NEWS RELEASE

FEBRUARY 15, 2024 **SYMBOL: PEY - TSX**

PEYTO DELIVERS STRONG RESERVES GROWTH IN 2023

Peyto Exploration & Development Corp. ("Peyto" or the "Company") is pleased to present the results and in-depth analysis of its independent reserve report effective December 31, 2023. The evaluation encompassed 100% of Peyto's reserves and was conducted by GLJ Ltd. ("GLJ"). The year 2023 marks the Company's 25th year of successful reserves development.

2023 HIGHLIGHTS

- Peyto delivered strong reserves growth across all categories in 2023 from its successful drilling program and the strategic acquisition of Repsol Canada Energy Partnership (the "Repsol Assets"). Proved Developed Producing ("PDP") reserves increased 35% to 443 million barrels of oil equivalent ("MMboe"), Total Proved ("TP") reserves increased 41% to 830 MMboe, and Total Proved plus Probable ("P+P") reserves increased 40% to 1,303 MMboe. On a per share basis, reserves increased 21%, 26%, and 26% for PDP, TP, and P+P, respectively.
- Peyto replaced 400%, 727% and 1,077% of annual production with new PDP, TP, and P+P reserves, respectively.
- Peyto developed and acquired 920.2 BCFe[1] (153.4 MMboe) of new PDP reserves at a Finding, Development and Acquisition ("FD&A"[2]) cost of $1.21/Mcfe ($7.25/boe). Peyto's 3-year average PDP FD&A cost is $1.20/Mcfe.
- Peyto executed a strong drilling program with Finding and Development costs ("F&D"[2]), before acquisitions, of $1.15/Mcfe for PDP reserves while acquiring reserves at $1.24/mcfe.
- FD&A costs, including the change in Future Development Capital ("FDC"), for TP and P+P reserve categories were $1.43/Mcfe ($8.56/boe) and $1.22/Mcfe ($7.32/boe), which represents an 18% and a 40% reduction from 2022, respectively.
- The Company added 353 gross locations, the majority of which are located on lands acquired from Repsol. This increases the Company's total booked location count to 1,608 gross locations, 65% of which are classified as Proved.
- The Company's average field netback[3] was $3.51Mcfe ($21.07/boe), resulting in 2.9 times recycle ratio[4] (2.7 times on an unhedged basis).
- The Reserve Life Index[5] ("RLI") for the PDP, TP and P+P reserves increased to 10, 19 and 30 years, respectively, due to acquisition of low decline production from the Repsol Assets. Peyto's PDP reserve life is one of the longest in the industry.
- Total Company reserve values (BT NPV5) for PDP, TP, and P+P reserves on a debt adjusted basis are $23.31/share, $49.66/share, and $75.88/share.

2024 CAPITAL BUDGET

The Board of Directors of Peyto has approved a 2024 capital budget of $450–$500 million. The capital program is projected to add between 40,000 and 45,000 boe/d of new production by year end and offset the estimated 25% decline in base production allowing Peyto to target an exit rate between 135,000 to 140,000 boe/d. The Company expects to utilize four drilling rigs to drill 70–80 net horizontal wells representing approximately 80% of the 2024 budget. The remaining capital is planned for optimization and maintenance projects for Peyto's 15 operating gas plants and extensive gathering system infrastructure. The Company's capital program is specifically designed to have flexibility in the back half of the year when natural gas prices are forecasted to strengthen. In the meantime, Peyto will target the low end of guidance and closely monitor future prices and react to the business environment as it unfolds.

Peyto's active hedging program has secured prices for approximately 70% of projected gas volumes for 2024 at an average price near $4/mcf, which provides revenue security for the Company's business plan. This level of price protection is one of the highest in the industry. Peyto's market diversification to multiple sales points also helps to de-risk the reliance on a single market and provides exposure to anomalous events similar to the recent very cold temperatures experienced in January that drove up prices in the US mid-west. In addition to various export markets, Peyto has an agreement to supply 60,000 GJ/d of gas to the 900 MWh Cascade power plant which is expected to start up in the second quarter. This project has been delayed due to equipment failures during the initial commissioning stages which have since been rectified.

REPSOL ACQUISITION

On October 17, 2023, Peyto closed the acquisition of the Repsol Assets, which included approximately 23,000 boe/d of low-decline production, 455,000 net acres of mineral land and interests in 5 operated gas plants in the Alberta Deep Basin directly adjacent to the Company's Greater Sundance area. The purchase of the Repsol Assets was motivated by the internal identification of over 800 low-risk, high impact, undrilled locations[6], and the synergies with Peyto's lands and facilities.

Highlights of the Repsol Asset included in the reserves report include:

- Peyto drilled and brought on production 8 wells prior to year-end which exhibited strong reserves assignments of 7.0 BCFe/well at an average half cycle proved plus probable developed producing ("PDP+PA") finding cost per well of $0.76/mcfe, demonstrating the significant quality of upside on the new lands.
- The reserves attributed to the Repsol Assets in the report are 92 MMboe, 195 MMboe, 300 MMboe in the PDP, TP, P+P categories, respectively, at December 31, 2023 (excluding the 8 wells drilled by Peyto on the assets in Q4 2023).
- Total consideration of $699 million was paid to acquire the assets and approximates the BT NPV8 of the PDP reserves of $715 million at December 31, 2023, implying all undeveloped drilling opportunities came at no additional cost other than to drill them.
- Proved Developed Producing costs for the acquisition including the post-closing adjustment are $7.44/boe ($1.24/Mcfe) with an accretive RLI of 11.2 years.
- 299 of the 800 internally identified horizontal drilling locations have been included in the reserves report at December 31, 2023 with an average P+P well assignment of 835 Mboe/well (5.0 BCFe/well) and half cycle development costs of $5.60/boe ($0.93/Mcfe).
- Continued optimization of plant throughput and integration with the Greater Sundance area to reduce costs and extend reserves life.

The total consideration paid for the Repsol Assets was $699 million, which included a $636 million base purchase price and a $63 million post-closing adjustment. The post-closing adjustment reimbursed Repsol for costs incurred during the interim period from June 1 to October 17, 2023 and included payments for capital expenditures, royalties, operating expenses, corporate allocations, and G&A expenses. During the interim period Repsol had an active drilling program and incurred approximately $45 million in capital expenditures drilling wells and constructing pipeline infrastructure, which included $17 million of equipment inventory. The capital inventory will be fully deployed in Peyto's drilling program by the end of 2024. The corporate allocations, G&A expenses, and capital expenditures during the interim period represent a large portion of the post-closing adjustment and will not continue under Peyto's industry leading cost structure and operating philosophy.

HISTORICAL PERSPECTIVE

Over the past 25 years, Peyto has acquired, explored and discovered 10.5 TCFe of Alberta Deep Basin natural gas and associated liquids, of which 57% has now been developed[7].

Peyto 25-year cumulative production*:	2.690	TCFe
Total Proved + Probable Developed reserves*:	3.333	TCFe
Total Developed natural gas and liquids*:	6.023	TCFe
Total Proved + Probable Undeveloped reserves*:	4.485	TCFe
Total acquired, explored for and discovered*:	10.508	TCFe

* As at December 31, 2023

Each year the Company invests in the discovery of new reserves and the efficient and profitable development of existing reserves into high netback natural gas and NGL production for the purpose of generating the maximum possible return on capital for its shareholders.

In those 25 years, a total of $8.4 billion was invested in the Canadian economy in the acquisition and development of 6.0 TCFe of total developed natural gas and associated liquids at an average cost of $1.40/Mcfe, while a weighted average field netback[3] of $3.47/Mcfe delivered $8.4 billion in FFO, $2.8 billion in dividends and distributions to shareholders, and resulted in a cumulative recycle ratio[4] of 2.5 times. Royalty payments made to Alberta during this time have totaled over $1.2 billion.

Based on the December 31, 2023 evaluation, the debt adjusted, Net Present Value of the Company's remaining Total Proved plus Probable reserves ("P+P NPV", 5% discount, less debt) was $76/share, comprised of $34/share of developed reserves and $42/share of undeveloped reserves. This includes a provision for all abandonment liability for wells, well sites, pipelines, and facilities for which Peyto has ownership and responsibility.

2023 RESERVES REPORT AND ANALYSIS

The following table summarizes Peyto's reserves and the discounted Net Present Value of future cash flows, before income tax, using the 3 Consultant Average ("3CA") pricing forecast (GLJ, McDaniel, and Sproule), at January 1, 2024.

					Before Tax Net Present Value ($millions) Discounted at			
Reserve Category	**Gas (BCF)**	**Oil & NGL (mstb)**	**BCFe (6:1)**	**MMboe (6:1)**	**0%**	**5%**	**8%**	**10%**
Proved Developed Producing	2,240	70,125	2,661	443	$9,384	$5,879	$4,742	$4,199
Proved Non-producing	26	580	29	5	$99	$60	$46	$40
Proved Undeveloped	2,005	47,943	2,293	382	$8,923	$5,044	$3,776	$3,165
Total Proved	4,271	118,648	4,983	830	$18,405	$10,983	$8,564	$7,403
Probable	2,480	59,582	2,837	473	$12,170	$5,077	$3,380	$2,670
Total Proved + Probable	6,751	178,230	7,820	1,303	$30,575	$16,060	$11,944	$10,073

Note: Based on the GLJ report effective December 31, 2023. Tables may not add due to rounding.

ANALYSIS FOR PEYTO SHAREHOLDERS

One of the guiding principles at Peyto is "to tell you the business facts that we would want to know if our positions were reversed". Therefore, each year Peyto provides an extensive analysis of the independent reserve evaluation that goes far beyond industry norms to answer the most important questions for shareholders:

1. Base Reserves – How did the "base reserves" that were on production at the time of the last reserve report perform during the year, and how did any change in commodity price forecast affect their value?
2. Value Creation – How much value did the 2023 capital investments create, both in current producing reserves and in undeveloped potential? Has the Peyto team earned the right to continue investing shareholders' capital?
3. Growth and Income – Are the projected cash flows capable of funding the growing number of undeveloped opportunities and a sustainable dividend stream to shareholders, without sacrificing Peyto's financial flexibility or allowing for the timely repayment of any debt used?
4. Risk Assessment – What are the risks associated with the assessment of Peyto's reserves and the risk of recovering future cashflows from the forecast production streams?

1. Base Reserves

Peyto's existing PDP reserves at the start of 2023 (the base reserves) were evaluated and adjusted for 2023 production as well as any technical or economic revisions resulting from the additional twelve months of production and commodity price data. As part of GLJ's independent engineering analysis, all base 1,883 producing reserve entities (zones/wells) were evaluated. These base producing wells and zones represent a total gross Estimated Ultimate Recoverable ("EUR") volume of 5.4 TCF (remaining PDP+PA reserves plus all cumulative production to date), which is within 0.5% of the prior year estimate. As a result, Peyto is pleased to report that its total base reserves continue to meet expectations, which provides confidence in the prediction of future recoveries.

The commodity price forecast used by GLJ in this year's evaluation is lower than last year for both natural gas and natural gas liquids which has had the effect of decreasing the Net Present Value of all reserve categories. For example, the debt adjusted NPV, discounted at 5%, of last year's PDP reserves, decreased $679 million (or 12% of 2022 NPV_5) due to the difference in commodity price forecasts and Peyto's realized historical offsets to posted prices. The 3CA price forecast used in the evaluation is available on GLJ's website at www.gljpc.com

For 2024, GLJ is forecasting the total base production (PDP reserves) to decline to approximately 95,000 boe/d (485MMcf/d of gas and 14,400 bbl/d of NGLs) by December 2024. This decline implies a total base decline rate of approximately 25% from December 2023 and is an improvement over prior years due to the addition of the more mature Repsol Assets and maturing of Peyto's existing production. The historical base decline rates and capital programs are shown in the following table:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024F
Base Decline (%/yr)*	40%	40%	37%	35%	29%	23%	27%	30%	29%	25%
Capital Expenditures ($MM)	$594	$469	$521	$232	$206	$236	$365	$529	$413	$475

**The base decline represents the aggregate annual decline of all wells on production at the end of the previous year.*

2. Value Creation/Reconciliation

During 2023, Peyto invested a total of $413 million in organic activity to evaluate exploration lands, expand its pipeline gathering network, and drill 72 gross (67.8 net) wells. Additionally, the Company invested $699 million to acquire the Repsol Assets on October 17, 2023. In keeping with Peyto's strategy of maximizing shareholder returns, an evaluation of the economic outcome of this investment activity is necessary to determine, on a go-forward basis, the best use of shareholders' capital. Not only does this look back analysis give shareholders a detailed report card on the capital that was invested, but it also helps illustrate the potential returns that can be generated from similar future undeveloped opportunities.

Exploration, Development, and Acquisition Activity

Of the total capital invested in exploration and development activities (excluding acquisitions) in 2023, approximately 4% was spent acquiring lands and seismic, 16% on pipeline and facility projects, and the remaining 80% was spent drilling, completing, and connecting existing and new reserves. Of the 72 gross wells drilled, 44 or 61%, were previously identified as undeveloped reserves in last year's reserve report (32 Proved, 12 Probable locations). The remaining 28 wells were locations developed in the year, on both existing and acquired lands, and were not recognized in last year's report.

The undeveloped reserves at year end 2022 originally booked to the 44 drilled locations referred to above, totaled 171 BCFe (3.9 BCFe/well) of Proved plus Probable Undeveloped reserves for a forecast capital investment of $159 million ($0.93/Mcfe). In actuality, $196 million of capital ($0.83/Mcfe) was spent on these 44 conversions during 2023, yielding Proved plus Probable Developed Producing reserves of 236 BCFe (5.4 BCFe/well) resulting in an 11% improvement of finding costs over what was previously forecast. Peyto continued to increase average horizonal lengths through 2023 which had the result of increasing total capital spent but also significantly improving year over year finding costs.

The following table illustrates the Company's historical performance in converting predicted future undeveloped locations into producing wells and demonstrates that, other than the rapid inflation experienced in 2022, Peyto has typically converted more reserves at a lower cost than was forecast.

Reserve Year	Total Drills	Booked Locations Converted	Booked/ Total	Forecast Outcome		**Forecast Cost per Unit**	Actual Outcome		**Actual Cost per Unit**	Actual/ Forecast Cost per Unit
	gross wells	gross wells		BCFe	Capex* $MM	**$/Mcfe**	BCFe	Capex* $MM	**$/Mcfe**	
2014	123	90	73%	278	$417	**$1.50**	288	$419	**$1.45**	-3%
2015	140	103	74%	307	$456	**$1.49**	348	$385	**$1.11**	-26%
2016	128	82	64%	254	$297	**$1.17**	254	$246	**$0.97**	-17%
2017	142	97	68%	298	$295	**$0.99**	321	$305	**$0.95**	-4%
2018	70	37	53%	104	$115	**$1.10**	120	$118	**$0.98**	-11%
2019	61	39	64%	129	$111	**$0.86**	123	$109	**$0.88**	+2%
2020	64	52	81%	172	$158	**$0.92**	165	$135	**$0.82**	-11%
2021	95	61	64%	221	$193	**$0.87**	227	$192	**$0.84**	-3%
2022	95	79	83%	331	$268	**$0.81**	333	$320	**$0.96**	+19%
2023	**72**	**44**	**61%**	**171**	**$159**	**$0.93**	**236**	**$196**	**$0.83**	**-11%**
Total	**1,293**	**894**	**69%**	**2,896**	**$3,433**	**$1.19**	**3,082**	**$3,360**	**$1.09**	**-8%**

**Capex represents only well related capital for drilling, completion, equipping and tie-in*

This annual analysis of reserves that are converted from undeveloped to developed helps to validate the accuracy of the remaining future undeveloped reserves and the associated capital requirements. This accuracy helps Peyto predict future reserve recoveries and capital requirements and reduces the risk associated with valuing future undeveloped locations. While the Peyto team will do its utmost plans to continue to drive down costs in 2024, future development capital used in the reserves report for undeveloped locations reflects the most recent costs seen in 2023.

Value Reconciliation

In order to measure the success of all capital invested in 2023, it is necessary to quantify the total amount of value created during the year and compare that to the total amount of capital invested. Each year, Peyto runs last year's reserve evaluation with this year's price forecast to remove the change in value attributable to commodity prices. This approach isolates the value created by the Peyto team from the value created (or lost) by those changes outside of their control (ie. Commodity prices). Since the capital investments can be funded from a combination of cash flow, debt and equity, it is necessary to know the change in debt and the change in shares outstanding to see if the change in value is truly accretive to shareholders.

At year-end 2023, Peyto's estimated net debt had increased by 54% or $480 million while the number of shares outstanding increased by 12%, due to a successful share offering as part of the funding for the purchase of the Repsol Assets and the Company's stock option program, to 193.7 million shares. In calculating the change in debt the Company included all capital expenditures, and the total fixed and performance-based compensation paid out for the year. Although these estimates are believed to be accurate, they remain unaudited at this time and may be subject to change.

Based on this reconciliation of changes in BT NPV, the Peyto team was able to create $2.2 billion of PDP, $4.9 billion of TP, and $8.7 billion of P+P undiscounted reserve value, with $413 million of capital investment and $699 million in acquisition costs. The ratio of capital expenditures to value creation is what Peyto refers to as the NPV recycle ratio[4], which is simply the undiscounted value addition, resulting from the capital program and acquisition, divided by the capital and acquisition investment. For 2023, the PDP NPV recycle ratio is 2.0, which means for each dollar invested, the Peyto team was able to create 2.0 new dollars of PDP reserve value.

The historic NPV recycle ratios are presented in the following table.

	2014	2015	2016	2017	2018	2019	2020	2021	**2022**	**2023**	**10 yr Wt. Avg.**
Capital Investment ($MM)	$690	$594	$469	$521	$232	$206	$236	$365	$529	$1,112	
NPV_0 Recycle Ratio											
Proved Developed Producing	1.5	2.3	2.9	2.3	4.6	1.8	3.5	5.2	3.6	2.0	**2.7**
Total Proved	1.7	3.3	4.2	3.2	11.7	5.5	6.9	5.5	4.0	4.4	**4.3**
Total Proved + Probable	2.6	5.0	7.3	4.0	15.1	9.2	6.5	11.5	3.8	7.8	**6.5**

**NPV_0 (net present value) recycle ratio is calculated by dividing the undiscounted NPV of reserves added in the year by the total capital cost for the period (eg. 2023 Proved Developed Producing $2,175/$1,112) =2.0).*

3. Growth and Income

Over the past 20.5 years, Peyto has paid a total of $21.31/share to shareholders in the form of distributions and dividends. Peyto's objective, as a dividend paying, growth-oriented corporation, is to profitably grow the resources which generate sustainable income (dividends) for shareholders. For income to be sustainable and grow, Peyto must profitably find and develop more reserves. Simply increasing production from the existing reserves will not make that income more sustainable. RLI, or a reserve to production ratio, provides a measure of this long-term sustainability.

During 2023, the Company's capital program and acquisition efforts were successful in replacing 400% of annual production with new PDP reserves, resulting in 35% growth. Fourth quarter production increased 14%, from 105 Mboe/d (553 MMcf/d gas, 12,840 bbl/d NGLs) to 120 Mboe/d (623 MMcf/d gas, 16,175 bbl/d NGLs). The change in both PDP reserves and fourth quarter production resulted in an increase of the PDP RLI (ratio of the two) from 8.6 years to 10.1 years. For comparative purposes, the TP and P+P RLI were 19 and 30 years, respectively. Management believes that the most meaningful method to evaluate the current reserve life is by dividing the PDP reserves by the actual fourth quarter annualized production. This way production is being compared to producing reserves as opposed to producing plus non-producing reserves.

The following table highlights the Company's historical RLI.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2023**
Proved Developed Producing	7	7	7	7	9	9	9	9	9	**10**
Total Proved	11	11	11	11	16	19	18	16	15	**19**
Total Proved + Probable	18	17	18	18	25	29	27	25	24	**30**

Future Undeveloped Opportunities

Every year Peyto finds and develops new drilling inventory that GLJ reviews to create a forecast of future development activity. Their forecast is by no means a complete assessment of Peyto's current opportunities, nor is Peyto content to just sit back and harvest these current opportunities. Each year the results from the drilling and acquisition activity spawn additional offsetting locations both on currently owned lands and lands Peyto does not yet own but attempts to acquire.

As of December 31, 2023, the future drilling locations recognized in the reserve report totaled 1,608 gross (1,292 net). This is up from the previous year of 1,295 (1,046 net). Of these future locations, 1,039 (65%) are categorized as Proven Undeveloped by the independent reserve evaluators, while 569 (35%) are Probable Undeveloped locations. The net reserves associated with the undeveloped locations (not including existing uphole zones) totals 4.5 TCFe (3.5 BCFe/well) consisting of 3.95 TCF of natural gas and 90 MMbbls of NGLs, while the capital required to develop them is estimated at $5.7 billion or $1.27/Mcfe. This development is forecast to create Before Tax Net Present Value of $9.0 billion (at 5% discount rate, inclusive of profit after capital recovery and future abandonment liability) or $42 per share (debt adjusted) of incremental value at the 3CA commodity price forecast.

The undiscounted, forecast for Net Operating Income for the TP and P+P reserves over the future development capital schedule, as contained in the evaluator's report, totals $12.2 billion and $16.4 billion, respectively, more than sufficient to fund the future development capital shown in the table below, ensuring those reserve additions are accretive to shareholders.

	Future Development Capital	
Year	TP Reserves Undisc., ($Millions)	P+P Reserves Undisc., ($Millions)
2024	500	499
2025	494	501
2026	397	500
2027	499	554
2028	578	592
2029	560	633
2030	295	642
2031	14	651
Thereafter	15	1,192
Total	3,352	5,764

4. <u>Risk Assessment</u>

Effectively 100% of Peyto's natural gas and natural gas liquid reserves exist in low permeability (tight), sandstone reservoirs in the Alberta Deep Basin. In almost all cases, the volumetric capacity of these sandstone reservoirs can be determined using traditional geological and reservoir engineering methods, which, when complimented by production performance data, increases the certainty of the reserve estimates. In the majority of Peyto's core areas, continuous drilling activity has further refined the geologic and geometric definition of these reservoirs to a higher level of certainty.

In addition, these Deep Basin sandstone reservoirs do not contain mobile water, nor are they supported by active aquifers. Mobile water traditionally increases the risk associated with reservoir recovery by impeding the flow of hydrocarbons through the reservoir and up the wellbore. Water production, separation and disposal processes also increase operating costs which shortens the economic life of producing wells, further contributing to reduced recovery. As many of these traditional reserves determination and recovery risks are not present in Peyto's Deep Basin reservoirs, Management has a higher level of confidence in its reserves and their ultimate recovery.

Peyto's high operating margins have meant that forecasts of net operating income are less affected by commodity price volatility than in most traditional reserve evaluations. As a result, the predicted economic life of Peyto's producing wells is less sensitive to changes in commodity prices. These high operating margins are achieved through the Company's high level of ownership and control of all levels of production operations, through a concentrated geographic asset base, and by striving to be the lowest cost producer in the industry.

Peyto attempts to further reduce the risk of predicted operating incomes with an active market diversification and hedging program that is designed, over time, to smooth out the volatility in both Alberta and US natural gas markets through a series of frequent transactions which is like "dollar cost averaging" the future gas price.

Finally, Peyto is the operator of over 96% of its producing wells which fits with the Company's own and control strategy. As of December 31, 2023, Peyto owned a total of 2,814 net wells of which over 88% are on production today and most are expected to produce for decades to come. Despite the Company's very low non-producing well count, Peyto has an active well retirement program where 13 net wells were abandoned in 2023. For perspective, the current existing developed reserves have a forecast value of $7.1 billion ($NPV_5$ of the PDP + PA and PDNP + PA), while the cost to abandon and reclaim all wells, well sites, pipelines, and facilities is estimated at $164 million using the same 5% discount rate for future costs. Peyto's future abandonment and reclamation costs are substantially within the province of Alberta and are estimated in a manner that is consistent with Alberta Energy Regulator ("AER") Directive 11 and other Alberta-based exploration and production companies. Peyto plans to spend approximately $10 million on abandonment and reclamation activities in 2024 which exceeds the mandatory spending requirements as set out by the AER for the period.

These cumulative factors listed above, which reduce the traditional risk of realizing future cashflows from Peyto's reserves, is why, in Management's opinion, Peyto's reserves can be valued at lower discount rates than other, more conventional asset bases and why Management highlights Net Present Values (NPV) at 5% discount rates.

PERFORMANCE RATIOS

The following table highlights annual performance ratios for the last decade. These can be used for comparative purposes, but it is cautioned that on their own they do not measure investment success.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proved Developed Producing										
FD&A ($/Mcfe)	**$1.21**	$1.41	$0.97	$1.06	$1.55	$1.18	$1.36	$1.44	$1.64	$2.25
RLI (yrs)	**10**	9	9	9	9	9	7	7	7	7
Recycle Ratio	**2.9**	2.8	2.8	1.5	1.4	2.3	2.1	1.8	2.0	1.9
Reserve Replacement	**400%**	165%	188%	127%	75%	98%	171%	153%	193%	183%

Total Proved										
FD&A ($/Mcfe)	**$1.43**	$1.75	$1.10	$0.20	$1.41	$1.21	$1.39	$1.01	$0.72	$2.37
RLI (yrs)	**19**	15	16	18	19	16	11	11	11	11
Recycle Ratio	**5.3**	2.3	2.4	8.0	1.7	2.2	2.0	2.6	4.5	1.8
Reserve Replacement	**727%**	159%	194%	132%	137%	294%	225%	183%	188%	254%
Future Development Capital ($ millions)	**$3,352**	$2,081	$1,979	$1,917	$2,107	$1,971	$1,488	$1,305	$1,381	$1,721
Total Proved + Probable										
FD&A ($/Mcfe)	**$1.22**	$2.03	$1.09	($0.01)	$1.25	1.02	$1.49	$0.62	$0.54	$2.01
RLI (yrs)	**30**	24	25	27	29	25	18	18	17	18
Recycle Ratio	**7.8**	1.9	2.5	N/A	1.7	2.6	1.9	4.2	6.1	2.1
Reserve Replacement	**1077%**	167%	308%	167%	140%	342%	279%	283%	287%	328%
Future Development Capital ($millions)	**$5,764**	$3,855	$3,612	$3,308	$3,547	$3,445	$2,978	$2,563	$2,657	$2,963

See Non-GAAP Financial Ratios in the Advisories section of this news release for details on the calculation of the above metrics.

RESERVES COMMITTEE

Peyto has a reserves committee, comprised of independent board members, that reviews the qualifications and appointment of the independent reserve evaluators. The committee also reviews the procedures for providing information to the evaluators. All booked reserves are based upon annual evaluations by the independent qualified reserve evaluators conducted in accordance with the COGE (Canadian Oil and Gas Evaluation) Handbook and National Instrument 51-101. The evaluations are conducted using all available geological and engineering data. The reserves committee has reviewed the reserves information and approved the reserve report.

OUTLOOK

Lower seasonal demand as a result of a warmer-than-normal North American winter, coupled with increased production has left gas storage levels above the 5-year average across the continent. This imbalance continues to put downward pressure on prices for 2024, however, the increase in gas-fired power demand and the buildout of LNG egress projects over the next two years bodes well for the longer-term future of natural gas prices.

Peyto's risk management strategies such as market diversification and systematic hedging will continue to play an important role in securing the Company's revenue going forward. Currently, Peyto has protected approximately 70% of forecasted gas production in 2024 with fixed price hedges at prices just under $4/mcf. Additionally, Peyto has approximately 55% of forecasted gas volumes fixed for 2025. These gas marketing strategies attempt to ensure steady funding of future capital programs, sustainability of dividends, and protection of the balance sheet. As the industry's lowest cost producer, Peyto is naturally insulated from short term price dislocations to preserve profit margins but will monitor the business environment to ensure continued profitable growth with shareholder capital.

GENERAL

A complete filing of the Statement of Reserves (form 51-101F1), Report on Reserves (form 51-101F2), and Report of Management and Directors on Oil and Gas Disclosure (form 51-101F3) will be available in the Annual Information Form to be filed by the end of March 2024. Shareholders are encouraged to actively visit Peyto's website located at www.peyto.com. For further information, please contact Jean-Paul Lachance, President and Chief Executive Officer of Peyto at (403) 261-6081.

ADVISORIES

Unaudited Financial Information

Certain financial and operating information included in this news release including, without limitation, exploration and development expenditures, acquisitions, field netbacks, funds from operations, net debt, FD&A costs, Finding & Development costs excluding acquisitions, acquisition costs, and recycle ratio, are based on estimated unaudited financial results for the year ended December 31, 2023, and are subject to the same limitations as discussed under Forward Looking Information set out below. These estimated amounts may change upon the completion of audited financial statements for the year ended December 31, 2023 and changes could be material.

Information Regarding Disclosure on Oil and Gas Reserves

Some values set forth in the tables above may not add due to rounding. 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. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

Forward-Looking Information

This news release contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: management's assessment of Peyto's future plans and operations, including the 2024 capital expenditure program, the volumes and estimated value of Peyto's reserves, the life of Peyto's reserves, production estimates, project economics including NPV, netback and recycle ratio, the ability to enhance value of reserves for shareholders and ensure the reserves generate the maximum possible return, the commencement of the Cascade Power Plant, and LNG egress. Forward-looking statements or information are based on a number of material factors, expectations or assumptions of Peyto which have been used to develop such statements and information, but which may prove to be incorrect. Although Peyto believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking information and statements because Peyto can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, the impact of increasing competition, the timely receipt of any required regulatory approvals, the ability of Peyto to obtain qualified staff, equipment and services in a timely and cost efficient manner, drilling results, field production rates and decline rates, the ability to replace and expand reserves through development and exploration, future commodity prices, currency, exchange and interest rates, regulatory framework regarding royalties, taxes and environmental matters and the ability of Peyto to successfully market its oil and natural gas products. By their nature, forward-looking information and statements are subject to numerous risks and uncertainties, some of which are beyond these parties' control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. 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 information and statements will transpire or occur, or if any of them do so, what benefits that Peyto will derive therefrom. The forward-looking information and statements contained in this news release speak only as of the date of this news release, and Peyto does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

This news release contains information, including in respect of Peyto's 2024 capital program, which may constitute future oriented financial information or a financial outlook. Such information was approved by the Board of Directors of Peyto on February 15, 2024, and such information is included herein to provide readers with an understanding of the Company's anticipated capital expenditures for 2024. Readers are cautioned that the information may not be appropriate for other purposes.

Barrels of Oil Equivalent

Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Drilling Locations

This news release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. 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 15, 2024 and effective December 31, 2023 (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 Repsol Assets, the 800 gross drilling locations identified herein, 216 gross are proved locations, 83 gross are probable locations and 501 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 news 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. Such metrics have been included by Peyto to give readers additional measures to evaluate the Peyto's performance; however, such measures are not reliable indicators of the future performance of Peyto and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon.

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 and provision for future performance-based compensation. 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.

Capital Expenditures
Peyto uses the term 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.

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. 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.

Non-GAAP Financial Ratios

Netback per MCFE
"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.

Finding, Development and Acquisition Costs
FD&A (finding, development and acquisition) costs are used as a measure of capital efficiency and are calculated by dividing the capital costs for the period, plus acquisition costs and including the change in undiscounted FDC, by the change in the reserves, incorporating revisions and production, for the same period (eg. 2023 Total Proved ($413MM+$699MM+$1,271MM)/(830.5Mboe-590.2Mboe+38.3Mboe) = $8.56/boe or $1.43/Mcfe).

Finding and Development Costs
F&D (finding and development) costs are used as a measure of capital efficiency and are calculated by dividing the capital costs for the period, including the change in undiscounted FDC, by the change in the reserves, incorporating revisions and production, for the same period.

Reserve Life Index
The RLI is calculated by dividing the reserves (in boes) in each category by the annualized Q4 average production rate in boe/year (eg. 2023 Proved Developed Producing 443,492Mboe/(120Mboe/d x365) =10.1). Peyto believes that the most accurate way to evaluate the current reserve life is by dividing the proved developed producing reserves by the annualized actual fourth quarter average production. In Peyto's opinion, for comparative purposes, the proved developed producing reserve life provides the best measure of sustainability.

NPV_0 Recycle Ratio
The NPV_0 Recycle Ratio is the ratio of capital expenditures to value creation, which is simply the undiscounted value addition, resulting from the capital program and acquisition, divided by the capital and acquisition investment.

Recycle Ratio
The Recycle Ratio is calculated by dividing the field netback per boe, by the FD&A costs for the period (eg. 2023 Proved Developed Producing $21.07/boe/$7.25/boe=2.9). The recycle ratio compares the netback from existing reserves to the cost of finding new reserves and may not accurately indicate investment success unless the replacement reserves are of equivalent quality as the produced reserves.

Reserve Replacement Ratio
The reserve replacement ratio is determined by dividing the yearly change in reserves before production by the actual annual production for the year (eg. 2023 Total Proved (830.5Mboe-590.2Mboe+38.3Mboe)/37.8Mboe =727%).

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

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[1] BCF and TCF refers to billions and trillions of cubic feet, respectively
[2] F&D and FD&A are non-GAAP financial ratios. See "non-GAAP and Other Financial Measures" in this news release
[3] Field netback operations is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release
[4] Recycle ratio and NPV Recycle Ratio are non-GAAP financial ratios. See "non-GAAP and Other Financial Measures" in this news release
[5] RLI is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release
[6] See "Drilling Locations" in this news release for further information
[7] Developed Reserves is Total Proved + Probable Developed Reserves and includes Proved + Probable Developed Producing reserves and Proved + Probable Developed Non-Producing reserves