 43% of light oil price, up 141% from the $15.76/bbl in Q3 2020, due to post-COVID demand increase. Hedging of Canadian WTI light oil price, as a proxy for Condensate and Pentanes Plus prices, resulted in a loss of $9.82/bbl on a combined volume basis. Peyto's realized price by product and relative to benchmark prices is shown in the following table.

Benchmark Commodity Prices at Various Markets

	Three Months ended September 30	
	2021	2020
AECO 7A monthly ($/GJ)	**3.36**	2.04
AECO 5A daily ($/GJ)	**3.41**	2.12
NYMEX (US$/MMBTU)	**4.28**	1.95
Emerson2 (US$/MMBTU)	**3.71**	1.78
Malin NGI (US$/MMbtu)	**4.12**	1.90
Ventura daily (US$/MMbtu)	**4.02**	1.80
Canadian WTI ($/bbl)	**88.92**	54.50
Conway C3 (US$/bbl)	**49.02**	19.54
CND/USD Exchange rate	**1.26**	1.332

Peyto Realized Natural Gas Price by Market (net of diversification)

	Three Months ended September 30	
	2021	2020
AECO monthly (CND$/GJ)	**3.36**	2.03
AECO daily (CND$/GJ)	**3.28**	2.13
NYMEX (US$/MMBTU)	**2.87**	0.84
Emerson2 (US$/MMBTU)	**3.18**	1.06
Malin (US$/MMBTU)	**2.12**	N/A
Ventura (US$/MMBTU)	**2.89**	0.72

Peyto Realized Commodity Prices

Natural gas (CND$/mcf)	**5.20**	2.62
Gas marketing diversification activities (CND$/mcf)	**(1.30)**	(1.01)
Gas hedging (CND$/mcf)	**(1.42)**	0.03
Realized natural gas price (CND$/mcf)	**2.48**	1.64
Oil, condensate and C5+ (CND$/bbl)	**83.60**	42.09
Butane and propane (CND$/bbl)	**37.97**	15.76
Liquid hedging (CND$/bbl)	**(9.82)**	(1.78)
Realized Oil & NGL price (CND$/bbl)	**55.47**	31.08

Peyto realized natural gas prices are at NIT, prior to fuel. Peyto gas has an average heating value of approx. 1.15GJ/Mcf. Liquids prices are Peyto realized prices in Canadian dollars adjusted for fractionation, transportation, and market differentials. 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

The Company's realized price for natural gas in Q3 2021 was $5.20/Mcf, prior to $1.30/Mcf of market diversification activities and a $1.42/Mcf hedging loss, while its realized liquids price was $65.29/bbl, before a $9.82/bbl hedging loss, which yielded a combined revenue stream of $3.33/Mcfe. This net sales price was 55% higher than the $2.15/Mcfe realized in Q3 2020. Cash costs of $1.22/Mcfe were 21% higher than the $1.01/Mcfe in Q3 2020 due to a $0.22/Mcfe increase in royalties. When the total cash costs of $1.22/Mcfe were deducted from realized revenues of $3.33/Mcfe, it resulted in a cash netback of $2.11/Mcfe or a 63% operating margin. Historical cash costs and operating margins are shown in the following table:

	2018				2019				2020				2021		
($/Mcfe)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	**Q1**	**Q2**	**Q3**
Revenue	3.54	3.20	3.27	3.03	3.20	2.60	2.50	2.76	2.30	1.73	2.15	2.71	**3.70**	**2.92**	**3.33**
Royalties	0.17	0.10	0.14	0.12	0.14	0.01	0.03	0.12	0.12	0.06	0.14	0.18	**0.29**	**0.26**	**0.36**
Op Costs	0.29	0.30	0.31	0.33	0.35	0.34	0.31	0.34	0.39	0.36	0.32	0.31	**0.36**	**0.35**	**0.35**
Transportation	0.13	0.18	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.17	0.16	0.15	**0.17**	**0.22**	**0.23**
G&A	0.08	0.05	0.03	0.04	0.06	0.05	0.05	0.02	0.04	0.04	0.04	0.04	**0.04**	**0.05**	**0.02**
Interest	0.24	0.26	0.27	0.27	0.28	0.30	0.31	0.31	0.29	0.33	0.35	0.38	**0.38**	**0.33**	**0.26**
Cash Costs	0.91	0.89	0.94	0.95	1.02	0.89	0.89	0.98	1.03	0.96	1.01	1.06	**1.24**	**1.21**	**1.22**
Netback	2.63	2.31	2.33	2.08	2.18	1.71	1.61	1.78	1.27	0.77	1.14	1.65	**2.46**	**1.71**	**2.11**
Operating Margin	74%	72%	71%	69%	68%	66%	64%	65%	55%	45%	53%	61%	**67%**	**59%**	**63%**

Depletion, depreciation, and amortization charges of $1.25/Mcfe, along with a provision for deferred tax and stock-based compensation payments resulted in earnings of $0.60/Mcfe, or a 18% profit margin. Dividends to shareholders totaled $0.03/Mcfe.

Activity Update

Since the end of the quarter, the Company has drilled 9 wells (80% WI), completed 11 wells (95% WI) wells, and brought onstream 11 new wells (95% WI). Eight additional wells (84% WI) are currently drilled and awaiting completion and tie-in. Recent drilling success has yielded higher productivity than expected which is driving Internal

Rate of Return (BT IRR) estimates for this year's capital program to over 100%. Several of this year's new wells have already reached payout on their initial capital investment. Peyto expects to bring another 17 wells (91% WI) on production before the end of the year, driving exit production beyond 100,000 boe/d and delivering much needed natural gas supply for this coming winter.

In the Company's Chambers area in South Brazeau, Peyto has prepared the site for its new 50 MMcf/d gas plant with foundations set and equipment delivery expected to begin by year end. Installation and commissioning of this new facility is expected by the end of Q1 2022. This new plant will be Peyto's most environmentally efficient plant to date, deploying a new waste heat recovery technology to reduce the need for natural gas fired utility heat along with zero emissions controls and instrumentation systems. Much of the equipment for this new plant will be deployed from existing capital inventory, which successfully avoids supply chain delays, and is already reflected in Peyto's net debt. A second drilling rig will be transferred into the Chambers area this winter which will develop sufficient production to more than fill the new plant prior to startup. As usual, this plant is designed with modular components for easy expansion and to maximize utilization which is key to minimizing per unit operating costs.

In Peyto's Cecilia area, recent drilling success has filled all 30 MMcf/d of available compression at the acquired plant. An additional compressor will be added in the fourth quarter to take advantage of optimized capacity in the refrigeration process.

Issuance of Private placement of senior secured Notes

Peyto is pleased to announce that it has priced an issuance of USD$40 million of senior secured notes. The notes will have a coupon rate of 3.98% and mature in October 2028. The notes have been issued by way of a private placement pursuant to a note purchase agreement and rank equally with Peyto's obligations under its bank facility and existing note purchase and private shelf agreement. Interest will be paid semi-annually in arrears. Proceeds from the notes have been used to prepay the CND$50 million, 4.88% notes due September 6, 2022. Closing of the private placement occurred October 29, 2021. The senior notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Amended and Extended Credit Facility

On November 5, 2021, the Company finalized an agreement with its syndicate of lenders and term debt note holders to amend and extend its $950 million senior secured covenant-based credit facility and note purchase agreements. This new facility has a maturity date of October 13, 2023, is made up of a $40 million working capital tranche, a $910 million production line, and is available on a revolving basis. Borrowings under the facility bear interest at Canadian bank prime or US base rate, or, at Peyto's option, Canadian dollar bankers' acceptances or US dollar LIBOR loan rates, plus applicable margin and stamping fees. The total stamping fees range between 175 basis points and 365 basis points on Canadian dollar bankers' acceptance and US dollar LIBOR borrowings. The undrawn portion of the facility is subject to a standby fee in the range of 35 to 73 basis points.

2022 Preliminary Budget

Substantial well performance improvements, combined with superior operational execution over the past twelve months has allowed Peyto to add new production at a record low cost of approximately $8,000/boe/d. When combined with significantly improved commodity prices, this efficiency is delivering record returns on invested capital and justifies a similar capital program for 2022. While specifics of the 2022 budget are still being finalized, a capital program of $350-$400 million is being contemplated, inclusive of a conservative 15% provision for cost inflation, which is estimated to add approximately 37,000 to 42,000 boe/d of new production by the end of the year. This volume addition would be more than sufficient to offset the annual forecast decline of 28% on anticipated 2021 exit production of 100,000 boe/d. Exact 2021 exit production and subsequent base decline will depend on timing of year-end activity.

The proposed 2022 capital program would require all five currently operating drilling rigs to execute continuous operations across Peyto's deep basin core areas and is projected to be funded from less than half of Peyto's total cashflow, leaving significant free cashflow available for debt reduction and dividend payments. 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.

Monthly Dividend Reinstated

Over the past 12 months, Peyto has returned to its historic levels of profitability, with cumulative earnings of $147 million on capital expenditures of $324 million or $0.45 of profit per dollar invested. This is similar to Peyto's entire history of $2.633 billion of cumulative earnings for a total capital investment of $6.657 billion. At current commodity prices, Peyto is forecasting this earnings ratio will grow significantly over the fourth quarter 2021 and throughout 2022. As a result, the Board of Directors of Peyto is please to approve a monthly dividend of $0.05/share starting in November 2021 for shareholders of record as of November 30, 2021 (ex-dividend date November 29, 2021), and paid on December 15, 2021.

Executive Leadership Appointment

The Board of Directors of Peyto is also pleased to announce the appointment of Mr. Jean-Paul Lachance to the position of President, in addition to his current role as the Chief Operating Officer of Peyto. Jean-Paul, "JP", has been an integral part of Peyto's leadership team for over 10 years, coordinating the profitable investment of over $4.5 billion of shareholders' capital all while helping navigate Peyto through the volatile North American natural gas industry. Mr. Lachance, who was appointed Chief Operating Officer in 2018, brings to the role a deep technical understanding of the industry, a good perspective on the risks and pitfalls inherent in the business, and a single-minded focus on profitability. Mr. Lachance will continue to report to Mr. Darren Gee, Chief Executive Officer.

The Peyto senior management team, consisting of the following individuals, will continue to develop strategic direction, provide leadership, and execute on the Corporation's Deep Basin resource developments:

Darren Gee (CEO)
Jean-Paul Lachance (President and COO)
Kathy Turgeon (VP of Finance and CFO)
Scott Robinson (VP Business Development)
Dave Thomas (VP Exploration)
Lee Curran (VP Drilling and Completions)
Todd Burdick (VP Production)
Derick Czember (VP Land)

Outlook

Short term hydrocarbon prices, both globally and domestically, continue to rise as post-pandemic consumption increases against a backdrop of constrained supply caused by a continued lack of investment. As winter approaches, natural gas prices in North America are rising to levels not seen since 2008. These higher prices, combined with Peyto's growing production, will continue to drive enhanced returns for shareholders.

Peyto expects to crystalize those returns for shareholders, first in the form of material debt reduction and then with dividend payments that will reflect rising earnings. This prediction of increased shareholder returns includes a forecast of future commodity prices that is currently in backwardation. Peyto's deep inventory of drilling prospects, extensive infrastructure asset with available capacity, track record of superior operational execution, and enhanced environmental performance will ensure continued success for the next chapter in Peyto's unique story.

Conference Call and Webcast

A conference call will be held with the senior management of Peyto to answer questions with respect to the Company's Q3 2021 results on Wednesday, November 10, 2021, at 9:00 a.m. Mountain Time (MT), or 11:00 a.m. Eastern Time (ET). 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/5i7fdtgk**. 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/2021/Q32021FS.pdf and at http://www.peyto.com/Files/Financials/2021/Q32021MDA.pdf and will be filed at SEDAR, www.sedar.com at a later date.

Darren Gee	Jean-Paul Lachance
Chief Executive Officer	President and Chief Operating Officer
November 9, 2021	

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, 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 that as the Company's market diversification costs continue to fall moving forward, Peyto's realized natural gas prices are expected to once again match or beat AECO spot prices further improving funds from operation; Peyto's expectation that the cost of market diversification activities will decrease significantly over the next two years as older basis deals expire and are replaced by new, lower cost basis deals; matters with respect to Peyto's expected emission reductions, including anticipated benefits of the same; matters set forth under the heading "Outlook" herein and matters with respect to the anticipated date, timing and location of Peyto's AGM; ; 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, 2020 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.

Drilling Locations

This news release discloses drilling locations or targets with respect to the Company's assets, all of which are unbooked locations. Unbooked locations are internal estimates based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production, and reserves information. There is no certainty that the Company will drill any unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources, or production. The drilling locations on which the Company actually drill wells will ultimately depend upon the availability of capital, receipt of regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations may have been derisked by drilling existing wells in relatively close proximity to such unbooked drilling locations, management has less certainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

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, total payout ratio 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. Total payout ratio is a non-GAAP measure which is calculated as the sum of dividends declared plus capital expenditures, divided by funds from operations. This ratio represents the percentage of the capital expenditures and dividends that is funded by cashflow. Management uses this measure, among others, to assess the sustainability of Peyto's dividend and capital program. Net debt is a non-GAAP measure that is the sum of long-term debt and working capital excluding the current financial derivative instruments and current provision for future performance-based compensation. It is used by management to analyze the financial position and leverage of the Company. EBITDA, as used herein, refers to Peyto's trailing twelve-month net income before non-cash items, interest, and income taxes, and is a non-GAAP measure used in connection with Peyto's financial covenants in its revolving credit facility agreement. 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 certain of these measures to the most applicable GAAP measurement, where applicable, can be found in Peyto's management's discussion and analysis for the three months ended September 30, 2021.