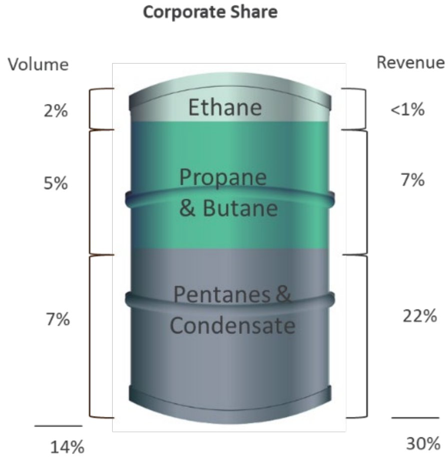
May 2024 **By Jean-Paul Lachance, President and Chief Executive Officer**

Optimizing Cash Flow

As discussed last month, we are increasing the proportion of Dunvegan locations in the drilling program this year as they demonstrate very good returns because of good productivity, low development costs, and high natural gas liquid (NGL) yields relative to our drier gas inventory. When it comes to putting together our drilling program, we let the internal rate of return on shareholder capital guide us on our species mix. We are always tuning our program to maximum cash flow under the current and forward-looking price environment. Peyto's liquids represent ~14% of our total production (on a 6:1 BOE energy conversion basis) but ~30% of our corporate revenue. Figure 1 illustrates a typical liquids product mix by volume and revenue for Peyto since the Repsol acquisition.

Figure 1 – Corporate Liquid Volumes and Revenue Estimate for Q1 2024



The liquids revenue is an important complement to our hedged gas position that provides Peyto confidence to execute our capital program, pay dividends, and repay debt over the balance of the year. **Its important to remember not all liquids are created equal.** When we built our own deep cut facility in 2012 at Oldman to recover more liquids from the gas stream, we purposefully designed the plant to maximize propane, butane, and pentanes products but to reject ethane and leave it in the gas phase. This decision for our "Cheap Cut" facility was simple – ethane was worth approximately the same in the gas phase as it was in the liquid phase and the extra costs of extracting the liquid outweighed the benefits of selling the product as a liquid. In fact, we regularly look at market prices to determine whether there are more profits to be made running the Cheap Cut or if it's better to shut it down and keep more of the liquids in the gas phase. This is a good example of the advantage of owning and operating our own facilities. With the Repsol acquisition, we purchased approximately 23,000 boe/d of low decline (~12% annually) production that contained approximately 5,800 bbls/d of total liquids. That liquid stream included approximately 2,000 bbls/d of ethane which was being extracted from the raw gas through a third-party operated deep cut facility. When considering the cost of transporting the gas to this non-operated plant, the additional processing fees to extract the liquids, the incremental carbon taxes, and the costs to get the final product to market, the extraction of ethane to a liquid doesn't make economic sense at current pricing. As a result, when the third-party processing agreements expired at the end of Q1, we rerouted 50 mmcf/d of raw gas back to Peyto operated facilities where the ethane remains in the gas stream. We took advantage of our interconnected plant and gathering system network by redirecting 30 mmcf/d to the Edson Gas Plant (EGP) via the Central Foothills Gas Gathering System and processing the remaining 20 mmcf/d at our Wild River plant. Sending some gas to the EGP improves the recovery of the more valuable liquids (Propane, Butane, and Pentanes+) relative to the refrigeration process at Wild River and helps to lower unit operating costs at the EGP facility by increasing its throughput. In addition, the EGP is closer to the NGL market, near Edmonton, and enjoys lower transportation costs.

Corporately, we experience a net loss of 2,000 boe/d of ethane production starting in April, but our average realized NGL price and natural gas value increases such that total revenue remains the same, overall. Operating costs for the 50 mmcf/d raw gas stream are reduced by $0.39/mcf which translates into a savings of $0.02/mcfe, corporately. This is a good example of simplifying the business, maintaining operational control, and lowering our operating costs. **Afterall, the Peyto business approach is always about making money not just BOE's!**

A reminder that Peyto's AGM is on May 22 at 3pm *(+15 Level, 600 – 3rd Avenue SW Calgary, AB)*, **hope to see you there. Please vote!**

Operational Highlights

Peyto's plan to remain disciplined in the second quarter continues. We have moved rigs on to 2 and 3 well pads to limit movement during breakup which will slow down completions and moderate production. This is intentional to limit extra costs associated with fighting through typically muddy and wet conditions during this time only to bring on production in a depressed price environment. Production in April was reduced by approximately 2,000 boe/d by the prudent ethane rejection project described above.

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	Mar 24	Q1 24
D,C,E&T [2]	95	80	98	98	**371**	89	72	81	91	**333**	29	**32**	**33**	**94**
Facilities	47	21	16	16	**100**	32	9	11	12	**64**	6	**4**	**8**	**18**
Other [3]	1	8		1	**10**	1	1	1	12	**16**			**2**	**2**
Acquisitions [4]	22		26		**48**									
Total	166	108	140	115	**529**	122	82	94	115	**413**	35	**36**	**42**	**114**

Production (mboe/d)[1]

	2022	Q1 23	Q2 23	Q3 23	Q4 23	2023	Jan 24	Feb 24	Mar 24	Q1 24	Apr 24
Sundance	**76**	71	67	66	87	**73**	89	95	**95**	**93**	**91**
Brazeau	**23**	27	28	28	29	**28**	28	27	**27**	**27**	**27**
Other	**5**	5	4	4	4	**4**	5	5	**5**	**5**	**6**
Total	**104**	**103**	**99**	**98**	**120**	**105**	**122**	**127**	**127**	**125**	**124**
Liquids %	**12%**	12%	11%	11%	13%	**12%**	13%	13%	**14%**	**13%**	**12%**

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. Abandonment and reclamation expenditures are **not included**.*
4. *Acquisitions costs include asset and corporate deals but does not include the acquisition of the Repsol partnership.*

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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.