NEWS RELEASE

NOVEMBER 8, 2023 **SYMBOL: PEY – TSX**

PEYTO CELEBRATES 25 YEARS WITH Q3 2023 RESULTS

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("Peyto" or the "Company") is pleased to celebrate 25 years of successful operations in the Canadian energy industry with its financial results for the third quarter of 2023 and a preliminary capital plan for 2024.

Q3 2023 Highlights:

- Peyto announced on September 6, 2023, the acquisition of Repsol Canada Energy Partnership ("Repsol") for cash consideration of $US468 million ($636 million) prior to post-closing adjustments (the "Acquisition"). The Acquisition provides Peyto with over 800 low-risk, high-quality drilling locations[1] and synergistic infrastructure to allow for the optimization of production and costs in the Greater Sundance Area. Peyto closed the Acquisition on October 17, 2023, therefore no contribution from the assets are included in third quarter results.
- Average production volumes of 97,981 boe/d (520.5MMcf/d of natural gas, 11,231 bbls/d of NGLs) delivered $148 million in funds from operations[2,3] ("FFO"), or $0.84/diluted share, and $54 million of free funds flow[4] in the quarter.
- Peyto generated earnings of $57 million, or $0.33/diluted share, in the quarter and $205 million or $1.16/diluted share, for the year to date. Of these profits to date, approximately 85% or $175 million ($1.00/share) have been returned to shareholders as dividends.
- Quarterly cash costs of $1.05/Mcfe, before royalties of $0.29/Mcfe, consist of operating costs of $0.44/Mcfe, transportation of $0.29/Mcfe, G&A of $0.04/Mcfe and interest expense of $0.28/Mcfe. Peyto continues to have the lowest cash costs in the Canadian natural gas industry.
- Total capital expenditures[5] were $94 million in the quarter. Peyto drilled 19 wells (18.1 net), completed 19 wells (18.3 net), and brought 20 wells (18.9 net) on production for $81 million. The Company's drilling and completions costs per meter decreased 3% from Q2 2023 as the effects of inflation have moderated.
- Peyto delivered a 69% operating margin[6] and a 25% profit margin[7], resulting in a 12% return on capital employed[8] ("ROCE") and a 14% return on equity[8] ("ROE"), on a trailing 12-month basis.
- Peyto has increased its hedge position materially in conjunction with closing the Acquisition, which currently protects approximately 68% and 56% of forecast gas production for 2024 and 2025, respectively.
- Over the past three years, Peyto has increased production from 78,200 boe/d to 97,981 boe/d, returned over $300 million in dividends to shareholders, while reducing net debt by over $300 million.

Third Quarter 2023 in Review

Production volumes averaged 97,981 boe/d in the quarter, 6% lower than Q3 2022 due mainly to a reduced capital expenditure program in response to the sharp decline in natural gas prices in early 2023. Additionally, Peyto had an extended turnaround at the Oldman deep-cut gas plant in September that decreased production by approximately 1,000 boe/d in the quarter. Total capital expenditures were $298 million for the year to date, $94 million lower than the same period of 2022. Natural gas prices stabilized in the quarter from the sharp decline in the first half of 2023. Henry Hub daily averaged US$2.58/MMBtu, and AECO daily averaged $2.46/GJ, down 68% and 38%, respectively, year over year. Peyto's systematic hedging program resulted in realized hedging gains of $33.7 million and helped deliver another strong quarter of funds from operations, which totaled $148.0 million. Operating costs improved to $0.44/Mcfe in the quarter, down from $0.47/Mcfe in Q2 2023 as inflationary cost pressures have stabilized. Interest costs included an incremental $0.05/Mcfe due to financing fees incurred in the quarter for the Acquisition. The Company's operating margin and profit margin remain strong at 69% and 25%, respectively. Earnings totaled $57.4 million and $59.8 million in dividends were declared in the quarter.

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[1] See "Drilling Locations" in this news release for further information.
[2] This press release contains certain non-GAAP and other financial measures to analyze financial performance, financial position, and cash flow including, but not limited to "operating margin", "profit margin", "return on capital", "return on equity", "netback", "funds from operations", "free funds flow", "total cash costs", and "net debt". 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 earnings, cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto's performance. See "Non-GAAP and Other Financial Measures" included at the end of this press release and in Peyto's most recently filed MD&A for an explanation of these financial measures and reconciliation to the most directly comparable financial measure under IFRS.
[3] Funds from operations is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2023 MD&A.
[4] Free funds flow is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2023 MD&A.
[5] Total capital expenditures is *a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2023 MD&A.*
[6] Operating Margin is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.
[7] Profit Margin is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.
[8] Return on capital employed and return on equity are non-GAAP financial ratios. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2023 MD&A.

	Three Months Ended Sep 30		%	Nine Months Ended Sep 30		%
	2023	2022	Change	**2023**	2022	Change
Operations						
Production						
Natural gas (Mcf/d)	**520,504**	544,843	*-4%*	**530,418**	540,544	*-2%*
NGLs (bbl/d)	**11,231**	13,263	*-15%*	**11,471**	12,986	*-12%*
Thousand cubic feet equivalent (Mcfe/d @ 1:6)	**587,888**	624,423	*-6%*	**599,245**	618,461	*-3%*
Barrels of oil equivalent (boe/d @ 6:1)	**97,981**	104,071	*-6%*	**99,874**	103,077	*-3%*
Production per million common shares (boe/d)	**558**	608	*-8%*	**570**	608	*-6%*
Product prices (after hedging)						
Natural gas ($/Mcf)	**3.33**	3.68	*-10%*	**3.46**	3.94	*-12%*
NGLs ($/bbl)	**70.25**	78.07	*-10%*	**73.02**	82.54	*-12%*
Operating expenses ($/Mcfe)	**0.44**	0.38	*16%*	**0.47**	0.39	*21%*
Transportation ($/Mcfe)	**0.29**	0.26	*12%*	**0.27**	0.27	*0%*
Field netback[(1)] ($/Mcfe)	**3.29**	3.65	*-10%*	**3.42**	3.82	*-10%*
General & administrative expenses ($/Mcfe)	**0.04**	0.02	*100%*	**0.04**	0.02	*100%*
Interest expense ($/Mcfe)	**0.28**	0.21	*33%*	**0.24**	0.22	*9%*
Financial ($000, except per share)						
Revenue and realized hedging gains/losses[(2)]	**231,938**	279,661	*-17%*	**729,679**	874,385	*-17%*
Funds from operations[(1)]	**147,980**	197,388	*-25%*	**470,152**	606,781	*-23%*
Funds from operations per share - basic[(1)]	**0.84**	1.15	*-27%*	**2.69**	3.58	*-25%*
Funds from operations per share - diluted[(1)]	**0.84**	1.13	*-26%*	**2.66**	3.48	*-24%*
Total dividends declared[(3)]	**59,802**	25,686	*133%*	**175,195**	76,529	*129%*
Total dividends declared per share[(3)]	**0.34**	0.15	*127%*	**1.00**	0.45	*122%*
Earnings	**57,444**	84,861	*-32%*	**204,840**	277,222	*-26%*
Earnings per share – basic	**0.33**	0.50	*-34%*	**1.17**	1.63	*-28%*
Earnings per share – diluted	**0.33**	0.48	*-31%*	**1.16**	1.59	*-27%*
Total capital expenditures[(1)]	**93,579**	140,400	*-33%*	**297,701**	391,820	*-24%*
Corporate acquisition	**-**	-	-	**-**	22,220	*-100%*
Total payout ratio[(1)]	**104%**	84%	*24%*	**101%**	77%	*31%*
Weighted average common shares outstanding - basic	**175,573,752**	171,230,853	*3%*	**175,085,253**	169,642,562	*3%*
Weighted average common shares outstanding - diluted	**176,732,946**	175,140,910	*1%*	**176,589,394**	174,204,741	*1%*
Net debt[(1)]				**877,011**	970,489	*-10%*
Shareholders' equity				**2,290,511**	1,800,985	*27%*
Total assets				**4,325,691**	3,934,616	*10%*

(1) This is a Non-GAAP financial measure or ratio. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2023 MD&A
(2) Excludes revenue from sale of third-party volumes
(3) Total dividends declared in the three and nine months ended September 30, 2023 includes the dividend equivalent payment of $1.9 million associated with the Subscription Receipts. See note 3 in the financial statements for additional information.

Exploration & Development

The third quarter 2023 activity was spread out amongst the existing core areas of Greater Sundance and Greater Brazeau. Target formations were also widespread, as summarized in the following table.

	Zone						
Area	Cardium	Dunvegan	Notikewin	Falher	Wilrich	Bluesky	**Total**
Greater Sundance Area	-	-	5	6	-	-	**11**
Greater Brazeau Area	1	-	4	-	3	-	**8**
Other	-	-	-	-	-	-	**-**
Total	**1**	**-**	**9**	**6**	**3**	**-**	**19**

Peyto's average drilling and completion costs decreased in the third quarter both on an aggregate and on a per unit basis. Drilling cost per meter was reduced by 3% while completion cost per meter and cost per stage were reduced by 3% and 7%, respectively, over Q2 2023. Inflationary costs have stabilized and Peyto continues to optimize its operations through drilling extended reach horizontal (ERH) wells as well as taking advantage of pad drilling to maximize efficiency. Peyto also drilled a larger proportion of Notikewin wells in the quarter which resulted in a slight reduction in average lateral length over the previous quarter in which Peyto drilled a larger proportion of Wilrich wells.

	2016	2017	2018	2019	2020	2021	2022	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	**2023 Q3(1)**
Gross Hz Spuds	126	135	70	61	64	95	95	29	23	23	20	19	15	**19**
Measured Depth (m)	4,197	4,229	4,020	3,848	4,247	4,453	4,611	4,291	4,571	4,994	4692	5,198	4,768	**4,728**
Drilling ($MM/well)	$1.82	$1.90	$1.71	$1.62	$1.68	$1.89	$2.56	$2.13	$2.56	$2.90	$2.80	$3.05	$2.74	**$2.64**
$ per meter	$433	$450	$425	$420	$396	$424	$555	$496	$560	$580	$596	$587	$574	**$559**
Completion ($MM/well)	$0.86	$1.00	$1.13	$1.01(2)	$0.94	$1.00	$1.35	$1.22	$1.16	$1.49	1.58	$1.73	$1.64	**$1.38**
Hz Length (m)	1,460	1,241	1,348	1,484	1,682	1,612	1,661	1,529	1,602	1,654	1870	1,947	2,140	**1,853**
$ per Hz Length (m)	$587	$803	$751	$679	$560	$620	$813	$801	$727	$902	$845	$888	$776	**$743**
$ '000 per Stage	$79	$81	$51	$38	$36	$37	$47	$44	$40	$51	$52	$59	$50	**$46**

(1) Based on field estimates and may be subject to minor adjustments going forward.
(2) Peyto's Montney well is excluded from drilling and completion cost comparison.

Marketing

Commodity Prices

During Q3 2023, Peyto realized a natural gas price after hedging and diversification of $3.33/Mcf, or $2.90/GJ, 18% higher than the average AECO daily price of $2.46/GJ. Peyto's natural gas hedging activity resulted in a realized gain of $0.76/Mcf ($36 million) due to the sharp decline in AECO and Henry Hub natural gas prices.

Condensate and pentanes volumes were sold in Q3 2023 for an average price of $100.52/bbl, which is down 7% from $107.83/bbl in Q3 2022, while Canadian WTI decreased 8% to $119.46/bbl over the same period. Butane and propane volumes were sold in combination at an average price of $32.47/bbl, or 29% of light oil price, down 31% from $46.96/bbl in Q3 2022. NGL hedging losses decreased the combined realized NGL price of $72.64/bbl by $2.38/bbl to $70.25/bbl in the quarter.

Hedging

The Company has been active in hedging future production with financial and physical fixed price contracts to protect a portion of its future revenue from commodity price and foreign exchange volatility. Currently, Peyto has 405 MMcf/d of natural gas hedged at $4.19/mcf for Q4 2023, 459 MMcf/d hedged at $3.91/Mcf for 2024, and 402 MMcf/d hedged at $4.08/Mcf for 2025. Commodity price risk on condensate and pentane production is managed through WTI swaps and collars and Peyto currently has 4,000 bbls/d hedged for Q4 2023, and 2,700 bbls/d hedged for 2024.

Peyto is exposed to volatility in the Canadian/US dollar exchange ratio since commodities are effectively priced in US dollars and converted to Canadian dollars. The Company protects a portion of its US dollar exposure with foreign exchange forward contracts and has hedged US$55.5 million for Q4 2023 at 1.3565 CAD/USD, US$290 million at 1.3481 CAD/USD for 2024, and $US156 million at 1.3459 CAD/USD for 2025.

The Company's fixed price contracts combined with its diversification to the Cascade power plant, expected to commence in Q1 of 2024, and other premium market hubs in North America allow for revenue security and support continued shareholder returns through dividends and debt reduction. Details of Peyto's ongoing marketing and diversification efforts are available on Peyto's website at https://www.peyto.com/Marketing.aspx

Financial Results

The Company's realized natural gas and NGL sales yielded a combined revenue stream of $3.67/Mcfe before hedging gains of $0.62/Mcfe, resulting in a net sales price of $4.29/Mcfe in the quarter. This net sales price was 12% lower than the $4.88/Mcfe realized in Q3 2022 due to the sharp decline in natural gas prices, partially offset by hedging. Total cash costs of $1.34/Mcfe were 15% lower than the $1.57/Mcfe in Q3 2022 due to lower royalties. Peyto's cash netback (net sales price including other income, third-party sales net of purchases, realized gain on foreign exchange, less total cash costs), was $2.98/Mcfe resulting in a strong 69% operating margin. Historical cash costs and operating margins are shown in the following table:

	2020				2021				2022				2023		
($/Mcfe)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
Revenue (1)	2.30	1.73	2.15	2.71	3.70	2.92	3.33	4.42	5.25	5.48	5.01	5.74	5.10	4.07	**4.32**
Royalties	0.12	0.06	0.14	0.18	0.29	0.26	0.36	0.53	0.60	0.95	0.70	0.72	0.53	0.18	**0.29**
Op Costs	0.39	0.36	0.32	0.31	0.36	0.35	0.35	0.32	0.41	0.39	0.38	0.41	0.50	0.47	**0.44**
Transportation	0.19	0.17	0.16	0.15	0.17	0.22	0.23	0.23	0.28	0.27	0.26	0.22	0.24	0.29	**0.29**
G&A	0.04	0.04	0.04	0.04	0.04	0.05	0.02	0.02	0.03	0.02	0.02	0.02	0.03	0.05	**0.04**
Interest	0.29	0.33	0.35	0.38	0.38	0.33	0.26	0.22	0.21	0.20	0.21	0.21	0.22	0.22	**0.28**
Cash cost pre-royalty	0.91	0.90	0.87	0.88	0.95	0.95	0.86	0.79	0.93	0.88	0.87	0.86	0.99	1.03	**1.05**
Total Cash Costs[9]	1.03	0.96	1.01	1.06	1.24	1.21	1.22	1.32	1.53	1.83	1.57	1.58	1.52	1.21	**1.34**
Cash Netback[10]	1.27	0.77	1.14	1.65	2.46	1.71	2.11	3.10	3.72	3.65	3.44	4.16	3.58	2.86	**2.98**
Operating Margin	55%	45%	53%	61%	67%	59%	63%	70%	71%	67%	69%	72%	71%	70%	**69%**

(1) Revenue includes other income, net third party sales and realized gains on foreign exchange.

Depletion, depreciation, and amortization charges of $1.37/Mcfe, along with provisions for current tax, deferred tax and stock-based compensation payments resulted in earnings of $1.08/Mcfe, or a 25% profit margin. Dividends to shareholders totaled $1.11/Mcfe.

Activity Update

Since the end of the quarter, Peyto activity has been steady with four rigs running across the core lands in Greater Sundance and Greater Brazeau. Peyto plans to maintain this level of activity for the remainder of the year and into 2024. Since the beginning of October, Peyto has drilled 9 gross (8.4 net) wells and has brought 10 gross (9.6 net) wells on-stream in the Notikewin, Falher and Wilrich at an average lateral length of over 2,000 meters.

On October 17, 2023, Peyto closed the Acquisition of Repsol's remaining Canadian upstream assets, primarily in the Alberta Deep Basin and which are adjacent to the Company's greater Sundance area. Peyto recognizes over 800 drilling locations on these lands which have not been developed and where Peyto has had significant operational success. These opportunities are directly adjacent to many of Peyto's best wells and will receive the added benefit of the latest drilling and completion designs to further improve results. Peyto's activity, after closing the Acquisition, has immediately shifted to begin the development of the newly acquired assets. Already, Peyto has rig released 1 gross (1 net) well, spud another 2 gross (2 net) wells and has plans to drill a total of 7 gross (7 net) wells on the acquired lands before the end of the year. These locations are comprised of high quality Notikewin and Falher targets which will be followed by an additional 40 locations in 2024, making up a significant portion of Peyto's activity next year. The Company's 2023 capital program, which is now expected to total approximately $425 million,

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[9] Total Cash costs is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.
[10] Cash netback is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2023 MD&A.

continues to deliver strong results. The projected before tax full-cycle internal rate of return on this capital is estimated to be approximately 60% based on current strip pricing, year-to-date results, and current drilling plans for the remainder of the year.

2024 Preliminary Budget and Plans

Peyto's preliminary capital budget for 2024 includes a low-risk development program on both the recently acquired Repsol assets and the Company's legacy core properties. Well activity will be dispersed across all core areas but with a larger portion in the Greater Sundance area where the Company now operates 11 gas plants and where aggregate utilization is approximately 56% excluding two temporarily suspended facilities. Peyto will continue to apply its successful ERH drilling design across all lands where applicable and pursue a mix of liquid rich formations across the Deep Basin stratigraphic stack. The Company expects to utilize 4 drilling rigs for this capital program with well-related costs representing approximately 80% of the 2024 budget.

Major facility projects for 2024 include a maintenance turnaround at the recently acquired Edson Gas Plant, modifications at the Oldman and Oldman North plants, and a variety of pipeline and plant optimization projects to take advantage of the significant infrastructure synergies in the Greater Sundance area. Additionally, the Company plans to spend approximately $10 million on closure related activities to proactively reduce abandonment retirement obligations.

While specific details of the 2024 budget are still being finalized, a capital program between $450–$500 million is anticipated and is estimated to add approximately 40,000 to 45,000 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 25% on anticipated 2023 exit production of between 126,000 to 128,000 boe/d.

This production addition cost represents an improvement of current capital efficiency due to the increased quality of the largely under-developed opportunities on the Repsol lands. Similar to prior years, there may also be opportunities throughout the year for unplanned acquisitions or infrastructure investments that the Company chooses to pursue. As always, Peyto will ensure any capital plans will be nimble with the ability to react to changes in commodity prices, service costs and the global economic environment.

2023 Sustainability Report

Peyto has released its 2023 Sustainability Report which details the Company's environmental, social, and governance activities for the year ended December 31, 2022. The complete Sustainability report (the "Report") can be found at www.peyto.com. Peyto believes good environmental, social, and governance performance is essential to managing a long-term sustainable business. The Company has reported on environmental and safety performance over the past 8 years through its annual sustainability reports. The Company's core values of efficiency, cost control, and operational excellence naturally lead to less environmental impact, strong social conscience and effective corporate governance. Longstanding relationships with suppliers, regulators, and local communities has allowed Peyto to conduct business safely and responsibly for 25 years.

Key highlights in the report include:

- 63% reduction of methane emissions and flared volumes since 2016.
- Continued reduction in new land disturbances using pad drilling and existing infrastructure.
- Lower fresh water use intensity through high flowback recovery and more effective stimulations.

During 2024, Peyto will re-establish baseline quantities for emissions, land and water use intensity and re-evaluate targets and priorities including the new Repsol assets. Ongoing initiatives include further methane emissions reducing projects and investigation of carbon capture and sequestration options.

Peyto's 25th Anniversary

This past October marks the Company's 25th anniversary. During the past 25 years Peyto has invested $7.6 billion into the development of Alberta's natural gas resource plays, contributing approximately $1 billion to Alberta royalty coffers, generating $3.3 billion in earnings, of which $2.8 billion was returned to shareholders in distributions and dividends. One thousand dollars invested in the Company in October 1998 would have generated a cumulative total return of approximately $500,000 (inclusive of share price appreciation, distributions and dividends). This enduring performance has proven that the Peyto strategy continues to be successful.

Management Changes

Peyto is pleased to announce the promotion of Riley Frame to Chief Operating Officer effective January 1, 2024. Mr. Frame has been with Peyto for 10 years as an exploitation engineer, Manager of Exploitation, and most recently, the VP Engineering. Mr. Frame has been instrumental to the growth of the Company's reserves, enhancing well designs, and integral to managing Peyto's development programs. Mr. Frame has a deep understanding of the Peyto business model and unique culture. Mr. Frame will be responsible for all the operations of the Company.

As part of the Peyto's orderly leadership succession process, Kathy Turgeon is retiring as Chief Financial Officer (CFO) effective March 31, 2024. Ms. Turgeon started with Company in 2004 as Controller and was appointed Vice President of Finance in January 2006 and later appointed CFO in January 2008. The Board would like to thank Ms. Turgeon for her contributions and dedication to the Company over the last 20 years and wish her all the best in retirement. Peyto is pleased to announce that Tavis Carlson, VP Finance will be promoted to the role of CFO effective April 1, 2024. Mr. Carlson joined the Company in March 2022 and has been a key contributor to recent financings including playing a critical role in the recent Repsol acquisition. Prior to Peyto, Mr. Carlson was the VP Finance and CFO at Altura Energy Inc. from 2015 to 2021 and has over 20 years of industry experience.

Peyto's purposeful approach to senior management appointments has always been to promote from within to ensure the culture and core values of the Company are maintained. With the addition of the Repsol assets, the leadership team is focused and excited to embark on a new chapter in Peyto's rich history of operational excellence, profitable growth and shareholder returns.

Outlook

Peyto expects to grow production to over 160,000 boe/d by the end of 2026 through capital investments ranging between $450–$500 million per year and believes this growth plan is well-timed with the expansion of LNG facilities in both the US and Canada. Peyto's low cost, long reserve life assets, combined with a systematic hedging approach provides assurance against market volatility over that period. The Company's diversification to gas markets across North America provides excellent exposure to premium seasonal markets such as Malin in California, Ventura and Chicago in the US mid-west, and to local Alberta power markets which reduces the risk of selling into potential dislocated markets like AECO. The securing of revenues coupled with a disciplined capital program provides confidence for future dividends and continued strengthening of the balance sheet.

Conference Call and Webcast

A conference call will be held with senior management of Peyto to answer questions with respect to the Company's Q3 2023 results on Thursday, November 9, 2023, at 9:00 a.m. Mountain Time (MT), or 11:00 a.m. Eastern Time (ET).

Access to the webcast can be found at: **https://edge.media-server.com/mmc/p/r7opwsc4**. To participate in the call, please register for the event at: **https://register.vevent.com/register/BI6f63a06006664f1b9166322272dc7821.** Participants will be issued a dial in number and PIN to join the conference call and ask questions. Alternatively, questions can be submitted prior to the call at info@peyto.com. The conference call will be archived on the Peyto Exploration & Development website at www.peyto.com.

Management's Discussion and Analysis and Financial Statements

A copy of the third quarter report to shareholders, including the MD&A, unaudited consolidated financial statements and related notes, is available at https://www.peyto.com/Files/Financials/2023/Q32023FS.pdf and at https://www.peyto.com/Files/Financials/2023/Q32023MDA.pdf and will be filed at SEDAR+, www.sedarplus.ca at a later date.

Jean-Paul Lachance
President & Chief Executive Officer
November 8, 2023

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 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: Repsol acquisition synergies including Peyto's ability to optimize production and costs; management's assessment of Peyto's future plans and operations; the 2023 activity plans and capital expenditure program; project economics including internal rate of return; the commencement date of the Cascade Power Plant; Peyto's preliminary budget and capital activity plans for 2024; estimated new production of 40,000 to 45,000 boe/d by the end of 2024; forecasted 2024 base decline of 25%; estimated 2023 production exit rate of 126,000 to 128,000 boe/d; Peyto's 2024 management changes; management's projection to grow production to over 160,000 boe/d by the end of 2026 through capital investments ranging between $450–$500 million per year; 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, 2022 under the heading "Risk Factors" and in Peyto's annual management's discussion and analysis under the heading "Risk Factors".

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.

Thousand Cubic Feet Equivalent (Mcfe)

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.

Drilling Locations

This news release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. In respect of Repsol assets, proved locations and probable locations are derived from a report prepared by GLJ Ltd. that evaluated 100% of the producing reserves associated with the Repsol lands dated effective June 1, 2023 and account for drilling locations that have associated proved and/or probable reserves, as applicable. 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 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. 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.*

Non-GAAP and Other Financial Measures

Throughout this press release, 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.

Non-GAAP Financial Measures

Funds from Operations

"Funds from operations" is a non-GAAP measure which represents cash flows from operating activities before changes in non-cash operating working capital, decommissioning expenditure, provision for future performance-based compensation and transaction costs. Management considers funds from operations and per share calculations of funds from operations to be key measures as they demonstrate the Company's ability to generate the cash necessary to pay dividends, repay debt and make capital investments. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds from operations provides a useful measure of Peyto's ability to generate cash that is not subject to short-term movements in operating working capital. The most directly comparable GAAP measure is cash flows from operating activities.

	Three Months Ended September 30		***Nine months Ended September 30***	
($000)	***2023***	*2022*	***2023***	*2022*
Cash flows from operating activities	***139,406***	*205,464*	***471,621***	***611,835***
Change in non-cash working capital	***6,352***	*(14,155)*	***(3,691)***	***(13,633)***
Decommissioning expenditures	***1,026***	*3,579*	***1,026***	***3,579***
Performance based compensation	***-***	*2,500*	***-***	***5,000***
Transaction costs	***1,196***	*-*	***1,196***	***-***
Funds from operations	***147,980***	*197,388*	***470,152***	***606,781***

Free Funds Flow

Peyto uses free funds flow as an indicator of the efficiency and liquidity of Peyto's business, measuring its funds after capital investment available to manage debt levels, pay dividends, and return capital to shareholders through activities such as share repurchases. Peyto calculates free funds flow as funds from operations generated during the period less additions to property, plant and equipment, included in cash flow from investing activities in the statement of cash flows. By removing the impact of current period additions to property, plant and equipment from funds from operations, Management monitors its free funds flow to inform its capital allocation decisions. The most directly comparable GAAP measure to free funds flow is cash from operating activities. The following table details the calculation of free funds flow and the reconciliation from cash flow from operating activities to free funds flow.

	Three Months Ended September 30		***Nine months Ended September 30***	
($000)	***2023***	*2022*	***2023***	*2022*
Cash flows from operating activities	***139,406***	*205,464*	***471,621***	*611,835*
Change in non-cash working capital	***6,352***	*(14,155)*	***(3,691)***	*(13,633)*
Decommissioning expenditures	***1,026***	*3,579*	***1,026***	*3,579*
Performance based compensation	***-***	*2,500*	***-***	*5,000*
Transaction costs	***1,196***	*-*	***1,196***	***-***
Total capital expenditures	***(93,579)***	*(140,400)*	***(297,701)***	*(391,820)*
Free funds flow	***54,401***	*56,988*	***172,451***	*214,961*

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 September 30		***Nine months Ended September 30***	
($000)	***2023***	*2022*	***2023***	*2022*
Cash flows used in investing activities	***350,780***	*140,934*	***579,104***	*401,612*
Change in prepaid capital	***(4,051)***	*(6,740)*	***(664)***	*8,190*
Deposit for acquisition	***(63,303)***	-	***(63,303)***	-
Subscription receipt funds in escrow	***(201,307)***	-	***(201,307)***	-
Corporate acquisitions	**-**	-	**-**	*(22,220)*
Change in non-cash working capital relating to investing activities	***11,460***	*6,206*	***(16,129)***	*4,238*
Total capital expenditures	***93,579***	*140,400*	***297,701***	*391,820*

Net Debt

"Net debt" is a non-GAAP financial measure that is the sum of long-term debt and working capital excluding the current financial derivative instruments and current portion of lease obligations and current portion of decommissioning provision. It is used by management to analyze the financial position and leverage of the Company. Net debt is reconciled to long-term debt which is the most directly comparable GAAP measure.

($000)	***As at September 30, 2023***	*As at December 31, 2022*	*As at September 30, 2022*
Long-term debt	***818,080***	*759,176*	*934,828*
Current assets	***(481,090)***	*(218,550)*	*(180,885)*
Current liabilities	***449,048***	*471,858*	*506,950*
Financial derivative instruments - current	***94,213***	*(126,081)*	*(289,149)*
Current portion of lease obligation	***(1,300)***	*(1,266)*	*(1,255)*
Decommissioning provision - current	***(1,940)***	-	-
Net debt	***877,011***	*885,137*	*970,489*

Non-GAAP Financial Ratios

Funds from Operations per Share

Peyto presents funds from operations per share by dividing funds from operations by the Company's diluted or basic weighted average common shares outstanding. "Funds from operations" is a non-GAAP financial measure. Management believes that funds from operations per share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

Netback per MCFE and BOE

"Netback" is a non-GAAP measure that represents the profit margin associated with the production and sale of petroleum and natural gas. Peyto computes "field netback per Mcfe" as commodity sales from production, plus net third party sales, if any, plus other income, less royalties, operating, and transportation expense divided by production. "Cash netback" is calculated as "field netback" less interest, less general and administration expense and plus or minus realized gain (loss) on foreign exchange, divided by production. 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.

	Three Months Ended September 30		***Nine months Ended September 30***	
($/Mcfe)	***2023***	*2022*	***2023***	*2022*
Gross Sale Price	***3.67***	*6.48*	***4.37***	*6.66*
Realized hedging loss (gain)	***0.62***	*(1.60)*	***0.09***	*(1.48)*
Net Sale Price	***4.29***	*4.88*	***4.46***	*5.18*
Third party sales net of purchases	**-**	*0.07*	**-**	*0.03*
Other income	***0.02***	*0.04*	***0.03***	*0.02*
Royalties	***(0.29)***	*(0.70)*	***(0.33)***	*(0.75)*
Operating costs	***(0.44)***	*(0.38)*	***(0.47)***	*(0.39)*
Transportation	***(0.29)***	*(0.26)*	***(0.27)***	*(0.27)*
Field netback	***3.29***	*3.65*	***3.42***	*3.82*
Net general and administrative	***(0.04)***	*(0.02)*	***(0.04)***	*(0.02)*
Interest and financing	***(0.28)***	*(0.21)*	***(0.24)***	*(0.22)*
Realized gain on foreign exchange	***0.01***	*0.02*	**-**	*0.01*
Cash netback ($/Mcfe)	***2.98***	*3.44*	***3.14***	*3.59*
Cash netback ($/boe)	***17.85***	*20.62*	***18.85***	*21.56*

Return on Equity
Peyto calculates ROE, expressed as a percentage, as Earnings divided by Equity. Peyto uses ROE as a measure of long- term financial performance, to measure how effectively Management utilizes the capital it has been provided by shareholders and to demonstrate to shareholders the returns generated over the long term.

Return on Capital Employed
Peyto calculates ROCE, expressed as a percentage, as EBIT divided by Total Assets less Current Liabilities per the Financial Statements. Peyto uses ROCE as a measure of long-term financial performance, to measure how effectively Management utilizes the capital (debt and equity) it has been provided and to demonstrate to shareholders the returns generated over the long term.

Total Payout Ratio
"Total payout ratio" is a non-GAAP measure which is calculated as the sum of dividends declared plus additions to property, plant and equipment, 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.

	Three Months Ended September 30		***Nine months Ended September 30***	
($000, except total payout ratio)	***2023***	*2022*	***2023***	*2022*
Total dividends declared[(1)]	***59,802***	*25,686*	***175,195***	*76,529*
Total capital expenditures	***93,579***	*140,400*	***297,701***	*391,820*
Total payout	***153,381***	*166,086*	***472,896***	*468,349*
Funds from operations	***147,980***	*197,388*	***470,152***	*606,781*
Total payout ratio (%)	***104%***	*84%*	***101%***	*77%*

(1) Total dividends declared in the three and nine months ended September 30, 2023 includes the dividend equivalent payment of $1.9 million associated with the Subscription Receipts. See note 3 in the financial statements for additional information.

Operating Margin
Operating Margin is a non-GAAP financial ratio defined as funds from operations, before current tax, divided by revenue before royalties but including realized hedging gains/losses and third-party sales net of purchases.

Profit Margin
Profit Margin is a non-GAAP financial ratio defined as net earnings divided by revenue before royalties but including realized hedging gains/losses and third-party sales net of purchases.

Free Cash flow Ratio
Free Cash Flow Ratio is a non-GAAP financial ratio defined as Free Funds Flow for the quarter divided by Funds From Operations for the quarter. Management monitors its Free Cash Flow Ratio to inform its capital allocation decisions.

Total Cash Costs
Total cash costs is a non-GAAP financial ratio defined as the sum of royalties, operating expenses, transportation expenses, G&A and interest, on a per Mcfe basis. Peyto uses total cash costs to assess operating margin and profit margin.