NEWS RELEASE

NOVEMBER 11, 2020 **SYMBOL: PEY – TSX**

PEYTO ANNOUNCES 1,000th HORIZONTAL WELL AND Q3 2020 FINANCIAL RESULTS

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("Peyto" or the "Company") is pleased to present its operating and financial results for the third quarter of the 2020 fiscal year. While the COVID-19 pandemic continued to grip the world and global energy markets, Peyto was able to safely continue conducting drilling operations, achieving a significant operational milestone in the Company's 22 year history with the completion of its 1,000th horizontal well. Results for the quarter included:

- **Funds from operations of $0.30/share.** Generated $49 million in Funds From Operations ("FFO") in Q3 2020, down from $68 million in Q3 2019 due to 14% lower realized commodity prices offset by 2% higher production levels.

- **Liquids production up 6%.** Natural gas production increased 1% from 396 MMcf/d in Q3 2019 to 402 MMcf/d in Q3 2020 while Condensate and NGL production increased 6% from a year ago to 11,263 bbl/d. Liquid yields were 28 bbl/MMcf, up from 27 bbl/MMcf in Q3 2019, primarily due to new Cardium drilling. Total liquids production was comprised of 6,493 bbls/d of Condensate and Pentanes+, and 4,770 bbls/d of Propane and Butane. Total Q3 2020 production of 78,210 boe/d was up 2% from Q3 2019.

- **Total cash costs of $1.01/Mcfe ($0.87/Mcfe or $5.25/boe excluding royalties).** Industry leading total cash costs, included $0.14/Mcfe royalties, $0.32/Mcfe operating costs, $0.16/Mcfe transportation, $0.04/Mcfe G&A and $0.35/Mcfe interest, and combined with a realized price of $2.15/Mcfe, resulting in a $1.14/Mcfe ($6.83/boe) cash netback, down 29% from $1.61/Mcfe ($9.65/boe) in Q3 2019. Operating costs per unit for Q3 2020 were up 3% from Q3 2019, largely due to increased power and chemical costs.

- **Capital investment of $62 million**. A total of 18 gross wells (16.5 net) were drilled in the third quarter, 21 gross wells (19.5 net) were completed, and 21 gross wells (19.5 net) were brought on production. Over the last 12 months the 74 gross (67.35 net) wells brought on production accounted for approximately 24,000 boe/d at the end of the quarter, which, when combined with a trailing twelve month capital investment of $241 million, equates to an annualized capital efficiency of $10,000/boe/d. Peyto anticipates the 2020 full year capital efficiency will be approximately $9,000/boe/d based on continued drilling and completion cost improvements.

- **Dividends of $0.01/share, Loss of $0.07/share.** Dividends of $1.6 million were paid to shareholders during the quarter while a loss of $11.3 million was recorded.

Third Quarter 2020 in Review

Peyto increased drilling activity in the third quarter, following spring break up, with four drilling rigs active across the Company's Deep Basin core areas. On September 23, 2020 drilling commenced on the Company's 1,000th Deep Basin horizontal well at 14-01-054-19W5. The well was drilled to 4,250m measured depth with a 1,832m horizontal lateral in the Notikewin formation. Drilling was conducted by the Ensign #401 rig which has been drilling for Peyto for over 10 years without a single lost-time incident. The 14-01 well also set a new drilling pace record at Peyto, taking only 6.5 days from spud to total depth. The well is currently being completed as part of a multi-well pad site and will commence production shortly. Peyto has now drilled more horizontal wells in the Alberta Deep Basin than any other operator and continues to lead the industry in innovation, efficiency and safety while responsibly developing Alberta's natural gas resources. Production grew from 76,000 boe/d at the start of the quarter to exit at 83,000 boe/d. Commodity prices also rebounded from Q2 2020 lows with NYMEX gas and WTI oil up 18% and 47%, respectively. Although Funds from Operations for the quarter were lower than Q3 2019, the higher commodity prices lifted FFO 49% from the previous quarter. Peyto maintained its industry leading low cash costs at $1.01/Mcfe which delivered a 53% Operating Margin[1]. The Company anticipates that the recent improvement in natural gas prices and continued growth in production will significantly improve financial performance in the quarters ahead.

1. Operating Margin is defined as funds from operations 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 Sep 30		%	Nine Months Ended Sep 30		%
	2020	2019	Change	**2020**	2019	Change
Operations						
Production						
Natural gas (mcf/d)	**401,680**	396,343	*1%*	**401,692**	426,648	*-6%*
Oil & NGLs (bbl/d)	**11,263**	10,650	*6%*	**11,325**	10,821	*5%*
Thousand cubic feet equivalent (mcfe/d @ 1:6)	**469,259**	460,243	*2%*	**469,640**	491,572	*-4%*
Barrels of oil equivalent (boe/d @ 6:1)	**78,210**	76,707	*2%*	**78,273**	81,929	*-4%*
Production per million common shares (boe/d)*	**474**	465	*2%*	**475**	497	*-4%*
Product prices						
Natural gas ($/mcf)	**1.64**	1.84	*-11%*	**1.57**	2.07	*-24%*
Oil & NGLs ($/bbl)	**31.08**	39.65	*-22%*	**29.73**	44.87	*-34%*
Operating expenses ($/mcfe)	**0.32**	0.31	*3%*	**0.36**	0.34	*6%*
Transportation ($/mcfe)	**0.16**	0.19	*-16%*	**0.17**	0.19	*-11%*
Field netback ($/mcfe)	**1.53**	1.97	*-22%*	**1.42**	2.19	*-35%*
General & administrative expenses ($/mcfe)	**0.04**	0.05	*-20%*	**0.04**	0.05	*-20%*
Interest expense ($/mcfe)	**0.35**	0.31	*13%*	**0.32**	0.30	*7%*
Financial ($000, except per share*)						
Revenue and realized hedging gains (losses) [1]	**92,853**	105,944	*-12%*	**264,457**	373,130	*-29%*
Royalties	**5,867**	1,440	*307%*	**13,508**	8,350	*62%*
Funds from operations	**49,173**	68,106	*-28%*	**136,697**	247,157	*-45%*
Funds from operations per share	**0.30**	0.41	*-28%*	**0.83**	1.50	*-45%*
Total dividends	**1,649**	9,892	*-83%*	**13,191**	29,677	*-56%*
Total dividends per share	**0.01**	0.06	*-83%*	**0.08**	0.18	*-56%*
Payout ratio (%)	**3**	15	*-80%*	**10**	12	*-17%*
Earnings (loss)	**(11,285)**	6,275	*-280%*	**(101,506)**	130,003	*-178%*
Earnings (loss) per diluted share	**(0.07)**	0.04	*-275%*	**(0.62)**	0.79	*-179%*
Capital expenditures	**61,568**	36,574	*68%*	**167,454**	133,080	*26%*
Weighted average common shares outstanding	**164,892,979**	164,874,175	-	**164,880,489**	164,874,175	-
As at September 30						
Net debt				**1,183,754**	1,133,869	*4%*
Shareholders' equity				**1,573,825**	1,721,158	*-9%*
Total assets				**3,515,148**	3,587,612	*-2%*

[1]excludes revenue from sale of third party volumes

	Three Months Ended Sep 30		Nine Months Ended Sep 30	
($000 except per share)	**2020**	2019	**2020**	2019
Cash flows from operating activities	**48,074**	64,913	**150,169**	241,993
Change in non-cash working capital	**1,099**	3,193	**(13,472)**	2,873
Performance based compensation	**-**	-	**-**	2,291
Funds from operations	**49,173**	68,106	**136,697**	247,157
Funds from operations per share	**0.30**	0.41	**0.83**	1.50

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

Exploration & Development Activity

Third quarter 2020 drilling activity was spread throughout the Greater Sundance and Brazeau River areas and amongst both the liquids rich Cardium and drier Spirit River plays as shown in the following table:

	Field							Total Wells Drilled
Zone	Sundance	Nosehill	Wildhay	Ansell	Whitehorse	Kisku/ Kakwa	Brazeau	
Cardium	2		3				2	7
Viking	1							1
Notikewin	2			1			1	4
Falher				2				2
Wilrich	3							3
Bluesky	1							1
Total	9		3	3			3	18

Drilling and completion costs for the third quarter of 2020 continued their downward trend. Peyto expects 2020 drilling cost per meter and completion costs per stage will be the lowest in Company history. Repeated success with a new extended reach horizontal well design is contributing to the lower costs. No lost time incidents occurred in Q3 2020 as Peyto and its service providers safely executed operations in drilling, completions, pipelining, and facility installations all while dealing with the added concerns of the COVID-19 pandemic.

	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2	2020 Q3	2020 YTD
Gross Hz Spuds	99	123	140	126	135	70	61	17	12	18	**47**
Measured Depth (m)	4,179	4,251	4,309	4,197	4,229	4,020	3,848	4,069	4,335	4,219	**4,222**
Drilling conducted ($MM/well)	$2.72	$2.66	$2.16	$1.82	$1.90	$1.71	$1.62	$1.75	$1.69	$1.68	**$1.71**
$ per meter	$651	$626	$501	$433	$450	$425	$420	$430	$390	$398	**$404**
Completion conducted ($MM/well)	$1.63	$1.70	$1.21	$0.86	$1.00	$1.13	$1.01*	$0.98	$0.97	$0.91	**$0.93**
Hz Length MD-TVD (m)	1,409	1,460	1,531	1,460	1,241	1,348	1,484	1,563	1,587	1,720	**1,632**
$ per Hz Length (m)	$1,153	$1,166	$792	$587	$803	$835	$679	$624	$610	$528	**$574**
$ '000 per Stage	$188	$168	$115	$79	$81	$51	$38	$38	$37	$34	**$36**

**excluding Peyto's Wildhay Montney well.*

Capital Expenditures

During the third quarter of 2020, Peyto invested 88% of total capital in well related expenditures, with $28.0 million in drilling, $20.1 million in completions and $6.0 million in wellsite equipment and tie-ins. A further $5.0 million was invested in facilities and major pipeline projects, and $2.5 million acquiring new land and seismic, for total capital investments of $61.6 million.

Peyto commissioned its Sundance water disposal well and associated pipeline during the quarter, along with several pipeline looping projects to debottleneck portions of the gathering system in the Greater Sundance area. This work, along with compressor upgrades and continued installation of reduced methane emission controllers, made up the majority of the $5 million in facility and pipeline expenditures. These reduced emission controllers have allowed Peyto to reduce it's methane emissions per boe of production by over 40% from 2016.

Commodity Prices

During Q3 2020 Peyto sold 34% of its natural gas at AECO, 9% at Emerson, 5% at Ventura, and 52% at Henry Hub. Benchmark prices, Peyto realized prices, and aggregate gas marketing diversification costs are shown below. Moving forward, the Company expects to continue to market more of its gas at hubs outside of AECO but expects that market diversification costs will be significantly reduced over time.

Benchmark Commodity Prices

	Three Months ended September 30	
	2020	2019
AECO 7A monthly ($/GJ)	**2.04**	0.99
AECO 5A daily ($/GJ)	**2.12**	0.86
Emerson2 (US$/MMBTU)	**1.78**	1.90
NYMEX (US$/MMbtu)	**1.95**	2.33
Ventura daily (US$/MMbtu)	**1.80**	2.00
Dawn daily (US$/MMbtu)	**1.82**	2.13
Canadian WTI ($/bbl)	**54.50**	74.55
Conway C3 (US$/bbl)	**19.54**	15.10

Q3 2020 average CND/USD exchange rate of 1.332

Peyto Realized Commodity Prices by Component

	Three Months ended September 30	
	2020	2019
Natural gas ($/mcf)	**2.62**	2.17
Gas marketing diversification activities ($/mcf)	**(1.01)**	(0.70)
Gas hedging ($/mcf)	**0.03**	0.37
Oil, condensate and C5+ ($/bbl)	**42.09**	67.76
Butane and propane ($/bbl)	**15.76**	2.79
Oil and NGL hedging ($/bbl)	**(1.78)**	2.26

Liquids prices are Peyto realized prices in Canadian dollars adjusted for fractionation, transportation, and market differentials.
Peyto natural gas has an average heating value of approximately 1.15 GJ/mcf
Details of Peyto's ongoing marketing and diversification efforts are available on Peyto's website at:
http://www.peyto.com/Files/Operations/Marketing/hedges.pdf

Financial Results

Approximately 36%, or $0.79/Mcfe, of Peyto's unhedged revenue came from its associated condensate and natural gas liquids sales while 64%, or $1.38/Mcfe, is attributable to natural gas sales. Natural gas hedging increased revenue by $0.02/Mcfe while liquids hedging reduced revenue by $0.04/Mcfe for total revenue of $2.15/Mcfe. Cash costs of $1.01/Mcfe, included royalties of $0.14/Mcfe, operating costs of $0.32/Mcfe, transportation costs of $0.16/Mcfe, G&A of $0.04/Mcfe and interest costs of $0.35/Mcfe. Cash costs per unit of production were higher than Q3 2019 due to increased royalties and interest charges.

When the total cash costs of $1.01/Mcfe were deducted from realized revenues of $2.15/Mcfe, it resulted in a cash netback of $1.14/Mcfe or a 53% operating margin. Historical cash costs and operating margins are shown in the following table:

	2017				2018				2019				2020		
($/Mcfe)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
Revenue	3.44	3.36	3.24	3.50	3.54	3.20	3.27	3.03	3.20	2.60	2.50	2.76	2.30	1.73	**2.15**
Royalties	0.19	0.17	0.09	0.15	0.17	0.10	0.14	0.12	0.14	0.01	0.03	0.12	0.12	0.06	**0.14**
Op Costs	0.29	0.24	0.26	0.28	0.29	0.30	0.31	0.33	0.35	0.34	0.31	0.34	0.39	0.36	**0.32**
Transportation	0.17	0.18	0.17	0.16	0.13	0.18	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.17	**0.16**
G&A	0.04	0.05	0.03	0.03	0.08	0.05	0.03	0.04	0.06	0.05	0.05	0.02	0.04	0.04	**0.04**
Interest	0.20	0.21	0.21	0.21	0.24	0.26	0.27	0.27	0.28	0.30	0.31	0.31	0.29	0.33	**0.35**
Cash Costs	0.89	0.85	0.76	0.83	0.91	0.89	0.94	0.95	1.02	0.89	0.89	0.98	1.03	0.96	**1.01**
Netback	2.55	2.51	2.48	2.67	2.63	2.31	2.33	2.08	2.18	1.71	1.61	1.78	1.27	0.77	**1.14**
Operating Margin	74%	75%	76%	76%	74%	72%	71%	69%	68%	66%	64%	65%	55%	45%	**53%**

Depletion, depreciation, and amortization charges of $1.34/Mcfe, along with a provision for deferred tax and stock-based compensation payments reduced the cash netback to a loss of $0.26/Mcfe ($0.07/share). Dividends of $0.04/Mcfe ($0.01/share) were paid to shareholders in the quarter. No impairment charges were recorded in the quarter.

Activity Update

Peyto currently has 4 drilling rigs operating in the Greater Sundance and Brazeau core areas. These four rigs are scheduled to shut down in mid-December for the Christmas break but will resume drilling in early January. Since the end of the quarter, the Company has spud 11 wells, completed 10 wells, and brought on production 5 new wells. In addition, there are 7 wells at various stages of completion and tie-in.

Peyto's recent efforts to increase horizontal lateral length and increase stimulation intensity has yielded impressive results across several areas and in several different formations. The 2020 capital program, so far, has achieved the lowest total drilling and completion cost per meter of stimulated reservoir, while still delivering superior production performance compared to previous years. This superior performance combined with the strong spot natural gas prices, has resulted in some of the highest rates of return achieved in the last five years. Historical costs and the average of the first six months of production are shown below.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
Wells Drilled	70	86	99	123	140	126	135	70	61	**47**
Measured Depth (m)	4,041	4,017	4,179	4,251	4,309	4,197	4,229	4,020	3,848	**4,222**
Stimulated Hz Lateral (m)	1,138	1,123	1,264	1,269	1,287	1,224	1,241	1,377	1,351	**1,500**
Total Avg Drill & Complete ($MM/well)	$4.50	$4.28	$4.36	$4.31	$3.28	$2.59	$2.78	$2.78	$2.46	**$2.63**
D&C cost per meter of stimulated reservoir	$3,954	$3,809	$3,445	$3,393	$2,549	$2,119	$2,236	$2,018	$1,823	**$1,753**
Average IP180 (boe/d)	426	403	674	466	501	455	441	349	383	**520**

Recently, the Company has started gathering and processing 8 mmcf/d of third-party production into Peyto's under-utilized Sundance infrastructure. This will generate incremental fee revenue to Peyto while allowing the third party to share in Peyto's lower cost structure. The Company is continuing its efforts in this regard in areas where pipeline and plant infrastructure have spare capacity and will not impact Peyto's current volumes and future plans.

2021 Budget

The improved well performance and recent strength in both NYMEX and AECO natural gas prices, combined with the continued reduction in Peyto's drilling and completion costs, which has lowered the cost to add new production, significantly improves the Company's return on invested capital. Consistent with year two of Peyto's strategic three-year plan, the Board of Directors is currently examining a go-forward capital program that invests available free cashflow into resource development opportunities. While specifics of the 2021 budget are not yet finalized, a capital program of $300 to $350 million, funded entirely from free cashflow, is being contemplated, which could add a projected of 33,000-39,000 boe/d, based on current on-stream metrics. This volume addition would more than offset the annual forecast of approximately 25% base decline on anticipated 2020 exit production of 85,000 boe/d. The 2020 exit production and subsequent base decline will depend on the timing of year end activity.

Peyto believes it currently has all the necessary equipment and service providers in place to execute the proposed capital program and has demonstrated during the year an ability to conduct operations safely and efficiently during the COVID 19 pandemic. While this proposed capital program will be funded entirely from available free cashflow, it should result in production, cashflow and earnings growth, as well as bring total leverage metrics in line, allowing Peyto to exit its covenant relief period with lenders earlier than originally contemplated. In addition, by the end of 2021, a significant portion of Peyto's production that had been exposed to higher cost AECO-NYMEX basis will be subject to much lower market diversification costs, resulting in improved gas price realizations. The subsequent growth in free cashflow beyond 2021 could then be used for further debt repayment and increased dividends.

As always, Peyto will ensure any capital plans will be nimble with the ability to react to changes in commodity prices and the global economic environment, both of which continue to be volatile and uncertain.

Management Change

Mr. Timothy Louie, Peyto's Vice President of Land, will be retiring at the end of November 2020. On behalf of directors, staff, and shareholders of Peyto, management would like to sincerely thank Mr. Louie for his contributions to Peyto over the last 9 years and wish him all the best in his retirement.

Outlook

The Peyto business model has always been a simple one. Use technical expertise to invest capital into internally generated drilling projects that achieve the highest possible return on that capital. After 22 successful years of deploying this strategy, Peyto has built one of the highest quality, lowest cost natural gas asset bases in the industry. At times, this strategy requires patience as it takes time to build value and quality through the drill bit, but after $6.3 billion in cumulative capital investment to drill 663 vertical wells and over 1,000 horizontal wells, which have delivered $6.4 billion in cumulative funds from operations, this approach has proven to deliver.

Globally, the outlook for natural gas continues to strengthen in recognition that it will be a critical part of any transition to a larger, cleaner, and reliable energy complex. Peyto remains confident that demand for the products it is developing today, will only grow in the future.

Conference Call and Webcast

A conference call will be held with the senior management of Peyto to answer questions with respect to the 2020 third quarter financial results on Thursday, November 12th, 2020, at 9:00 a.m. Mountain Time (MT), or 11:00 a.m. Eastern Time (ET). 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/mmc/p/px5ts8gk. 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 third quarter report to shareholders, including the MD&A, unaudited financial statements and related notes, is available at http://www.peyto.com/Files/Financials/2020/Q32020FS.pdf and at http://www.peyto.com/Files/Financials/2020/Q32020MDA.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: macro-economic conditions, including public health concerns (including the impact of the COVID-19 pandemic) and other geopolitical risks, the condition of the global economy and, specifically, the condition of the crude oil and natural gas industry including the collapse of global crude oil prices, other commodity prices and the decrease in global demand for crude oil in 2020, and the ongoing significant volatility in world markets; other industry conditions; changes in laws and regulations including, without limitation, the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; increased competition; the availability of qualified operating or management personnel; fluctuations in other commodity prices, foreign exchange or interest rates; stock market volatility and fluctuations in market valuations of companies with respect to announced transactions and the final valuations thereof; results of exploration and testing activities; and the ability to obtain required approvals and extensions from regulatory authorities. Management of the Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Peyto will derive from them. As such, undue reliance should not be placed on forward-looking statements. Forward-looking statements contained herein include, but are not limited to, statements regarding: the future outlook for realized commodity prices being better in the future than in the third quarter of 2020; the expectation that financial performance will significantly improve in the upcoming quarters; the expectation that the Company will continue to market more of its gas at hubs outside of AECO; the expectation that market diversification costs will diminish; the continued need for precautions to be taken to ensure the health and safety of all workers during the COVID-19 pandemic; the Company's intention to offset higher interest charges under its credit facility with lower per unit operation and transportation costs resulting from a focused cost reduction program; the expectation that the four drilling rigs will be at full utilization in 2021 with an expanded capital program; the Company's drilling and completion program for the remainder of 2020, including the timing of bringing on new wells in the remainder of 2020; the anticipated cost savings as a result of the newly commission water disposal well and facility; the anticipated additional cost savings to be realized in the balance of the year; the expectation for growing capital programs in 2021 and 2022; the expectation for producing reserve life to continue to grow and base production declines continue for future growth and profitability; the Company's ability to continue to be nimble and flexible in adjusting its program for 2020 as required; 2020 capital efficiency; Peyto's hedging program; and the Company's overall strategy and focus.

The forward-looking statements contained herein are subject to numerous known and unknown risks and uncertainties that may cause Peyto's actual financial results, performance or achievement in future periods to differ materially from those expressed in, or implied by, these forward-looking statements, including but not limited to, risks associated with: continued changes and volatility in general global economic conditions including, without limitations, the economic conditions in North America and public health concerns (including the impact of the COVID-19 pandemic); continued fluctuations and volatility in commodity prices, foreign exchange or interest rates; continued stock market volatility; imprecision of reserves estimates; competition from other industry participants; failure to secure required equipment; increased competition; the lack of availability of qualified operating or management personnel; environmental risks; changes in laws and regulations including, without limitation, the adoption of new environmental and tax laws and regulations and changes in how they are interpreted and enforced; the results of exploration and development drilling and related activities; and the ability to access sufficient capital from internal and external sources. In addition, to the extent that any forward-looking statements presented herein constitutes future-oriented financial information or financial outlook, as defined by applicable securities legislation, such information has been approved by management of Peyto and has been presented to provide management's expectations used for budgeting and planning purposes and for providing clarity with respect to Peyto's strategic direction based on the assumptions presented herein and readers are cautioned that this information may not be appropriate for any other purpose. Readers are encouraged to review the material risks discussed in Peyto's annual information form for the year ended December 31, 2019 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 September 30, 2020.