NEWS RELEASE

JUNE 29, 2020 **SYMBOL: PEY – TSX**

PEYTO PROVIDES OPERATIONAL UPDATE AND AMENDS CREDIT AND NOTE PURCHASE AGREEMENTS

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("Peyto" or the "Company") announces today an operational update, amended credit and note purchase agreements, and reaffirms its 2020 capital guidance supported by the Company's sustainable business model.

The COVID-19 pandemic has had an unprecedented impact on near term hydrocarbon demand and placed a considerable economic burden on a struggling Canadian energy industry. Lower commodity prices, decreased liquidity and increased cost of capital has significantly reduced investment in new drilling not only in Canada but across North America. This reduced activity should eventually result in declines in production and rising commodity prices. While Peyto will ultimately benefit from those rising commodity prices, in the near term, the Company's business is sustained by its long life, low cost natural gas assets that deliver industry leading operating margins.

Operational Update

Spring breakup conditions were unusually wet in the Edson area due to the above average winter snowfall and colder temperatures that drove frost deeper into the ground. Despite these challenges, Peyto was able to drill 11 new wells (10.3 net), complete 8 wells (7.5 net) and bring on production 9 wells (8.5 net) so far in the second quarter. In addition, the Company has 5 wells (4.3 net) drilled and awaiting completion. The Company expects to drill 29 gross wells (27.5 net) in the first half of 2020. Current production is consistent with the first quarter at approximately 78,500 boe/d.

New drilling in 2020 has added approximately 65 mmcf/d of natural gas and 1,700 bbls/d of natural gas liquids which continues to demonstrate a significant improvement in capital efficiency and which is expected to translate into a lower sustaining capital requirement going forward. Both drilling costs per meter and completion costs per stage in the second quarter have averaged 10% less than the first quarter of 2020, despite wet breakup conditions which add to cost, and Peyto targets a further 10-15% cost savings in the balance of the year. These combined savings are expected to directly translate into reduced cost to add new production and reserves.

Amended Credit Facility and Note Purchase Agreements

On June 29, 2020, Peyto finalized an agreement with its syndicate of lenders and term debt note holders to revise its credit and note purchase agreements and to reduce the size of its credit facility. The credit facility and long term notes are now secured by a floating debenture on Peyto's assets and the $1.3 billion extendible revolving credit facility has been reduced to $950 million. This amended facility provides Peyto with adequate liquidity to execute its three-year strategic business plan while minimizing the increased cost of the unutilized credit capacity. On March 31, 2020, Peyto had drawn $715 million on its credit facility and had $415 million of long-term notes leaving it with significant liquidity.

In addition, Peyto has received relief from its previous financial covenants with new senior and total debt to EBITDA financial covenants ranging throughout the relief period from 3.5:1 up to 5.25:1, for senior debt, and 4:1 up to 5.75:1, for total debt. The total stamping fee under the credit facility will range between 200 basis points and 600 basis points on Canadian dollar bankers' acceptance and US dollar LIBOR borrowings. Undrawn portions of the facility are subject to a standby fee in the range of 50 basis points to 150 basis points. An increase in the interest rate on the notes will range from 85 basis points and 285 basis points depending on the senior debt financial covenant. Peyto's revolving credit facility has a stated term date of October 13, 2022 while the first long term note, of $50 million, is due on September 30, 2022. Peyto is pleased to report that all ten banks in its syndicate as well as the four note holders have continued their support of the Company and its go forward business model. This new agreement allows the Company to move forward with confidence and certainty over the next 2 years.

Capital Guidance

The Company is approximately halfway through its 2020 capital program, which is expected to range between $200 and $250 million. This capital program is now expected to result in 45-60 wells drilled, completed, and brought onstream. In addition, the capital program will expand Peyto's 2,000 km gas gathering pipeline network, provide meaningful additional gas supply for its 845 mmcf/d processing facilities, and add to the Company's database of 2,160 square miles of 3D seismic - twice that of Peyto's land base.

As the capital required to hold Peyto at current production levels is now reduced, due to improved capital efficiency, the remaining free cashflow is expected to result in increasing production. Moving forward into 2021 and 2022, as base production declines are forecast to continue to moderate, the sustaining capital that is required for this current level of production is forecast to fall to $180 and $165 million, respectively. It should be noted that Peyto's proved producing reserves are expected to continue to grow when production is held constant. As realized commodity prices strengthen, free cashflow is expected to significantly increase, resulting in increased growth capital or debt reduction.

Outlook

Peyto's unique asset base is a concentrated collection of lands, resources and infrastructure that continues to deliver an industry leading cost structure and operating margin while offering vertical integration along the value chain. Although accelerated development and growth of this asset is being deferred for the short term, over the medium to longer term, as market condition improve, this asset base will provide a stable platform for growth and improved returns for shareholders. The Company's current three-year plan provides for a strategic path forward through a period of significant commodity price volatility, but immense opportunity. Peyto will continue to remain poised to capitalize on these opportunities while at the same time will be nimble to changing market dynamics with both the financial and operational flexibility to ramp up activity quickly and take advantage of attractive investment opportunities that may arise. The Peyto team, while small and efficient, has demonstrated the capability to execute up to three times the current capital program.

In the near term, shareholders can remain confident that a continued attention to financial flexibility and a disciplined, returns focused approach to all future capital investments will preserve and enhance total shareholder value. A pre-recorded annual general meeting presentation is now available on the Company's website. To learn more about what makes Peyto one of North America's most exciting energy companies visit www.peyto.com.

Darren Gee
President and CEO
June 29, 2020
(403) 261-6081

Cautionary Statements

Forward-Looking Statements

*This news release contains certain forward-looking statements or information ("**forward-looking statements**") as defined by applicable securities laws that involve substantial known and unknown risks and uncertainties, many of which are beyond Peyto's control. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words "plan", "expect", "prospective", "project", "intend", "believe", "should", "anticipate", "estimate", or other similar words or statements that certain events "may" or "will" occur are intended to identify forward-looking statements. The projections, estimates and beliefs contained in such forward-looking statements are based on management's estimates, opinions, and assumptions at the time the statements were made, including assumptions relating to: macro-economic conditions, including public health concerns (including the impact of the COVID-19 pandemic) and other geopolitical risks, the condition of the global economy and, specifically, the condition of the crude oil and natural gas industry including the collapse of global crude oil prices, other commodity* *prices and the decrease in global demand for crude oil in 2020, and the ongoing significant volatility in world markets; other industry conditions; changes in laws and regulations including, without limitation, the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; increased competition; the availability of qualified operating or management personnel; fluctuations in other commodity prices, foreign exchange or interest rates; stock market volatility and fluctuations in market valuations of companies with respect to announced transactions and the final valuations thereof; results of exploration and testing activities; and the ability to obtain required approvals and extensions from regulatory authorities. Management of the Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurances 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 from them. As such, undue reliance should not be placed on forward-looking statements. Forward-looking statements contained herein include, but are not limited to, statements regarding: the anticipated declines in production and rise in commodity prices as a result of reduced industry activity; the benefits to Peyto from rising commodity prices; the Company's drilling and completion program for the remainder of 2020, including the plans to drill an additional 29 gross wells; the anticipated benefits from new drilling in 2020, including improvement to capital efficiency and lower sustaining capital requirements; the anticipated benefits of the Company's amended credit facility and note purchase agreements; 2020 annual capital efficiency; the continued need for precautions to be taken to ensure the health and safety of all workers during the COVID-19 pandemic; the Company's expectations regarding its 2020 capital program, including the number of wells to be drilled, completed and brought on stream and the anticipated expansion of the Company's gas gathering pipeline network; the expected results of the Company's remaining free cashflow; expectations regarding sustaining capital requirements; expectations regarding the Company's asset base and its ability to provide a stable platform for growth and returns over time; Peyto's expectation for its three year plan; the anticipated additional cost savings to be realized in the balance of the year; the Company's ability to continue to be nimble and flexible in adjusting its program for 2020 as required; and the Company's overall strategy and focus.*

The forward-looking statements contained herein are subject to numerous known and unknown risks and uncertainties that may cause Peyto's actual financial results, performance or achievement in future periods to differ materially from those expressed in, or implied by, these forward-looking statements, including but not limited to, risks associated with: continued changes and volatility in general global economic conditions including, without limitations, the economic conditions in North America and public health concerns (including the impact of the COVID-19 pandemic); continued fluctuations and volatility in commodity prices, foreign exchange or interest rates; continued stock market volatility; imprecision of reserves estimates; competition from other industry participants; failure to secure required equipment; increased competition; the lack of availability of qualified operating or management personnel; environmental risks; changes in laws and regulations including, without limitation, the adoption of new environmental and tax laws and regulations and changes in how they are interpreted and enforced; the results of exploration and development drilling and related activities; and the ability to access sufficient capital from internal and external sources. In addition, to the extent that any forward-looking statements presented herein constitutes future-oriented financial information or financial outlook, as defined by applicable securities legislation, such information has been approved by management of Peyto and has been presented to provide management's expectations used for budgeting and planning purposes and for providing clarity with respect to Peyto's strategic direction based on the assumptions presented herein and readers are cautioned that this information may not be appropriate for any other purpose. Readers are encouraged to review the material risks discussed in Peyto's annual information form for the year ended December 31, 2019 under the heading "Risk Factors" and in Peyto's annual management's discussion and analysis under the heading "Risk Management".

The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. 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 Peyto will derive there from. The forward-looking statements, including any future-oriented financial information or financial outlook, contained in this news release speak only as of the date hereof and Peyto does not assume any obligation to publicly update or revise them to reflect new information, future events or circumstances or otherwise, except as may be required pursuant to applicable securities laws.

Barrels of Oil Equivalent

To provide a single unit of production for analytical purposes, natural gas production and reserves volumes are converted mathematically to equivalent barrels of oil (BOE). Peyto uses the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). The 6:1 BOE ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on current prices. While the BOE ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.