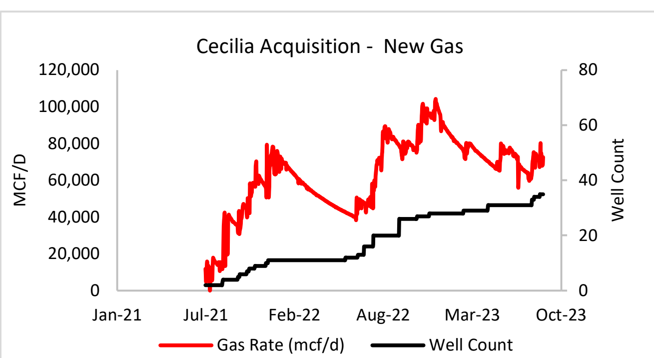
September 2023 | **By Jean-Paul Lachance, President and Chief Executive Officer**

Peyto's Small Tuck-in Acquisitions

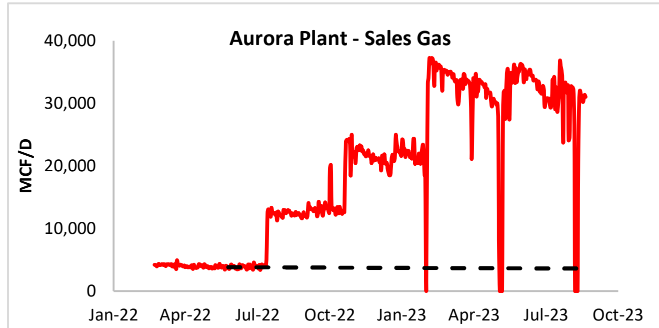
Peyto's strategy over it's 25-year history has been to exploit our world class asset in the Deep Basin through the drill bit, returning value to shareholders while staying laser-focused on controlling costs. We have accomplished this by growing our land base through crown sales, farm-ins, pooling of lands, and recently with some small tuck-in acquisitions. The criteria we use for small acquisition targets are in keeping with our core beliefs of owning and controlling our production. We look for assets where there is considerable upside potential, immediate growth, and operational synergies (complementary infrastructure or where we can use our own). Often, we have these targets geologically mapped since we have been drilling our own wells in proximity. In the past three years, we have made three such tuck-in acquisitions and have rapidly realized value in picking up the assets.

In 2021, we added the Cecilia asset to our Greater Sundance Area (GSA). Our operations engineers and field staff got the asset plumbed into our system and began looking for opportunities to optimize the wells and infrastructure, immediately. The Cecilia facility is now fully integrated into our infrastructure giving us the ability to swing gas between Wildhay, Cecilia, Oldman and Nosehill. This flexibility reduces the impact of outages from plant and 3rd party maintenance or even natural disasters. We also began drilling soon after closing the deal and had the plant full by the end of 2021. Since April-2021 we have drilled, completed and tied in 35 wells on the Cecilia lands across four different horizons. By the end of 2022, the new Cecilia wells added over 17,000 boe/d, 6 times the production of the asset at the time of acquisition! This quarter, we have brought on two new Cecilia wells and plan to keep a rig in the area for the remainder of the year. The chart below shows the production from the new Cecilia wells and demonstrates how quickly Peyto gets on with realizing value from small acquisitions.



In 2022, the team saw another opportunity to grow our land base with two small acquisitions that fit nicely into our Greater Brazeau (GBA) land base. The acquisitions combined to add 114.7 net sections and 45 mmcf/d of gas processing capacity. The Aurora plant was quickly integrated into our Chambers – Brazeau gathering system and gave us great flexibility when the wildfires hit this past summer. We began connecting to our newly acquired facility in early 2022 and by the first quarter of 2023 we had grown facility throughput from 5,000 mcf/d to over 35,000 mcf/d (7 times growth!). Production in the area has now surpassed 150,000 mcf/d and we still have another 100,000 mcf/d of plant capacity to fill in the GBA.

We also got on with drilling the newly acquired lands almost immediately and have drilled 11 wells to date — nine wells in the Notikewin and two in the Wilrich. And we have plenty of running room to drill more. We will remain active in the GBA for the remainder of the year keeping two rigs running in the area.



The small acquisitions over the last few years are good examples of how we have been disciplined with our tuck-in strategy. These opportunities had both drilling upside and infrastructure so we can 'own and control' the development of our assets.

Operational Highlights

Coming into the fall, Peyto now has four rigs running full time with two drilling rigs in Brazeau/Chambers and two in our Greater Sundance Area. Production is steady around 100,000 boe/d and we are poised to bring on new gas into strong winter pricing. Capital spending on DCET was up slightly in July due to the increased number of wells we completed as we caught up on wells delayed by wildfires and heavy rainfall from the spring.

As in the past, this report includes an estimate of monthly capital spending as well as our field estimate of production for the most recent month (see Capital Investment and Production tables below).

Capital Investment ($C millions)[1]

	2021	Q1 22	Q2 22	Q3 22	Q4 22	2022	Q1 23	Apr 23	May 23	Jun 23	Q2 23	Jul 23
D,C,E&T[2]	**271**	95	80	98	98	**371**	89	28	22	23	72	27
Facilities	**50**	47	21	16	16	**100**	32	4	1	4	9	6
Other[3]	**44**	1	8		1	**10**	1			1	1	2
Acquisitions[4]		22		26		**48**						
Total	**365**	166	108	140	115	**529**	**122**	**32**	**23**	**28**	**82**	**35**

Production (mboe/d)[1]

	2021	Q1 22	Q2 22	Q3 22	Q4 22	2022	Q1 23	Apr 23	May 23	Jun 23	Q2 23	Jul 23	Aug 23
Sundance	**70**	78	76	75	75	**76**	**71**	69	68	66	67	67	67
Brazeau	**17**	19	23	24	26	**23**	**27**	28	26	29	28	29	28
Other	**4**	5	5	5	4	**5**	**5**	4	3	4	4	4	4
Total	**91**	**101**	**104**	**105**	**105**	**104**	**103**	**101**	**97**	**99**	**99**	**100**	**99**
Liquids %	13%	11%	13%	13%	12%	12%	12%	12%	10%	12%	11%	11%	12%

1. *This estimate is based on real field data, not a forecast, but actual numbers will vary from the estimate due to accruals and adjustments. Such variance may be material. Tables may not add due to rounding.*
2. *Well related costs including Drilling, Completions, Equip and Tie-in.*
3. *Other costs include Land, Seismic, and Miscellaneous.*
4. *Acquisitions include asset and corporate deals.*

FORWARD LOOKING STATEMENTS

Certain information set forth in this monthly report, including management's expectation of future natural gas prices, and the reasons therefore and management's estimate of monthly capital spending, field estimate of production, production decline rates and forecast netbacks, contains forward-looking statements. Reserves disclosures are also forward-looking information, including the volumes and the life of Peyto's reserves, production estimates, project economics including NPV, IRR, netback and recycle ratio. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Peyto's 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. 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 that Peyto will derive there from. The forward-looking statements contained in this monthly report are made as of the date of this monthly report. Except as required by applicable securities law, we assume no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing risks and assumptions affecting such forward-looking statements, whether as a result of new information, future events or otherwise.

All references are to Canadian dollars unless otherwise indicated. Natural gas liquids and oil volumes are recorded in barrels of oil (bbl) and are converted to a thousand cubic feet equivalent (mcfe) using a ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). 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). Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based in an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of oil as compared with natural gas is significantly different from the energy equivalent of six to one, utilizing a boe conversion ratio of 6 mcf:1 bbl may be misleading as an indication of value.

NON-GAAP AND OTHER FINANCIAL MEASURES

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.