

Peyto Exploration & Development Corp.

Condensed Consolidated Balance Sheet (unaudited)

(Amount in \$ thousands)

	March 31 2026	December 31 2025
Assets		
Current assets		
Cash	58,646	51,057
Accounts receivable (Note 10)	156,840	163,870
Prepaid and other	30,102	33,688
Derivative financial instruments (Note 11)	114,216	111,682
	359,804	360,297
Long-term derivative financial instruments (Note 11)	13,140	11,969
Property, plant and equipment, net (Note 3)	5,145,005	5,087,126
	5,158,145	5,099,095
	5,517,949	5,459,392
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	206,732	192,810
Deferred other income	3,440	4,731
Dividends payable (Note 6)	22,534	22,368
Income tax payable	15,526	32,010
Current portion of lease obligation	1,007	991
Decommissioning provision (Note 5)	12,818	13,000
Current portion of long-term debt (Note 4)	-	100,000
	262,057	365,910
Long-term debt (Note 4)	1,085,719	1,074,273
Decommissioning provision (Note 5)	307,474	299,483
Lease obligation	6,281	6,572
Deferred income taxes	871,348	861,420
	2,270,822	2,241,748
Equity		
Share capital (Note 6)	2,094,934	2,067,782
Contributed surplus	25,988	26,170
Retained earnings	764,431	660,918
Accumulated other comprehensive gain (Note 6)	99,717	96,864
	2,985,070	2,851,734
	5,517,949	5,459,392
Commitments and contingencies (Note 13)		

See accompanying notes to the condensed consolidated financial statements.

Approved by the Board of Directors

(signed) "Debra Gerlach"
Director

(signed) "Jean-Paul Lachance"
Director

Peyto Exploration & Development Corp.
Condensed Consolidated Income Statement *(unaudited)*

(Amount in \$ thousands)

	Three months ended	
	March 31	
	2026	2025
Revenues		
Natural gas and natural gas liquid sales <i>(Note 10)</i>	409,380	303,495
Royalties	(16,691)	(17,714)
Marketing revenue	4,730	8,342
Natural gas and natural gas liquid sales, net of royalties	397,419	294,123
Realized gain on derivative financial instruments <i>(Note 11)</i>	20,221	50,773
Other income	8,756	2,445
Total revenue, other income, and derivative financial instruments	426,396	347,341
Expenses		
Marketing purchases	4,035	7,283
Operating	41,428	38,603
Transportation	23,334	21,162
General and administrative	4,585	4,669
Performance-based compensation	3,000	2,500
Stock-based compensation <i>(Note 9)</i>	3,518	3,581
Finance costs <i>(Note 7)</i>	19,076	23,708
Realized (gain) loss on foreign exchange	916	(88)
Unrealized (gain) loss on foreign exchange	932	(52)
Depletion and depreciation <i>(Note 3)</i>	102,188	96,701
Earnings before taxes	223,384	149,274
Provision for income taxes		
Current tax	43,216	29,838
Deferred tax	9,079	5,319
Total income taxes	52,295	35,157
Earnings for the period	171,089	114,117
Earnings per share <i>(Note 6)</i>		
Basic	\$0.84	\$0.57
Diluted	\$0.82	\$0.57

Peyto Exploration & Development Corp.

Condensed Consolidated Statement of Comprehensive Income (loss) (unaudited)

(Amount in \$ thousands)

	Three months ended	
	March 31	
	2026	2025
Earnings for the period	171,089	114,117
Other comprehensive income		
Change in unrealized gain (loss) on derivative financial instruments	23,753	(169,429)
Deferred income tax recovery (expense)	(852)	50,637
Realized gain on derivative financial instruments	(20,048)	(50,733)
Comprehensive Income (loss)	173,942	(55,408)

Peyto Exploration & Development Corp.
Condensed Consolidated Statement of Changes in Equity (unaudited)

(Amount in \$ thousands)

	Three months ended	
	March 31	
	2026	2025
Share capital, beginning of period	2,067,782	1,977,905
Common shares issued on exercise of stock options	20,037	14,369
Private placement	3,427	-
Contributed surplus on exercise of stock options	3,700	3,370
Share issue costs (net of tax)	(12)	(67)
Share capital, end of period	2,094,934	1,995,577
Contributed surplus, beginning of period	26,170	27,176
Stock based compensation expense	3,518	3,581
Recognized under stock-based compensation plans	(3,700)	(3,370)
Contributed surplus, end of period	25,988	27,387
Retained earnings, beginning of period	660,918	507,273
Earnings for the period	171,089	114,117
Dividends (<i>Note 6</i>)	(67,576)	(65,676)
Retained earnings, end of period	764,431	555,714
Accumulated other comprehensive income, beginning of period	96,864	183,975
Other comprehensive income (loss)	2,853	(169,525)
Accumulated other comprehensive income, end of period	99,717	14,450
Total Equity	2,985,070	2,593,128

Peyto Exploration & Development Corp.
Condensed Consolidated Statement of Cash Flows *(unaudited)*

(Amount in \$ thousands)

	Three months ended	
	March 31	
	2026	2025
Cash provided by operating activities		
Earnings	171,089	114,117
Items not requiring cash:		
Deferred income tax	9,079	5,319
Depletion and depreciation	102,188	96,701
Accretion of decommissioning provision	3,088	3,052
Lease interest	104	117
Stock based compensation	3,518	3,581
Unrealized (gain) loss on foreign exchange	932	(52)
Decommissioning expenditures	(2,865)	(2,872)
Change in non-cash working capital related to operating activities	(13,764)	(730)
	273,369	219,233
Financing activities		
Common shares issued on exercise of stock options and private placement	23,449	14,282
Cash dividends paid	(67,410)	(65,544)
Principal repayment of lease	(379)	(379)
Interest and financing charges	513	942
Decrease in bank debt	(90,000)	(24,500)
Repayment of senior notes <i>(Note 4)</i>	(100,000)	-
Issuance of senior notes <i>(Note 4)</i>	100,000	-
	(133,827)	(75,199)
Investing activities		
Additions to property, plant and equipment	(149,170)	(102,485)
Asset acquisitions	(3,311)	(75)
Change in non-cash working capital relating to investing activities	20,528	(761)
	(131,953)	(103,321)
Net change in cash	7,589	40,713
Cash, beginning of period	51,057	13,635
Cash, end of period	58,646	54,348

The following amounts are included in cash flows from operating activities:

Cash interest paid	10,844	15,829
Cash taxes paid	59,700	40,706

Peyto Exploration & Development Corp.

Notes to Condensed Consolidated Financial Statements *(unaudited)*

As at and for the three months ended March 31, 2026 and 2025

(Amount in \$ thousands, except as otherwise noted)

1. Nature of operations

Peyto Exploration & Development Corp and its subsidiaries (together “Peyto” or the “Company”) is a Calgary based oil and natural gas company. Peyto conducts exploration, development, and production activities in Canada. Peyto is incorporated and domiciled in the Province of Alberta, Canada. The address of its head office is 300, 600 – 3rd Avenue SW, Calgary, Alberta, Canada, T2P 0G5.

These condensed consolidated financial statements were approved and authorized for issuance by the Audit Committee of Peyto on May 12, 2026.

2. Basis of presentation

The condensed consolidated financial statements have been prepared by management and reported in Canadian dollars in accordance with IFRS® Accounting Standards (the “Accounting Standards”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparations of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. These condensed consolidated financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Company’s consolidated financial statements as at and for the year ended December 31, 2025.

Material Accounting Policies

(a) Material Accounting Judgments Estimates and Assumptions

The timely preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the condensed consolidated financial statements.

All accounting policies and methods of computation followed in the preparation of these condensed consolidated financial statements are the same as those disclosed in Note 2 of Peyto’s consolidated financial statements as at and for the years ended December 31, 2025, except as noted below.

(b) Changes in accounting policies

On January 1, 2026, Peyto adopted amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures to address the classification and measurement of financial instruments, with an emphasis to clarify the date of recognition and derecognition of financial asset and liabilities. This amendment does not have a material impact on the consolidated financial statements.

Future Accounting Pronouncements

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements (“IFRS 18”), which will replace IAS 1 and includes requirements for all entities applying IFRS Accounting Standards for the presentation and disclosure of information in the financial statements. IFRS 18 will introduce new totals, subtotals, and categories for income and expenses in the statement of income, as well as requiring disclosure about management-defined performance measures and additional requirements regarding the aggregation and disaggregation of certain information. It will be

effective on January 1, 2027, with earlier adoption permitted, and it must be adopted on a retrospective basis. The Company is currently evaluating the impact on its financial statements.

3. Property, plant and equipment, net

Cost	
At December 31, 2025	9,368,642
Additions	149,170
Asset acquisitions	3,311
Change in decommissioning provision	7,586
At March 31, 2026	9,528,709
Accumulated depletion and depreciation	
At December 31, 2025	(4,281,516)
Depletion and depreciation	(102,188)
At March 31, 2026	(4,383,704)
Carrying amount at December 31, 2025	
	5,087,126
Carrying amount at March 31, 2026	5,145,005

During the period ended March 31, 2026, Peyto capitalized \$3.5 million (2025 - \$2.5 million) of general and administrative expense directly attributable to development activities.

For the period ended March 31, 2026, the Company identified no indicators of impairment and therefore an impairment test was not performed.

4. Long-term debt

	March 31, 2026	December 31, 2025
Revolving credit facility	600,000	690,000
Senior secured notes	490,756	489,824
Long-term debt, before deferred financing costs	1,090,756	1,179,824
Deferred financing costs	(5,037)	(5,551)
Long-term debt	1,085,719	1,174,273
Current portion of long-term debt	-	100,000
Non-current portion of long-term debt	1,085,719	1,074,273

On October 23, 2025, the Company entered into an agreement with its syndicate of lenders to amend and extend its credit facilities, which increased the revolving operating facility (the "Revolving Credit Facility") to \$1.05 billion. The maturity date of the Revolving Credit Facility was extended to October 23, 2029, and consists of a \$0.04 billion working capital tranche and a \$1.010 billion production line, available on a revolving basis.

Borrowings under the Revolving Credit Facility bears interest at Canadian bank prime or US base rate, or, at Peyto's option, Canadian dollar CORRA advances or US dollar SOFR loan rates, plus adjustments and applicable margin.

The Company had \$12.2 million of Letters of Credit outstanding at March 31, 2026 (\$9.1 million at December 31, 2025).

Outstanding senior notes are as follows:

Senior Secured Notes	Date Issued	Rate	Maturity Date
\$100 million (CAD)	January 2, 2018	3.95%	January 2, 2028
\$40 million (USD)	October 29, 2021	3.98%	October 29, 2028
\$160 million (CAD)	October 24, 2023	6.46%	October 24, 2030
\$75 million (CAD)	October 17, 2024	5.638%	October 17, 2034
\$100 million (CAD)	January 5, 2026	5.03%	January 5, 2033

On January 5, 2026, Peyto issued \$100 million of senior secured notes. The notes have a coupon rate of 5.03% and mature on January 5, 2033. The notes were issued by way of a private placement pursuant to a note purchase agreement and rank equally with Peyto's obligations under its bank facility and existing note purchase and private shelf agreement. Interest will be paid semi-annually in arrears. Proceeds from the notes were used to repay the \$100 million, 4.39% notes that matured on January 3, 2026.

Peyto is subject to the following financial covenants as defined in the credit facility and note purchase agreements:

- Long-term debt and subordinated debt plus bank overdraft and letters of credit not to exceed 4.0 times trailing twelve-month net income before non-cash items, interest and income taxes;
- Long-term debt plus bank overdraft and letters of credit not to exceed 3.5 times trailing twelve-month net income before non-cash items, interest and income taxes.
- Trailing twelve months net income before non-cash items, interest and income taxes to exceed 3.0 times trailing twelve months interest expense.

Peyto is in compliance with all financial covenants at March 31, 2026.

Total interest and financing costs for the period ended March 31, 2026 was \$15.9 million (2025 - \$20.5 million) and the average borrowing rate for the period was 5.5% (2025 – 6.2%).

5. Decommissioning provision

The following table reconciles the change in decommissioning provision:

Balance, December 31, 2025	312,483
New provisions	1,701
Accretion of decommissioning provision	3,088
Change in discount rate and estimates	5,885
Decommissioning expenditures	(2,865)
Balance, March 31, 2026	320,292
Current	12,818
Non-current	307,474

The Company has estimated the net present value of its total decommissioning provision to be \$320.3 million as at March 31, 2026 (2025 – \$312.5 million) based on a total escalated future undiscounted liability of \$1,047.1 million (2025 – \$1,046.1 million). At March 31, 2026, management estimates that these payments are expected to be made over the next 50 years (2025 – 50 years) with the majority of payments being made in years 2042 to 2076. The Bank of Canada's long-term bond rate of 3.88% (2025 – 3.85%) and an inflation rate of 2.0% (2025 – 2.0%) were used to calculate the present value of the decommissioning provision.

The following table demonstrates the change in decommissioning provision as a result of a reasonably possible change in discount rates.

	March 31, 2026	December 31, 2025
Increase of one percent	(81,833)	(82,356)
Decrease of one percent	111,553	112,684

6. Share capital

Authorized: Unlimited number of voting common shares

Issued and Outstanding

Common Shares (no par value)	Number of Common Shares	Amount \$
Balance, December 31, 2025	203,343,491	2,067,782
Common shares issued under stock option plan	1,394,759	20,037
Private placement	119,865	3,427
Contributed surplus on exercised of stock options	-	3,700
Common share issuance costs (net of tax)	-	(12)
Balance, March 31, 2026	204,858,115	2,094,934

On March 25, 2026, Peyto closed a private placement issuing 119,865 common shares, at price of \$28.59 per common share, to employees and officers of the Company for proceeds of \$3.4 million.

Earnings per common share has been determined based on the following:

	Three Months ended March 31,	
	2026	2025
Weighted average common shares basic	204,779,537	199,017,749
Weighted average common shares dilutive	208,181,438	200,359,842

Dividends

During the period ended March 31, 2026, Peyto declared dividends of \$0.11 per common share per month totaling \$67.6 million (2025 - \$0.11 per common share per month \$65.7 million).

On April 15, 2026, Peyto declared dividends of \$0.11 per common share that will be paid on May 15, 2026. On May 12, 2026, The Company has approved dividends of \$0.12 per common share that will be paid on June 15, 2026.

Comprehensive income

Comprehensive income consists of earnings and other comprehensive income (“OCI”). OCI comprises the change in the fair value of the effective portion of the derivatives used as hedging items in a cash flow hedge. “Accumulated other comprehensive income” is an equity category comprised of the cumulative amounts of OCI.

Accumulated hedging gains and losses

Gains and losses from financial derivative instruments are accumulated until settled. These outstanding hedging contracts are recognized in earnings on settlement. Further information on these contracts is set out in Note 11.

7. Finance costs

	Three Months ended March 31,	
	2026	2025
Accretion of decommissioning provision	3,088	3,052
Financing expense	760	942
Lease interest	104	117
Interest	15,124	19,597
Finance Costs	19,076	23,708

8. Performance-based compensation

Reserve based component

The reserves value-based component is 4% of the incremental increase in per share value, if any, as adjusted to reflect changes in debt, dividends, general and administrative expenses and interest expense, of proved producing reserves, calculated using un-escalated average realized prices of the current year and a discount rate of 8%. The Company accrued \$3.0 million for the three months end March 31, 2026 (2025 - \$2.5 million). The amount is recorded in Accounts payable and accrued liabilities.

9. Stock-based compensation

Total Shareholder Return Rights

In May 2025, the Company adopted, and shareholders approved the Total Shareholder Return Rights Plan ("TSRRP") to replace Peyto's stock option program as the Company's only security-based compensation arrangement for employees, executive officers and consultants. Under the TSRRP, participants are granted rights ("Rights") that vest ratably over three years. The future value of which is based on the difference between the market value of the common shares on the date of grant and the market value of the common shares on vesting date, plus the dividends paid to shareholders during such period. Plan participants who are executive officers of the Company will be subject to performance conditioning metrics on 50% of the Rights granted to them (the "Performance Rights"). Employees and officers are expected to settle any in-the-money rights through the issuance of common shares, which will be issued from treasury. Rights held by consultants are expected to be settled in cash. The TSRRP provides that the aggregate number of common shares issuable thereunder and under all other security-based compensation arrangements of the Company at any time may not exceed 6.5% of the total number of issued and outstanding common shares from time to time.

Stock Options

The Company has a stock option plan allowing for the granting of stock options to officers, employees and consultants of the Company. Stock options were granted periodically with a three-year vesting period. At the vesting, recipients have thirty days to exercise options after which any unexercised options expire. With the adoption and approval of the TSRRP, Peyto has ceased granting new awards under the stock option plan. Outstanding stock options will vest, exercise or expire according to original grant agreements.

Deferred Share Units

Peyto has a deferred share unit ("DSU") plan, whereby DSUs may be issued to members of the Board of Directors. Each DSU is a notional unit equal in value to one Common Share, which entitles the holder to receive a common share upon redemption. DSUs vest immediately but can only be converted to a share upon the holder ceasing to be a Director of the Company. The expense associated with the DSU plan is determined based on the 5-day VWAP of Common Shares at the grant date. The expense is recognized in the income statement in the quarter in which the units are granted, with a corresponding charge to contributed surplus in the balance sheet.

Total Shareholder Return Rights Plan

The following tables summarize the Rights outstanding at March 31, 2026:

	TSRRP Rights		TSRRP Performance Rights	
	Number of Rights	Weighted average Grant price \$	Number of Rights	Weighted average Grant price \$
Balance, December 31, 2025	2,757,948	19.90	855,000	19.89
Rights granted	941,400	25.89	288,000	25.89
Balance, March 31, 2026	3,699,348	22.11	1,143,000	22.08
March 31, 2026				
Fair value of Rights granted (weighted average)		\$4.01		\$3.74
Expected volatility		27.40%		27.40%
Average option life		2 years		2 years
Risk-free interest rate		2.84%		2.84%
Forfeiture rate		5.41%		5.41%
Dividend Yield		0%		0%

Rights will be granted throughout the year and vest 1/3 on each of the first, second and third anniversaries from the date of grant. At vesting, if the value of the right is greater than zero, the vested right shall become subject to payment in accordance with the TSRRP. At March 31, 2026, no Rights have vested.

Performance Rights will be granted throughout the year and vest 1/3 on each of the first, second and third anniversaries from the date of grant. At vesting, if the Company's total shareholder return for the performance period is greater than 8% per annum, the vested Performance Right shall become subject to payment in accordance with the TSRRP. If total shareholder return for the performance period is less than 8% per annum, the vested Performance Right's value will be deemed zero and participants will not be entitled to a payment. At March 31, 2026, no Performance Rights have vested.

Stock option plans

The following tables summarize the stock options outstanding at March 31, 2026:

		Weighted average exercise price \$
Balance, December 31, 2025	7,527,206	14.67
Exercised	(1,394,759)	14.37
Balance, March 31, 2026	6,132,477	14.74

Deferred Share Units (“DSUs”)

The following tables summarize the DSUs outstanding at March 31, 2026:

Balance, December 31, 2025	336,252
DSUs granted	11,655
Balance March 31, 2026	347,907

10. Revenue and receivables

	Three Months ended March 31,	
	2026	2025
Natural gas sales	302,655	213,578
Natural gas liquids sales	106,725	89,917
Natural gas and natural gas liquid sales	409,380	303,495

	March 31,	December 31,
	2026	2025
Accounts receivable from customers	131,696	144,599
Accounts receivable from realized risk management contracts	19,729	9,428
Accounts receivable from joint venture partners and other	5,415	9,843
Account Receivable	156,840	163,870

A substantial portion of the Company's accounts receivable is with petroleum and natural gas marketing entities. Industry standard dictates that commodity sales are settled on the 25th day of the month following the month of production.

11. Financial instruments and capital management

Financial instrument classification and measurement

Financial instruments of the Company carried on the condensed consolidated balance sheet are carried at amortized cost with the exception of cash and derivative financial instruments. There are no significant differences between the carrying amount of financial instruments and their estimated fair values as at March 31, 2026 except for derivative financial instruments.

The Company's areas of financial risk management and risks related to financial instruments remained unchanged from December 31, 2025.

The fair value of the Company's cash and financial derivative instruments are quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's cash and financial derivative instruments have been assessed on the fair value hierarchy described above and classified as Level 1 and Level 2.

Fair values of financial assets and liabilities

The Company's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, dividend payable, long term debt and derivative financial instruments. At March 31, 2026 and 2025, cash and derivative financial instruments, are carried at fair value. Accounts receivable and current liabilities approximate their fair value due to their short-term nature. The carrying value of the long-term debt approximates its fair value due to the floating rate of interest charged under the credit facility.

Commodity price risk management

Peyto uses derivative instruments to reduce its exposure to fluctuations in commodity prices. Peyto considers all these transactions to be effective economic hedges for accounting purposes. Physical delivery contracts are not considered financial instruments and therefore, no asset or liability is recognized on the consolidated balance sheet.

Following is a summary of all risk management contracts in place as at March 31, 2026:

Commodity contracts

Natural Gas – AECO 7A Monthly Index			Average Price
Period Hedged	Type	Daily Volume (GJ)	(CAD/GJ)
Q2 2026	Fixed Price	217,500	\$3.29
Q3 2026	Fixed Price	217,500	\$3.29
Q4 2026	Fixed Price	250,652	\$3.37
Q1 2027	Fixed Price	267,500	\$3.40
Q2 2027	Fixed Price	165,000	\$2.40
Q3 2027	Fixed Price	165,000	\$2.40
Q4 2027	Fixed Price	128,533	\$2.72
Q1 2028	Fixed Price	110,000	\$2.96

Natural Gas – AECO 5A Daily Index			Average Price
Period Hedged	Type	Daily Volume (GJ)	(CAD/GJ)
Q2 2026	Fixed Price	15,000	\$2.73
Q3 2026	Fixed Price	15,000	\$2.73
Q4 2026	Fixed Price	5,054	\$2.73
Q2 2027	Fixed Price	50,000	\$2.70
Q3 2027	Fixed Price	50,000	\$2.70
Q4 2027	Fixed Price	16,848	\$2.70

Natural Gas - NYMEX Henry Hub			Average Price
Period Hedged	Type	Daily Volume (MMBTU)	(USD/MMBtu)
Q2 2026	Fixed Price	190,000	\$3.75
Q3 2026	Fixed Price	190,000	\$3.75
Q4 2026	Fixed Price	170,109	\$4.10
Q1 2027	Fixed Price	75,000	\$4.42
Q2 2027	Fixed Price	75,000	\$3.59
Q3 2027	Fixed Price	75,000	\$3.59
Q4 2027	Fixed Price	25,272	\$3.59

Crude Oil – WTI CAD			Average Price
Period Hedged	Type	Daily Volume (bbl)	(CAD/bbl)
Q2 2026	Fixed Price	6,000	\$90.43
Q3 2026	Fixed Price	4,900	\$89.09
Q4 2026	Fixed Price	4,100	\$86.15
Q1 2027	Fixed Price	1,800	\$86.71
Q2 2027	Fixed Price	1,400	\$87.07
Q3 2027	Fixed Price	1,200	\$87.45
Q4 2027	Fixed Price	1,200	\$87.45

Crude Oil – WTI CAD			Put - Call
Period Hedged	Type	Daily Volume (bbl)	(CAD/bbl)
Q2 2026	Collar	500	\$90.00–\$100.50
Q3 2026	Collar	500	\$75.00–\$89.15
Q4 2026	Collar	500	\$75.00–\$89.15
Q1 2027	Collar	500	\$75.00–\$87.25
Q2 2027	Collar	500	\$75.00–\$87.25
Q3 2027	Collar	500	\$75.00–\$87.25
Q4 2027	Collar	500	\$75.00–\$87.25

Propane – Conway			Average Price
Period Hedged	Type	Daily Volume (bbl)	(USD/bbl)
Q2 2026	Fixed Price	1,000	\$34.23
Q3 2026	Fixed Price	1,000	\$34.23
Q4 2026	Fixed Price	1,000	\$34.23
Q1 2027	Fixed Price	1,000	\$34.23

Had these contracts closed on March 31, 2026, Peyto would have realized a gain in the amount of \$131.2 million. If the gas price on March 31, 2026, were to increase by \$0.10/GJ, the unrealized gain would decrease by approximately \$23.0 million. An opposite change in commodity prices would result in an opposite impact on other comprehensive income.

Foreign exchange contracts

Average Rate forward	Amount (USD)	Rate (CAD/USD)
Sold USD Contracts		
Q2 2026	\$40.0 million	1.3630
Q3 2026	\$40.0 million	1.3630
Q4 2026	\$36.0 million	1.3589
Q1 2027	\$29.4 million	1.3566
Q2 2027	\$21.3 million	1.3588
Q3 2027	\$21.3 million	1.3588
Q4 2027	\$7.1 million	1.3588

Had these contracts settled on March 31, 2026, Peyto would have realized a loss in the amount of \$3.9 million. If the CAD/USD FX rate on March 31, 2026 were to increase by 0.05, the unrealized loss would increase by approximately \$9.8 million. An opposite change in the CAD/USD FX rate would result in an opposite impact on other comprehensive income.

Interest rate contracts

Term	Notional Amount	Peyto pays fixed rate	Peyto receives floating rate
January 30, 2025 to January 30, 2028	\$50 million	2.67%	CORRA

Had these contracts closed on March 31, 2026, Peyto would have realized a gain in the amount of \$10 thousand.

Subsequent to March 31, 2026 Peyto entered into the following contracts:

Natural Gas – AECO 7A Monthly Index			
Period Hedged	Type	Daily Volume (GJ)	Average Price (CAD/GJ)
Q4 2026	Fixed Price	6,630	\$2.45
Q1 2027	Fixed Price	10,000	\$2.45
Q2 2027	Fixed Price	70,000	\$2.32
Q3 2027	Fixed Price	70,000	\$2.32
Q4 2027	Fixed Price	36,848	\$2.52
Q1 2028	Fixed Price	20,000	\$2.88

Natural Gas – NYMEX Henry Hub			
Period Hedged	Type	Daily Volume (MMBtu)	Average Price (USD/MMBtu)
Q4 2026	Fixed Price	13,261	\$3.90

Crude Oil – WTI CAD			
Period Hedged	Type	Daily Volume (bbl)	Average Price (CAD/bbl)
Q3 2026	Fixed Price	800	\$108.13
Q4 2026	Fixed Price	800	\$108.13
Q1 2027	Fixed Price	900	\$98.21
Q2 2027	Fixed Price	900	\$98.21
Q3 2027	Fixed Price	900	\$98.21
Q4 2027	Fixed Price	900	\$98.21

Crude Oil – WTI CAD			
Period Hedged	Type	Daily Volume (bbl)	Put - Call (CAD/bbl)
Q3 2026	Collar	200	\$90.00–\$122.00
Q4 2026	Collar	200	\$90.00–\$122.00

Crude Oil – WTI CAD			
Period Hedged	Type	Daily Volume (bbl)	Average Price (CAD/bbl)
Q1 2027	Call Option	1,500	\$100.00
Q2 2027	Call Option	1,500	\$100.00
Q3 2027	Call Option	1,500	\$100.00
Q4 2027	Call Option	1,500	\$100.00

Foreign exchange contracts

Average Rate forward	Amount (USD)	Rate (CAD/USD)
Sold USD Contracts		
Q4 2026	\$1.4 million	1.3500
Q1 2027	\$2.1 million	1.3500
Q2 2027	\$6.6 million	1.3475
Q3 2027	\$6.6 million	1.3475
Q4 2027	\$2.2 million	1.3475

12. Related party transactions

Certain directors of Peyto are considered to have significant influence over other reporting entities that Peyto engages in commercial transactions with. Such services are provided in the normal course of business and at market rates. These directors are not involved in the day-to-day operational decision making of the Company. The dollar value of the transactions between Peyto and each of the related reporting entities is summarized below:

Expense (Income) (\$000)		Accounts Payable (Account Receivable) (\$000)	
Three Months ended March 31		As at March 31	
2026	2025	2026	2025
156	(29)	71	(115)

13. Commitments

Following is a summary of Peyto's contractual obligations and commitments as at March 31, 2026:

	Q2-Q4 2026	2027	2028	2029	2030	Thereafter
Interest payments ⁽¹⁾	21,283	25,773	21,967	19,595	18,733	29,490
Transportation commitments	69,079	113,097	68,559	49,756	43,170	401,952
Operating leases	1,790	2,436	2,438	2,539	2,569	2,884
Methanol	4,420	-	-	-	-	-
Total	96,572	141,306	92,964	71,180	64,472	434,326

(1) Fixed interest payments on senior secured notes

The Company may be involved in litigation and disputes arising in the normal course of operations. Management is of the opinion that any potential litigation will not have a material adverse impact on Peyto's financial position or results of operations at March 31, 2026.

Officers

Jean-Paul Lachance
President and Chief Executive Officer

Todd Burdick
Vice President, Production

Riley Frame
Vice President, Engineering and Chief Operating Officer

Derick Czember
Vice President, Land and Business Development

Tavis Carlson
Chief Financial Officer

Stephen Chetner
Corporate Secretary

Lee Curran
Vice President, Drilling and Completions

Micheal Rees
Vice President, Geoscience

Mike Collens
Vice President, Marketing

Crisy Rafoss
Vice President, Finance

Directors

Don Gray, Chairman
Brian Davis, Lead Independent Director
Darren Gee
John Rossall
Debra Gerlach
Jean-Paul Lachance
Jocelyn McMinn
Nicki Stevens

Auditors

Deloitte LLP

Solicitors

Burnet, Duckworth & Palmer LLP

Bankers

Bank of Montreal
Canadian Imperial Bank of Commerce
National Bank of Canada
ATB Financial
The Toronto-Dominion Bank
China Construction Bank (Canada)
Bank of China (Canada)
Business Development Bank of Canada

Transfer Agent

Computershare

Head Office

300, 600-3 Avenue SW

Calgary, AB

T2P 0G5

Phone: 403.261.6081

Fax: 403.451.4100

Web: www.peyto.com

Stock Listing Symbol: PEY.TO