

**PEYTO EXPLORATION & DEVELOPMENT CORP.**

**Notice of  
Annual Meeting of Shareholders  
to be held on May 17, 2023**

The annual meeting of the shareholders of Peyto Exploration & Development Corp. (the "**Corporation**") will be held at the offices of the Corporation, located at +15 Level, 600 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 0G5, on Wednesday, May 17, 2023 at 3:00 p.m. (Calgary time) to:

1. receive and consider the Corporation's financial statements for the year ended December 31, 2022, together with the auditors' report thereon;
2. fix the number of directors of the Corporation to be elected at the meeting at eight (8);
3. elect eight (8) directors of the Corporation;
4. appoint the auditors and authorize the directors to fix their remuneration as such;
5. consider and, if thought appropriate, to approve a non-binding advisory resolution to accept the Corporation's approach to executive compensation;
6. transact such other business as may properly be brought before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the accompanying Information Circular.

The Corporation requests that you date and sign the enclosed form of proxy and mail it to or deposit it with Computershare, (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1. Alternatively, a shareholder may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 or 1-416-263-9524 (if outside North America) or by internet using the 15 digit control number located at the bottom of your proxy at [www.investorvote.com](http://www.investorvote.com). All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received no later than 3:00 p.m. (Calgary time) on May 15, 2023 or, if the meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before the beginning of any adjournment of the meeting.

Only shareholders of record at the close of business on March 28, 2023 will be entitled to vote at the meeting, unless a shareholder has transferred any common shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the common shares and demands that the transferee's name be included on the list of shareholders.

DATED at Calgary, Alberta this 28<sup>th</sup> day of March, 2023.

By order of the Board of Directors of  
Peyto Exploration & Development Corp.

(signed) "*Jean-Paul Lachance*"  
President and Chief Executive Officer

## PEYTO EXPLORATION & DEVELOPMENT CORP.

Information Circular – Proxy Statement  
for the Annual Meeting to be held on May 17, 2023

### PROXIES

#### Solicitation of Proxies

This information circular – proxy statement is furnished in connection with the solicitation of proxies for use at the annual general meeting of the shareholders of Peyto Exploration & Development Corp. ("**Peyto**" or the "**Corporation**") to be held on Wednesday, May 17, 2023 at 3:00 p.m. (Calgary time) at the offices of the Corporation, located at +15 Level, 600 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 0G5, and at any adjournment thereof. The Corporation requests that a shareholder date and sign the enclosed form of proxy and mail it to or deposit it with Computershare, (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1. Alternatively, a shareholder may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 or 1-416-263-9524 (if outside North America) or by internet using the 15 digit control number located at the bottom of the shareholder's proxy at [www.investorvote.com](http://www.investorvote.com). All instructions are listed in the enclosed form of proxy. A shareholder's proxy or voting instructions must be received no later than 3:00 p.m. (Calgary time) on May 15, 2023 or, if the meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before the beginning of any adjournment of the meeting. Only shareholders of record at the close of business on March 28, 2023 will be entitled to vote at the meeting, unless a shareholder has transferred any common shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the common shares and demands that the transferee's name be included on the list of shareholders.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are officers of the Corporation. **As a shareholder, you have the right to appoint a person, who need not be a shareholder, to represent you at the meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names of the nominees of management.**

**Following the meeting, the Corporation is planning to provide a brief presentation by management.**

#### Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your common shares in your own name. Only proxies deposited by shareholders whose names appear on the Corporation's records as the registered holders of common shares can be recognized and acted upon at the meeting. If common shares are listed in an account statement provided by your broker, then in almost all cases those common shares will not be registered in your name on the Corporation's records. Such common shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such common shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Common shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your common shares.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your common shares are voted at the meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternatively, you can call their toll-free telephone number or visit their internet site to vote your common shares. They then tabulate the results of all instructions received and provide appropriate instructions respecting

the voting of common shares to be represented at the meeting. **If you receive a voting instruction form from Broadridge it cannot be used as a proxy to vote common shares directly at the meeting as the proxy must be returned to Broadridge well in advance of the meeting in order to have the common shares voted.**

### **Notice-And-Access**

Peyto has elected to use the "notice-and-access" provisions (the "**Notice-and-Access Provisions**") under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") for the meeting in respect of the mailing of the Corporation's meeting materials, annual financial statements and management's discussion and analysis to the beneficial holders of common shares (i.e., a shareholder who holds their shares in the name of a broker or an agent) but not in respect of mailings to registered holders of the common shares (i.e., a shareholder whose name appears on the Corporation's records as a holder of common shares). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post its information circular in respect of a meeting of its shareholders and related materials online.

Peyto has also elected to use procedures known as "stratification" in relation to the Corporation's use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable, a paper copy of financial statements and related management's discussion and analysis ("**Financial Information**"), to some shareholders together with a notice of a meeting of its shareholders. In relation to the meeting, registered holders of the common shares will receive a paper copy of the notice of the meeting, this information circular – proxy statement and a form of proxy and the Corporation's financial statements and related management's discussion and analysis whereas all beneficial holders of common shares will receive a notice containing information prescribed by the Notice-and-Access Provisions and a voting instruction form. Peyto intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of common shares. Furthermore, a paper copy of the Financial Information in respect of the Corporation's most recently completed financial year was mailed to those registered and beneficial holders of common shares who previously requested to receive such information.

### **Revocability of Proxy**

You may revoke your proxy at any time prior to a vote. If you or the person you give your proxy to attends personally at the meeting you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either at the Corporation's head office at any time up to and including the last business day before the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof.

### **Persons Making the Solicitation**

**This solicitation is made on behalf of the management of the Corporation.** Pursuant to NI 54-101, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to the beneficial owners of the common shares. The Corporation will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual general meeting and this information circular – proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by the Corporation's directors, officers and employees who will not be remunerated therefor.

### **Exercise of Discretion by Proxy**

The common shares represented by the form of proxy in favour of management nominees will be voted on any poll at the meeting. Where you specify a choice with respect to any matter to be acted upon, the common shares will be voted on any poll in accordance with the specification so made. If no direction is given, your common shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual general meeting and with respect to any other matters which may properly be brought before the meeting or any adjournment thereof. At the time of printing this information circular – proxy statement, we know of no such amendment, variation or other matter.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of common shares. As at March 28, 2023, there were 174,792,822 common shares issued and outstanding. As a holder of common shares, you are entitled to one vote for each common share you own.

To the knowledge of the Corporation's directors and officers, as at March 28, 2023, no person or company beneficially owned or controlled or directed, directly or indirectly, more than 10% of the common shares which may be cast at the meeting.

As at March 28, 2023, the Corporation's directors and officers, as a group, beneficially owned or controlled or directed, directly or indirectly, approximately 5.7 million common shares or approximately 3% of the issued and outstanding common shares.

## QUORUM FOR MEETING

A quorum for the meeting is two or more persons either present in person or represented by proxy and representing in the aggregate not less than 25% of the Corporation's outstanding common shares. If a quorum is not present at the meeting within one-half hour after the time fixed for the holding of the meeting, the meeting will be adjourned to such day being not less than 21 days later and to such place and time as may be determined by the chairman of the meeting. At such meeting, the shareholders present either personally or by proxy shall form a quorum.

## APPROVAL REQUIREMENT

All of the matters to be considered at the meeting are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution by or on behalf of shareholders present in person or represented by proxy at the meeting. The vote on our approach to executive compensation is advisory and the results will not be binding on the board of directors (the "**Board**") of the Corporation.

## MATTERS TO BE ACTED UPON AT THE MEETING

### Election of Directors

At the meeting, the shareholders will be asked to fix the number of directors of the Corporation to be elected at the meeting at eight (8) and to elect eight (8) directors.

Management is soliciting proxies, in the accompanying form of proxy, for an ordinary resolution in favour of fixing the Board at eight (8) members, and in favour of the election as directors, until the next annual meeting of shareholders of the Corporation, of the eight (8) nominees set forth below:

Donald Gray  
Michael MacBean  
Brian Davis  
Darren Gee  
Jean-Paul Lachance  
Jocelyn McMinn  
John W. Rossall  
Debra Gerlach

Each of Gregory Fletcher and Kathy Turgeon, current directors of the Corporation, do not intend to stand for re-election at the Meeting and accordingly, they will each retire as a director of the Corporation effective as of the Meeting. All of the other current directors (other than Gregory Fletcher and Kathy Turgeon) are standing for re-election as directors of the Corporation at the Meeting and Jocelyn McMinn, a nominee director, is standing for election as a director for the first time at the Meeting.

In the event that a vacancy among such nominees occurs because of death or for any reason prior to the meeting, the proxy shall not be voted with respect to such vacancy. At the 2022 annual meeting of shareholders of the Corporation, the

resolution fixing the number of directors to be elected at the meeting was passed with 94,728,240 common shares voted in favour (98.5% of the common shares voted at the meeting).

The form of proxy provided by management of the Corporation accompanying this information circular – proxy statement provides for individual voting on directors rather than slate voting.

As described below under "*Majority Voting for Directors*", the election of each individual director of the Corporation will be effected by an ordinary resolution requiring the approval of more than 50% of the votes cast in respect of the resolution by or on behalf of shareholders present in person or represented by proxy at the meeting. It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies FOR the election of each of the persons specified above.

### *Directors' Biographies*

The following information relating to the director nominees is based partly on the Corporation's records and partly on information received by the Corporation from the nominees and sets forth the names, ages and cities of residence of the proposed nominees, their committee memberships, the date on which each became a director of the Corporation (as applicable), the present occupations and brief biographies of such persons and the number of common shares owned, controlled or directed by each as at March 28, 2023.

Nominee for Election as Director	Age	Director Since <sup>(1)</sup>	Common Shares Owned, Controlled or Directed <sup>(2)</sup>
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<b>Donald Gray</b> Scottsdale, Arizona	57	October 1998	1,208,136
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Chairman of the Board  
**Independent**

Mr. Gray is currently a private investor.

Mr. Gray was the former President and Chief Executive Officer of Peyto from 1998 until his retirement in 2006. From May 2007 to September 2017, Mr. Gray was primarily engaged as President of EIQ Capital Corp., a private capital management company. Since September 2017, Mr. Gray has been a private investor. Mr. Gray has also been the Chairman of Gear Energy Ltd., an oil and gas company listed on the Toronto Stock Exchange (the "**TSX**"), since January 2010 and the Chairman of Petrus Resources Ltd., an oil and gas company listed on the TSX, since December 2010. Mr. Gray holds a BSc in petroleum engineering from Texas A&M University and has over 30 years experience in the Canadian oil and gas business in various capacities.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(3/6)	50%
	<b>Total</b>	<b>(3/6)</b>	<b>50%</b>

Current Board Directorships	Public Boards	
	Gear Energy Ltd.	
	Petrus Resources Ltd.	

Voting Results of 2022 AGM	Number of Votes	% of Votes
Votes For	61,491,660	63.6%
Votes Withheld	35,237,345	36.4%

<b>Nominee for Election as Director</b>	<b>Age</b>	<b>Director Since <sup>(1)</sup></b>	<b>Common Shares Owned, Controlled or Directed <sup>(2)</sup></b>
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<b>Michael MacBean</b> Calgary, Alberta	55	June 2003	108,510
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Lead Director of the Board  
**Independent**

Mr. MacBean is the Senior Managing Director of TriWest Capital Partners, a private equity firm since April 2010.

Mr. MacBean is the Chairman of the Audit Committee of Peyto and the independent Lead Director of the Board. Mr. MacBean is primarily engaged as the Senior Managing Director of TriWest Capital Partners, a private equity firm. From October 1998 to April 2010, Mr. MacBean was the Chief Executive Officer of Diamond Energy Services LP, a partnership engaged in the energy services sector. From 1995 through 1998, Mr. MacBean served as Controller and subsequently Senior Investment Analyst for ARC Financial Corporation. During this time Mr. MacBean also served as Vice-President, Finance for ARC Energy Trust. Mr. MacBean holds a Bachelor of Commerce Degree from the University of Saskatchewan, holds his CPA, CA designation and is a member of the Chartered Professional Accountants of Alberta. In February 2007, Mr. MacBean received his Chartered Directors (C.Dir) designation from McMaster University.

<b>Board and Committee Membership</b>	<b>Membership</b>	<b>Meeting Attendance</b>	
	Board	(6/6)	100%
	Audit Committee (Chair)	(4/4)	100%
	Reserves, Health and Safety Committee	(3/3)	100%
	Compensation and Nominating Committee	(2/3)	66.6%
	Environmental, Social and Governance Committee	(1/2)	50%
	<b>Total</b>	<b>(16/18)</b>	<b>88.9%</b>

<b>Current Board Directorships</b>	<b>Public Boards</b>	
	<b>TerraVest Industries Inc.</b>	
<b>Voting Results of 2022 AGM</b>	<b>Number of Votes</b>	<b>% of Votes</b>
Votes For	86,456,927	89.4%
Votes Withheld	10,272,078	10.6%

<b>Nominee for Election as Director</b>	<b>Age</b>	<b>Director Since <sup>(1)</sup></b>	<b>Common Shares Owned, Controlled or Directed <sup>(2)</sup></b>
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<b>Brian Davis</b> Houston, Texas	57	August 2006	217,240
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Director  
**Independent**

Mr. Davis is the Managing Partner of Oil and Gas Evaluations and Consulting, an independent oil and gas engineering consultancy firm based in Houston, Texas, since July 1994.

Mr. Davis is the Chairman of the Reserves, Health and Safety Committee of Peyto. Mr. Davis has been primarily engaged as the Managing Partner of Oil and Gas Evaluations and Consulting, an independent oil and gas engineering consultancy firm based in Houston, Texas, since July 1994. Through his experience at Oil and Gas Evaluations and Consulting, Mr. Davis has acquired significant experience and exposure to accounting and financial issues. Mr. Davis holds a BSc in petroleum engineering from Texas A&M University.

Board and Committee Membership	Membership	Meeting Attendance	
		Board	(6/6)
	Audit Committee	(4/4)	100%
	Reserves, Health and Safety Committee (Chair) <sup>(4)</sup>	(3/3)	100%
	Compensation and Nominating Committee	(3/3)	100%
	Environmental, Social and Governance Committee <sup>(5)</sup>	(2/2)	100%
	<b>Total</b>	<b>(18/18)</b>	<b>100%</b>

Current Board Directorships	Public Boards
	N/A

Voting Results of 2022 AGM	Number of Votes	% of Votes
Votes For	86,665,866	89.6%
Votes Withheld	10,063,139	10.4%

Nominee for Election as Director	Age	Director Since <sup>(1)</sup>	Common Shares Owned, Controlled or Directed <sup>(2)</sup>
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<b>Darren Gee</b> Calgary, Alberta	55	January 2007	2,349,192
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Director  
**Non-Independent**

Mr. Gee is currently a private investor.

Mr. Gee was the Chief Executive Officer of Peyto from January 2007 until his retirement on January 1, 2023, and was President of Peyto from August 2006 until November 2021. Prior thereto, Mr. Gee was the Vice-President, Engineering of Peyto, joining the organization in 2001. Mr. Gee has over 30 years experience in the Canadian oil and gas business. Mr. Gee has a BSc in mechanical engineering from the University of Alberta and is a member of APEGA.

Board and Committee Membership	Membership	Meeting Attendance <sup>(3)</sup>	
		Board	(6/6)
	<b>Total</b>	<b>(6/6)</b>	<b>100%</b>

Current Board Directorships	Public Boards
	N/A

Voting Results of 2022 AGM	Number of Votes	% of Votes
Votes For	94,018,667	97.2%
Votes Withheld	2,710,338	2.8%

Nominee for Election as Director	Age	Director Since <sup>(1)</sup>	Common Shares Owned, Controlled or Directed <sup>(2)</sup>
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<b>John W. Rossall</b> Calgary, Alberta	62	May 2019	107,000
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Director  
**Independent**

Mr. Rossall is currently a corporate director and is a board member of Pipestone Energy Corp., an oil and gas company listed on the TSX, and is also a board member of the United Way of Calgary and Area.

Mr. Rossall was previously the Executive Director, North America of Repsol SA (formerly Talisman Energy Inc., an oil and gas company listed on the TSX), from May 2015 to July 2018, Senior Vice President, Canada from September 2012 to May 2015 and a strategic consulting advisor from November 2011 to September 2012. Prior thereto, Mr. Rossall was the President and Chief Executive Officer of ProspEx Resources Ltd., an oil and gas company listed on the TSX, and a member of its board of directors from August 2004 to May 2011. From December 2001 to July 2004, Mr. Rossall was Vice President, North Business Unit of Burlington Resources Canada Ltd. (formerly Canadian Hunter Exploration Ltd.), an oil and gas company listed on the TSX, and prior thereto, Manager, Deep Basin Business Team from November 2000 to December 2001. Mr. Rossall has also served on the board of directors of the Canadian Association of Petroleum Producers from January 2013 to April 2017.

Mr. Rossall earned a Bachelor of Applied Science (Chemical Engineering) degree from the University of Waterloo and also attended the Harvard Business School (Management Development). Mr. Rossall is a professional engineer and a member of APEGA.

Board and Committee Membership	Membership	Meeting Attendance	
	Board	(6/6)	100%
	Compensation and Nominating Committee	(3/3)	100%
	Reserves, Health and Safety Committee	(3/3)	100%
	Environmental, Social and Governance Committee (Chair)	(2/2)	100%
	<b>Total</b>	<b>(14/14)</b>	<b>100%</b>

Current Board Directorships	Public Boards	
	Pipestone Energy Corp.	

Voting Results of 2022 AGM	Number of Votes	% of Votes
Votes For	82,719,644	85.5%
Votes Withheld	14,009,361	14.5%

Nominee for Election as Director	Age	Director Since <sup>(4)</sup>	Common Shares Owned, Controlled or Directed <sup>(2)</sup>
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<b>Debra Gerlach</b> Calgary, Alberta	62	November 1, 2022	2,700
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Director  
**Independent**

Ms. Gerlach is a corporate director. She is a board member of Birchcliff Energy Ltd., an oil and gas company listed on the TSX and is also the Chair of their Audit Committee.

Ms. Gerlach was a partner with Deloitte LLP from September 1996 to September 2017, where she practiced in the Assurance and Advisory group. Prior thereto, she held various positions within Deloitte LLP from the time she joined the firm in August 1982. During her 35-year career with the firm, Ms. Gerlach worked with numerous public oil and natural gas companies. Ms. Gerlach holds a Bachelor of Commerce degree and a Master of Business Administration degree from the University of Calgary. Ms. Gerlach is a Chartered Accountant with the Chartered Professional Accountants of Alberta. She also holds an Audit Committee Certificate from the Chartered Professional Accountants of Canada.



Board and Committee Membership	Membership	Meeting Attendance	
		Board	(2/2)
	Audit	N/A	N/A
	Compensation and Nominating Committee	(1/1)	100%
	Reserves, Health and Safety Committee	N/A	N/A
	<b>Total</b>	<b>(3/3)</b>	<b>100%</b>

Current Board Directorships	Public Boards	
	Birchcliff Energy Ltd.	
Voting Results of 2022 AGM	Number of Votes	% of Votes
Votes For	N/A	N/A
Votes Withheld	N/A	N/A

Nominee for Election as Director	Age	Director Since <sup>(5)</sup>	Common Shares Owned, Controlled or Directed <sup>(2)</sup>
<b>Jean-Paul Lachance</b> Calgary, Alberta	56	January 1, 2023	372,133

Director  
**Non-Independent**

Mr. Lachance joined Peyto in 2011 as VP Exploitation before being promoted to COO on February 1, 2018 and subsequently assumed the role of President and CEO on January 1, 2023. Mr. Lachance has over 30 years of industry experience and held prior positions with ProspEx Resources Ltd., Marathon, and Chevron in various engineering and management roles. Mr. Lachance also serves as a member of the Board of Governors for The Explorers and Producers Association of Canada (EPAC). Mr. Lachance is a licensed professional engineer with the Association of Professional Engineers and Geoscientists of Alberta (APEGA) and received a Bachelor Applied Science (Civil Engineering) degree in 1991 from the University of Waterloo.

Board and Committee Membership	Membership	Meeting Attendance <sup>(3)</sup>	
		Board	N/A

Current Board Directorships	Public Boards	
	N/A	
Voting Results of 2022 AGM	Number of Votes	% of Votes
Votes For	N/A	N/A
Votes Withheld	N/A	N/A

Nominee for Election as Director	Age	Director Since <sup>(6)</sup>	Common Shares Owned, Controlled or Directed <sup>(2)</sup>
<b>Jocelyn McMinn</b> Calgary, Alberta	37	Nominee	6,300

Director  
**Independent**

Ms. McMinn is currently the Executive Vice President at Peloton Computer Enterprises Ltd., working closely with the COO and CEO to lead global business operations and corporate strategy. From 2021 to 2022, Ms. McMinn held the role of Product Manager, Peloton Frac, where she was responsible for all operational, financial and strategic aspects of the Peloton Frac division. Ms. McMinn cofounded Cevian Technologies Ltd. in 2019 and served as Managing Director until Cevian's acquisition by Peloton in 2021. From 2003 to 2019, Ms. McMinn held progressively advancing technical and managerial roles, first in Fracturing and then directing all engineering divisions at Trican Well Service Ltd. Ms. McMinn is a Professional Engineer, holds a BSc. in Mechanical Engineering from the University of Alberta, an eMBA from Haskayne School of Business, and a Chartered Directors Designation from McMaster University. Ms. McMinn has been awarded Hart Energy's top 40 under 40 and the Daily Oil Bulletin's Rising Stars Class of 2020. Ms. McMinn is a citizen of the Métis Nation of Alberta.

Board and Committee Membership	Membership	Meeting Attendance	
		Board	N/A
	Audit Committee	N/A	N/A
	Reserves, Health and Safety Committee	N/A	N/A
	Compensation and Nominating Committee (Chair)	N/A	N/A
	Environmental, Social and Governance Committee	N/A	N/A
	<b>Total</b>	<b>N/A</b>	<b>N/A</b>
Current Board Directorships	Public Boards		
	N/A		
Voting Results of 2022 AGM	Number of Votes	% of Votes	
Votes For	N/A	N/A	
Votes Withheld	N/A	N/A	

Notes:

- (1) The period of time served as a director or officer of the Corporation includes, where applicable, the period of time served as a director of the Corporation's predecessors, Peyto Exploration & Development Corp., a corporation amalgamated on January 1, 2011, Peyto Energy Administration Corp., former administrator of Peyto Energy Trust, and Peyto Exploration & Development Corp., a corporation amalgamated under the *Business Corporations Act* (Alberta) (the "ABCA"), prior thereto.
- (2) The information as to common shares beneficially owned, directly or indirectly, is based upon information furnished to Peyto by the nominees. All of the directors meet or exceed the Corporation's minimum share ownership requirement for directors. See "*Statement of Executive Compensation – Director and Officer Equity Ownership*".
- (3) Mr. Gee attended all Audit Committee, Reserves Committee and Compensation and Nominating Committee meetings during 2022. During the year, certain meetings of directors were held without management, and the above noted meeting attendance figures above for Mr. Gee does not include any meeting of directors to which they were not eligible to attend.
- (4) Ms. Gerlach was appointed a director on November 1, 2022.
- (5) Mr. Lachance was appointed a director on January 1, 2023.
- (6) Ms. McMinn is a nominee director and standing for election for the first time at the Meeting.

***Experience and Background of Directors***

The Board and the Compensation and Nominating Committee review the experience, qualifications and skills of the Corporation's directors to ensure that the composition of the Board and committees and the competencies and skills of the members are in line with those that the Compensation and Nominating Committee considers that the Board and its respective committees should possess.

The Board identifies and evaluates the competencies and skills of the members based on the individual experience and background of each director. This exercise is performed both on an ad-hoc basis and at least annually based on self-assessment by each director whereby each director is asked to rate their experience and background in a variety of key subject areas. This data is compiled into a matrix representing the broad Board skills for current directors. This matrix is maintained to identify areas for strengthening the Board, if any, and address them through the recruitment of new members. See "*Corporate Governance Practices – Item 9 – Assessments*".

The following table outlines the experience and background of, but not necessarily the technical expertise of, the individual members of the Board proposed to be elected at the Meeting, as of December 31, 2022 based on information provided by such individuals.

		Gray	MacBean	Davis	Gree	Rossall	Gerlach	Lachance	McMinn	Total
<b>Enterprise Management</b>	Experience as a President or CEO leading an organization or major business line	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>Business Development</b>	Management or executive experience with responsibility for identifying value creation opportunities	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>Financial Literacy</b>	Ability to critically read and analyze financial statements	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>Corporate Governance</b>	Understanding the requirements of good corporate governance usually gained through experience as a senior executive officer or a Board member of a public organization	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>Change Management</b>	Experience leading a major organizational change or managing a significant merger	✓	✓		✓	✓	✓	✓	✓	7
<b>Operations</b>	Management or executive experience with oil and gas operations	✓			✓	✓		✓	✓	5
<b>Financial Experience</b>	Senior executive experience in financial accounting and reporting and corporate finance	✓	✓		✓	✓	✓	✓	✓	7
<b>Human Resources</b>	Management or executive experience with responsibility for human resources	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>Reserves Evaluation</b>	General experience with or executive responsibility for oil and gas reserves evaluation	✓	✓	✓	✓	✓	✓	✓		7
<b>Risk Evaluation</b>	Management or executive experience in evaluating and managing the variety of risks faced by an organization	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>HSE and ESG Management</b>	Understanding of the regulatory environment surrounding workplace health, safety, environment and ESG for the oil and gas industry	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>Legal and Regulatory</b>	Experience in legal and regulatory matters	✓			✓	✓		✓	✓	5
<b>Diversity</b>	Contributes to the Board in a way that enhances perspectives through diversity in gender, ethnic background, geographic origin, experience (industry and public, private and non-profit sectors), etc.	✓	✓	✓	✓	✓	✓	✓	✓	8

***Advance Notice Provisions***

The Corporation has adopted by-laws (the "**By-laws**") which contain advance notice provisions regarding advance notice of nominations of directors of the Corporation (the "**Advance Notice Provisions**"). The Advance Notice Provisions provide that advance notice to the Corporation must be made in circumstances where nominations of persons for election to the Board are made by shareholders other than pursuant to: (a) a "proposal" made in accordance with the ABCA; or (b) a requisition of a meeting made pursuant to the ABCA.

The Advance Notice Provisions fix a deadline by which shareholders must submit director nominations to the Chief Financial Officer of the Corporation prior to any annual or special meeting of shareholders and outlines the specific information that a nominating shareholder must include in the written notice to the Chief Financial Officer of the Corporation for an effective nomination to occur. No person nominated by a shareholder will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice Provisions.

In the case of an annual meeting of shareholders, notice to the Chief Financial Officer of the Corporation must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting

is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10<sup>th</sup> day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting was made.

If Notice-and-Access Provisions are used for delivery of proxy related materials in respect of a meeting described above and the notice date in respect of the meeting is not less than 50 days before the date of the applicable meeting, the notice must be received not later than the close of business on the 40<sup>th</sup> day before the date of the applicable meeting.

In the event of an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof, a new time period shall commence for the giving of timely notice.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Provisions of the By-laws.

#### ***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

Other than as disclosed below, no proposed director is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that: (i) while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) while such person was acting in that capacity, or within a year of such person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Darren Gee, a director and former Chief Executive Officer of Peyto, was a director of Endurance Energy Ltd. ("**Endurance**"), a private corporation engaged in the exploration and production of natural gas. Mr. Gee resigned as a director of Endurance on September 1, 2015. Nine months after Mr. Gee's resignation, Endurance filed for creditor protection under the *Companies Creditors' Arrangement Act* on May 30, 2016.

No proposed director (or any personal holding company of such person), has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in making an investment decision.

#### ***Personal Bankruptcies***

No proposed director (or any personal holding company of such person), has, within the 10 years preceding the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

#### ***Majority Voting for Directors***

The Board has adopted a policy stipulating that if the number of common shares voted in favour of the election of a particular director nominee at a shareholders' meeting is less than the number of common shares voted and withheld from voting for that nominee, the nominee will submit their resignation to the Board within five days of the meeting, with the resignation to take effect upon acceptance by the Board. The Compensation and Nominating Committee will consider the director nominee's offer to resign and will make a recommendation to the Board as to whether or not to accept the resignation. The Compensation and Nominating Committee will be expected to accept the resignation except in special circumstances requiring the applicable director to continue to serve on the Board. In considering whether or not to accept the resignation, the Compensation and Nominating Committee will consider all factors that it deems relevant including, without limitation, the stated reasons why shareholders "withheld" votes from the election of that nominee, the existing

Board composition, the length of service and the qualifications of the director whose resignation has been tendered, the director's contributions to the Corporation and attendance at previous meetings, the Corporation's compensation and nominating policies and such other skills and qualities as the Compensation and Nominating Committee deems to be relevant.

The Board will consider the Compensation and Nominating Committee's recommendation and make a decision as to whether to accept the director's offer to resign within 90 days of the date of the meeting, which it will announce by way of a press release, including, if the Board elects, the reasons for rejecting the resignation offer. In considering whether to accept the director's offer of resignation, the Board will consider the factors considered by the Compensation and Nominating Committee and such additional factors it considers to be relevant. No director who is required to tender their resignation shall participate in the deliberations or recommendations of the Compensation and Nominating Committee or the Board. The Board shall accept the resignation absent any exceptional circumstances.

If a director's offer of resignation is accepted, subject to any corporate law restrictions, the Board may leave the resultant vacancy unfilled until the next annual general meeting. Alternatively, at the Board's discretion, it may fill the vacancy through the appointment of a new director whom the Board considers appropriate or it may call a special meeting of shareholders at which there will be presented nominees supported by the Board to fill the vacant position or positions. The foregoing policy does not apply in circumstances involving contested director elections.

### ***Risk Oversight by the Board***

The Board must have a good understanding of the principal risks the Corporation faces in its business in order to provide proper oversight and guidance to management. Management must be diligent about identifying all of the Corporation's principal risks, establishing appropriate risk management practices and implementing an appropriate system to manage risks effectively to support our long-term viability.

The Board reviews and assesses the following as part of its risk oversight duties:

- the material risks that affect the Corporation's strategic plan;
- how Peyto's compensation structure affects risk-taking behaviour;
- the Corporation's risk appetite and tolerance; and
- talent management and succession planning.

The Board also oversees management's system of controls either directly or through its committees:

- the integrity of the Corporation's internal controls over financial reporting, disclosure controls and management information systems;
- compliance with significant policies and procedures for the Corporation's operations;
- compliance with the laws and regulations that apply to Peyto;
- the health of the Corporation's corporate documents and records in terms of them being properly prepared, approved and maintained; and
- the structure and integrity of Peyto's health, safety and environmental programs to achieve expectations.

### **Appointment of Auditors**

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of Deloitte LLP, Chartered Professional Accountants, as the Corporation's auditors, to hold office until the next annual meeting of the shareholders and to authorize the directors to fix their remuneration as such. Deloitte LLP was first appointed auditors of the Corporation's predecessor, Peyto Energy Trust, on June 3, 2004. At the 2022 annual meeting of shareholders of the Corporation, this resolution was passed with 94,552,995 common shares voted in favour (94.3% of the common shares voted at the meeting).

It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies FOR the appointment of auditors.

## **Advisory Vote on Executive Compensation**

The underlying principle for executive compensation at the Corporation is "pay-for-performance". Management of the Corporation believes that this philosophy achieves the goal of attracting and retaining excellent employees and executive officers, while rewarding the demonstrated behaviors that reinforce our values and help us to deliver on our corporate objectives. For a detailed discussion of our executive compensation program, see "*Statement of Executive Compensation*".

After monitoring developments and emerging trends in the practice of holding advisory votes on executive compensation (commonly referred to as "Say-on-Pay"), the Board, as a part of our commitment to corporate governance, has determined to provide shareholders with a "Say-on-Pay" advisory vote at the meeting. The Board believes that it is essential for the shareholders to be well informed of the Corporation's approach to executive compensation and considers this advisory vote to be an integral component of the ongoing process of engagement between the shareholders and the Board.

At the meeting, shareholders will have an opportunity to vote on our approach to executive compensation through consideration of the following advisory resolution:

"BE IT RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the board of directors of Peyto Exploration & Development Corp. ("**Peyto**"), that the shareholders accept Peyto's approach to executive compensation as more particularly disclosed in the information circular – proxy statement of Peyto dated March 28, 2023."

It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies FOR the advisory vote on executive compensation.

As this is an advisory vote, the results will not be binding upon the Board. However, the Compensation and Nominating Committee and the Board will consider the outcome of the vote as part of its ongoing review of the Corporation's approach to executive compensation. We will disclose the results of the shareholder advisory vote as part of our report of voting results to be filed on SEDAR following the meeting.

In the event that the advisory resolution is not approved by a majority of the votes cast at the meeting, the Board will take measures to understand the concerns of shareholders and will review the Corporation's approach to compensation going forward within the context of those concerns.

At last year's annual and special meeting, shareholders of the Corporation voted 95.43% in favour of Peyto's approach to executive compensation.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### ***Role of Compensation and Nominating Committee***

The Compensation and Nominating Committee is currently comprised of Ms. Gerlach and Messrs. Fletcher, MacBean, Rossall and Davis. Mr. Fletcher does not intend to stand for re-election at the Meeting. These directors are considered independent from Peyto for the purposes of National Instrument 58-201 – *Corporate Governance Guidelines*. See "*Matters to be Acted Upon at the Meeting – Election of Directors – Directors' Biographies*" for the relevant education and experience of each member of the Compensation and Nominating Committee that enables each member to make decisions on the suitability of Peyto's compensation policies and practices.

The purpose of the Compensation and Nominating Committee is to assist the Board in fulfilling its responsibilities relating to compensation matters, particularly those relating to compensation of the Corporation's executive officers as well as matters dealing with the nomination of Board members and the overall functioning of the Board. The role of the Compensation and Nominating Committee includes human resources matters in the sense of the establishment and maintenance of an overall compensation plan to attract, reward and keep talented people and in the sense of ensuring that the Board is comprised of appropriate individuals to serve the Corporation's needs. In addition, the Compensation and

Nominating Committee attempts to design the Corporation's compensation in a manner that will foster longer-term value creation. In carrying out its mandate in respect of compensation matters, the Compensation and Nominating Committee is expected to:

- A. Advise the Board on executive compensation matters.
- B. Review and recommend a compensation philosophy, guidelines and plans for the Corporation's executives and employees.
- C. Review and approve corporate goals and objectives relevant to Chief Executive Officer ("CEO") compensation.
- D. Evaluate the CEO's performance in light of those goals, and make recommendations to the Board with regard to the CEO's compensation based on this evaluation.
- E. In consultation with the CEO, review and approve non-CEO compensation, incentive-compensation plans and equity-based plans.
- F. Review and approve all discretionary compensation granted.
- G. Review and approve fees to be paid to members of the Board.
- H. Review executive compensation disclosure before it is publicly disclosed.

The Compensation and Nominating Committee meets from time to time each year for the purpose of, among other things, reviewing the overall compensation policy of Peyto. The Compensation and Nominating Committee makes recommendations to the Board on salaries of executive officers, bonus allocations and directors' compensation. The Board reviews all recommendations of the Compensation and Nominating Committee relating to compensation matters before final approval.

In carrying out its mandate, the risks associated with the Corporation's compensation policies and practices were discussed both by the Compensation and Nominating Committee and the Board, including the risk of executive officers taking inappropriate or excessive risks and the risk of inappropriate focus on short-term goals at the expense of long-term return to shareholders. While no program can fully mitigate these risks, the Compensation and Nominating Committee does not believe the Corporation's compensation programs encourage its executive officers to take inappropriate or excessive risks. This assessment is based on a number of considerations including, without limitation: (i) the Corporation's compensation policies and practices are uniform throughout the organization and there are no significant differences in compensation structure among the executive officers; (ii) the overall compensation program is both market and performance based and aligned with the Corporation's business plan and long-term strategies. The compensation package for executive officers consists of fixed (base salary, which is payable in cash) and variable elements (options under the option plan for the Corporation (the "**Option Plan**") which are exercised for common shares and reserves/value based bonus (the "**Value Component**"), which is payable in cash), which are designed to balance long-term goals and the short-term interests of the Corporation and are aimed at creating sustainable value for shareholders. The performance elements are linked to achievement of the Corporation's business goals and are reviewed annually by the Compensation and Nominating Committee; (iii) in exercising its discretion under the Option Plan and Value Component, the Compensation and Nominating Committee reviews individual and corporate performance taking into account the long-term interests of the Corporation; (iv) the compensation expense to executive officers is not a significant percentage of the Corporation's revenue; and (v) results of annual performance assessments of executive officers goals, objectives and performance are reviewed and considered in awarding compensation and such discretionary judgement is applied in awarding options under the Option Plan, discretionary bonuses under the Value Component and future compensation.

In adopting the Option Plan in 2019, the Board considered the compensation arrangements of its peer group relative to the Corporation's compensation practices. The Board made the decision to adopt the Option Plan, as opposed to continuing to utilize a cash based market based bonus (referred to herein as the "**Market Component**"), to bring Peyto more in line with its peer group, to ensure that the Corporation's compensation practices are aligned with the Corporation's current asset base, head count and operations, to eliminate the complexity of the Market Component, to shift towards long

term securities based incentive awards and to focus the organization on shareholder return and per share performance metrics.

Prior to the adoption of the Option Plan, the Board had approved the grant of rights ("**Rights**") on January 1, 2019 pursuant to the Market Component. At the same time that the Option Plan was adopted and as part of the transition to long term securities-based incentive awards in the form of options, the Board adopted a market based bonus plan (the "**2019 Market Based Bonus Plan**") which provides for the issuance of common shares on settlement of the Rights granted on January 1, 2019, which was subsequently approved by the TSX and shareholders. The 2019 Market Based Bonus Plan was in effect only for the one-time grant of Rights, which were granted on January 1, 2019. No further Rights will be granted under the 2019 Market Based Bonus Plan. The 2,475,000 Rights granted effective January 1, 2019 pursuant to the 2019 Market Based Bonus Plan are substantially the same as the Rights previously granted by the Corporation pursuant to the Market Component except that the Board has the discretion to settle the Rights under the 2019 Market Based Bonus Plan in common shares (either acquired by the Corporation on the TSX or by issuance from treasury) or in cash.

In addition, in adopting the directors' deferred share unit plan (the "**DSU Plan**"), the Board considered the director compensation arrangements of its peer group relative to the Corporation's director compensation practices. The Board made the decision to adopt the DSU Plan, as opposed to continuing to utilize the cash based Multiplier (as described and defined under "*Statement of Executive Compensation – Directors' Compensation – DSU Plan*" below) with respect to the payment of the variable portion of 50% of each non-executive director's annual retainer, to preserve cash, bring Peyto's director compensation structure more in line with its peer group, to ensure that the Corporation's compensation practices are aligned with the Corporation's current asset base, head count and operations, to eliminate the complexity of the Multiplier, to shift towards long term securities based incentive awards and to focus the organization on shareholder return and per share performance metrics.

See "*Statement of Executive Compensation – Compensation Discussion and Analysis – Option Plan*", "*Statement of Executive Compensation – Compensation Discussion and Analysis – Reserves/Value Based Bonus*", "*Statement of Executive Compensation – Compensation Discussion and Analysis – Prior Compensation Arrangements - Market Based Bonus*", "*Statement of Executive Compensation – Compensation Discussion and Analysis – Prior Compensation Arrangements - 2019 Market Based Bonus Plan*", "*Statement of Executive Compensation – Directors' Compensation*" and "*Statement of Executive Compensation – Directors' Compensation – DSU Plan*".

### ***Executive and Employee Compensation Principles and Strategy***

The Corporation's compensation policies are founded on the principle that executive and employee compensation should be consistent with shareholders' interests and, therefore, the compensation strategy employed is weighted towards variable or performance based compensation. The objectives of the policies are to attract and retain a high quality management and employee team and to motivate performance by tying a significant portion of compensation to performance measures. The current elements of the Corporation's executive and employee compensation policies are consistent with the Corporation's business strategy of creating shareholder value by efficiently developing and producing oil and gas reserves, while distributing a portion of the Corporation's cash to shareholders through dividends. The Compensation and Nominating Committee evaluates these objectives on an ongoing basis. The Corporation's current compensation plan consists of the following items:

- base salary
- Option Plan
- Value Component

The Option Plan was approved by shareholders at the Corporation's annual and special meeting of shareholders held on May 9, 2019 (with certain amendments thereto approved at the shareholder meeting on May 12, 2022) and, following such initial approval, the Corporation has discontinued with the grant of Rights under the Market Component and has not granted any further Rights under the 2019 Market Based Bonus Plan.

In keeping with the objectives stated above, the Corporation generally pays base salaries at the median of entities of similar size. The variable or performance based compensation consists of grants under the Option Plan which are described in detail below. Grants under the Option Plan reward participants for the performance of the Corporation and encourage commitment to the Corporation. The Compensation and Nominating Committee reviews all three components



in assessing the compensation of individual executive officers and of Peyto employees as a whole. The Corporation does not have a pension plan or other form of formal retirement compensation.

When determining executive compensation, including the assessment of the competitiveness of the Corporation's executive compensation practices, the CEO and the Compensation and Nominating Committee utilize compensation survey information provided by various companies including Mercer Human Resource Consulting Ltd. ("**Mercer**"), an independent human resource consulting firm, in addition to other compensation information obtained by the CEO and the Compensation and Nominating Committee from public disclosure documents of comparable issuers. The Corporation accesses Mercer's survey results periodically. Information provided by Mercer is based on Mercer's annual survey of compensation practices within the Canadian oil and gas industry, which reflects the prior fiscal year's compensation determinations. In addition, the Compensation and Nominating Committee reviews compensation information available in the public domain with respect to companies considered to be in the Corporation's peer group. In selecting a benchmarking group for comparison purposes, the CEO and the Compensation and Nominating Committee consider the entities with which the Corporation competes for talent and, from that group, selects benchmarking group members based on a comparison of broad corporate measures such as annual production, annual revenue and number of employees.

Currently, the entities included in the Corporation's benchmarking peer group are: Advantage Energy Ltd., Baytex Energy Corp., Birchcliff Energy Ltd., Nuvista Energy Ltd., Paramount Resources Ltd., Spartan Delta Corp., Crew Energy Inc., Pipestone Energy Corp., Tourmaline Oil Corp. and Vermilion Energy Inc.

The CEO is responsible for making recommendations to the Compensation and Nominating Committee with respect to compensation levels for all executive officers, other than the CEO. In making such recommendations, the CEO analyzes a number of factors including the performance of the individual executive officer, level of responsibility, experience, expertise and the leadership role undertaken. The CEO's compensation is determined by the Board upon recommendation by the Compensation and Nominating Committee. A description of each element of the Corporation's compensation, as well as a detailed description of the CEO's compensation is set forth below.

#### ***Base Salaries***

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer's or employee's primary duties and responsibilities. The Corporation's policy is that salaries for its executive officers and other employees are competitive within its industry and generally set at the median salary level among entities its size. The rationale, as set forth above, is to focus compensation on variable or performance based compensation.

#### ***Option Plan***

In adopting the Option Plan, the Board considered the compensation arrangements of its peer group relative to the Corporation's compensation practices. The Board made the decision to adopt the Option Plan, as opposed to continuing to utilize the cash-based Market Component (as described below), to ensure that the Corporation's compensation practices are aligned with the Corporation's current asset base, head count and operations, to eliminate the complexity of the Market Component, to shift towards long term securities-based incentive awards and to focus the organization on shareholder return and per share performance metrics.

Since approval of the Option Plan by shareholders at the Corporation's annual and special shareholder meeting held May 9, 2019, the Option Plan has replaced the Market Component and the Corporation will not make any further grants under the Market Component.

As the Option Plan is a "rolling" share option plan, the issuance of any common shares, including on the exercise of any options granted under the Option Plan, will create additional unallocated grants available for re-issuance under the Option Plan.

The maximum number of common shares that may be issued under all security based compensation arrangements of the Corporation, being the Option Plan and the DSU Plan, is currently 17,479,282 common shares, representing 10% of the number of issued and outstanding common shares as at the date hereof. Currently, there are 8,975,754 options to acquire common shares outstanding and 230,591 deferred share units ("**DSUs**") outstanding. Up to 8,272,937 common shares are available for future grants under the Option Plan, the DSU Plan and all other security based compensation arrangements, based on the number of outstanding awards under each of the Option Plan and the DSU Plan as at March 28, 2023.

### *Description of the Option Plan*

The full text of the Option Plan is attached to the Corporation's information circular – proxy statement dated March 23, 2022 as Schedule "A". The following is a summary of certain key provisions of the Option Plan. This summary is subject to, and qualified by, the specific provisions of the Option Plan. Capitalized terms used in the summary below and defined in the Option Plan have the meanings given to them in the Option Plan.

The Option Plan permits the granting of options to officers, employees of and consultants to, the Corporation and its subsidiaries, and other persons who provide ongoing management and consulting services to the Corporation and its subsidiaries. The Option Plan limits the number of common shares that may be subject to options granted and outstanding under the Option Plan and any other security based compensation arrangements established by the Corporation at 10% of the outstanding common shares from time to time.

Options granted pursuant to the Option Plan have a term as determined by the Board and vest in such manner as determined by the Board. Options which expire during a blackout period (as defined in the Option Plan) or within nine business days following the expiration of a blackout period, shall be extended for a period of ten business days after the end of such blackout period. Options granted under the Option Plan are non-transferable and non-assignable. The Option Plan does not provide for or contemplate the provision of financial assistance to facilitate the exercise of options and the issuance of common shares. The exercise price of options granted is determined by the Board at the time of grant provided that if at such time the common shares are listed on a stock exchange, the exercise price shall not be less than the volume weighted average trading price per common share on the stock exchange, for the last five (5) consecutive trading days immediately prior to the date of grant or such other minimum price that may be prescribed by such exchange.

The number of common shares that may be issued under the Option Plan are subject to the following additional limitations: (i) the aggregate number of common shares that may be issued pursuant to the exercise of Options awarded under the Option Plan and all other established or proposed share compensation arrangements of the Corporation shall not exceed 10% of the outstanding common shares; (ii) the number of common shares reserved for issuance at any time, pursuant to the Option Plan and all other established or proposed security based compensation arrangements of the Corporation, to Insiders (as defined in the Option Plan) of the Corporation shall not exceed 10% of the outstanding common shares; (iii) the number of common shares reserved for issuance to Insiders within any one year, period pursuant to the Option Plan and all other established or proposed security based compensation arrangements of the Corporation, shall not exceed 10% of the outstanding common shares; and (iv) the number of common shares issued within one year, pursuant to the Option Plan and all other established or proposed security based compensation arrangements of the Corporation, to any one Insider and such Insider's associates shall not exceed 10% of the outstanding common shares.

In case of death of an optionee, options terminate on the date determined by the Board which may not be more than 12 months from the date of death and, if the optionee ceases to be an officer or employee of, or to provide ongoing management or consulting services to, the Corporation, options terminate on the expiry of a period not in excess of six months as determined by the Board at the time of grant. In each case, the optionee is entitled to exercise those options that the optionee was entitled to exercise on the date of death or the date the optionee ceased to be an officer, or employee of, or to provide ongoing management or consulting services to, the Corporation, as the case may be. An optionee may make an offer ("**Surrender Offer**") to the Corporation, at any time, for the disposition and surrender by the optionee to the Corporation of any options granted for an amount in cash or in common shares equal to the difference between closing price of the Common Shares on the TSX on the date the Options are surrendered to the Corporation (provided that if the Common Shares are not then listed and posted for trading on stock exchange, then the Surrender Price shall be determined by the Board in its sole discretion acting reasonably and in good faith) and the exercise price of such options and the Corporation may, but is not obligated to, accept the Surrender Offer.

If approved by the Board, options may provide that, whenever the shareholders receive a take-over proposal (a "**Take-over Proposal**"), such option may be exercised as to all or any of the common shares in respect of which such option has not previously been exercised (including in respect of common shares not otherwise vested at such time) by the optionee, but any such option not otherwise vested and deemed only to have vested in accordance with the foregoing may only be exercised for the purposes of tendering to such Take-over Proposal.

In the event of a change of control (as defined in the Option Plan) prior to the expiry date of any outstanding option: (i) an optionee is terminated without cause in connection with such change of control or within the six (6) months following a change of control, all options held by the optionee shall vest and the optionee shall, if such termination occurs prior to, or

at, the effective time of such change of control, be entitled to exercise all options held by the optionee until immediately prior to the effective time of such change of control (or such other time as may be designated by the Board) and, if such termination period occurs following such change of control, the optionee shall be entitled to exercise all options held by such optionee until the date that is 90 days after the optionee's termination date, all options which have not been exercised prior to the required dates as set forth in the Option Plan shall become null and void and all rights to receive common shares thereunder shall be forfeited by the optionee; or (ii) within six (6) months following a change of control, the optionee voluntarily resigns for an event or events which constitute good reason (as defined in the Option Plan), all options held by the optionee shall vest and the optionee shall be entitled to exercise all options held by such optionee until the date that is 90 days after the optionee's termination date and after such date all options which have not been exercised shall become null and void and all rights to receive common shares thereunder shall be forfeited by the optionee.

The Option Plan contains standard adjustment and anti-dilution provisions for changes in the capital structure of the Corporation.

Additionally, the Option Plan contains a "cashless exercise" feature, which provides that, unless the Board determines otherwise at any time, an option holder may elect to exercise an option by surrendering such option in exchange for the issuance of common shares equal to the number determined by dividing (i) the difference between the market price on the date of exercise and the exercise price of such option by (ii) the market price of the common shares at the date of exercise. If a holder utilizes this "cashless exercise" feature, the full number of common shares underlying the options exercised will be deducted from the number of common shares reserved for issuance under the Option Plan.

The Board may make certain amendments to the Option Plan or discontinue the Option Plan at any time without the consent of the participants as permitted by the provisions of the Option Plan and, if required, subject to the approval by any exchange on which the common shares are listed. However, the Board may not amend the Option Plan without shareholder approval with respect to: (i) increasing the number of common shares reserved for issuance under the Option Plan and all other established or proposed security based compensation arrangements of the Corporation; (ii) increasing the number of common shares reserved for issuance to Insiders or issuable to Insiders in any one year period as set forth in the Option Plan; (iii) reduce the Exercise Price of any option granted pursuant to the Option Plan; (iv) extend the expiry date of any outstanding options other than as permitted in the Option Plan; (v) make any amendment that would reduce the Exercise Price of an outstanding option (including a cancellation and reissue of an option that constitutes a reduction in Exercise Price; (vi) permit a holder of options to transfer or assign options to a new beneficial holder, other than for estate settlement purposes; or (vii) any amendments to the amendments section of the Option Plan. Other than as listed above, the Corporation may make such amendments to the Option Plan and any options granted thereunder without the approval of shareholders in accordance with the provisions of the Option Plan.

Options are granted throughout the year and vest one-third (1/3) on each of the first, second and third anniversaries from the date of grant. At the time of vesting, recipients have 30 days to exercise options after which any unexercised options are expired. See "*Statement of Executive Compensation – Securities Authorized for Issuance Under Equity Compensation Plans – Annual Burn Rate Under Equity Compensation Plans*".

#### ***Reserves/Value Based Bonus***

The principal purpose of the Value Component is to advance the interests of Peyto by providing for bonuses for key employees of Peyto who are designated as participants thereunder. The overriding philosophy of the Value Component is to reward participants annually for accretive oil and natural gas reserve value growth, which is a result of Peyto's exploration and development program. The Value Component is designed to recognize individual performance that has played a role in creating incremental value per common share but not to reward for increases in commodity prices. Peyto believes that the change in value of the Corporation's proven producing reserves is the best measure of performance of an oil and gas company.

The Value Component is administered by the CEO, who selects the participants, other than the CEO, among key employees of Peyto and allocates participation points to each such participant. The amount of participation in the Value Component is not set in relation to any formula or specific criteria but is the result of a subjective determination by the CEO and is approved by the Compensation and Nominating Committee and the Board, with the use of the Corporation's independent engineering firm's calculation of the incremental value of the Corporation's proven producing reserves using the same constant price forecast for the opening and closing valuation and an 8% discount factor. This incremental value is adjusted for dividends, debt, equity, interest and general and administrative expenses in order to isolate the net incremental value added on a per share basis and assists the CEO in making their recommendation. Recommendations

regarding the allocations made by the CEO are reviewed by the Compensation and Nominating Committee. Allocations and payments made to the CEO are determined by the Board on the advice of the Compensation and Nominating Committee. Given the small number of employees at Peyto, this manner of allocation remains optimal.

Under the Value Component, the bonus pool is comprised of 4% of the annual incremental increase in value, if any, as adjusted to reflect changes in debt, equity, dividends, general and administrative expenses and interest expense, of the Corporation's proven producing reserves calculated using a discount rate of 8%, calculated on an after tax basis. The change in the Corporation's proven producing reserves is calculated on a calendar year basis. The Corporation's proven producing reserves are calculated by an independent oil and gas reservoir engineer, at the end of a fiscal year, using the previous year's unhedged realized commodity prices held constant for all calculations. The bonuses, if any, under the Value Component are paid in cash. Compensation expense with respect to the Value Component totalled \$5.6 million in 2022 (2021 – \$7.7 million).

### ***Prior Compensation Arrangements***

#### ***Market Component***

Since approval of the Option Plan by shareholders at the Corporation's annual and special shareholder meeting held May 9, 2019, the Option Plan has replaced the Market Component described below and the Corporation will not make any further grants under the Market Component. The following description of the Market Component is included in this information circular – proxy statement as there remain nil Rights outstanding under the Market Component.

Prior to the adoption of the Option Plan, at the beginning of each calendar year, the Board used its discretion to determine whether to award new Rights, the number of Rights to be awarded, if any, the vesting schedule of such Rights and the allocations. Such new Rights were granted effective January 1 and were issued at the Grant Price (as defined below). In certain circumstances, a new Service Provider may be granted Rights at the time they commenced providing services to Peyto, with the Grant Price of such Rights being the market price of the common shares at such time. All Rights that vested expire at the end of the year regardless of whether they are in the money or not.

The grant price (the "**Grant Price**") per Right is equal to the weighted average of the per common share closing price of common shares traded through the facilities of the TSX on the ten (10) consecutive trading days immediately preceding the date of grant of the Rights.

All Rights granted are valued at December 31 of the year of grant using the formula set forth below, but vest and are paid out equally over three (3) years. Each Right is valued at an amount equal to the sum of: (i) the weighted average of the per common share closing price of common shares traded through the facilities of the TSX on the ten (10) consecutive trading days immediately preceding the end of the calendar year less the Grant Price for such Right; and (ii) the amount of dividends declared by Peyto per common share from the grant date to the date of valuation. If the Grant Price of such Rights exceeds the value of the Rights on the vesting date, the Market Component is not paid to such holder of Rights for that period. All previously issued Rights under the Market Component have been cancelled as a result of the applicable Grant Price exceeding the value of such Rights on the applicable vesting date.

#### ***2019 Market Based Bonus Plan***

As a result of the transition to securities based incentive awards and the adoption of the Option Plan, the Board approved the issuance of common shares on settlement of the Rights granted on January 1, 2019, all pursuant to the terms of the 2019 Market Based Bonus Plan. In order to set the terms of the issuance of common shares pursuant to the Rights and to comply with the rules of the TSX regarding securities based compensation plans, the Board adopted the 2019 Market Based Bonus Plan.

The purpose of the 2019 Market Based Bonus Plan was to provide officers, consultants, employees and other service providers, as applicable (all of which are hereinafter called "**Service Providers**"), of Peyto with an opportunity to be issued Rights, as designated from time to time by the Board, the future value of which is based on the market value of the common shares and the dividends paid to shareholders. The 2019 Market Based Bonus Plan provided an increased incentive for these Service Providers to contribute to the future success of Peyto, thus enhancing the value of the common shares for the benefit of all the shareholders.

The grant price (the "**2019 Plan Grant Price**") per Right was equal to the volume weighted average of the per common share closing price of common shares traded through the facilities of the TSX on the ten (10) consecutive trading days immediately preceding January 1, 2019, which was \$7.23.

The Rights granted under the 2019 Market Based Bonus Plan vested as to one-third (1/3) of the total number of Rights granted to a Grantee pursuant to the 2019 Market Based Bonus Plan on each of December 31, 2019, 2020 and 2021 (each, a "**Vesting Date**"). Each vested right was valued on the Vesting Date (subject to any black-out period extension as set forth in the 2019 Market Based Bonus Plan) at an amount (the "**Vesting Value**") equal to the sum of: (i) the volume weighted average trading price per common share on the TSX for the ten (10) consecutive trading days immediately preceding the Vesting Date (the "**Valuation Price**") less the 2019 Plan Grant Price for such Right; and (ii) the amount of dividends declared by the Corporation per common share from January 1, 2019 to the Vesting Date. If, on the applicable Vesting Date, the Valuation Price was less than the 2019 Plan Grant Price, no amount was payable to the Grantees and the vested Rights expired on such date.

If, on the applicable Vesting Date, the Valuation Price was greater than the 2019 Plan Grant Price, the vested Rights became subject to payment by the Corporation (subject to any black-out period extension as set forth in the 2019 Market Based Bonus Plan), in its sole and absolute discretion, by any of the following methods, or by a combination of such methods: (i) payment in cash; (ii) payment in common shares acquired by the Corporation on the TSX; or (iii) if approved by the Board, payment in common shares issued from treasury of the Corporation.

As at the date hereof, no Rights remain outstanding under the 2019 Market Based Bonus Plan and no further rights will be issued thereunder.

### ***CEO Compensation***

The compensation of the CEO is reviewed annually and determined by the Board as a whole on the recommendation of the Compensation and Nominating Committee. The level of CEO compensation is determined by the Board considering all factors which they deem appropriate, including chief executive officer salaries for companies of comparable size, industry, geography and complexity. The grant of incentive awards is determined by the Board, upon recommendation of the Compensation and Nominating Committee, based on consideration such as the Corporation's overall performance, relative shareholder returns and/or other relevant factors.

Mr. Lachance was appointed as CEO of the Corporation on January 1, 2023 upon Mr. Darren Gee's retirement. Mr. Gee's total reported compensation and total realized compensation (amounts actually paid) for the years ended December 31, 2018 to 2022 is highlighted below.

<b>Compensation Component</b>	<b>2018 (\$)</b>	<b>2019 (\$)</b>	<b>2020 (\$)</b>	<b>2021 (\$)</b>	<b>2022 (\$)</b>
Base Salary	285,000	285,000	289,300	325,000	330,900
Market Component Paid in the Year <sup>(1)</sup>	1,341,983	-	-	-	-
Value Component	175,000	-	-	600,000	400,000
Fair Value of Rights Granted in the Year	445,667	452,134	-	-	-
Fair Value of Options Granted in the Year	-	758,781	559,418	389,186	-
<b>Total Reported Compensation</b>	<b>2,247,650</b>	<b>1,495,915</b>	<b>848,718</b>	<b>1,314,186</b>	<b>730,900</b>
<b>Percentage at Risk</b>	<b>87%</b>	<b>81%</b>	<b>66%</b>	<b>75%</b>	<b>55%</b>

Note:

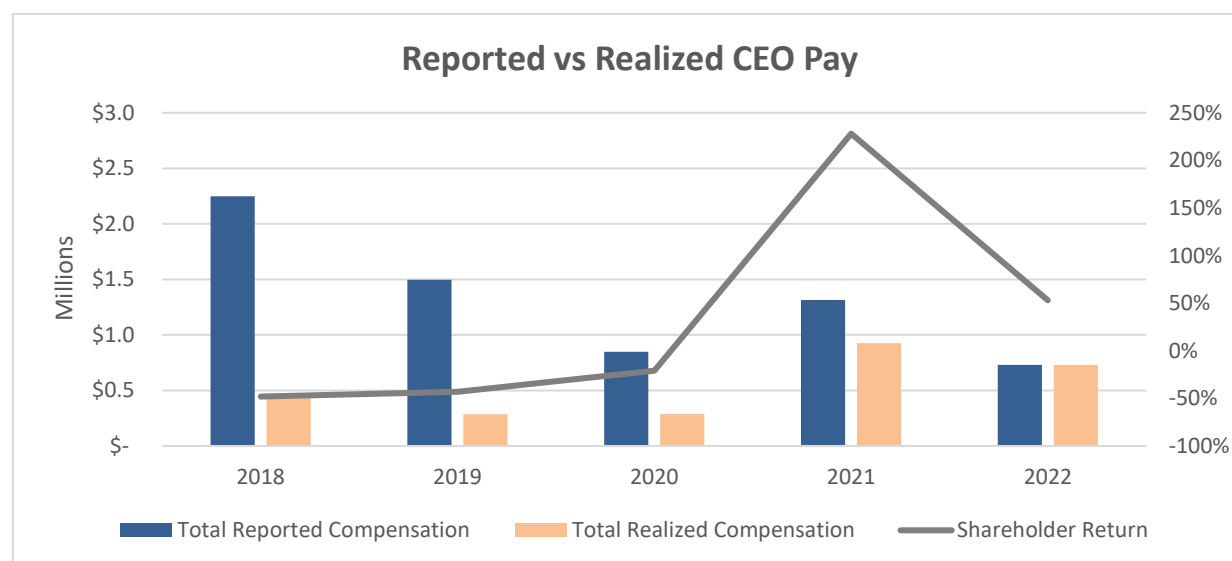
(1) The Market Component was discontinued as of December 31, 2018.

Compensation Component	2018 (\$)	2019 (\$)	2020 (\$)	2021 (\$)	2022 (\$)
Base Salary	285,000	285,000	289,300	325,000	330,900
Market Component <sup>(1)</sup>	-	-	-	-	-
Value Component	175,000	-	-	600,000	400,000
Actual Value of Rights Granted in the Year <sup>(2)</sup>	-	-	-	-	-
Actual Value of Options and Rights Vested and In-the-Money <sup>(3)</sup>	-	-	-	-	-
<b>Total Realized Compensation</b>	<b>460,000</b>	<b>285,000</b>	<b>289,300</b>	<b>925,000</b>	<b>730,900</b>

Notes:

- (1) The Market Component is excluded as this amount is paid out over three years of the actual value of the Rights granted in the year. The Market Component was discontinued as of December 31, 2018.
- (2) The actual value of Rights is included in the year of grant despite Rights being paid out over a three year period (see "Statement of Executive Compensation – Compensation Discussion and Analysis – Prior Compensation Arrangements - Market Based Bonus"). The Market Component was discontinued as of December 31, 2018.
- (3) Represents the actual value of Rights and options which vested and were in-the-money at the end of the year. Pursuant to the Corporation's equity compensation plans, any Rights or options which vest and are out-of-the-money are immediately forfeited for no consideration and cancelled. See "Statement of Executive Compensation – Compensation Discussion and Analysis – Option Plan", "– Prior Compensation Arrangements – Market Component" and "– Prior Compensation Arrangements – 2019 Market Based Bonus Plan" above for further details.

The chart below compares Mr. Gee's reported compensation and realized compensation that occurs over time. Amounts in the table below are recognized in the year of grant and not in the year paid to compare reported compensation with realized compensation (amounts actually paid and the fair market value of outstanding Rights).



Notes:

- (1) Total Reported Compensation and Total Realized Compensation include salaries and other compensation on an annualized basis for comparative purposes.
- (2) Realized Compensation includes actual salaries, Value Component, actual value of options and Rights under the 2019 Market Based Bonus Plan which vested and were in-the-money at the end of the year and the cash value of Rights granted in the year (see "Statement of Executive Compensation – Compensation Discussion and Analysis – Prior Compensation Arrangements – Market Based Bonus"). The Market Component was discontinued as of December 31, 2018.

As of December 31, 2022, Mr. Gee held 2,323,192 common shares, representing a value of \$32.2 million (based on the closing price of the common shares on the TSX on December 30, 2022, being \$13.87), 268,700 options representing a value of \$2.5 million (based on the closing price of the common shares on the TSX on December 30, 2022, being \$13.87) and did not hold any other securities exercisable or convertible into common shares.

***Three Year Named Executive Officer Compensation Versus Financial Measures***

Over the past three years total Named Executive Officer (as defined below) compensation has increased and such increases consisted almost entirely of long-term incentives. Total Named Executive Officer compensation remains a relatively small percentage of both the Corporation's funds from operations and enterprise value.

	2020	2021	2022
<b>Total Named Executive Officer Compensation (millions)<sup>(1)</sup></b>	\$3.3	\$6.3	\$9.0
<b>Funds from Operations (millions)</b>	\$212.7	\$469.7	\$827.6
<b>Named Executive Officer Compensation as a % of Funds from Operations</b>	2%	1%	1%
<b>Enterprise Value (billions)</b>	\$1.7	\$2.7	\$3.3
<b>Named Executive Officer Compensation as a % of Enterprise Value</b>	0.2%	0.2%	0.3%
<b>Shareholder Return (annual)</b>	(23)%	228%	53%

Note:

- (1) For further details, see Note 7 to the table under the heading "Statement of Executive Compensation – Summary Compensation Table" below.

***Compensation Consultant or Advisor***

At no time in the previous two completed financial years of the Corporation, has a compensation consultant or advisor been formally retained by the Corporation to assist the Board or the Compensation and Nominating Committee to review the compensation of the executive officers of the Corporation. In 2022, however, the Compensation and Nominating Committee engaged Mercer to advise on employee compensation and incentive plan design. Fees billed by Mercer (no other compensation consultants or advisors were retained) to the Corporation in 2021 and 2022, are detailed below.

	December 31, 2022 (\$)	December 31, 2021 (\$)
Employee Compensation Related Fees	49,275	Nil
All Other Fees <sup>1</sup>	27,825	Nil
Total	77,100	Nil

- (1) Other fees are related to the performance peer group constituents and calculation.

***Anti-Hedging Policy and Other Restrictions on Trading Activities***

The Corporation has adopted a Joint Disclosure, Confidentiality & Trading Policy which, among other things, ensures that executives and directors cannot participate in speculative activity related to the Corporation's securities to artificially protect themselves against declines in share price. The Joint Disclosure, Confidentiality & Trading Policy provides that executive officers and directors are prohibited, at any time, from: (i) entering into a sale of the Corporation's securities that they do not own or have a right to own (a speculative practice, called "selling short", which is done in the belief that the price of a stock is going to fall and the seller will then be able to cover the sale by buying the stock back at a lower price); and (ii) selling a "call option" or buying a "put option" in respect of any the Corporation's securities (as such persons could profit from the Corporation's stock price falling). Executive officers and directors are also prohibited from participating in equity monetization transactions involving any the Corporation's securities that are part of the Corporation's long-term incentive programs which have not vested or the common shares that constitute part or all of the Corporation's requirements under the Corporation's minimum share ownership guidelines. Executive officers and directors are also strictly prohibited from entering into any equity monetization transaction that is the equivalent of "selling short".

### ***Clawback Policy (Recoupment of Incentive Compensation)***

The Corporation has adopted a policy regarding recoupment of any incentive payment (including cash payments, and when applicable, Rights granted under the Market Component or the 2019 Market Based Bonus Plan and options granted under the Option Plan, and the common shares issuable on exercise or vesting thereof, as the case may be), to an executive officer where:

- the payment or grant was predicated upon achieving certain financial results that were subsequently the cause of a substantial restatement of the Corporation's financial statements;
- the Board determines the executive officer engaged in gross negligence, intentional misconduct or fraud that caused or substantially caused the need for substantial restatement of the Corporation's financial statements; and
- a lower incentive compensation payment or grant would have been made to the executive officer based upon the restated financial results.

In such circumstances, the Corporation will seek to recover from such executive officer, in the case of cash incentive payments, the amount by which that executive officer's incentive payments for the relevant period exceeded the lower payment that would have been made based on the restated financial results and in the case of equity incentive awards, the number of equity incentive awards by which the executive officer's grant for the relevant period exceeded the lower number of equity incentive awards that would have been granted based on the restated financial results.

Additionally, under the policy in the event that any executive officer is found to have engaged in intentional misconduct, fraud, theft or embezzlement, the Board may in its discretion, to the full extent permitted by applicable laws and to the extent it determines that it is in best interests of Peyto to do so, require the reimbursement of some or all of the after-tax amount of any incentive compensation already paid or awarded in the previous 24 months or forfeiture of any vested or unvested incentive compensation awards regardless of whether or not a restatement of the financial statements of the Corporation has occurred or is required.

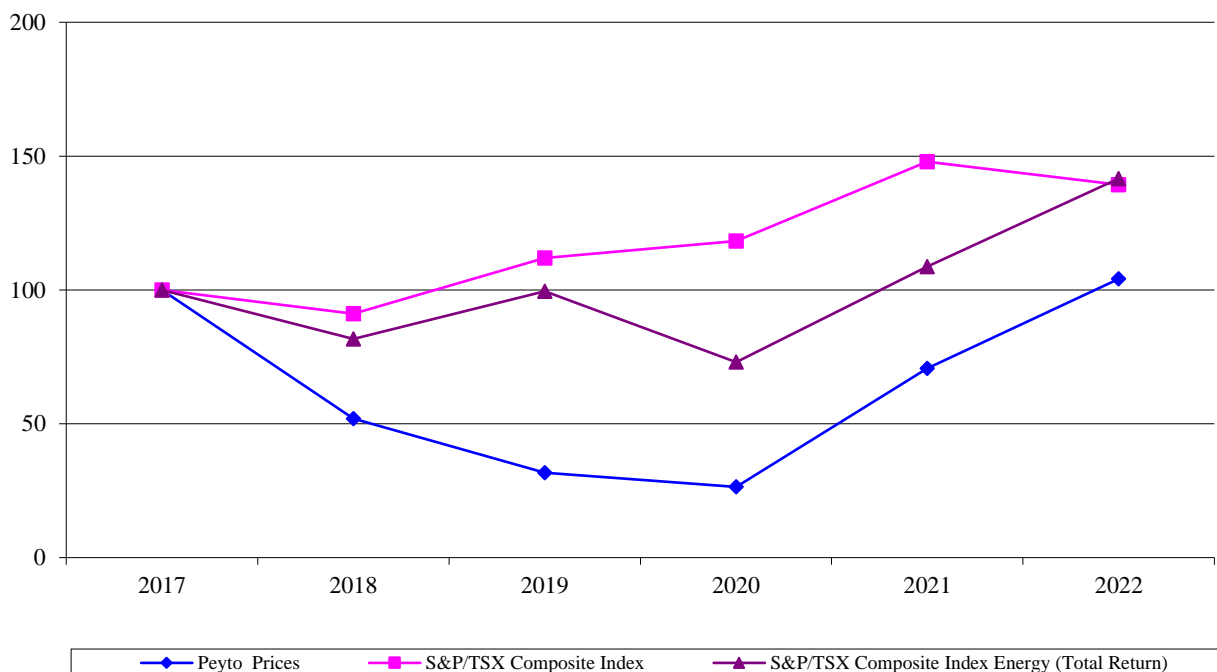
### ***Summary***

The Board believes that generating long-term shareholder value is enhanced by compensation based upon corporate performance achievements. Through the programs described above, a significant portion of the compensation for all employees, including executive officers, is based on corporate performance and generating shareholder value, as well as industry-competitive pay practices.

### **Performance Graph**

The following graph illustrates the Corporation's five year cumulative shareholder return, as measured by the closing price of the common shares at the end of each financial year, assuming an initial investment of \$100.00 on December 31, 2018, compared to the S&P/TSX Composite Index and the S&P TSX Composite Index Energy, assuming the reinvestment of dividends where applicable.





	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022
Payto Exploration & Development Corp.	52	32	26	71	104
S&P/TSX Composite Index <sup>(1)</sup>	91	112	118	148	139
S&P/TSX Composite Index Energy (Sector) <sup>(1)</sup>	82	99	73	109	142

Note:

(1) Total Return Index.

As the price of common shares at year-end is a determining factor regarding the payment of the Market Component, the total compensation of the Named Executive Officers is affected by increases and decreases in the price of the common shares.

### Summary Compensation Table

The following table sets forth for the years ended December 31, 2022, December 31, 2021 and December 31, 2020 information concerning the compensation paid to the CEO and Chief Financial Officer ("CFO") and each of the three other most highly compensated executive officers at the end of each of the years ended December 31, 2022, December 31, 2021 and December 31, 2020 whose total compensation was more than \$150,000 (each a "Named Executive Officer" and collectively, the "Named Executive Officers").

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation <sup>(2)</sup>	Total Compensation (\$) <sup>(3)</sup>
					Annual Incentive Plans	Long-Term Incentive Plans			
Darren Gee Former Chief Executive Officer <sup>(4)</sup>	2022	330,900	N/A	-	400,000	-	N/A	-	730,900
	2021	325,000	N/A	389,186	600,000	-	N/A	-	1,314,186
	2020	289,300	N/A	559,418	-	-	N/A	-	848,718

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation <sup>(2)</sup>	Total Compensation (\$) <sup>(3)</sup>
					Annual Incentive Plans	Long-Term Incentive Plans			
Kathy Turgeon Vice President and Chief Financial Officer	2022	259,600	N/A	1,399,431	250,000	-	N/A	-	1,909,031
	2021	250,400	N/A	491,983	350,000	-	N/A	-	1,092,383
	2020	233,500	N/A	326,907	-	-	N/A	-	560,407
Jean-Paul Lachance President and Chief Executive Officer (formerly President and Chief Operating Officer) <sup>(4)</sup>	2022	300,300	N/A	1,752,825	400,000	-	N/A	-	2,453,125
	2021	272,000	N/A	647,175	540,000	-	N/A	-	1,459,175
	2020	253,800	N/A	485,050	-	-	N/A	-	738,850
Lee Curran Vice President, Drilling and Completions	2022	254,500	N/A	1,399,431	300,000	-	N/A	-	1,953,931
	2021	240,000	N/A	504,922	425,000	-	N/A	-	1,169,922
	2020	223,300	N/A	344,558	-	-	N/A	-	567,858
Scott Robinson Vice President, Business Development	2022	259,600	N/A	1,399,431	300,000	-	N/A	-	1,953,931
	2021	251,700	N/A	527,990	425,000	-	N/A	-	1,204,690
	2020	248,700	N/A	296,477	-	-	N/A	-	545,177

Notes:

- (1) Represents options issued pursuant to the Option Plan. The grant date fair value for compensation purposes is calculated using Black-Scholes pricing methodology. Key assumptions used in the pricing model for 2022 were: expected volatility: 2022 – 54.96%; risk-free interest rate: 2022 – 2.76%; and weighted average life: 2022 – 2 years. Key assumptions used in the pricing model for 2021 were: expected volatility: 2021 – 57.59%; risk-free interest rate: 2021 – 1.10%; and weighted average life: 2021 – 2 years. Key assumptions used in the pricing model for 2020 were: expected volatility: 2020 – 48.12%; risk-free interest rate: 2020 – 1.10%; and weighted average life: 2020 – 2 years. The Black-Scholes pricing methodology was selected due to its acceptance as an appropriate valuation model used by similar sized oil and gas companies.
- (2) The value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the Named Executive Officer's total salary for the financial year.
- (3) Total compensation includes both cash and non-cash amounts (as set out under "Incentive Plan Awards"). The following table outlines the total cash compensation amounts for each Named Executive Officer:

Named Executive Officer	Total Cash Compensation for 2020 (\$)	Total Cash Compensation for 2021 (\$)	Total Cash Compensation for 2022 (\$)
Darren Gee	289,300	925,000	730,900
Kathy Turgeon	233,500	600,400	509,600
Jean-Paul Lachance	253,800	812,000	700,300
Lee Curran	243,600	671,500	554,500
Scott Robinson	248,700	676,700	559,600

- (4) Mr. Gee served as Chief Executive Officer until his retirement on January 1, 2023 and Mr. Lachance was appointed Chief Executive Officer (in addition to President) effective on such date.

### Incentive Plan Awards

Please see discussion under "Compensation Discussion and Analysis – Option Plan", "Compensation Discussion and Analysis – Reserves/Value Based Bonus", "Compensation Discussion and Analysis – Prior Compensation Arrangements – Market Based Bonus", "Compensation Discussion and Analysis – Prior Compensation Arrangements – 2019 Market Based Bonus Plan" and "Statement of Executive Compensation – Directors' Compensation – DSU Plan" for a description of the Corporation's incentive plan awards.

***Outstanding Share-Based Awards and Option-Based Awards***

The following table sets forth for each Named Executive Officer all options outstanding at the end of the year ended December 31, 2022. The Corporation does not have any share-based awards.

**Outstanding Option-Based Awards**

Name	Options	Exercise Price	Option Expiration Date	Value In the Money
Darren Gee	22,000	\$1.91	31-Jan-2023	\$263,120
	23,000	\$2.79	31-Jan -2023	\$254,840
	66,000	\$2.92	31-Jan-2023	\$722,700
	22,000	\$3.03	31-Jan-2023	\$238,480
	23,700	\$3.75	31-Jan-2023	\$239,844
	30,000	\$5.92	31-Jan-2023	\$238,500
	30,000	\$5.92	31-Jan -2023	\$238,500
	52,000	\$6.53	31-Jan -2023	\$381,680
Kathy Turgeon	14,200	\$1.91	07-Aug-2023	\$169,832
	15,000	\$2.79	18-Dec-2023	\$166,200
	22,000	\$2.92	31-Jan-2023	\$240,900
	22,000	\$2.92	31-Jan-2024	\$240,900
	14,200	\$3.03	19-Sep-2023	\$153,928
	13,900	\$3.75	31-Jan-2023	\$140,668
	20,100	\$5.92	19-Jun-2023	\$159,795
	20,100	\$5.92	19-Jun-2024	\$159,795
	18,000	\$6.53	19-Sep-2023	\$132,120
	18,000	\$6.53	19-Sep-2024	\$132,120
	28,000	\$9.49	31-Jan-2023	\$122,640
	28,000	\$9.49	31-Jan-2024	\$122,640
	28,000	\$9.49	31-Jan-2025	\$122,640
	23,333	\$11.26	17-Dec-2023	\$60,899
	23,334	\$11.26	17-Dec-2024	\$60,902
	28,000	\$12.84	18-Sep-2023	\$28,840
	28,000	\$12.84	18-Sep-2024	\$28,840
	28,000	\$12.84	18-Sep-2025	\$28,840
	27,867	\$14.22	19-Jun-2023	Nil
	27,866	\$14.22	19-Jun-2024	Nil
27,867	\$14.22	19-Jun-2025	Nil	
31,000	\$14.58	18-Dec-2023	Nil	
31,000	\$14.58	18-Dec-2024	Nil	
31,000	\$14.58	18-Dec-2025	Nil	
Jean-Paul Lachance	21,000	\$1.91	07-Aug-2023	\$251,160
	22,000	\$2.79	18-Dec-2023	\$243,760
	30,000	\$2.92	31-Jan-2023	\$328,500
	30,000	\$2.92	31-Jan-2024	\$328,500
	21,000	\$3.03	19-Sep-2023	\$227,640
	20,000	\$3.75	31-Jan-2023	\$202,400
	27,400	\$5.92	19-Jun-2023	\$217,830
	27,400	\$5.92	19-Jun-2024	\$217,830
	23,500	\$6.53	19-Sep-2023	\$172,490
	23,500	\$6.53	19-Sep-2024	\$172,490
	35,000	\$9.49	31-Jan-2023	\$153,300
	35,000	\$9.49	31-Jan-2024	\$153,300
	35,000	\$9.49	31-Jan-2025	\$153,300
	30,000	\$11.26	17-Dec-2023	\$78,300
	30,000	\$11.26	17-Dec-2024	\$78,300
	35,000	\$12.84	18-Sep-2023	\$36,050
35,000	\$12.84	18-Sep-2024	\$36,050	

	35,000	\$12.84	18-Sep-2025	\$36,050
	34,834	\$14.22	19-Jun-2023	Nil
	34,833	\$14.22	19-Jun-2024	Nil
	34,833	\$14.22	19-Jun-2025	Nil
	39,000	\$14.58	18-Dec-2023	Nil
	39,000	\$14.58	18-Dec-2024	Nil
	39,000	\$14.58	18-Dec-2025	Nil
Lee Curran	14,000	\$1.91	07-Aug-2023	\$167,440
	15,000	\$2.79	18-Dec-2023	\$166,200
	23,000	\$2.92	31-Jan-2023	\$251,850
	23,000	\$2.92	31-Jan-2024	\$251,850
	14,000	\$3.03	19-Sep-2023	\$151,760
	13,900	\$3.75	31-Jan-2023	\$140,668
	21,000	\$5.92	19-Jun-2023	\$166,950
	21,000	\$5.92	19-Jun-2024	\$166,950
	19,000	\$6.53	19-Sep-2023	\$139,460
	19,000	\$6.53	19-Sep-2024	\$139,460
	28,000	\$9.49	23-Mar-2023	\$122,640
	28,000	\$9.49	31-Jan-2024	\$122,640
	28,000	\$9.49	31-Jan-2025	\$122,640
	23,333	\$11.26	17-Dec-2023	\$60,899
	23,334	\$11.26	17-Dec-2024	\$60,902
	28,000	\$12.84	18-Sep-2023	\$28,840
	28,000	\$12.84	18-Sep-2024	\$28,840
	28,000	\$12.84	18-Sep-2025	\$28,840
	27,867	\$14.22	19-Jun-2023	Nil
	27,867	\$14.22	19-Jun-2024	Nil
	27,866	\$14.22	19-Jun-2025	Nil
	31,000	\$14.58	18-Dec-2023	Nil
	31,000	\$14.58	18-Dec-2024	Nil
	31,000	\$14.58	18-Dec-2025	Nil
Scott Robinson	16,000	\$1.91	07-Aug-2023	\$191,360
	17,000	\$2.79	18-Dec-2023	\$188,360
	25,000	\$2.92	31-Jan-2023	\$273,750
	25,000	\$2.92	31-Jan-2024	\$273,750
	16,000	\$3.03	19-Sep-2023	\$173,440
	16,500	\$3.75	31-Jan-2023	\$166,980
	22,800	\$5.92	19-Jun-2023	\$181,260
	22,800	\$5.92	19-Jun-2024	\$181,260
	20,500	\$6.53	19-Sep-2023	\$150,470
	20,500	\$6.53	19-Sep-2024	\$150,470
	28,000	\$9.49	31-Jan-2023	\$122,640
	28,000	\$9.49	31-Jan-2024	\$122,640
	28,000	\$9.49	31-Jan-2025	\$122,640
	23,334	\$11.26	17-Dec-2023	\$60,900
	23,334	\$11.26	17-Dec-2024	\$60,900
	28,000	\$12.84	18-Sep-2023	\$28,840
	28,000	\$12.84	18-Sep-2024	\$28,840
	28,000	\$12.84	18-Sep-2025	\$28,840
	27,867	\$14.22	19-Jun-2023	Nil
	27,867	\$14.22	19-Jun-2024	Nil
	27,867	\$14.22	19-Jun-2025	Nil
	31,000	\$14.58	18-Dec-2023	Nil
	31,000	\$14.58	18-Dec-2024	Nil
	31,000	\$14.58	18-Dec-2025	Nil

Notes:

- (1) Options granted to date vest as to 1/3 on each of the first, second and third anniversaries of grant and expire 30 business days following their vesting date if not otherwise exercised. In accordance with the Option Plan, options that are cancelled, surrendered, terminated or expire prior to the exercise of all or a portion thereof shall result in the common shares that were reserved for issuance thereunder being available for a subsequent grant of options pursuant to the Option Plan to the extent of any common shares issuable thereunder that are not issued under such cancelled, surrendered, terminated or expired option. See "*Compensation Discussion and Analysis – Option Plan*".
- (2) Calculated based on the closing market price of the common shares on December 30, 2022 (\$13.87) and the exercise price of the options.

***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth for each Named Executive Officer, the value of options and Rights which vested during the year ended December 31, 2022 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2022. All Rights issued pursuant to the 2019 Market Based Bonus Plan may be settled in common shares or cash, at the option of the Board. See "*Compensation Discussion and Analysis – Prior Compensation Arrangements – 2019 Market Based Bonus Plan*".

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year <sup>(2)</sup> (\$)
Darren Gee	3,691,587	N/A	400,000
Kathy Turgeon	2,331,153	N/A	250,000
Jean-Paul Lachance	3,391,917	N/A	400,000
Lee Curran	2,363,584	N/A	300,000
Scott Robinson	2,303,901	N/A	300,000

Notes:

- (1) The value of options is calculated based on the difference between the closing price of the common shares on the vesting date and the exercise price of the options multiplied by the options vested during the year.
- (2) Represents amounts paid pursuant to the Value Component. Such Rights are payable in cash only.

**Termination and Change of Control Benefits**

The Corporation has entered into executive employment agreements ("**Executive Employment Agreements**") with the following Named Executive Officers that provide for termination payments as described below. Additionally, the Option Plan, Market Component and Value Component provide for certain payments to be made to the Named Executive Officers in the event of a change of control of the Corporation.

***Termination by the Corporation for Just Cause***

The Corporation may terminate its employment agreement with any of the Named Executive Officers at any time for just cause and is then obligated to pay such Named Executive Officer's salary (and accrued and unused vacation and reimbursable expenses) through to the termination date.

Mr. Gee is no longer an executive officer of the Corporation and accordingly, is not entitled to any amounts in the event of termination pursuant to an Executive Employment Agreement, or otherwise, however the below summary of the Executive Employment Agreements is in respect of all Named Executive Officers as at December 31, 2022, which included Mr. Gee.

***Termination by the Corporation without Just Cause***

The Corporation may also terminate its employment agreement with any of the Named Executive Officers at any time for any reason other than just cause and is then obligated to pay to the applicable Named Executive Officers:

- (a) such Named Executive Officer's salary (and accrued and unused vacation and reimbursable expenses) through to the termination date;
- (b) in the event the Named Executive Officer has Rights that have not vested under the 2019 Market Based Bonus Plan, any of such Rights that would have vested in the twelve (12) months following the termination date had the Named Executive Officer's employment continued, shall accelerate and vest on the termination date and be settled in accordance with the 2019 Market Based Bonus Plan. Any other Rights granted under the 2019 Market Based Bonus Plan that are unvested on the termination date, and all unvested Rights pursuant to the Market Component, shall terminate and be forfeited on the termination date;
- (c) in the event that the termination date is following the completion of a calendar year, but prior to the payment of an annual reserves/value based cash bonus (the Value Component) for such completed calendar year, the Named Executive Officer shall be paid a cash bonus equal to the Average Bonus (as defined below); and
- (d) a retiring allowance equal to the Total Monthly Compensation (as defined below) times the Severance Multiplier (as defined below).

For the purposes of the Executive Employment Agreements:

"**Average Bonus**" means the average of the annual reserves/value based cash bonuses or other cash bonuses, if any, paid to the Named Executive Officer in respect of the five (5) calendar years prior to the termination date, provided that the Average Bonus shall not be greater than \$400,000 (\$500,000 for Mr. Lachance) nor less than \$100,000 (\$150,000 for Mr. Lachance).

"**Severance Multiplier**" means twelve (12) plus one (1) for each fully completed year of employment after the Named Executive Officer's start date, up to a maximum of twenty four (24).

"**Total Monthly Compensation**" means one-twelfth (1/12) of the sum of:

- (i) the Named Executive Officer's then annual salary;
- (ii) twenty (20%) percent of the Named Executive Officer's then annual salary for the loss of benefits and perquisites; and
- (iii) the Average Bonus.

***Resignation by the Executive***

The Named Executive may resign from the Named Executive Officer's employment on three (3) months advance notice and in such event the Corporation is obligated to pay such Named Executive Officer's salary (and accrued and unused vacation and reimbursable expenses) through to the termination date.

***Resignation by the Executive for Good Reason Following a Change of Control***

In the event of a change of control of the Corporation, and within 12 months of the change of control, there is an event or series of events that constitute "good reason", the Named Executive Officer may, following the event or series of events that constitute good reason, elect to terminate the Named Executive Officer's employment upon 30 days advance notice. In such event, the Corporation is obligated to pay to the Named Executive Officer the amount described above under "*Termination by the Corporation without Just Cause*" as would be payable to the Named Executive Officer if such person was terminated by the Corporation without just cause.

Each Executive Employment Agreement provides for confidentiality, non-competition and non-solicitation obligations standard to this type of employment agreement.

The table below provides details of the cash payment that would have been made under the Executive Employment Agreements to each of the Named Executive Officers and the value of accelerated Options and Rights (including under the Market Component and the Value Component) assuming the occurrence of a termination without just cause or in association with a change in control of the Corporation as of December 31, 2022.

Name	Cash Payment (\$) <sup>(1)</sup>	Value of Outstanding Options at December 31, 2022 <sup>(2)</sup> (\$)	Total Incremental Obligation (\$)
Darren Gee Former Chief Executive Officer	1,460,827	2,577,664	4,038,491
Kathy Turgeon Vice President and Chief Financial Officer	1,023,040	2,272,499	3,295,539
Jean-Paul Lachance President and Chief Executive Officer (formerly President and Chief Operating Officer)	1,347,387	3,087,250	4,434,637
Lee Curran Vice President, Drilling and Completions	1,094,133	2,318,829	3,412,962
Scott Robinson Vice President, Business Development	1,106,373	2,507,341	3,613,714

Notes:

- (1) Amounts payable if Named Executive Officer is terminated without just cause as described under "*Termination by the Corporation without Just Cause*" or resigns after change of control of the Corporation as described under "*Resignation by the Executive for Good Reason Following a Change of Control*".
- (2) Calculated based on the difference between the closing market price of the common shares on December 30, 2022 (\$13.87) and the exercise price of the options subject to accelerated vesting.

### Directors' Compensation

Peyto's compensation philosophy for directors is to attract and retain qualified individuals and ensure that their interests are aligned with Peyto's shareholders.

Each of the non-executive directors of Peyto receives an annual retainer plus expenses for attending meetings of the Board and committees thereof. The base retainers for each non-executive director of Peyto are \$135,000 per annum. Additionally, the Chairman of the Board is entitled to an additional \$60,000 annual fee, the Chairman of the Audit Committee is entitled to an additional \$20,000 annual fee and the Chairman of each of the Reserves, Health and Safety Committee, the Compensation and Nominating Committee and the Environmental, Social and Governance Committee is entitled to an additional \$10,000 annual fee. The retainers are payable monthly during each year of service. Half of the retainer is fixed and paid in cash, while the other half is variable and in the form of DSUs.

Prior to June 15, 2020, the variable portion was subject to the Multiplier. If shareholder value was increased during a given year, the variable portion of the directors' retainer would go up. Conversely, if shareholder value was decreased during the year, the variable portion would go down. The cash payments made to each non-executive director on June 15 of each year is adjusted up or down based on the Multiplier. It was expected that each director would use the after tax portion of the variable portion of their retainer to buy common shares on the TSX.

Commencing after June 15, 2020, the Multiplier variable portion of each directors' retainer was replaced with a quarterly payment of DSUs in accordance with the DSU Plan. For additional information regarding the DSU Plan, see "*Statement of Executive Compensation – Directors' Compensation – DSU Plan*".

In 2019, the Board adopted new share ownership guidelines for the Corporation's directors and officers. See "*Statement of Executive Compensation – Director and Officer Equity Ownership*" for a description of the Corporation's share

ownership guidelines for directors and officers. As at December 31, 2022, all directors satisfied the minimum shareholdings requirement.

### ***DSU Plan***

In adopting the DSU Plan, the Board considered the director compensation arrangements of its peer group relative to the Corporation's director compensation practices. The Board made the decision to adopt the DSU Plan in 2020, as opposed to continuing to pay the variable 50% of the directors' annual retainer in cash in accordance with the Multiplier, to preserve cash, to bring Peyto more in line with its peer group, to ensure that the Corporation's compensation practices are aligned with the Corporation's current asset base, head count and operations, to eliminate the complexity of the Multiplier, to shift towards long term securities based incentive awards and to focus the organization on shareholder return and per share performance metrics. See "*Statement of Executive Compensation – Compensation Discussion and Analysis*" and "*Statement of Executive Compensation – Directors' Compensation*".

The "**Multiplier**" for the variable 50% of each directors' annual retainer was calculated as follows: the weighted average of the per common share closing price of common shares traded through the facilities of the TSX on the ten (10) consecutive trading days immediately preceding the date of the Corporation's annual meeting of shareholders in a given year plus the dividends paid per common share for that year divided by the weighted average of the per common share closing price of common shares traded through the facilities of the TSX on the ten (10) consecutive trading days immediately preceding the date of the Corporation's annual meeting of shareholders of the previous year.

The DSU Plan replaces the Multiplier component of the Corporation's compensation arrangements for non-executive directors. The Corporation will not pay any further directors' annual retainer pursuant to the Multiplier. For a description of the Multiplier, see "*Statement of Executive Compensation – Directors' Compensation*".

Grants under the DSU Plan are included in the maximum number of common shares that may be issued under all security based compensation arrangements of the Corporation, which currently are the Option Plan and the DSU Plan. Up to 8,272,937 common shares will be available for future grants under the DSU Plan which amount will be shared with grants under all other security based compensation arrangements, which includes the Option Plan, based on the number of outstanding awards under each of the Option Plan and the DSU Plan.

### *Description of the DSU Plan*

The full text of the DSU Plan is attached to the Corporation's information circular – proxy statement dated March 15, 2021 as Schedule "A". The following is a summary of certain key provisions of the DSU Plan. This summary is subject to, and qualified by, the specific provisions of the DSU Plan. Capitalized terms used in the summary below and defined in the DSU Plan have the meanings given to them in the DSU Plan.

The DSU Plan allows the Compensation and Nominating Committee to grant deferred share units to members of the Board, who are not also full time employees of Peyto.

The purposes of the DSU Plan are to: (i) promote greater alignment of the interests between Peyto's directors and Peyto's shareholders; (ii) support compensation that is competitive and rewards our long term success as measured in total shareholder return; and (iii) attract and retain qualified individuals with the experience and ability to serve as directors. In addition, the DSU Plan has been designed to reduce the amount of cash compensation paid to non-executive directors of Peyto.

The DSU Plan is administered by the Compensation and Nominating Committee. Subject to the Compensation and Nominating Committee's reporting to and obtaining approval from the Board on all matters relating to the DSU Plan, the Compensation and Nominating Committee has sole and absolute discretion to administer the DSU Plan.

Participants will receive 50% of their annual retainer remuneration that is otherwise payable in cash (which was previously subject to the Multiplier) in the form of deferred share units. Additionally, the Compensation and Nominating Committee may also from time to time determine that special circumstances justify the approval of a grant of deferred share units in addition to the other compensation to which the participant is entitled.

Deferred share units are not transferable or assignable.



Subject to an extension for blackouts, the Corporation will credit deferred share units to a participant's deferred share unit account on the date that the remuneration would otherwise be payable (see "*Statement of Executive Compensation – Directors' Compensation*"). The number of deferred share units credited is determined by dividing the amount of the participant's deferred remuneration by the fair market value (as defined in the DSU Plan) of the common shares on the date the deferred share units are credited.

The number of common shares reserved for issuance from time to time pursuant to outstanding deferred share units granted and outstanding under the DSU Plan and all other established or proposed security based compensation arrangements of Peyto (including the Option Plan and, when applicable, the 2019 Market Based Bonus Plan) is limited to 16,487,418 common shares.

If any deferred share units granted under the DSU Plan expire, terminate or are cancelled for any reason without the common shares issued thereunder having been issued in full, any unissued common shares to which such deferred share units relate shall be awardable for the purposes of granting of further deferred share units.

The aggregate number of deferred share units granted to any single participant cannot exceed 1% of the issued and outstanding common shares. In addition, the value of all deferred share units granted to any participant during a calendar year, as calculated on the grant date (excluding deferred share units granted in lieu of Board and committee retainers and meeting fees), under the DSU Plan and combined with the value of grants to such participant under all other established or proposed security based compensation arrangements of Peyto, shall not exceed \$150,000 in value.

The number of common shares that are available to be issued to insiders within one year pursuant to the DSU Plan and combined with all other established or proposed security based compensation arrangements of Peyto, and issuable to insiders at any time, under the DSU Plan and combined with all other established or proposed security based compensation arrangements of Peyto (including the Option Plan and, when applicable, the 2019 Market Based Bonus Plan), shall not exceed 10% of the issued and outstanding common shares. Additionally, the number of common shares that are available to be issued to any one insider and such insider's associates within any one year period under the DSU Plan and combined with all other established or proposed security based compensation arrangements of Peyto (including the Option Plan and, when applicable, the 2019 Market Based Bonus Plan), shall not exceed 10% of the issued and outstanding common shares.

Dividends paid on the common shares before the maturity date of the deferred share units will be credited as deferred share units to the participant's account as of the dividend payment date and such additional deferred share units shall be subject to the same terms regarding vesting and payment date as the underlying deferred share units to which they relate.

In the event that the Corporation determines to pay a non-cash dividend on the common shares, the Board may, in its sole discretion and subject to TSX approval, determine that this non-cash dividend, or cash equivalent amount determined in the sole discretion of the Board, can also be provided to participants under the DSU Plan in the same manner as such non-cash dividend is provided to shareholders. In such an event, participants would receive such non-cash dividend at the same time as the shareholders and there would be no credit of deferred share units to any participant's account. If a participant does not participate in a non-cash dividend, the Board will, in its sole discretion, determine the cash value of such non-cash dividend and credit it as deferred share units to the participant's account. The Corporation does not expect to declare non-cash dividends to its shareholders.

Deferred share units vest immediately upon being credited to a participant's account.

Following the date on which the participant ceases to hold all positions with us and our subsidiaries, partnerships, trusts or other controlled entities (the "**Termination Date**"), except as a result of death, all deferred share units credited to a participant's account will be redeemed as of the maturity date. The maturity date for US taxpayers is the Termination Date.

For directors who are not US taxpayers, the maturity date is December 1<sup>st</sup> of the calendar year immediately following the year of the Termination Date. Directors may file an irrevocable maturity date acceleration election subsequent to the Termination Date. Subject to the exceptions below, the elected maturity date must be no earlier than 180 days after the Termination Date and no later than December 1<sup>st</sup> of the calendar year following the Termination Date. The elected maturity date may be any time between the Termination Date and December 1<sup>st</sup> of the following calendar year, if one of the following exceptions apply: (i) the director resigns pursuant to the "majority voting" or similar policy; (ii) the director

fails to be elected as a director at a shareholder meeting after being included as a nominee in our information circular; or (iii) the director is removed from office by a vote of shareholders.

Following a participant's Termination Date except as a result of death, the participant will have the right to have the deferred share units credited to their account redeemed by us. All deferred share units and dividend entitlements thereon (if any) will be redeemed for a cash payment except that, at our election, we may redeem deferred share units and dividend entitlements thereon (if any) issued as compensation for annual board and committee retainers and meeting attendance fees, in cash or through the issuance of common shares from treasury or purchased on the market and any combination of these. The cash payment will be equal to the number of deferred share units and dividend entitlements thereon (if any) in the participant's account as of the Termination Date, multiplied by the fair market value of our common shares determined at the maturity date.

If a participant dies while in office or after the Termination Date but before the maturity date, we must make a lump sum cash payment to the participant's legal representative within 90 days of the participant's death. The cash payment will be equal to the number of deferred share units in the participant's account as of the date of the participant's death, multiplied by the fair market value of our common shares determined at the date of death.

Participants have no further rights respecting any redeemed deferred share units. Deferred share units are deemed cancelled upon redemption.

The DSU Plan may be amended, modified or terminated by our board of directors without shareholder approval, subject to any required approval of the TSX. Notwithstanding the foregoing, the DSU Plan and any deferred share units granted under the plan may not be amended without shareholder approval to: (i) increase the fixed number of common shares available to be issued under outstanding deferred share units at any time; (ii) extend the term of any outstanding deferred share units; (iii) permit a holder to transfer or assign deferred share units to a new beneficial holder other than in the case of death of the holder; (iv) increase the number of common shares that may be issued to participants above the restrictions in the DSU Plan; (v) increase the number of common shares that may be issued to insiders above the restriction contained in the DSU Plan; or (vi) amend the amendment provision.

In addition, no amendment to the DSU Plan or deferred share units granted pursuant to the plan may be made without the consent of the holder, if it adversely alters or impairs any right previously granted to such holder under the DSU Plan.

The DSU Plan also contains anti-dilution provisions which allow the Board to make such adjustments to the DSU Plan and to any deferred share units as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to participants thereunder, as well as specific considerations for any participants who are US taxpayers.

#### ***Directors' Summary Compensation Table***

The following chart highlights all the payments made to the Corporation's directors for the 2022 year:

<b>Name</b>	<b>2022 Fees Earned Fixed (\$)</b>	<b>Share-Based Awards (DSUs) (\$)<sup>(1)(2)</sup></b>	<b>Option-Based Awards (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Donald Gray	94,375	93,744	-	-	-	-	188,119
Michael MacBean	74,375	73,757	-	-	-	-	148,132
Brian Davis	69,375	68,756	-	-	-	-	138,131
Gregory Fletcher	69,375	68,756	-	-	-	-	138,131

Name	2022 Fees Earned Fixed (\$)	Share-Based Awards (DSUs) (\$) <sup>(1)(2)</sup>	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
John W. Rossall	69,375	68,756	-	-	-	-	138,131
Debra Gerlach <sup>(3)</sup>	11,250	16,869	-	-	-	-	28,119

Notes:

- (1) The value of DSUs is based on the number of DSUs granted multiplied by the 5 day volume weighted average price per common share on the TSX prior to the date of the grant. This methodology for calculating the fair value of the DSU awards on the grant date is consistent with the initial fair value determined in accordance with IFRS 2.
- (2) The number of DSUs reflects dividends paid on Common Shares to December 31, 2022.
- (3) Ms. Gerlach was appointed to the Board on November 1, 2022.

***Directors' Outstanding Option-Based Awards and Share-Based Awards***

Other than the DSUs, there are no option-based or share-based awards outstanding as to non-executive directors at December 31, 2022. The following table sets forth all DSUs held by non-executive directors at the end of the year ended December 31, 2022.

Name	Number of DSUs <sup>(1)</sup>	Market or Payout Value of Vested DSUs Not Paid Out (\$) <sup>(1)</sup>
Donald Gray	54,706	758,772
Michael MacBean	42,608	590,973
Brian Davis	39,587	549,072
Gregory Fletcher	39,587	549,072
John W. Rossall	39,587	549,072
Debra Gerlach	1,611	16,103

Note:

- (1) Calculated based on the number of DSUs held at December 31, 2022 multiplied by the closing price per common share on the TSX December 30, 2022 (\$13.87).

***Directors' Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth for each director, the value of DSUs which vested during the year ended December 31, 2022 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2022. There are no other option-based or share-based awards outstanding as to non-executive directors at December 31, 2022.

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Donald Gray	-	93,744	94,375
Michael MacBean	-	73,757	74,375
Brian Davis	-	68,756	69,375
Gregory Fletcher	-	68,756	69,375
John W. Rossall	-	68,756	69,375
Debra Gerlach	-	16,869	11,250

Note:

- (1) Calculated based on the number of DSUs granted multiplied by the 5 day volume weighted average price per common share on the TSX on the prior to the grant date.

### Liability Insurance of Directors and Officers and Indemnification

Peyto maintains directors' and officers' liability insurance coverage, in the amount of \$80 million, for losses to Peyto if it is required to reimburse directors and officers, where permitted, and for direct indemnity of directors and officers where corporate reimbursement is not permitted by law. The insurance protects Peyto against liability (including costs), subject to standard policy exclusions, which may be incurred by directors and/or officers acting in such capacity for Peyto. All directors and officers of Peyto are covered by the policy and the amount of insurance applies collectively to all. The cost of this insurance policy is currently \$345,500 per annum.

In addition, Peyto has entered into indemnification agreements with its directors and officers. The indemnification agreements generally require that Peyto indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to Peyto as directors and officers, if the indemnitees acted honestly and in good faith with a view to the best interests of Peyto and, with respect to criminal or administrative actions or proceedings that are enforced by monetary penalty, if the indemnitee had no reasonable grounds to believe that their conduct was unlawful. The indemnification agreements also provide for the advancement of defence expenses to the indemnitees by Peyto.

### Director and Officer Equity Ownership

The Board has adopted share ownership guidelines to encourage alignment with the interests of shareholders by requiring its directors and management to build and hold equity in the Corporation in accordance with prescribed guidelines. The Board has determined that each non-executive director must hold a minimum number of common shares representing three times their total annual cash retainer, which minimum level of ownership must be achieved by each new director within three years of such director's appointment or election to the Board. Officers of the Corporation are required, within three years of their executive appointment, to accumulate a multiple of their annual salary in the form of common shares, as follows: CEO (five times); and other executive officers (three times). For directors, share-based compensation arrangements in the form of DSUs may be counted in determining if their ownership target has been achieved. The valuation of the common shares is determined on an annual basis as the fair market value at the closing trading price of the common shares on the TSX on December 31 or last day on which the common shares traded on such exchange prior to December 31.

The following tables set out the value of the holdings of each of Peyto's directors and officers based on the closing price of the common shares on the TSX on the last trading day of 2022 being \$13.87 per common share on December 30, 2022.

*Non-Executive Directors*

Director	Equity Ownership Guideline		Shareholdings				Guideline Met or Investment Required to Meet Guideline (\$) <sup>(1)</sup>
	Multiple of Annual Cash Compensation	Amount of Annual Cash Compensation Retainer (\$)	Common Shares Held as at December 31, 2022	DSUs <sup>(2)</sup>	Holdings as Multiple of Retainer	Value of Equity Holdings (\$)	
Donald Gray	3x	94,375	1,208,136	54,706	186x	17,515,619	Guideline Met
Michael MacBean	3x	74,375	108,510	42,608	28x	2,096,007	Guideline Met
Brian Davis	3x	69,375	217,240	39,587	51x	3,562,190	Guideline Met
Gregory Fletcher	3x	69,375	19,000	39,587	12x	812,602	Guideline Met
John W. Rossall	3x	69,375	107,000	39,587	29x	2,033,162	Guideline Met
Debra Gerlach	3x	11,250	2,700	1,161	5x	53,552	Guideline Met

Notes:

- (1) Directors have three years from their appointment to meet the target common share or share equivalent ownership.
- (2) The number of DSUs reflects dividends paid on Common Shares to December 31, 2022.

*Officers*

Officer	Equity Ownership Guideline		Shareholdings			Guideline Met or Investment Required to Meet Guideline <sup>(1)</sup>
	Multiple of Annual Compensation	Amount of Annual Base Salary (\$)	Common Shares	Holdings as Multiple of Retainer	Value of Equity Holdings (\$)	
Darren Gee <sup>(2)</sup>	5x	330,900	2,323,192	97x	32,222,673	Guideline Met
Kathy Turgeon	3x	259,600	150,654	8x	2,089,571	Guideline Met
Jean-Paul Lachance	3x	300,300	342,133	16x	4,745,384	Guideline Met
Lee Curran	3x	254,500	321,675	18x	4,461,632	Guideline Met
Scott Robinson	3x	259,600	576,742	31x	7,999,412	Guideline Met

Notes:

- (1) Executive officers have three years from their appointment to meet the target common share ownership.
- (2) Effective January 1, 2023, Mr. Gee ceased to be an executive officer of the Corporation (however remains a director of the Corporation).

The following tables set out each current directors' and officers' equity ownership interest in Peyto and any changes in ownership interests since March 23, 2022.

***Non-Executive Directors***

Director	Directors' Equity Ownership and Changes Therein			Market Value of Equity Holdings as at March 23, 2023 (\$)
	Equity Ownership as at March 15, 2022	Equity Ownership as at March 23, 2023	Net Change in Equity Ownership	
	Common Shares	Common Shares	Common Shares	
Donald Gray	948,136	1,208,136	260,000	14,715,096
Michael MacBean	108,510	108,510	-	1,321,652
Brian Davis	145,640	217,240	71,600	2,645,983
Gregory Fletcher	19,000	19,000	-	231,420
John W. Rossall	107,000	107,000	-	1,303,260
Debra Gerlach	-	2,700	2,700	32,886

***Officers***

Officer	Officers' Equity Ownership and Changes Therein			Market Value of Equity Holdings as at March 23, 2023 (\$)
	Equity Ownership as at March 15, 2022	Equity Ownership as at March 23, 2023	Net Change in Equity Ownership	
	Common Shares	Common Shares	Common Shares	
Darren Gee	2,111,311	2,349,192	237,881	28,613,159
Kathy Turgeon	139,141	150,654	11,513	1,834,966
Jean-Paul Lachance	193,634	372,133	178,499	4,532,580
Lee Curran	186,175	342,151	155,976	4,167,399
Scott Robinson <sup>(1)</sup>	468,020	NA	NA	NA

Note:

(1) Mr. Robinson ceased to be an officer on February 28, 2023.

**Securities Authorized for Issuance Under Equity Compensation Plans**

The following sets forth information in respect of securities authorized for issuance under the Corporation's equity compensation plans as at December 31, 2022.

***Securities Authorized for Issuance Under Equity Compensation Plans***

Plan Category	Number of securities to be issued upon exercise of outstanding Options, warrants and rights (a)	Weighted average exercise price of outstanding Options, warrants and rights (\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) <sup>(1)</sup>
Equity compensation plans approved by securityholders <sup>(1)</sup>	10,158,104	9.76	7,188,920
Equity compensation plans not approved by securityholders	-	-	-
Total	10,158,104	9.76	7,188,920

Note:

- (1) The total dilution from the Option Plan and the DSU Plan is limited, in the aggregate, to such number of common shares as is equal to 10% of the number of issued and outstanding common shares outstanding from time to time. For a summary of the Option Plan and the DSU Plan, see "Statement of Executive Compensation – Compensation Discussion and Analysis – Option Plan", and "Statement of Executive Compensation – Directors' Compensation – DSU Plan", respectively.

### **Annual Burn Rate Under Equity Compensation Plans**

The following sets forth the number of options granted under the Option Plan, Rights granted under the 2019 Market Based Bonus Plan and DSUs granted under the DSU Plan during the period noted below and the potential dilutive effect of such options and Rights.

<b>Period</b>	<b>Number of Rights Granted</b>	<b>Number of Options and DSUs Granted</b>	<b>Weighted Average Common Shares Outstanding<sup>(1)</sup></b>	<b>Burn Rate<sup>(2)(3)</sup> (%)</b>
2022	-	5,912,742	170,739,471	3
2021	-	4,887,516	166,107,837	3
2020 <sup>(4)</sup>	-	3,458,873	164,894,920	2

Notes:

- (1) Pursuant to the requirements of the TSX, the weighted average number of common shares outstanding during the period is the number of common shares outstanding at the beginning of the period, adjusted by the number of common shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the common shares are outstanding as a proportion of the total number of days in the period.
- (2) The burn rate for a given period is calculated by dividing the number of options subject to the Option Plan and DSUs subject to the DSU Plan granted during such period by the weighted average number of common shares outstanding during such period.
- (3) Peyto's stock options vest one-third (1/3) on each of the first, second and third anniversary dates of the date of grant and expire 30 days after vest date. This differs from many of Peyto's peers that have stock option plans with five-year expiry dates. As a result, actual dilution from the Company's stock option plan can vary significantly from the Burn Rate. The following table summarizes Peyto's actual dilution in the past three years:

	<b>Number of Shares Issued from Option Exercises</b>	<b>Weighted Average Common Shares Outstanding</b>	<b>Dilution (%)</b>
2022	5,071,238	170,739,471	3
2021	3,210,244	166,107,837	2
2020	66,800	164,894,920	0

For further information regarding the outstanding options and Rights held by the Named Executive Officers, see "Statement of Executive Compensation – Incentive Plan Awards" and for further information regarding the outstanding DSUs held by directors, see "Statement of Executive Compensation – Directors' Compensation – DSU Plan".

### **CORPORATE GOVERNANCE PRACTICES**

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F1 which is attached to NI 58-101 ("**Form 58-101F1 Disclosure**").

Set out below is a description of the Corporation's current corporate governance practices, relative to the Form 58-101F1 Disclosure.

1. **Board of Directors**

(a) **Disclose the identity of directors who are independent.**

The following six (6) directors of the Corporation are independent (for purposes of NI 58-101):

Donald Gray (Chairman)  
Michael MacBean (Lead Director)  
Brian Davis  
Gregory Fletcher  
John W. Rossall  
Debra Gerlach

For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgement. Mr. Gray ceased to be the President and CEO of the Corporation in 2006, which was over 15 years ago. Peyto's Compensation and Nominating Committee, as well as the Board as a whole, have reviewed and considered the relationship of Mr. Gray to the Corporation, including the statutory guidance with respect to the meaning of independence contained in NI 58-101 and, specifically, the period of time that has elapsed since Mr. Gray was an executive officer of the Corporation. As a result of such review and consideration, both the Compensation and Nominating Committee and the Board have determined that this relationship does not interfere with the exercise of the independent judgement of Mr. Gray in his role as a member of the Board.

Each of Gregory Fletcher and Kathy Turgeon, current directors of the Corporation do not intend to stand for re-election at the Meeting and accordingly, they will each retire as a director of the Corporation effective as of the Meeting. Jocelyn McMinn, a nominee director who will be an independent director for purposes of NI 58-101, is standing for election as a director for the first time at the Meeting. Accordingly, after the Meeting, it is expected that six (6) of the eight (8) directors will be independent directors.

(b) **Disclose the identity of directors who are not independent, and describe the basis for that determination.**

Darren Gee is not independent as until January 1, 2023 he was the CEO of the Corporation.

Kathy Turgeon is not independent as she occupies the position of Vice President and CFO of the Corporation. Ms. Turgeon does not intend to stand for re-election at the Meeting and accordingly, she will retire as a director of the Corporation effective as of the Meeting.

Jean-Paul Lachance is not independent as he occupies the position of President and CEO of the Corporation.

(c) **Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the Board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.**

A majority of the directors of the Corporation (currently six (6) of nine (9)) are independent (for purposes of NI 58-101), after giving effect to the retirement of each of Gregory Fletcher and Kathy



Turgeon at the Meeting, and the election of Jocelyn McMinn as a director at the Meeting, six (6) of the eight (8) directors will be considered independent directors for purposes of NI 58-101.

For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgement. Mr. Gray ceased to be the President and CEO of the Corporation in 2006, which was over 15 years ago. Peyto's Compensation and Nominating Committee, as well as the Board as a whole, have reviewed and considered the relationship of Mr. Gray to the Corporation, including the statutory guidance with respect to the meaning of independence contained in NI 58-101 and, specifically, the period of time that has elapsed since Mr. Gray was an executive officer of the Corporation. As a result of such review and consideration, both the Compensation and Nominating Committee and the Board have determined that this relationship does not interfere with the exercise of the independent judgement of Mr. Gray in his role as a member of the Board.

- (d) **If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.**

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

<u>Name of Director</u>	<u>Name of Other Reporting Issuers</u>
Donald Gray	Gear Energy Ltd. Petrus Resources Ltd.
Gregory Fletcher	Whitecap Resources Inc.
Mick MacBean	TerraVest Industries Inc.
John W. Rossall	Pipestone Energy Corp.
Debra Gerlach	Birchcliff Energy Ltd

The Board's mandate does not specifically prohibit interlocking board positions. The Board prefers to examine each situation on its own merits with a view to examine material relationships which may affect independence. As at the date hereof, there were no interlocking board memberships among Peyto's directors.

- (e) **Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.**

At the end of or during each meeting of the Board, the members of management of the Corporation and the non-independent directors of the Corporation who are present at such meeting leave the meeting in order for the independent directors to meet. In addition, as the Compensation and Nominating Committee is comprised of all the independent directors, other than Donald Gray, it also serves as a forum for discussion amongst independent members of the Board. Further, other meetings of the independent directors may be held from time to time if required. The Chairs of the Board and the Board committees follow up with the President and CEO as necessary with respect to matters requiring management action that are raised at these in-camera meetings. The Chairman of the Board also communicates informally, from time to time, with the independent members. Additionally, the Board also excuses members of management and any non-independent directors from portions of any meeting at which a potential conflict arises or where otherwise appropriate. Two (2) meetings of only the

independent directors have been held since the beginning of the Corporation's most recently completed financial year.

- (f) **Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe their role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.**

The Chairman of the Board is Donald Gray, who is an independent member of the Board. The Chairman presides at all meetings of the Board and, unless otherwise determined, at all meetings of shareholders and acts to enforce the rules of order in connection with such meetings. The Chairman is to provide overall leadership to the Board without limiting the principle of collective responsibility and the ability of the Board to function as a unit. The Chairman is to endeavour to fulfill their Board responsibilities in a manner that will ensure that the Board is able to function independently of management and is to consider, and allow for, when appropriate, a meeting of independent directors, so that Board meetings can take place without management being present. The Chairman is also to endeavour to ensure that reasonable procedures are in place to allow directors to engage outside advisors at the expense of the Corporation in appropriate circumstances.

Notwithstanding that the Chairman of the Board is independent, Michael MacBean, an independent member of the Board, has been appointed as Lead Director. Among other things, the Lead Director assists the Chairman in endeavouring to ensure that the Board leadership responsibilities are conducted in a manner that will ensure that the Board is able to function independently of management.

- (g) **Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.**

The attendance record of each of the directors of the Corporation for Board meetings and committee meetings held since January 1, 2022, is as follows:

<u>Name of Director</u>	<u>Attendance Record</u>	
Darren Gee <sup>(1)</sup>	6 out of 6	Board Meetings
Don Gray	3 out of 6	Board Meetings
Michael MacBean	6 out of 6	Board Meetings
	4 out of 4	Audit Committee Meetings
	3 out of 3	Reserves, Health and Safety Committee Meetings
	2 out of 3	Compensation and Nominating Committee Meetings
	1 out of 2	Environmental, Social and Governance Committee Meetings
Brian Davis	6 out of 6	Board Meetings
	4 out of 4	Audit Committee Meetings
	3 out of 3	Reserves, Health and Safety Committee Meetings
	3 out of 3	Compensation and Nominating Committee Meetings
	2 out of 2	Environmental, Social and Governance Committee Meetings
Gregory Fletcher	6 out of 6	Board Meetings
	4 out of 4	Audit Committee Meetings
	3 out of 3	Reserves, Health and Safety Committee Meetings
	3 out of 3	Compensation and Nominating Committee Meetings
	2 out of 2	Environmental, Social and Governance Committee Meetings
Kathy Turgeon <sup>(2)</sup>	6 out of 6	Board Meetings

Name of Director	Attendance Record	
John W. Rossall	6 out of 6	Board Meetings
	3 out of 3	Reserves, Health and Safety Committee Meetings
	3 out of 3	Compensation and Nominating Committee Meetings
	2 out of 2	Environmental, Social and Governance Committee Meetings
Debra Gerlach <sup>(3)</sup>	2 out of 2	Board Meetings
	N/A	Audit Committee Meetings
	N/A	Reserves, Health and Safety Committee Meetings
	1 out of 1	Compensation and Nominating Committee Meetings

Notes:

- (1) Mr. Gee is not a member of any committees as he was the CEO of the Corporation until January 1, 2023; however, Mr. Gee attended all Audit Committee, Reserves, Health and Safety Committee, Compensation and Nominating Committee and Environmental, Social and Governance Committee meetings since January 1, 2022.
- (2) Ms. Turgeon is not a member of any committees as she is the Vice President and CFO of the Corporation; however, Ms. Turgeon attended all Audit Committee, Reserves, Health and Safety Committee and Compensation and Nominating Committee meetings since January 1, 2022.
- (3) Debra Gerlach was appointed a director of the Corporation on November 1, 2022.
- (4) Mr. Lachance, a current director and President and Chief Executive Officer of the Corporation, was not a member of the board in 2022.

2. **Board Mandate – Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.**

The mandate of the Board is attached to this information circular – proxy statement at Schedule "A".

3. **Position Descriptions**

- (a) **Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.**

The Board has developed written position descriptions for the Chairman of the Board as well as the Chairman of each of the committees of the Board. The position descriptions are available on the Corporation's website under the heading "Corporate Responsibility".

- (b) **Disclose whether or not the Board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the Board and Chief Executive Officer have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the Chief Executive Officer.**

The Board, with the input of the CEO, has developed a written position description for the CEO. The position description is available on the Corporation's website under the heading "Corporate Responsibility".

4. **Orientation and Continuing Education**

- (a) **Briefly describe what measures the Board takes to orient new directors regarding (i) the role of the Board, its committees and its directors, and (ii) the nature and operation of the issuer's business.**

As new directors join the Board, management provides these individuals with the Corporation's corporate policies, historical information about the Corporation, as well as information on the Corporation's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures are a practical and

effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, limited turnover of the directors and the experience and expertise of the members of the Board.

- (b) **Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

Presentations are made regularly to the Board and committees to educate and inform them of changes within the Corporation and on appropriate other subjects such as regulatory and industry requirements and standards, capital markets, cybersecurity, commodity pricing and corporate governance. The Audit Committee has quarterly presentations on emerging trends and issues in the accounting and audit fields from management and the auditor of the Corporation is present at all audit committee meetings. The Board has quarterly presentations on operational results and technical and regulatory issues pertaining to reserves evaluation from management and the independent reserves evaluator is present at a minimum of one of the Board meetings each year. The Board also receives quarterly updates from Burnet, Duckworth & Palmer LLP on material changes in securities regulation and other corporate matters. Management provides the Board with an annual update on corporate governance "best practices" from third party publications as well as quarterly reports on new legislation or regulation relating to health, safety and environmental matters.

The Corporation also encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Corporation has the responsibility for ensuring that they maintain the skill and knowledge necessary to meet their obligations as a director. Michael MacBean received his Chartered Directors (C. Dir) designation from McMaster University. Gregory Fletcher graduated from the Directors' Education Program sponsored by the Institute of Corporate Directors and Haskayne School of Business at the University of Calgary. Debra Gerlach completed the Chartered Professional Accountants of Canada Audit Committee Certificate. Jocelyn McMinn received her Chartered Directors (C. Dir) designation from McMaster University.

## 5. **Ethical Business Conduct**

- (a) **Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:**

The Corporation has adopted a Code of Business Conduct and Ethics for directors, officers and employees (the "**Code**").

- (i) **disclose how a person or company may obtain a copy of the code;**

A copy of the Code may be obtained by contacting the Manager, Human Resources of the Corporation at (mwiwchar@peyto.com) and is also available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Corporation's website under the heading "Corporate Responsibility".

- (ii) **describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and**

The Board monitors compliance with the Code by requiring each of the executive officers of the Corporation to affirm in writing on an annual basis their agreement to abide by the Code, as to their ethical conduct and with respect to any conflicts of interest. Please also see item 5(c) below for a discussion of the Corporation's whistleblower policy.

- (iii) **provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

There have been no material change reports filed since the beginning of the Corporation's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

- (b) **Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

In accordance with the ABCA, directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In addition, in certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

- (c) **Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.**

In addition to the Code, the Board has also adopted a "Whistleblower Policy" wherein employees and consultants of the Corporation are provided with the mechanics by which they may raise concerns about incorrect financial reporting, unlawful activities, actions that violate the Code and any other serious improper conduct in a confidential, anonymous process. The Corporation did not receive any complaints under the Whistleblower Policy during the year ended December 31, 2022. A copy of this policy is available on the Corporation's website under the heading "Corporate Responsibility".

## 6. **Nomination of Directors**

- (a) **Describe the process by which the Board identifies new candidates for Board nomination.**

The Compensation and Nominating Committee is responsible for recommending suitable candidates as nominees for election or appointment as director, and recommending the criteria governing the overall composition of the Board and governing the desirable characteristics for directors. In making such recommendations, the Compensation and Nominating Committee is to consider: (i) the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competence and skills that the Board considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the Board; (iv) the Corporation's Board Diversity Policy; and (v) whether or not each new nominee can devote sufficient time and resources to their duties as a member of the Board. The Board has adopted the Board Renewal Policy. See item 10 below.

The Board and Compensation and Nominating Committee regularly discuss and evaluate the experience, qualification and skills of our directors with a view to ensuring the appropriate skill and experience profile is represented at the Board and committee level. See "*Matters to be Acted Upon at the Meeting – Election of Directors – Experience and Background of Directors*". Some of the key competencies that the Corporation believes directors should have are: corporate executive experience, capital markets experience, crude oil and natural gas operational experience, crude oil and natural gas contracts and land experience, financial acumen and expertise, and knowledge in the areas of compensation, governance and health, safety and environment. Character and behavioral qualities including credibility, integrity, professionalism and communication skills are also important attributes taken into account when recruiting new directors. The Compensation and Nominating Committee also reviews on a periodic basis the composition of the Board to ensure that an appropriate number of independent directors sit on the Board, and analyze the needs of the Board and recommend nominees who meet such needs. The Chairman and CEO from time to time arrange meetings with such candidates to determine interest and availability with a view to making recommendations to the Board if and when

appropriate. When necessary, the Compensation and Nominating Committee may engage the services of a search firm to assist them in the identification of director candidates with the necessary skills or experience the Board requires.

The Board has adopted a majority voting policy, which provides that if a nominee for election as a director receives a greater number of votes "withheld" than votes "for" at an uncontested meeting of the shareholders of the Corporation, such nominee shall offer their resignation as a director to the Board promptly following the meeting of shareholders at which the director was elected. Upon receiving such offer of resignation, the Compensation and Nominating Committee will consider such offer and make a recommendation to the Board whether to accept it or not. In the absence of special circumstances, it is expected that the Board will accept the resignation consistent with an orderly transition. The director will not participate in any Compensation and Nominating Committee or Board deliberations on the resignation offer. It is anticipated that the Board will make its decision to accept or reject the resignation within 90 days. See "*Matters to be Acted Upon at the Meeting – Election of Directors – Majority Voting for Directors*".

In addition, the Corporation's By-laws include Advance Notice Provisions designed to: (i) facilitate an orderly and efficient annual meeting or, where the need arises, special meeting, process; (ii) ensure that all shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation. As a whole, these provisions are intended to provide shareholders, directors and management of the Corporation with a clear framework for nominating directors. See "*Matters to be Acted Upon at the Meeting – Election of Directors – Advance Notice Provisions*" for a detailed description of the Advance Notice Provisions.

- (b) **Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.**

The Compensation and Nominating Committee, which is responsible for nominating directors, is comprised of only independent directors.

- (c) **If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.**

See item 6(a) above.

## 7. **Compensation**

- (a) **Describe the process by which the Board determines the compensation for the issuer's directors and officers.**

### *Compensation of Directors*

The Compensation and Nominating Committee conducts a yearly review of directors' compensation having regard to various reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to the Corporation.

Please also see discussion under the heading "*Statement of Executive Compensation – Directors' Compensation*".

### *Compensation of Officers*

The Chairman of the Compensation and Nominating Committee has ongoing communication with the CEO regarding compensation matters for the upcoming fiscal year. After such background communication, the two meet in person to discuss compensation matters, with the Chairman and the CEO striving to ensure that executive compensation is consistent with the general principles as set forth

under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis – Executive and Employee Compensation Principles and Strategy*". The Chairman and CEO go through the proposed compensation for each executive officer, other than the CEO, including salary and participation levels in the bonus plans. The Chairman then meets with the other members of the Compensation and Nominating Committee and briefs them on the discussions held with the CEO. The full Compensation and Nominating Committee discuss the proposed executive officer compensation, in light of the strategic, operating and financial objectives of the Corporation as well as industry norms and conditions. If general or specific issues are raised, the Compensation and Nominating Committee will debate them. The full Compensation and Nominating Committee then meets with the CEO to discuss such matters and raise any questions or issues they may have regarding executive compensation. In light of the Corporation's size and small number of employees, these meetings allow the Compensation and Nominating Committee to get a sense of the practical issues involved in determining compensation levels for executives. The Compensation and Nominating Committee then deals specifically with setting the compensation of the CEO. The Compensation and Nominating Committee then discusses and debates, as necessary, the specific executive officer compensation proposals. If further clarification is necessary, the Chairman will ask the CEO for information. Once compensation levels are agreed to by the members of the Compensation and Nominating Committee, they are formally approved.

Please also see discussion under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis – Executive and Employee Compensation Principles and Strategy*", "*Statement of Executive Compensation – Compensation Discussion and Analysis – CEO Compensation*" and "*Statement of Executive Compensation – Compensation Discussion and Analysis – Three Year Named Executive Officer Compensation Versus Financial Measures*".

- (b) **Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.**

The Compensation and Nominating Committee is comprised entirely of independent directors.

- (c) **If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.**

The Compensation and Nominating Committee's responsibility is to formulate and make recommendations to the Board in respect of compensation issues relating to directors and officers of the Corporation. Without limiting the generality of the foregoing, the Compensation and Nominating Committee has the following duties:

- (i) advise the Board on executive compensation matters;
- (ii) review and recommend a compensation philosophy, guidelines and plans for the Corporation's executives and employees;
- (iii) review and approve corporate goals and objectives relevant to CEO compensation;
- (iv) evaluate the CEO's performance in light of those goals, and make recommendations to the Board with regard to the CEO's compensation based on this evaluation;
- (v) in consultation with the CEO, review and approve non-CEO compensation, incentive-compensation plans, and equity-based plans;
- (vi) review and approve all discretionary compensation granted;
- (vii) review and approve fees to be paid to members of the Board;

- (viii) review executive compensation disclosure before it is publicly disclosed; and
- (ix) be the forum for meetings of all independent directors of the Corporation.

The Compensation and Nominating Committee is required to be comprised of at least three directors, or such greater number as the Board may determine from time to time. All members of the Compensation and Nominating Committee are required to be independent, as such term is defined for this purpose under applicable securities law requirements. Pursuant to the mandate and terms of reference of the Compensation and Nominating Committee, meetings of the Compensation and Nominating Committee are to take place at least two times per year and at such other times as the Chairman of the Compensation and Nominating Committee may determine.

- (d) **If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.**

A compensation consultant or advisor has not, at any time since the beginning of the Corporation's most recently completed financial year, been retained to assist in determining compensation for any of the Corporation's directors and officers. In 2022, however, the Compensation and Nominating Committee engaged Mercer to advise on employee compensation and incentive plan design.

8. **Other Board Committees – If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.**

In addition to the Audit Committee and the Compensation and Nominating Committee, the Corporation has established a Reserves, Health and Safety Committee and an Environmental, Social and Governance Committee.

**Reserves, Health and Safety Committee**

The Reserves, Health and Safety Committee is comprised of four directors, each of whom is independent.

The Reserves, Health and Safety Committee is responsible for various matters, including relating to reserves of the Corporation that may be delegated to the Reserves, Health and Safety Committee pursuant to National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and health, safety, environment and sustainability, including:

- (a) reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities, including reviewing its procedures for complying with disclosure requirements and restrictions set forth under applicable securities law requirements;
- (b) reviewing the Corporation's procedures for providing information to the independent evaluator;
- (c) meeting, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in NI 51-101) (the "**Reserves Data**") and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);
- (d) reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefor and whether there have been any disputes with management;
- (e) reviewing qualifications and independence of the independent evaluator to ensure the independent evaluator being considered for appointment or re-appointment is technically qualified and competent,



independent of management, that there are no restrictions affecting the ability of the independent evaluator to report on the Corporation's oil and natural gas reserves without reservations and to establish the terms of their engagement;

- (f) reviewing any matters relating to the preparation, assumptions, evaluation processes and resulting outcomes for any report on the Corporation's reserves (including reserves to be acquired) for material acquisitions or which may form the basis of any public disclosure by the Corporation;
- (g) providing a recommendation to the Board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities law requirements including any reports of the independent engineer and of management in connection therewith;
- (h) reviewing the Corporation's procedures for reporting other information associated with oil and gas producing activities;
- (i) regularly assessing whether management has in place appropriate policies and processes to prevent and detect inaccuracies in estimating reserves and disclosing reserves and related oil and gas information in compliance with regulatory requirements;
- (j) generally reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves;
- (k) reviewing the Corporation's strategies, policies, programs and internal control systems with respect to health, workforce safety, asset integrity, process safety and environmental protection and monitor the Corporation's performance relative to internal improvement objectives and industry best practice;
- (l) reviewing and recommending to the Board for approval fundamental policies pertaining to health, workforce safety, asset integrity, process safety and environmental protection having the potential to impact the Corporation's activities and strategies;
- (m) reviewing the Corporation's policies and programs for achieving full and continuous compliance with engineering standards, codes, regulations and applicable laws;
- (n) reviewing and monitoring the Corporation's emergency response policies and plans and the Corporation's state of readiness to respond to crisis situations, including, but not limited to, monitoring notices from management and reviewing circumstances involving any major emergencies reported by the Corporation;
- (o) reviewing and reporting to the Board:
  - on the Corporation's performance in the areas of health, workforce safety, process safety, environmental protection, field operational excellence and compliance with codes, standards, regulations and applicable laws;
  - on emerging trends, issues and regulations related to health, workforce safety, process safety, environmental protection and field operational excellence that are relevant to the Corporation;
  - the findings of any significant report by regulatory agencies, external health, safety and environmental consultants or auditors concerning the Corporation's performance in health, safety and environment and any necessary corrective measures taken to address issues and risks with regards to the Corporation's performance in the areas of health, safety and environment that have been identified by the Corporation, external auditors or by regulatory agencies;

- any civil or criminal occupational health and safety or environmental proceedings, claims, orders, actions or government investigation contemplated or threatened against the Corporation, including notices from management in respect thereof;
  - the results of any review with management, outside accountants and legal advisors of the implications of major corporate undertakings such as the acquisition or expansion of facilities or decommission of facilities as it relates to health, safety and environment that are relevant to the Corporation and, in the Committee's discretion, make recommendations to the Board for consideration;
  - a framework for management's decisions on abandonment and reclamation, including appropriate asset retirement obligation determination; and
  - policies and other directives of the Corporation relating to security and the safeguarding of the Corporation's premises, installations, assets and personnel;
- (p) periodically reviewing the relationship of the Corporation with the communities affected by its business and operations and consider and implement policies for the improvement of the relationship of the Corporation with the communities affected by its business and operations;
- (q) reviewing the insurable risks related to environment, health and safety issues and evaluate cost/insurance benefits associated with those risks; concerning insurance, the Committee shall consult with and review the recommendations of the Audit Committee of the Board and if desirable, recommend changes to the Corporation's insurance program including coverage for operations, property damage, business interruption and liabilities;
- (r) reviewing and recommending to the Board the Corporation's approach to corporate social responsibility and sustainability reporting;
- (s) reviewing any matters relating to the preparation, assumptions, evaluation processes and resulting outcomes for any corporate social responsibility and sustainability report of the Corporation;
- (t) annually reviewing the Reserves, Health and Safety Committee's mandate and work plan and provide the work plan and any recommended changes to the mandate to the Chair of the Board; and
- (u) performing any other activities consistent with the mandate of the Reserves, Health and Safety Committee as the Reserves, Health and Safety Committee or the Board deems necessary or appropriate; and
- (v) having the authority to investigate any activity of the Corporation that has an impact on or relating to the Reserves, Health and Safety Committee's mandate and responsibilities.

#### **Environmental, Social and Governance Committee**

The Environmental, Social and Governance Committee is comprised of four directors, all of whom are independent.

The Environmental, Social and Governance Committee is responsible for various matters relating to environmental, social and governance ("ESG") and sustainability matters and its primary duties and responsibilities for the oversight of ESG and sustainability matters are as follows:

- (a) review, approve or recommend to management of the Corporation and/or the Board policies and priorities related to ESG and sustainability matters, including the following:

- climate and energy;
  - Indigenous rights and relationships;
  - stakeholder engagement;
  - community investment;
  - community and landowner awareness on pipeline safety; and
  - political contributions;
- (w) receive and review periodic reports from management regarding the Corporation's initiatives and opportunities to optimize its climate related and sustainability performance including processes to reduce or substitute energy and water use, reduce emissions and waste and minimize land disturbance;
- (x) provide oversight of the Corporation's programs to identify social, political and environmental trends in public debate, public policy, regulation and legislation that may impact the Corporation's strategies and business interests and recommend, where significant, appropriate responses to management of the Corporation and/or the Board;
- (y) provide oversight of the Corporation's performance, engagement and communications directed towards building public confidence and stakeholder trust;
- (z) review and provide oversight of the Corporation's conduct of business in a socially responsible, ethical and transparent manner;
- (aa) review and provide oversight on the incorporation of ESG factors in the Corporation's reporting and public disclosure on ESG and sustainability matters, including use of reporting frameworks and methodologies for annual and specialized disclosure, as well as the Corporation's position in relevant independent ranking systems;
- (bb) review and provide oversight of the Corporation's programs and processes for community, Indigenous and governments relations, including community investment and partnerships and communication, consultation and engagement with key stakeholders, rights-holders and decision makers, to ensure a rigorous and systemic approach;
- (cc) provide oversight with respect to risk management in ESG and sustainability areas; and
- (dd) address any other matter properly referred to the Environmental, Social and Governance Committee by the Chair of the Board, the Board, a director, the CEO, or the management of the Corporation for review, recommendation or decisions.
9. **Assessments – Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.**

The Compensation and Nominating Committee is responsible by its terms of reference to evaluate the effectiveness of the Board, its committees and individual directors. The Compensation and Nominating Committee has developed a questionnaire that assesses the effectiveness of the Board as a whole, individual Board members and each of the committees of the Board. Assessments are conducted annually. The results of the assessment are summarized by the Corporate Secretary and provided to the Chairman of the Compensation and Nominating Committee as well as the Chairman of the Board. The Chairman of the Compensation and Nominating Committee presents a summary of the results to the Board as a whole and communicates the results

of the committee assessment to each committee Chairman. The assessment for 2022 will be conducted in the first half of 2023.

**10. Director Term Limits and Other Mechanisms of Board Renewal**

When considering nominees for the Board, the Compensation and Nominating Committee reviews the skills and experience of the current directors of the Corporation to assess whether the Board's skills and experience need to be strengthened in any area. In addition to considering the skills and experience of the Board, the Compensation and Nominating Committee also assesses the knowledge and character of all nominees to the Board and other factors such as independence of the directors to ensure that the Board is operating effectively and independently of management. The Compensation and Nominating Committee considers both the term of service and age of individual directors, the average term of the Board as a whole and turnover of directors over the prior years when proposing nominees for election of the directors of the Corporation. The Compensation and Nominating Committee considers the benefits of regular renewal in the context of the needs of the Board at the time and the benefits of the institutional knowledge of the Board members.

The Board has adopted the Board Renewal Policy which provides a framework for the Corporation to allow for renewal of the Board by providing for, where appropriate, the "deemed resignation" of a director on the earlier of the director: (i) reaching the age of seventy-five (75); or (ii) having served as a non-executive director of the Corporation for fifteen (15) years since January 1, 2011, being the effective date of the Corporation's conversion from Peyto Energy Trust.

Upon receipt of a "deemed resignation", the Compensation and Nominating Committee will consider whether the continued service of the director would be in the best interests of the Corporation in light of, among other relevant considerations, the individual director's and the Board's competencies and skills, the size of the Board and the composition of the Board in light of Peyto's Board Diversity Policy (as discussed below) and will make a recommendation to the Board to accept or reject the deemed resignation of the individual director.

If the Compensation and Nominating Committee recommends that the Board accept the director's deemed resignation, it shall recommend that the deemed resignation be accepted in conjunction with the Corporation's next annual meeting of shareholders or such other date as it reasonably believes will allow for orderly transition. The Board shall consider but is not obligated to follow the recommendation of the Compensation and Nominating Committee.

If the deemed resignation of a director pursuant to the Board Renewal Policy is not accepted, the director shall be deemed to re-submit such resignation on January 1<sup>st</sup> of each calendar year thereafter.

The Board Renewal Policy is available on the Corporation's website under the heading "Corporate Responsibility".

**11. Policies Regarding the Representation of Women on the Board**

The Board has adopted the Board Diversity Policy which recognizes that the nomination and appointment of candidates with multiple perspectives, skills, expertise, industry experience and personal characteristics such as age, gender, ethnicity and other distinctions will contribute to the continued success of the Corporation. This Board Diversity Policy sets out the framework for Peyto's approach to Board diversity and outlines the key criteria for the composition of the Board to promote the Corporation's commitment and aspirational targets to diversity and inclusion.

The Compensation and Nominating Committee oversees the evaluation and assesses and considers the effectiveness, of the Board as a whole, the committees of the Board and the contribution of individual members on a periodic basis. The Compensation and Nominating Committee, in conjunction with the Board, also reviews the experience, qualifications and skills of Peyto's incumbent directors to ensure that the composition of the Board and committees and the competencies of the members are in line with those that the Compensation and Nominating Committee considers that the Board and its respective committees should possess.

In considering suitable candidates for appointment or re-election to the Board, or whether to accept the deemed resignation of a director pursuant to the Board Renewal Policy, and to assist us in attaining our targeted representation, the Compensation and Nominating Committee shall: (i) consider all aspects of diversity including, but not limited to, those described above, in order to enable the Compensation and Nominating Committee to discharge its duties and responsibilities effectively; (ii) assess the skills and backgrounds collectively represented on the Board to ensure that they reflect the diverse nature of the business environment in which Peyto operates; (iii) consider candidates on merit against objective criteria having due regard to the benefits of diversity on the Board; and (iv) engage, as deemed necessary, qualified independent external advisors to identify and assess candidates that meet the Board's skills and diversity criteria.

In addition, the Compensation and Nominating Committee will review the number of women considered or brought forward as potential nominees for board positions when the Board is looking to add additional members or replace existing members and will evaluate the skills, knowledge, experience and character of any such women candidates relative to other candidates to ensure that women candidates are being fairly considered relative to other candidates.

Any search firm engaged to assist the Compensation and Nominating Committee in identifying candidates for appointment to the Board will be specifically directed to include diverse candidates generally, and multiple women candidates in particular.

In addition, each year the Compensation and Nominating Committee will: (i) assess the effectiveness of the Board Diversity Policy and related objectives; (ii) monitor and review the Corporation's progress in achieving its aspirational target for gender diversity; (iii) monitor the implementation of the Board Diversity Policy; and (iv) report to the Board and recommend any revisions that may be necessary.

As all recommendations of director nominees need to be approved by the Compensation and Nominating Committee, the Board has concluded that appropriate measures are in place to ensure that the Board Diversity Policy is effectively implemented.

The Peyto Board Diversity Policy is available on the Corporation's website under the heading "Corporate Responsibility".

12. **Consideration of the Representation of Women in the Director Identification and Selection Process**

See item 11.

13. **Consideration Given to the Representation of Women in Executive Officer Appointments**

The Board believes that the appointment of executive officers should be made based on each candidate's experience, knowledge, education, management capabilities and competency, as well as the effect of the appointment on the diversity of the Corporation's executive officers as a whole. The Corporation is staffed with a large female contingent (42%) and given its focus on the identification, assessment and development of internal candidates to build leadership capability and strengthen overall succession, the Corporation believes it is poised to ensure it has strong internal female candidates to drive both short and long-term performance. The Corporation's philosophy of development and promotion from within will strengthen its values and culture, aid in retention of talent and provide a diversity of options for succession. See item 14.

14. **Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

The Board does not specifically consider the level of female representation in executive officer positions when making such appointments nor does it have targets in respect of appointing women to these positions. In making appointments to executive officer positions, the Board considers each candidate's experience, knowledge, education, management capabilities and competency, as well as the effect of the appointment on the diversity of the Corporation's executive officers as a whole. Also see item 13. As all recommendations of appointments of executive officers need to be approved by the Compensation and Nominating Committee, the Board has concluded that appropriate measures are in place to ensure that the Corporation's approach to executive officer appointments is effectively implemented.

**15. Number of Women on the Board and in Executive Officer Positions**

There is presently two (2) women serving on the Board, which represents 22% of the Board. There is presently one woman serving in an executive officer position at the Corporation, which represents 14% of the number of executive officer positions at the Corporation.

***Other Matters Relating to the Board***

The Board holds regularly scheduled meetings at least quarterly to perform its responsibilities. The Board and members of management hold strategic planning sessions annually and revisit the strategic plan at each quarterly meeting of the Board. Significant operational decisions and all decisions relating to: (i) the acquisition and disposition of properties in excess of limits established by the Board from time to time; (ii) the approval of capital expenditure budgets; (iii) the establishment of credit facilities; (iv) issuances of additional common shares or debt; and (v) the determination of the amount of the monthly dividends, are made by the Board.

The Board and its committees have access to senior management on a regular basis as Mr. Darren Gee, former CEO, and Ms. Kathy Turgeon, the Vice President and CFO, are directors and attend all meetings of the Board along with other executive officers who are invited to attend such meetings to provide necessary information to facilitate decision making. Additionally, Mr. Jean-Paul Lachance, the President and Chief Executive Officer (formerly President and Chief Operating Officer), attends all meetings of the Board to provide necessary information to facilitate decision making and effective January 1, 2023 has also been appointed as a director of the Corporation.

***Succession Planning***

The Corporation spends considerable time and energy on succession planning for its executive officers and other key personnel. The Corporation focuses on developing leadership bench-strength and future management candidates from within the organization. On an annual basis, the executive officers meet to discuss succession planning within the organization and to identify high potential employees for additional leadership development opportunities. The Board takes responsibility for senior officer succession planning and specifically succession planning for the CEO. Succession planning is frequently a part of the Board agenda and in-camera discussions and is discussed formally at least on an annual basis. At these sessions, the Board and the CEO discuss succession plans and candidates for all executive officer positions, including the CEO role. The review includes an assessment of each individual's strengths and development requirements, an estimate as to when such individuals may be prepared to accept such a role change, and any current plans for such individual's career and educational development.

Effective January 1, 2023 Mr. Jean-Paul Lachance was appointed the President and Chief Executive Officer (formerly President and Chief Operating Officer), succeeding Mr. Darren Gee who retired as the Chief Executive Officer of the Corporation on the same date.

***Shareholder Engagement***

We communicate with our shareholders in a wide variety of ways, including through the Corporation's website, annual responsibility reports, news releases, annual and quarterly reports, management information circulars, annual information forms, investor presentations, group meetings and industry conferences, annual meetings of shareholders and one-on-one meetings with shareholders. The Corporation holds conference calls for quarterly earnings releases and major corporate developments as soon as practicable after they are publicly disclosed, and such calls are open to be heard by the public. Details of the time, place and method of accessing any such call and instructions as to where are broadly disseminated.

The Board has adopted a Shareholder Engagement Policy, which formalizes its commitment to engaging in constructive communications with our shareholders and expresses our directors' interest in meeting with key shareholders to discuss specific matters of mutual interest and concern. Shareholders may initiate communication directly with the Board by contacting our Lead Director by mail or email at:

Peyto Exploration & Development Corp.  
Attention: Lead Director of the Board  
300, 600 – 3<sup>rd</sup> Avenue S.W.  
Calgary, Alberta T2P 0G5

Email: info@peyto.com

The Shareholder Engagement Policy is available on the Corporation's website under the heading "Corporate Responsibility".

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Neither the Corporation, nor any director or executive officer of the Corporation, any proposed nominee for election as a director of the Corporation, nor any associate of any of the foregoing, is, or has at any time since the beginning of the Corporation's last completed financial year, been indebted to the Corporation, nor is or has the indebtedness of any such persons to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

### **CORPORATE SUSTAINABILITY**

The Corporation is committed to conducting its business in a safe and responsible manner to protect both the health and safety of employees, contractors, stakeholders, and the public as well as the environment. Safeguarding the environment and maintaining the integrity of the Corporation's infrastructure is inherent in its day-to-day operations. The Corporation's culture promotes responsibility and accountability for health, safety and environmental performance throughout the entire organization. Recognizing the more prominent role that environmental and sustainability factors are playing in the Corporation's business, in 2020, the Board formed the Environmental, Social and Governance Committee. This committee is comprised of independent directors, who are responsible for, among other things, reviewing the Corporation's policies and practices pertaining to environment, health and safety, and sustainability matters and reviewing procedures designed to minimize environmental, occupational health and safety and other risks to asset value and mitigate such risks. See "*Corporate Governance Practices – Other Board Committees*".

The Corporation has been reporting on sustainability initiatives since 2016 through annual sustainability reports using metrics tracked back from 2013. See the Corporation's website for the 2022 ESG Report for more information. An updated report for 2022 will be available later this year.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed herein, there were no material interests, direct or indirect, of directors or executive officers of the Corporation, any proposed director of the Corporation, any securityholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding common shares, or any other Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

### **INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON**

Management is not aware of any material interest of any director or executive officer or anyone who has held office as such since the beginning of the Corporation's last financial year, any proposed nominee for election as a director or of any associate or affiliate of any of the foregoing in any matter to be acted on at the meeting, save as is disclosed herein.

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this information circular – proxy statement relate to matters that are not historical facts and may constitute forward-looking statements. These statements are identified by the use of words such as "could", "should", "anticipate", "expect", "will", "may" and similar expressions and statements. Forward-looking statements contained herein include, but are not limited to, statements regarding the Corporation's expected approach to its

compensation practices. These statements are based on certain assumptions and analysis made by Peyto in light of its experience and its perception of historical trends and expected future developments as well as other factors it believes are appropriate in the circumstances. Whether actual results, performance or achievements will conform to Peyto's expectations is subject to a number of known and unknown risks and uncertainties which could cause actual results to differ materially from Peyto's expectations.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, royalties, environmental risks, taxation, regulation, changes in tax or other legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, and our ability to access sufficient capital from internal and external sources. The foregoing and other risks are described in more detail in Peyto's management's discussion and analysis for the year ended December 31, 2022 and Peyto's annual information form for the year ended December 31, 2022 under the headings "*Risk Management*" and "*Risk Factors*", respectively, each of which is available at [www.sedar.com](http://www.sedar.com).

**Further, any forward-looking statement is made only as of the date of this information circular – proxy statement, and Peyto undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for Peyto to predict all of these factors or to assess in advance the impact of each such factor on Peyto's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.**

**The forward-looking statements contained in this information circular – proxy statement are expressly qualified by this cautionary statement.**

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual audited comparative financial statements for the year ended December 31, 2022 and the related management's discussion and analysis. Copies of the Corporation's financial statements and related management's discussion and analysis are available upon request from the Corporation at Suite 300, 600 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 0G5, Attention: Kathy Turgeon, telephone (403) 263-2950, or telecopy (403) 451-4100.



## **OTHER MATTERS**

Management of the Corporation knows of no amendment, variation or other matter to come before the meeting other than the matters referred to in the notice of annual and special meeting. However, if any other matter properly comes before the meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

The contents and the sending of this information circular – proxy statement have been approved by the Board.

Shareholders are encouraged to contact management of the Corporation or members of the Board with respect to any questions or concerns regarding the Corporation, its business, operations and/or governance matters. Jean-Paul Lachance, the Corporation's President and CEO, may be reached by telephone at (403) 451-4111; Kathy Turgeon, the Corporation's Vice President and CFO, may be reached by telephone at (403) 263-2950; and Michael MacBean, the Corporation's Lead Director, may be reached by telephone at (403) 225-1144. Additionally, shareholders may call Melissa Wiwchar, Manager, Human Resources for the Corporation, at 1-844-847-9706 (toll free in North America) or (403) 261-6081 (for outside of North America).

Dated: March 28, 2023

## SCHEDULE "A"

### PEYTO EXPLORATION & DEVELOPMENT CORP.

#### MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the "**Board**") of Peyto Exploration & Development Corp. (the "**Corporation**") is responsible for the stewardship of the Corporation. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of the Corporation. In general terms, the Board will:

- A. in consultation with the chief executive officer of the Corporation (the "**CEO**"), define the principal objective(s) of the Corporation;
- B. supervise the management of the business and affairs of the Corporation with the goal of achieving the Corporation's principal objective(s) as defined by the Board;
- C. discharge the duties imposed on the Board by applicable laws; and
- D. for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will perform the following duties:

#### **Strategic Direction, Operating, Capital and Financial Plans**

1. require the CEO to present annually to the Board a yearly business plan for the Corporation's business, which plans must:
  - (a) be designed to achieve the Corporation's principal objectives,
  - (b) identify the principal strategic and operational opportunities and risks of the Corporation's business, and
  - (c) be approved by the Board as a pre-condition to the implementation of such plans;
2. review progress towards the achievement of the goals established in the strategic, operating and capital plans;
3. identify the principal risks of the Corporation's business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks;
4. approve the annual operating and capital plans, as may be amended from time to time;
5. approve issuances of additional common shares of the Corporation or other securities to the public;
6. monitor the Corporation's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;

#### **Management and Organization**

7. appoint the CEO and determine the terms of the CEO's employment with the Corporation;
8. in consultation with the CEO, develop a position description for the CEO;
9. evaluate the performance of the CEO at least annually;
10. in consultation with the CEO, establish the limits of management's authority and responsibility in conducting the Corporation's business;

11. in consultation with the CEO, appoint all officers of the Corporation and approve the terms of each officer's employment with the Corporation;
12. receive annually from the CEO the CEO's evaluation of the performance of each senior officer;
13. approve any proposed significant change in the management organization structure of the Corporation;
14. approve all retirement plans, if any, for officers and employees of the Corporation;
15. in consultation with the CEO, establish a communications/disclosure policy for the Corporation;
16. generally provide advice and guidance to management;

**Finances and Controls**

17. use reasonable efforts to ensure that the Corporation maintains appropriate systems to manage the risks of the Corporation's business;
18. monitor the appropriateness of the Corporation's capital structure;
19. ensure that the financial performance of the Corporation is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
20. in consultation with the CEO, establish the ethical standards to be observed by all officers and employees of the Corporation and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards;
21. require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by the Corporation and its officers and employees;
22. require that the CEO institute, and maintain the integrity of, internal control and information systems, including maintenance of all required records and documentation;
23. review insurance coverage of significant business risks and uncertainties;
24. review and approve the Corporation's hedging program;
25. review and approve material contracts to be entered into by the Corporation;
26. recommend to the shareholders of the Corporation a firm of chartered accountants to be appointed as the Corporation's auditors;
27. review dividend levels, based on information from and consultation with management;
28. approve all changes to dividend levels;
29. take all necessary actions to gain reasonable assurance that all financial information made public by the Corporation (including the Corporation's annual and quarterly financial statements) is accurate and complete and represents fairly the Corporation's financial position and performance;

**Governance**

30. in consultation with the Chairman of the Board, develop a position description for the Chairman of the Board;
31. facilitate the continuity, effectiveness and independence of the Board by, amongst other things,
  - (a) selecting nominees for election to the Board,

- (b) appointing a Chairman of the Board who is not a member of management,
  - (c) appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate,
  - (d) defining the mandate of each committee of the Board,
  - (e) ensuring that processes are in place and are utilized to assess the size of the Board, the effectiveness of the Chairman of the Board, the Board as a whole, each committee of the Board and each director,
  - (f) review the orientation and education program for new members to the Board to ensure that it is adequate and effective, and
  - (g) establishing a system to enable any director to engage an outside adviser at the expense of the Corporation;
32. review annually the adequacy and form of the compensation of directors.

**Delegation**

The Board shall determine the composition of all committees and ensure that such composition is in compliance with all applicable laws.

The Board may delegate its duties to and receive reports and recommendations from any committee of the Board.

**Meetings**

- 33. the Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair;
- 34. minutes of each meeting shall be prepared;
- 35. the CEO or their designate(s) may be present at all meetings of the Board;
- 36. Vice Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.