



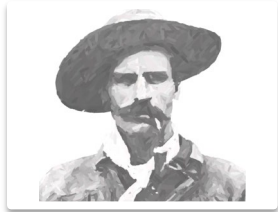
[www.Peyto.com](http://www.Peyto.com)

***Darren Gee – President & CEO  
Jean-Paul (JP) Lachance – VP Engineering & COO***

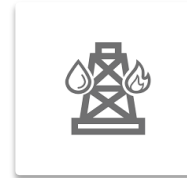
***May 2021***

# Agenda

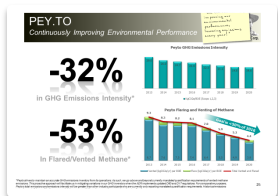
2021 AGM – Fireside Chat



## 1. New to Peyto?



## 2. The Energy Transition



## 3. Peyto's 2020 Performance



## 4. Delivered Returns



## 5. Our Future



## 6. Other Stuff

# Plain Language Advisory

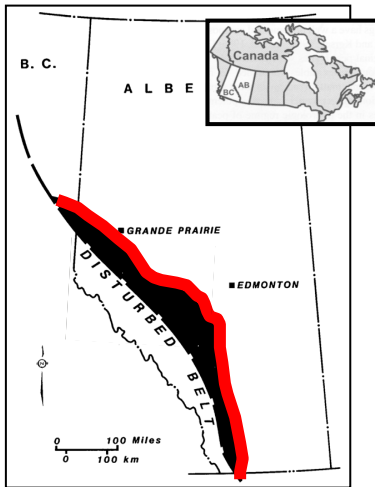
## Regarding Forward-Looking Statements



*“We are going to tell you about our vision of Peyto’s future today. We will also tell you where we think commodity prices are going to go. These are called forward looking statements. We are being truthful and using everything we know about Peyto and the industry to predict the future, but we will likely be wrong on both accounts, almost certainly the commodity price. Oil and gas exploration and production is a risky business. Do your homework before making any investment. Don’t blame us if it doesn’t work out.”*

# New To Peyto?

## Who We Are



- ☀️ 5<sup>th</sup> Largest Canadian Gas Producer > 540 MMcfe/d
- ☀️ 11<sup>th</sup> Largest Canadian Gas Processor 875 MMcf/d capacity
- ☀️ Pure Play Alberta Deep Basin – Multizone stacked resource, 5 TCFe 2P reserves
- ☀️ Long Reserve Life Asset - 9yr PDP, 27yr 2P, sweet gas, no mobile water risk
- ☀️ Returns Focused Strategy - Avg ROCE 15%, ROE 26% over last 22yrs
- ☀️ Lowest Cost Producer - \$1.01/mcfe (\$6.09/boe) 2020 total cash costs\*
- ☀️ Own and Control – Operate 99% of production, Own/operate 10 gas plants

Quarterly Dividend:	\$0.01/share (CTD YE20 \$19.34/share)
Shares O/S:	165 million (3% insider ownership)
Q1/21 Net Debt:	\$415 million (senior secured notes, 3.7-4.9% <b>CND</b> )
	<u>\$754 million</u> (\$0.95B secured bank facility)
	\$1.17B (\$1.365B total capacity)
Enterprise Value:	\$2.2 billion (\$6.00/share)
Full Time Employees:	55

\*Cash costs are royalties, operating costs, transportation, G&A and interest  
Reserve Life based on Q4 2020 production rate of 83,461 boe/d  
BOE factor – 6 mcf = 1 bbl of oil equivalent



# PEY.TO

## #1 Horizontal Deep Basin Driller

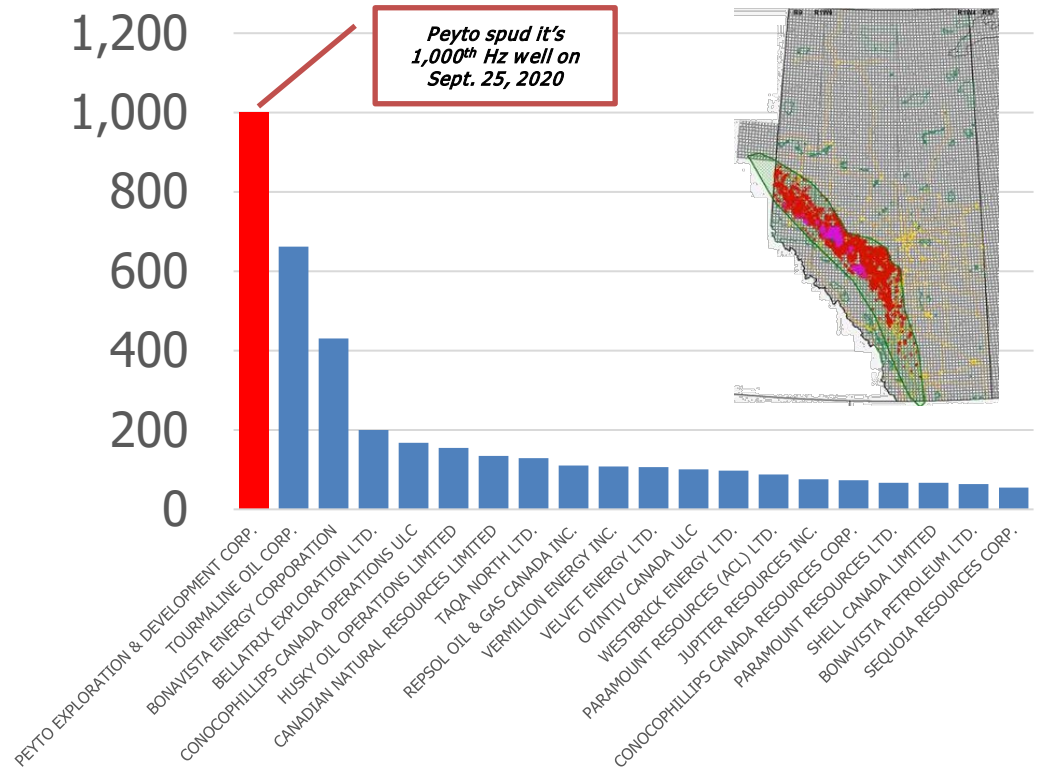
"Peyto has been the most active driller in the Alberta Deep Basin over the last decade."



# 1,000

Peyto Deep Basin  
Horizontal Wells  
(2009-Sept 2020)

### Alberta Deep Basin Hz Spuds



# PEY.TO

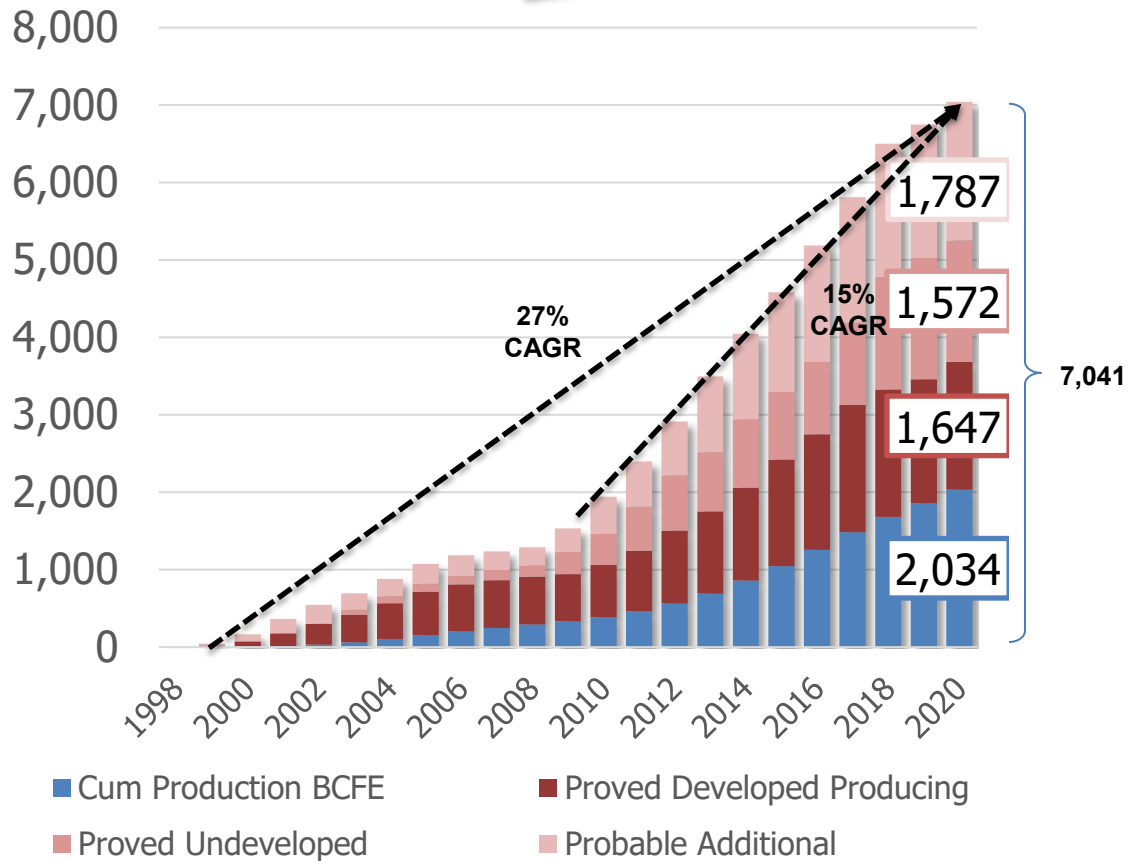
Alberta's Gas Developer

"Over the past 22 years, Peyto has developed 7 TCFe of natural gas resources, but only developed 11% of its lands."



Development Corp.

**7.0**  
TCFe of  
Discovered Reserves



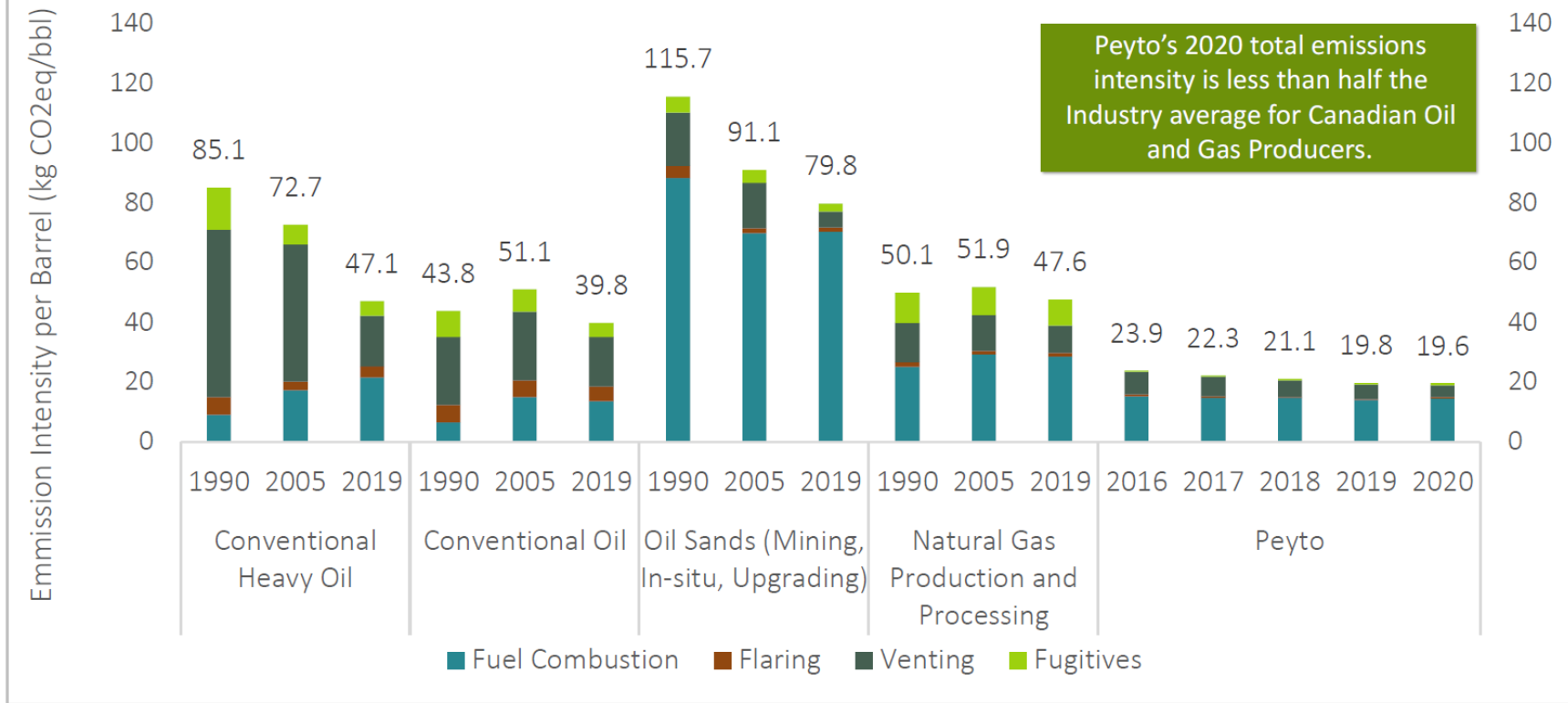
# PEY.TO

Environmental Leader

"Peyto provides energy for the world for far less environmental impact than even the rest of the Canadian Gas Industry."

Corp.

Emission Intensity by Source Type for Canadian Oil and Gas (1990, 2005, 2019)



Source: NIR Greenhouse Gas Sources and Sinks in Canada, 2021 Edition, Part 1, Figure 2-25 (<https://unfccc.int/documents/271493NIR>).

Notes:  
 Intensities are based on total subsector emissions and relevant production amounts. They represent overall averages, not facility intensities.  
 \*Calculated on a barrel of oil equivalent (boe) basis by converting production volumes to energy basis and then dividing by energy content of light crude oil.  
 Production data from Statistics Canada 1991-2017 and AER (2017)  
 \*Original chart can be found at: <https://www.canada.ca/content/dam/eccc/documents/pdf/climate-change/emissions-inventories-reporting/nir-executive-summary/National%20Inventory%20Report%20Executive%20Summary%202018.pdf>

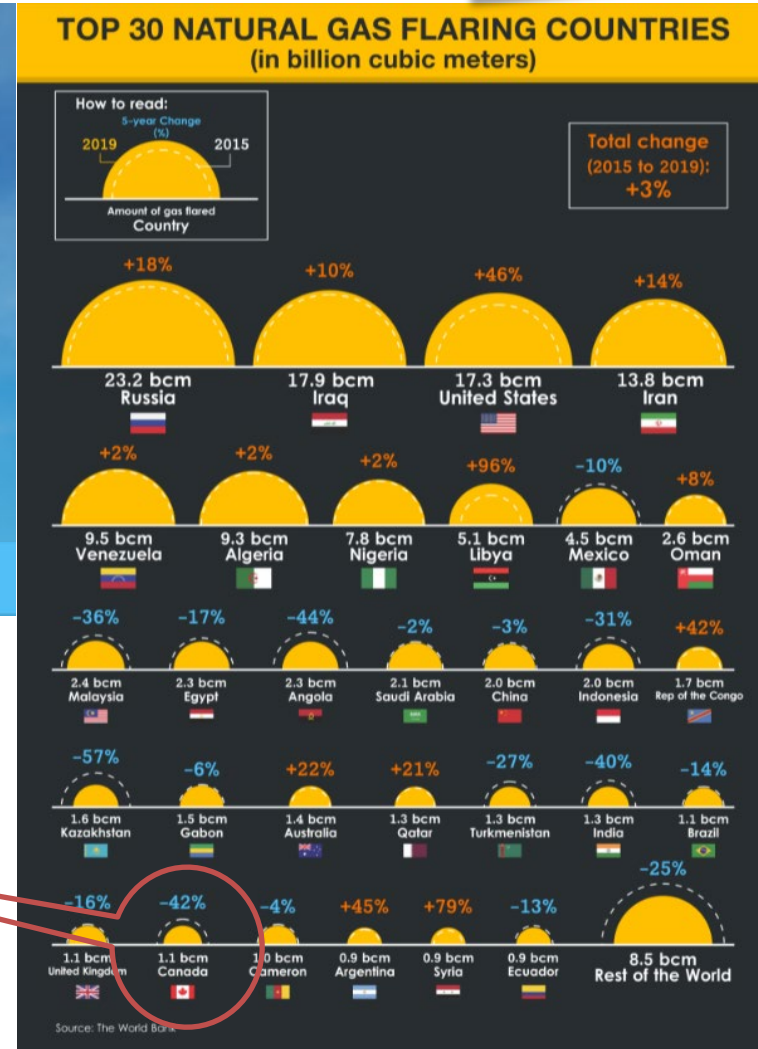
# PEY.TO

## Canada Leads in Reducing Natural Gas Flaring

"The Canadian Energy Industry is one of the most responsible and innovative in the world today."



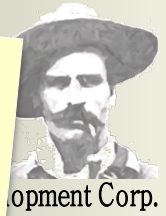
**"Over the last 5 years, Canada has been one of the leaders in the reduction of gas flaring. That's the Canadian energy industry hard at work to do it better!"**



# PEY.TO

*We Heat Your Homes*

"Peyto is proud to provide Albertans with clean burning, reliable natural gas."



Development Corp.

*"Alberta Energy states that typical Alberta households use approximately 120 GJ of natural gas per year. As the 5<sup>th</sup> largest Canadian gas producer, Peyto provided enough natural gas to keep millions of homes warm last year."*



## Natural Gas

- ✓ Safe
- ✓ Reliable
- ✓ Affordable



# The Energy Transition



# The Energy Transition

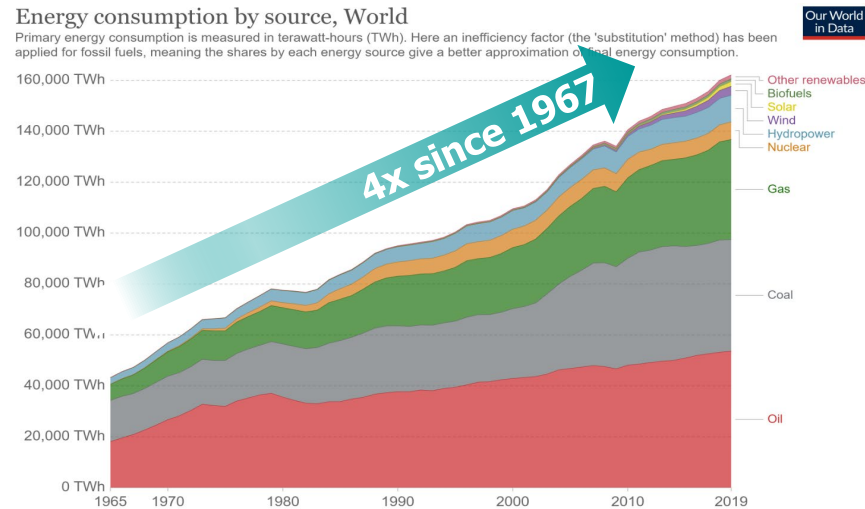
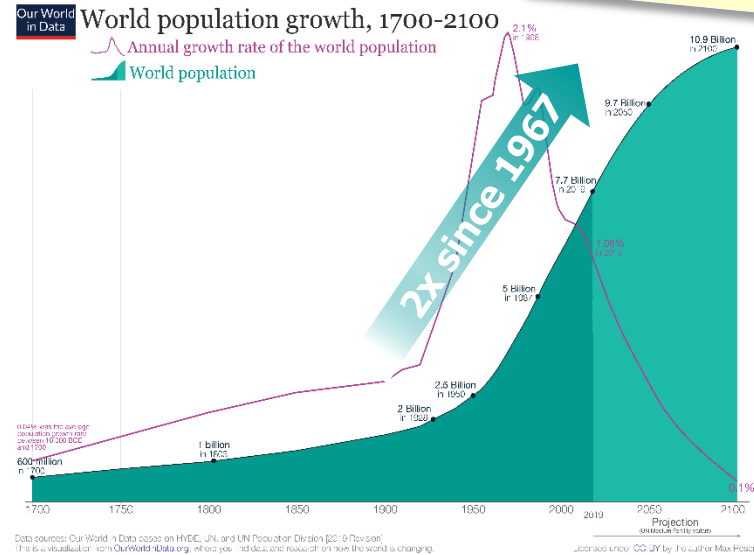
## Solving The Impossible Challenge

"The reality is that population will continue to grow and so will energy consumption."

Corp.

*Q. How do we increase the amount of energy available for the growing human population...*

*...while reducing the environmental impact?*





# The Energy Transition

## End Energy Poverty

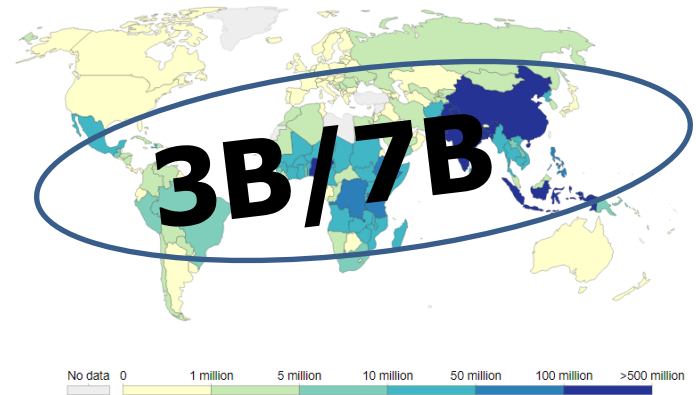
"How do we get more and cleaner energy for the worlds poor to lift them out of poverty?"

Corp.

**“40% of the world do not have access to clean fuels for cooking”**

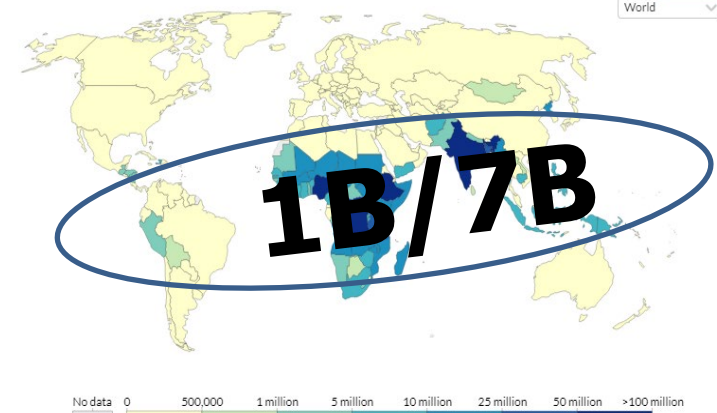
**“13% of the world do not have access to electricity”**

Number of people without access to clean fuels for cooking, 2016  
Clean cooking fuels and technologies represent non-solid fuels such as natural gas, ethanol or electric technologies.



Source: Our World in Data based on the World Bank, World Development Indicators [OurWorldInData.org/energy-access](https://OurWorldInData.org/energy-access) • CC BY

Number of people without access to electricity, 2016



Source: Based on World Bank and UN Population Prospects [OurWorldInData.org/energy-access](https://OurWorldInData.org/energy-access) • CC BY

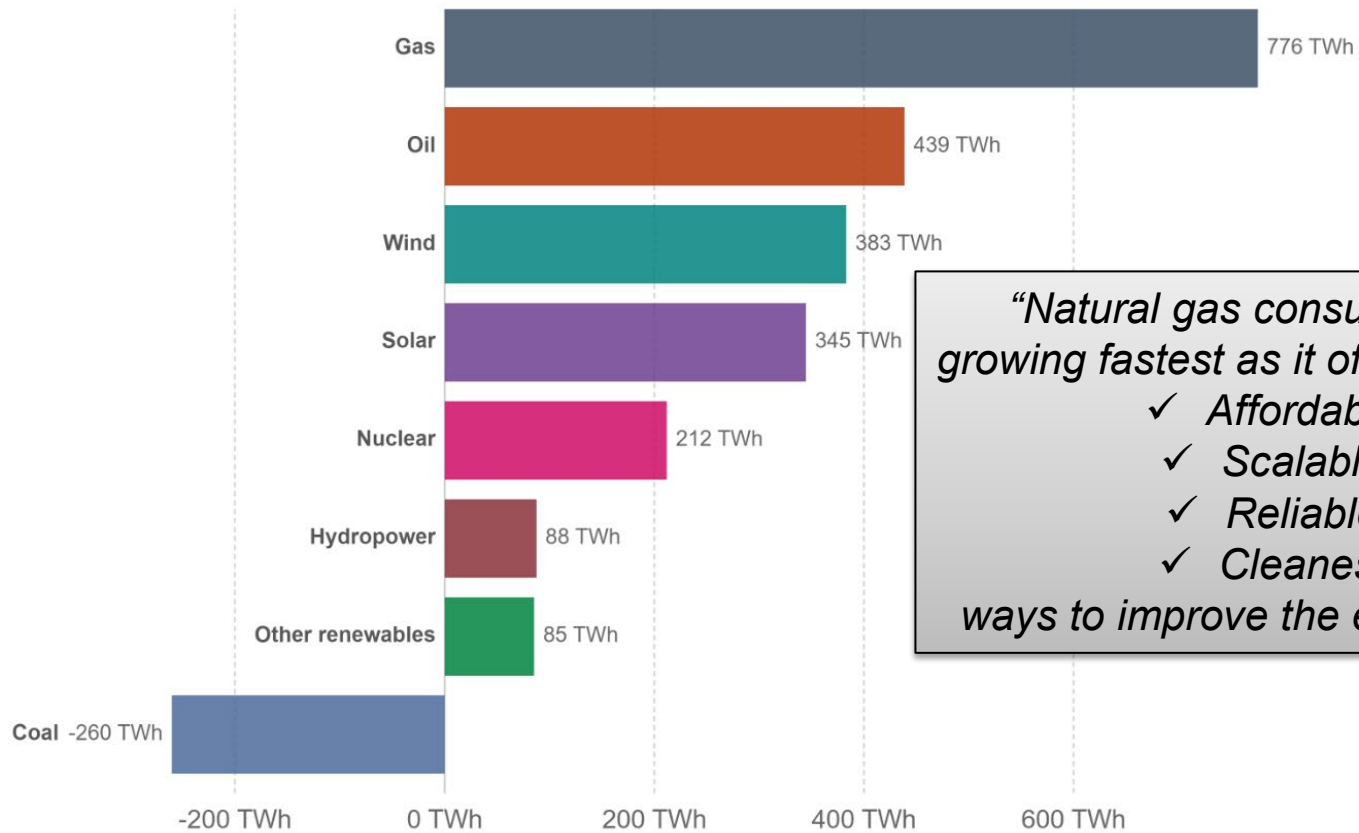
# The Energy Transition

## Improve Energy Quality?

"Natural gas is not the problem, it's the solution. That's why its use is growing faster than anything else."

Corp.

Year-to-year change in primary energy consumption by source, World, 2019



*"Natural gas consumption is growing fastest as it offers the most*

- ✓ *Affordable*
- ✓ *Scalable*
- ✓ *Reliable*
- ✓ *Cleanest*

*ways to improve the energy mix."*

Source: Our World in Data based on BP Statistical Review of World Energy (2020)

OurWorldInData.org/energy • CC BY

Note: 'Primary energy' refers to energy in its raw form, before conversion into electricity, heat or transport fuels. Primary energy for renewables and nuclear is here measured in terms of 'input equivalents' via the substitution method.

# The Energy Transition

## How Can Peyto Help?

"We can and want to be part of the solution. And at the same time be good for Alberta."

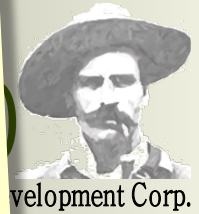
Corp.

- ✓ *Develop low cost, affordable natural gas*
- ✓ *Lower environmental impact of development*
- ✓ *Invest capital where we live*
- ✓ *Offer employment opportunities for Albertans*
- ✓ *Share our resources with the world*

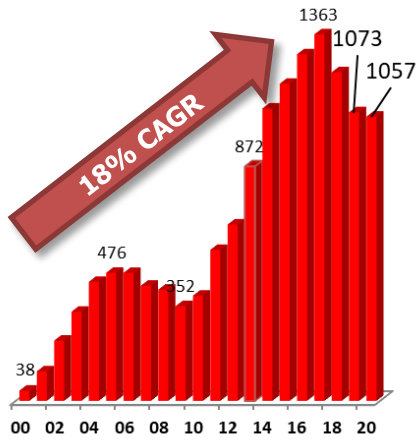
# Peyto's 2020 Performance

## 22 Year Growth Per Share

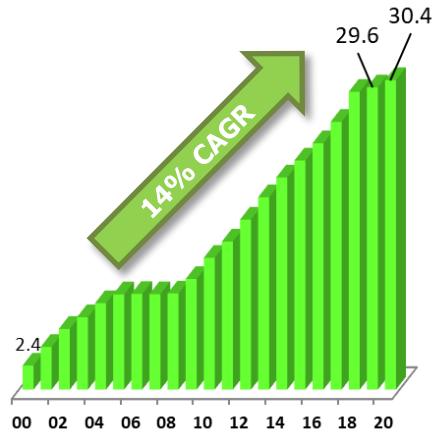
"Relative to our 22 year history, 2020 wasn't a standout year, unless you look closer."



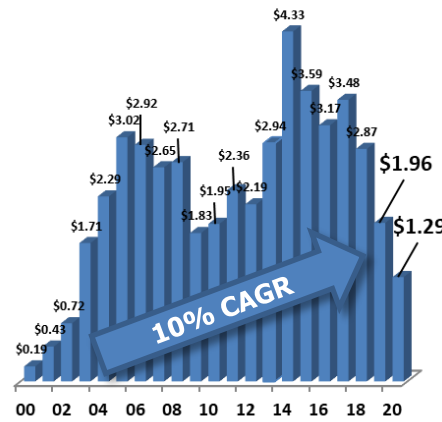
**Production/share**  
(MMcfe/d/mm sh)



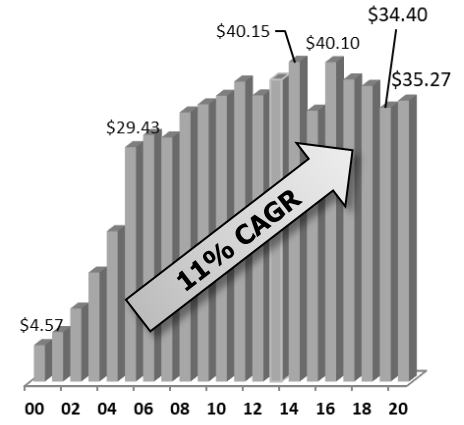
**Reserves/share**  
(2P Bcfe/mm sh)



**FFO/share**  
(\$/sh)



**2P NPV<sub>5</sub>/DA share**  
(\$/sh)



**YoY -1.5%**

Production/share declined due to smaller capital program not quite offsetting declines

**+2.7%**

Reserves/share increased due to increases in PDP reserves from an efficient drilling program

**-34%**

FFO/share dropped due to the lowest realized commodity prices in a 22 year history (COVID-19 impact)

**+2.5%**

NAV/share increased due to increased reserves, and lower future development costs

Historical Per Share (or unit) and Shares (units) Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split

BOE factor - 6 mcf = 1 bbl of oil equivalent

# Peyto's 2020 Performance

## Record Low Total Supply Cost

"2020 was Peyto's toughest year with our lowest realized commodity prices, however we rose to the challenge with our lowest total supply costs."

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
PDP FD&A \$/mcfe	(\$2.25)	(\$1.64)	(\$1.44)	(\$1.36)	(\$1.18)	(\$1.55)	<b>(\$1.06)</b>
Cash Costs \$/mcfe	(\$1.08)	(\$0.81)	(\$0.76)	(\$0.83)	(\$0.92)	(\$0.95)	<b>(\$1.01)</b>
<b>Supply Cost</b>	<b>(\$3.26)</b>	<b>(\$2.45)</b>	<b>(\$2.20)</b>	<b>(\$2.19)</b>	<b>(\$2.10)</b>	<b>(\$2.50)</b>	<b>(\$2.07)</b>
Sales Price \$/mcfe	<u>\$5.04</u>	<u>\$3.83</u>	<u>\$3.18</u>	<u>\$3.38</u>	<u>\$3.27</u>	<u>\$2.78</u>	<b>\$2.23</b>
Full Cycle Netback \$/mcfe	<b>\$1.71</b>	<b>\$1.38</b>	<b>\$0.98</b>	<b>\$1.19</b>	<b>\$1.17</b>	<b>\$0.28</b>	<b>\$0.16</b>
Margin	<b>34%</b>	<b>36%</b>	<b>31%</b>	<b>35%</b>	<b>36%</b>	<b>10%</b>	<b>7%</b>
Dividend \$/mcfe	\$1.05	\$1.11	\$1.01	\$0.97	\$0.59	\$0.22	<b>\$0.08</b>

2020 Land/Acq/Disp  
Seismic  
Drilling  
Compl.  
Wellsite  
Facilities  
**\$235.7MM**  
ΔPDP (37 mmboes)  
  
2020 FD&A = \$1.06/mcfe

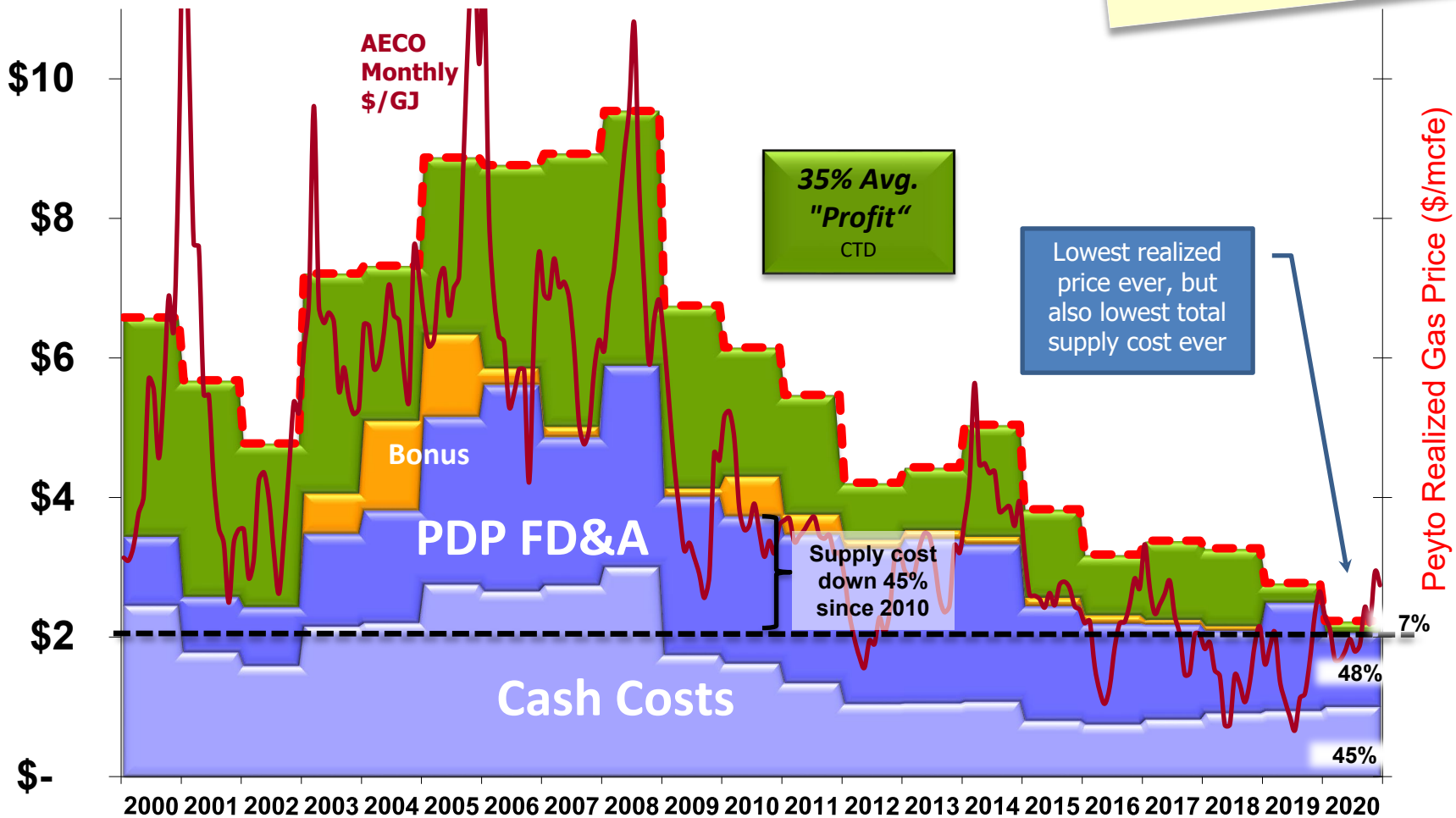
Royalties (\$0.13)  
Opex (\$0.34)  
Transport (\$0.17)  
G&A (\$0.04)  
Interest (\$0.33)  
Total Costs (\$1.01)

86% Gas @\$1.51/GJ\*1.15 HC  
14% NGLs@\$31/bbl=(60%of \$52oil)  
**\$2.23/mcfe**  
**\$0.00/mcfe hedge gain/loss**  
**\$2.23/mcfe**

# Peyto's 2020 Performance

## Lowering The Bar

"We need to continue to reduce costs, particularly FD&A costs so that total costs are less than \$2. That way we can preserve our historical 35% average profit margin at low gas prices."



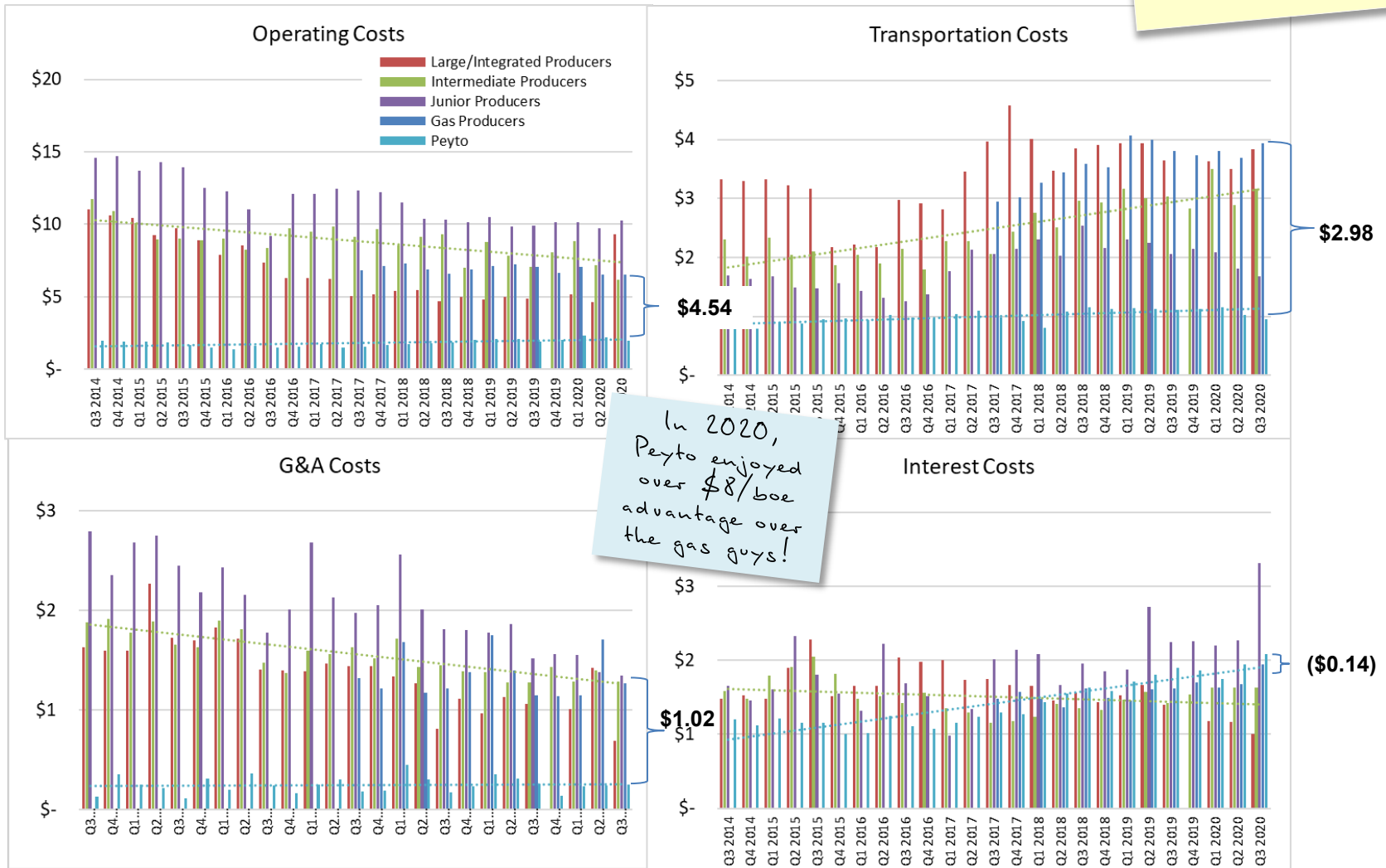
Total Cash Costs per mcfe includes – Royalties, Op Costs, Transport, G&A, and Interest  
 PDP FD&A – Proved Developed Producing Finding Development & Acquisition Costs

# Peyto's 2020 Performance

## Maintained Our Low-Cost Advantage

"We have a huge head start over the rest of the industry, including other Canadian gas producers, from a cash cost perspective."

PEX



BOE factor - 6 mcf = 1 bbl of oil equivalent  
 Data from Peter's & Co.  
 Gas producers include: AAV, ARX, BIR, CR, KEL, NVA, PIPE, PMT, PNE, POU, SDE, SRX, TOU, VII



# Peyto's 2020 Performance

## High Operating Margins

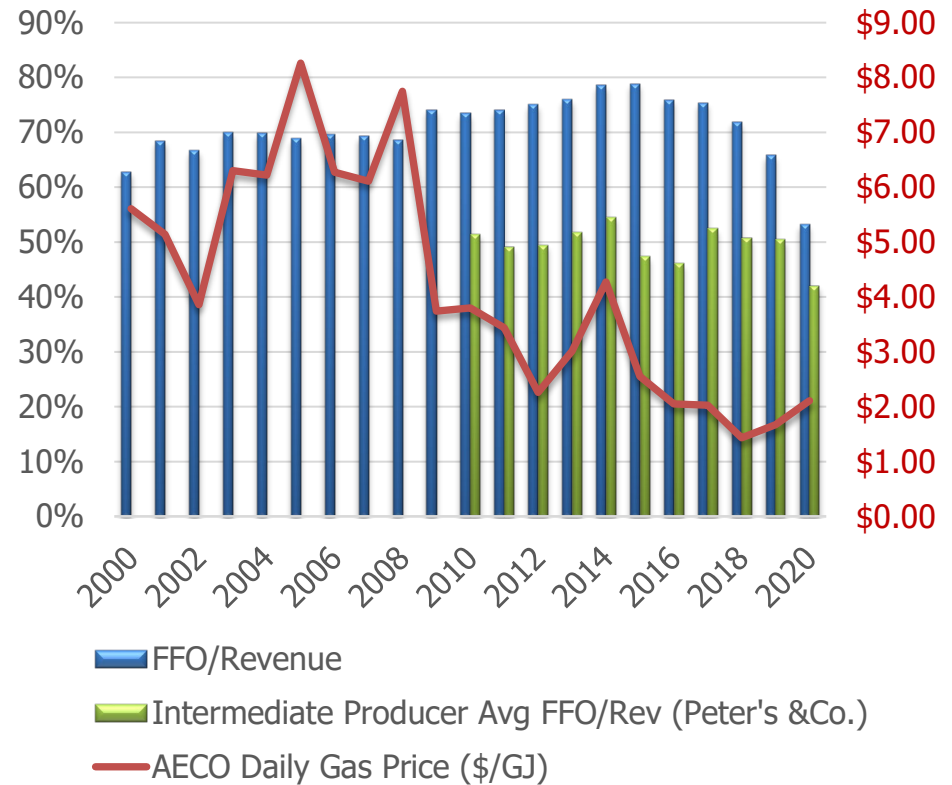
"While 2020 was a very difficult year on operating margins, Peyto maintained a sizeable advantage over the industry."



t Corp.

# 71%

Peyto Operating Margin  
Last 20 Year Avg.



# Peyto's 2020 Performance

## ERH Wells "A Game Changer"

"The extended reach horizontal "ERH" well design opens up significantly more resource for Peyto to develop. This allows for greater future growth." Corp.

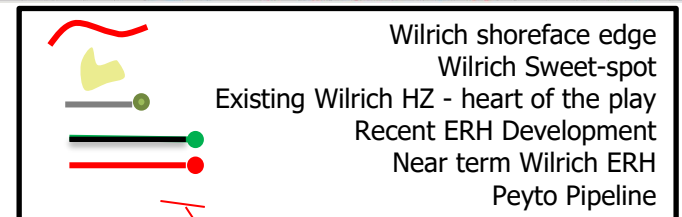
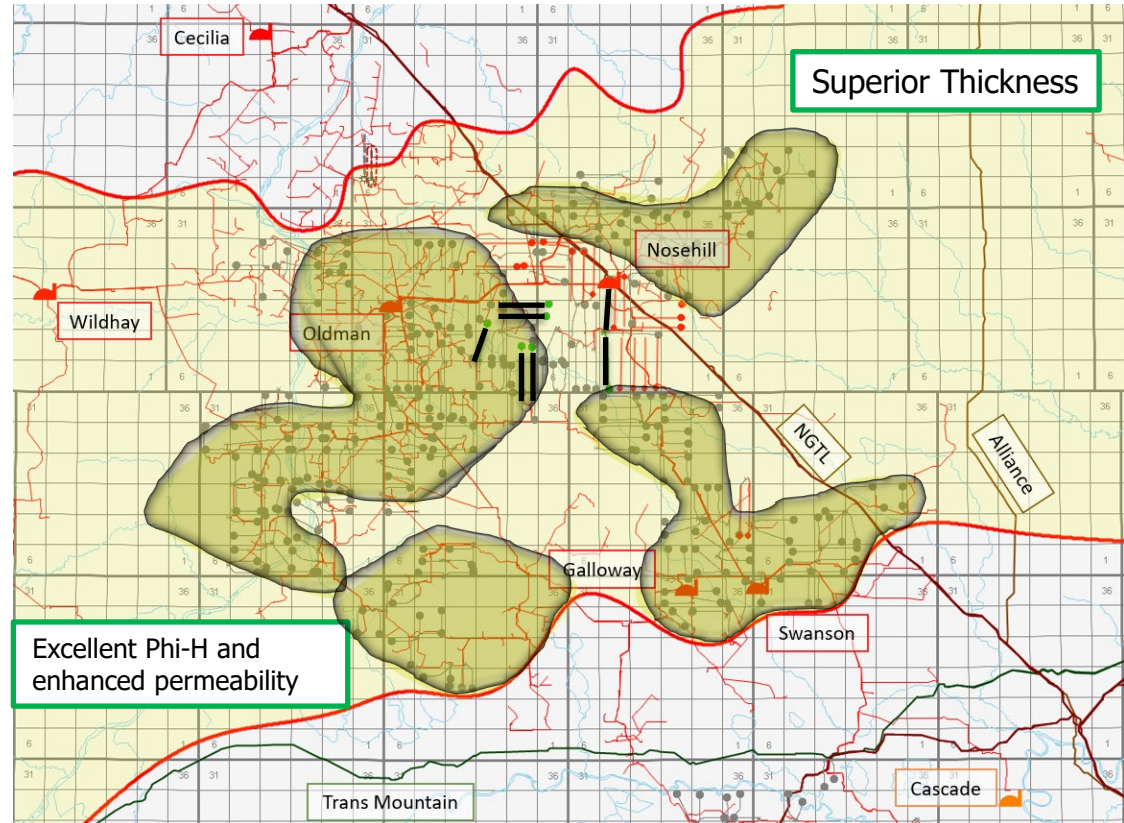
### Greater Sundance Area Wilrich

2009 – 2020

- Drilled in the sweet spots
- 320 horizontals drilled to date
- \$1.1B invested to date
- 0.9 TCF developed (PDP) with ~45% recovered to date
- Avg length: 1,220 m, Stages: 10, Sand: 0.5 T/m

Go forward design

- Develop Tier 2 Areas
- **New ERH Well Design**
- **Length: 2,400m+, Stages: 34 stages+, Sand: 0.75 T/m**
- Expected EUR: 3.7 bcf/well
- D&C: \$3.33MM



# Peyto's 2020 Performance

## Longer Horizontal Wells Increase IRR

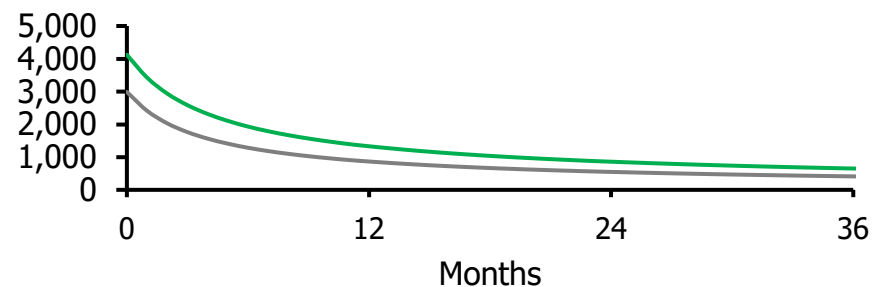
"Peyto made big strides with its ever evolving well design, achieving material increases in return."

Type Well Economics		Wilrich New Design - ERH	Wilrich Old Design
Gas	MMcf	3,772	2,343
NGLs	Mbbl	54	33
DCET (1/2 cycle)	M\$	3,694	3,197
Average Lateral Length	m	2,400	1,300
Frac Stages		34-35	10
F&D	(\$/Mcfe)	\$0.90	\$1.26
IRR (Internal Rate of Return)	%	<b>37%</b>	<b>17%</b>

### Extended Reach Horizontal Wells (ERH)

- Tested ERH wells in 2019 and 2020 to enhance economics in the Wilrich
- New design includes longer laterals and higher proppant intensity
- Apply new design concept in 2021 to the Middle Falher and Wilrich in other areas

### Wilrich Production (Mcf/d)



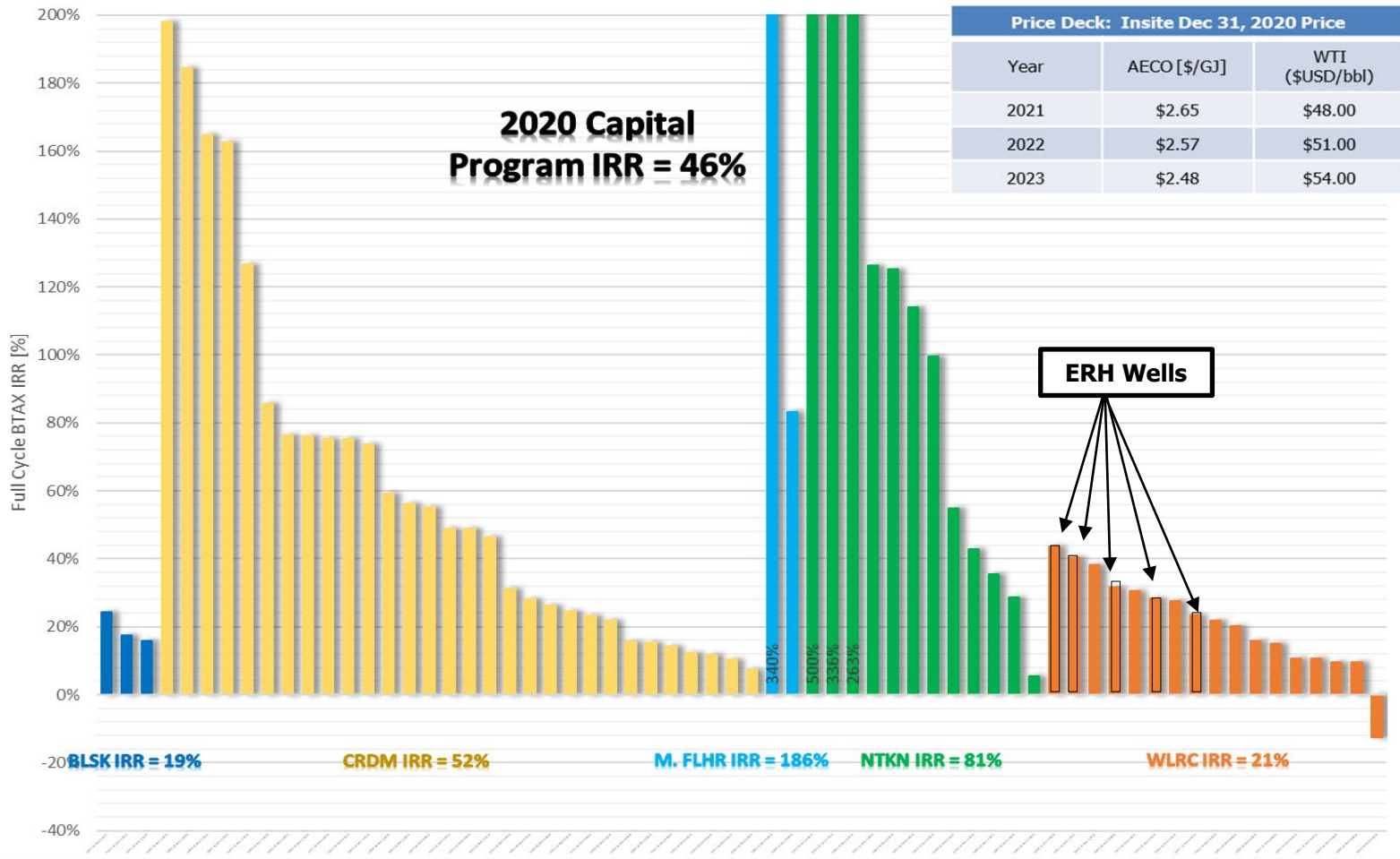
— Old Design    — Extended Reach Horizontals

# Peyto's 2020 Performance

## 2020 Post-Mortem Returns Analysis

"2020 was diversified between Cardium and SR. Full cycle IRRs at the Feb 18/21 strip were even better at 48%."

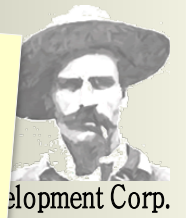
2020 Wells Sorted by Species  
Price Deck: 2020 Actuals + Insite Dec 31, 2020 Price



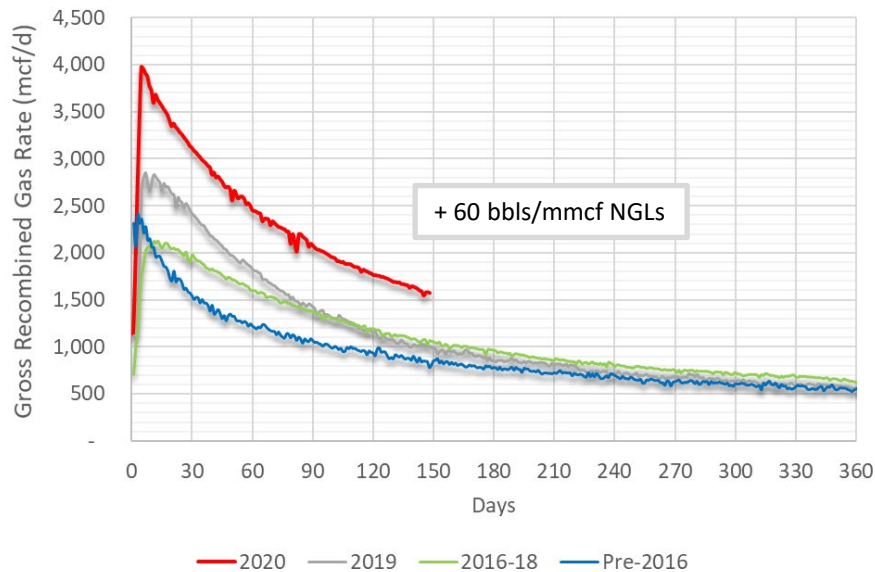
# Peyto's 2020 Performance

## Production Performance by Vintage

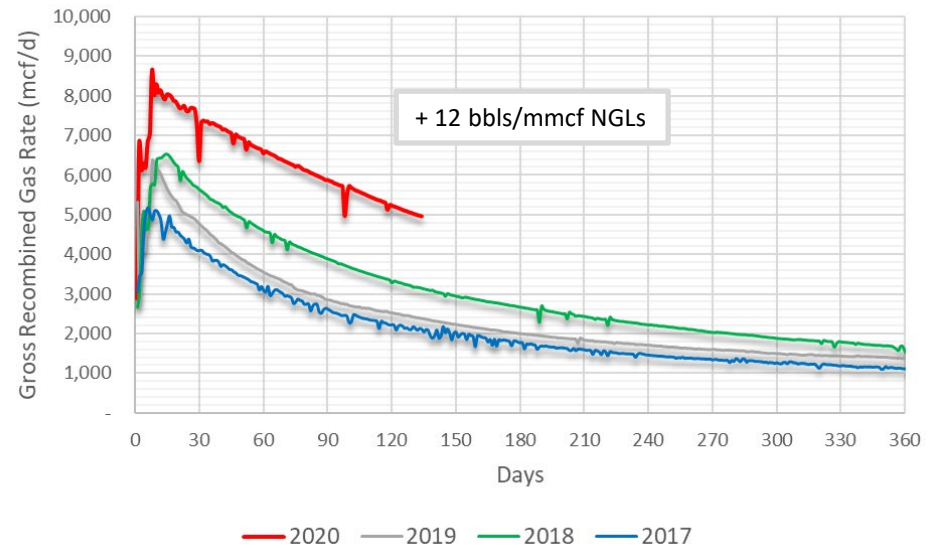
"2020 wells have superior production performance and lower costs yielding some of the highest returns in years"



Year Over Year Performance - All Cardium



Year Over Year Performance - All Notikewin



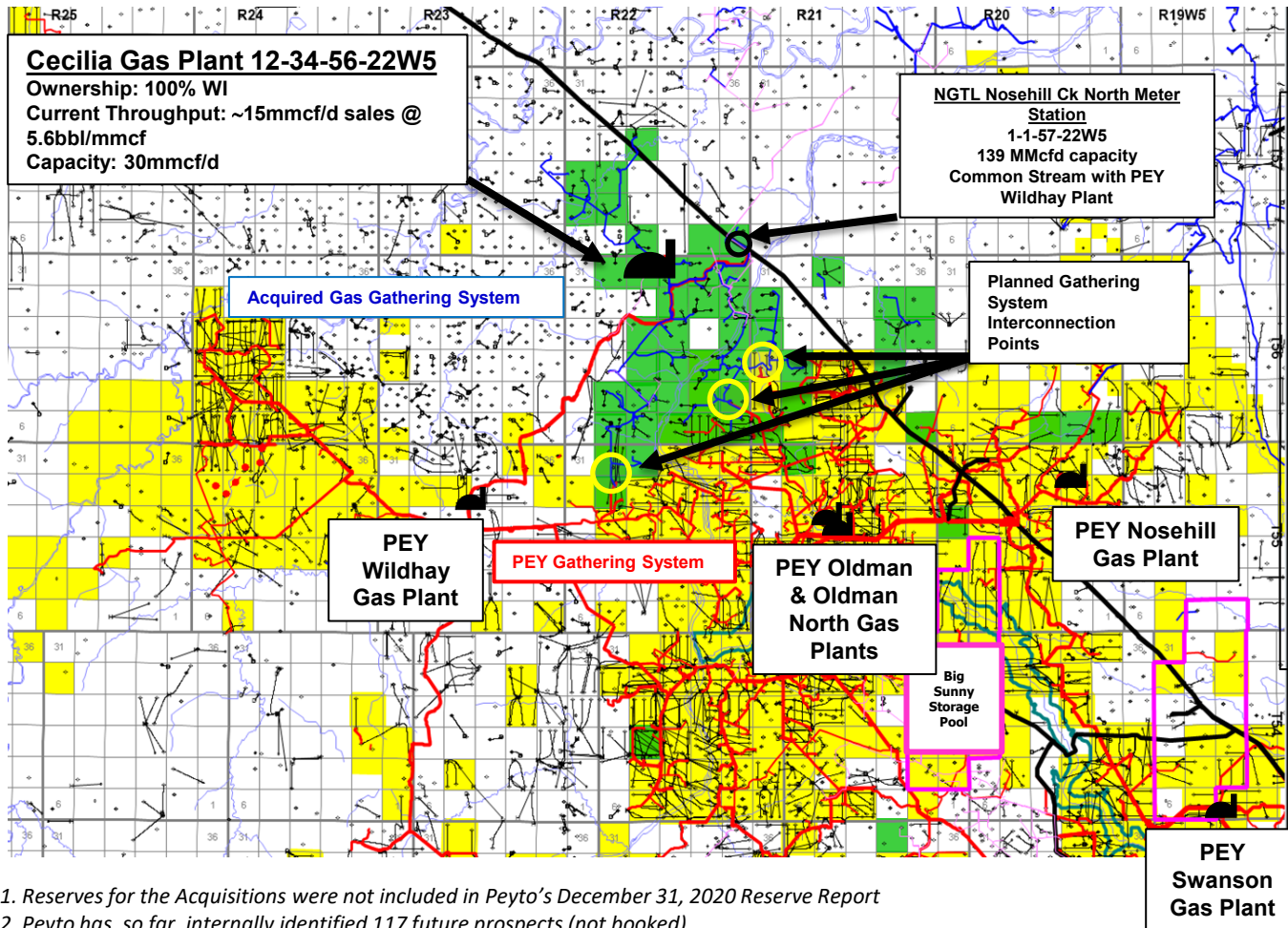
Drill & Complete Costs (MM)	2020	2018-19
Cardium	\$2.25 (30 wells)	\$2.56 (97 wells)
Notikewin	\$2.93 (12 wells)	\$3.04 (8 wells)



# Peyto's 2020 Performance

## Year End Cecilia Acquisitions (Jan 1/21 effective)

"Although acquisitions are rare at Peyto they are generally defined by the synergies with our existing core areas."



- \$35MM Cecilia Acquisitions**
- 16.5 mmcf/d gas
  - 145 bbl/d ngl
  - 2,900 boed
  - 12-34-56-22 Gas Plant
    - Jan. 2005 Construction
    - Inlet 950 kPaa
    - Discharge 7,250 kPaa
  - Pipelines
    - 6 inch main stem
    - 4 inch well lines
    - 8 inch river crossing
    - 8 inch sales to NGTL
  - CSO at Nosehill Creek N 114 (106 net) producing wells

1. Reserves for the Acquisitions were not included in Peyto's December 31, 2020 Reserve Report  
 2. Peyto has, so far, internally identified 117 future prospects (not booked)  
 3. There will be many cost synergies between Cecilia and Peyto's other nearby gas plants

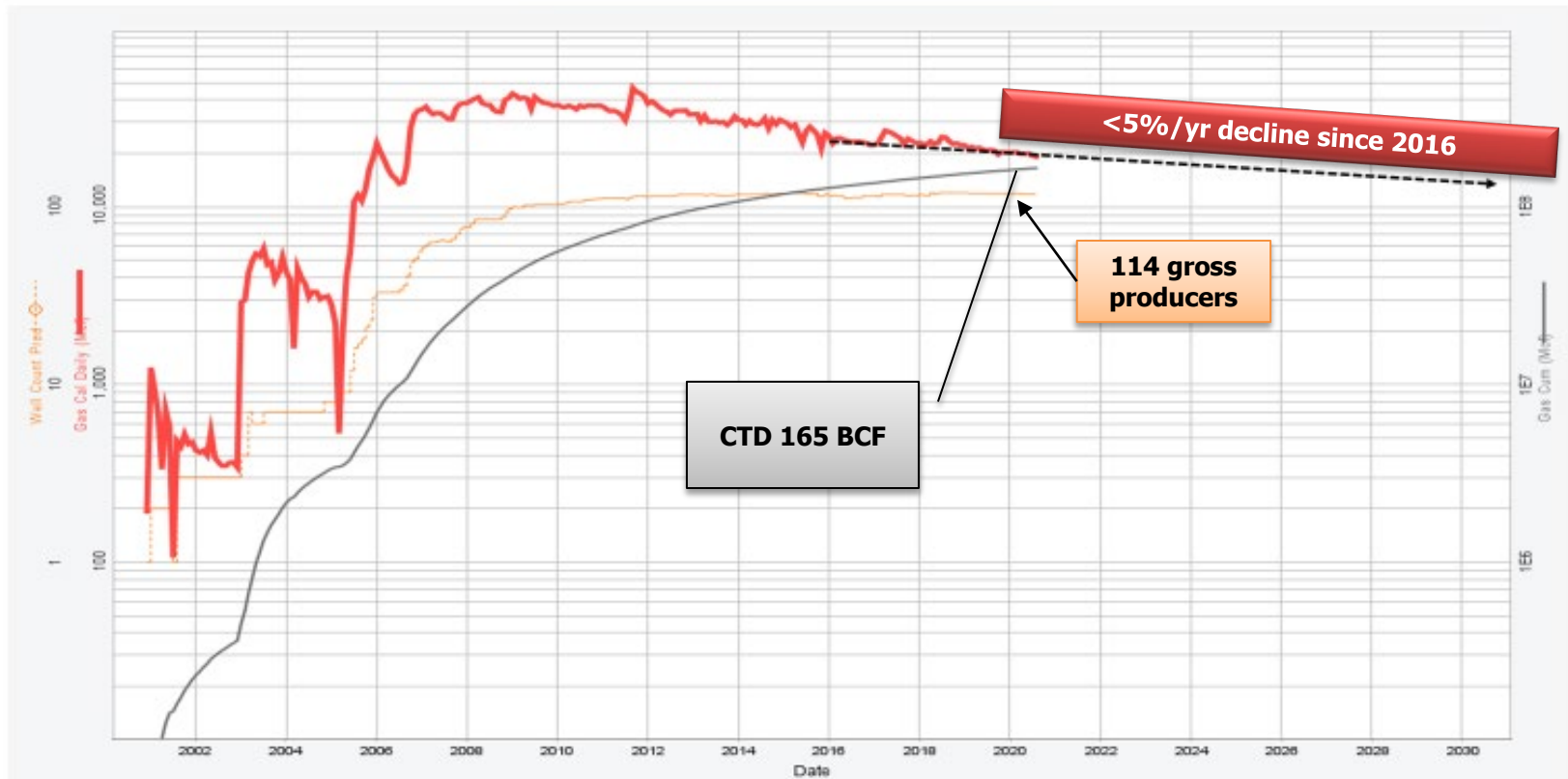
# Peyto's 2020 Performance

## Cecilia Acquisitions – Ultra-low Decline

"The Cecilia wells exhibit extremely stable, low decline production ranging from 100 to 250 mcf/d/well."

Corp.

Combined Gross Production History

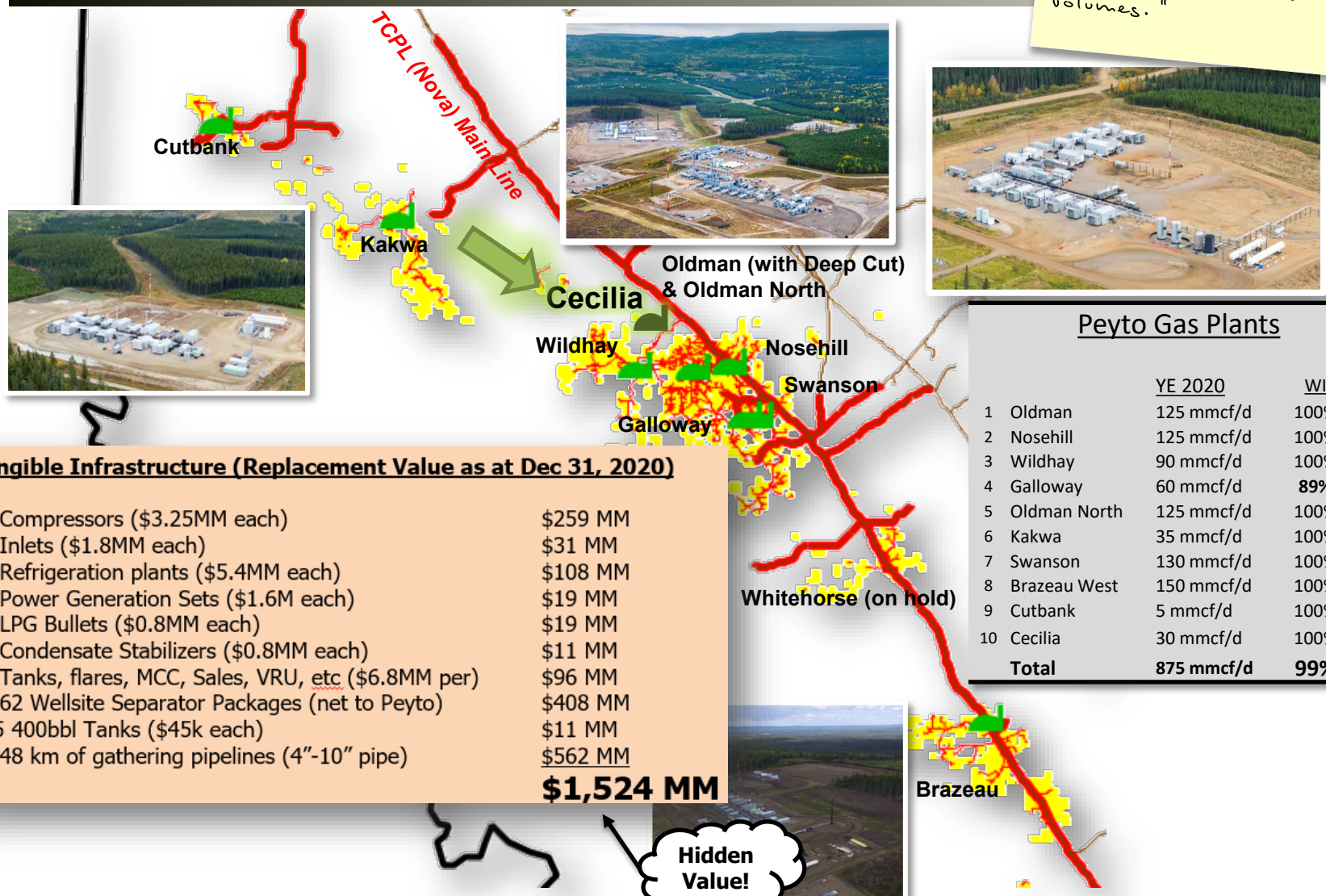




# Peyto's 2020 Performance

## Increased Facility Ownership And Control

"Peyto has excess capacity in its 875 mmcf/d of operated plant capacity that can be used to generate third party processing income until we need it for our own volumes."



### Tangible Infrastructure (Replacement Value as at Dec 31, 2020)

80 Compressors (\$3.25MM each)	\$259 MM
17 Inlets (\$1.8MM each)	\$31 MM
20 Refrigeration plants (\$5.4MM each)	\$108 MM
12 Power Generation Sets (\$1.6M each)	\$19 MM
23 LPG Bullets (\$0.8MM each)	\$19 MM
14 Condensate Stabilizers (\$0.8MM each)	\$11 MM
18 Tanks, flares, MCC, Sales, VRU, etc (\$6.8MM per)	\$96 MM
1,462 Wellsite Separator Packages (net to Peyto)	\$408 MM
245 400bbl Tanks (\$45k each)	\$11 MM
2,248 km of gathering pipelines (4"-10" pipe)	\$562 MM
<b>Total</b>	<b>\$1,524 MM</b>

Hidden Value!

### Peyto Gas Plants

	YE 2020	WI
1 Oldman	125 mmcf/d	100%
2 Nosehill	125 mmcf/d	100%
3 Wildhay	90 mmcf/d	100%
4 Galloway	60 mmcf/d	89%
5 Oldman North	125 mmcf/d	100%
6 Kakwa	35 mmcf/d	100%
7 Swanson	130 mmcf/d	100%
8 Brazeau West	150 mmcf/d	100%
9 Cutbank	5 mmcf/d	100%
10 Cecilia	30 mmcf/d	100%
<b>Total</b>	<b>875 mmcf/d</b>	<b>99%</b>

# Peyto's 2020 Performance

## Successful Reserves Conversion, Again

"Peyto was again successful in turning predicted undeveloped reserves into actual producing reserves for less cost per unit than 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	\$/Mcf	BCFe	Capex* \$MM	\$/Mcf	
2010	48	30	63%	84	\$123	<b>\$1.46</b>	102	\$138	<b>\$1.35</b>	-8%
2011	70	51	73%	152	\$214	<b>\$1.41</b>	151	\$209	<b>\$1.38</b>	-2%
2012	86	60	70%	189	\$295	<b>\$1.56</b>	196	\$278	<b>\$1.42</b>	-9%
2013	99	69	70%	206	\$332	<b>\$1.61</b>	218	\$310	<b>\$1.42</b>	-12%
2014	123	90	73%	278	\$417	<b>\$1.50</b>	288	\$419	<b>\$1.45</b>	-3%
2015	140	103	74%	307	\$456	<b>\$1.49</b>	348	\$385	<b>\$1.11</b>	-26%
2016	128	82	64%	254	\$297	<b>\$1.17</b>	254	\$246	<b>\$0.97</b>	-17%
2017	142	97	68%	298	\$295	<b>\$0.99</b>	321	\$305	<b>\$0.95</b>	-4%
2018	70	37	53%	104	\$115	<b>\$1.10</b>	120	\$118	<b>\$0.98</b>	-11%
2019	61	39	64%	129	\$111	<b>\$0.86</b>	123	\$109	<b>\$0.88</b>	+2%
<b>2020</b>	<b>64</b>	<b>52</b>	<b>81%</b>	<b>172</b>	<b>\$158</b>	<b>\$0.92</b>	<b>165</b>	<b>\$135</b>	<b>\$0.82</b>	<b>-11%</b>
<b>Total</b>	<b>1,031</b>	<b>710</b>	<b>69%</b>	<b>2,173</b>	<b>\$2,813</b>	<b>\$1.29</b>	<b>2,286</b>	<b>\$2,652</b>	<b>\$1.16</b>	<b>-10%</b>

Lowest cost in 18 years!

**Hidden Value!**

Over the past 11 years, Peyto has converted 710 drilling locations into producing wells, spending 6% less capital than predicted and developed 5% more reserves than predicted.

Future Booked

2021-2026		1,230		3,000	\$3,308	\$1.10				
-----------	--	-------	--	-------	---------	--------	--	--	--	--

# Peyto's 2020 Performance

Long Producing Reserve Life Maintained

"Peyto's producing reserve life is 50% greater than our peers."

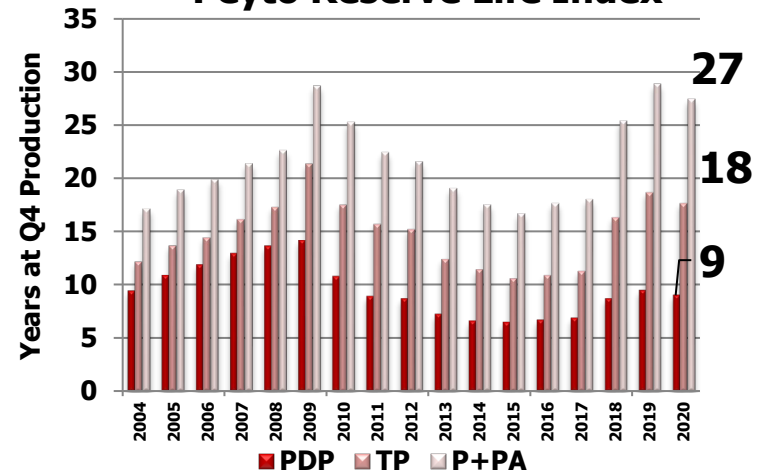
# 9.0

Peyto PDP RLI

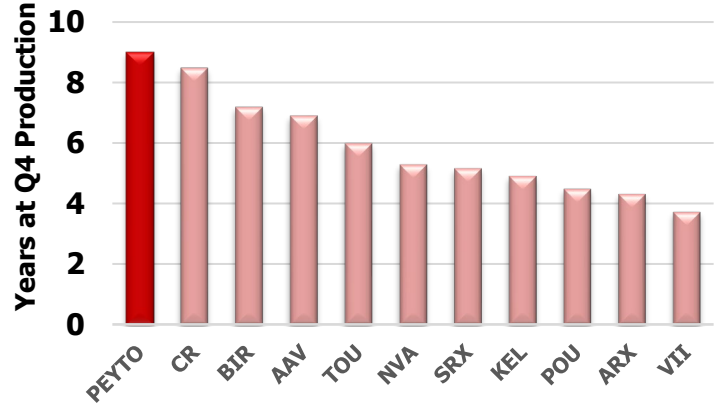
# 6.0

Peer Avg PDP RLI

### Peyto Reserve Life Index



### 2020 PDP RLI



PDP RLI is calculated by dividing PDP reserves by annualized Q4 rate  
Company data sourced from 2020 AIFs

# Peyto's 2020 Performance

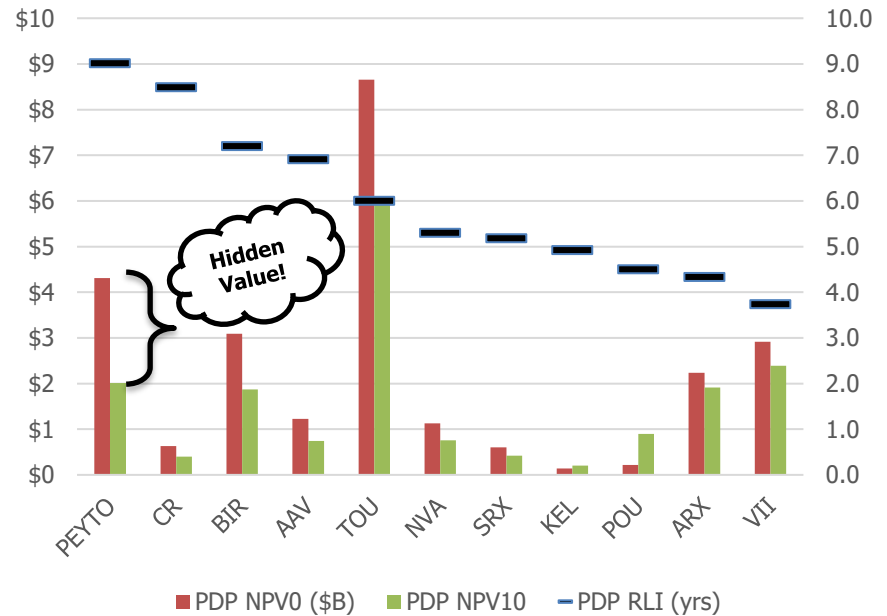
Long Cashflow Generating Asset

"Peyto has \$2.3B in undiscounted producing reserves value that never gets recognized but will ultimately be realized."

# \$2.3B

PDP  
NPV<sub>0</sub> versus NPV<sub>10</sub>

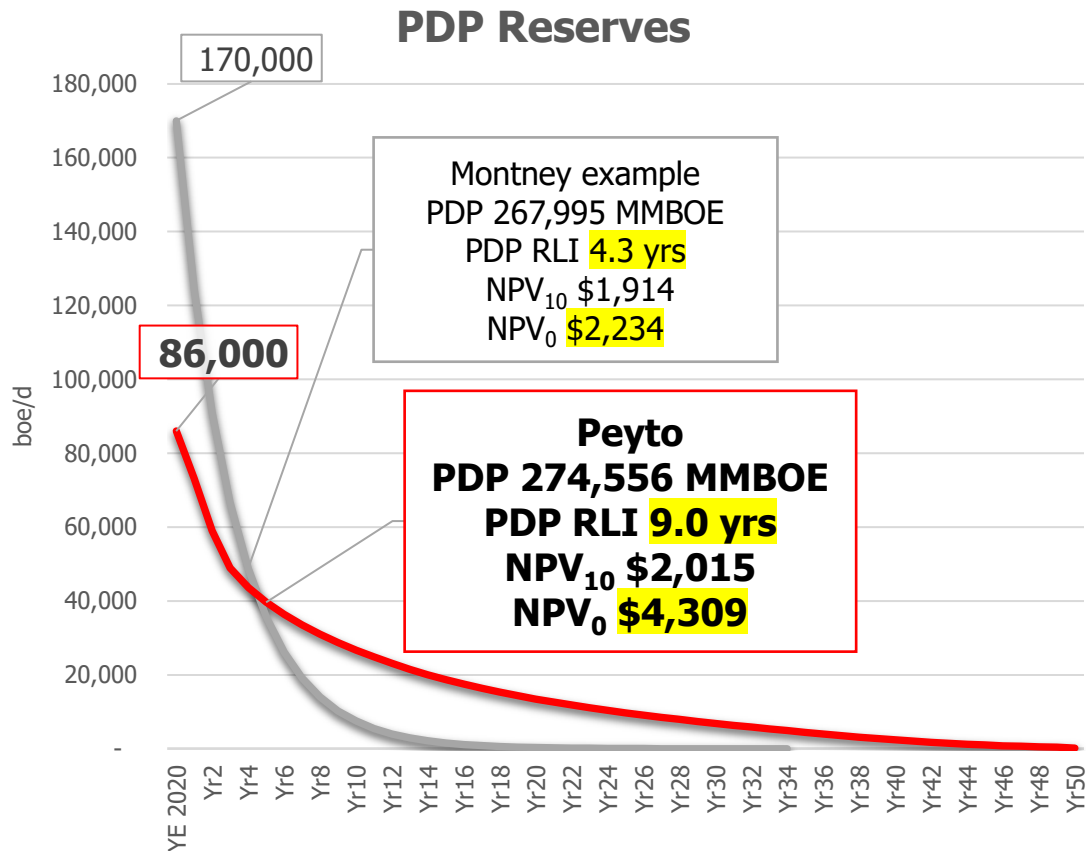
PDP Reserves NPV and RLI



# Peyto's 2020 Performance

## Reserves Option Value – Montney Comparison

"A 10% discount rate wipes out any value beyond 8 years. For most, that is immaterial but for Peyto that wipes out over half of the producing value."



- Peyto has the same PDP reserves as Montney player at YE 2020.
- Peyto's PDP reserves are ultimately much more valuable as they are on production longer.
- Montney reservoirs require twice the peak production to extract them which means twice the processing capacity, more expensive completions.
- The shorter the reserve life and smaller undiscounted ultimate value means there is less collateral for leverage.

PDP RLI is calculated by dividing PDP reserves by annualized Q4 rate  
<http://www.peyto.com/Files/Operations/2020ReservesPressRelease.pdf>

# Peyto's 2020 Performance

## Continuously Improving Emissions

"We are continuously improving our environmental performance, lowering emissions every year!"

Corp.

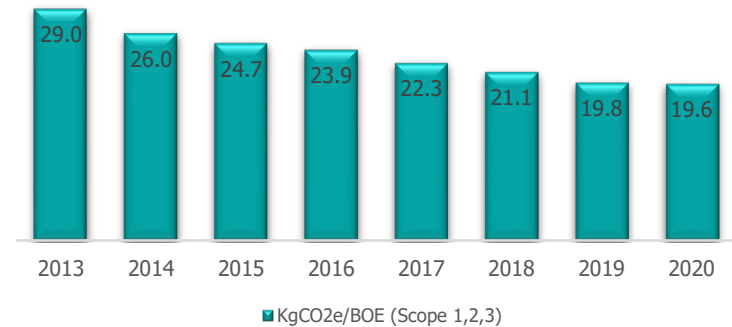
# -32%

in GHG Emissions Intensity\*

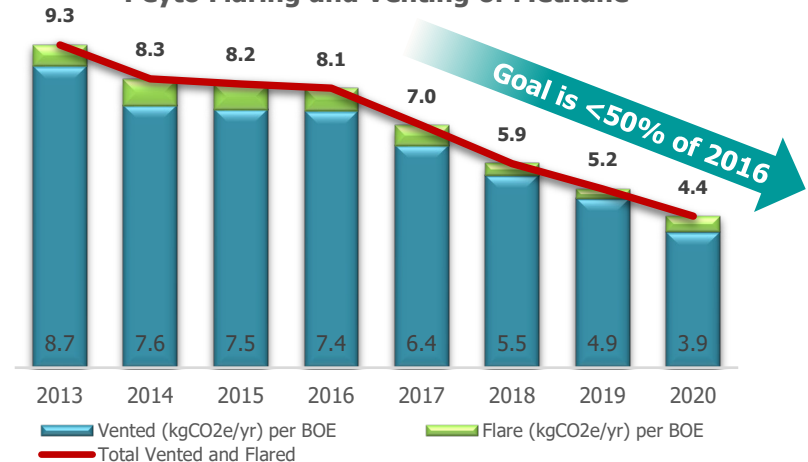
# -53%

In Flared/Vented Methane\*

Peyto GHG Emissions Intensity



Peyto Flaring and Venting of Methane



\*Peyto strives to maintain an accurate GHG emissions inventory from its operations. As such, we go above and beyond currently mandated quantification requirements of vented methane emissions. This proactive approach will facilitate us in mitigating variations in our GHG inventory when the AER implements updated D60 and D17 regulations. For comparative purposes, Peyto's total emissions and emissions intensity will be greater than other industry participants who are currently only reporting mandated quantification requirements. Historical emissions may change in future publications as new data becomes available and our greenhouse gas inventory is refined.

# Peyto's 2020 Performance

*Less Impact on Land and Water*

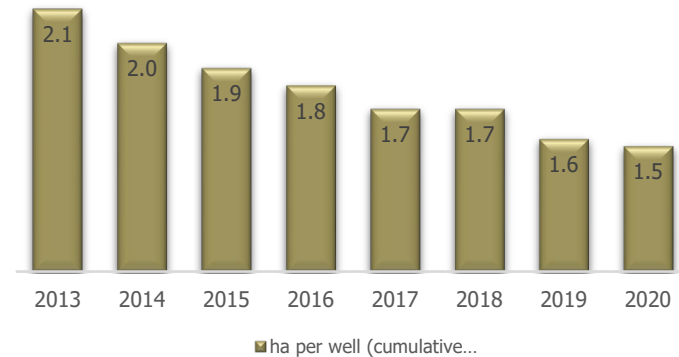
"We have made tremendous gains since 2016 on our Methane emissions, minimizing our land use and recycling our water!"

Corp.

# -28%

in Surface Land Use

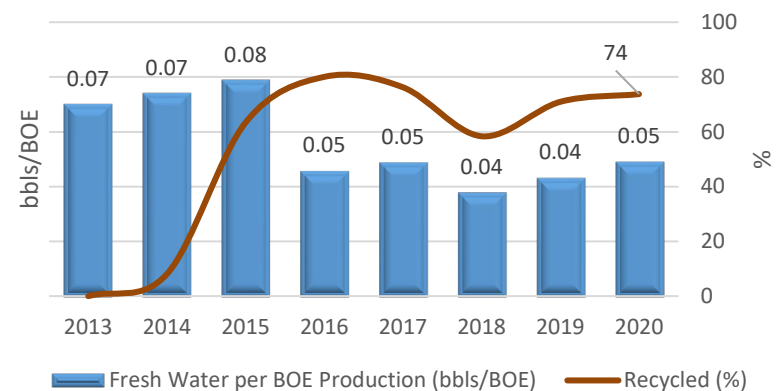
**Peyto Land Use Reduction**



# 74%

of Water Recycled

**Freshwater Use and Flowback Recycling**



\*Peyto strives to maintain an accurate GHG emissions inventory from its operations. As such, we go above and beyond currently mandated quantification requirements of vented methane emissions. This proactive approach will facilitate us in mitigating variations in our GHG inventory when the AER implements updated D60 and D17 regulations. For comparative purposes, Peyto's total emissions and emissions intensity will be greater than other industry participants who are currently only reporting mandated quantification requirements. Historical emissions may change in future publications as new data becomes available and our greenhouse gas inventory is refined.



# Peyto's Returns

## Updated Template Economics At Strip

"Even at the current strip, most of Peyto's play types are generating solid half cycle returns. And we have plenty of room in our gas plants for these wells."

	Brazeau / Chambers			Greater Sundance				
	Cardium	Notikewin	Wilrich	Notikewin Tier 1	Notikewin Tier 2	Wilrich ERH	Falher ERH	Cardium
Gas [MMcf]	2,605	4,348	4,921	4,753	2,242	3,774	4,502	1,567
NGLs [Mbbbl]	149	122	76	50	37	54	70	90
EUR <sub>Gas</sub> [Mmcf]	3,501	5,079	5,376	5,054	2,461	4,100	4,921	2,108
EUR <sub>BOE</sub> [Mboe]	583	846	896	842	410	683	820	351
IP <sub>12</sub> [Mcf/d]	2,510	3,170	3,138	4,106	2,185	2,340	2,772	1,467
DCET <sub>1/2-Cycle</sub> [M\$]	3,010	4,110	4,060	3,210	3,160	3,700	3,960	2,710
<b>IRR [%]</b>	<b>194%</b>	<b>79%</b>	<b>52%</b>	<b>131%</b>	<b>41%</b>	<b>37%</b>	<b>44%</b>	<b>64%</b>
Payout [years]	0.7	1.2	1.7	0.8	2.0	2.2	2.1	1.3
NPV10 [M\$]	4,781	4,455	3,328	4,183	1,416	2,094	3,046	1,924

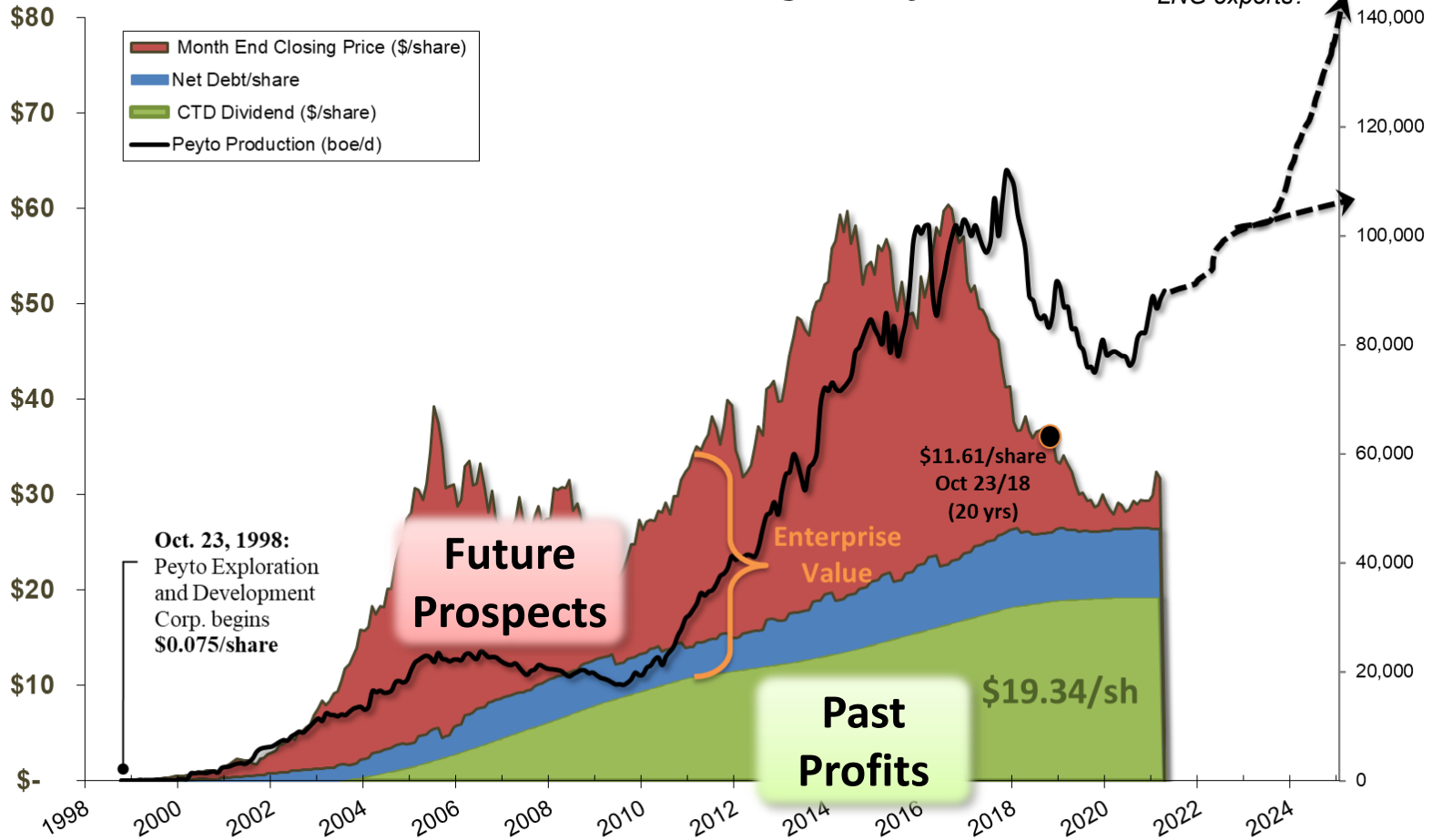
Price Deck:	May 10, 2021 Strip
Project Start:	6/17/2021
Onstream Date:	8/1/2021

# PEY.TO

## Total Shareholder Return Model

"Our track record of success is defined by our past profits. Our plan is to continue this trend, despite how the market currently values our future prospects."

### Peyto Exploration and Development Corp. 22 Year Trading History



# Peyto's Returns

High Returns On Your Capital And Equity

"Investors rarely get to participate in the wells themselves, making type well economics somewhat meaningless. ROE and ROCE are the returns investors get, after deducting corporate costs."

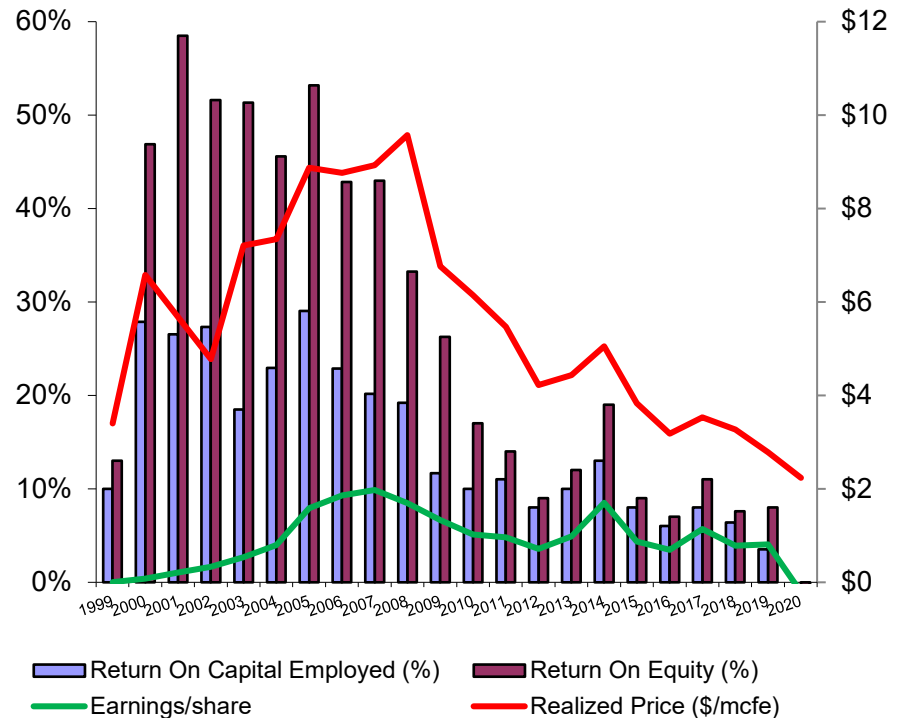


# 26%

22 yr Avg ROE to 2020

# 15%

22 yr Avg ROCE to 2020



Return on Equity (ROE) is earnings for the period divided by average shareholders equity – reveals how much profit a company generates with the money shareholders have invested (22 yrs 1999-2020)

Return on Capital Employed (ROCE) is earnings before interest and tax for the period divided by total assets less current liabilities - indicates the efficiency and profitability of a company's capital investments

# Peyto's Future

## 2021 Outlook

"2021 will continue to be a flexible year depending on the natural gas price outlook and seasonal dynamics regarding summer prices."



**\$300M-**  
**\$350M**

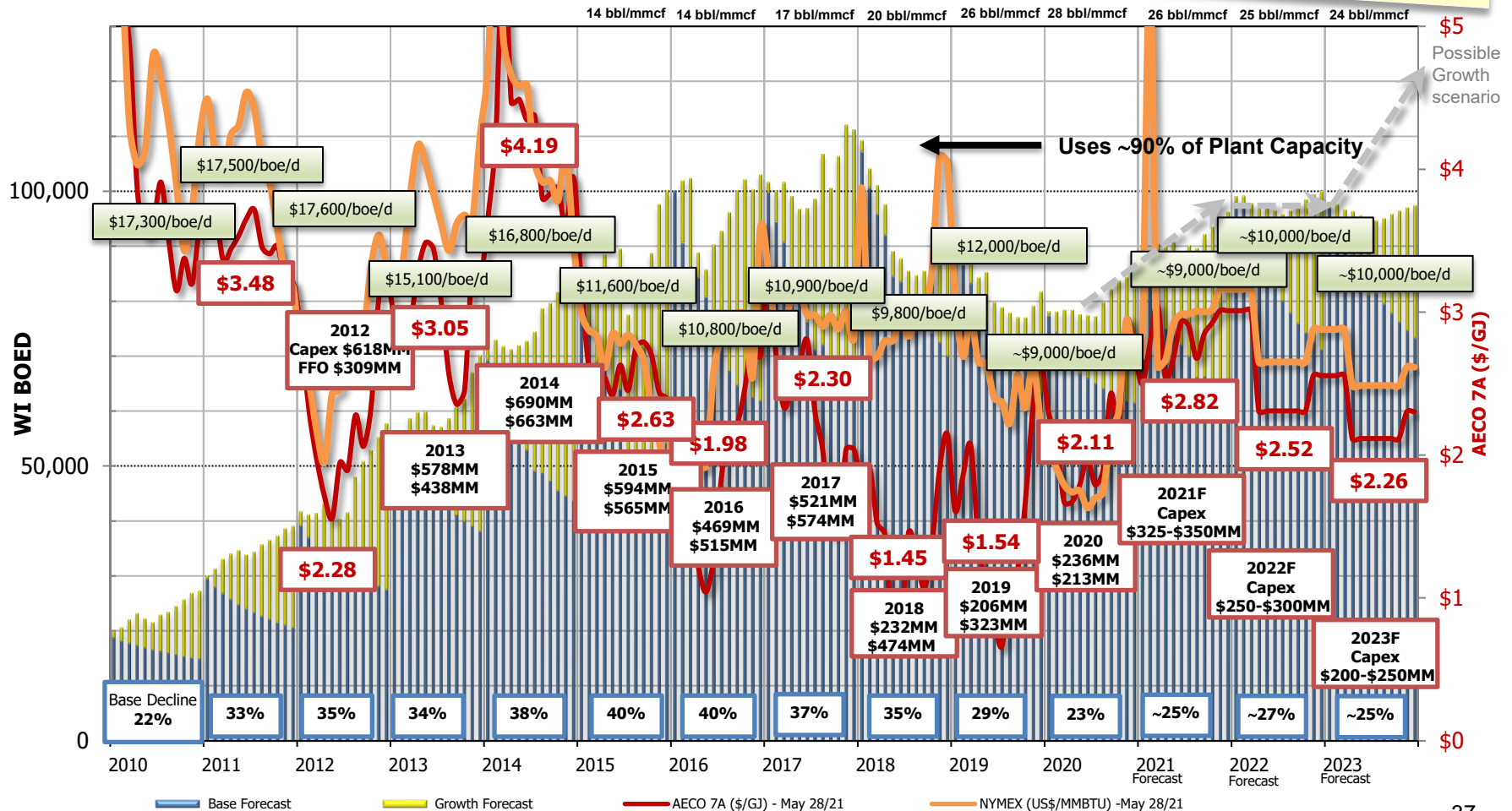
2021 Capital Program

- ✓ **Drill ~80Hz Wells**  
(Liquids Rich Natural Gas) vs 65 in 2020
- ✓ **Market 3<sup>rd</sup> Party Capacity**  
Offer Excess Capacity to Other Operators
- ✓ **Increase Opportunities**  
Undeveloped Land Base
- ✓ **Diversify Markets**  
Evaluate New Pipe Options
- ✓ **Improve Balance Sheet**  
Fund capital program entirely from free cashflow

# Peyto's Future

## Gas Price Stability Before Returning to Growth

"The outlook for production and capital is very fluid, contingent on the futures curve for AECO/NYMEX gas prices which are changing rapidly. Peyto is nimble and can respond quickly with ramped up drilling or production shut-ins/deferrals."



\* 2020 and beyond provided for illustration only. Budgets and forecasts are subject to change due to a variety of factors including but not limited to prior year's results. FFO – Funds from Operations, see definition in Financial Reports. Future illustration derived from historical well performance and cost assumptions.



# Peyto's Future

## Lower Costs to Preserve Profit

"We must drive down our costs further to protect against a prolonged low gas price. There are no guarantees it will ever go higher. Hope is not a strategy, but cost control is."

	PEY 2018	PEY 2019	PEY 2020	2021 PEY Goals
Revenue \$/mcfe	\$3.27	\$2.78	\$2.23	\$3.30
Cash Costs \$/mcfe	(\$0.92)	(\$0.95)	(\$1.01)	(\$1.00)
Capital Costs (PDP FD&A) \$/mcfe	(\$1.18)	(\$1.55)	(\$1.06)	(\$1.00)
Total Supply Cost \$/mcfe	\$2.10	\$2.50	\$2.07	\$2.00
Full Cycle Netback \$/mcfe	\$1.17 36%	\$0.28 10%	\$0.16 7%	\$1.30 40%
Dividend \$/mcfe	\$0.59	\$0.22	\$0.08	
		\$1.32/yr	\$0.72/yr	\$0.09/yr

86% Gas @\$2.11/GJ\*1.15  
14% NGLs@\$31/bbl=(60%of \$52oil)  
**\$2.81/mcfe**  
-\$0.58/mcfe diversification  
**\$2.23/mcfe**

87% Gas @\$2.80/GJ\*1.15  
13% NGLs@\$47/bbl=(60%of \$78  
CND WTI)  
**~\$3.80/mcfe (before market  
diversification & hedging)**

Royalties (\$0.13)  
Opex (\$0.34)  
Transport (\$0.17)  
G&A (\$0.04)  
Interest (\$0.33)  
Total Costs (\$1.01)

- Volumes up, per unit costs down
- Transport cost up to ensure higher price

- Capex down (incr drill speed)
- Reserves up (long lateral, incr frac intensity)

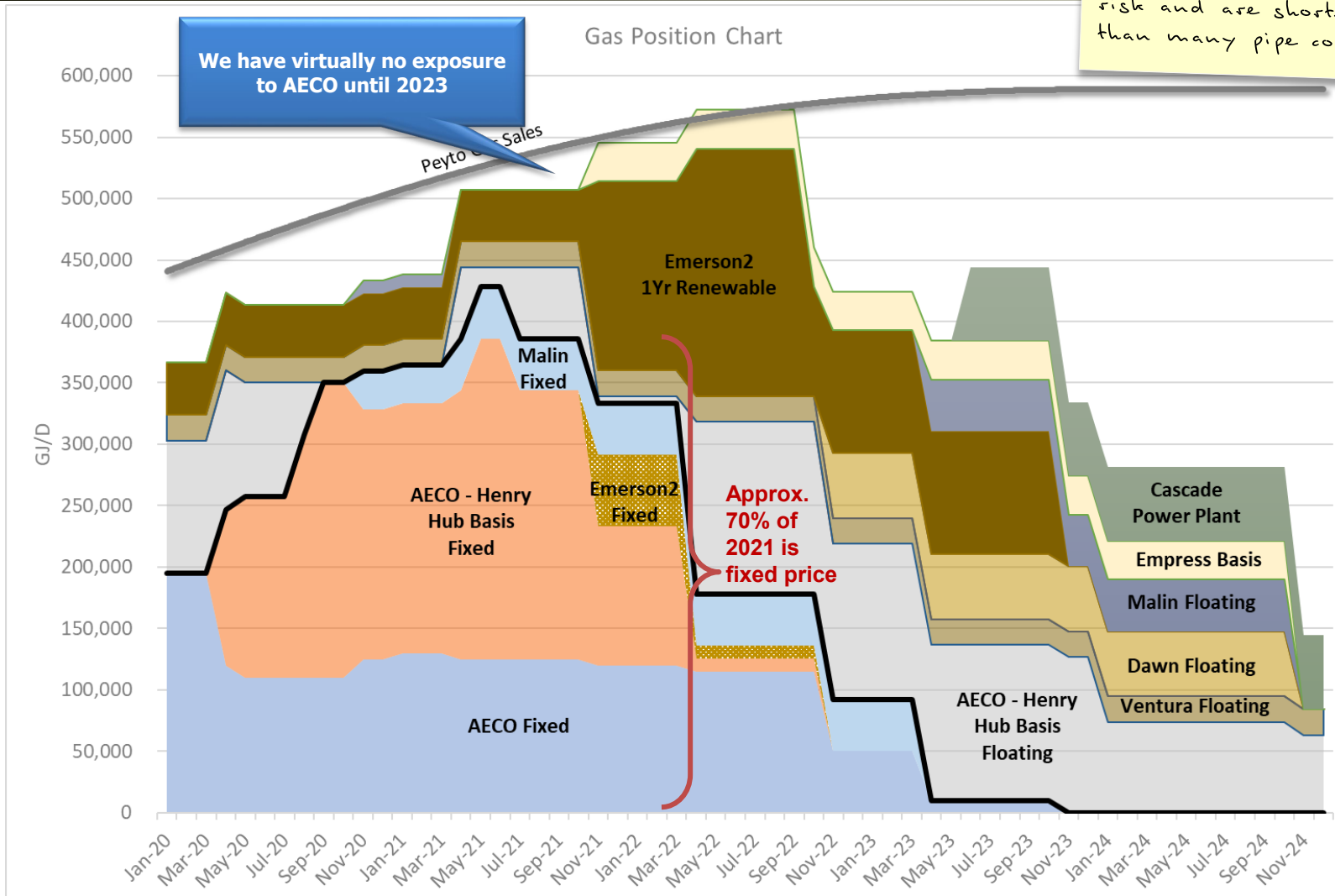
2020 PDP FD&A  
Land/Acq/Disp  
Seismic  
Drilling  
Compl.  
Wellsite  
Facilities  
\$236MM  
  
PDP FD&A  
\$6.36/boe or  
**\$1.06/mcfe**

**Peyto can eventually generate a 47% profit from \$2.80 AECO gas and \$65 USWTI oil, all because of low supply cost**

# Gas Marketing

## Future Market Diversification and Gas Price Protection

"Peyto has used financial basis deals between AECO and other hubs to gain market diversification and allow us to hedge at various markets. Basis deals have very little physical deliver risk and are shorter term than many pipe contracts."

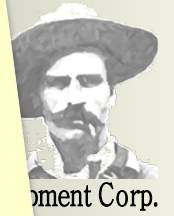


\*Average Heating Value of approximately 1.15 GJ/mcf for Peyto's gas

# Gas Marketing

## LNG Consortium and Export Potential

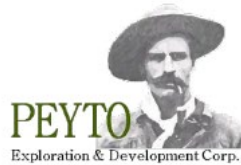
"Peyto is part of a 10 company consortium looking at potential LNG export options. We are not big enough to go it alone but combined we are."



# ESG

2021 ESG Report is Coming!

"Peyto's inaugural 2021 ESG report is on its way. Look for it on the website in June."



## 2021 ESG Report

Sustainable Energy through  
Operational Excellence



ENVIRONMENT  
SOCIAL  
GOVERNANCE