Peyto Exploration & Development Corp.
Monthly Report

April 2024 | **By Jean-Paul Lachance, President and Chief Executive Officer**

The Dunvegan, an Emerging Opportunity

Not that long ago (~15 years), Alberta Deep Basin operators drilled vertical wells and completed any porosity they encountered from the Cardium down to the Bluesky-Bullhead and commingled the resultant flowback of fluids to maximize the return on capital. Although horizontal multi-stage fracturing ("MSF") wells superseded this development technique, the vertical wells provided a wealth of data using various logging tools to infer prospectivity of zones even if they were not initially completed. These 'logs' coupled with seismic data, have allowed Peyto to map the Dunvegan system across our land base and target the highest quality reservoirs with horizontal MSF technology. In geology speak, the Dunvegan is a major deltaic complex that grew and extended across the Foreland Basin from the Northwest to Southeast. In simple terms, it is a large deposit of sand at the mouth of a river flowing into the ocean (like the Mississippi River delta in Gulf of Mexico). When Peyto acquired Cecilia in 2021, we mapped out the Dunvegan over the area and drilled four test horizontals in 2022. We drilled two more horizontals in 2023 offsetting our successful results and in Q1-2024 we drilled two additional step-out wells. The results have been encouraging so far. Figure 1 shows the average gas production from the six horizontals on stream to date and the type-curve we use for running our economics evaluations. Through land sales, swaps and the Repsol acquisition in 2023, we have built up our land position such that our 2023 reserves report now recognizes 101 (proved plus probable) undeveloped locations.

Figure 1 – Average PEY Dunvegan Result

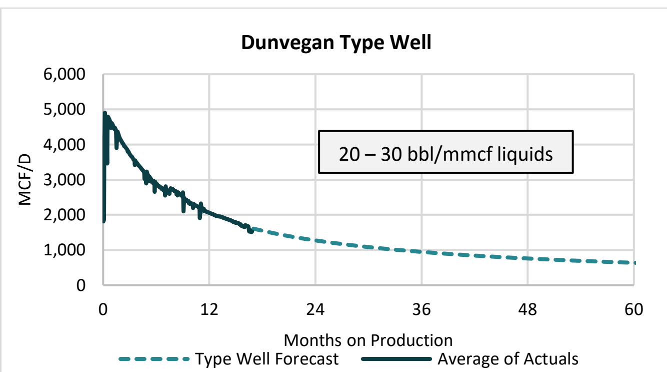
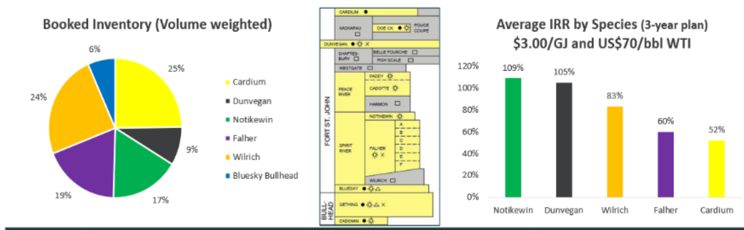


Figure 2 is an excerpt from Peyto's corporate presentation which shows how the economics of the Dunvegan stack up against our other drilling opportunities. The average horizontal Dunvegan well at Peyto is drilled in under 14 days to 2,200 m of horizontal length and completed with approximately 40 stages. The total cost to drill, complete, equip and tie-in a typical Dunvegan horizontal at Peyto is just over $4.5MM. The wells come on production at approximately 5,000 mcf/d and are estimated to ultimately recover approximately 5.8 bcfe including natural gas liquids. The deliverability of the wells along with the strong liquid yields (approximately 20-30 bbls/mmcf gas) make this zone an excellent target in times of low gas prices when oil prices are relatively high. Even at low gas prices the Dunvegan delivers an internal rate of return of over 50%. The development team has initiated several locations since the closing of the Repsol acquisition and expects these locations to be drill ready for the second half of the year.

Figure 2 – Half-Cycle Economics of Near-Term Locations



	$2.00/GJ			$3.00/GJ			$4.00/GJ		
Species	BTAX NPV10 (M$)	IRR (%)	Payout (years)	BTAX NPV10 (M$)	IRR (%)	Payout (years)	BTAX NPV10 (M$)	IRR (%)	Payout (years)
Cardium	$1,092	29%	2.4	$2,091	52%	1.7	$2,699	68%	1.4
Dunvegan	$4,204	53%	1.7	$7,279	105%	1.1	$9,735	162%	0.9
Notikewin	$3,234	47%	1.8	$6,283	109%	1.0	$8,875	188%	0.8
Falher	$2,041	28%	2.8	$4,482	60%	1.5	$6,537	99%	1.1
Wilrich	$3,584	39%	2.1	$7,036	83%	1.3	$9,979	136%	0.9

The Dunvegan play is just another example of the Deep Basin stack that we have matured with continuous improvements in horizontal drilling and the application of MSF techniques.

Operational Highlights

We expect to throttle back completion activity through spring road bans and wet conditions but keep our rigs active drilling on two and three-well pads. We won't see as many new wells coming onstream over break-up and expect to enter the summer with a back log of wells to complete. This should serve to drive production up in the back half of the year. See the table below for the latest field estimates of production and capital spending.

Capital Investment ($C millions)[1]

	Q1 22	Q2 22	Q3 22	Q4 22	2022	Q1 23	Q2 23	Q3 23	Q4 23	2023	Jan 24	Feb 24
D,C,E&T [2]	95	80	98	98	**371**	89	72	81	91	**333**	28	**32**
Facilities	47	21	16	16	**100**	32	9	11	12	**64**	7	**4**
Other [3]	1	8		1	**10**	1	1	1	12	**16**	-	**-**
Acquisitions [4]	22		26		**48**						-	
Total	166	108	140	115	**529**	122	82	94	115	**413**	35	**36**

Production (mboe/d)[1]

	2022	Q1 23	Q2 23	Q3 23	Oct 23	Nov 23	Dec 23	Q4 23	2023	Jan 24	Feb 24	Mar 24
Sundance	**76**	71	67	66	78	91	94	87	**73**	89	95	**95**
Brazeau	**23**	27	28	28	28	29	29	29	**28**	28	27	**27**
Other	**5**	5	4	4	4	4	4	4	**4**	5	5	**5**
Total	**104**	**103**	**99**	**98**	**110**	**124**	**127**	**120**	**105**	**122**	**127**	**127**
Liquids %	**12%**	12%	11%	11%	12%	14%	13%	13%	**12%**	13%	13%	**13%**

1. *This estimate is based on 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 costs include asset and corporate deals but does not include the acquisition of the Repsol partnership.*

Suite 300, 600 – 3rd Avenue SW
Calgary AB T2P 0G5
403-261-6081

April 2024 **By Jean-Paul Lachance, President and Chief Executive Officer**

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, current fixed revenue projections for 2024, 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 long-term debt, net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto's performance.