NEWS RELEASE

MAY 7, 2019 **SYMBOL: PEY – TSX**

PEYTO ANNOUNCES Q1 2019 RESULTS

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("Peyto" or the "Company") is pleased to present its operating and financial results for the first quarter of the 2019 fiscal year. A 68% Operating Margin(1) and a 16% Profit Margin(2) in the quarter delivered a 6% return on capital employed (ROCE) and a 6% return on equity (ROE), on a trailing twelve month basis. Additional highlights included:

- **Liquids yield increases 31%.** Condensate and NGL yields increased from 17.7 bbl/mmcf in Q1 2018 to 23.2 bbl/mmcf in Q1 2019, due to continued deployment of capital in Peyto's liquids rich Cardium play. Total liquids production of 10,703 bbl/d in Q1 2019 was up 7% year over year, despite suspended deep cut operations during February and March. Natural gas production was down 19% to 462 mmcf/d as Peyto replaced declining dry gas with significantly higher liquids-rich gas. Total Q1 2019 production of 87,703 boe/d was up slightly from Q4 2018 of 86,738 boe/d and Q3 2018 of 85,242 boe/d.

- **Funds from operations of $0.63/share.** Generated $103 million in Funds from operations ("FFO") in Q1 2019 down from $149 million in Q1 2018 due to lower commodity prices and lower production levels. FFO exceeded both capital expenditures ($62 million) and dividend payments ($10 million) by $31 million resulting in reduced net debt levels.

- **Total cash costs of $1.02/Mcfe (or $0.88/Mcfe ($5.30/boe) excluding royalties).** Industry leading total cash costs, included $0.14/Mcfe royalties, $0.35/Mcfe operating costs, $0.19/Mcfe transportation, $0.06/Mcfe G&A and $0.28/Mcfe interest, combined with a realized price of $3.20/Mcfe, resulted in a $2.18/Mcfe ($13.06/boe) cash netback, down 17% from $2.63/Mcfe in Q1 2018.

- **Capital investment of $62 million**. A total of 15 gross wells (13.5 net) were drilled in the first quarter, 15 gross wells (14 net) were completed, and 15 gross wells (14 net) were brought on production. Over the last 12 months the 69 gross (64.8 net) wells brought on production accounted for 17,500 boe/d at the end of the quarter, which, when combined with a trailing twelve month capital investment of $259 million, equates to an annualized capital efficiency of $14,800/boe/d. Peyto anticipates the 2019 full year capital efficiency will be $10,000/boe/d.

- **Earnings of $0.15/share, dividends of $0.06/share.** Earnings of $25 million were generated in the quarter while dividends of $10 million were paid to shareholders. The Company has never incurred a write down nor recorded an impairment of its assets and this quarter represents Peyto's 57th consecutive quarter of earnings.

First Quarter 2019 in Review

Peyto spent the majority of the first quarter advancing its Greater Sundance, liquids-rich, Cardium play with all drilling and completions focused on the Cardium. Success with this program was evidenced by some of the strongest initial production and most consistent well results in the Company's 20 year history in this play. As well, Peyto added 49 sections of new Cardium lands in the quarter, all with multiple identified drilling locations, for an average cost of $52/acre. This brings total Cardium land additions to 157 gross (123 net) sections since 2017. Cardium production, with a minimum 50 bbl/mmcf of NGLs (67% pentanes and condensate), now represents 22% of total corporate production and has increased Peyto's proportion of oil and NGL production to 13%. It is anticipated that Cardium production will represent approximately 40% of total production by year end. The added liquids production and Peyto's gas market diversification efforts in the quarter helped strengthen Peyto's revenues and contributed to stronger netbacks despite consistently weak AECO monthly gas prices. In total, 78% of Peyto's natural gas had been hedged for the quarter, and 8% was exported to markets outside of Alberta, leaving just 14% exposed to the domestic Alberta market. Cost control remained a consistent focus, and despite higher methanol costs and usage due to an extremely cold February, cash costs continued to be industry leading. Significant free cashflow generated in the quarter was utilized to reduce net debt levels and improve Peyto's balance sheet. Also in the quarter, the Company extended its four year revolving credit facility which included a revised, peer equivalent, covenant package.

1. Operating Margin is defined as funds from operations divided by revenue before royalties but including realized hedging gains/losses.
2. Profit Margin is defined as net earnings for the quarter divided by revenue before royalties but including realized hedging gains/losses.
Natural gas volumes recorded in thousand cubic feet (mcf) are converted to barrels of oil equivalent (boe) using the ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). Natural gas liquids and oil volumes in barrel of oil (bbl) are converted to thousand cubic feet equivalent (Mcfe) using a ratio of one (1) barrel of oil to six (6) thousand cubic feet. This could be misleading, particularly if used in isolation as it is based on an energy equivalency conversion method primarily applied at the burner tip and does not represent a value equivalency at the wellhead.

	Three Months Ended March 31		%
	2019	2018	Change
Operations			
Production			
Natural gas (mcf/d)	**462,003**	568,496	*-19%*
Oil & NGLs (bbl/d)	**10,703**	10,043	*7%*
Liquid to Gas Ratio (bbl/mmcf)	**23.2**	17.7	*31%*
Barrels of oil equivalent (boe/d @ 6:1)	**87,703**	104,793	*-16%*
Production per million common shares (boe/d)*	**532**	636	*-16%*
Product prices			
Natural gas ($/mcf)	**2.48**	2.86	*-13%*
Oil & NGLs ($/bbl)	**50.37**	59.67	*-16%*
Operating expenses ($/mcfe)	**0.35**	0.29	*21%*
Transportation ($/mcfe)	**0.19**	0.13	*46%*
Field netback ($/mcfe)	**2.52**	2.95	*-15%*
General & administrative expenses ($/mcfe)	**0.06**	0.08	*-25%*
Interest expense ($/mcfe)	**0.28**	0.24	*17%*
Financial ($000, except per share*)			
Revenue	**151,660**	200,397	*-24%*
Royalties	**6,673**	9,543	*-30%*
Funds from operations	**103,078**	148,986	*-31%*
Funds from operations per share	**0.63**	0.90	*-31%*
Total dividends	**9,893**	29,677	*-67%*
Total dividends per share	**0.06**	0.18	*-67%*
Payout ratio (%)	**10**	20	*-50%*
Earnings	**24,970**	47,749	*-48%*
Earnings per diluted share	**0.15**	0.29	*-48%*
Capital expenditures	**62,395**	35,454	*76%*
Weighted average common shares outstanding	**164,874,175**	164,874,175	-
As at March 31			
End of period shares outstanding (includes shares to be issued)	**164,874,175**	164,874,175	-
Net debt	**1,189,849**	1,243,291	*-4%*
Shareholders' equity	**1,654,076**	1,725,131	*-4%*
Total assets	**3,654,039**	3,762,835	*-3%*

**all per share amounts using weighted average common shares* outstanding

	Three Months Ended March 31	
($000 except per share)	**2019**	2018
Cash flows from operating activities	**91,511**	143,995
Change in non-cash working capital	**9,061**	3,913
Change in provision for performance based compensation	**215**	1,078
Performance based compensation	**2,291**	-
Funds from operations	**103,078**	148,986
Funds from operations per share	**0.63**	0.90

(1) Funds from operations ("FFO") - Management uses FFO to analyze the operating performance of its energy assets. In order to facilitate comparative analysis, FFO is defined throughout this report as earnings before performance based compensation, non-cash and non-recurring expenses. Management believes that FFO is an important parameter to measure the value of an asset when combined with reserve life. FFO is not a measure recognized by Canadian generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by GAAP. Therefore, FFO, as defined by Peyto, may not be comparable to similar measures presented by other issuers, and investors are cautioned that FFO should not be construed as an alternative to net earnings, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP. FFO cannot be assured and future dividends may vary.

Exploration & Development

First quarter 2019 activity was focused exclusively in the Greater Sundance area on the Cardium play as shown in the following table:

Zone	Field							Total Wells Drilled
	Sundance	Nosehill	Wildhay	Ansell	Whitehorse	Kisku/ Kakwa	Brazeau	
Belly River	-	-	-	-	-	-	-	-
Cardium	6	-	9	-	-	-	-	15
Notikewin	-	-	-	-	-	-	-	-
Falher	-	-	-	-	-	-	-	-
Wilrich	-	-	-	-	-	-	-	-
Bluesky	-	-	-	-	-	-	-	-
Total	6	-	9	-	-	-	-	15

The Company continues to drive down costs with its preferred Cardium drilling and completion design. As illustrated in the following table, drilling cost per meter have continued to drop as have completion costs per frac stage.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Q1
Gross Hz Spuds	52	70	86	99	123	140	126	135	70	**15**
Measured Depth (m)	3,762	3,903	4,017	4,179	4,251	4,309	4,197	4,229	4,020	**3,853**
Drilling ($MM/well)	$2.76	$2.82	$2.79	$2.72	$2.66	$2.16	$1.82	$1.90	$1.71	**$1.54**
$ per meter	$734	$723	$694	$651	$626	$501	$433	$450	$425	**$400**
Completion ($MM/well)	$1.36	$1.68	$1.67	$1.63	$1.70	$1.21	$0.86	$1.00	$1.13	**$1.15**
Hz Length (m)	1,335	1,303	1,358	1,409	1,460	1,531	1,460	1,241	1,348	**1,528**
$ per Hz Length (m)	$1,017	$1,286	$1,231	$1,153	$1,166	$792	$587	$803	$835	**$751**
$ '000 per Stage	$231	$246	$257	$188	$168	$115	$79	$81	$51	**$46**

Capital Expenditures

During the first quarter of 2019, Peyto spent $24.2 million on drilling, $20.2 million on completions, $5.1 million on wellsite equipment and tie-ins, $8.9 million on facilities and major pipeline projects, and $4.0 million acquiring new lands and seismic, for total capital investments of $62.4 million.

The $8.9 million on new facilities and major pipeline projects included two pipeline looping projects in Sundance and liquid handling modifications to our Wildhay, Oldman and Oldman North gas plants.

Commodity Prices

Average Monthly AECO natural gas prices were $1.84/GJ in Q1 2019, up from $1.80/GJ in the previous quarter and $1.76/GJ in the prior year. This is in contrast to the average Daily AECO gas price of $2.49/GJ in Q1 2019. Historically, monthly prices have outperformed daily prices, however, this was not the case in the first quarter. Peyto typically hedges the majority of the AECO exposed production using fixed price swaps settled against the monthly price which is why such a large portion of Peyto's unhedged gas received the monthly price.

On average for Q1 2019, Peyto realized a natural gas price of $2.48/Mcf ($2.16/GJ) or 135% of the AECO monthly average price. This was the result of a combination of approximately 14% of natural gas production being sold into the daily or monthly spot market at an average of $1.94/GJ, approximately 78% having been pre-sold at an average hedged price of $2.04/GJ, and approximately 8% being sold to export markets in Eastern Canada at $3.69/GJ.

In the first quarter of 2019, NGL prices, relative to natural gas prices, justified the operation of Peyto's Oldman deep cut plant only during the month of January. As a result, Peyto realized a blended oil and natural gas liquids price of $50.37/bbl, which represented 69% of the $72.98/bbl average Canadian WTI price. Details of realized commodity prices by component are shown in the following table:

Commodity Prices by Component

		Three Months ended Mar 31	
		2019	2018
AECO monthly	($/GJ)	**1.84**	1.76
AECO daily	($/GJ)	**2.49**	1.97
Henry Hub spot	($US/MMBTU)	**2.92**	3.08
Peyto natural gas – prior to hedging	($/GJ)	**2.05**	1.72
	($/mcf)	**2.36**	1.98
Peyto natural gas – after hedging	($/GJ)	**2.16**	2.49
	($/mcf)	**2.48**	2.86
Condensate ($/bbl)		**71.23**	72.56
Propane ($/bbl)		**16.99**	26.04
Butane ($/bbl)		**26.69**	40.83
Pentane ($/bbl)		**64.16**	79.26
Total Oil and natural gas liquids ($/bbl)		**50.37**	59.67
Canadian WTI ($/bbl)		**72.98**	79.54
Peyto Realized liquids price/Canadian WTI		**69%**	75%

Liquids prices are Peyto realized prices in Canadian dollars adjusted for fractionation and transportation.

Financial Results

Approximately 34%, or $1.02/Mcfe, of Peyto's unhedged revenue came from its associated natural gas liquids sales while 66%, or $2.00/Mcfe, came from natural gas. Natural gas hedging activity contributed $0.18/Mcfe for total revenue of $3.20/Mcfe. Liquids production represented 12% of total production but 34% of revenue which covered all cash costs. Cash costs of $1.02/Mcfe, included royalties of $0.14/Mcfe, operating costs of $0.35/Mcfe, transportation costs of $0.19/Mcfe, G&A of $0.06/Mcfe and interest costs of $0.28/Mcfe. Cash costs per unit of production were higher than the previous quarter and previous year due to increased royalties, related to higher liquids pricing, higher operating and transportation costs, reduced production levels, and increased interest rates. For the balance of the year, Peyto expects to lower per unit operating and interest costs as chemical requirements diminish in summer months and as debt is reduced.

Total cash costs, when deducted from realized revenues of $3.20/Mcfe, resulted in a cash netback of $2.18/Mcfe or a 68% operating margin. Historical cash costs and operating margins are shown in the following table.

	2016				**2017**				**2018**				**2019**
($/Mcfe)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	**Q1**
Revenue	3.24	2.92	3.16	3.38	3.44	3.36	3.24	3.50	3.54	3.20	3.27	3.03	**3.20**
Royalties	0.13	0.10	0.12	0.18	0.19	0.17	0.09	0.15	0.17	0.10	0.14	0.12	**0.14**
Op Costs	0.23	0.26	0.25	0.26	0.29	0.24	0.26	0.28	0.29	0.30	0.31	0.33	**0.35**
Transportation	0.16	0.17	0.16	0.16	0.17	0.18	0.17	0.16	0.13	0.18	0.19	0.19	**0.19**
G&A	0.03	0.06	0.04	0.03	0.04	0.05	0.03	0.03	0.08	0.05	0.03	0.04	**0.06**
Interest	0.17	0.21	0.19	0.18	0.20	0.21	0.21	0.21	0.24	0.26	0.27	0.27	**0.28**
Cash Costs	0.72	0.80	0.76	0.81	0.89	0.85	0.76	0.83	0.91	0.89	0.94	0.95	**1.02**
Netback	2.52	2.12	2.40	2.57	2.55	2.51	2.48	2.67	2.63	2.31	2.33	2.08	**2.18**
Operating Margin	78%	73%	76%	76%	74%	75%	76%	76%	74%	72%	71%	69%	**68%**

Depletion, depreciation and amortization charges of $1.38/Mcfe, along with a provision for deferred tax and market based bonus payments reduced the cash netback to earnings of $0.53/Mcfe, or a 16% profit margin. Dividends of $0.21/Mcfe were paid to shareholders.

Natural Gas Marketing

Peyto continues to make meaningful progress on its market diversification strategy. This thoughtful plan is designed to complement the Company's highly successful hedging strategy and endeavors to achieve, over the long term, a balanced marketing approach whereby 40% of natural gas sales are linked to AECO based pricing, 40% are linked to US-based pricing and 20% are sold directly to intra-Alberta industrial markets. The Company has been actively securing both synthetic and physical transportation arrangements to link gas sales to US-based markets and Eastern Canadian markets that are more closely tied to NYMEX price.

For 2019, Peyto has 25% of forecast natural gas volumes linked to NYMEX prices with 84% of this volume already hedged, 12% linked to Eastern Canadian markets in Dawn and Ventura where 13% is hedged (100% of Ventura volumes are hedged for this summer), and 63% to the AECO market where 72% is hedged. The result of these arrangements means less than 5% of annual revenue is exposed to the AECO spot market.

For 2020, Peyto has 47% of forecast natural gas volumes linked to NYMEX prices, 13% to Dawn and Ventura, and 40% to AECO. At those markets, 6% of the NYMEX and 38% of the AECO volume has already been hedged.

For a real time summary of Peyto's market diversification portfolio and future hedges refer to Peyto's website at: http://www.peyto.com/Files/Operations/Marketing/hedges.pdf

Activity Update

Drilling activity was shut down in mid-April for the annual spring breakup period while completion activity continued with the completion of four standing Cardium wells. Four additional wells remain standing, awaiting completion which is expected to occur in June.

No new wells were brought on production in April, however, 5 gross (4.5 net) Cardium wells have recently been equipped and tied in during the first week of May. Production in April was impacted by extremely volatile AECO natural gas prices, where at times Peyto had approximately 10% of its dry gas production shut in due to low prices. This reduced April average production by approximately 1,000 boe/d. The new, liquids-rich wells added in May, all with NGL yields in excess of 75 bbl/mmcf, have grown current liquid production to 12,500 bbl/d. This added liquid volume has created high gathering system pressures which has backed out approximately 1,500 boe/d of existing production. Pipeline looping and plant liquid handling projects are ready to be installed immediately following spring breakup to recover this production.

Also, since the end of the first quarter, Peyto has acquired 7 net sections of Cardium rights at an average cost of $55/acre, increasing total crown purchases this year to 67 sections.

Peyto's first Montney well, which was drilled in the fourth quarter of 2018, will also be completed in June. The Company plans to complete the well using a slick-water fracture stimulation which will incorporate approximately 3,400 tonnes of sand pumped along the 1,935m horizontal lateral.

New Ventures

Peyto continues to work on design attributes for its Big Sunny storage scheme. Reservoir simulation work has been completed and a pilot project utilizing existing vertical wells is currently being contemplated. The Company is also awaiting the imminent market impact to local propane prices by a new West Coast export terminal before making a final investment decision on the Swanson Deep Cut facility installation, as this facility will primarily extract liquid propane from the sales gas stream. In addition, Peyto continues to evaluate opportunities to vertically integrate its energy business to extract maximum value from existing and future reserves and infrastructure assets.

Outlook

The current capital program for 2019 remains unchanged with an expected range of $150 to $200 million, involving the drilling of approximately 50 Cardium liquids-rich gas wells, the testing of Peyto's new Montney play, the continued accumulation of new lands which add profitable drilling inventory, and continued debt reduction. The rapidly growing liquids revenue, particularly from free wellhead condensate, is expected to help offset weak summer spot gas prices. By replacing declining dry gas production with more liquids rich gas, Peyto will be able to increase its sales revenue on a unit of production basis while continuing to drive down total supply cost resulting in increasing cash netbacks.

Peyto's continues to pursue its long term strategy of becoming a more fully integrated energy business. Opportunities to invest in new infrastructure to extend the value chain will continue to be investigated, as will additional opportunities for market diversification for all of its produced products.

Conference Call and Webcast

A conference call will be held with the senior management of Peyto to answer questions with respect to the 2019 first quarter financial results on Wednesday, May 8th, 2019, at 9:00 a.m. Mountain Daylight Time (MDT), or 11:00 a.m. Eastern Daylight Time (EDT). To participate, please call 1-844-492-6041 (North America) or 1-478-219-0837 (International). Shareholders and interested investors are encouraged to ask questions about Peyto and its most recent results. Questions can be submitted prior to the call at info@peyto.com. The conference call can also be accessed through the internet: https://edge.media-server.com/m6/p/6y9beph5. The conference call will be archived on the Peyto Exploration & Development website at www.peyto.com.

Management's Discussion and Analysis/Financial Statements

A copy of the first quarter report to shareholders, including the MD&A, unaudited financial statements and related notes, is available at http://www.peyto.com/Files/Financials/2019/Q12019FS.pdf and at http://www.peyto.com/Files/Financials/2019/Q12019MDA.pdf and will be filed at SEDAR, www.sedar.com at a later date.

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Cautionary Statements

Forward-Looking Statements

This news release contains certain forward-looking statements or information ("forward-looking statements") as defined by applicable securities laws that involve substantial known and unknown risks and uncertainties, many of which are beyond Peyto's control. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words "plan", "expect", "prospective", "project", "intend", "believe", "should", "anticipate", "estimate", or other similar words or statements that certain events "may" or "will" occur are intended to identify forward-looking statements. The projections, estimates and beliefs contained in such forward-looking statements are based on management's estimates, opinions, and assumptions at the time the statements were made, including assumptions relating to: the impact of economic conditions in North America and globally; industry conditions; changes in laws and regulations including, without limitation, the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; increased competition; the availability of qualified operating or management personnel; fluctuations in commodity prices, foreign exchange or interest rates; stock market volatility and fluctuations in market valuations of companies with respect to announced transactions and the final valuations thereof; results of exploration and testing activities; and the ability to obtain required approvals and extensions from regulatory authorities. Management of the Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Peyto will derive from them. As such, undue reliance should not be placed on forward-looking statements. Forward-looking statements contained herein include, but are not limited to, statements regarding: the anticipated 2019 annual capital efficiency; the amount of gas volumes expected to be exposed to US based pricing in 2019 and 2020; the timing for the Company's analysis of the production results from its Cardium and Montney evaluation; expectations regarding future drilling and completion costs; the Company's natural gas marketing diversification strategy; Peyto's hedging program; the Company's drilling and completion program for the remainder of 2019; timing expectations for an investment decision on Peyto's Swanson plant deep cut conversion and other deep cut projects; future supply source opportunities for the Company and potential LNG export projects the Company may become involved with; Peyto's 2019 budget and new production estimates for year-end 2019, including the Company's expected capital program for 2019; expectations for exit production for 2019; pricing expectations for the winter and summer seasons; and the Company's overall strategy and focus.

The forward-looking statements contained herein are subject to numerous known and unknown risks and uncertainties that may cause Peyto's actual financial results, performance or achievement in future periods to differ materially from those expressed in, or implied by, these forward-looking statements, including but not limited to, risks associated with: imprecision of reserves estimates; competition from other industry participants; failure to secure required equipment; changes in general global economic conditions including, without limitations, the economic conditions in North America; increased competition; the lack of availability of qualified operating or management personnel; fluctuations in commodity prices, foreign exchange or interest rates; environmental risks; changes in laws and regulations including, without limitation, the adoption of new environmental and tax laws and regulations and changes in how they are interpreted and enforced; the results of exploration and development drilling and related activities; the ability to access sufficient capital from internal and external sources; and stock market volatility. In addition, to the extent that any forward-looking statements presented herein constitutes future-oriented financial information or financial outlook, as defined by applicable securities legislation, such information has been approved by management of Peyto and has been presented to provide management's expectations used for budgeting and planning purposes and for providing clarity with respect to Peyto's strategic direction based on the assumptions presented herein and readers are cautioned that this information may not be appropriate for any other purpose. Readers are encouraged to review the material risks discussed in Peyto's annual information form for the year ended December 31, 2018 under the heading "Risk Factors" and in Peyto's annual management's discussion and analysis under the heading "Risk Management".

The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise *and, as such, undue reliance should not be placed on forward-looking statements. Peyto's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Peyto will derive there from. The forward-looking statements, including any future-oriented financial information or financial outlook, contained in this news release speak only as of the date hereof and Peyto does not assume any obligation to publicly update or revise them to reflect new information, future events or circumstances or otherwise, except as may be required pursuant to applicable securities laws.*

Barrels of Oil Equivalent

To provide a single unit of production for analytical purposes, natural gas production and reserves volumes are converted mathematically to equivalent barrels of oil (BOE). Peyto uses the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). The 6:1 BOE ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on current prices. While the BOE ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

Non-IFRS Measurements

Within this news release references are made to terms commonly used in the oil and gas industry. Funds from operations, funds from operations per share and netbacks do not have any standardized meaning under IFRS and previous GAAP and are referred to as non-IFRS measures. Funds from operations are described in footnote 1 to the first table on page 2 of this news release. Netbacks are a non-IFRS measure that represents the profit margin associated with the production and sale of petroleum and natural gas. Netbacks are per unit of production measures used to assess Peyto's performance and efficiency. The primary factors that produce Peyto's strong netbacks and high margins are a low cost structure and the high heat content of its natural gas that results in higher commodity prices. The Company's calculation of the non-IFRS measures included herein may differ from the calculation of similar measures by other issuers. Therefore, the Company's non-IFRS measures may not be comparable to other similar measures used by other issuers. Non-IFRS measures should only be used in conjunction with the Company's annual audited and interim financial statements. A reconciliation of these measures can be found in Peyto's management's discussion and analysis for the three months ended March 31, 2019.