

NEWS RELEASE

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PEY – TSX

PEYTO RELEASES 2022 ESG REPORT

CALGARY, ALBERTA – Peyto Exploration & Development Corp. (“Peyto” or the “Company”) is pleased to release its 2022 ESG Report which details the Company’s environmental, social, and governance (“ESG”) activities for the year ended December 31, 2021. The complete ESG report (the “Report”) can be found at www.peyto.com.

Peyto believes good environmental, social, and governance performance is essential to managing a long-term sustainable business. The Company has reported on environmental and safety performance over the last 7 years through its annual sustainability reports and 2022 marks the second year of the Company’s comprehensive ESG Report. The Company’s core values of efficiency, cost control, and operational excellence naturally lead to less environmental impact, strong social conscience and effective corporate governance. Longstanding relationships with suppliers, regulators, and local communities has allowed Peyto to conduct business safely and responsibly for over 23 years.

Highlights of the 2022 Report include:

Reduced Greenhouse Gas Emissions (“GHG”) Intensity

- Peyto’s Scope 1 and 2 GHG emissions intensities* were determined at 18.1 kgCO₂e per boe of production in 2021, representing a 28% reduction from 2013 levels and a 3% reduction from the prior year (Page 21 of the Report).
- The Company’s emissions intensity, per barrel of production, was less than half that of the average in the Canadian Oil and Gas sector according to Government of Canada data (Page 22 of the Report).
- Peyto controlled and operated 99% of its production in 2021 which was processed through one of 10 wholly owned gas processing plants. All Scope 1 and 2 emissions from wellhead to sales through these facilities were included in its emissions intensity.

**Peyto cautions that when comparing the Company’s emissions intensity with other operators in the industry care should be taken to ensure that all emissions, including those generated at third party processing facilities, are included in the totals. Peyto has adjusted and compared GHG emissions intensity in its 2022 Report to normalize for this discrepancy. Refer to Page 21 in the Report.*

Methane Emissions Reduction

- The Company specifically targets the methane component of GHG emissions as it provides the best opportunity to make meaningful reductions while minimizing the loss of sales gas.
- The 2021 flared and vented methane emissions intensity was down 59% from 2016, exceeding its 5-year target of reducing intensity to 50% of 2016 levels (Page 22 of the Report).
- A new target has been set to further reduce this intensity another 50% by 2023 (or 75% lower than 2016 levels).
- Peyto’s ongoing methane emissions reduction projects include the installation of zero emissions measurement skids on all new wells and retrofitting older sites with zero emission solar powered pumps, ultra-low-bleed controllers, and methane collection bottles to use as heater fuel.

Carbon Capture and Storage

- During 2021, Peyto conducted an evaluation of deep storage reservoirs in proximity to the Company’s gas processing facilities in the Greater Sundance area and investigated commercially available carbon capture technologies.
- It was determined that Peyto’s land base contains several deep saline aquifers that have the capacity to store all carbon generated by Company’s activities for decades to come.

- Peyto will continue to evaluate these opportunities before committing shareholder capital to ensure any viable disposal scheme is commercial.

Land and Water Use Minimization

- Peyto continued to optimize its well pads and modular facility designs to ensure they are “right-sized” and expandable for resource development and production growth.
- This ensures minimal land use per unit of energy produced while simultaneously minimizing capital requirements.
- Since 2012, Peyto has utilized multi-well pad drilling to reduce overall land use and wellsite footprints.
- By the end of 2021, the cumulative land used for all of Peyto’s roads and well sites has been reduced to 1.4 ha/well, down 30% from 2013 (Page 27 of the Report).
- Peyto’s high quality Deep Basin Cretaceous reservoirs require less water for fracturing and smaller leases for fracture operations than the Montney or Duvernay plays.
- The Company’s water use intensity is one of the lowest at 0.4 bbls of water per boe produced in the first 6 months as compared by AER data (Page 25 of the Report).
- During 2021, Peyto also recycled 84% of the flowback water used in hydraulic fracturing activities, exceeding the 80% target set in 2020, further reducing freshwater use (Page 26 of the Report).

Liability Management

- Peyto’s organic development strategy has resulted in 98% of the Company’s asset base being developed by Peyto over the last 23 years resulting in minimal liabilities.
- At the end of 2021, over 90% of the wells drilled over those 23 years were still producing representing one of the highest ratios of producing to non-producing wells in the industry.
- During the year, the Company proactively spent \$2.1MM towards retirement and abandonment activities, exceeding the target set in 2020 of \$1MM per year over the next 3 years (Page 30 of the Report).
- At year end, Peyto estimated the cost of future abandonment and reclamation liability (all wells, sites, & facilities) at approximately \$62 million (discounted at 5%) which represents a mere 1.2% of Peyto’s total \$5.0 billion of forecast future value from the developed reserves (at the same discount rate).

Health and Safety

- At Peyto, everyone is a worker first, and each employee, and every contractor, is charged with the responsibility of carrying out Peyto’s business without compromise to the safety of themselves, their co-workers, and the equipment they use.
- The Company is proud to continue to report zero total recordable incidents over the last 5 years for its employees.
- The contractor total recordable incident frequency rate of 0.84 for 2021 was less than the 2020 target of below 1.0 (Page 18 of the Report).
- Peyto affirmed its commitment to safety by renewing the Company’s Certification of Recognition (COR), resulting in a third-party audit score of 95% (Page 19 of the Report).

Our People

- The Peyto Board and leadership team’s commitment to its employees was evidenced by the Company’s low voluntary turnover rate, which has averaged only 2% over the last 5 years, and by the average tenure of employees (10 years) (Page 31 of the Report).
- The dedicated Peyto team was again one of the most efficient in the industry, managing over 11 MMcfe/d of production per employee in 2021.
- Gender diversity was evidenced by a 40% female workforce.

Our Community

- Peyto understands that strong relationships in the communities where the Company operates has been a critical part of the success of over 23 years of operation in Alberta, Canada.
- Over this time, Peyto has invested over \$8.2 Billion in goods and services to provide jobs to Albertans and Canadians, paid over \$1.1 Billion in property taxes and royalties to fund public social programs and facilities, while also returning \$2.5 Billion to shareholders (Page 32 of the Report).
- Peyto is also proud to be a long-term supporter of the Shock Trauma Air Rescue Service (STARS) having contributed over \$700,000 to keep this vital emergency service provider in the air for Albertans since 2004.

Peyto is committed to continual ESG performance improvement and has set the following specific goals and targets in areas that are aligned with the Company's core values contained in the Report:

Goals and Targets

- A 75% reduction of vented and flared Methane emissions intensity from 2016 levels by 2023 (Page 22 of the Report).
- Maintain a contractor TRIF below 1.0 and continue to reduce the 3-year trailing average TRIF each year (Page 18 of the Report).
- Recycle greater than 80% of flowback water during fracturing operations and reduce overall fresh make-up water (Page 26 of the Report).
- Exceed the annual AER closure spend requirements relating to abandonment and reclamation activities (Page 30 of the Report).

For more information on Peyto's ESG initiatives please review the Report at

<https://www.peyto.com/Files/Corporate%20Responsibility/ESG%20Committee/Peyto2022ESGReport.pdf>

Darren Gee
Chief Executive Officer
September 8, 2022

Jean-Paul Lachance
President and Chief Operating Officer

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. Forward-looking information in this news release includes statements regarding the anticipated effects of Peyto's environmental, social, and governance performance on the long term sustainability of its business, Peyto's target to further reduce flared and vented methane emissions intensity, Peyto's ongoing methane reductions projects, Peyto's consideration of future carbon capture and storage projects, Peyto's estimates of abandonment and reclamation liabilities and the matters set forth under "Goals and Targets". 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 commodity prices, inflation rates and costs of goods and services, 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.

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, changes to budgets and capital allocations, changes in economic conditions in North America and public health concerns (including the impact of the COVID-19 pandemic); imprecise estimates, continued fluctuations and volatility in commodity prices, foreign exchange or interest rates; 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.

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.

Certain market, independent third-party and industry data contained in this news release is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but the Company has not conducted its own independent verification of such information. This Presentation also includes certain data derived from public filings made by independent third parties. While the Company believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from independent third-party sources referred to in this news release or ascertained the underlying assumptions relied upon by such sources.

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.