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NEWS RELEASE

SEPTEMBER 6, 2023 **SYMBOL: PEY – TSX**

PEYTO ANNOUNCES STRATEGIC ACQUISITION AND CONCURRENT BOUGHT DEAL OFFERING

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("Peyto" or the "Company") is pleased to announce it has entered into a partnership interest purchase agreement to acquire Repsol Canada Energy Partnership, which holds the Canadian upstream oil and gas business of Repsol Exploración, S.A.U., including all related midstream facilities and infrastructure located predominantly in the Deep Basin (collectively the "Assets"), for cash consideration of US$468 million (CDN$636 million) ("the Acquisition") subject to closing adjustments. The Acquisition is expected to close in mid-October, subject to customary closing conditions, including the receipt of necessary regulatory approvals.

The Acquisition will be funded through an upsizing of the Company's existing revolving credit facility, a new two-year amortizing term loan and net proceeds from a $125 million equity offering as discussed in more detail below.

Jean-Paul Lachance, President and CEO of Peyto commenting on the Acquisition, "This acquisition marks a very important milestone for Peyto. We have coveted these lands for many years and this asset checks all the boxes for us. Peyto has a history of being very selective when it comes to acquisitions but is also very successful in realizing value from them. The Repsol assets fit perfectly with Peyto's existing Deep Basin acreage and offer a significant number of top-tier undeveloped locations that will immediately compete for capital within our portfolio. Furthermore, we have identified many opportunities to leverage our low-cost, operational expertise on these Assets which we expect will yield significant annual cost savings. Together, at current strip pricing and under our proposed development plan, the combined assets are forecast to generate sufficient cumulative free cash flow over the next three years to support long term sustainable returns to shareholders in the form of reduced debt and increasing dividends."

Key Asset Highlights Include:

- **Extension of Core Lands:** The Assets expand Peyto's Deep Basin land position by adding 455,000 net acres (average 65% WI) in the greater Edson area which directly overlay the Company's current geological plays, infrastructure, and lands.
- **Material Scale with Low Decline:** The Assets add ~23,000 boe/d (~75% natural gas production and ~25% NGL production) with an estimated ~12% annual base production decline rate.
- **Significant Upside Potential:** The Assets have not been drilled over the last several years and are at a point of development where Peyto was on its adjacent lands ten years ago. Peyto has internally identified over 800 gross locations[1] (of which the independent reserves evaluator, GLJ Ltd ("GLJ"), has booked 297) that provide multiple years of high-quality drilling inventory providing a path to 100,000 boe/d for the Assets.
- **Complementary Infrastructure:** The Acquisition includes five operated natural gas plants (one suspended) with combined net natural gas processing capacity of ~400 MMcf/d, ~2,200 km of operated pipelines, and a 12 MW cogeneration power plant. Included with these assets is the Edson Gas Plant and the Central Foothills Gas Gathering System with its extensive 350 km, large diameter pipeline infrastructure that extends in both directions from the plant.
- **Meaningful Operational Synergies:** Peyto's current presence in the area allows for immediate and long-term savings which can be achieved through the optimization of production using adjacent facilities and pipelines, common road and land use, and enhanced economies of scale.
- **Capital Efficiency:** Peyto estimates development capital efficiency for the acquired Assets to be approximately $9,500 per boe/d[2], representing a ~25% efficiency gain over the Company's current base business of $12,500 per boe/d.
- **Attractive Purchase Price and Timing:** The total consideration is substantially equivalent to the before tax net present value of just the Proved Developed Producing ("PDP") reserves of the Assets at a 5% discount rate as evaluated by GLJ pursuant to the GLJ Report (as defined below). Peyto's development and growth plans for the Assets are expected to be well-timed with anticipated expansions to LNG projects in both the U.S. and Canada in 2025.

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[1] See "*Drilling Locations*" in this news release for further information.

[2] Capital efficiency is a non-GAAP ratio and does not have a standardized meaning under IFRS and may not be comparable to similar ratios disclosed by other issuers. Capital expenditures, a non-GAAP financial measure, is used as a component of the non-GAAP ratio. See "*Non-GAAP and Other Financial Measures*".

Acquisition Reserves

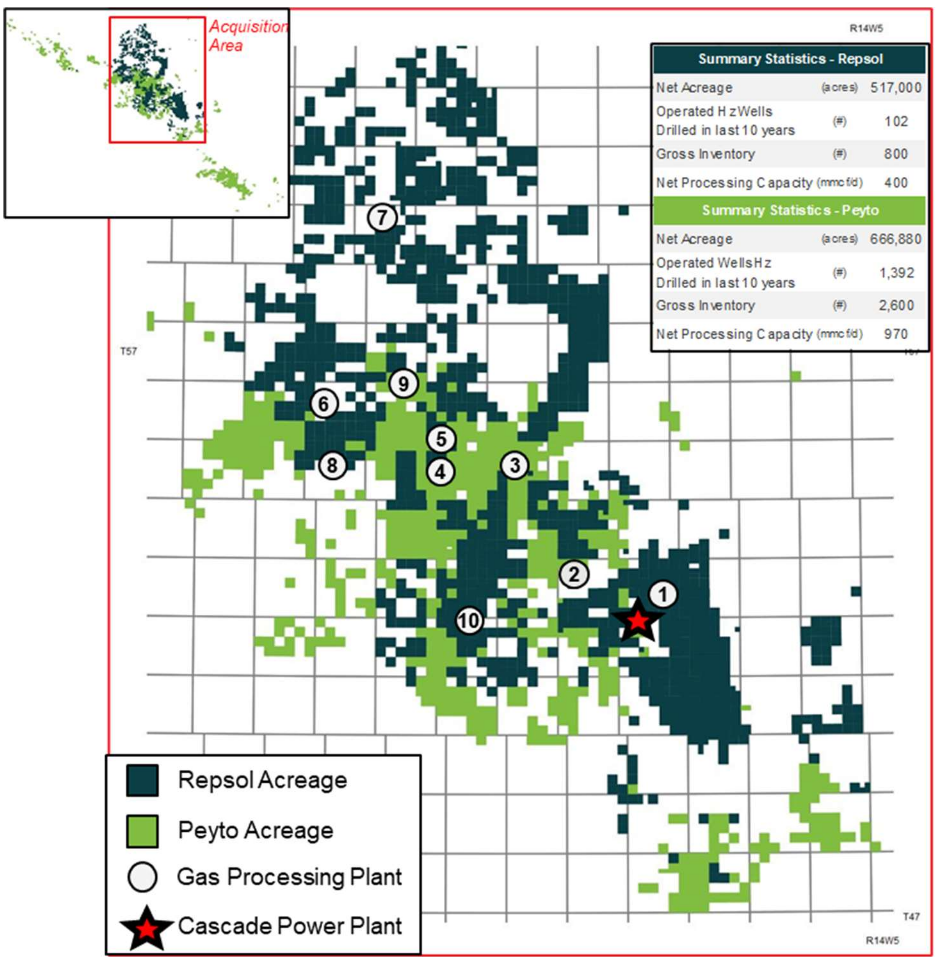
GLJ has evaluated 100% of the producing reserves associated with the Assets and has also scheduled an aggregate of 297 proved and probable gross drilling locations associated with the Assets. This forecast of drilling locations is by no means a complete assessment of what Peyto has identified for total drilling opportunities. The GLJ report was dated effective June 1, 2023, was prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in National Instrument 51-101 (the "GLJ Report"), and using the 3CA April 1, 2023 price forecast[3], and is summarized in the table below.

				Before Tax Net Present Value[4] ($millions) Discounted at		
Reserve Category	**Gas (BCF)**	**Oil and NGLs (MMstb)**	**Total MMboe (6:1)**	**0%**	**5%**	**10%**
Proved Developed Producing ("PDP")	409.4	21.6	89.9	$792	$654	$516
Total Proved plus Probable ("P+P")	1,544.0	49.3	306.7	$5,793	$3,598	$2,469

Reserves values are inclusive of all estimated future abandonment and retirement obligations including inactive wells. These are estimated at $115 million discounted at 10% in the PDP category. The net present value of the P+P reserves includes $1.1 billion of undiscounted future development capital.

Complementary Acquisition Footprint

The following graphic shows the Assets in relation to Peyto's current assets and operations in the Greater Sundance/Edson Area



	Key Area Gas Plants	Gross Capacity (MMcf/d)
1	Edson	275
2	Swanson	130
3	Nosehill	125
4	Oldman (Deep Cut)	125
5	Oldman North	105
6	Wild River	100
7	Bigstone	80
8	Wildhay	75
9	Cecilia	75
10	Med Lodge	16
	Pro Forma Area Total	**1106**

Key Acquired Gas Processing Infrastructure

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[3] 3CA price forecast means the average of the forecasts by McDaniel & Associates Consultants Ltd, GLJ and Sproule Petroleum Consultants as at April 1, 2023.
[4] It should not be assumed that the estimates of future net revenues presented in the tables above represent the fair market value of the reserves.

Pro Forma Highlights Include:

- **Dominant Deep Basin Position**: Pro forma asset base solidifies Peyto as a premier operator in the heart of the Deep Basin with 1.2 million net acres of highly delineated lands.
- **Extensive Inventory:** After giving effect to the Acquisition, drilling inventory includes over 1,592 gross booked locations and a total of 3,400 gross identified locations which can support future development for years to come.
- **Significant Operated Infrastructure:** Combined, Peyto's gas plants will have 1.5 Bcf/d gross (1.4 net Bcf/d) of gas processing capacity that will be only 52% utilized. Extensive overlap of gathering systems and field compression will allow for production and operating cost optimization.

Three Year Development Plan

Peyto has been developing its lands in the Greater Sundance Area, immediately surrounding and adjacent to the acquired lands, for 25 years and has drilled over 1,500 wells in the area. As a result, the Company has extensive experience with the geologic play types in the area and has specifically mapped multiple locations across these lands to begin drilling immediately after closing. The under-developed lands acquired contain a horizontal drilling density similar to Peyto's land position 10 years ago. The Company has a history of rare but selective tuck-in acquisitions and has demonstrated the ability to profitably expand production by multiple times such as in Cecilia and Brazeau, most recently. Peyto believes this Acquisition represents a similar opportunity, but on a much larger scale, with sufficient inventory to grow production from these Assets up to 100,000 boe/d.

Subject to the completion of the Acquisition, Peyto has developed a three-year plan with total capital spending ranging between $450–$500 million per year, which is expected to grow production from the current pro-forma production level of 123,000 boe/d to over 160,000 boe/d by the end of 2026. The Company expects the pro forma corporate base decline to decrease to 25% (from 29%) in 2024 and beyond. Peyto is planning a balanced development drilling program and expects to deploy two to three rigs on the newly acquired lands over the next three years to complement the Company's existing high return locations. Production from the Asset is expected to grow throughout 2024 and average approximately 33,000 boe/d reflecting a 50% growth over current levels. The combined capital efficiency of the pro forma program is expected to range between $10,000 and $11,000/boed, representing a 16% improvement as compared to Peyto's stand-alone forecasted estimates over the same period of $12,500/boe/d. The acquired midstream infrastructure, combined with Peyto's own firm transportation on the NGTL system, has adequate excess capacity for the planned production growth. As always, Peyto's capital plans will remain nimble to adjust to changing market conditions.

Peyto will continue to employ its risk management strategy of mechanistically hedging production over time using both financial and physical fixed price contracts. Currently, Peyto has approximately 280,000 mcf/d of gas price fixed at $4.19/mcf for 2024 and approximately 176,000 mcf/d at $4.24/mcf for 2025. The Company's fixed price contracts combined with its diversification to the Cascade power plant and other market hubs in North America allow for revenue security, exposure to premium seasonal markets, and support continued shareholder returns through dividends and debt reduction. Under current pricing assumptions[5], Peyto expects to reduce its leverage to under 1.0 x Debt to EBITDA[4] before the end of 2025 utilizing this three-year growth plan. The Company estimates that the optimized pro forma asset base is capable of funding a production maintenance capital program and sustaining the current dividend down to prices below $US2.00/MMbtu NYMEX in conjunction with Peyto's disciplined hedging program.

As a prudent and responsible operator Peyto will continue to be proactive with abandonment and reclamation spending of approximately 2% of the capital each year which will exceed the minimum requirements dictated by the Albera Energy Regulator and other jurisdictions.

Transaction Financing

In connection with the Acquisition, Peyto has entered into a debt commitment letter with the Bank of Montreal, Canadian Imperial Bank of Commerce and National Bank of Canada acting as underwriters, to provide aggregate debt commitments of $1.3 billion, which are expected to be comprised of an upsized $1 billion revolving credit facility to replace its existing $800 million revolving credit facility and a new $300 million two-year amortizing term loan.

[5] Price Assumptions represent strip pricing on Aug 22, 2023.
[6] Debt to EBITDA ratio is a specified financial measure that is calculated in accordance with the financial covenants in the Company's credit agreement. See "*Non-GAAP and Other Financial Measures*".

Further, Peyto has entered into an agreement with a syndicate of underwriters (the "Underwriters") led by BMO Capital Markets, CIBC Capital Markets and National Bank Financial, for the issuance of 10,510,000 subscription receipts (the "Subscription Receipts") on a bought deal basis, at an issue price of $11.90 per Subscription Receipt (the "Offering Price") for total gross proceeds of approximately $125 million (the "Equity Offering"). Peyto has also granted the Underwriters an option, exercisable, in whole or in part, at any time up to the earlier of 30 days following the closing of the Equity Offering and the occurrence of certain termination events with respect to the Subscription Receipts, to purchase up to an additional 15% of the number of Subscription Receipts purchased by the Underwriters under the Equity Offering at the Offering Price to cover over-allotments, if any, and for market stabilization purposes (the "Over-Allotment Option"). The gross proceeds from the Equity Offering, less the portion of the underwriters' fee that is payable on the closing of the Equity Offering, will be held in escrow and are intended to be used by Peyto to fund a portion of the purchase price for the Acquisition.

Each Subscription Receipt will entitle the holder to receive, without payment of additional consideration and without further action, one common share of Peyto (a "Common Share") upon the closing of the Acquisition.

Holders of the Subscription Receipts will be entitled to receive payments per Subscription Receipt equal to the cash dividends paid on Peyto's common shares (the "Dividend Equivalent Payments"), if any, actually paid or payable to holders of such common shares in respect of all record dates for such dividends occurring from the closing date of the Offering to, but excluding, the last day on which the Subscription Receipts remain outstanding, to be paid to holders of Subscription Receipts concurrently with the payment date of each such dividend. The Dividend Equivalent Payments will be made regardless of whether the Acquisition is completed or not. If the Acquisition is not completed at or before March 31, 2024, or in certain other events, then the subscription price for the Subscription Receipts will be returned to holders of Subscription Receipts, together with any unpaid Dividend Equivalent Payments and any pro-rata interest on such funds, if any.

The Subscription Receipts issued pursuant to the Equity Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration under the Securities Act or an applicable exemption from registration under the Securities Act. The Subscription Receipts issued pursuant to the Equity Offering will be distributed by way of a short form prospectus in all provinces of Canada (excluding Québec) and may also be placed privately in the United States to Qualified Institutional Buyers (as defined under Rule 144A under the U.S. Securities Act) pursuant to the exemption provided by Rule 144A thereunder, and may be distributed outside Canada and the United States on a basis which does not require the qualification or registration of any of the Company's securities under domestic or foreign securities laws. This news release is neither an offer to sell nor the solicitation of an offer to buy any securities and shall not constitute an offer to sell or solicitation of an offer to buy, or a sale of, any securities in any jurisdiction in which such offer, solicitation or sale is unlawful. The Equity Offering is expected to close on or about September 26, 2023 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange.

Advisors

BMO Capital Markets is acting as lead financial advisor, CIBC Capital Markets and National Bank Financial are acting as financial advisors to Peyto with respect to the Acquisition.

Burnet, Duckworth & Palmer LLP is acting as legal counsel to Peyto with respect to the Acquisition, the revised credit facilities and the Equity Offering.

Conference Call

Peyto will host a pre-recorded conference call today, September 6, 2023, starting at 2:45 pm MST (4:45 pm EST) to discuss the Acquisition. The conference call dial-in number is 1-805-309-0220, with dial-in code 8312042#. To access this online, click here: https://www.veracast.com/webcasts/peyto/events/JLsSX7.cfm

Jean-Paul Lachance
President & Chief Executive Officer
Phone: (403)-261-6081
September 6, 2023

Cautionary Statements

This news release contains forward-looking information (forward-looking statements). Words such as "guidance", "may", "can", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "target", "potential", "objective", "continue", "outlook", "vision", "opportunity" and similar expressions suggesting future events or future performance, as they relate to the Company or any affiliate of the Company, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other things, the effect of the proposed Acquisition, Peyto's strategy, business objectives, expected growth, results of operations, performance, reserves, financial projections, business projects and opportunities and financial results. Specifically, such forward-looking statements included in this document include, but are not limited to, statements with respect to the following: the pro-forma effects of the acquisition on Peyto's, production, reserves, drilling locations, gas processing capacity, corporate decline rates, corporate efficiencies and synergies, cost savings, economic factors, business plans and intentions after completing the Acquisition, including dividend payments, indebtedness, anticipated adjusted funds flow, capital expenditures free cash flow and net debt, hedges, abandonment and reclamation plans, future production rates, future total debt to EBITDA levels, capital efficiencies, cash costs, industry comparisons, capital allocation priorities, other business plans and intentions, timing for closing of the Equity Offering, the terms of the Subscription Receipts, expected adjustments to the purchase price of the Acquisition, use of debt and equity proceeds to support the purchase price for the Acquisition. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. Such statements reflect Peyto's current expectations, estimates, and projections based on certain material factors and assumptions at the time the statement was made. Material assumptions include: closing of the Acquisition on the terms presenting contemplated, dividend levels; debt levels, current forward curves, well type curves, effective tax rates, the U.S./Canadian dollar exchange rate, financing initiatives, the performance of the Peyto's business and acquired business, impacts of the hedging program, commodity prices, weather, access to capital, timing and receipt of regulatory approvals, timing of in-service dates of new projects and acquisition and divestiture activities, operational expenses, and returns on investments. Peyto's forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: risks related to the closing of the Acquisition, risks that current assumptions and estimates may be inaccurate, health and safety risks; operating risks; service interruptions; transportation of petroleum products; market risk; inflation; general economic conditions; changes in commodity prices, unknown liabilities or deficiencies in the acquired business; ability of Peyto to use its current tax pools and attributes in the future and that the use of such tax pools and attributes will not be successfully challenged by any taxing authority; cyber security, information, and control systems; climate-related risks; environmental regulation risks; regulatory risks; litigation; changes in law; Indigenous and treaty rights; dependence on certain partners; political uncertainty and civil unrest; decommissioning, abandonment and reclamation costs; reputation risk; weather data; capital market and liquidity risks; interest rates; internal credit risk; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; technical systems and processes incidents; growth strategy risk; construction and development; underinsured and uninsured losses; impact of competition in Peyto's businesses; counterparty credit risk; composition risk; collateral; market value of common shares and other securities; variability of dividends; potential sales of additional shares; labor relations; key personnel; risk management costs and limitations; commitments associated with regulatory approvals for the Acquisition; transition cost risks; failure of service providers; risks related to pandemics, epidemics or disease outbreaks, including COVID-19; and the other factors discussed under the heading "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2022 and set out in Peyto's other continuous disclosure documents. Many factors could cause Peyto's or any particular business segment's actual results, performance or achievements to vary from those described in this press release, including, without limitation, those listed above and the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this news release as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected or targeted and such forward-looking statements included in this news release, should not be unduly relied upon. The impact of any one assumption, risk, uncertainty, or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and Peyto's future decisions and actions will depend on management's assessment of all information at the relevant time. Such statements speak only as of the date of this news release. Peyto does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this news release are expressly qualified by these cautionary statements. Financial outlook information contained in this news release about prospective financial performance, financial position, or cash flows is based on assumptions about future events, including the closing the Acquisition, economic conditions and proposed courses of action, based on Peyto management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this news release should not be used for purposes other than for which it is disclosed herein.

Three Year Development Plan

The Company has presented herein a three-year illustrative development plan that provides for developing the acquired Assets and Peyto's current assets. The development plan is based on a number of assumptions including, without limitation: the required reinvestment rates to maintain production; expected results from wells drilled in the areas; expected recovery factors enhanced oil recovery options; average production per year resulting from such development plan; expected cash flow and free cash flow; capital expenditures per year; expectations as to commodity prices, royalty rates, production costs, general and administrative expenses and certain other assumptions. Such plan is not based on a budget or capital expenditures plan approved by the Board of Directors of the Company and is not intended to present a forecast of future performance or a financial outlook. In addition, such plan does not represent management's expectations of the Company's future performance but rather is intended to present readers insight into management's view of the opportunities associated with the Acquisition as used by management for planning and strategy purposes based on the commodity pricing and other assumptions used for such strategy. In addition, the plan does not represent an estimate of reserves or the future net present value of reserves. There is no certainty that the Company will proceed with all of the drilling of wells or capital expenditures contemplated by the plan and even if the Company does proceed with such plans there is no certainty that the reserves recovered will match the expectations used for such plan. All future drilling and capital expenditures will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, debt levels, actual drilling results, additional reservoir information that is obtained and other factors. The assumptions used for the plan presented herein are subject to a number of risks including the risks set out under the forward-looking advisory set out above.

Drilling Locations

This news release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. In respect of Assets, proved locations and probable locations are derived from the GLJ Report and account for drilling locations that have associated proved and/or probable reserves, as applicable. In respect of Peyto, proved locations and probable locations are derived from the independent engineering evaluation of Peyto's oil, NGLs and natural gas interests prepared by GLJ dated February 17, 2023 and effective December 31, 2022 (the "Peyto Report"). Unbooked locations are internal estimates based on 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. In respect of the Assets to be acquired pursuant to the Acquisition, the 800 gross drilling locations identified herein, 215 gross are proved locations, 82 gross are probable locations and 503 gross are unbooked locations. In respect of Peyto, the 2,614 gross drilling locations identified herein, 805 gross are proved locations, 490 gross are probable locations and 1,319 gross are unbooked locations. Unbooked locations have been identified by management as an estimation of Peyto's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Peyto will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves or production. The drilling locations on which Peyto actually drill wells will ultimately depend upon the availability of capital, 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 have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of the other unbooked drilling locations are further away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty 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 or production.

Reserves and BOEs

The reserves disclosures contained in this news release with respect to Peyto and the assets associated with the Acquisition are derived from means the Peyto Report the GLJ Report, respectively. The foregoing reports were prepared using assumptions and methodology guidelines outlined in the COGE Handbook and in accordance with NI 51-101. The reserves have been categorized in accordance with the reserves definitions as set out in the COGE Handbook, which are set out below. Reserves are estimated remaining quantities of petroleum anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified according to the level of certainty associated with the estimates and may be sub-classified based on development and production status. Proved Reserves are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs and under existing economic conditions, operating methods and government regulations. Probable Reserves are those additional quantities of petroleum that are less certain to be recovered than Proved Reserves, but which, together with Proved Reserves, are as likely as not to be recovered. It should not be assumed that the future net revenues included in this news release represent the fair market value of the reserves. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties due to the effects of aggregation.

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 either energy content or 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 conversion ratio on a 6:1 basis may be misleading as an indication of value.

Future-Oriented Financial Information

This news release contains future-oriented financial information ("FOFI") and financial outlook information relating to Peyto's total debt, EBIDTA and capital efficiencies which are subject to the assumptions below and the assumptions, risk factors, limitations, and qualifications as set forth in this news release including as set forth above under "*Forward-Looking Statements*" and as set forth below. Peyto's actual results, performance or achievement could differ materially from those expressed in, or implied by, such FOFI, or if any of them do so, what benefits Peyto will derive therefrom. Peyto has included this FOFI in order to provide readers with a more complete perspective on Peyto's business following the acquisition and such information may not be appropriate for other purposes. This FOFI is prepared as of the date of this news release. See also "*Non-GAAP and Other Financial Measures*".

Material assumptions relating to capital efficiencies include Peyto's internal capital expenditure estimates and aggregated well production estimates at year end, from new wells brought on production in the year. Material assumptions relating to expected debt to EBITDA at the end of 2025 include August 22, 2023 strip prices: 2024 NYMEX - US$3.52/MMBtu; 2025 NYMEX - US$4.00/MMBtu; 2024 AECO - $3.07/GJ; 2025 AECO - US$3.68/GJ; 2024 WTI - US$76.30; 2025 WTI - US$72.36; and CAD/USD FX rate - 1.353.

Non-GAAP and Other Financial Measures

Throughout this news release and in other materials disclosed by the Company, Peyto employs certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto's performance.

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Total Capital Expenditures

Peyto uses the term total capital expenditures as a measure of capital investment in exploration and production activity, as well as property acquisitions and divestitures, and such spending is compared to the Company's annual budgeted capital expenditures. The most directly comparable GAAP measure for total capital expenditures is cash flow used in investing activities. The following table details the calculation of cash flow used in investing activities to total capital expenditures.

	Three Months Ended June 30		Six Months Ended June 30	
($000)	2023	2022	2023	2022
Cash flows used in investing activities	102,071	118,600	228,321	260,676
Change in prepaid capital	3,549	(1,842)	3,387	14,931
Corporate acquisitions	-	-	-	(22,220)
Change in non-cash working capital relating to investing activities	(23,301)	(8,669)	(27,587)	(1,967)
Total capital expenditures	82,319	108,089	204,121	251,420

Non-GAAP Financial Ratios and Other Specified Financial Measures

Capital efficiency is the cost to add new production in the year and is calculated as capital expenditures (a non-GAAP measure described above) divided by total production added at year end (eg. Peyto's 2022 Capital efficiency, before acquisitions ($481MM/38.1=$12,600/boe/d). This ratio is used by Peyto and investors to measure how efficiently the Company spends cash to grow and maintain production.

Total Debt to EBITDA is a leverage ratio that is used in the Company's credit facility as a financial covenant. See "Liquidity and Capital Resources" in the Company's management discussion and analysis for the period ended June 30, 2023 available on SEDAR+ at www.sedarplus.com for a description of this measure.