

Peyto Exploration & Development Corp.

Condensed Consolidated Balance Sheet *(unaudited)*

(Amount in \$ thousands)

	September 30	December 31
	2021	2020
Assets		
Current assets		
Cash	13,038	9,310
Accounts receivable <i>(Note 10)</i>	104,798	56,445
Prepaid expenses	15,591	16,896
	133,427	82,651
Long-term derivative financial instruments <i>(Note 11)</i>	-	6,475
Property, plant and equipment, net <i>(Note 3)</i>	3,602,118	3,511,931
	3,602,118	3,518,406
	3,735,545	3,601,057
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	148,356	87,342
Dividends payable <i>(Note 7)</i>	1,671	1,649
Current portion of lease obligation <i>(Note 6)</i>	1,193	1,107
Derivative financial instruments <i>(Note 11)</i>	200,716	4,962
Current portion of senior secured notes <i>(Note 4)</i>	50,000	-
	401,936	95,060
Long-term debt <i>(Note 4)</i>	1,065,000	1,170,000
Long-term derivative financial instruments <i>(Note 11)</i>	49,736	-
Decommissioning provision <i>(Note 5)</i>	201,529	182,456
Lease obligation <i>(Note 6)</i>	5,649	6,563
Deferred income taxes	437,637	469,505
	1,759,551	1,828,524
Equity		
Share capital <i>(Note 7)</i>	1,660,384	1,649,635
Contributed surplus	12,113	10,487
Retained earnings (deficit)	88,277	12,727
Accumulated other comprehensive loss <i>(Note 7)</i>	(186,716)	4,624
	1,574,058	1,677,473
	3,735,545	3,601,057

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors

(signed) "Michael MacBean"
Director

(signed) "Darren Gee"
Director

Peyto Exploration & Development Corp.

Condensed Consolidated Income (Loss) Statement *(unaudited)*

(Amount in \$ thousands except earnings per share amount)

	Three months ended		Nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
Revenue				
Natural gas and natural gas liquid sales <i>(Note 10)</i>	236,852	93,771	599,600	262,452
Royalties	(17,985)	(5,867)	(44,786)	(13,508)
Sales of natural gas from third parties	-	-	-	11,060
Natural gas and natural gas liquid sales, net of royalties	218,867	87,904	554,814	260,004
Realized gain (loss) on risk management contracts <i>(Note 11)</i>	(72,075)	(918)	(119,039)	2,005
Unrealized loss on risk management contracts <i>(Note 11)</i>	(1,400)	(3,546)	(3,471)	(3,546)
Other Income	391	-	1,162	-
	145,783	83,440	433,466	258,463
Expenses				
Natural gas purchased from third parties	-	-	-	10,338
Operating	17,282	14,191	50,992	46,324
Transportation	11,323	6,840	30,086	22,285
General and administrative	961	1,792	5,216	5,128
Stock based compensation <i>(Note 9)</i>	1,570	1,608	4,123	4,822
Gain on disposition of capital assets	-	-	(2,582)	-
Interest	13,009	14,990	47,134	41,237
Accretion of decommissioning provision <i>(Note 5)</i>	996	842	2,925	2,509
Depletion, depreciation, and impairment <i>(Note 3)</i>	62,159	57,833	189,756	257,647
	107,300	98,096	327,650	390,290
Earnings (loss) before taxes	38,483	(14,656)	105,816	(131,827)
Income tax				
Deferred income tax expense (recovery)	9,212	(3,371)	25,287	(30,321)
Earnings (loss) for the period	29,271	(11,285)	80,529	(101,506)
Earnings (loss) per share <i>(Note 7)</i>				
Basic	\$0.18	\$(0.07)	\$0.49	\$(0.62)
Diluted	\$0.17	-	\$0.48	-

See accompanying notes to the consolidated financial statements.

Peyto Exploration & Development Corp.

Condensed Consolidated Statement of Comprehensive (Loss) Income *(unaudited)*

(Amount in \$ thousands)

	Three months ended		Nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
Earnings (loss) for the period	29,271	(11,285)	80,529	(101,506)
Other comprehensive loss				
Change in unrealized gain (loss) on cash flow hedges	(184,877)	(44,334)	(358,748)	(40,292)
Deferred income tax recovery	27,810	9,338	57,154	9,081
Realized loss on cash flow hedges	63,963	3,734	110,254	811
Comprehensive loss	(63,833)	(42,547)	(110,811)	(131,906)

See accompanying notes to the consolidated financial statements.

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

(Amount in \$ thousands)

	Nine months ended September 30	
	2021	2020
Share capital, beginning of period	1,649,635	1,649,369
Common shares issued	10,749	233
Share capital, end of period	1,660,384	1,649,602
Contributed surplus, beginning of period	10,487	4,462
Stock based compensation expense	4,123	4,822
Recognized under share-based compensation plans	(2,497)	(50)
Contributed surplus, end of period	12,113	9,234
Retained earnings (deficit), beginning of period	12,727	63,122
Earnings (deficit) for the period	80,529	(101,506)
Dividends <i>(Note 7)</i>	(4,979)	(13,191)
Retained earnings (deficit), end of period	88,277	(51,575)
Accumulated other comprehensive income (loss), beginning of period	4,624	(3,036)
Other comprehensive loss	(191,340)	(30,400)
Accumulated other comprehensive (loss) income, end of period	(186,716)	(33,436)
Total equity	1,574,058	1,573,825

See accompanying notes to the consolidated financial statements.

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

(Amount in \$ thousands)

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Cash provided by (used in)				
Earnings (loss)	29,271	(11,285)	80,529	(101,506)
Items not requiring cash:				
Deferred income tax (recovery)	9,212	(3,371)	25,287	(30,321)
Depletion, depreciation, and impairment	62,159	57,833	189,756	257,647
Gain on disposition of capital assets	-		(2,582)	
Accretion of decommissioning provision	996	842	2,925	2,509
Stock based compensation	1,570	1,608	4,123	4,822
Unrealized loss on risk management contracts	1,400	3,546	3,471	3,546
Change in non-cash working capital related to operating activities	(2,626)	(1,099)	4,139	13,472
	101,982	48,074	307,648	150,169
Financing activities				
Bank overdraft	-	(83)	-	-
Stock options exercised	3,694	183	8,252	183
Cash dividends paid	(1,658)	(1,649)	(4,958)	(14,838)
Lease interest <i>(Note 6)</i>	61	71	188	217
Principal repayment of lease <i>(Note 6)</i>	(338)	(338)	(1,016)	(1,015)
Increase (decrease) in bank debt	(25,000)	15,000	(55,000)	50,000
	(23,241)	13,184	(52,534)	34,547
Investing activities				
Additions to property, plant and equipment	(90,170)	(61,568)	(256,107)	(167,454)
Change in prepaid capital	(221)	2,965	(4,687)	8,904
Change in non-cash working capital relating to investing activities	21,155	19,305	9,408	(10,391)
	(69,236)	(39,298)	(251,386)	(168,941)
Net increase (decrease) in cash	9,505	21,960	3,728	15,775
Cash, beginning of period	3,533	-	9,310	6,185
Cash, end of period	13,038	21,960	13,038	21,960
The following amounts are included in cash flows from operating activities:				
Cash interest paid	14,654	14,674	45,275	40,966
Cash taxes paid	-	-	-	-

See accompanying notes to the consolidated financial statements

Peyto Exploration & Development Corp.
Notes to Condensed Consolidated Financial Statements *(unaudited)*
As at September 30, 2021 and 2020
(Amount in \$ thousands, except as otherwise noted)

1. Nature of operations

Peyto Exploration & Development Corp and its subsidiary (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 registered 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 November 8, 2021.

2. Basis of presentation

The condensed consolidated financial statements have been prepared by management and reported in Canadian dollars in accordance with 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, 2020.

Significant Accounting Policies

(a) Significant 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 consolidated financial statements are the same as those disclosed in Note 2 of Peyto’s consolidated financial statements as at and for the year ended December 31, 2020.

3. Property, plant and equipment, net

Cost	
At December 31, 2020	6,148,012
Additions	259,107
Decommissioning provision additions	16,148
Prepaid capital	4,687
At September 30, 2021	6,427,954
Accumulated depletion and depreciation	
At December 31, 2020	(2,636,081)
Depletion and depreciation	(189,755)
At September 30, 2021	(2,825,836)

Carrying amount at December 31, 2020	3,511,931
Carrying amount at September 30, 2021	3,602,118

During the three- and nine-month periods ended September 30, 2021, Peyto capitalized \$2.7 million and \$6.2 million (2020 - \$0.8 million and \$2.7 million) of general and administrative expense directly attributable to exploration and development activities.

During the period ended March 31, 2020, Peyto recorded an impairment of \$79.7 million (\$61.4 million net of deferred tax expense). At December 31, 2020 due to the increase in the outlook of future oil and natural gas prices as well as an increase in the market capitalization since March 31, 2020 indicators of impairment reversal were identified. A recovery of \$76.1 million net of depletion was recognized as depletion, depreciation, and impairment. The estimated recoverable amounts were based on fair value less costs of disposal calculations using after-tax discount rates that are based on an estimated industry weighted average cost of capital of 10 per cent after tax.

For the period ended September 30, 2021, the Company identified no indicators of impairment and therefore a test was not performed.

On February 1, 2021, the Company acquired assets in the Deep Basin for cash consideration of \$35.0 million. The acquisition resulted in an increase in PP&E of approximately \$48.0 million including \$13 million in decommissioning liabilities. The assets acquired include a working interest in production, reserves and a gas processing facility. The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition. On March 5, 2021, the Company acquired assets in the Deep Basin for cash consideration of \$0.75 million. The acquisition resulted in an increase in PP&E of approximately \$1.5 million including \$0.75 million in decommissioning liabilities. The assets acquired include a working interest in production and reserves. The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition.

4. Debt

	September 30, 2021	December 31, 2020
Bank credit facility	700,000	755,000
Current senior secured notes	50,000	-
Long-term senior secured notes	365,000	415,000
Balance, end of the period	1,115,000	1,170,000

The Company has a syndicated \$950 million extendible secured revolving credit facility with a stated term date of October 13, 2022. The bank facility is made up of a \$40 million working capital sub-tranche and a \$910 million production line. The facilities are available on a revolving basis. Borrowings under the facility bear interest at Canadian bank prime or US base rate, or, at Peyto's option, Canadian dollar bankers' acceptances or US dollar LIBOR loan rates, plus applicable margin and stamping fees. The total stamping fees range between 200 basis points and 600 basis points on Canadian dollar bankers' acceptance and US dollar LIBOR borrowings. The undrawn portion of the facility is subject to a standby fee in the range of 50 to 150 basis points.

The Company has received relief from its previous financial covenants with respect to senior and total debt to EBITDA and interest coverage until March 2022. Peyto is subject to the following financial covenants as set forth in the June 29, 2020, amended credit facility and note purchase agreements.

Total Debt to EBITDA

Total Debt to EBITDA to be less than 4.75 for the Fiscal Quarter ending September 30, 2021.

Senior Debt to EBITDA

Senior Debt to EBITDA to be less than 4.25 for the Fiscal Quarter ending September 30, 2021.

Interest Coverage Ratio

EBITDA to be greater than 2.50:1:00 up to and including the Fiscal Quarter ending September 30, 2021

Total Debt to Capitalization Ratio

Total Debt not to exceed 55% of shareholders' equity and total debt.

Peyto's financial covenants include financial measures defined within our revolving credit facility agreement that are not defined under IFRS. These financial measures are defined by our revolving credit facility agreement as follows:

- Total Debt: includes long-term debt and subordinated debt plus bank overdraft and letters of credit.
- Senior Debt: includes long-term debt plus bank overdraft and letters of credit.
- EBITDA: trailing twelve-month net income before non-cash items, interest, and income taxes.

Outstanding senior notes are as follows:

Senior Secured Notes	Date Issued	Rate*	Maturity Date
\$50 million	September 6, 2012	4.88%	September 6, 2022
\$100 million	October 24, 2016	3.70%	October 24, 2023
\$65 million	May 1, 2015	4.26%	May 1, 2025
\$100 million	January 3, 2012	4.39%	January 3, 2026
\$100 million	January 2, 2018	3.95%	January 2, 2028

* In any fiscal quarter where senior debt to EBITDA exceeds 3.0x, the interest rate on the notes will increase by a range of 85 basis points to 285 basis points.

Peyto is in compliance with all financial covenants at September 30, 2021.

Total interest expense for the three- and nine-month periods ended September 30, 2021, was \$13.0 million and \$47.1 million (2020 - \$15.0 million and \$41.2 million) and the average borrowing rate for the periods was 4.6% and 5.4% (2020– 5.1% and 4.8%).

On October 29, 2021, the Company closed an issuance of USD \$40 million of senior secured notes. The notes have been 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 agreements. The notes have a coupon rate of 3.98% and mature on October 29, 2028. Interest will be paid semi-annually in arrears. Proceeds from the notes have been used to repay the senior notes which mature on September 6, 2022.

On November 5, 2021, the Company finalized an agreement with its syndicate of lenders and term debt note holders to amend and extend its \$950 million senior secured covenant-based credit facility and note purchase agreements. This new facility has a maturity date of October 13, 2023, is made up of a \$40 million working capital tranche, a \$910 million production line, and is available on a revolving basis. Borrowings under the facility bear interest at Canadian bank prime or US base rate, or, at Peyto's option, Canadian dollar bankers' acceptances or US dollar LIBOR loan rates, plus applicable margin and stamping fees. The total stamping fees range between 175 basis points and 365 basis points on Canadian dollar bankers' acceptance and US dollar LIBOR borrowings. The undrawn portion of the facility is subject to a standby fee in the range of 35 to 73 basis points.

As of November 5, 2021, Peyto is subject to the following financial covenants as defined in the credit facility and note purchase agreements:

Financial covenant	Limit
Total Debt to EBITDA	Less than 4.00
Senior Debt to EBITDA	Less than 3.50
Interest coverage	Greater than 3.0

5. Decommissioning provision

The following table reconciles the change in decommissioning provision:

Balance, December 31, 2020	182,456
New provisions	4,731
New provisions relating to property acquisitions	13,951
Accretion of decommissioning provision	2,925
Change in discount rate and estimates	(2,534)
Balance, September 30, 2021	201,529
Current	-
Non-current	201,529

The Company has estimated the net present value of its total decommissioning provision to be \$201.5 million as at September 30, 2021 (2020 – \$182.5 million) based on a total escalated future undiscounted liability of \$362.9 million (2020 – \$337.3 million). At September 30, 2021 management estimates that these payments are expected to be made over the next 50 years (2020 – 50 years) with the majority of payments being made in years 2024 to 2070. The Bank of Canada's long-term bond rate of 2.00 per cent (2020 – 2.00 per cent) and an inflation rate of 2.0 per cent (2020 – 2.0 per cent) were used to calculate the present value of the decommissioning provision.

6. Leases

The ROU asset and lease obligation relates to the Company's head office lease in Calgary.

Right of use Asset

Balance as at December 31, 2020	6,052
Depreciation	(588)
Balance at September 30, 2021	5,464

The ROU asset is included in Property plant & equipment, refer to Note 3.

Lease Obligation

Lease obligation at December 31, 2020	7,670
Lease interest expense	188
Principal repayment of lease	(1,016)
Lease obligation at September 30, 2021	6,842
<hr/>	
Current portion of lease obligation at September 30, 2021	1,193
Non-current portion of lease obligation at September 30, 2021	5,649

The variable lease payments not included in the measurement of the office lease obligation is \$0.2 million and \$0.6 million for the three and nine months ended September 30, 2021 (2020-\$0.2 million and \$0.6 million). The variable lease payments are recognized through general and administration expense.

During the period ended September 30, 2021, \$10.6 million was capitalized in relation to short-term leases.

The following sets forth future commitments associated with its lease obligation:

	As at September 30, 2021
Less than 1 year	338
1-3 years	4,285
4-5 years	2,857
Total lease payment	7,480
Amount representing interest	(638)
Present value of lease payments	6,842
Current portion of lease obligation	1,193
Non-current portion of lease obligation	5,649

7. Share capital

Authorized: Unlimited number of voting common shares

Issued and Outstanding

	Number of Common Shares	Amount \$
Common Shares (no par value)		
Balance, December 31, 2020	164,940,975	1,649,635
Common shares issued	2,115,146	10,749
Balance, September 30, 2021	167,056,121	1,660,384

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

	Three Months ended September 30		Nine Months ended September 30	
	2021	2020	2021	2020
Weighted average common shares basic	166,440,704	164,892,979	165,622,980	164,880,489
Weighted average common shares diluted	169,512,566	164,910,727	169,112,156	164,881,267

Dividends

During the three- and nine-month periods ended September 30, 2021, Peyto declared and paid dividends of \$0.01 and \$0.03 per common share, totaling \$1.7 million and \$10.0 million respectively (2020 - \$0.01 and \$0.08, totaling \$1.6 million and \$13.2 million respectively).

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 cash flow hedges 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.

8. Performance-based compensation

Reserve based component

The reserves value-based component is 4% of the incremental increase in value, if any, as adjusted to reflect changes in debt, equity, dividends, general and administrative costs and interest, of proved producing reserves calculated using a realized price at December 31 of the current year and a discount rate of 8%. For three and nine months ended September 30, 2021 \$nil, (2020 - \$nil) was expensed.

9. Stock based compensation

In 2019, the Company adopted a stock option plan allowing for the granting of stock options to officers, employees and consultants of the Company. In addition, the shareholders of the Company approved the issuance of commons shares to fulfill the Company’s obligation under previously granted rights pursuant to its market-based bonus plan, as a transition between the market-based bonus and the newly adopted stock option plan. The stock option plan will replace the market-based bonus plan on a go forward basis. These plans limit the number of options and DSU’s that may be granted to 10% of the outstanding common shares at the date of the Board's adoption of these plans, being 16,487,418 common shares.

The following tables summarize the rights outstanding under the market-based bonus plan at September 30, 2021:

		Weighted average exercise price \$
Balance, December 31, 2020	726,200	7.23
Rights under market-based bonus plan granted	-	7.23
Forfeited	(20,233)	(7.23)
Balance, September 30, 2021	705,967	7.23

The Company estimates the fair value of rights under the market-based bonus plan using the Black-Scholes pricing model. During the three months ended September 30, 2021 the fair value per right was \$2.55. The following tables summarizes the assumptions used in the Black-Scholes model:

	September 30, 2021
Share price	\$7.23
Exercise price (net of dividends)	\$7.17
Expected volatility	39.60%
Average life	2 year
Risk-free interest rate	1.85%
Forfeiture rate	0.17%

The rights granted under the 2019 market-based bonus plan vest one-third on each of December 31, 2019, 2020 and 2021.

The following tables summarize the stock options outstanding at September 30, 2021:

		Weighted average exercise price \$
Balance, December 31, 2020	7,934,202	3.50
Stock options granted	3,674,810	5.04
Exercised	(2,115,146)	3.90
Forfeited	(368,041)	3.55
Balance, September 30, 2021	9,125,825	4.03

The Company estimates the fair value of stock options using the Black-Scholes pricing model. During the nine months ended September 30, 2021, the weighted-average fair value per option was \$1.29. The following tables summarize the assumptions used in the Black-Scholes model:

	September 30, 2021
Share price	\$4.04
Exercise price	\$4.04
Expected volatility	60.42%
Average option life	2 year
Risk-free interest rate	0.33%
Forfeiture rate	3.38%

Options are granted throughout the year and vest 1/3 on each of the first, second and third anniversaries from the date of grant.

The following tables summarizes the Company's equity compensation arrangements:

		Weighted Average Exercise price \$	Weighted Average Remaining Contractual life- Years
Rights under market-based bonus plan	705,967	7.23	0.75
Stock options	9,125,825	4.03	1.29
DSU	167,727	3.20	3.21

At September 30, 2021, no stock options were exercisable

10. Revenue and receivables

	Three Months ended September 30		Nine Months ended September 30	
	2021	2020	2021	2020
Natural Gas Sales	169,789	59,719	412,245	173,021
Natural Gas Sales from third parties	-	-	-	11,060
Natural Gas Liquid sales	67,063	34,052	187,355	89,431
Natural gas and natural gas liquid sales	236,852	93,771	599,600	273,512

	September 30, 2021	December 31, 2020
Accounts receivable from customers	100,734	52,519
Accounts receivable from realized risk management contracts	-	766
Accounts receivable from joint venture partners and other	4,064	3,160
	104,798	56,445

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

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 September 31, 2021 except for derivative financial instruments.

The Company's areas of financial risk management and risks related to financial instruments remained unchanged from December 31, 2020.

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 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.

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 September 30, 2021 and 2020, cash and derivative financial instruments, are carried at fair value through profit or loss ("FVTPL"). 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.

Following is a summary of all risk management contracts in place as at September 30, 2021:

Natural Gas Period Hedged- Monthly Index	Type	Daily Volume	Price (AECO CAD/GJ)
April 1, 2021 to October 31, 2021	Fixed Price	75,000 GJ	\$1.48 to \$2.63
November 1, 2021 to March 31, 2022	Fixed Price	125,000 GJ	\$2.55 to \$4.26
April 1, 2022 to October 31, 2022	Fixed Price	115,000 GJ	\$2.07 to \$2.26
November 1, 2022 to March 31, 2023	Fixed Price	160,000 GJ	\$2.30 to \$3.68
April 1, 2023 to October 31, 2023	Fixed Price	140,000 GJ	\$2.05 to \$2.80

Natural Gas			Price
Period Hedged – Daily Index	Type	Daily Volume	(AECO CAD/GJ)
April 1, 2021 to October 31, 2021	Fixed Price	50,000 GJ	\$1.64 to \$2.55

Natural Gas			Price
Period Hedged - NYMEX	Type	Daily Volume	(Nymex USD/mmbtu)
April 1, 2020 to March 31, 2022	Fixed Price	20,000 mmbtu	\$2.28
April 1, 2021 to October 31, 2021	Fixed Price	187,500 mmbtu	\$2.47 to \$2.99
November 1, 2021 to March 31, 2022	Fixed Price	77,500 mmbtu	\$2.86 to \$3.20
April 1, 2022 to October 31, 2022	Fixed Price	10,000 mmbtu	\$2.56 to \$2.57

Natural Gas			Price
Period Hedged - Malin	Type	Daily Volume	(Nymex USD/mmbtu)
November 1, 2021 to March 31, 2022	Fixed Price	15,000 mmbtu	\$3.21 to \$3.30
April 1, 2022 to October 31, 2022	Fixed Price	40,000 mmbtu	\$2.35 to \$2.40
November 1, 2022, to March 31, 2023	Fixed Price	40,000 mmbtu	\$2.90 to \$3.10

Crude Oil			Price
Period Hedged - WTI	Type	Daily Volume	(WTI USD/bbl)
April 1, 2021 to December 31, 2021	Fixed Price	1,000 bbl	\$57.50 to \$59.00
July 1, 2021 to December 31, 2021	Fixed Price	900 bbl	\$52.25 to \$61.10
October 1, 2021 to December 31, 2021	Fixed Price	1,100 bbl	\$50.60 to \$65.75
April 1, 2022 to June 30, 2022	Fixed Price	300 bbl	\$62.10 to \$64.00
January 1, 2022 to March 31, 2022	Fixed Price	800 bbl	\$58.65 to \$65.25
January 1, 2022 to December 31, 2022	Fixed Price	300 bbl	\$63.75 to \$64.65

Crude Oil			Price
Period Hedged - WTI	Type	Daily Volume	(WTI CDN/bbl)
January 1, 2022 to December 31, 2022	Fixed Price	900 bbl	\$79.75 to \$85.50
January 1, 2022 to March 31, 2022	Fixed Price	500 bbl	\$85.65 to \$92.40
January 1, 2022 to June 30, 2022	Fixed Price	300 bbl	\$83.45 to \$85.25
October 1, 2021 to December 31, 2021	Fixed Price	2,000 bbl	\$81.85 to \$92.15

Propane			Price
Period Hedged	Type	Daily Volume	(USD/bbl)
April 1, 2021, to March 31, 2022	Fixed Price	250 bbl	\$26.36
October 1, 2021 to March 31, 2022	Fixed Price	250 bbl	\$25.41

Natural Gas			Strike Price
Period – Covered Call Options	Type	Daily Volume	Nymex USD/mmbtu
April 1, 2021, to October 31, 2021	Call	50,000 mmbtu	\$2.75 to \$3.15

As at September 30, 2021, Peyto had committed to the future sale of 101,480,000 gigajoules (GJ) of natural gas at an average price of \$2.59 per GJ or \$2.98 per mcf, 24,365,000 mmbtu at an average price of \$2.82 US per mmbtu, 484,800 barrels of crude at an average price of \$60.03 USD per bbl, 611,800 barrels of crude at an average price of \$84.27 CAD per bbl and 91,000 barrels of propane at an average price of \$25.88 USD per bbl. Had these contracts closed on September 30, 2021, Peyto would have realized a loss in the amount of \$250.5 million. If the gas price on September 30, 2021, were

to increase by \$0.10/GJ, the unrealized loss would increase by approximately \$23.2 million. An opposite change in commodity prices would result in an opposite impact on other comprehensive income.

Subsequent to September 30, 2021 Peyto entered into the following contracts:

Natural Gas			Price
Period Hedged – Monthly Index	Type	Daily Volume	(AECO CAD/GJ)
November 1, 2022 to March 31, 2023	Fixed Price	30,000 GJ	\$3.85 to \$4.03
April 1, 2023 to October 31, 2023	Fixed Price	40,000 GJ	\$2.90 to \$3.01

Natural Gas			Price
Period Hedged - NYMEX	Type	Daily Volume	(Nymex USD/mmbtu)
November 1, 2021 to March 31, 2022	Fixed Price	10,000 mmbtu	\$5.96 to \$5.98
April 1, 2022 to October 31, 2022	Fixed Price	30,000 mmbtu	\$3.89 to \$4.03
November 1, 2022 to March 31, 2023	Fixed Price	30,000 mmbtu	\$4.10 to \$4.31

Crude Oil			Price
Period Hedged - WTI	Type	Daily Volume	(WTI CAD/bbl)
January 1, 2022 to March 31, 2022	Fixed Price	600 bbl	\$96.15 to \$98.00
April 1, 2022 to June 30, 2022	Fixed Price	100 bbl	\$94.10
July 1, 2022 to December 31, 2022	Fixed Price	100 bbl	\$91.30

12. Related party transactions

Certain directors of Peyto are considered to have significant influence over other reporting entities that Peyto engages in 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 the related reporting entities is summarized below:

Expense				Accounts Payable/	
Three Months ended September 30		Nine Months ended September 30		As at September 30	
2021	2020	2021	2020	2021	2020
181.1	6.0	361.0	100.9	207	-

13. Commitments

In addition to those recorded on the Company's balance sheet, the following is a summary of Peyto's contractual obligations and commitments as at September 30, 2021:

	2021	2022	2023	2024	2025	Thereafter
Interest payments ⁽¹⁾	3,235	17,249	14,809	11,109	9,725	12,070
Transportation commitments	17,756	85,391	55,377	35,475	35,017	371,808
Operating leases	531	2,200	2,200	2,200	2,200	2,200
Methanol	-	5,767	-	-	-	-
Total	21,522	110,607	72,386	48,784	46,942	386,078

⁽¹⁾ Fixed interest payments on senior secured notes

Officers

Darren Gee
Chief Executive Officer

Jean-Paul Lachance
President and COO

Kathy Turgeon
Vice President, Finance and CFO

Scott Robinson
Vice President, Business Development

David Thomas
Vice President, Exploration

Lee Curran
Vice President, Drilling and Completions

Todd Burdick
Vice President, Production

Derick Czember
Vice President, Land

Stephen Chetner
Corporate Secretary

Directors

Don Gray, Chairman
Brian Davis
Michael MacBean, Lead Independent Director
Darren Gee
Gregory Fletcher
Kathy Turgeon
John Rossall

Auditors

Deloitte LLP

Solicitors

Burnet, Duckworth & Palmer LLP

Bankers

Bank of Montreal
Canadian Imperial Bank of Commerce
ATB Financial
National Bank of Canada
Royal Bank of Canada
The Bank of Nova Scotia
The Toronto-Dominion Bank
Wells Fargo Bank, N.A., Canadian Branch
Canadian Western Bank
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