PEYTO

Exploration & Development Corp.

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Interim Report
for the three and nine months ended September 30, 2026

HIGHLIGHTS

	Three Months Ended Sep 30		%	Nine Months Ended Sep 30		%
	2026	2025	Change	**2026**	2025	Change
Operations						
Production						
Natural gas (Mcf/d)	**745,644**	684,903	*9%*	**760,342**	697,234	*9%*
NGLs (bbl/d)	**18,678**	15,611	*20%*	**18,521**	15,579	*19%*
Thousand cubic feet equivalent (Mcfe/d @ 1:6)	**857,714**	778,571	*10%*	**871,470**	790,707	*10%*
Barrels of oil equivalent (boe/d @ 6:1)	**142,952**	129,762	*10%*	**145,245**	131,784	*10%*
Production per million common shares (boe/d)	**693**	645	*7%*	**707**	659	*7%*
Product prices						
Realized natural gas price – after hedging ($/Mcf)	**3.50**	3.57	*-2%*	**3.87**	3.76	*3%*
Realized NGL price – after hedging ($/bbl)	**60.77**	58.33	*4%*	**62.87**	59.89	*5%*
Net sales price ($/Mcfe)	**4.37**	4.31	*1%*	**4.72**	4.49	*5%*
Royalties ($/Mcfe)	**0.27**	0.08	*238%*	**0.25**	0.15	*67%*
Operating ($/Mcfe)	**0.49**	0.51	*-4%*	**0.50**	0.53	*-6%*
Transportation ($/Mcfe)	**0.29**	0.30	*-3%*	**0.29**	0.30	*-3%*
Field netback[(1)] ($/Mcfe)	**3.40**	3.45	*-1%*	**3.76**	3.56	*6%*
General & administrative expenses ($/Mcfe)	**0.06**	0.06	*0%*	**0.06**	0.06	*0%*
Interest expense ($/Mcfe)	**0.18**	0.26	*-31%*	**0.19**	0.27	*-30%*
Financial ($000, except per share)						
Natural gas and NGL sales including realized hedging gains (losses)	**344,685**	308,832	*12%*	**1,122,055**	970,099	*16%*
Funds from operations[(1)]	**220,877**	198,901	*11%*	**741,530**	615,517	*20%*
Funds from operations per share - basic[(1)]	**1.07**	0.99	*8%*	**3.61**	3.08	*17%*
Funds from operations per share - diluted[(1)]	**1.06**	0.98	*8%*	**3.55**	3.05	*16%*
Total dividends	**74,254**	66,387	*12%*	**213,661**	198,020	*8%*
Total dividends per share	**0.36**	0.33	*9%*	**1.04**	0.99	*5%*
Earnings	**155,652**	90,736	*72%*	**433,000**	292,685	*48%*
Earnings per share – basic	**0.75**	0.45	*67%*	**2.11**	1.46	*45%*
Earnings per share – diluted	**0.74**	0.45	*64%*	**2.07**	1.45	*43%*
Adjusted earnings[(1)]	**105,367**	91,720	*15%*	**382,682**	291,028	*31%*
Adjusted earnings per share – basic[(1)]	**0.51**	0.46	*11%*	**1.86**	1.45	*28%*
Adjusted earnings per share – diluted[(1)]	**0.50**	0.45	*11%*	**1.83**	1.44	*27%*
Total capital expenditures[(1)]	**123,999**	126,302	*-2%*	**359,375**	333,078	*8%*
Decommissioning expenditures	**4,039**	3,450	*17%*	**9,062**	9,266	*-2%*
Total payout ratio[(1)]	**92%**	99%	*-7%*	**78%**	88%	*-11%*
Weighted average common shares outstanding - basic	**206,258,439**	201,160,946	*3%*	**205,422,358**	200,023,611	*3%*
Weighted average common shares outstanding - diluted	**209,034,680**	203,366,724	*3%*	**208,739,449**	202,125,719	*3%*
Net debt[(1)]				**992,119**	1,222,449	*-19%*
Shareholders' equity				**3,102,225**	2,767,560	*12%*
Total assets				**5,515,488**	5,430,376	*2%*

This is a Non-GAAP financial measure or ratio. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2026 MD&A

Report from President

Peyto Exploration & Development Corp. ("Peyto" or the "Company") is pleased to report its operating and financial results for the third quarter of 2026 and a preliminary capital budget for 2027.

Q3 2026 Highlights:

- Peyto delivered third quarter production volumes of 142,952 boe/d (745.6 MMcf/d of natural gas, 18,678 bbls/d of NGLs), a 10% increase year over year (7% on a per share basis), driven by the Company's successful capital program.
- Total NGL production increased 20% year over year, due to Peyto's increased Cardium drilling and higher NGL recoveries on volumes directed to a third-party, deep-cut gas plant.
- Cash costs[1,2] totaled $1.29/Mcfe, including $0.27/Mcfe of royalties. Excluding royalties, cash costs were $1.02/Mcfe (operating $0.49, transportation $0.29, G&A $0.06, interest $0.18), down 10% from Q3 2025, and Peyto's lowest since Q1 2023.
- Generated funds from operations[3] ("FFO") of $220.9 million ($1.06/diluted share, up 8%), and $92.8 million of free funds flow[4] in the quarter. Strong FFO was driven by the Company's industry-leading low cash costs and realized natural gas price after hedging and diversification activities of $3.50/Mcf, 108% higher than the AECO 7A monthly benchmark.
- A 71% operating margin[5] and a 30% profit margin[6] were generated in the quarter, resulting in an 18% return on capital employed[7] ("ROCE") and an 18% return on equity[8] ("ROE"), on a trailing 12-month basis.
- Adjusted earnings[8] (earnings excluding the after-tax effect of unrealized gains or losses on financial instruments and foreign exchange) for the quarter rose 15% to $105.4 million, or $0.50/diluted share, compared to $91.7 million, or $0.45/diluted share in Q3 2025.
- The Company returned $74.3 million of dividends to shareholders in the quarter and reduced net debt[9] by $23.8 million from June 30, 2026. Year to date, Peyto has returned $213.7 million of dividends and reduced net debt by $185.5 million.
- As previously announced on November 3, 2026, Peyto's Board of Directors increased the monthly dividend to $0.13/share, starting with the November dividend (record date November 30, 2026; payable December 15, 2026). This is the Company's second dividend raise in 2026, increasing the monthly dividend 18% over the 2025 distribution of $0.11/share.
- Peyto recorded $40.6 million in realized hedging gains in the quarter and has a hedge position protecting approximately 462 MMcf/d of natural gas production for the fourth quarter of 2026 and 417 MMcf/d for 2027, at $4.20/Mcf and $3.32/Mcf, respectively. The Company's natural gas and NGL hedges combine to secure revenue of approximately $690 million for 2027, thus far.
- The Company was awarded over 80,000 GJ/d of new transportation service on the TC Energy Mainline to Ontario through the latest Existing Capacity and New Capacity Open Seasons, with service set to commence in November 2028.
- Capital expenditures totaled $124.0 million in the quarter. Peyto drilled 22 wells (22.0 net), completed 19 wells (19.0 net), and brought 20 wells (20.0 net) on production. Additionally, the Company acquired 10 gross (10.0 net) sections of land in the Company's core areas through crown land sales totaling $0.9 million or $129/acre in the third quarter. Year to date, total capital invested in land for new drilling inventory is $6.4 million, acquiring 78 gross (62.7 net) sections.

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[1] *This press release contains certain non-GAAP and other financial measures to analyze financial performance, financial position, and cash flow including, but not limited to "operating margin", "profit margin", "return on capital", "return on equity", "netback", "funds from operations", "adjusted earnings", "free funds flow", "cash costs", and "net debt". These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS® Accounting Standards 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 earnings, cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto's performance. See "Non-GAAP and Other Financial Measures" included at the end of this press release and in Peyto's most recently filed MD&A for an explanation of these financial measures and reconciliation to the most directly comparable financial measure under IFRS.*

[2] *Cash costs is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release.*

[3] *Funds from operations is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2026 MD&A.*

[4] *Free funds flow is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2026 MD&A.*

[5] *Operating Margin is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.*

[6] *Profit Margin is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.*

[7] *Return on capital employed and return on equity are non-GAAP financial ratios. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2026 MD&A.*

[8] *Adjusted earnings is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2026 MD&A.*

[9] *Net debt is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2026 MD&A.*

Third Quarter 2026 in Review

Peyto increased capital activity during the third quarter after a wet spring and early summer period. Third quarter total production averaged 142,952 boe/d, up 10% year over year, while NGL volumes grew 20%, largely driven by Peyto's strong results from its 2026 Cardium drilling program and increased liquid recovery. Despite the AECO 7A monthly gas index averaging only $1.46/GJ, Peyto's diversification and mechanistic hedging strategy achieved a realized natural gas price of $3.50/Mcf ($3.04/GJ), more than double the AECO price. The Company continued to add to its diversification portfolio with 80,000 GJ/d of new transportation service on the Canadian Mainline to North Bay Junction and Parkway, set to commence in November 2028. Cash costs excluding royalties were $1.02/Mcfe, down 10% from Q3 2025 and in line with management's target set at the beginning of the year. FFO totaled $220.9 million, up 11% (8% per diluted share) from Q3 2025 and supported $124.0 million of capital expenditures, $74.3 million of shareholder dividends and a $23.8 million reduction in net debt in the quarter.

Capital Expenditures

Peyto spud 22 gross (22.0 net) horizontal wells in the third quarter, including 5 Cardium, 6 Notikewin, 7 Falher, and 4 Wilrich, in the core Sundance and Brazeau areas as the Company ramped up drilling activity coming out of break-up. Completions activity also increased coming out of Q2 as Peyto completed 19 gross (19.0 net) wells and brought 20 gross (20.0 net) wells on production in the quarter, resulting in total well-related capital expenditures of $99.6 million. As part of the completion program, Peyto completed and brought onstream 3 Sundance Cardium wells. Using elements of the latest Brazeau Cardium wellbore design, Peyto drilled and completed these Sundance Cardium wells at an 11% lower cost per meter than the previous design, and production continues to outperform prior vintages. The Company expects to make further improvements to the Sundance Cardium drilling and completion costs and associated productivity as this well species features prominently in the proposed 2027 capital program. As part of the Q3 2026 drilling program, Peyto added 4 Brazeau Cardium wells, following up on earlier successful wells that exhibited strong initial total liquid yields of approximately 100 bbl/MMcf. Additionally, Peyto invested $23.5 million in facilities, pipeline optimization projects, compressor upgrades, and a turnaround at the Swanson gas plant. Drilling costs per meter decreased 7% and completion costs per meter decreased by 5% as compared to Q2 2026. Historical drilling and completion costs are summarized in the following table.

	2019	2020	2021	2022	2023	2024	2025	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	**2026 Q3[(1)]**
Gross Hz Spuds	61	64	95	95	72	75	82	19	19	20	24	23	10	**22**
Measured Depth (m)	3,848	4,247	4,453	4,611	4,891	5,092	4,963	4,976	5,021	4,921	4,834	5,206	4,747	**4,867**
Drilling ($MM/well)	$1.62	$1.68	$1.89	$2.56	$2.85	$2.90	$2.93	$3.01	$2.94	$2.97	$2.84	$2.83	$3.00	**$2.87**
$ per meter	$420	$396	$424	$555	$582	$569	$591	$605	$585	$603	$587	$543	$633	**$589**
Completion ($MM/well)	$1.01	$0.94	$1.00	$1.35	$1.54	$1.70	$1.67	$1.56	$1.71	$1.63	$1.70	$1.70	$1.90	**$1.62**
Hz Length (m)	1,484	1,682	1,612	1,661	1,969	2,184	2,123	1,961	2,311	2,185	2,036	2,011	2,222	**1,991**
$ per Hz Length (m)	$679	$560	$620	$813	$781	$776	$787	$793	$740	$747	$837	$843	$853	**$814**
$ '000 per Stage	$38	$36	$37	$47	$52	$52	$51	$56	$47	$47	$55	$57	$52	**$45**

(1) Based on field estimates and may be subject to minor adjustments going forward.

Peyto successfully acquired 10 gross (10 net) sections in the Company's core areas through crown land sales totaling $0.9 million or $129/acre in the third quarter. This brings the total capital invested on land acquisitions and new inventory in the first three quarters of 2026 to $6.4 million to acquire 78 gross (62.7 net) sections at an average cost of $157/acre. This represents the largest annual addition of new lands since the Repsol acquisition in Oct 2023.

Peyto also spent $4.0 million towards abandonment and reclamation activities during the quarter as part of the planned $13 million budget for 2026.

Marketing

Commodity Prices

In the third quarter, Peyto realized a natural gas price after hedging of $3.50/Mcf, or $3.04/GJ, 108% higher than the average AECO 7A monthly benchmark of $1.46/GJ, driven by strong realized prices at the Company's non-AECO hubs, including Dawn, Parkway, Ventura, Chicago and Henry Hub, as well as realized hedging gains. Peyto's diversification activities contributed $1.00/Mcf (net of diversification costs) in the quarter, while the Company's natural gas hedging activity resulted in a realized gain of $0.82/Mcf ($56.2 million). The value of Peyto's natural gas market diversification and hedging activities over the past eight quarters, relative to the AECO 7A benchmark, is illustrated in the following table.

($/Mcf)	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
AECO 7A[1]	1.59	2.21	2.25	1.08	2.55	2.71	1.64	1.68
Diversification value[2]	0.68	1.13	0.53	1.11	0.70	1.61	0.93	1.00
Realized hedging gain	1.16	0.83	0.75	1.38	0.76	0.37	0.85	0.82
Realized natural gas price after hedging	3.43	4.17	3.53	3.57	4.01	4.69	3.42	3.50
% premium to AECO 7A	116%	89%	57%	229%	57%	73%	108%	108%

1. AECO 7A monthly benchmark has been converted to $/Mcf at Peyto's average heat content of 1.15 GJ/Mcf.
2. Diversification value represents the difference between Peyto's realized natural gas price (after diversification cost but before realized hedging gain/loss) and the AECO 7A monthly benchmark price.

Realized condensate and pentanes plus prices averaged $110.04/bbl for the quarter, up 32% year over year driven by higher WTI oil prices. Other NGL volumes were sold at an average price of $28.34/bbl, or 24% of Canadian dollar WTI, up from $27.04/bbl in the third quarter of 2025. Peyto's combined realized NGL price was $69.88/bbl before hedging, and $60.77/bbl including a realized hedging loss of $9.11/bbl ($15.7 million) in the third quarter of 2026.

During the quarter, Peyto was awarded over 80,000 GJ/d of new transportation service on the TC Energy Mainline to North Bay Junction and Parkway through the latest Existing Capacity and New Capacity Open Seasons, set to commence in November 2028. This will double Peyto's natural gas sales volumes to Ontario markets and reduce exposure to the local AECO market.

Hedging

The Company has been actively hedging future production with financial and physical fixed price contracts to protect a portion of its future revenue from commodity price and foreign exchange volatility. The following table summarizes Peyto's hedge position for the fourth quarter of 2026, calendar 2027 and calendar 2028. Peyto's natural gas and liquid hedging program has secured revenue of approximately $690 million for calendar 2027.

	Q4 2026	2027	2028
Natural Gas			
Volume (MMcf/d)	462	417	178
Average Fixed Price ($/Mcf)	4.20	3.32	2.91
WTI Swaps			
Volume (bbls/d)	6,900	3,390	782
Average Fixed Price ($/bbl)	98.37	96.90	99.04
WTI Collars			
Volume (bbls/d)	700	623	249
Put–Call ($/bbl)	79.29–98.54	79.95–98.64	85.00–101.00
WTI Call Options			
Volume (bbls/d)	-	1,500	-
Call ($/bbl)	-	100.00	-
Propane			
Volume (bbls/d)	1,000	247	-
Average Fixed Price (US$/bbl)	34.23	34.23	-
USD FX Contracts			
Amount sold (USD 000s)	39,101	120,714	13,445
Rate (CAD/USD)	1.358	1.360	1.368

The Company's fixed price contracts combined with its diversification to the Cascade power plant and other premium demand markets in North America allow for revenue security and support Peyto's capital expenditure program, continued shareholder dividends and management of the balance sheet. Details of the Company's ongoing marketing and diversification efforts are available on Peyto's website at https://www.peyto.com/Marketing.aspx.

Netbacks

The Company's realized natural gas and NGL sales yielded a combined revenue stream of $3.86/Mcfe before hedging gains of $0.51/Mcfe, resulting in a quarterly net sales price of $4.37/Mcfe, 1% higher than the $4.31/Mcfe realized in Q3 2025. Cash costs totaled $1.29/Mcfe in the quarter, 7% higher than $1.21/Mcfe in Q3 2025 due to increased royalties. Controllable cash costs (excluding royalties), decreased 10% to $1.02/Mcfe from Q3 2025 and are Peyto's lowest since Q1 2023. Operating costs totaled $0.49/Mcfe, down from $0.51/Mcfe in Q3 2025 while interest costs totaled $0.18/Mcfe, down from $0.26/Mcfe in Q3 2025. The Company's cash netback (net sales price including other income, net marketing revenue, realized gain on foreign exchange, less total cash costs) was $3.16/Mcfe, resulting in a solid 71% operating margin. Historical cash costs and operating margins are shown below:

	2023				2024				2025				2026		
($/Mcfe)	Q1	Q2	Q3	Q4[(2)]	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
Revenue[(1)]	5.10	4.07	4.32	4.83	4.92	3.97	3.99	4.34	4.95	4.34	4.35	4.70	5.50	4.48	**4.45**
Royalties	0.53	0.18	0.29	0.30	0.24	0.26	0.18	0.21	0.25	0.14	0.08	0.18	0.21	0.28	**0.27**
Op Costs	0.50	0.47	0.44	0.55	0.55	0.52	0.54	0.50	0.53	0.54	0.51	0.49	0.52	0.50	**0.49**
Transportation	0.24	0.29	0.29	0.26	0.30	0.30	0.31	0.27	0.29	0.31	0.30	0.30	0.29	0.30	**0.29**
G&A	0.03	0.05	0.04	0.06	0.06	0.06	0.03	0.05	0.06	0.06	0.06	0.05	0.06	0.05	**0.06**
Interest	0.22	0.22	0.28	0.40	0.36	0.36	0.38	0.33	0.29	0.26	0.26	0.21	0.20	0.19	**0.18**
Cash costs pre-royalties	0.99	1.03	1.05	1.27	1.27	1.24	1.26	1.15	1.17	1.17	1.13	1.05	1.07	1.04	**1.02**
Total Cash Costs[10]	1.52	1.21	1.34	1.57	1.51	1.50	1.44	1.36	1.42	1.31	1.21	1.23	1.28	1.32	**1.29**
Cash Netback[11]	3.58	2.86	2.98	3.26	3.41	2.47	2.55	2.98	3.53	3.03	3.14	3.47	4.22	3.16	**3.16**
Operating Margin	71%	70%	69%	67%	69%	62%	64%	69%	71%	70%	72%	74%	77%	71%	**71%**

(1) Revenue includes other income, net marketing revenue and realized gains (losses) on foreign exchange.
(2) First quarter of Repsol assets included in Peyto's results

Depletion, depreciation, and amortization charges of $1.28/Mcfe, along with provisions for current tax, deferred tax, performance-based compensation and stock-based compensation resulted in adjusted earnings of $1.34/Mcfe, for a 30% profit margin. Dividends to shareholders totaled $0.94/Mcfe.

Activity Update

Peyto's drilling activity remains steady, with four rigs running across its core Sundance and Brazeau areas. Since quarter-end, the Company has drilled 5 gross (4.8 net) wells, completed 7 gross (7.0 net) wells and brought 3 gross (3.0 net) wells on production, with a further 7 gross (7.0 net) wells scheduled to come on stream in the first half of November.

In Brazeau, Peyto's Cardium development continues to deliver superior returns. Three wells recently brought onstream are meeting or exceeding expectations and represent another successful test of the Company's revised Cardium completion methodology, which targeted improved operational certainty and cost reductions. Peyto estimates the approach has lowered completion costs by approximately 12% per meter and believes there is room for further cost improvement.

Construction is also underway on a large-scale pipeline looping project north of the Nosehill gas plant. The project is expected to improve productivity in an area where Peyto has spent the last couple of years successfully developing high-deliverability Notikewin wells, and where the Company expects to remain active through 2027 and beyond.

2027 Preliminary Budget and Plans

Peyto's preliminary capital budget for 2027, set at $475–$525 million, includes a low-risk development program targeting multiple formations across all core areas. A large share of the budget will be invested in Cardium development, building on successful 2026 drilling results, with the specific aim of targeting higher liquids content to capture stronger pricing. To support this, the Company expects to add a fifth drilling rig before year-end 2026 to begin a Cardium-focused program, which is

[10] Total Cash costs is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release.
[11] Cash netback is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2026 MD&A.

anticipated to account for more than one-third of the locations drilled in 2027. The total capital program is expected to include 70 to 80 horizontal wells, with well-related costs making up approximately 80% of the budget.

Peyto's 2027 facility and pipeline capital budget includes several projects designed to connect more gas into both the Edson and Bigstone gas plants. Capital plans also cover minor turnarounds at two gas plants, along with multiple pipeline optimization and debottlenecking initiatives and plant optimization projects. These projects will increase reliability and lower long-term operating costs, leveraging Peyto's operated 1.4 Bcf/d of net gas processing capacity. Additionally, the Company plans to spend approximately $10 million on closure related activities to reduce abandonment retirement obligations.

While specific details of the budget will be finalized in early 2027, the capital program is estimated to add approximately 45,000 to 50,000 boe/d of new production by the end of the year and more than offset annual forecasted decline of between 26–28%. The program is expected to grow liquids, specifically condensate and pentanes, by a larger portion than natural gas with the focus on liquids-rich formations. Peyto anticipates the corporate liquid fraction to approach 15% of total production by the end of the year. The capital program remains flexible, as always, to allow Peyto to react to changes in commodity prices, service costs and the global economic environment.

Dividend Increase

Peyto has a long history of developing natural gas assts with a prudent risk management strategy. The elements of the business that achieve the Company's profitable growth include a mechanistic hedging program, market diversification, industry-leading cost structure, and high reserve life index. These combine to provide secure funding for planned capital programs, dividends, and the management of the balance sheet.

In keeping with Peyto's strategy of returning excess free funds flow to shareholders, the strength of the Company's financial position, and the consistent results from planned capital programs, the Board of Directors of Peyto approved a monthly dividend of $0.13/share starting in November (payable December 15, 2026) as previously announced on November 3, 2026. This is the Company's second dividend raise in 2026, increasing the monthly dividend 18% over the 2025 distribution of $0.11/share.

Outlook

The world's demand for energy continues to grow and natural gas remains the fastest growing fossil fuel providing an affordable, reliable, and abundant source. Western Canada has a plentitude of world-class natural gas resource that can be developed to help satisfy the global needs. Canada appears ready to embrace this potential and Canadians need to hold governments accountable so we can truly become an energy superpower. The proposed Productivity Mega Deduction, if enacted, is one example of positive tax change that should result in increased capital investment in Canada. Peyto's low-cost development program is protected through market diversification, a mechanistic hedging program, and an industry-leading cost structure and stands ready to help meet the growing demand.

Jean-Paul Lachance
President & Chief Executive Officer
403-261-6081
November 9, 2026

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 and other geopolitical risks, the condition of the global economy and, specifically, the condition of the crude oil and natural gas industry, 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: management's assessment of Peyto's future plans and operations, including the 2027 capital expenditure program; production estimates; activity levels; future Cardium drilling plans; the sustainability of the Company's dividend; the effectiveness of the Company's hedging program at securing revenue; 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; 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, tariffs, 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 latest annual information form under the heading "Risk Factors" and in Peyto's annual management's discussion and analysis under the heading "Risk Factors".

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.

Information Regarding Disclosure on Oil and Gas Reserves

Some values set forth in the tables above may not add due to rounding. It should not be assumed that the estimates of future net revenues presented in the tables above represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

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.

Thousand Cubic Feet Equivalent (Mcfe)

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). Natural gas liquids and oil volumes in barrel of oil (bbl) are converted to thousand cubic feet equivalent (Mcfe) using a ratio of one (1) barrel of oil to six (6) thousand cubic feet. This could be misleading, particularly if used in isolation as it is based on an energy equivalency conversion method primarily applied at the burner tip and does not represent a value equivalency at the wellhead.

Non-GAAP and Other Financial Measures

Throughout this press release, 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 net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto's performance.

Non-GAAP Financial Measures

Funds from Operations
"Funds from operations" is a non-GAAP measure which represents cash flows from operating activities before changes in non-cash operating working capital, decommissioning expenditure, provision for performance-based compensation and transaction costs. Management considers funds from operations and per share calculations of funds from operations to be key measures as they demonstrate the Company's ability to generate the cash necessary to pay dividends, repay debt and make capital investments. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds from operations provides a useful measure of Peyto's ability to generate cash that is not subject to short-term movements in operating working capital. The most directly comparable GAAP measure is cash flows from operating activities.

($000)	Three Months Ended September 30 2026	2025	Nine Months Ended September 30 2026	2025
Cash flows from operating activities	**214,113**	225,138	**710,852**	618,811
Change in non-cash working capital	**(275)**	(32,187)	**12,616**	(20,060)
Decommissioning expenditures	**4,039**	3,450	**9,062**	9,266
Performance-based compensation	**3,000**	2,500	**9,000**	7,500
Funds from operations	**220,877**	198,901	**741,530**	615,517

Free Funds Flow

Peyto uses "free funds flow" as an indicator of the efficiency and liquidity of Peyto's business, measuring its funds after capital investment available to manage debt levels, pay dividends, and return capital to shareholders through activities such as share repurchases. Peyto calculates free funds flow as cash flows from operating activities before changes in non-cash operating working capital, provision for performance-based compensation, and transaction costs, less total capital expenditures, allowing Management to monitor its free funds flow to inform its capital allocation decisions. The most directly comparable GAAP measure to free funds flow is cash from operating activities. The following table details the calculation of free funds flow and the reconciliation from cash flow from operating activities to free funds flow.

($000)	Three Months Ended September 30 2026	2025	Nine Months Ended September 30 2026	2025
Cash flows from operating activities	**214,113**	225,138	**710,852**	618,811
Change in non-cash working capital	**(275)**	(32,187)	**12,616**	(20,060)
Performance-based compensation	**3,000**	2,500	**9,000**	7,500
Total capital expenditures	**(123,999)**	(126,302)	**(359,375)**	(333,078)
Free funds flow	**92,839**	69,149	**373,093**	273,173

Adjusted Earnings

Peyto uses "adjusted earnings" for its own performance measure and to provide investors with a measurement of the Company's earnings prior to the non-cash, after-tax effects of unrealized gains and losses on derivative financial instruments and unrealized gains and losses on foreign exchange. The most directly comparable GAAP measure for adjusted earnings is earnings. The following table details the calculation of earnings to adjusted earnings.

($000)	Three Months Ended September 30 2026	2025	Nine Months Ended September 30 2026	2025
Earnings	**155,652**	90,736	**433,000**	292,685
Unrealized (gain) loss on foreign exchange	**(88)**	1,112	**1,928**	(1,872)
Unrealized gain (loss) on instruments	**(65,204)**	-	**(67,564)**	-
Income taxes (recovery) on adjustments	**15,007**	(128)	**15,318**	215
Adjusted earnings	**105,367**	91,720	**382,682**	291,028

Total Capital Expenditures

Peyto uses the term "total capital expenditures" as a measure of capital investment in exploration and production activity, as well as property acquisitions and divestitures, and such spending is compared to the Company's annual budgeted capital expenditures. The most directly comparable GAAP measure for total capital expenditures is cash flow used in investing activities. The following table details the calculation of cash flow used in investing activities to total capital expenditures.

($000)	Three Months Ended September 30 2026	2025	Nine Months Ended September 30 2026	2025
Cash flows used in investing activities	**96,412**	104,766	**358,101**	316,753
Change in prepaid capital	**(908)**	4,065	**(4,496)**	4,470
Change in non-cash working capital relating to investing activities	**28,495**	17,471	**5,770**	11,855
Total capital expenditures	**123,999**	126,302	**359,375**	333,078

Net Debt

"Net debt" is a non-GAAP financial measure that is the sum of long-term debt and working capital excluding the current financial derivative instruments, current portion of lease obligations and current portion of decommissioning provision. It is used by management to analyze the financial position and leverage of the Company. Net debt is reconciled to long-term debt which is the most directly comparable GAAP measure.

($000)	September 30, 2026	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025
Long-term debt	**997,742**	1,057,861	1,085,719	1,074,273	1,083,061
Current assets	**(319,692)**	(370,712)	(359,804)	(360,297)	(345,655)
Current liabilities	**249,866**	227,942	262,057	365,910	377,977
Financial derivative instruments - current	**77,260**	114,852	114,216	111,682	117,193
Current portion of lease obligation	**(1,057)**	(1,023)	(1,007)	(991)	(977)
Decommissioning provision - current	**(12,000)**	(13,000)	(12,818)	(13,000)	(9,150)
Net debt	**992,119**	1,015,920	1,088,363	1,177,577	1,222,449

Net marketing revenue

Peyto uses the term "net marketing revenue" to evaluate the profitability of products purchased from third parties that are resold. Net marketing revenue is calculated as marketing revenue less marketing purchases.

	Three Months Ended September 30		Nine Months Ended September 30	
($000)	**2026**	2025	**2026**	2025
Marketing revenue	**6,857**	4,892	**18,424**	18,619
Marketing purchases	**(5,858)**	(4,296)	**(16,227)**	(16,354)
Net marketing revenue	**999**	596	**2,197**	2,265

Non-GAAP Financial Ratios

Funds from Operations per Share

Peyto presents funds from operations per share by dividing funds from operations by the Company's diluted or basic weighted average common shares outstanding. "Funds from operations" is a non-GAAP financial measure. Management believes that funds from operations per share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

Netback per MCFE and BOE

"Netback" is a non-GAAP measure that represents the profit margin associated with the production and sale of petroleum and natural gas. Peyto computes "field netback per Mcfe" as commodity sales from production, plus net marketing revenue, if any, plus other income, less royalties, operating, and transportation expenses, divided by production. "Cash netback" is calculated as "field netback" less interest, less general and administration expense and plus or minus realized gain on foreign exchange, divided by production. "After-tax cash netback" is calculated as "cash netback" less current tax, divided by production. Netbacks are per-unit-of-production measures used to assess Peyto's performance and efficiency.

	Three Months Ended September 30		Nine Months Ended September 30	
($/Mcfe)	**2026**	2025	**2026**	2025
Gross sale price	**3.86**	3.07	**4.31**	3.60
Realized hedging gain	**0.51**	1.24	**0.41**	0.89
Net sale price	**4.37**	4.31	**4.72**	4.49
Net marketing revenue	**0.01**	0.01	**-**	0.01
Other income	**0.07**	0.02	**0.08**	0.04
Royalties	**(0.27)**	(0.08)	**(0.25)**	(0.15)
Operating costs	**(0.49)**	(0.51)	**(0.50)**	(0.53)
Transportation	**(0.29)**	(0.30)	**(0.29)**	(0.30)
Field netback	**3.40**	3.45	**3.76**	3.56
G&A	**(0.06)**	(0.06)	**(0.06)**	(0.06)
Interest and financing	**(0.18)**	(0.26)	**(0.19)**	(0.27)
Realized gain (loss) on foreign exchange	**-**	0.01	**-**	-
Cash netback ($/Mcfe)	**3.16**	3.14	**3.51**	3.23
Current tax ($/Mcfe)	**(0.36)**	(0.36)	**(0.40)**	(0.38)
After-tax cash netback ($/Mcfe)	**2.80**	2.78	**3.11**	2.85
After-tax cash netback ($/boe)	**16.79**	16.66	**18.70**	17.11

Net marketing revenue per Mcfe

"Net marketing revenue per Mcfe" is comprised of marketing revenue less marketing purchases, as determined in accordance with IFRS, divided by the Company's total production.

Total Payout Ratio

"Total payout ratio" is a non-GAAP measure which is calculated as the sum of dividends declared plus total capital expenditures plus decommissioning expenditures, divided by funds from operations. This ratio represents the percentage of the capital expenditures and dividends that is funded by cashflow. Management uses this measure, among others, to assess the sustainability of Peyto's dividend and capital program.

	Three Months Ended September 30		Nine Months Ended September 30	
($000, except total payout ratio)	**2026**	2025	**2026**	2025
Total dividends declared	**74,254**	66,387	**213,661**	198,020
Total capital expenditures	**123,999**	126,302	**359,375**	333,078
Decommissioning expenditures	**4,039**	3,450	**9,062**	9,266
Total payout	**202,292**	196,139	**582,098**	540,364
Funds from operations	**220,877**	198,901	**741,530**	615,517
Total payout ratio (%)	**92%**	99%	**78%**	88%

Operating Margin
Operating Margin is a non-GAAP financial ratio defined as funds from operations, before current tax, divided by revenue before royalties but including realized hedging gains/losses, other income and net marketing revenue.

Profit Margin
Profit Margin is a non-GAAP financial ratio defined as adjusted earnings divided by revenue before royalties but including realized hedging gains/losses, other income and net marketing revenue.

Cash Costs
Cash costs is a non-GAAP financial ratio defined as the sum of royalties, operating expenses, transportation expenses, G&A and interest, on a per Mcfe basis. Peyto uses total cash costs to assess operating margin and profit margin.

Return on Equity (ROE)
Peyto calculates ROE, expressed as a percentage, as trailing 12-month earnings divided by period-end shareholders' equity. Peyto uses ROE as a measure of long- term financial performance, to measure how effectively Management utilizes the capital it has been provided by shareholders and to demonstrate to shareholders the returns generated over the long term.

Return on Capital Employed (ROCE)
Peyto calculates ROCE, expressed as a percentage, as adjusted earnings before interest and taxes ("Adjusted EBIT") on a trailing 12-month basis, divided by average capital employed over a trailing 12-month basis. Average capital employed is calculated as the average of shareholders' equity plus average net debt, over the past four quarters. In reporting ROCE for prior periods, capital employed was defined as shareholders' equity plus long-term liabilities at period end. The Company has changed the definition of capital employed to better align liabilities with interest-bearing debt. Peyto uses ROCE as a measure of long-term financial performance to measure how effectively Management utilizes the capital (debt and equity) it has been provided and to demonstrate to shareholders the returns generated over the long term. ROCE and the components of Adjusted EBIT and average capital employed are detailed in the following tables.

Adjusted EBIT

($000)	*Q3 2026*	*Q2 2026*	*Q1 2026*	*Q4 2025*
Earnings	*155,652*	*106,259*	*171,089*	*125,901*
Total income taxes	*47,717*	*33,223*	*52,295*	*26,781*
Unrealized (gain) loss on foreign exchange	*(88)*	*1,084*	*932*	*(860)*
Unrealized gain on derivative financial instruments	*(65,204)*	*(2,360)*	*-*	*-*
Finance cost	*17,737*	*17,897*	*19,076*	*20,307*
Adjusted EBIT	*155,814*	*156,103*	*243,392*	*172,129*

Adjusted EBIT (sum of trailing four quarters)	*727,438*

Average capital employed

($000)	*September 30, 2026*	*June 30, 2026*	*March 31, 2026*	*December 31, 2025*
Shareholders' Equity	*3,102,225*	*3,044,650*	*2,985,070*	*2,851,734*
Net debt	*992,119*	*1,015,920*	*1,088,363*	*1,177,577*
Capital Employed	*4,094,344*	*4,060,570*	*4,073,433*	*4,029,311*

Average capital employed (average of trailing four quarters)	*4,064,415*
ROCE (Adjusted EBIT/ Average capital employed)	*18%*

Management's discussion and analysis

This Management's Discussion and Analysis ("MD&A") of Peyto Exploration & Development Corp. ("Peyto" or the "Company") is Management's analysis of the financial performance and significant trends and external factors that may affect future performance. This MD&A was prepared using information that is current as of November 9, 2026 and should be read in conjunction with the unaudited condensed consolidated financial statements (the "financial statements") as at and for the three and nine months ended September 30, 2026 and the MD&A and audited consolidated financial statements as at and for the year ended December 31, 2025, as well as Peyto's Annual Information Form, each of which is available at www.sedarplus.ca and on Peyto's website at www.Peyto.com.

All references are to Canadian dollars unless otherwise indicated.

Throughout this MD&A and in other materials disclosed by the Company, Peyto adheres to IFRS® Accounting Standards (the "Accounting Standards" or "GAAP") as issued by the International Accounting Standards Board; however, the Company also employs certain non-GAAP and other financial measures to analyze financial performance, financial position, and cash flow including, but not limited to "funds from operations", "free funds flow", "total capital expenditures", "adjusted earnings" and "net debt". These non-GAAP and other financial measures do not have any standardized meaning prescribed under the Accounting Standards 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 the Accounting Standards, such as earnings (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto's performance. See "Non-GAAP and Other Financial Measures" included at the end of this MD&A for an explanation of these financial measures and reconciliation to the most directly comparable financial measure under the Accounting Standards.

Readers are cautioned that this MD&A contains certain forward-looking information and should be read in conjunction with Peyto's "Forward-Looking Statements" section included at the end of this MD&A.

OVERVIEW

Peyto is a Canadian energy company involved in the development and production of natural gas, oil and natural gas liquids in Alberta's deep basin. At December 31, 2025, the Company's total Proved plus Probable reserves were 8.7 trillion cubic feet equivalent (1.45 billion barrels of oil equivalent) as evaluated by its independent petroleum engineers. Production is currently weighted approximately 87% to natural gas and 13% to natural gas liquids.

The Peyto model is designed to deliver a superior total return with growth in value, assets, production and income, all on a debt adjusted per share basis. The model is built around three key strategies:

- Use technical expertise to achieve the best return on capital employed through the development of internally generated drilling projects.
- Build an asset base which is made up of high-quality natural gas reserves.
- Over time, balance dividends paid to shareholders with earnings and cash flow, and balance funding for the capital program with cash flow, equity and available credit lines.

Operating results over the last 28 years indicate that these strategies have been successfully implemented.

QUARTERLY FINANCIAL INFORMATION

	2026			2025				2024
($000 except per share amounts)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Natural gas and NGL sales, net of royalties and including realized hedging gains/losses [1]	**323,287**	325,452	412,910	344,988	303,183	297,246	336,554	299,330
Funds from operations[2]	**220,877**	227,655	292,998	244,968	198,901	191,283	225,335	199,079
Per share – basic [2]	**1.07**	1.11	1.43	1.21	0.99	0.96	1.13	1.01
Per share – diluted [2]	**1.06**	1.09	1.41	1.19	0.98	0.95	1.12	1.00
Earnings	**155,652**	106,259	171,089	125,901	90,736	87,832	114,117	78,228
Per share – basic	**0.75**	0.52	0.84	0.62	0.45	0.44	0.57	0.40
Per share – diluted	**0.74**	0.51	0.82	0.61	0.45	0.43	0.57	0.39
Adjusted Earnings[2]	**105,367**	105,401	171,914	125,459	91,720	85,237	114,071	81,379
Adjusted Earnings per share – basic[2]	**0.51**	0.51	0.84	0.62	0.46	0.43	0.57	0.41
Adjusted Earnings per share – diluted[2]	**0.50**	0.51	0.83	0.61	0.45	0.42	0.57	0.41
Total dividends declared	**74,254**	71,831	67,576	66,921	66,387	65,957	65,676	65,140
Dividend per share	**0.36**	0.35	0.33	0.33	0.33	0.33	0.33	0.33
Total capital expenditures[2]	**123,999**	84,927	150,449	142,093	126,302	104,649	102,129	117,525
Total payout ratio (%)[2]	**92%**	70%	75%	86%	99%	91%	76%	93%

(1) Excludes marketing revenue and other income.

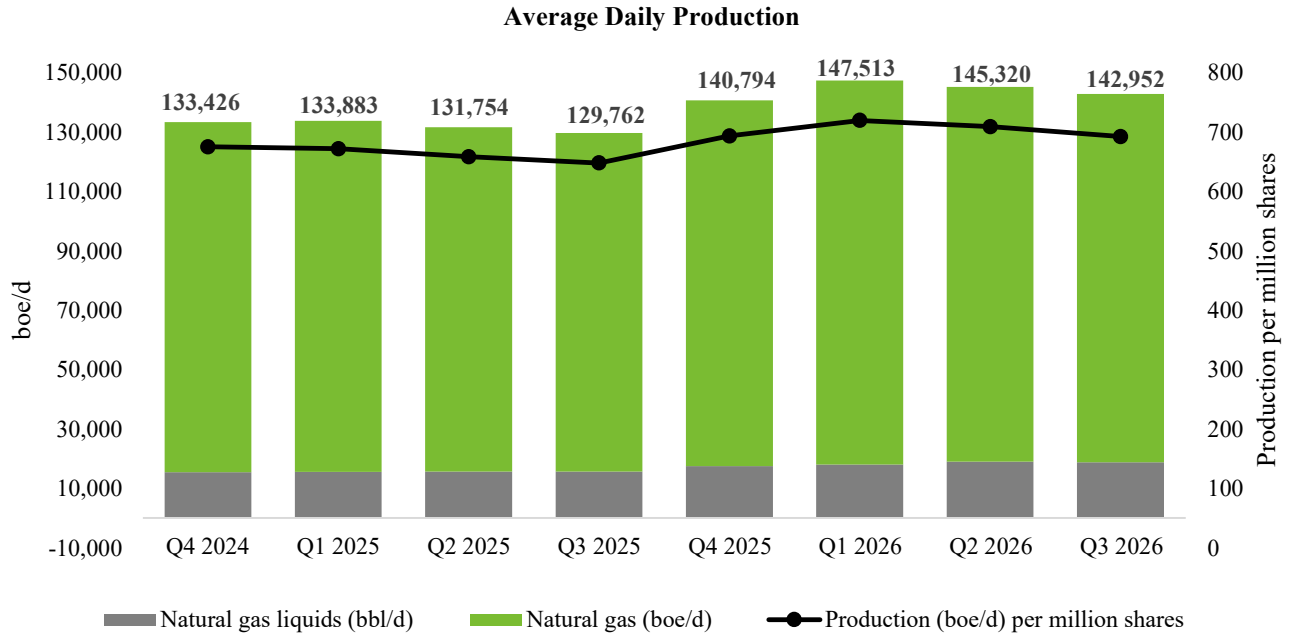
(2) This is a non-GAAP financial measure or ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for further information.

RESULTS OF OPERATIONS

Production

	Three Months Ended September 30			Nine Months Ended September 30		
	2026	2025	% Change	**2026**	2025	% Change
Natural gas (MMcf/d)	**745.6**	684.9	*9%*	**760.3**	697.2	*9%*
NGLs (or "Liquids") (bbl/d)	**18,678**	15,611	*20%*	**18,521**	15,579	*19%*
Total (boe/d)	**142,952**	129,762	*10%*	**145,245**	131,784	*10%*
Total (MMcfe/d)	**857.7**	778.6	*10%*	**871.5**	790.7	*10%*

Peyto's total production for the third quarter of 2026 increased 10% to 142,952 boe/d, compared to 129,762 boe/d for the third quarter of 2025. For the nine months ended September 30, 2026, total production increased to 145,245 boe/d, compared to 131,784 boe/d for the same period of 2025. The increases in the three and nine months ended September 30, 2026, were driven by new wells brought on production from the Company's capital program over the past year.



Natural Gas Liquids Production by Component

	Three Months Ended September 30			Nine Months Ended September 30		
	2026	2025	% Change	**2026**	2025	% Change
Condensate and Pentanes Plus (bbl/d)	**9,496**	8,253	*15%*	**9,644**	8,359	*15%*
Other Natural gas liquids (bbl/d)	**9,182**	7,358	*25%*	**8,878**	7,220	*23%*
Natural gas liquids (bbl/d)	**18,678**	15,611	*20%*	**18,521**	15,579	*19%*
Liquid to gas ratio (bbls/MMcf)	**25.1**	22.8	*10%*	**24.4**	22.3	*9%*

The liquid-to-gas ratio was 25.1 bbls/MMcf for the third quarter of 2026 compared to 22.8 bbls/MMcf for the third quarter of 2025. Year to date, the liquid-to-gas ratio increased to 24.4 bbls/MMcf from 22.3 bbls/MMcf for the same period of 2025. The increased liquid-to-gas ratio in both periods is primarily due to Peyto's capital allocation to richer formations, as well as increased NGL recoveries, to maximize overall returns with changing commodity prices.

Revenue from Natural Gas and NGL Sales and Realized Hedging Gains (Losses)

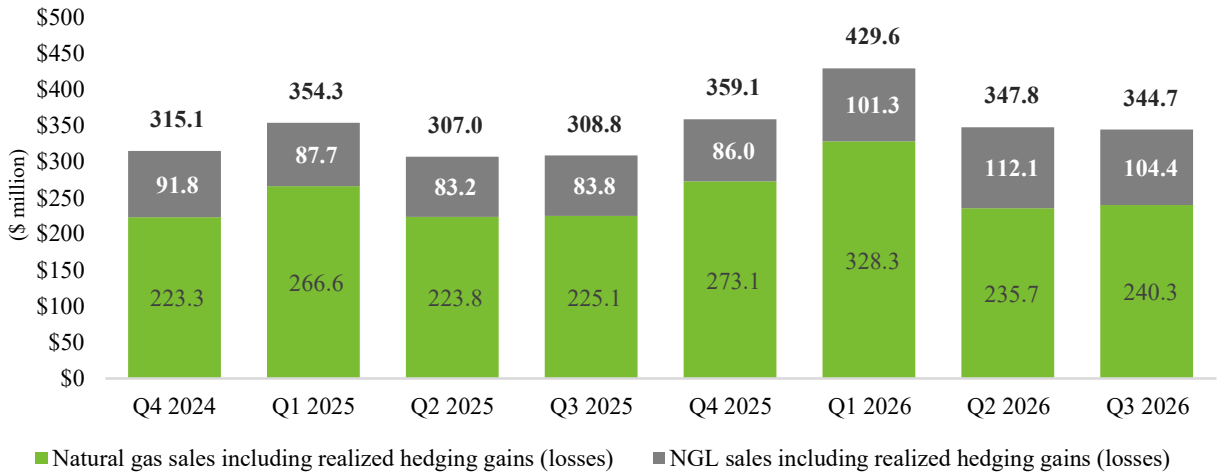
	Three Months Ended September 30			Nine Months Ended September 30		
($000)	**2026**	2025	% Change	**2026**	2025	% Change
Natural gas sales[(1)]	**184,056**	138,084	*33%*	**664,226**	528,053	*26%*
NGL sales	**120,079**	81,500	*47%*	**360,348**	249,395	*44%*
Natural gas and NGL sales	**304,135**	219,584	*39%*	**1,024,574**	**777,448**	*32%*
Realized hedging gains - gas	**56,202**	86,968	*-35%*	**139,957**	187,345	*-25%*
Realized hedging gains (losses) - NGLs	**(15,652)**	2,280	*-786%*	**(42,476)**	5,306	*-901%*
Realized gain on derivative financial instruments	**40,550**	89,248	*-55%*	**97,481**	**192,651**	*-49%*
Natural gas and NGL sales including realized hedging gains (losses)	**344,685**	308,832	*12%*	**1,122,055**	970,099	*16%*

(1) Excludes marketing revenue and other income.

For the third quarter of 2026, natural gas and NGL sales including realized hedging gains increased 12% to $344.7 million from $308.8 million for the third quarter of 2025. For the nine months ended September 30, 2026, natural gas and NGL sales including realized hedging gains rose 16% to $1,122.1 million from $970.1 million for the same period of 2025. The increased sales in the three and nine months ended September 30, 2026, was driven by higher production volumes and increased realized natural gas and NGL prices, partially offset by lower realized hedging gains.

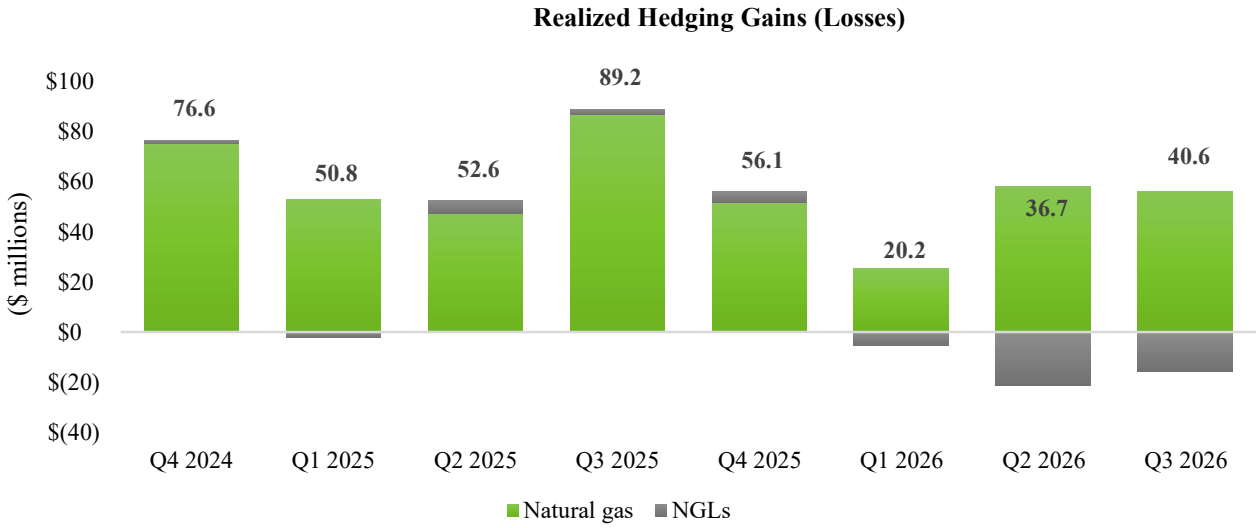
Peyto's natural gas and NGL sales including realized hedging gains over the past eight quarters, are summarized below.

Natural Gas and NGL Sales including Realized Hedging Gains (Losses)

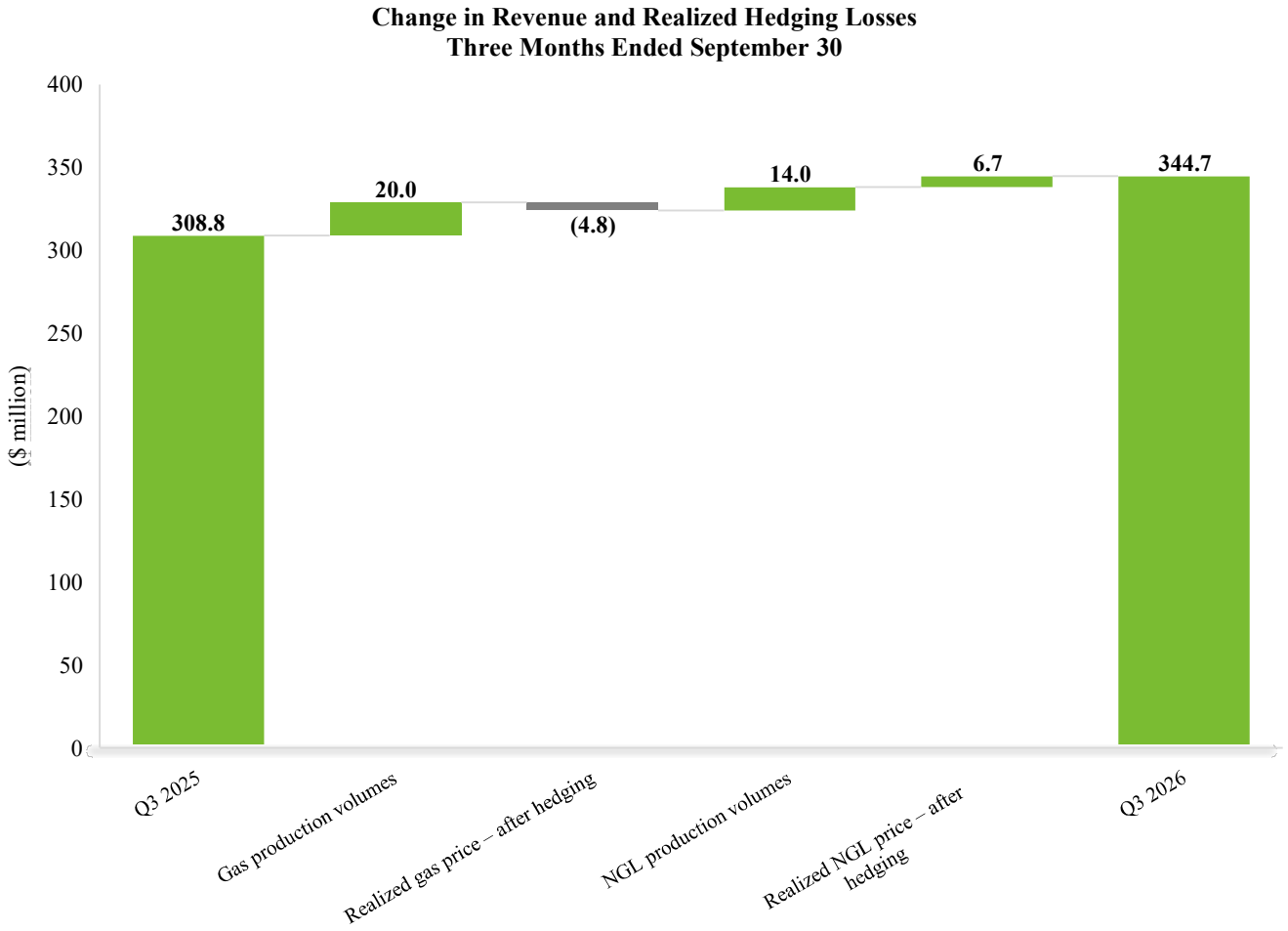


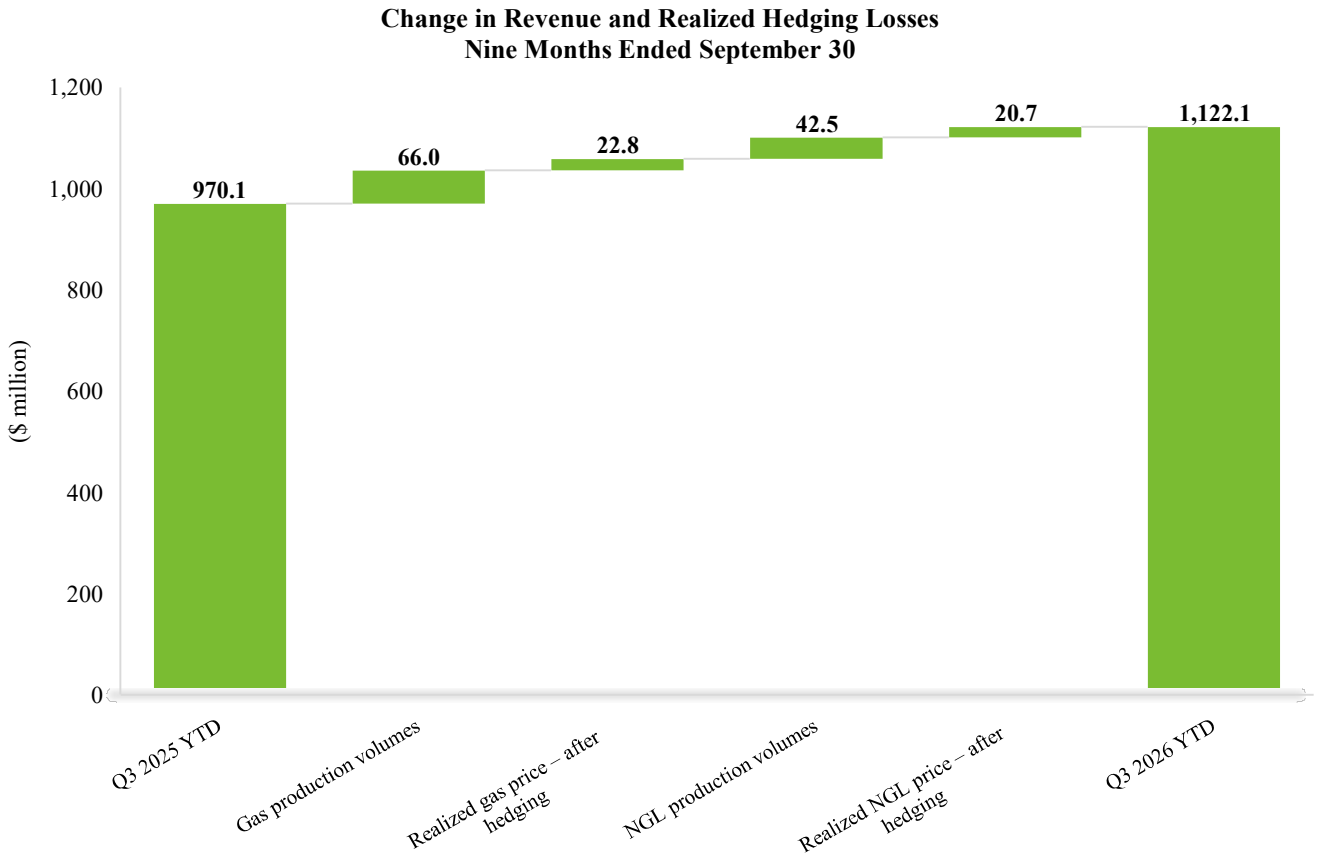
According to its commodity hedging policy, Peyto enters into risk management contracts with well-established counterparties for the purpose of protecting a portion of its future revenues from the volatility of oil and natural gas prices. In periods of increasing commodity prices, Peyto expects to realize hedging losses and in periods of falling commodity prices, Peyto expects to realize hedging gains. Peyto's hedging program, since inception in 2003, has generated cumulative realized gains of $848 million.

Realized hedging gains over the past eight quarters are summarized below.



The change in revenue from natural gas and NGL sales including realized hedging gains (losses) in the three and nine months ended September 30, 2026, from the same periods of 2025, are detailed in the following charts:





Benchmark Commodity Prices

	Three Months Ended September 30			Nine Months Ended September 30		
	2026	2025	% Change	**2026**	2025	% Change
AECO 7A monthly ($/GJ)	**1.46**	0.94	*55%*	**1.75**	1.61	*9%*
AECO 5A daily ($/GJ)	**1.48**	0.60	*148%*	**1.64**	1.42	*16%*
NYMEX Henry Hub last day (US$/MMBtu)	**2.95**	3.07	*-4%*	**3.63**	3.39	*7%*
Emerson2 (US$/MMBtu)	**1.32**	0.52	*153%*	**1.84**	1.71	*8%*
Chicago Citygate monthly (US$/MMBtu)	**2.62**	2.70	*-3%*	**3.64**	3.21	*13%*
Dawn (US$/MMBtu)	**2.60**	2.79	*-7%*	**3.19**	3.18	*0%*
Ventura daily (US$/MMBtu)	**2.55**	2.72	*-6%*	**3.71**	3.23	*15%*
Canadian WTI ("WTI CAD") ($/bbl)	**120.01**	89.43	*34%*	**115.62**	93.38	*24%*
Conway C3 (US$/bbl)	**28.69**	28.18	*2%*	**28.48**	31.56	*-10%*
AESO power pool price ($/MWh)	**35.46**	51.53	*-31%*	**32.20**	44.10	*-27%*
Exchange rate (CDN/USD)	**1.399**	1.377	*2%*	**1.385**	1.399	*-1%*

Commodity Prices

	Three Months Ended September 30			Nine Months Ended September 30		
	2026	2025	% Change	**2026**	2025	% Change
Realized natural gas price ($/Mcf)	**2.68**	2.19	*22%*	**3.20**	2.77	*16%*
Realized hedging gain (loss) ($/Mcf)	**0.82**	1.38	*-41%*	**0.67**	0.99	*-32%*
Realized natural gas price – after hedging ($/Mcf)	**3.50**	3.57	*-2%*	**3.87**	3.76	*3%*
Condensate and Pentanes Plus[(1)(2)] ($/bbl)	**110.04**	83.24	*32%*	**109.99**	85.28	*29%*
Other Natural gas liquids[(1)] ($/bbl)	**28.34**	27.04	*5%*	**29.20**	27.79	*5%*
Realized NGL price – before hedging ($/bbl)	**69.88**	56.75	*23%*	**71.27**	58.64	*22%*
Realized hedging gain (loss) ($/bbl)	**(9.11)**	1.58	*-677%*	**(8.40)**	1.25	*-772%*
Realized NGL price – after hedging ($/bbl)	**60.77**	58.33	*4%*	**62.87**	59.89	*5%*
Total realized hedging gain (loss) ($/Mcfe)	**0.51**	1.24	*-59%*	**0.41**	0.89	*-54%*
Total realized hedging gain (loss) ($/boe)	**3.08**	7.48	*-59%*	**2.46**	5.35	*-54%*

(1) Condensate, pentanes plus and other liquids prices are Peyto realized prices in Canadian dollars adjusted for fractionation and transportation. Excludes marketing revenue

(2) Excludes marketing revenue but includes fixed price physical contracts

Peyto actively markets all components of its production stream including natural gas, condensate, pentane, butane and propane.

Natural Gas Prices

Peyto's realized natural gas price, before hedging, rose 22% to $2.68/Mcf for the third quarter of 2026 from $2.19/Mcf in the third quarter of 2025, mainly due to increased AECO benchmark prices. However, Peyto was fully hedged at the AECO hub and the higher AECO prices resulted in lower realized hedging gains, totaling $0.82/Mcf for the third quarter of 2026, down from $1.38/Mcf in the third quarter of 2025. The Company's realized natural gas price, after hedging and diversification, totaled $3.50/Mcf (or $3.04/GJ) for the quarter, 2% lower than the third quarter of 2025, but 108% higher than the AECO 7A benchmark price of $1.46/GJ for the same period.

For the nine months ended September 30, 2026, Peyto's realized natural gas price, after hedging and diversification, increased 3% to $3.87/Mcf from $3.76/Mcf in the same period of 2025, driven by higher benchmark prices at all hubs, partially offset by lower realized hedging gains.

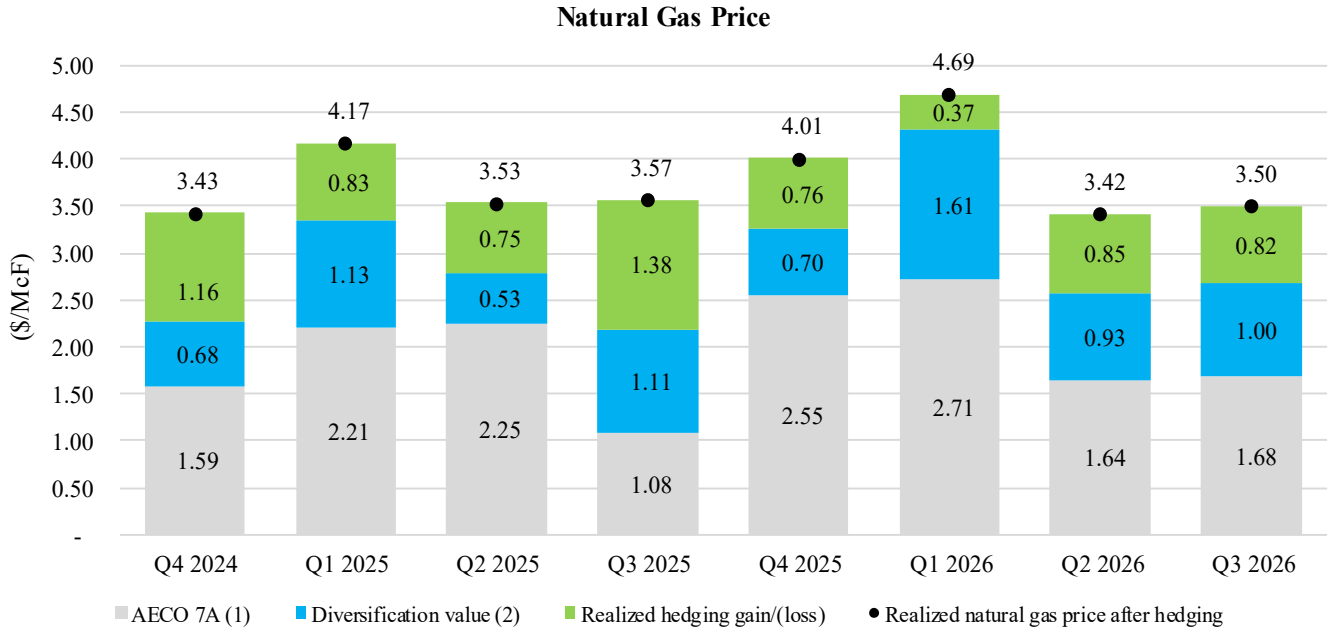
Peyto's natural gas market diversification activity resulted in natural gas sales being priced off various hubs including AECO, Ventura, Emerson 2, Malin, Dawn, Parkway, Chicago and Henry Hub using both physical fixed price and temporary basis transactions to access those locations. Natural gas prices were left to float on daily pricing or locked in using fixed price swaps at those hubs and Peyto's realized price was benchmarked against those local prices, then adjusted for marketing arrangements (either physical or short-term synthetic) to those markets.

Peyto's market diversification activity includes the 60,000 GJ/day gas supply agreement ("GSA") with the Cascade 900 MWh Combined-Cycle Power Plant. Peyto's realized price under the GSA is indexed to Cascade's realized power price.

Commencing in 2029, Peyto will deliver 50,000 MMBtu/d to Centrica Energy over a 10-year period. Deliveries will be made at the NIT (AECO) hub operated by NGTL in Alberta. The natural gas will be priced against the Dutch Title Transfer Facility ("TTF") benchmark, less deductions.

In the third quarter of 2026, Peyto was successful in securing over 80,000 GJ/d of additional transportation capacity on the TC Energy Mainline to North Bay Junction and Parkway, starting in November 2028, through the latest Existing Capacity and New Capacity Open Seasons. This will double Peyto's natural gas sales volumes to Ontario markets and reduce exposure to the local AECO market.

The value of Peyto's natural gas market diversification and hedging activities over the past eight quarters, relative to the AECO 7A benchmark, is included in the following chart.



(1) AECO 7A monthly benchmark has been converted to $/Mcf at Peyto's average heat content of 1.15 GJ/Mcf.
(2) Diversification value represents the difference between Peyto's realized natural gas price (before hedging) and the AECO 7A monthly benchmark price.

NGL Prices

Peyto's realized NGL price, before hedging, rose 23% to $69.88/bbl for the third quarter of 2026, from $56.75/bbl for the third quarter in 2025, driven by the sharp increase in the WTI benchmark price. WTI CAD increased 34% for the third quarter of 2026, compared to the third quarter of 2025, driving a 32% increase in Peyto's realized condensate and pentanes plus price over the same period. Other NGLs increased 5% to $28.34/bbl, compared to $27.04/bbl for the third quarter of 2025, due to higher realized propane and butane prices. The increase in the realized NGL price was partially offset by a realized NGL hedging loss of $9.11/bbl in the quarter. Peyto's realized NGL price, after hedging, rose to $60.77/bbl, compared to $58.33/bbl for the third quarter of 2025.

For the nine months ended September 30, 2026, Peyto's NGL price, after hedging, increased 5% to $62.87/bbl from $59.89/bbl in the same period of 2025, primarily due to the increase in benchmark oil prices, partially offset from increased realized NGL hedging losses.

The Company's liquids were actively marketed with condensate being sold on a monthly index differential linked to WTI oil prices. Peyto's NGLs (a blend of pentanes plus, butane, and propane) are fractionated by a third party in Fort Saskatchewan, Alberta; however, Peyto markets each product separately. Pentanes plus were sold on a monthly index differential linked to WTI, with some volumes forward sold on fixed differentials to WTI. Butane was sold as a % of WTI or a fixed differential to the Mount Belvieu, Texas market. Propane was sold on a fixed differential to the Conway, Kansas market and the Mount Belvieu (LST), Texas market. While some products were sold pursuant to annual term contracts to ensure delivery paths remain open, others were marketed on the daily spot market.

Marketing Revenue and Marketing Purchases

	Three Months Ended September 30			Nine Months Ended September 30		
($000)	**2026**	2025	% Change	**2026**	2025	% Change
Marketing revenue	**6,857**	4,892	*40%*	**18,424**	18,619	*-1%*
Marketing purchases	**(5,858)**	(4,296)	*36%*	**(16,227)**	(16,354)	*-1%*
Net marketing revenue[(1)]	**999**	596	*68%*	**2,197**	2,265	*-3%*

(1) This is a non-GAAP financial measure or ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for further information.

Peyto has NGL marketing contracts whereby the Company purchases NGL mix from third parties, transports and fractionates the product, and sells the NGL components. The marketing revenue and marketing purchases are recorded gross on Peyto's income statement and are accounted for separately from Peyto's own production.

For the third quarter of 2026, Peyto recorded marketing revenue totaling $6.9 million, and marketing purchases of $5.9 million, compared to marketing revenue of $4.9 million, and marketing purchases of $4.3 million for the third quarter of 2025. Year to date, marketing revenue totaled $18.4 million, and marketing purchases totaled $16.2 million, compared to $18.6 million and $16.4 million, respectively, for the same period of 2025.

Other Income

	Three Months Ended September 30			Nine Months Ended September 30		
($000)	**2026**	2025	% Change	**2026**	2025	% Change
Other Income	**5,397**	2,170	*149%*	**19,956**	9,438	*111%*

Peyto's other income includes third-party gathering and processing income, sales of excess natural gas transportation service, and electricity sales generated by the Company's cogeneration facility at the Edson Gas Plant. For the third quarter of 2026, other income increased 149% to $5.4 million compared to $2.2 million for the third quarter of 2025. Year to date, other income increased to $20.0 million from $9.4 million for the same period of 2025. The increases in the three and nine months ended September 30, 2026, compared to the same periods of 2025, were due to increased sales of excess transportation service.

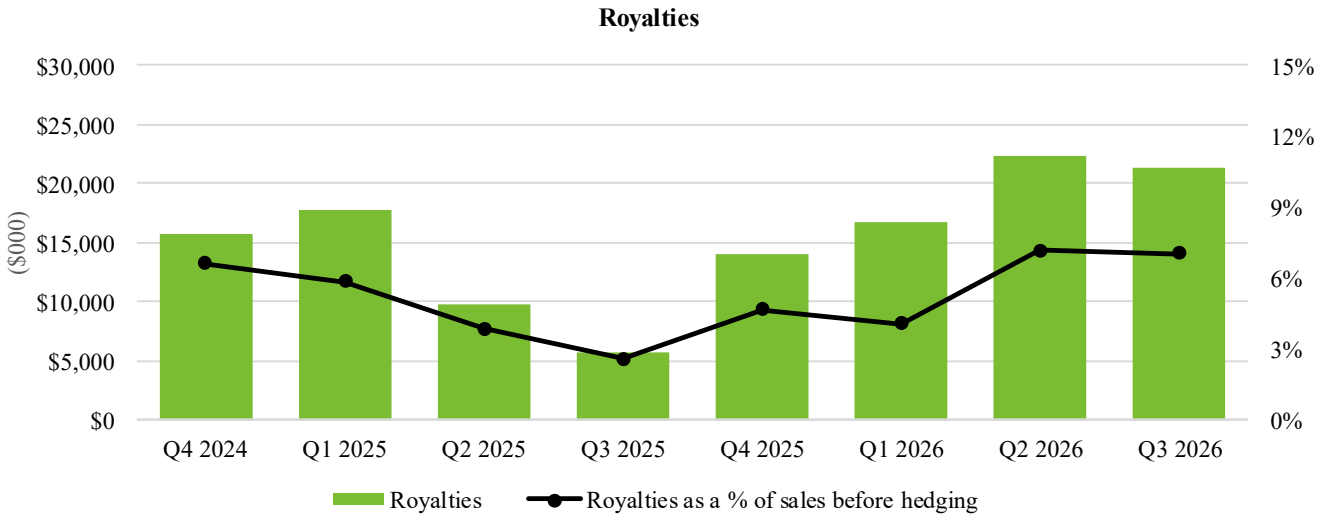
Royalties

Royalties are paid to the owners of the mineral rights with whom leases are held, including the provincial government of Alberta. Alberta Crown royalties on natural gas and NGLs are invoiced on the Crown's share of production based on a monthly established reference price ("Reference Price"). The natural gas Reference Price is a monthly weighted average price of gas consumed in Alberta and gas exported from Alberta reduced for transportation and marketing allowances. Royalties also include Gas Cost Allowance ("GCA"), which reduces royalties payable to the Crown for capital and operating expenditures incurred by Peyto in gathering and processing the Crown's share of natural gas and NGL production. Additionally, all of Peyto's new wells qualify for the Alberta Crown Drilling and Completion Cost Allowance program, which has a 5% initial royalty rate under the Modernized Royalty Framework.

	Three Months Ended September 30			Nine Months Ended September 30		
	2026	2025	% Change	**2026**	2025	% Change
Royalties ($000)	**21,398**	5,649	*279%*	**60,406**	33,116	*82%*
per cent of sales before hedging	**7.0%**	2.6%	*173%*	**5.9%**	4.3%	*38%*
$/Mcfe	**0.27**	0.08	*238%*	**0.25**	0.15	*67%*
$/boe	**1.63**	0.47	*247%*	**1.52**	0.92	*65%*

For the three and nine months ended September 30, 2026, royalties increased to $21.4 million and $60.4 million, respectively, from $5.6 million and $33.1 million in the same periods of 2025. On a percentage of sales basis, royalties rose to 7.0% and 5.9% for the three and nine months ended September 30, 2026, respectively, from 2.6% and 4.3% for the comparative prior periods. The increased royalties in the three and nine months ended September 30, 2026, were primarily driven by decreased GCA credits associated with Peyto's 2026 gathering and processing facility additions, coupled higher NGL royalties from increased NGL sales relative to total sales and higher benchmark oil prices.

In its 28-year history, Peyto has invested $9.7 billion in capital projects and acquisitions, found, acquired and developed 7.2 TCFe of natural gas reserves and paid over $1.3 billion in royalties.



Operating Costs & Transportation

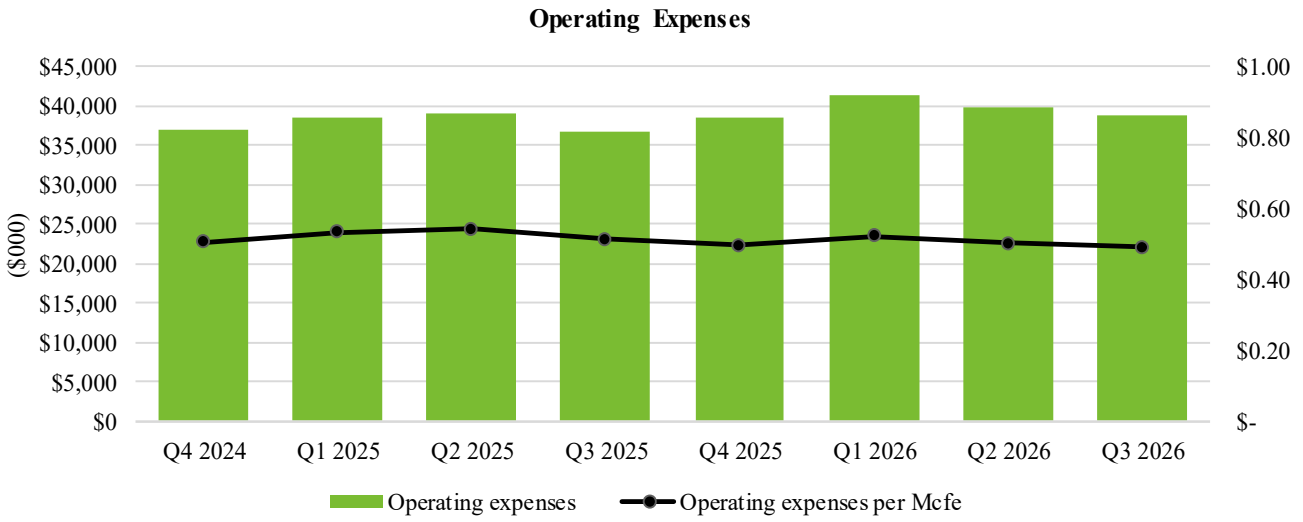
Peyto's operating expenses include all costs with respect to day-to-day well and facility operations.

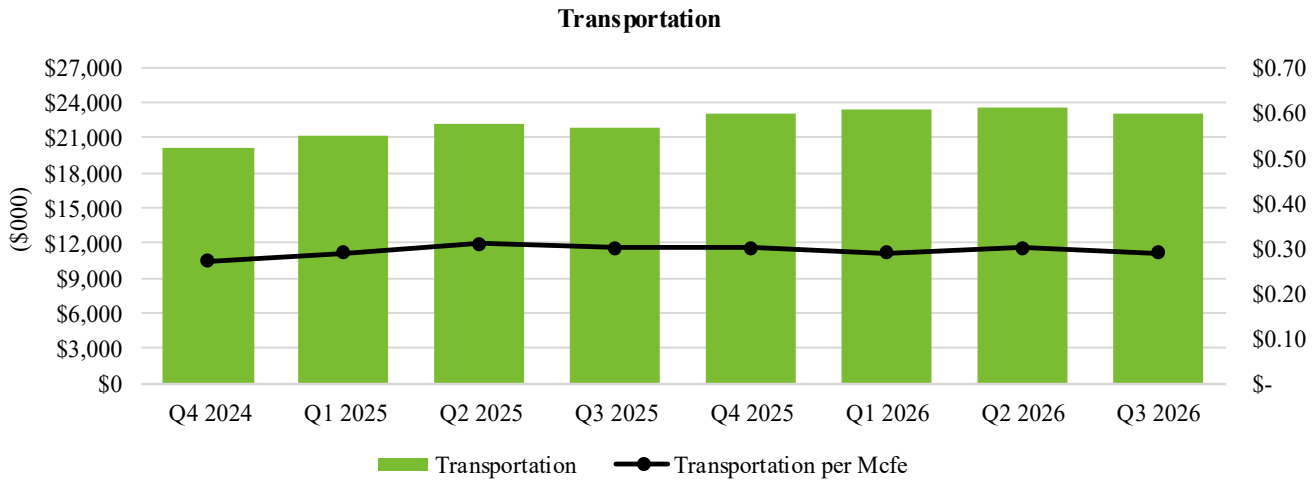
	Three Months Ended September 30			Nine Months Ended September 30		
	2026	2025	% Change	**2026**	2025	% Change
Government Cost ($000) [1]	**11,737**	11,785	*0%*	**33,481**	32,465	*3%*
Other expenses ($000)	**26,924**	25,000	*8%*	**86,449**	81,855	*6%*
Operating costs ($000)	**38,661**	36,785	*5%*	**119,930**	114,320	*5%*
$/Mcfe	**0.49**	0.51	*-4%*	**0.50**	0.53	*-6%*
$/boe	**2.94**	3.08	*-5%*	**3.02**	3.18	*-5%*
Transportation ($000)	**22,944**	21,800	*5%*	**69,898**	65,145	*7%*
$/Mcfe	**0.29**	0.30	*-3%*	**0.29**	0.30	*-3%*
$/boe	**1.74**	1.83	*-5%*	**1.76**	1.81	*-3%*

[1.] Government cost include property taxes, carbon tax, Crown lease rentals, Alberta Energy Regulator administration fees and Orphan Well Association fees

For the three and nine months ended September 30, 2026, operating costs rose to $38.7 million and $119.9 million, respectively, compared to $36.8 million and $114.3 million for the same periods of 2025, driven by increased production volumes. On a unit-of-production basis, operating costs decreased 4% to $0.49/Mcfe in the third quarter of 2026 from $0.51/Mcfe in the same period of 2025. In the nine months ended September 30, 2026, operating costs decreased 6% to $0.50/Mcfe compared to $0.53/Mcfe in the same period of 2025. The decreases on a unit-of-production basis are primarily due to cost efficiencies from incremental production volumes.

Transportation expenses rose to $22.9 million and $69.9 million for the three and nine months ended September 30, 2026, respectively, from $21.8 million and $65.1 million for the same periods of 2025, driven by toll increases and new Dawn service that commenced in the fourth quarter of 2025. On a unit-of-production basis, transportation expenses were $0.29/Mcfe and $0.29/Mcfe for the three and nine months ended September 30, 2026, respectively, compared to $0.30/Mcfe and $0.30/Mcfe in the same periods of 2025.





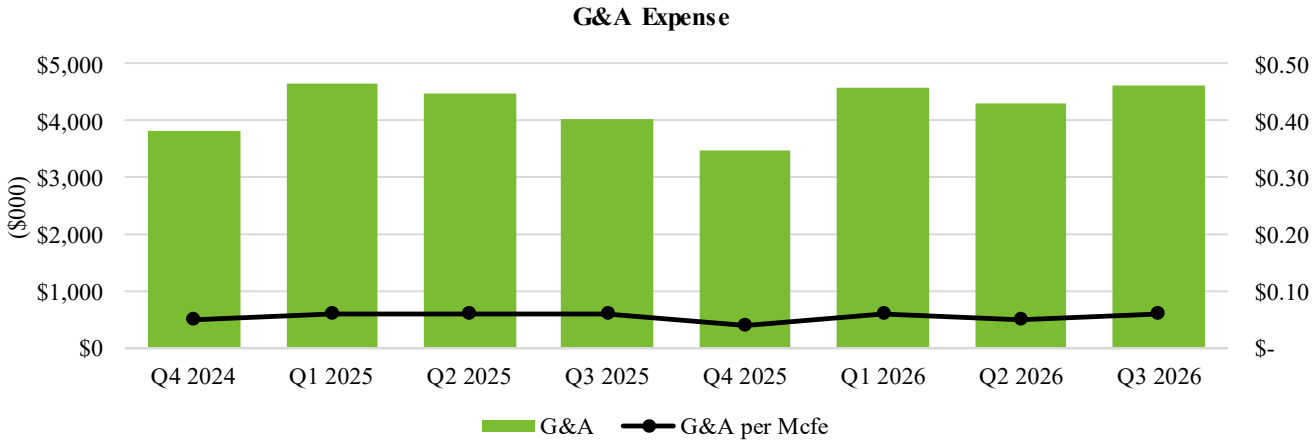
General and Administrative ("G&A") Expenses

	Three Months Ended September 30			Nine Months Ended September 30		
	2026	2025	% Change	**2026**	2025	% Change
Gross G&A expenses ($000)	**7,990**	7,439	*7%*	**23,846**	22,866	*4%*
Capitalized & overhead recoveries ($000)	**(3,389)**	(3,402)	*0%*	**(10,338)**	(9,685)	*7%*
G&A expenses ($000)	**4,602**	4,037	*14%*	**13,508**	13,181	*2%*
$/Mcfe	**0.06**	0.06	*0%*	**0.06**	0.06	*0%*
$/boe	**0.35**	0.34	*3%*	**0.34**	0.37	*-8%*

For the third quarter of 2026, G&A expenses (before overhead recoveries) were $8.0 million, compared with $7.4 million for the third quarter of 2025. Year to date, gross G&A expenses increased to $23.8 million from $22.9 million in the same period of 2025, primarily due to increased employment, professional services and information technology, partially offset by lower rent expense.

Gross G&A expenses averaged $0.10/Mcfe before capitalized G&A and overhead recoveries of $0.04/Mcfe for G&A expenses of $0.06/Mcfe in the third quarter of 2026 ($0.10/Mcfe before capitalized G&A and overhead recoveries of $0.04/Mcfe for G&A expenses of $0.06/Mcfe in the third quarter of 2025).

Peyto capitalizes G&A expenses and performance-based compensation related to the execution of its capital program. For the three and nine months ended September 30, 2026, Peyto capitalized $3.1 million and $8.8 million, respectively, of expenses directly attributable to exploration and development activities compared to $3.1 million and $8.5 million for the same periods of 2025.



Performance and Stock-Based Compensation

The Company awards performance and stock-based compensation to employees, key consultants and directors. Performance and stock-based compensation is comprised of rights, stock options, deferred share units, and reserve value-based bonus.

Performance-Based Compensation

The reserve value-based component is 4% of the incremental increase in after-tax 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, unhedged average realized prices of the current year and a discount rate of 8%. Peyto accrued $3.0 million and $9.0 million for performance-based compensation expense in the three and nine months ended September 30, 2026 (2025 - $2.5 million and $7.5 million).

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 are 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 are 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, with the final tranche vesting in January 2028.

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.

Stock-Based Compensation Expense

Stock-based compensation is calculated on 4.5 million non-vested stock options (2.2% of the total number of common shares outstanding), 6.5 million Rights (3.2% of the total number of common shares outstanding) and 0.4 million vested DSUs (0.2% of the total number of common shares outstanding). Peyto records a non-cash provision for compensation expense over the life of the awards calculated using Black-Scholes and Monte Carlo simulation valuation models. Stock-based compensation expense for the three and nine months ended September 30, 2026, was $4.1 million and $12.1 million, respectively (2025 - $3.7 million and $10.9 million).

	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	2,839,680	26.65	864,000	26.65
Rights vested	(609,466)	18.89	(190,000)	18.9
Balance, September 30, 2026	**4,988,162**	**23.86**	**1,529,000**	**23.83**
		Balance, September 30, 2026		
Fair value of Rights granted (weighted average)		$4.78		$4.44
Expected volatility		27.18%		27.18%
Average option life		2 years		2 years
Risk-free interest rate		2.93%		2.93%
Forfeiture rate		5.49%		5.49%
Dividend Yield		0%		0%

Stock Option Plan

	Number of Options	Weighted average exercise price ($)
Balance, December 31, 2025	**7,527,206**	**14.67**
Exercised	(2,972,404)	14.18
Expired	(5,240)	11.57
Balance, September 30, 2026	**4,549,562**	**14.99**

Deferred Share Units

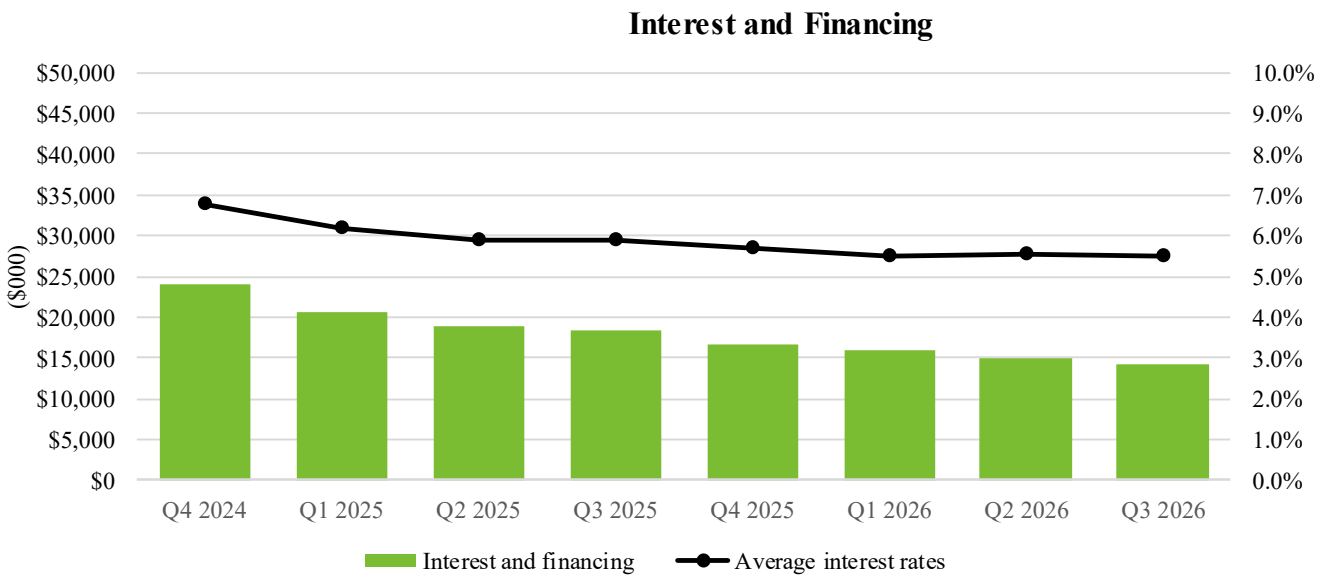
	Number of DSUs
Balance, December 31, 2025	**336,252**
DSU's granted	37,379
Balance, September 30, 2026	**373,631**

Finance Costs

	Three Months Ended September 30			Nine Months Ended September 30		
	2026	2025	% Change	**2026**	2025	% Change
Accretion of decommissioning provision ($000)	**3,391**	3,369	*1%*	**9,445**	9,731	*-3%*
Lease Interest ($000)	**100**	113	*-12%*	**290**	345	*-16%*
Financing Expense ($000)	**698**	942	*-26%*	**1,972**	2,826	*-30%*
Interest ($000)	**13,548**	17,359	*-22%*	**43,003**	54,960	*-22%*
Interest and financing costs	**14,246**	18,301	*-22%*	**44,975**	57,786	-22%
Finance Cost	**17,737**	21,783	*-19%*	**54,710**	67,862	-19%
Interest and financing $/Mcfe	**0.18**	0.26	*-31%*	**0.19**	0.27	*-30%*
Interest and financing $/boe	**1.08**	1.53	*-29%*	**1.13**	1.61	*-30%*
Average interest rate	**5.5%**	5.9%	*-7%*	**5.5%**	6.0%	*-8%*

For the three and nine months ended September 30, 2026, interest and financing costs fell to $14.2 million and $45.0 million, respectively, compared to $18.3 million and $57.8 million for the same periods of 2025. The decrease in interest and financing costs is due to a lower average bank debt outstanding combined with lower interest rates on the Company's bank debt, compared to the same periods of 2025. Year to date, Peyto's average interest rate fell to 5.5% from 6.0% for the same period of 2025, primarily driven by decreases to the Bank of Canada's policy rate.

Accretion expense was $3.4 million and $9.4 million for the three and nine months ended September 30, 2026, respectively, compared to $3.4 million and $9.7 million for the same periods of 2025.

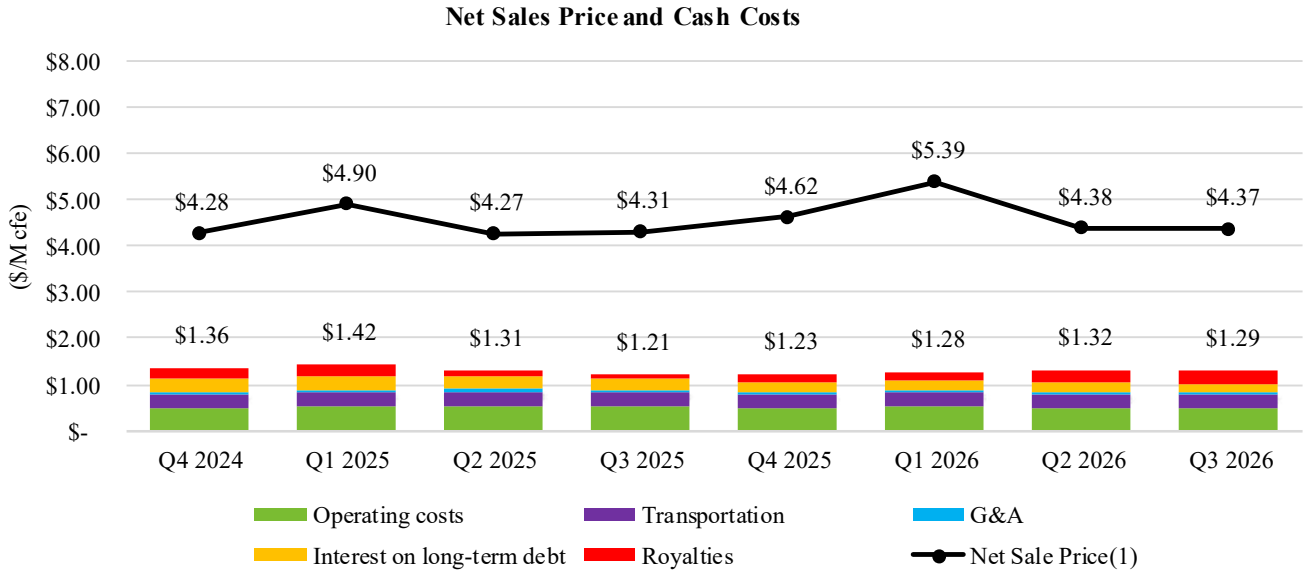


Netbacks

	Three Months Ended September 30			Nine Months Ended September 30		
($/Mcfe)	**2026**	2025	% Change	**2026**	2025	% Change
Gross Sale Price	**3.86**	3.07	*26%*	**4.31**	3.60	*20%*
Realized hedging gain (loss)	**0.51**	1.24	*-59%*	**0.41**	0.89	*-54%*
Net Sale Price	**4.37**	4.31	*1%*	**4.72**	4.49	*5%*
Net Marketing revenue[(1)]	**0.01**	0.01	*0%*	**0.00**	0.01	*-100%*
Other income	**0.07**	0.02	*250%*	**0.08**	0.04	*100%*
Royalties	**(0.27)**	(0.08)	*238%*	**(0.25)**	(0.15)	*67%*
Operating costs	**(0.49)**	(0.51)	*-4%*	**(0.50)**	(0.53)	*-6%*
Transportation	**(0.29)**	(0.30)	*-3%*	**(0.29)**	(0.30)	*-3%*
Field netback[(1)]	**3.40**	3.45	*-1%*	**3.76**	3.56	*6%*
G&A	**(0.06)**	(0.06)	*0%*	**(0.06)**	(0.06)	*0%*
Interest and financing	**(0.18)**	(0.26)	*-31%*	**(0.19)**	(0.27)	*-30%*
Realized gain (loss) on foreign exchange	**-**	0.01	*-100%*	-	-	-
Cash netback[(1)] ($/Mcfe)	**3.16**	3.14	*1%*	**3.51**	3.23	*9%*
Current Tax	**(0.36)**	(0.36)	*0%*	**(0.40)**	(0.38)	*5%*
After tax cash netback [1] ($/Mcfe)	**2.80**	2.78	*1%*	**3.11**	2.85	*9%*
After tax cash netback[(1)] ($/boe)	**16.79**	16.66	*1%*	**18.70**	17.11	*9%*

(1) This is a non-GAAP ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for further information

Netbacks are a non-GAAP measure that represents the profit margin associated with the production and sale of petroleum and natural gas. Netbacks are per unit of production measures used to assess Peyto's performance and efficiency. The primary factors that produce Peyto's strong netbacks and high margins are a low-cost structure and its hedging and diversification program.



(1) Excludes marketing revenue and other income

Depletion and Depreciation

	Three Months Ended September 30			Nine Months Ended September 30		
	2026	2025	% Change	**2026**	2025	% Change
Depletion and depreciation ($000)	**100,745**	95,325	*6%*	**304,722**	287,866	*6%*
$/Mcfe	**1.28**	1.33	*-4%*	**1.28**	1.33	*-4%*
$/boe	**7.66**	7.98	*-4%*	**7.68**	8.00	*-4%*

The Company's depletion and depreciation totaled $100.7 million ($1.28/Mcfe) in the third quarter of 2026 compared to $95.3 million ($1.33/Mcfe) in the third quarter of 2025. In the nine months of 2026, depletion and depreciation totaled $304.7 million ($1.28/Mcfe) compared to $287.7 million ($1.33/Mcfe) for the same period of 2025. The increases on an absolute basis are due to higher production volumes over the same periods in 2025. The decreases in depletion and depreciation on a per-unit basis reflect a lower depletion rate due to updated reserves and future development costs.

Income Taxes

Peyto recorded current tax expense of $28.6 million and $94.6 million for the three months and nine months ended September 30, 2026, respectively, compared to $26.3 million and $82.1 million for the same period of 2025. These increases reflect higher taxable income compared to the corresponding periods in 2025, partially offset by reinstated accelerated investment and resources deductions that were enacted on March 26, 2026.

For the three and nine months ended September 30, 2026, deferred tax expense rose to $19.1 million and $38.6 million, respectively, compared to $2.1 million and $8.4 million for the same periods of 2025, largely driven by increased before-tax earnings.

MARKETING AND RISK MANAGEMENT

Financial Derivative Instruments

The Company is a party to certain derivative financial instruments, including fixed price contracts. The Company enters into these forward contracts with well-established counterparties for the purpose of protecting a portion of its future revenues from the volatility of oil, natural gas prices, the foreign exchange rate and interest rates. To minimize counterparty risk, these marketing contracts are executed with financial institutions which are members of Peyto's banking syndicate.

Financial derivative instruments are valued on the consolidated balance sheet using quoted market prices at period end. Physical delivery contracts are not considered financial instruments and therefore, no asset or liability is recognized on the consolidated balance sheet.

Commodity Price Risk Management

During the three and nine months ended September 30, 2026, Peyto recorded realized hedging gains on commodity contracts of $42.0 million and $99.9 million, respectively, compared to $90.8 million and $201.0 million for the same periods of 2025. A summary of contracts outstanding in respect of the hedging activities are as follows:

Natural Gas – AECO 7A Monthly Index			**Average Price**
Period Hedged	**Type**	**Daily Volume (GJ)**	**(CAD/GJ)**
Q4 2026	Fixed Price	237,391	$3.37
Q1 2027	Fixed Price	247,500	$3.41
Q2 2027	Fixed Price	285,000	$2.32
Q3 2027	Fixed Price	285,000	$2.32
Q4 2027	Fixed Price	255,163	$2.72
Q1 2028	Fixed Price	240,000	$2.97
Q2 2028	Fixed Price	177,500	$2.20
Q3 2028	Fixed Price	177,500	$2.20
Q4 2028	Fixed Price	69,755	$2.30
Q1 2029	Fixed Price	15,000	$2.87

Natural Gas – AECO 5A Daily Index			**Average Price**
Period Hedged	**Type**	**Daily Volume (GJ)**	**(CAD/GJ)**
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		**Daily Volume**	**Average Price**
Period Hedged	**Type**	**(MMBTU)**	**(USD/MMBtu)**
Q4 2026	Fixed Price	183,370	$4.08
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	61,739	$3.84
Q1 2028	Fixed Price	55,000	$4.02
Q2 2028	Fixed Price	10,000	$3.47
Q3 2028	Fixed Price	10,000	$3.47
Q4 2028	Fixed Price	3,370	$3.47

Crude Oil – WTI CAD Period Hedged	Type	Daily Volume (bbl)	Average Price (CAD/bbl)
Q4 2026	Fixed Price	6,900	$98.37
Q1 2027	Fixed Price	4,700	$98.20
Q2 2027	Fixed Price	3,300	$94.71
Q3 2027	Fixed Price	2,500	$93.33
Q4 2027	Fixed Price	2,500	$93.33
Q1 2028	Fixed Price	900	$97.33
Q2 2028	Fixed Price	900	$97.33

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

Crude Oil Period Hedged - WTI	Type	Daily Volume (bbl)	Put - Call (WTI CAD/bbl)
Q4 2026	Collar	700	$79.29–$98.54
Q1 2027	Collar	1,000	$87.50–$116.05
Q2 2027	Collar	500	$75.00–$87.25
Q3 2027	Collar	500	$75.00–$87.25
Q4 2027	Collar	500	$75.00–$87.25
Q1 2028	Collar	500	$85.00–$101.00
Q2 2028	Collar	500	$85.00–$101.00

Crude Oil Period Hedged - WTI	Type	Daily Volume (bbl)	(WTI CAD/bbl)
Q1 2027	Covered Call	1,500	$100.00
Q2 2027	Covered Call	1,500	$100.00
Q3 2027	Covered Call	1,500	$100.00
Q4 2027	Covered Call	1,500	$100.00

Had these contracts closed on September 30, 2026, Peyto would have realized a gain in the amount of $91.5 million.

Unrealized Gain on Derivative Financial Instruments

For the three and nine months ended September 30, 2026, the Company recognized an unrealized gain on derivative financial instruments of $65.2 million and $67.6 million, respectively (2025: nil) related to covered call option contracts and an embedded derivative. The call option contracts are tabled above, and the embedded derivative is detailed below.

Embedded Derivative

Peyto has a long-term agreement to deliver 50,000 MMBtu/d of natural gas for a term of 10 years, which delivery is expected to commence in 2029. Under the terms of the agreement, the Company will deliver natural gas at Alberta's Nova Inventory Transfer point and receive a Dutch TTF index price less associated deductions. Peyto has identified an embedded derivative within this contract as a result of the pricing structure, and the host contract is a natural gas sales agreement with an underlying AECO price. The Company recognizes gains (losses) on risk management contracts related to the embedded derivative. For the three and nine months ended September 30, 2026, the Company recognized an unrealized gain on the embedded derivative of $70.8 million and $77.3 million, respectively (2025: nil). At September 30, 2026, the fair value of the embedded derivative was $77.3 million (December 31, 2025, nil). See note 11 in the Company's Q3 2026 financial statements for further details.

Subsequent to September 30, 2026, Peyto entered into the following commodity hedging contracts:

Natural Gas			**Average Price**
Period Hedged – AECO Monthly Index	**Type**	**Daily Volume (GJ)**	**(AECO CAD/GJ)**
Q4 2027	Fixed Price	13,261	$2.53
Q1 2028	Fixed Price	20,000	$2.53
Q2 2028	Fixed Price	20,000	$2.06
Q3 2028	Fixed Price	20,000	$2.06
Q4 2028	Fixed Price	13,370	$2.40
Q1 2029	Fixed Price	10,000	$2.75

Crude Oil			**Average Price**
Period Hedged – WTI CAD	**Type**	**Daily Volume (bbl)**	**(CAD/bbl)**
Q1 2027	Fixed Price	300	$131.49
Q2 2027	Fixed Price	200	$122.76
Q1 2028	Fixed Price	200	$103.20
Q2 2028	Fixed Price	200	$103.20
Q3 2028	Fixed Price	433	$100.54
Q4 2028	Fixed Price	500	$100.52

Foreign Exchange Forward Contracts
During the three and nine months ended September 30, 2026, Peyto recorded realized hedging losses of $1.4 million and $2.4 million, respectively, on foreign exchange forward contracts, compared to $1.6 million and $8.4 million for the same periods of 2025. Realized losses on foreign exchange forward contracts are aggregated with natural gas hedges. Peyto has the following foreign exchange forward contracts in place at September 30, 2026.

Average Rate forward	Amount (USD)	Rate (CAD/USD)
Sold USD Contracts		
Q4 2026	$39.0 million	1.3584
Q1 2027	$33.5 million	1.3562
Q2 2027	$34.0 million	1.3603
Q3 2027	$34.0 million	1.3603
Q4 2027	$16.4 million	1.3640
Q1 2028	$8.3 million	1.3715
Q2 2028	$2.2 million	1.3630
Q3 2028	$2.2 million	1.3630
Q4 2028	$0.7 million	1.3630

Had these contracts settled on September 30, 2026, Peyto would have realized a loss in the amount of $8.2 million.

Subsequent to September 30, 2026, Peyto entered into the following hedging foreign exchange contracts:

Average Rate forward	Amount (USD)	Rate (CAD/USD)
Sold USD Contracts		
Q4 2027	$2.4 million	1.396

Interest Rate Contracts
During the three and nine months ended September 30, 2026, Peyto recorded realized hedging losses on interest rate swaps of $47 thousand and $269 thousand, respectively, compared to $54 thousand and $91 thousand for the same periods of 2025. Realized losses on interest rate swaps are recorded to interest expense. Peyto has the following interest rate swap contracts in place at September 30, 2026.

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 settled on September 30, 2026, Peyto would have realized a gain in the amount of $257 thousand.

Commodity Price Sensitivity
Peyto's earnings are largely determined by commodity prices for crude oil and natural gas including the US/Canadian dollar exchange rate. Volatility in these oil and gas prices can cause fluctuations in Peyto's earnings and cash flow. Low operating costs and a long reserve life reduce Peyto's sensitivity to changes in commodity prices.

Currency Risk Management
The Company is exposed to fluctuations in the Canadian/US dollar exchange ratio since commodities are effectively priced in US dollars and converted to Canadian dollars. Peyto mitigates exchange rate risks using foreign exchange forward contracts and by hedging certain products with Canadian dollar contracts. Additionally, the $40 million USD in senior secured notes provides structural foreign exchange risk mitigation.

Interest Rate Risk Management

The Company is exposed to interest rate risk in relation to interest expense on its revolving credit facility and term loan. Peyto uses interest rate swaps on a portion of its floating rate debt to mitigate its interest rate exposure. At September 30, 2026, the increase or decrease in earnings for each 100 bps (1%) change in weighted average borrowing rate paid on the outstanding revolving credit facility amounts to approximately $1.3 million per quarter. The average debt outstanding for the quarter was $1.02 billion (including $491 million fixed rate debt).

Cash Flow from Operating Activities, Funds from Operations and Earnings

	Three Months Ended September 30			Nine Months Ended September 30		
($000 except per share amounts)	**2026**	2025	% Change	**2026**	2025	% Change
Cash Flow from Operating Activities	**214,113**	225,138	*-5%*	**710,852**	618,811	*15%*
Funds from Operations[(1)]	**220,877**	198,901	*11%*	**741,530**	615,517	*20%*
Funds from operations per share[(1)] – basic	**1.07**	0.99	*8%*	**3.61**	3.15	*15%*
Funds from operations per share[(1)] – diluted	**1.06**	0.98	*8%*	**3.55**	3.13	*13%*
Free Funds Flow[(1)]	**92,839**	69,149	*34%*	**373,093**	273,173	*37%*
Earnings	**155,652**	90,736	*72%*	**433,000**	292,685	*48%*
Earnings per share – basic	**0.75**	0.45	*67%*	**2.11**	1.46	*45%*
Earnings per share – diluted	**0.74**	0.45	*64%*	**2.07**	1.45	*43%*
Adjusted Earnings[(1)]	**105,367**	91,720	*15%*	**382,682**	291,028	*31%*
Adjusted Earnings per share – basic	**0.51**	0.46	*12%*	**1.86**	1.49	*25%*
Adjusted Earnings per share – diluted	**0.50**	0.45	*11%*	**1.83**	1.48	*24%*

(1) This is a non-GAAP measure or ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for further information.

Cash Flow from Operating Activities and Funds from Operations

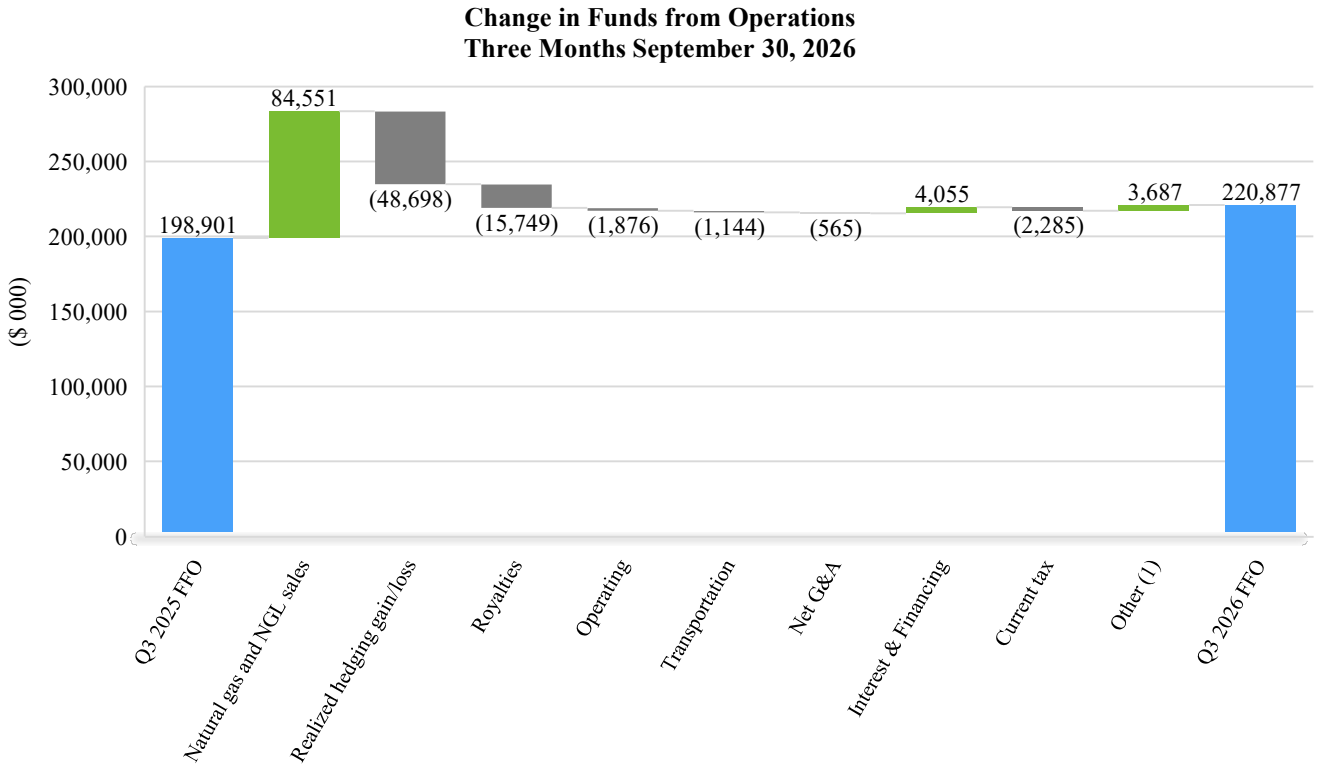
For the third quarter of 2026, cash flow from operating activities was $214.1 million compared to $225.1 million in the same quarter of 2025. Funds from operations ("FFO") increased 11% to $220.9 million for the third quarter of 2026, compared to $198.9 million in the third quarter of 2025. The increased FFO was primarily driven by:

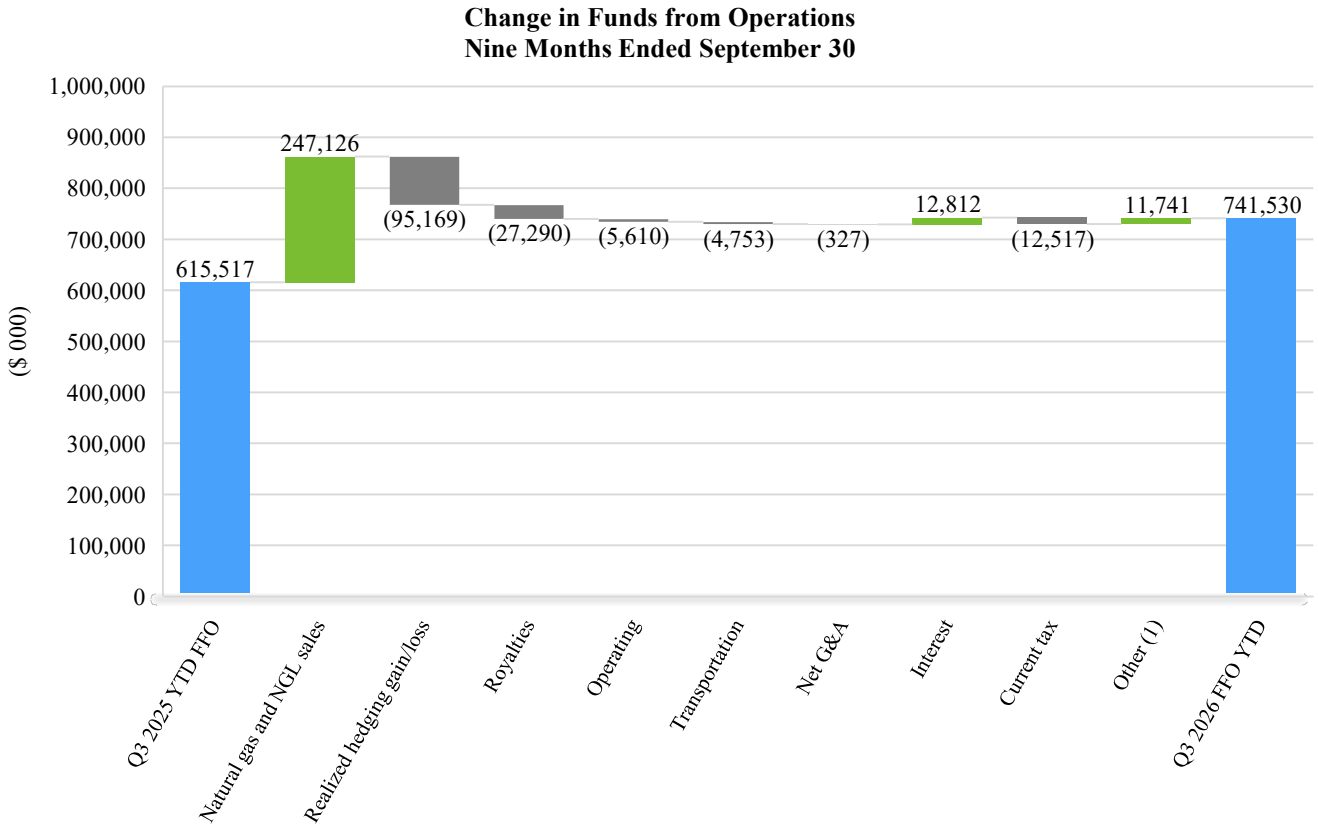
- higher production volumes, realized NGL prices, and other income, combined with lower interest and financing costs;
- partially offset by lower realized hedging gains, and higher royalties, operating, transportation and current tax expenses.

For the nine months ended September 30, 2026, cash flow from operating activities increased to $710.8 million from $618.8 million for the same period of 2025. FFO totaled $741.5 million for nine months of 2026, compared to $615.7 million for the same period of 2025. These increases were mainly due to:

- higher production volumes, realized natural gas and NGL prices, other income, and a realized gain on foreign exchange, combined with lower interest and financing costs;
- partially offset by lower realized hedging gains, and higher royalties, operating, transportation, and current tax expenses.

Funds from operations is a non-GAAP financial measure, refer to the section entitled "Non-GAAP and Other Financial Measures" for additional information contained within this MD&A.





(1) "Other" includes other income, net marketing revenue, and realized gain/loss on foreign exchange

Free Funds Flow
Peyto uses free funds flow, defined as cash flow from operating activities before changes in non-cash operating working capital, provision for performance-based compensation, and transaction costs, less total capital expenditures, as an indicator of the funds available for capital allocation. For the three and nine months ended September 30, 2026, free funds flow was $92.8 million and $373.1 million, respectively, compared to $69.1 million and $273.2 million for the same periods of 2025. Free funds flow is a non-GAAP financial measure, refer to the section entitled "Non-GAAP and Other Financial Measures" for additional information contained within this MD&A.

Earnings
The Company's earnings in the three and nine months ended September 30, 2026, rose to $155.7 million and $433.0 million, respectively, from $90.7 million and $292.7 million for the same periods of 2025. These increases were primarily driven by:

- higher sales revenue, an unrealized gain on derivative financial instruments, along with lower financing costs;
- partially offset by lower realized hedging gains, and higher royalties, operating, transportation, performance-based compensation, depletion and depreciation, and income taxes.

Adjusted Earnings
Peyto uses adjusted earnings for its own performance measure and to provide investors with a measurement of the Company's earnings prior to the after-tax, non-cash effects of unrealized gains and losses on financial instruments and unrealized gains and losses on foreign exchange. The Company's adjusted earnings in the three and nine months ended September 30, 2026, rose to $105.4 million and $382.7 million, respectively, from $91.7 million and $291.0 million for the same periods of 2025. These increases were primarily driven by:

- higher sales revenue, increased other income and lower financing costs;
- partially offset by lower realized hedging gains, and higher royalties, operating, transportation, performance-based compensation, depletion and depreciation, and income taxes.

Adjusted earnings is a non-GAAP financial measure, refer to the section entitled "Non-GAAP and Other Financial Measures" for additional information contained within this MD&A.

Capital Expenditures
Peyto invested $124 million in capital expenditures for the third quarter of 2026. The Company drilled 22 wells (22.0 net), completed 19 wells (19.0 net) and brought 20 wells (20.0 net) on production for drilling, completions, equipping and tie-in capital of $99.6 million. Facilities and pipeline projects totaled $23.5 million in the quarter, which included pipeline optimization projects, compressor upgrades, and a turnaround at the Swanson gas plant. Additionally, Peyto invested $0.9 million in Crown land sales in the quarter.

The following table summarizes capital expenditures for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30			**Nine Months Ended September 30**		
($000)	**2026**	2025	% Change	**2026**	2025	% Change
Land	**856**	408	*110%*	**2,922**	1,747	*67%*
Seismic	**(141)**	**-**		**234**	34	*588%*
Drilling	**58,658**	55,433	*6%*	**159,434**	154,411	*3%*
Completions	**31,672**	28,217	*12%*	**98,576**	82,731	*19%*
Equipping & tie-ins	**9,251**	8,925	*4%*	**29,960**	27,234	*10%*
Facilities & pipelines	**23,487**	33,344	*-30%*	**63,148**	67,326	*-6%*
Other	**211**	485	*-56%*	**1,730**	1,029	*68%*
Additions to property, plant and equipment	**123,994**	126,812	*-2%*	**356,004**	334,512	*6%*
Asset dispositions, net of acquisitions	**5**	(510)	*-101%*	**3,371**	(1,434)	*-335%*
Total capital expenditures[(1)]	**123,999**	126,302	*-2%*	**359,375**	333,078	*8%*

(1) This is a non-GAAP measure or ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for further information.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

Net debt is a non-GAAP financial measure used by the Company in monitoring and assessing its capital structure. Net debt as at September 30, 2026, December 31, 2025, and September 30, 2025 are summarized as follows:

($000)	**As at September 30, 2026**	As at December 31, 2025	As at September 30, 2025
Long-term debt	**997,742**	1,074,273	1,083,061
Current assets	**(319,692)**	(360,297)	(345,655)
Current liabilities	**249,866**	365,910	377,977
Financial derivative instruments - current	**77,260**	111,682	117,193
Current portion of lease obligation	**(1,057)**	(991)	(977)
Decommissioning provision - current	**(12,000)**	(13,000)	(9,150)
Net debt [(1)]	**992,119**	1,177,577	1,222,449

(1) This is non-GAAP financial measure. Refer to the section entitles "Non-GAAP and Other Financial Measures" contained within this MD&A for further information

Peyto's net debt of $1.0 billion as at September 30, 2026, decreased by $185.5 million from December 31, 2025.

The Company remains on track to execute the 2026 capital program within the $450 to $500 million capital guidance. Peyto's preliminary capital budget for 2027 has been set at $475 to $525 million. Based on current commodity prices, Peyto's cash flow from operating activities is expected to fully fund the 2027 capital program and dividend payment, with the balance being allocated to debt repayment.

The total amount of capital invested in 2027 will be driven by the number and quality of projects generated. Capital will only be invested if it meets the long-term return objectives of the Company. The majority of the capital program will involve drilling, completion and tie-in of lower risk development gas wells. Peyto's rapidly scalable business model has the flexibility to match planned capital expenditures to actual cash flow.

Long-Term Debt

($000)	**As at September 30, 2026**	As at December 31, 2025
Revolving credit facility	**510,000**	690,000
Senior secured notes	**491,752**	489,824
Long-term debt, before deferred financing costs	**1,001,752**	1,179,824
Deferred financing costs	**(4,010)**	(5,551)
Long-term debt	**997,742**	1,174,273
Current portion of long-term debt	-	100,000
Non-current portion of long-term debt	**997,742**	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 consisted of a $40 million working capital tranche and a $1.01 billion production line, available on a revolving basis. Effective June 12, 2026, the Company reallocated the commitments under the Revolving Credit Facility, with no change to the total committed amount of $1.05 billion or the maturity date. Following this amendment, the Revolving Credit Facility consists of a $155 million working capital tranche and an $895 million production line.

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 $136.3 million letters of credit outstanding at September 30, 2026 ($9.1 million at December 31, 2025).

Peyto is subject to financial covenants as defined in the credit facility and note purchase agreements. The Company's financial covenants include financial measures defined within its revolving credit facility agreement that are not defined under the Accounting Standards. These financial measures are defined in the amended 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.

Financial covenant	**Limit**	**September 30, 2026**	December 31, 2025
Total Debt to EBITDA	Less than 4.0	**0.99**	1.16
Senior Debt to EBITDA	Less than 3.5	**0.99**	1.16
Interest coverage	Greater than 3.0	**18.91**	13.76

Peyto is in compliance with all financial covenants at September 30, 2026.

Outstanding secured senior notes as at September 30, 2026 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

Capital

Authorized: Unlimited number of voting common shares
Issued and Outstanding

Common Shares (no par value)	**Number of Common Shares**	**Amount $'000**
Balance, December 31, 2025	**203,343,491**	**2,067,782**
Common shares issued under stock option plan	2,972,404	42,152
Common shares issued under TSRRP plan	120,154	(2,942)
Private placement	119,865	3,427
Contributed surplus on exercised of stock options and TSRRP plan	-	9,725
Common share issuance costs (net of tax)	-	(147)
Balance, September 30, 2026	**206,555,914**	**2,119,997**

Total Payout Ratio

"Total payout ratio" is a non-GAAP measure which is calculated as the sum of dividends declared plus total capital expenditures and decommissioning expenditures, divided by funds from operations. This ratio represents the percentage of total capital expenditures, decommissioning expenditures and dividends that are funded by cashflow. Management uses this measure, among others, to assess the sustainability of Peyto's dividend and capital program. Refer to the section entitled "Non-GAAP and Other Financial Measures" in this MD&A for further information.

	Three Months Ended September 30			**Nine Months Ended September 30**		
($000, except total payout ratio)	**2026**	2025	% Change	**2026**	2025	*% Change*
Total dividends declared	**74,254**	66,387	*12%*	**213,661**	198,020	*8%*
Total capital expenditures[(1)]	**123,999**	126,302	*-2%*	**359,375**	333,078	*8%*
Decommissioning expenditures	**4,039**	3,450	*17%*	**9,062**	9,266	*-2%*
Total payout[(1)]	**202,292**	196,139	*3%*	**582,098**	540,364	*8%*
Funds from operations[(1)]	**220,877**	198,901	*11%*	**741,530**	615,517	*20%*
Total payout ratio[(1)]	**92%**	99%	*-6%*	**78%**	88%	*-10%*

(1) This is a non-GAAP financial measure. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for further information.

Contractual Obligations

In addition to those recorded on the Company's balance sheet, the following is a summary of Peyto's contractual obligations and commitments at September 30, 2026:

($000)	Q4 2026	2027	2028	2029	2030	Thereafter
Interest payments [(1)]	8,397	25,773	21,967	19,595	18,733	29,490
Transportation commitments	24,438	104,557	71,742	50,422	43,598	547,402
Operating leases	639	2,436	2,438	2,539	2,569	2,884
Long term Letter of credit fee	798	3,192	3,192	3,192	3,192	21,637
Methanol	-	8,238	-	-	-	-
Total	34,272	144,196	99,339	75,748	68,092	601,413

(1) Fixed interest payments on senior secured notes

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 September 30		Nine months ended September 30		As at September 30	
2026	2025	**2026**	2025	**2026**	2025
100	304	**405**	(860)	**44**	(71)

RISK FACTORS

Investors who purchase common shares are participating in the total returns from a portfolio of western Canadian natural gas producing properties. As such, the total returns earned by investors and the value of the shares are subject to numerous risks inherent in the oil and natural gas industry.

Prices, Markets and Marketing
Expected returns depend largely on the volume of petroleum and natural gas production and the price received for such production, along with the associated costs. The price received for oil depends on a number of factors, including West Texas Intermediate oil prices, Canadian/US currency exchange rates, quality differentials and Edmonton par oil prices. The price received for natural gas production is dependent on current Alberta, Henry Hub, Malin, Dawn, Chicago, Ventura, and Emerson market prices and Canadian/US currency exchange rates. Peyto's marketing strategy is designed to smooth out short-term fluctuations in the price of natural gas through future sales. It is meant to be methodical and consistent and to avoid speculation.

Access to markets may be restricted at times by pipeline or processing capacity. These risks are minimized by controlling as much of the processing and transportation activities as possible and ensuring transportation and processing contracts are in place with reliable cost-efficient counterparties.

Exploration, Development and Production Risks
Inherent in development of the existing oil and gas reserves are the risks, among others, of drilling dry holes, encountering production or drilling difficulties or experiencing high decline rates in producing wells. To minimize these risks, Peyto employs experienced staff to evaluate and operate wells and utilize appropriate technology in operations. In addition, prudent work practices and procedures, safety programs and risk management principles, including insurance coverage protect Peyto against certain potential losses.

Although Peyto's focus is on internally generated drilling programs, any acquisition of oil and natural gas assets depends on an assessment of value at the time of acquisition. Incorrect assessments of value can adversely affect dividends to shareholders and the value of the common shares. Peyto employs experienced staff and performs appropriate levels of due diligence on the analysis of acquisition targets, including a detailed examination of reserve reports; if appropriate, reengineering of reserves for a large portion of the properties to ensure the results are consistent; site examinations of facilities for environmental liabilities; detailed examination of balance sheet accounts; review of contracts; review of prior year tax returns and modeling of the acquisition to attempt to ensure accretive results to the shareholders.

Cost, Supply Chain and Service Availability
Peyto's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations. Peyto's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flows.

The cost or availability of oilfield services may adversely affect Peyto's ability to undertake exploration, development and construction projects. The crude oil and natural gas industry is cyclical in nature and is prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects, and construction materials generally. These materials and services may not be available when required at reasonable prices. A failure to secure the services and equipment necessary to Peyto's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on Peyto's financial performance and cash flows.

Credit Facility Arrangements
Peyto is subject to financial market risk. Peyto routinely monitors its financial forecasts, capital spending, balance sheet and dividend policy and has the ability to make operational and financial changes to help ensure Peyto remains compliant with all financial covenants. If necessary, Peyto can request temporary relief from financial covenants from lenders.

In the event Peyto does not comply with it's financial covenants and lenders do not grant covenant relief, Peyto's access to capital could be restricted or repayment required. In order to maintain substantial rates of growth, Peyto must continue reinvesting in, drilling for or acquiring petroleum and natural gas. The capital expenditure program is funded primarily through funds from operations, debt and, if appropriate, equity.

Reserves Estimates
The value of Peyto's common shares is based on, among other things, the underlying value of the oil and natural gas reserves. Geological and operational risks can affect the quantity and quality of reserves and the cost of ultimately recovering those reserves. Lower oil and gas prices increase the risk of write-downs on oil and gas property investments. In order to mitigate this risk, proven and probable oil and gas reserves are evaluated each year by a firm of independent reservoir engineers. Both the reserves committee and the Board of Directors reviews and approves the reserve report.

Regulatory Landscape
The petroleum and natural gas industry is subject to extensive controls, regulatory policies and income and resource taxes imposed by various levels of government. These regulations, controls and taxation policies are amended from time to time.

Peyto has no control over the level of government intervention or taxation in the petroleum and natural gas industry. Peyto operates in such a manner to ensure, to the best of its knowledge that it is in compliance with all applicable regulations and are able to respond to changes as they occur.

Amendments to the Competition Act that came into force in June 2024 expressly target greenwashing by imposing substantiation requirements for certain environmental claims and increasing exposure for misleading environmental representations. The new requirements are complex and uncertain, and in some cases led companies to pause, withdraw, or revise voluntary environmental disclosures. Expanded private access to the Competition Tribunal for deceptive marketing matters came into force in June 2025, although subsequent amendments in Budget Implementation Act, 2025, No. 1 narrowed access for private proceedings and adjusted the substantiation framework for claims about the environmental benefits of a business or business activity. Despite these improvements, the regulatory landscape continues to evolve and penalties for corporations can reach $10 million for a first order, $15 million for subsequent orders, and may be higher depending on the benefit from the conduct, including in some cases up to 3% of annual worldwide gross revenues.

Companies making voluntary environmental disclosures face ongoing risk of liability and reputational harm. Uncertainty surrounding the interpretation and enforcement of this legislation may expose the Company to increased litigation and financial penalties, the outcome and impacts of which can be difficult to assess or quantify and may have a material adverse effect on the Company's business, reputation, financial condition, and results.

Changing Investor Sentiment
The petroleum and natural gas industry is subject to both environmental regulations and an increased environmental awareness. Peyto has reviewed its environmental risks and is, to the best of its knowledge, in compliance with the appropriate environmental legislation and have determined that there is no current material impact on operations. Peyto employs environmentally responsible business operations and looks to both Alberta provincial authorities and Canada’s federal authorities for direction and regulation regarding environmental and climate change legislation.

A number of factors, including the effects of the use of hydrocarbons on climate change, the impact of crude oil and natural gas operations on the environment, environmental damage relating to spills of crude oil products during production and transportation, and Indigenous rights, have affected certain investors' sentiments towards investing in the crude oil and natural gas industry. As a result of these concerns, some institutional, retail and governmental investors have announced that they are no longer funding or investing in crude oil and natural gas assets or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust ESG policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, Management and employees of Peyto.

Failing to implement the policies and practices, as requested by institutional investors, may result in such investors reducing their investment in Peyto, or not investing in Peyto at all. Any reduction in the investor base interested or willing to invest in the crude oil and natural gas industry and more specifically, Peyto, may result in limiting Peyto's access to capital, increasing the cost of capital, and decreasing the price and liquidity of Peyto's securities even if Peyto's operating results, underlying asset values, or cash flows have not changed.

Alternatives to and Changing Demand for Petroleum Products
Changes to the demand for oil and natural gas products and the rise of petroleum alternatives may negatively affect Peyto's financial condition, results of operations and cash flows. Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and renewable energy generation systems could reduce the demand for oil, natural gas and liquid hydrocarbons. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of hydrocarbons and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. Advancements in energy efficient products have a similar effect on the demand for oil and natural gas products.

Peyto cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on Peyto's business, financial condition, results of operations and cash flow by decreasing Peyto's profitability, increasing its costs, limiting its access to capital and decreasing the value of its assets.

Information Technology Systems and Cyber-Security

Peyto has become increasingly dependent upon the availability, capacity, reliability, and security of our information technology infrastructure and our ability to expand and continually update this infrastructure to conduct daily operations. Peyto depends on various information technology systems to estimate reserve quantities, process and record financial data, manage Peyto's land base, manage financial resources, analyze seismic information, administer contracts with operators and lessees, and communicate with employees and third-party partners.

Cyber-security breaches, as well as the loss of or unauthorized access to electronic data may adversely impact Peyto's operations and financial position. Further, Peyto is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of Peyto's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to business activities, or Peyto's competitive position. Disruption of critical information technology services, or breaches of information security, could have a negative effect on Peyto's performance and earnings, as well as its reputation, and any damages sustained may not be adequately covered by Peyto's current insurance coverage, or at all.

Peyto provides employees with social media guidelines that align with its Code of Business Conduct and Ethics Policy. Despite these efforts, as social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, there are significant risks that Peyto may not be able to properly regulate social media use and preserve adequate records of business activities.

In addition, cyber-phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, credit card and banking details, or approval of wire transfer requests by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years.

Increasingly, social media is used as a vehicle to carry out cyber-phishing attacks. Information posted on social media sites, for business or personal purposes, may be used by attackers to penetrate Peyto's systems and obtain confidential information. Peyto's employees are often the targets of such cyber-phishing attacks, as they are and will continue to be targeted by parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to Peyto's computers. These emails appear to be legitimate emails, but direct recipients to fake websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware. If Peyto becomes a victim to a cyber-phishing attack it could result in a loss or theft of Peyto's financial resources or critical data and information or could result in a loss of control of Peyto's technological infrastructure or financial resources. The significance of any such event is difficult to quantify but may in certain circumstances be material and could have a material adverse effect on Peyto's business, financial condition, and results of operations.

Despite these threats and the residual risk that remains, Peyto applies technical and process controls in line with industry-accepted standards to protect its information, assets and systems, including a written incident response plan for responding to a cybersecurity incident. However, these controls may not adequately prevent cyber-security breaches. Peyto maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts regular cyber-security risk assessments and training and education programs for its employees. Peyto also employs encryption protection of its confidential information on all computers and other electronic devices. Despite Peyto's efforts to mitigate such cyber-phishing attacks through education and training, cyber-phishing activities remain a serious problem that may damage its information technology infrastructure

Geopolitical Risks

There is a risk that (i) the tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs that have been threatened are implemented, that tariffs that are currently suspended are reactivated, the rate or scope of tariffs are increased, or new tariffs are imposed, including on oil and natural gas, (ii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Company, including by decreasing demand for (and the price of) oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets, and limiting access to financing.

For a detailed discussion of the risks, uncertainties and industry conditions associated with Peyto's business, refer to the Company's Annual Information Form, which is available under Peyto's SEDAR+ profile at www.sedarplus.ca and at www.peyto.com.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's Chief Executive Officer and Chief Financial Officer by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Internal Control over Financial Reporting

The Company's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, internal control over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Such officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's internal control over financial reporting at the financial period end of the Company and concluded that the Company's internal control over financial reporting is effective, at the financial period end of the Company, for the foregoing purpose.

Peyto is required to disclose herein any change in Peyto's internal control over financial reporting that occurred during the period ended September 30, 2026, that has materially affected, or is reasonably likely to materially affect, Peyto's internal control over financial reporting. No material changes in Peyto's internal control over financial reporting were identified during such period that has materially affected, or are reasonably likely to materially affect, Peyto's internal control over financial reporting.

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

OFF-BALANCE SHEET FINANCING

Peyto does not have any guarantees or off-balance sheet arrangements that have been excluded from the balance sheets other than commitments disclosed in the "Contractual Obligations" section of this MD&A.

CRITICAL ACCOUNTING ESTIMATES

Reserve Estimates

Estimates of oil and natural gas reserves, by necessity, are projections based on geologic and engineering data, and there are uncertainties inherent to the interpretation of such data as well as the projection of future rates of production and the timing of development expenditures. Reserve engineering is an analytical process of estimating underground accumulations of oil and natural gas that can be difficult to measure. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment. Estimates of economically recoverable oil and natural gas reserves and future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions governing future oil and natural gas prices, future royalties and operating costs, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, classifications of such reserves based on risk recovery, and estimates of the future net cash flows expected there from may vary substantially. Any significant variance in the assumptions could materially affect the estimated quantity and value of the reserves, which could affect the carrying value of Peyto's oil and natural gas properties and the rate of depletion of the oil and natural gas properties as well as the calculation of the reserve value based compensation. Actual production, revenues and expenditures with respect to Peyto's reserves will likely vary from estimates, and such variances may be material.

Peyto's estimated quantities of proved and probable reserves at December 31, 2025 were evaluated by independent petroleum engineers GLJ Ltd.

Depletion and Depreciation Estimate
All costs of exploring for and developing petroleum and natural gas reserves, together with the costs of production equipment, are capitalized and then depleted and depreciated on the unit-of-production method based on proved plus probable reserves. Petroleum and natural gas reserves and production are converted into equivalent units based upon estimated relative energy content (6 mcf to 1 barrel of oil). Costs for gas plants and other facilities are capitalized and depreciated on a declining balance basis.

Impairment of Long-Lived Assets
Impairment is indicated if the carrying value of the long-lived asset or oil and gas cash generating unit exceeds its recoverable amount under the Accounting Standards. If impairment is indicated, the amount by which the carrying value exceeds the estimated fair value of the long-lived asset is charged to earnings. The determination of the recoverable amount for impairment purposes under the Accounting Standards involves the use of numerous assumptions and judgments including future net cash flows from oil and gas reserves, future third-party pricing, inflation factors, discount rates and other uncertainties. Future revisions to these assumptions impact the recoverable amount.

Decommissioning Provision
The decommissioning provision is estimated based on existing laws, contracts or other policies. The fair value of the obligation is based on estimated future costs for abandonment and reclamation discounted at a risk-free interest rate. The liability is adjusted each reporting period to reflect the passage of time and for revisions to the estimated future cash flows, with the accretion charged to earnings. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements could be material.

Reserve Value Performance Based Compensation
The reserve value-based compensation is calculated using the year end independent reserves evaluation which was completed in February 2026. A quarterly provision for the reserve value-based compensation is calculated using estimated proved producing reserve additions adjusted for changes in debt, equity and dividends. Actual proved producing reserves additions and forecasted commodity prices could vary significantly from those estimated and may have a material effect on the calculation.

Income Taxes
The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded.

Accounting Changes
Voluntary changes in accounting policy are made only if they result in financial statements which provide more reliable and relevant information. Accounting policy changes are applied retrospectively unless it is impractical to determine the period or cumulative impact of the change. Corrections of prior period errors are applied retrospectively and changes in accounting estimates are applied prospectively by including these changes in earnings. When the Company has not applied a new primary source of GAAP that has been issued, but is not effective, the Company will disclose the fact along with information relevant to assessing the possible impact that application of the new primary source of GAAP will have on the financial statements in the period of initial application.

ADDITIONAL INFORMATION

Additional information relating to Peyto Exploration & Development Corp. can be found on SEDAR+ at www.sedarplus.ca and www.Peyto.com.

NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this MD&A and in other materials disclosed by the Company, 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 net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto's performance.

Non-GAAP Financial Measures

Funds from Operations

"Funds from operations" is a non-GAAP measure which represents cash flows from operating activities before changes in non-cash operating working capital, decommissioning expenditure, provision for performance-based compensation and transaction costs, if any. Management considers funds from operations and per share calculations of funds from operations to be key measures as they demonstrate the Company's ability to generate the cash necessary to pay dividends, repay debt and make capital investments. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds from operations provides a useful measure of Peyto's ability to generate cash that is not subject to short-term movements in operating working capital. The most directly comparable GAAP measure is cash flows from operating activities.

	Three Months Ended September 30		**Nine Months Ended September 30**	
($000)	**2026**	2025	**2026**	2025
Cash flows from operating activities	**214,113**	225,138	**710,852**	618,811
Change in non-cash working capital	**(275)**	(32,187)	**12,616**	(20,060)
Decommissioning expenditures	**4,039**	3,450	**9,062**	9,266
Performance based compensation	**3,000**	2,500	**9,000**	7,500
Funds from operations	**220,877**	198,901	**741,530**	615,517

Free Funds Flow

Peyto uses "free funds flow" as an indicator of the efficiency and liquidity of Peyto's business, measuring its funds after capital investment available to manage debt levels, pay dividends, and return capital to shareholders through activities such as share repurchases. Peyto calculates free funds flow as cash flows from operating activities before changes in non-cash operating working capital, provision for performance-based compensation, and transaction costs, less total capital expenditures, allowing Management to monitor its free funds flow to inform its capital allocation decisions. The most directly comparable GAAP measure to free funds flow is cash from operating activities. The following table details the calculation of free funds flow and the reconciliation from cash flow from operating activities to free funds flow.

	Three Months Ended September 30		**Nine Months Ended September 30**	
($000)	**2026**	2025	**2026**	2025
Cash flows from operating activities	**214,113**	225,138	**710,852**	618,811
Change in non-cash working capital	**(275)**	(32,187)	**12,616**	(20,060)
Performance based compensation	**3,000**	2,500	**9,000**	7,500
Total capital expenditures	**(123,999)**	(126,302)	**(359,375)**	(333,078)
Free funds flow	**92,839**	69,149	**373,093**	273,173

Adjusted Earnings

Peyto uses "adjusted earnings" for its own performance measure and to provide investors with a measurement of the Company's earnings prior to the after-tax, non-cash effects of unrealized gains and losses on financial instruments and unrealized gains and losses on foreign exchange. The most directly comparable GAAP measure for adjusted earnings is earnings. The following table details the calculation of earnings to adjusted earnings.

	Three Months Ended September 30		**Nine Months Ended September 30**	
($000)	**2026**	2025	**2026**	2025
Earnings	**155,652**	90,736	**433,000**	292,685
Unrealized (gain) loss on foreign exchange	**(88)**	1,112	**1,928**	(1,872)
Unrealized gain on derivative financial instruments	**(65,204)**	-	**(67,564)**	-
Income tax (recovery) expense on adjustments	**15,007**	(128)	**15,318**	215
Adjusted Earnings	**105,367**	91,720	**382,682**	291,028

Total Capital Expenditures

Peyto uses the term "total capital expenditures" as a measure of capital investment in exploration and production activity, as well as property acquisitions and divestitures, and such spending is compared to the Company's annual budgeted capital expenditures. The most directly comparable GAAP measure for total capital expenditures is cash flow used in investing activities. The following table details the calculation of cash flow used in investing activities to total capital expenditures.

	Three Months Ended September 30		**Nine Months Ended September 30**	
($000)	**2026**	2025	**2026**	2025
Cash flows used in investing activities	**96,412**	104,766	**358,101**	316,753
Change in prepaid capital	**(908)**	4,065	**(4,496)**	4,470
Change in non-cash working capital relating to investing activities	**28,495**	17,471	**5,770**	11,855
Total capital expenditures	**123,999**	126,302	**359,375**	333,078

Net Debt

"Net debt" is a non-GAAP financial measure that is the sum of long-term debt and working capital excluding the current financial derivative instruments, current portion of lease obligations and current portion of decommissioning provision. It is used by management to analyze the financial position and leverage of the Company. Net debt is reconciled to long-term debt which is the most directly comparable GAAP measure.

	As at	As at	As at
($000)	**Sepember 30, 2026**	December 31, 2025	September 30, 2025
Long-term debt	**997,742**	1,074,273	1,083,061
Current assets	**(319,692)**	(360,297)	(345,655)
Current liabilities	**249,866**	365,910	377,977
Financial derivative instruments - current	**77,260**	111,682	117,193
Current portion of lease obligation	**(1,057)**	(991)	(977)
Decommissioning provision - current	**(12,000)**	(13,000)	(9,150)
Net debt	**992,119**	1,177,577	1,222,449

Net Marketing Revenue

Peyto uses the term "net marketing revenue" to evaluate the profitability of products purchased from third parties that are resold. Net marketing revenue is calculated as marketing revenue less marketing purchases. In reporting for prior periods, marketing revenue and marketing purchases were reported as "sales of natural gas and natural gas liquids from third parties" and "natural gas and natural gas liquids purchased from third parties."

	Three Months Ended September 30		**Nine Months Ended September 30**	
($000)	**2026**	2025	**2026**	2025
Marketing revenue	**6,857**	4,892	**18,424**	18,619
Marketing purchases	**(5,858)**	(4,296)	**(16,227)**	(16,354)
Net marketing revenue	**999**	596	**2,197**	2,265

Non-GAAP Financial Ratios

Funds from Operations per Share

Peyto presents funds from operations per share by dividing funds from operations by the Company's diluted or basic weighted average common shares outstanding. "Funds from operations" is a non-GAAP financial measure. Management believes that funds from operations per share provide investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

Adjusted earnings per Share

Peyto presents adjusted earnings per share by dividing adjusted earnings by the Company's diluted or basic weighted average common shares outstanding. "Adjusted earnings" is a non-GAAP financial measure. Management uses adjusted earnings as a

performance measure and to provide investors with a measurement of the Company's earnings prior to the non-cash effects of unrealized gains and losses on financial instruments and unrealized gains and losses on foreign exchange.

Netback per MCFE and BOE

"Netback" is a non-GAAP measure that represents the profit margin associated with the production and sale of petroleum and natural gas. Peyto computes "field netback per Mcfe" as commodity sales from production, plus net marketing revenue, if any, plus other income, less royalties, operating, and transportation expenses, divided by production. "Cash netback" is calculated as "field netback" less interest, less general and administration expense and plus or minus realized gain on foreign exchange, divided by production. "After-tax cash netback" is calculated as "cash netback" less current tax, divided by production. Netbacks are per-unit-of-production measures used to assess Peyto's performance and efficiency.

	Three Months Ended September 30		**Nine Months Ended September 30**	
($/Mcfe)	**2026**	2025	**2026**	2025
Gross Sale Price	**3.86**	3.07	**4.31**	3.60
Realized hedging gain (loss)	**0.51**	1.24	**0.41**	0.89
Net Sale Price	**4.37**	4.31	**4.72**	4.49
Net Marketing revenue	**0.01**	0.01	**-**	0.01
Other income	**0.07**	0.02	**0.08**	0.04
Royalties	**(0.27)**	(0.08)	**(0.25)**	(0.15)
Operating costs	**(0.49)**	(0.51)	**(0.50)**	(0.53)
Transportation	**(0.29)**	(0.30)	**(0.29)**	(0.30)
Field netback	**3.40**	3.45	**3.76**	3.56
G&A	**(0.06)**	(0.06)	**(0.06)**	(0.06)
Interest and financing	**(0.18)**	(0.26)	**(0.19)**	(0.27)
Realized gain (loss) on foreign exchange	**-**	0.01	**-**	-
Cash netback ($/Mcfe)	**3.16**	3.14	**3.51**	3.23
Current Tax	**(0.36)**	(0.36)	**(0.40)**	(0.38)
After tax cash netback ($/Mcfe)	**2.80**	2.78	**3.11**	2.85
After tax cash netback ($/boe)	**16.79**	16.66	**18.70**	17.11

Total Payout Ratio

"Total payout ratio" is a non-GAAP measure which is calculated as the sum of dividends declared plus total capital expenditures and decommissioning expenditures, divided by funds from operations. This ratio represents the percentage of the capital expenditures, decommissioning expenditures and dividends that is funded by cashflow. Management uses this measure, among others, to assess the sustainability of Peyto's dividend and capital program.

	Three Months Ended September 30		**Nine Months Ended September 30**	
($000, except total payout ratio)	**2026**	2025	**2026**	2025
Total dividends declared	**74,254**	66,387	**213,661**	198,020
Total capital expenditures	**123,999**	126,302	**359,375**	333,078
Decommissioning expenditures	**4,039**	3,450	**9,062**	9,266
Total payout	**202,292**	196,139	**582,098**	540,364
Funds from operations	**220,877**	198,901	**741,530**	615,517
Total payout ratio (%)	**92%**	99%	**78%**	88%

Supplementary Financial Measures

"DD&A expense per Mcfe and boe" is comprised of DD&A expense, as determined in accordance with IFRS, divided by the Company's total production.

"Gross sale price" is comprised of natural gas and natural gas liquids sales, as determined in accordance with IFRS, divided by the Company's total production.

"G&A expense per Mcfe and boe" is comprised of G&A expense, as determined in accordance with IFRS, divided by the Company's total production.

"Interest and financing expense per Mcfe and boe" is comprised of interest and financing expense, as determined in accordance with IFRS, divided by the Company's total production.

"Liquids production to sales gas ratio" is comprised of NGLs production, divided by the Company's natural gas production.

"Net sale price" is comprised of natural gas and natural gas liquids sales including hedging gains or losses, as determined in accordance with IFRS, divided by the Company's total production.

"Operating expense per Mcfe and boe" is comprised of operating expense, as determined in accordance with IFRS, divided by the Company's total production.

"Other income per Mcfe" is comprised of other income, as determined in accordance with IFRS, divided by the Company's total production.

"Production per million common shares" is comprised of the Company’s total production divided by the weighted average number of shares outstanding at the end of the period.

"Realized condensate and pentanes plus price" is comprised of condensate and pentanes commodity sales from production, as determined in accordance with IFRS, divided by the Company's condensate and pentanes production.

"Realized gain on foreign exchange per Mcfe" is comprised of realized gain on foreign exchange, as determined in accordance with IFRS, divided by the Company's total production.

"Realized natural gas price" is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, divided by the Company's natural gas production.

"Realized NGLs price" is comprised of NGLs commodity sales from production, as determined in accordance with IFRS, divided by the Company's NGLs production.
Realized gain on foreign exchange and other income

"Royalties as a percentage of sales" is comprised of royalties, as determined in accordance with IFRS, divided by commodity sales from production as determined in accordance with IFRS.

"Royalties per Mcfe and boe" is comprised of royalties, as determined in accordance with IFRS, divided by the Company's total production.

"Sale price" is comprised of total commodity sales from production including hedging gains or losses, as determined in accordance with IFRS, divided by the Company's total production.

"Total dividends per common share" is comprised of dividends declared, as determined in accordance with IFRS, divided by the number of shares outstanding at the dividend record date.

"Total realized hedging gain (loss) per Mcfe and boe" is comprised of realized gain (loss) on derivative financial instruments, as determined in accordance with IFRS, divided by the Company's total production.

"Transportation per Mcfe and boe" is comprised of transportation expense, as determined in accordance with IFRS, divided by the Company's total production

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements or forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian securities laws. These forward-looking statements relate to future events or Peyto's future performance. All statements other than statements of historical fact are

forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements speak only as of the date of this MD&A.

Forward-looking statements are based on a number of factors and assumptions which have been used to develop such forward-looking statements but which may prove to be incorrect. Although Peyto believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because Peyto can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this MD&A, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Peyto operates; the timely receipt of any required regulatory approvals; the ability of Peyto to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which Peyto has an interest in to operate the field in a safe, efficient and effective manner; the ability of Peyto to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisitions, development and exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of Peyto to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes, environmental and climate change matters in the jurisdictions in which Peyto operates; and the ability of Peyto to successfully market its oil and natural gas products.

In particular, this MD&A contains forward-looking statements pertaining to the following:

- Peyto's 2026 capital expenditure program of $450 to $500 million;
- Peyto's preliminary 2027 capital budget of $475 to $525 million;
- Peyto's belief that funds from operations based on current strip pricing, together with available borrowings under the credit facility will be sufficient to maintain dividends, finance current operations, and fund the planned capital expenditure program;
- the existence, operation and strategy of Peyto's commodity price risk management program; and
- the approximate and maximum amount of forward sales and hedging to be employed by Peyto.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- public health risks;
- volatility in market prices for oil and natural gas;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- loss of markets;
- changes to the Company's capital budget;
- liabilities inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- risks and uncertainties associated with Peyto's oil and natural gas exploration and development program;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions and exploration and development programs;
- geological, technical, drilling and processing problems;
- restrictions and/or limitations on transportation, including pipeline systems;
- uncertainties associated with changes in legislation, including, but not limited to, changes in income tax laws, tariffs, threat of tariffs, oil and natural gas royalty and regulatory frameworks and climate change laws and frameworks; and
- the other factors discussed under "Risk Factors" in Peyto's latest Annual Information Form.

Statements relating to reserves are deemed to be forward-looking statements as they involve the implied assessment, based on current estimates and assumptions, that the reserves described can be profitably produced in the future. The foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Peyto does not undertake any obligation to publicly update or revise any forward-looking statements, except as required by applicable securities law.

CONVERSION RATIO

Natural gas liquids 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.

GLOSSARY

The following is a list of abbreviations that may be used in this MD&A:

Measurement
bbl barrel
bbl/d barrels per day
Mbbl thousand barrels
MMbbl million barrels
boe (1) barrels of oil equivalent
boe/d (1) barrels of oil equivalent per day
Mboe (1) thousands of barrels of oil equivalent
MMboe (1) millions of barrels of oil equivalent
Mcf thousand cubic feet
Mcf/d thousand cubic feet per day
MMcf million cubic feet
MMcf/d million cubic feet per day
Bcf billion cubic feet
MMBtu million British thermal units
GJ gigajoule

Quarterly information

	2026			2025	
	Q3	Q2	Q1	Q4	Q3
Operations					
Production					
Natural gas (Mcf/d)	**745,644**	758,165	777,567	740,132	684,903
NGLs (bbl/d)	**18,678**	18,959	17,919	17,439	15,611
Total (boe/d @ 6:1)	**142,952**	145,320	147,513	140,794	129,762
Total (Mcfe/d @ 6:1)	**857,714**	871,917	885,079	844,765	778,571
Liquid to gas ratio (bbl per MMcf)	**25.1**	25.0	23.0	23.6	22.8
Product prices					
Realized natural gas price – after hedging ($/Mcf)	**3.50**	3.42	4.69	4.01	3.57
Realized NGL price – after hedging ($/bbl)	**60.77**	64.98	62.84	53.58	58.33
$/Mcfe					
Net Sales Price ($/Mcfe)	**4.37**	4.38	5.39	4.62	4.31
Net marketing revenue ($/Mcfe) [2]	**0.01**	0.01	0.01	0.02	0.01
Other income ($/Mcfe)	**0.07**	0.07	0.11	0.07	0.02
Royalties ($/Mcfe)	**(0.27)**	(0.28)	(0.21)	(0.18)	(0.08)
Operating expenses ($/Mcfe)	**(0.49)**	(0.50)	(0.52)	(0.49)	(0.51)
Transportation ($/Mcfe)	**(0.29)**	(0.30)	(0.29)	(0.30)	(0.30)
Field netback ($/Mcfe) [2]	**3.40**	3.38	4.49	3.74	3.45
General & administrative expenses ($/Mcfe)	**(0.06)**	(0.05)	(0.06)	(0.05)	(0.06)
Interest expense ($/Mcfe)	**(0.18)**	(0.19)	(0.20)	(0.21)	(0.26)
Realized gain (loss) on foreign exchange	**0.00**	0.02	(0.01)	(0.01)	0.01
Cash netback ($/Mcfe) [2]	**3.16**	3.16	4.22	3.47	3.14
Financial ($000, except per share)					
Revenue and realized hedging gains (losses) [1]	**344,685**	347,769	429,601	359,076	308,832
Royalties	**21,398**	22,317	16,691	14,087	5,649
Funds from operations[2]	**220,877**	227,655	292,998	244,968	198,901
Funds from operations per share[2]	**1.07**	1.11	1.43	1.21	0.99
Funds from operations per diluted share[2]	**1.06**	1.09	1.41	1.19	0.98
Total dividends declared	**74,254**	71,831	67,576	66,921	66,387
Total dividends declared per share[2]	**0.36**	0.35	0.33	0.33	0.33
Earnings	**155,652**	106,259	171,089	125,901	90,736
Earnings per share	**0.75**	0.52	0.84	0.62	0.45
Earnings per diluted share	**0.74**	0.51	0.82	0.61	0.45
Adjusted Earnings[2]	**105,367**	105,401	171,914	125,459	91,720
Adjusted Earnings per share – basic[2]	**0.51**	0.51	0.84	0.62	0.46
Adjusted Earnings per share – diluted[2]	**0.50**	0.51	0.83	0.61	0.45
Total capital expenditures[2]	**123,999**	84,927	150,449	142,093	126,302
Total payout ratio (%)[2]	**92%**	70%	75%	86%	99%
Weighted average shares outstanding (basic)	**206,258,439**	205,212,848	204,779,537	202,789,992	201,160,946
Weighted average shares outstanding (diluted)	**209,034,680**	208,565,042	208,181,438	205,511,803	203,366,724

(1) Excludes marketing revenue and other income

(2) This is a non-GAAP financial measure or ratio. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for further information

Peyto Exploration & Development Corp.

Condensed Consolidated Balance Sheet *(unaudited)*

(Amount in $ thousands)

	September 30 2026	December 31 2025
Assets		
Current assets		
Cash	55,543	51,057
Accounts receivable (*Note 10)*	140,338	163,870
Prepaid and other	46,551	33,688
Derivative financial instruments *(Note 11)*	77,260	111,682
	319,692	360,297
Long-term derivative financial instruments *(Note 11)*	83,535	11,969
Property, plant and equipment, net *(Note 3)*	5,112,261	5,087,126
	5,195,796	5,099,095
	5,515,488	5,459,392
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	189,774	192,810
Deferred other income	1,527	4,731
Dividends payable *(Note 6)*	24,787	22,368
Income tax payable	20,721	32,010
Current portion of lease obligation	1,057	991
Decommissioning provision *(Note 5)*	12,000	13,000
Current portion of long-term debt *(Note 4)*	-	100,000
	249,866	365,910
Long-term debt *(Note 4)*	997,742	1,074,273
Decommissioning provision *(Note 5)*	266,852	299,483
Lease obligation	5,800	6,572
Deferred income taxes	893,003	861,420
	2,163,397	2,241,748
Equity		
Share capital *(Note 6)*	2,119,997	2,067,782
Contributed surplus	28,530	26,170
Retained earnings	880,257	660,918
Accumulated other comprehensive gain (*Note 6)*	73,441	96,864
	3,102,225	2,851,734
	5,515,488	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)*

	Three months ended September 30		Nine months ended September 30	
	2026	**2025**	**2026**	**2025**
Revenues				
Natural gas and natural gas liquid sales (*Note 10)*	304,135	219,584	1,024,574	777,448
Royalties	(21,398)	(5,649)	(60,406)	(33,116)
Marketing revenue	6,857	4,892	18,424	18,619
Natural gas and natural gas liquid sales, net of royalties	**289,594**	218,827	**982,592**	762,951
Realized gain on derivative financial instruments *(Note 11)*	40,550	89,248	97,481	192,651
Unrealized gain on derivative financial instruments *(Note 11)*	65,204	-	67,564	-
Other income	5,397	2,170	19,956	9,438
	400,745	310,245	**1,167,593**	965,040
Expenses				
Marketing purchases	5,858	4,296	16,227	16,354
Operating	38,661	36,785	119,930	114,320
Transportation	22,944	21,800	69,898	65,145
General and administrative	4,602	4,036	13,508	13,181
Performance-based compensation	3,000	2,500	9,000	7,500
Stock-based compensation *(Note 9)*	4,139	3,671	12,085	10,901
Finance costs *(Note 7)*	17,737	21,783	54,710	67,862
Realized (gain) loss on foreign exchange	(222)	(164)	(650)	643
Unrealized (gain) loss on foreign exchange	(88)	1,112	1,928	(1,872)
Depletion and depreciation *(Note 3)*	100,745	95,325	304,722	287,866
	197,376	191,144	**601,358**	581,900
Earnings before taxes	**203,369**	119,101	**566,235**	383,140
Provision for income taxes				
Current tax	28,575	26,290	94,611	82,094
Deferred tax	19,142	2,075	38,624	8,361
Total income taxes	**47,717**	28,365	**133,235**	90,455
Earnings for the period	**155,652**	90,736	**433,000**	292,685
Earnings per share (*Note 6)*				
Basic	**$0.75**	$0.45	**$2.11**	$1.46
Diluted	**$0.74**	$0.45	**$2.07**	$1.45

See accompanying notes to the condensed consolidated financial statements.

Peyto Exploration & Development Corp.

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

(Amount in $ thousands)

	Three months ended September 30		Nine months ended September 30	
			2026	**2025**
Earnings for the period	**155,652**	90,736	**433,000**	292,685
Other comprehensive income				
Change in unrealized gain (loss) on derivative financial instruments	(8,012)	76,059	66,809	78,897
Deferred income tax recovery	11,158	3,021	6,997	26,142
Realized gain on derivative financial instruments	(40,502)	(89,194)	(97,229)	(192,560)
Comprehensive Income	**118,296**	80,622	**409,577**	205,164

Peyto Exploration & Development Corp.

Condensed Consolidated Statement of Changes in Equity *(unaudited)*

(Amount in $ thousands)

	Nine months ended September 30	
	2026	**2025**
Share capital, beginning of period	**2,067,782**	1,977,905
Common shares issued under exercise of stock options	42,152	49,817
Common shares issued under TSRRP plan	(2,942)	-
Private placement	3,427	3,519
Issued on settlement of DSU's	-	661
Contributed surplus on exercise of stock options and TSRRP plan	9,725	10,685
Share issue costs (net of tax)	(147)	(150)
Share capital, end of period	**2,119,997**	2,042,437
Contributed surplus, beginning of period	**26,170**	27,176
Stock-based compensation expense	12,085	10,901
Recognized under stock-based compensation plans	(9,725)	(11,346)
Contributed surplus, end of period	**28,530**	26,731
Retained earnings, beginning of period	**660,918**	507,273
Earnings for the period	433,000	292,685
Dividends *(Note 6)*	(213,661)	(198,020)
Retained earnings, end of period	**880,257**	601,938
Accumulated other comprehensive income, beginning of period	**96,864**	183,975
Other comprehensive income (loss)	(23,423)	(87,521)
Accumulated other comprehensive income, end of period	**73,441**	96,454
Total Equity	**3,102,225**	2,767,560

Peyto Exploration & Development Corp.

Condensed Consolidated Statement of Cash Flows *(unaudited)*

(Amount in $ thousands)

	Three months ended September 30		Nine months ended September 30	
	2026	**2025**	**2026**	**2025**
Cash provided by				
Operating activities				
Earnings	155,652	90,736	433,000	292,685
Items not requiring cash:				
Deferred income tax	19,142	2,075	38,624	8,361
Depletion and depreciation	100,745	95,325	304,722	287,866
Accretion of decommissioning provision	3,391	3,369	9,445	9,731
Lease interest	100	113	290	345
Stock based compensation	4,139	3,671	12,085	10,901
Unrealized (gain) loss on foreign exchange	(88)	1,112	1,928	(1,872)
Unrealized (gain) loss on derivative financial instruments	(65,204)	-	(67,564)	-
Decommissioning expenditures	(4,039)	(3,450)	(9,062)	(9,266)
Change in non-cash working capital related to operating activities	275	32,187	(12,616)	20,060
	214,113	225,138	**710,852**	618,811
Financing activities				
Common shares issued on exercise of stock options and private placement	9,354	17,636	42,446	53,141
Cash dividends paid	(74,149)	(66,241)	(211,241)	(197,571)
Principal repayment of lease	(316)	(316)	(1,011)	(1,011)
Decrease in bank debt	(60,545)	(52,000)	(180,000)	(121,000)
Repayment of senior note	-	-	(100,000)	-
Issuance of senior note	-	-	100,000	-
Interest and financing charges	514	942	1,541	2,826
	(125,142)	(99,979)	**(348,265)**	(263,615)
Investing activities				
Additions to property, plant and equipment	(124,902)	(122,747)	(360,500)	(330,042)
Asset (acquisitions) and dispositions	(5)	510	(3,371)	1,434
Change in non-cash working capital relating to investing activities	28,495	17,471	5,770	11,855
	(96,412)	(104,766)	**(358,101)**	(316,753)
Net change in cash	(7,441)	20,393	4,486	38,443
Cash, beginning of period	62,984	31,685	51,057	13,635
Cash, end of period	**55,543**	52,078	**55,543**	52,078

The following amounts are included in cash flows from operating activities:				
Cash interest paid	**11,864**	15,232	**37,629**	51,510
Cash taxes paid	**18,600**	15,864	**105,900**	78,348

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 November 9, 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 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 assessing the impact of IFRS 18 on the presentation and disclosure of its consolidated financial statements. Upon adoption, management expects interest income, which is currently presented within finance costs in the consolidated statement of net income, to be presented within investing activities. In addition, interest income received and interest expense paid are expected to be classified as investing and financing cash flows, respectively, in the consolidated statement of cash flows, rather than as operating cash flows. The adoption of IFRS 18 is not expected to have any impact on the Company's financial position, net earnings, or total cash flows. The Company will continue to assess the presentation and disclosure implications of IFRS 18, including the identification of management-defined performance measures and the implementation of the related presentation and disclosure requirements.

3. Property, plant and equipment, net

Cost	
At December 31, 2025	**9,368,642**
Additions	360,500
Asset acquisitions	3,371
Change in decommissioning provision	(34,014)
At September 30, 2026	**9,698,499**
Accumulated depletion and depreciation	
At December 31, 2025	**(4,281,516)**
Depletion and depreciation	(304,722)
At September 30, 2026	**(4,586,238)**
Carrying amount at December 31, 2025	5,087,126
Carrying amount at September 30, 2026	**5,112,261**

For the three and nine months ended September 30, 2026, Peyto capitalized $3.1 million and $8.8 million, respectively, (2025-$3.1 million and $8.5 million) of general and administrative expense directly attributable to exploration and development activities, respectively.

For the period ended September 30, 2026, the Company identified no indicators of impairment and therefore an impairment test was not performed.

4. Long-term debt

	September 30, 2026	December 31, 2025
Revolving credit facility	510,000	690,000
Senior secured notes	491,752	489,824
Long-term debt, before deferred financing costs	**1,001,752**	1,179,824
Deferred financing costs	(4,010)	(5,551)
Long-term debt	**997,742**	1,174,273
Current portion of long-term debt	**-**	100,000
Non-current portion of long-term debt	**997,742**	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 consisted of a $40 million working capital tranche and a $1.010 billion production line, available on a revolving basis. Effective June 12, 2026, the Company reallocated the commitments under the Revolving Credit Facility, with no change to the total committed amount of $1.05 billion or the maturity date. Following this amendment, the Revolving Credit Facility consists of a $155 million working capital tranche and an $895 million production line.

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 $136.3 million of letters of credit outstanding at September 30, 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 September 30, 2026.

Total interest expense for the three and nine months ended September 30, 2026, was $13.5 million and $43.0 million (2025 - $17.4 million and $55.0 million) and the average borrowing rate for the period was 5.5% and 5.5% (2025 – 5.9% and 6.0%).

5. Decommissioning provision

The following table reconciles the change in decommissioning provision:

Balance, December 31, 2025	**312,483**
New provisions	3,821
Accretion of decommissioning provision	9,445
Change in discount rate and estimates	(37,835)
Decommissioning expenditures	(9,062)
Balance, September 30, 2026	**278,852**
Current	**12,000**
Non-current	**266,852**

The Company has estimated the net present value of its total decommissioning provision to be $278.9 million as September 30, 2026 (2025 – $312.5 million) based on a total escalated future undiscounted liability of $1,055 million (2025 – $1,046.1 million). At September 30, 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 4.30% (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.

	September 30, 2026	**December 31, 2025**
Increase of one percent	(72,475)	(82,356)
Decrease of one percent	98,578	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	2,972,404	42,152
Common shares issued under TSRRP plan	120,154	(2,942)
Private placement	119,865	3,427
Contributed surplus on exercised of stock options and TSRRP plan	-	9,725
Common share issuance costs (net of tax)	-	(147)
Balance, September 30, 2026	**206,555,914**	**2,119,997**

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.

Peyto withheld 111,076 common shares issuable under the TSRRP, equal to the monetary value of the employee's tax obligation from the total number of common shares that otherwise would have been issued upon vesting. The Company remitted $2.9 million to Canada Revenue Agency on the employee's behalf and accounted for the payment as a deduction from equity.

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

	Three Months ended September 30,		Nine Months ended September 30	
	2026	2025	**2026**	2025
Weighted average common shares basic	**206,258,439**	201,160,946	**205,422,358**	200,023,611
Weighted average common shares dilutive	**209,034,680**	203,366,724	**208,739,449**	202,125,719

Dividends

In the three and nine months ended September 30, 2026, Peyto declared dividends of $0.11 per common share for the months of January to April 2026 and $0.12 per common share for the months of May to September 2026, totaling $74.3 million and $213.7 million, respectively (2025 - $0.11 per common share per month, $66.4 million and $198.0 million).

On October 15, 2026, Peyto declared dividends of $0.12 per common share that will be paid on November 13, 2026.
On November 3, 2026, Peyto declared dividends of $0.13 per common share that will be paid on December 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 September 30		Nine Months ended September 30	
	2026	2025	**2026**	2025
Accretion of decommissioning provision	3,391	3,369	9,445	9,731
Lease interest	100	113	290	345
Financing expense	698	942	1,972	2,826
Interest	13,548	17,359	43,003	54,960
Finance Costs	**17,737**	21,783	**54,710**	67,862

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%. For three and nine months ended September 30, 2026, Peyto accrued $3.0 million and $9.0 million for performance-based compensation, respectively (2025 - $2.5 million and $7.5 million).

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 September 30, 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	2,839,680	26.65	864,000	26.65
Rights vested	(609,466)	18.89	(190,000)	18.89
Balance, September 30, 2026	**4,988,162**	**23.86**	**1,529,000**	**23.83**

	September 30, 2026	
Fair value of Rights granted (weighted average)	$4.78	$4.44
Expected volatility	27.18%	27.18%
Average option life	2 years	2 years
Risk-free interest rate	2.93%	2.93%
Forfeiture rate	5.49%	5.49%
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.

Performance Rights are 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.

Stock option plans

The following tables summarize the stock options outstanding at September 30, 2026:

		Weighted average exercise price $
Balance, December 31, 2025	**7,527,206**	**14.67**
Exercised	(2,972,404)	14.18
Expired	(5,240)	11.57
Balance, September **30, 2026**	**4,549,562**	**14.99**

Deferred Share Units ("DSUs")

The following tables summarize the DSUs outstanding at September 30, 2026:

Balance, December 31, 2025	**336,252**
DSUs granted	37,379
Balance, September 30, 2026	**373,631**

10. Revenue and receivables

	Three Months ended September 30		Nine Months ended September 30	
	2026	2025	**2026**	2025
Natural gas sales	184,056	138,084	664,226	528,053
Natural gas liquids sales	120,079	81,500	360,348	249,395
Natural gas and natural gas liquid sales	**304,135**	219,584	**1,024,574**	777,448

	September 30, 2026	December 31, 2025
Accounts receivable from customers	121,941	144,599
Accounts receivable from realized risk management contracts	13,759	9,428
Accounts receivable from joint venture partners and other	4,638	9,843
Account Receivable	**140,338**	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 September 30, 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, except the Company's new contract with an embedded derivative as discussed below.

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. Embedded derivative instruments have been classified as Level 3.

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, 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.
September

Following is a summary of all risk management contracts in place as at September 30, 2026:

Natural Gas – AECO 7A Monthly Index			**Average Price**
Period Hedged	**Type**	**Daily Volume (GJ)**	**(CAD/GJ)**
Q4 2026	Fixed Price	237,391	$3.37
Q1 2027	Fixed Price	247,500	$3.41
Q2 2027	Fixed Price	285,000	$2.32
Q3 2027	Fixed Price	285,000	$2.32
Q4 2027	Fixed Price	255,163	$2.72
Q1 2028	Fixed Price	240,000	$2.97
Q2 2028	Fixed Price	177,500	$2.20
Q3 2028	Fixed Price	177,500	$2.20
Q4 2028	Fixed Price	69,755	$2.30
Q1 2029	Fixed Price	15,000	$2.87

Natural Gas – AECO 5A Daily Index			**Average Price**
Period Hedged	**Type**	**Daily Volume (GJ)**	**(CAD/GJ)**
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		**Daily Volume**	**Average Price**
Period Hedged	**Type**	**(MMBTU)**	**(USD/MMBtu)**
Q4 2026	Fixed Price	183,370	$4.08
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	61,739	$3.84
Q1 2028	Fixed Price	55,000	$4.02
Q2 2028	Fixed Price	10,000	$3.47
Q3 2028	Fixed Price	10,000	$3.47
Q4 2028	Fixed Price	3,370	$3.47

Crude Oil – WTI CAD Period Hedged	Type	Daily Volume (bbl)	Average Price (CAD/bbl)
Q4 2026	Fixed Price	6,900	$98.37
Q1 2027	Fixed Price	4,700	$98.20
Q2 2027	Fixed Price	3,300	$94.71
Q3 2027	Fixed Price	2,500	$93.33
Q4 2027	Fixed Price	2,500	$93.33
Q1 2028	Fixed Price	900	$97.33
Q2 2028	Fixed Price	900	$97.33

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

Crude Oil Period Hedged - WTI	Type	Daily Volume (bbl)	Put - Call (WTI CAD/bbl)
Q4 2026	Collar	700	$79.29–$98.54
Q1 2027	Collar	1,000	$87.50–$116.05
Q2 2027	Collar	500	$75.00–$87.25
Q3 2027	Collar	500	$75.00–$87.25
Q4 2027	Collar	500	$75.00–$87.25
Q1 2028	Collar	500	$85.00–$101.00
Q2 2028	Collar	500	$85.00–$101.00

Had these contracts closed on September 30, 2026, Peyto would have realized a gain in the amount of $101.2 million. If the gas price on September 30, 2026, were to increase by $0.10/GJ, the unrealized gain would decrease by approximately $24.6 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		
Q4 2026	$39.1 million	1.3584
Q1 2027	$33.5 million	1.3562
Q2 2027	$34.0 million	1.3603
Q3 2027	$34.0 million	1.3603
Q4 2027	$16.8 million	1.3640
Q1 2028	$8.3 million	1.3715
Q2 2028	$2.2 million	1.3630
Q3 2028	$2.2 million	1.3630
Q4 2028	$0.7 million	1.3630

Had these contracts settled on September 30, 2026, Peyto would have realized a loss in the amount of $8.2 million. If the CAD/USD FX rate on September 30, 2026 were to increase by 0.05, the unrealized loss would increase by approximately $8.5 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 September 30, 2026, Peyto would have realized a gain in the amount of $0.2 million.

Covered Call contracts

Crude Oil Period Hedged - WTI	Type	Daily Volume (bbl)	Call (WTI CAD/bbl)
Q1 2027	Covered Call	1,500	$100.00
Q2 2027	Covered Call	1,500	$100.00
Q3 2027	Covered Call	1,500	$100.00
Q4 2027	Covered Call	1,500	$100.00

Peyto's covered call contracts are not classified as cash flow hedges. For the three and nine months ended September 30, 2026, the Company recognized an unrealized loss of $5.5 million and $9.7 million, respectively (2025 - nil), related to the contracts listed in the table above. Had these contracts closed on September 30, 2026, Peyto would have realized a loss in the amount of $9.7 million.

Embedded Derivative

Peyto has a long-term agreement to deliver 50,000 MMBtu/d of natural gas for a term of 10 years, which delivery is expected to commence in 2029. Under the terms of the agreement, the Company will deliver natural gas at Alberta's Nova Inventory Transfer point and receive a Dutch Title Transfer Facility ("TTF") index price less associated deductions. Peyto has identified an embedded derivative within this contract as a result of the pricing structure, and the host contract is a natural gas sales agreement with an underlying AECO price. The Company recognizes gains (losses) on risk management contracts related to the embedded derivative. For the three and nine months ended September 30, 2026, the Company recognized an unrealized gain on the embedded derivative of $70.8 million and $77.3 million, respectively (2025: nil). At September 30, 2026, the fair value of the embedded derivative was $77.3 million (December 31, 2025 - nil).

The Company's embedded derivative is classified as Level 3 within the fair value hierarchy as the fair value has been determined using a discounted cash flow which relies on significant unobservable inputs. The following details are the significant unobservable inputs used in the valuation of the embedded derivative agreement at September 30, 2026.

Type	Net asset (liability) fair value (millions)	Discount Rate	Significant unobservable inputs	Range of significant unobservable inputs (US$/MMBtu)
Embedded derivative	$77.3	12.5%	TTF price	9.68 – 11.52
			NYMEX Henry Hub	3.62 – 4.08
			AECO price	2.20 – 2.95

The fair value measurement of the embedded derivative could be materially impacted by movements in natural gas commodity prices and changes in the discount rate. When assessing the potential impact of these changes, the Company believes a ten percent volatility for natural gas commodity prices and a one percent volatility for the discount rate is a

reasonable measure. These sensitivities would have resulted in the following impact to unrealized gains (losses) on risk management contracts and net income before tax:

($ millions)	**September 30, 2026**
Discount rate	
1% increase	**(5.9)**
1% decrease	**6.5**
Index price	
10% increase	**54.1**
10% decrease	**(54.1)**

Subsequent to September 30, 2026, Peyto entered into the following contracts:

Natural Gas			**Average Price**
Period Hedged – AECO Monthly Index	**Type**	**Daily Volume (GJ)**	**(AECO CAD/GJ)**
Q4 2027	Fixed Price	13,261	$2.53
Q1 2028	Fixed Price	20,000	$2.53
Q2 2028	Fixed Price	20,000	$2.06
Q3 2028	Fixed Price	20,000	$2.06
Q4 2028	Fixed Price	13,370	$2.40
Q1 2029	Fixed Price	10,000	$2.75

Crude Oil			**Average Price**
Period Hedged – WTI CAD	**Type**	**Daily Volume (bbl)**	**(CAD/bbl)**
Q1 2027	Fixed Price	300	$131.49
Q2 2027	Fixed Price	200	$122.76
Q1 2028	Fixed Price	200	$103.20
Q2 2028	Fixed Price	200	$103.20
Q3 2028	Fixed Price	433	$100.54
Q4 2028	Fixed Price	500	$100.52

Average Rate forward	**Amount (USD)**	**Rate (CAD/USD)**
Sold USD Contracts		
Q4 2027	$2.4 million	1.396

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)				Accounts Payable (Account Receivable)	
Three Months ended September 30		Nine Months ended September 30		As at September 30	
2026	2025	**2026**	2025	**2026**	2025
100	304	**405**	(860)	**44**	(71)

13. Commitments and contingencies

Following is a summary of Peyto's contractual obligations and commitments as at September 30, 2026:

	Q4 2026	2027	2028	2029	2030	Thereafter
Interest payments [(1)]	8,397	25,773	21,967	19,595	18,733	29,490
Transportation commitments	24,438	104,557	71,742	50,422	43,598	547,402
Operating leases	639	2,436	2,438	2,539	2,569	2,884
Long term letter of credit fee	798	3,192	3,192	3,192	3,192	21,637
Methanol	-	8,238	-	-	-	-
Total	34,272	144,196	99,339	75,748	68,092	601,413

(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 September 30, 2026.

Officers

Jean-Paul Lachance
President and Chief Executive Officer

Riley Frame
Vice President, Engineering and Chief Operating Officer

Tavis Carlson
Chief Financial Officer

Lee Curran
Vice President, Drilling and Completions

Mike Collens
Vice President, Marketing

Todd Burdick
Vice President, Production

Derick Czember
Vice President, Land and Business Development

Stephen Chetner
Corporate Secretary

Micheal Rees
Vice President, Geoscience

Crissy 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

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Deloitte LLP

Solicitors

Burnet, Duckworth & Palmer LLP

Bankers

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Canadian Imperial Bank of Commerce
National Bank of Canada
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