

PEYTO

Exploration & Development Corp.

PEYTO Exploration & Development Corp. is pleased to present its third quarter financial and operating results for the period ended September 30, 1999.

Quarterly Review

From the previous quarter, production increased 15% to 40 barrels of oil and natural gas liquids and 736 thousand cubic feet (mcf) of natural gas per day. As a result of higher commodity prices, operating income from the quarter climbed to \$167,526. Product prices averaged \$24.80 per barrel for oil and \$3.44 per mcf for gas with associated operating costs of \$2.90 per barrel of oil and \$0.63 per mcf of gas. Capital spending totaled \$1,143,719 for the quarter.

During the quarter, Peyto successfully completed three gas wells and brought one of the zones on production.

Activity Update

Over the past five months, Peyto's development activity has successfully proved up net gas deliverability in excess of 1,000 BOE/day. Peyto is currently installing facilities in order to have all of this new deliverability on production by March 2000. On November 3, 1999 the Corporation completed its previously announced rights offering for gross proceeds of \$2,073,037. Also, Peyto has agreed to purchase \$2,500,000 of P&NG assets and to issue a convertible debenture for \$2,700,000 to an intermediate producer.

Outlook

The corporation will continue to focus on low risk development and exploitation projects in West Central Alberta. For further information on the company, visit Peyto's web site located at www.peyto.com.

Don T. Gray
President & Chief Executive Officer

November 23, 1999

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Balance Sheet

(Unaudited)

As at September 30	1999	1998
Assets		
Current assets		
Cash and short-term investments	\$ 225,362	\$ 430,347
Accounts receivable	716,137	551
Prepaid expenses	31,202	11,323
	972,701	442,221
Petroleum & natural gas properties	2,723,154	-
Accumulated depreciation & depletion	(109,651)	-
	2,613,503	-
Total assets	\$ 3,586,204	\$ 442,221
Liabilities		
Current liabilities		
Accounts payable	\$ 1,270,691	\$ 8,825
Long term debt	400,000	-
Future site restoration	6,850	-
Future income tax	221,486	(30,269)
Shareholders' equity		
Share capital	1,752,256	462,402
Retained earnings (deficit)	(65,079)	1,263
	1,687,177	463,665
Total liabilities and equity	\$ 3,586,204	\$ 442,221

financial statements

Statement of Operations and Retained Earnings

(Unaudited)

Nine Months Ended		
September 30	1999	1998
Revenue		
Oil and gas sales	\$ 667,919	\$ -
Royalties	(224,396)	-
Interest income	4,966	10,283
	448,489	10,283
Expenses		
Production	133,061	-
General and administrative	202,095	8,950
Interest	10,411	-
Depletion, depreciation and Site restoration	92,499	-
	438,066	8,950
Earnings (loss) before taxes	10,423	1,333
Future income taxes	18,796	-
Earnings (loss) for the period	(8,373)	1,333
Retained earnings (deficit), Beginning of period	(56,706)	(70)
Retained earnings (deficit), End of period	\$ (65,079)	\$ 1,263
Common shares outstanding	13,108,671	3,750,000
Earnings (loss) per share	\$(0.00)	\$0.00

financial statements

Statement of Cash Flows

(Unaudited)

Nine Months Ended		
September 30	1999	1998
Cash provided by (used in)		
Operating Activities		
Earnings (loss) for the period	\$ (8,373)	\$ 1,333
Items not requiring cash		
Future income taxes	18,796	-
Depletion, depreciation and		-
Site restoration	92,499	
Cash flow from operations	102,922	1,333
Change in non-cash working capital		
balances related to operating		
activities	536,261	8,274
	639,183	9,607
Cash provided by (used in)		
Financing Activities		
Issue of common shares	296,460	-
Share issue costs	5,915	(4,597)
Prepaid financing costs	-	(11,323)
Increase in long term debt	400,000	-
	702,375	(15,920)
Cash provided by (used in)		
Investing Activities		
Additions to petroleum and		
Natural gas properties	(2,140,882)	-
Net increase in cash and		
short-term investments	(799,324)	(6313)
Cash and short-term investments,		
beginning of period	1,024,686	436,660
Cash and short-term investments,		
end of period	\$ 225,362	\$ 430,347
Cash flow per share	\$0.01	\$0.00

corporate information

Management

Don T. Gray, P.Eng.
President and Chief Executive Officer

Marc Villéger
Vice-President, Exploration

Sandra Brick
Controller

Officers

Rick Braund
Chairman of the Board

Don T. Gray
Director, Secretary

Mike Broadfoot
Director

Bill Petrie
Director

Brian Craig
Director

Auditors

Ernst & Young

Solicitors

Blake, Cassels & Graydon

Bankers

National Bank of Canada

Transfer Agent

Montreal Trust Company of Canada

Head Office

1502, 505 – 3rd Street SW
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Web: www.peyto.com

Stock Listing Symbol: PEY

Alberta Stock Exchange

For further information contact Don T. Gray, at (403) 261-6077.

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