NEWS RELEASE

NOVEMBER 9, 2022 **SYMBOL: PEY – TSX**

PEYTO REPORTS Q3 2022 RESULTS AND 2023 PLANS INCLUDING 120% DIVIDEND INCREASE

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 2022 fiscal year. A 71% Operating Margin[1,2] and a 30% Profit Margin[3] in the quarter delivered a 14% Return on Capital[4] and a 19% Return on Equity[4], on a trailing twelve-month basis. Highlights for the quarter included:

- **Funds from operations[5] per share up 83%.** Generated $197 million in Funds from Operations ("FFO") in Q3 2022 ($1.15/share, $1.13/diluted share), up from $105 million in Q3 2021 ($0.63/share) due to higher commodity price realizations combined with higher production, despite a $92 million realized hedging loss in the quarter. FFO in the quarter exceeded capital expenditures, including acquisitions, by $57 million. This represented a free cashflow ratio[6] of 29% of FFO while dividends of $25.7 million in the quarter represented a dividend payout ratio[7] of 13%, and including capital investments, a total payout ratio[7] of 84%.

- **Production per share up 12%.** Third quarter 2022 production of 104,071 boe/d, comprised of 545 MMcf/d of natural gas, 7,903 bbl/d of Condensate and Pentanes, and 5,360 bbl/d of Butane and Propane, was up 16% from 89,998 boe/d in Q3 2021. Total liquid yields remained the same from a year ago.

- **Total cash costs of $1.57/Mcfe (or $0.87/Mcfe excluding royalties).** Industry leading low total cash costs included $0.70/Mcfe royalties, $0.38/Mcfe operating costs, $0.26/Mcfe transportation, $0.02/Mcfe G&A and $0.21/Mcfe interest, which combined with a realized revenue of $5.01/Mcfe to result in a $3.44/Mcfe ($20.62/boe) cash netback, up 63% from $2.11/Mcfe ($12.68/boe) in Q3 2021. Royalties were up 94% due to higher commodity prices, while the remaining cash costs were virtually the same as the $0.86/Mcfe in Q3 2021 as reduced interest costs offset increased transportation.

- **Net debt down 14%.** Net debt was reduced $161 million from Q3 2021 to $970 million which reduced interest charges 19% from $0.26/Mcfe in Q3 2021 to $0.21/Mcfe in Q3 2022, despite increased interest rates. Net debt has now fallen for 8 consecutive quarters.

- **Capital investment of $140 million including a $26 million acquisition**. A total of 23 gross (22 net working interest) wells were drilled in the third quarter, 25 gross (20.25 net) wells were completed, and 25 gross (20.25 net) wells were brought on production. A $26 million acquisition of undeveloped lands, producing wells and infrastructure in the Brazeau area was closed in September 2022. Over the last 12 months new organic production additions accounted for approximately 38,000 boe/d at the end of the quarter, which, when combined with a trailing twelve-month capital investment of $475 million, inclusive of new facilities but excluding $48 million in total acquisitions, equates to an annualized capital efficiency of $12,500/boe/d. Peyto anticipates full year 2022 organic capital efficiency to be approximately $11,500/boe/d, up from $8,000/boe/d in 2021. This increase is primarily due to a 33% increase in infrastructure investments and service cost inflation.

- **Earnings of $0.50/share, Dividends of $0.15/share ($0.05/month).** Earnings of $85 million were generated in the quarter while dividends of $26 million were paid to shareholders.

Third Quarter 2022 in Review

Peyto was active with five drilling rigs in the third quarter, as well as pipeline and infrastructure projects designed to expand existing gathering systems to accommodate incremental production volumes. These projects continue into the fourth quarter. The Company also closed a property acquisition in the Brazeau area in the quarter which added 42 net sections of land, with over 40 internally identified drilling locations, and 12 producing wells. These new lands are expected to provide future production growth by filling the Company's Aurora gas plant which was purchased in Q1 2022. Daily natural gas prices at Henry Hub were 7% higher in Q3, over Q2 2022, while AECO daily price was 43% lower than the previous quarter reflecting the ongoing issues with the NGTL system. Peyto's realized gas price, before hedging, was 7% lower than Q2 2022 but up 39% from Q3 2021 due to increased exposure to non-AECO markets. Year over year realized price increases combined with higher production resulted in the 89% increase in FFO despite hedging losses. Over the first three quarters of 2022, Peyto has accumulated record earnings of $277 million.

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1 *This press release contains certain non-GAAP and other financial measures to analyze financial performance, financial position, and cash flow including, but not limited to "operating margin", "profit margin", "return on capital", "return on equity", "netback", "funds from operations", and "net debt". These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as earnings, cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto's performance. See "Non-GAAP and Other Financial Measures" included at the end of this press release and in Peyto's most recently filed MD&A for an explanation of these financial measures and reconciliation to the most directly comparable financial measure under IFRS.*
2 *Operating Margin is a non-GAAP financial ratio defined as funds from operations divided by revenue before royalties but including realized hedging gains/losses.*
3 *Profit Margin is a non-GAAP financial ratio defined as net earnings for the quarter divided by revenue before royalties but including realized hedging gains/losses.*
4 *Return on capital and return on equity is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2022 MD&A.*
5 *Funds from operations is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2022 MD&A.*
6 *Free cashflow ratio is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release.*
7 *Dividend and Total Payout ratio is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release.*

	Three Months Ended Sep 30		%	Nine Months Ended Sep 30		%
	2022	2021	Change	**2022**	2021	Change
Operations						
Production						
Natural gas (Mcf/d)	**544,843**	473,008	*15%*	**540,544**	462,496	*17%*
NGLs (bbl/d)	**13,263**	11,164	*19%*	**12,986**	11,860	*9%*
Thousand cubic feet equivalent (Mcfe/d @ 1:6)	**624,423**	539,990	*16%*	**618,461**	533,655	*16%*
Barrels of oil equivalent (boe/d @ 6:1)	**104,071**	89,998	*16%*	**103,077**	88,943	*16%*
Production per million common shares (boe/d)	**608**	541	*12%*	**608**	537	*13%*
Product prices						
Natural gas ($/Mcf)	**3.68**	2.48	*48%*	**3.94**	2.53	*56%*
NGLs ($/bbl)	**78.07**	55.47	*41%*	**82.54**	49.84	*66%*
Operating expenses ($/Mcfe)	**0.38**	0.35	*9%*	**0.39**	0.35	*11%*
Transportation ($/Mcfe)	**0.26**	0.23	*13%*	**0.27**	0.20	*35%*
Field netback[1] ($/Mcfe)	**3.65**	2.39	*53%*	**3.82**	2.45	*56%*
General & administrative expenses ($/Mcfe)	**0.02**	0.02	*-%*	**0.02**	0.04	*-50%*
Interest expense ($/Mcfe)	**0.21**	0.26	*-19%*	**0.22**	0.32	*-31%*
Financial ($000, except per share)						
Revenue and realized hedging losses [2]	**279,661**	164,777	*70%*	**874,385**	480,561	*82%*
Funds from operations[1]	**197,388**	104,608	*89%*	**606,781**	303,509	*100%*
Funds from operations per share - basic[1]	**1.15**	0.63	*83%*	**3.58**	1.83	*96%*
Funds from operations per share - diluted[1]	**1.13**	0.62	*82%*	**3.48**	1.80	*93%*
Total dividends	**25,686**	1,671	*1437%*	**76,529**	4,979	*1437%*
Total dividends per share	**0.15**	0.01	*1400%*	**0.45**	0.03	*1400%*
Earnings	**84,861**	29,271	*190%*	**277,222**	80,529	*244%*
Earnings per share – basic	**0.50**	0.18	*178%*	**1.63**	0.49	*233%*
Earnings per share – diluted	**0.48**	0.17	*182%*	**1.59**	0.48	*231%*
Total capital expenditures[1]	**140,400**	90,170	*56%*	**391,820**	256,107	*53%*
Corporate acquisition	**-**	-		**22,220**	-	
Total payout ratio[1]	**84%**	88%	*-5%*	**77%**	86%	*-10%*
Weighted average common shares outstanding - basic	**171,230,853**	166,440,704	*3%*	**169,642,562**	165,622,980	*2%*
Weighted average common shares outstanding - diluted	**175,140,910**	169,512,566	*3%*	**174,204,741**	169,112,156	*3%*
Net debt[1]				**970,489**	1,131,600	*-14%*
Shareholders' equity				**1,800,985**	1,574,058	*14%*
Total assets				**3,934,616**	3,735,545	*5%*

(1) This is a Non-GAAP financial measure or ratio. See "non-GAAP and Other Financial Measures" in this news release and in the Q3 2022 MD&A

(2) Excludes revenue from sale of third-party volumes

Exploration & Development

Third quarter 2022 activity was spread out amongst the existing core areas of Greater Sundance (Cecilia, Oldman, Nosehill and Wildhay) as well as the Minehead and Chambers expansion areas. Target formations were also widespread, as summarized in the following table, along with development of a new Deep Basin play in the Dunvegan.

Zone	Sundance	Nosehill	Wildhay	Field Ansell/ Minehead	Whitehorse	Kisku/ Kakwa	Brazeau	Total Wells Drilled
Dunvegan	4							4
Cardium							1	1
Notikewin	2	1					3	6
Falher	3						2	5
Wilrich	1		1	2			3	7
Bluesky								
Total	10	1	1	2			9	23

Drilling costs per meter were up 4% from the previous quarter while completion costs per meter and stage were up 24% and 28%, respectively, due to service rate increases and increased frac intensities. A typical basket of goods analysis for drilling and completion costs, including rig rates, fuel, tubulars and stimulations, indicates an average increase of 23% for 2022 versus 2021. The Company continued to pursue Extended Reach Horizontal ("ERH") wells in the quarter resulting in an increase in average measured depth and horizontal length, as a means to get more for less. As well, increased stage count and frac size, in order to enhance productivity, contributed to higher year over year completion costs.

	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022 Q1**	**2022 Q2**	**2022 Q3**
Gross Hz Spuds	123	140	126	135	70	61	64	95	29	**23**	**23**
Measured Depth (m)	4,251	4,309	4,197	4,229	4,020	3,848	4,247	4,453	4,291	4,571	**4,994**
Drilling ($MM/well)	$2.66	$2.16	$1.82	$1.90	$1.71	$1.62	$1.68	$1.89	$2.13	$2.56	**$2.90**
$ per meter	$626	$501	$433	$450	$425	$420	$396	$424	$496	$560	**$580**
Completion ($MM/well)	$1.70	$1.21	$0.86	$1.00	$1.13	$1.01*	$0.94	$1.00	$1.22	$1.16	**$1.49**
Hz Length (m)	1,460	1,531	1,460	1,241	1,348	1,484	1,682	1,612	1,529	1,602	**1,654**
$ per Hz Length (m)	$1,166	$792	$587	$803	$835	$679	$560	$620	$801	$727	**$902**
$ '000 per Stage	$168	$115	$79	$81	$51	$38	$36	$37	$44	$40	**$51**

**excluding Peyto's Wildhay Montney well.*

Capital Expenditures

During the third quarter of 2022, Peyto invested $114 million in organic activity with $59 million on drilling (52%), $29 million on completions (25%), $10 million on wellsite equipment and tie-ins (8%), and $16 million on facilities and major pipeline projects (14%). Peyto continues to pre-purchase wellsite equipment and additional pipe, for both casing and well tie-ins, to stay ahead of supply chain disruptions, however, debottlenecking projects in the quarter were delayed due to regulatory approvals.

Additionally, Peyto closed a $26 million acquisition in the Brazeau area that included 49 gross (41.7 net) sections of land, 12 producing wells totalling approximately 600 boe/d (20% liquids), a 15 MMcf/d compressor station and 59 km of pipelines. There are multiple prospective horizons in each section of rights which expand the 49 gross sections into 243 gross (220 net) zonal sections. Initially, Peyto has internally identified over 40 future drilling locations in the Cardium, Notikewin, Upper and Middle Falher, and Wilrich formations on the undeveloped lands that can tie in directly to Peyto's Aurora gas plant that was purchased earlier this year.

Also, during the quarter, $0.7 million was spent acquiring 3 sections of new Crown land ($370/acre), for a total quarterly capital investment of $140 million.

Commodity Prices

Peyto actively marketed all components of its production stream in the quarter including natural gas, condensate, pentane, butane and propane. Natural gas was sold in Q3 2022 at various hubs including AECO, Empress, Malin,

Ventura, Emerson 2 and Henry Hub using both physical fixed price and basis transactions to access those locations (diversification activities). Natural gas prices were left to float on daily or monthly pricing or locked in using fixed price swaps at those hubs and Peyto's realized price is benchmarked against those local prices, then adjusted for transportation (either physical or synthetic) to those markets. Peyto expects that the cost of market diversification activities will continue to fall as more expensive basis deals are replaced with current lower cost basis deals.

During Q3 2022, Peyto sold 24% of its natural gas at Henry Hub, 26% at AECO, 34% at Emerson, 7% at Malin, 5% Empress, and the remaining 3% at Ventura. Approximately 45% of AECO sales were at Daily prices while 55% were at Monthly prices. Net of diversification activities of CND$0.79/Mcf, Peyto realized a natural gas price of $5.39/Mcf before commodity risk management reduced this price by $1.71/Mcf, to $3.68/Mcf.

The Company's liquids are also actively marketed with condensate being sold on a monthly index differential linked to West Texas Intermediate ("WTI") oil prices. Peyto's NGLs (a blend of pentanes plus, butane and propane) are fractionated by a third party in Fort Saskatchewan, Alberta and Peyto markets each product separately. Pentanes Plus are sold on a monthly index differential linked to WTI, with some volumes forward sold on fixed differentials to WTI. Butane is sold as a percent of WTI or a fixed differential to Mount Belvieu, Texas markets. Propane is sold on a fixed differential to Conway, Kansas markets. While some products like Butane and Propane require annual term contracts to ensure delivery paths and markets are certain, others can be sold on the daily spot market.

Condensate and Pentane Plus volumes were sold in Q3 2022 for an average price of $107.83/bbl, which is up 29% from $83.60/bbl in Q3 2021, and as compared to Canadian ("CND") WTI oil price that averaged $119.46/bbl. The $11.63/bbl differential from CND WTI light oil price was up from $5.32/bbl in Q3 2021 due to higher condensate differentials primarily caused by the US SPR releasing lighter barrels into the market which competed with CND condensate. Butane and propane volumes were sold in combination at an average price of $46.96/bbl, or 39% of light oil price, up 24% from the $37.97/bbl in Q3 2021, due to continued demand increases and lower NGL supplies. Liquid hedging losses, reduced the combined realized liquids price of $83.24/bbl by $5.17/bbl.

In general, Peyto's commodity risk management program is designed to smooth out the short-term fluctuations in the price of natural gas and natural gas liquids through future sales. This smoothing gives greater predictability of cashflows for the purposes of capital planning and dividend payments. The future sales are meant to be methodical and consistent to avoid speculation. In general, this approach will show hedging losses when short term prices climb and hedging gains when short term prices fall.

Peyto's realized prices and benchmark prices are shown in the following table.

Benchmark Commodity Prices at Various Markets

	Three Months ended Sept 30	
	2022	2021
AECO 7A monthly ($/GJ)	**5.50**	3.36
AECO 5A daily ($/GJ)	**3.95**	3.41
NYMEX (US$/MMBTU)	**7.96**	4.28
Emerson2 (US$/MMBTU)	**6.22**	3.71
Malin (US$/MMbtu)	**7.96**	4.12
Ventura daily (US$/MMbtu)	**7.26**	4.02
CND WTI ($/bbl)	**119.46**	88.92
Conway C3 (US$/bbl)	**44.74**	49.02
CND/USD Exchange rate	**1.31**	1.26
Peyto Realized Commodity Prices		
Natural gas (CND$/Mcf)	**6.18**	4.75
Gas marketing diversification activities (CND$/Mcf)	**(0.79)**	(0.85)
Realized natural gas price before hedging (CND$/Mcf)	**5.39**	3.90
Gas hedging (CND$/Mcf)	**(1.71)**	(1.42)
Realized natural gas price (CND$/mcf)	**3.68**	2.48
Condensate and C5+ ($/bbl)	**107.83**	83.60
Butane and propane ($/bbl)	**46.96**	37.97
NGL price ($/bbl	**83.24**	65.29

Liquid hedging ($/bbl)	**(5.17)**	(9.82)
Realized NGL price (CND$/bbl)	**78.07**	55.47

Peyto realized natural gas prices are at NIT, prior to fuel. Peyto gas has an average heating value of approx. 1.15GJ/Mcf.
Liquids prices are Peyto realized prices in Canadian dollars adjusted for fractionation, transportation, and market differentials.
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

The Company's realized price for natural gas in Q3 2022 was $6.18/Mcf, prior to $0.79/Mcf of market diversification activities and a $1.71/Mcf hedging loss, while its realized liquids price was $83.24/bbl, before a $5.17/bbl hedging loss, which yielded a combined revenue stream of $5.01/Mcfe (including $0.11/Mcfe of other income and $0.02/Mcfe realized gain on foreign exchange). This net sales price was 50% higher than the $3.33/Mcfe realized in Q3 2021. Cash costs of $1.57/Mcfe were higher than the $1.22/Mcfe in Q3 2021 due to increased royalties and transportation costs but offset by lower interest costs. Net of royalties, Peyto's controllable cash costs have remained relatively consistent, averaging $0.88/Mcfe for the past four years. These same costs are expected to fall going forward as interest cost fall with reduced debt levels. When the total cash costs of $1.57/Mcfe were deducted from realized revenues of $5.01/Mcfe, it resulted in a cash netback of $3.44/Mcfe or a 70% operating margin. Historical cash costs and operating margins are shown in the following table:

	2019				**2020**				**2021**				**2022**		
($/Mcfe)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
Revenue (1)	**3.20**	**2.60**	**2.50**	**2.76**	**2.30**	**1.73**	**2.15**	**2.71**	**3.70**	**2.92**	**3.33**	**4.42**	**5.25**	**5.48**	**5.01**
Royalties	0.14	0.01	0.03	0.12	0.12	0.06	0.14	0.18	0.29	0.26	0.36	0.53	0.60	0.95	**0.70**
Op Costs	0.35	0.34	0.31	0.34	0.39	0.36	0.32	0.31	0.36	0.35	0.35	0.32	0.41	0.39	**0.38**
Transportation	0.19	0.19	0.19	0.19	0.19	0.17	0.16	0.15	0.17	0.22	0.23	0.23	0.28	0.27	**0.26**
G&A	0.06	0.05	0.05	0.02	0.04	0.04	0.04	0.04	0.04	0.05	0.02	0.02	0.03	0.02	**0.02**
Interest	0.28	0.30	0.31	0.31	0.29	0.33	0.35	0.38	0.38	0.33	0.26	0.22	0.21	0.20	**0.21**
Cash cost pre-royalty	0.88	0.88	0.86	0.86	0.91	0.90	0.87	0.88	0.95	0.95	0.86	0.79	0.93	0.88	0.87
Total Cash Costs	**1.02**	**0.89**	**0.89**	**0.98**	**1.03**	**0.96**	**1.01**	**1.06**	**1.24**	**1.21**	**1.22**	**1.32**	**1.53**	**1.83**	**1.57**
Netback	**2.18**	**1.71**	**1.61**	**1.78**	**1.27**	**0.77**	**1.14**	**1.65**	**2.46**	**1.71**	**2.11**	**3.10**	**3.72**	**3.65**	**3.44**
Operating Margin	68%	66%	64%	65%	55%	45%	53%	61%	67%	59%	63%	70%	71%	67%	**70%**

(1) Revenue includes other income, net third party sales and realized gains on foreign exchange.

Depletion, depreciation, and amortization charges of $1.32/Mcfe, along with a provision for deferred tax and stock-based compensation payments resulted in earnings of $1.53/Mcfe, or a 30% profit margin. Dividends to shareholders totaled $0.45/Mcfe.

Activity Update

While drilling in the fourth quarter 2022 has continued with 5 rigs, Peyto plans to taper activity towards year end and the traditional Christmas break. Production is expected to ramp up from 107,000 boe/d currently to 110,000 boe/d by year end as the Company completes and brings on 17 net new wells. The Company has already commenced drilling on the newly acquired lands in Brazeau which will begin to fill the 45 MMcf/d Aurora facility. This gas plant, which was 10% full upon acquisition, is projected to be filled by the end of Q1 2023.

Peyto now expects that approximately $450 million of total organic capital (before acquisitions) will be invested this year which will exceed the high end of earlier guidance ($350–$400 million) as the Company drills deeper and longer wells than those originally planned, as well as constructs new well pads, pipeline loops and gas plant installations, specifically in the highly successful Chambers area, that will facilitate future growth. Over $25 million will be invested in 2022 in large diameter pipelines in the Chambers area that establishes a core infrastructure position. In total, 2022 facility and major pipeline capital is now expected to account for over 20% of all organic capital, up from 15% in 2021 and 11% in 2020.

2023 Preliminary Budget and Plans

Peyto continues to enjoy increasing economic success with ERH well designs in several formations including the Cardium, Falher and Wilrich which opens up more resource for economic development and adds to future drilling inventory. In addition, during 2022 a new Dunvegan play emerged in the Cecilia area where the first 4 wells, using the

latest ERH design, have exceeded initial expectations. These wells have proven up even more drilling inventory that will supply production to the Cecilia, Wildhay and Oldman North gas plants in 2023 and beyond. Applying the latest ERH design to these and other formations will be the focus of the 2023 capital program in the Greater Sundance core area along with a large $9 million pipeline project to connect the Swanson gas plant and Cascade power plant.

Peyto will also be developing a new core area called Whitehorse in 2023 which will involve land acquisition, development drilling and infrastructure investments (roads/pipelines/new gas plant). The development drilling in this area will commence in the first half of 2023 in support of a new 50 MMcf/d gas plant scheduled to be operational in the third quarter 2023. Much of the equipment for this new facility will be relocated from the currently shut-in Peyto Galloway plant site, meaning the Company will only have to spend on relocation and installation, rather than waiting to buy new equipment. As well, Peyto has committed to a multi-well farm-in intended to earn an additional 35 gross sections of Deep Basin rights, which contain over 60 internally identified ERH development locations. These new lands will complement the existing 72 sections, which already have over 120 internally identified Wilrich locations, and combined will help support the long-term utilization of this new facility. This initial development drilling will focus on deeper targets but is also expected to identify multiple shallower zones like in Peyto's Greater Sundance and Brazeau areas.

Meanwhile in the Greater Brazeau area, Peyto plans to continue to fill up remaining plant capacity at both Brazeau and Aurora gas plants throughout 2023 using pre-existing drilling inventory and lands acquired in 2022. The new gas plant and pipelines installed in 2022 in the Chambers area will continue to support additional development there for decades to come.

Peyto is specifically scheduling a larger percentage of 2023 drilling in the summer months to take advantage of lower anticipated service rates, and greater equipment and materials availability. This will help offset service cost inflation pressures and allow Peyto to continue to add production at capital efficiencies less than or similar to those achieved in 2022. While specifics of the 2023 budget are still being finalized, an organic capital program of $425–$475 million is anticipated, which will use between 4 and 5 drilling rigs throughout the year and is estimated to add approximately 35,000 to 40,000 boe/d of new production by the end of the year. This volume addition would be more than sufficient to offset the annual forecast decline of 27% on anticipated 2022 exit production of 110,000 boe/d allowing Peyto's production to grow to a target of approximately 120,000 boe/d by year end 2023. While this is a similar organic capital program to 2022, there may also be opportunities throughout the year for unplanned acquisitions or infrastructure investments that the Company chooses to pursue.

Approximately half of Peyto's forecast 2023 after-tax cashflow will be used to reduce debt and fund the dividend, while the remainder will be used to fund the capital program. Peyto has already fixed pricing on over 50% of its forecast production for 2023 which will help achieve a meaningful debt reduction by year end, while also confidently funding the proposed dividend and planned capital program. As always, Peyto will ensure any capital plans will be nimble with the ability to react to changes in commodity prices, service costs and the global economic environment, which continue to be volatile and uncertain.

2023 Dividend Increase

Profit margins over the past 12 months have returned to historic levels of greater than 30%, and with the current futures strip, are anticipated to continue to increase. Peyto will maintain its ongoing three-year hedging practice to ensure a large portion of revenues for future years are fixed which secures funding for planned debt repayments, dividends and capital programs. The Company anticipates that approximately half of forecast profits for 2023 will be retained to reduce indebtedness, while the remainder will be paid to shareholders as dividends. In keeping with this strategy, the Board of Directors of Peyto is pleased to approve a monthly dividend of $0.11/share starting in January 2023 for shareholders of record as of January 31, 2023 (ex-dividend date January 30, 2023) and paid on February 15, 2023. This new dividend represents a 120% increase over the current $0.05/month dividend.

Outlook

The global market for natural gas is rapidly growing as gas is increasingly recognized as the only affordable, reliable and available fuel that can solve much of the world's energy needs with the least environmental impact. As consuming nations pivot to more reliable and secure sources, it creates new demand for North American natural gas which leads to rising prices. Peyto's assets are well positioned to benefit from increased value as a result of these higher prices while its business can generate superior total returns on new capital invested in its Deep Basin opportunities.

As current, lower priced hedges fall off, Peyto's market diversification activities, along with direct connect industrial sales like the Cascade power plant, which is anticipated to start Q4 2023, allow the Company to look forward to a

rising realized natural gas price despite a falling future NYMEX natural gas price curve that settles towards $US4.50/MMBTU in 2025. Despite the backwardated futures curve, this long-term futures price is up over 60% from a year ago. For Peyto, a rising realized price, combined with growing production and reserves, is expected to result in growing FFO, earnings and dividends beyond 2023. At that time Peyto's balance sheet is also expected to be sufficiently robust allowing for earnings, if deemed appropriate, to be exclusively allocated towards dividends. Continued protection of commodity price realizations and revenues will be key to solidifying those increased earnings and increased dividends in future years.

The combination of recent corporate and property acquisitions, farm-ins and successful crown land purchases, along with new gas plant infrastructure has allowed Peyto to significantly expand its Deep Basin position which sets the stage for several years of exciting development opportunities. In addition, Peyto has amassed sufficient take away capacity and market diversification to enable growing production volumes to access those improved commodity prices.

Conference Call and Webcast

A conference call will be held with senior management of Peyto to answer questions with respect to the Company's Q3 2022 results on Thursday, November 10, 2022, at 9:00 a.m. Mountain Time (MT), or 11:00 a.m. Eastern Time (ET).

Access to the webcast can be found at: **https://edge.media-server.com/mmc/p/63diipc2.** To participate in the call, please register for the event at: **https://register.vevent.com/register/BIa32bb1a63d5c40828affc0ac248c5941.** Participants will be issued a dial in number and PIN to join the conference call and ask questions. Alternatively, questions can be submitted prior to the call at info@peyto.com. 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/2022/Q32022FS.pdf and at http://www.peyto.com/Files/Financials/2022/Q32022MDA.pdf and will be filed at SEDAR, www.sedar.com at a later date.

Jean-Paul Lachance
President and Chief Operating Officer
November 9, 2022

Darren Gee
Chief Executive Officer

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, 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 forecast costs of future abandonment and reclamation liability; expectations regarding future drilling inventory; the future outlook for commodity prices; expectations regarding the Company's margin of profit; the Company's drilling and completion program for 2022 and 2023, including the timing of the drilling program; the Company filling up the remaining capacity in its Brazeau and Aurora gas plants; the 40 future drilling locations identified in the recent Brazeau acquisition; that there are multiple prospective horizons in each section of rights which expand the 49 gross sections into 243 gross locations in the Brazeau Area; the Company's drilling on newly acquired Brazeau lands beginning to fill the Aurora facility; the Aurora facility will be filled by Q1 2023; the cost of market diversification activities continuing to fall and being replaced with current lower cost basis deals; Peyto's risk management program smoothing commodity prices and adding greater predictability in cash flow for the purpose of capital planning and dividend payouts; the Company completing and bringing on 17 net new wells before year end; the Chambers area facilitating future growth; the Company's ERH well design opening up more resources for economic development and future drilling; the drilling in the Company's new Dunvegan play; the development of the new Whitehorse play; the Company's ability to construct and begin to fill a 50 MMcf/d gas plant in Whitehorse; the Company's internal projections of over 60 identified ERH development locations in its recently announced farm-in; that deeper development drilling in the Whitehorse area will identify multiple shallower horizons; the enhanced 2023 summer drilling program taking advantage of reduced service costs; the Company adding production at similar capital efficiencies as 2022; profit margins continuing to increase; the hedging program securing funding for capital programs, dividends and planned debt repayments; the global market for natural gas and the new demand for North American natural gas; the Company realizing a rising natural gas price despite a falling future NYMEX natural gas price curve; the Company's expected capital expenditure program for 2023 of between $425–$475 million and the usage of 4-5 drilling rigs in connection therewith; the Company's adding 35,000 to 40,000 boe/d in new production by the end of 2023; the expected production decline rate of 27% during 2023; the projected year-end production totals in 2022 and 2023 of 110,000 beo/d and 120,000 boe/d, respectively; the Company's expectation of the 2023 capital program being funded from less than half of its after-tax cashflow; that over half of forecast profits will be retained to reduce indebtedness while the remainder will be used to pay dividends; Peyto's market diversification activities and direct industrial connection resulting in rising realized gas prices; rising realized gas prices and rising production resulting in growing FFO, earnings and dividends beyond 2023; Peyto's balance sheet being sufficiently robust in 2023 to allow for earnings to be exclusively allocated towards dividends; the continued protection of commodity price realizations being the key to solidifying increased earnings and dividends in future years; recent corporate and property acquisitions, farm-ins and crown land purchases, along with new gas plant infrastructure setting the stage for several years of exciting development opportunities; Peyto amassing sufficient take away capacity and market diversification to enable growing production to access improving commodity prices; anticipated improvement of costs and profitability; 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, 2021 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.

Drilling Locations

This news release discloses drilling locations or targets with respect to the Company's assets, all of which are unbooked locations. Unbooked locations are internal estimates based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production, and reserves information. There is no certainty that the Company will drill any unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources, or production. The drilling locations on which the Company actually drill wells will ultimately depend upon the availability of capital, receipt of regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations may have been derisked by drilling existing wells in relatively close proximity to such unbooked drilling locations, management has less certainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Non-GAAP and Other Financial Measures

Throughout this press release, Peyto employs certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto's performance.

Non-GAAP Financial Measures

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

	Three Months ended September 30		*Nine Months ended September 30*	
($000)	***2022***	*2021*	***2022***	*2021*
Cash flows from operating activities	***205,464***	*101,982*	***611,835***	*307,648*
Change in non-cash working capital	***(14,155)***	*2,626*	***(13,633)***	*(4,139)*
Decommissioning expenditures	***3,579***	-	***3,579***	-
Performance based compensation	***2,500***	-	***5,000***	-
Funds from operations	***197,388***	*104,608*	***606,781***	*303,509*

Free Funds Flow
Peyto uses free funds flow as an indicator of the efficiency and liquidity of Peyto's business, measuring its funds after capital investment available to manage debt levels, pay dividends, and return capital to shareholders through activities such as share repurchases. Peyto calculates free funds flow as funds from operations generated during the period less additions to property, plant and equipment, included in cash flow from investing activities in the statement of cash flows. By removing the impact of current period additions to property, plant and equipment from funds from operations, Management monitors its free funds flow to inform its capital allocation decisions. The most directly comparable GAAP measure to free funds flow is cash from operating activities. The following table details the calculation of free funds flow and the reconciliation from cash flow from operating activities to free funds flow.

	Three Months ended September 30		*Nine Months ended September 30*	
($000)	***2022***	*2021*	***2022***	*2021*
Cash flows from operating activities	***205,464***	*101,982*	***611,835***	*307,648*
Change in non-cash working capital	***(14,155)***	*2,626*	***(13,633)***	*(4,139)*
Decommissioning expenditures	***3,579***	-	***3,579***	-
Performance based compensation	***2,500***	-	***5,000***	-
Funds from operations	***197,388***	*104,608*	***606,781***	*303,509*
Total capital expenditures	***(140,400)***	*(90,170)*	***(391,820)***	*(256,107)*
Free funds flow	***56,988***	*14,438*	***214,961***	*47,402*

Total Capital Expenditures

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

($000)	Three Months ended September 30		Nine Months ended September 30	
	2022	2021	**2022**	2021
Cash flows used in investing activities	**140,934**	69,236	**401,612**	251,386
Change in prepaid capital	**(6,740)**	(221)	**8,190**	(4,687)
Corporate acquisitions	**-**	-	**(22,220)**	-
Change in non-cash working capital relating to investing activities	**6,206**	21,155	**4,238**	9,408
Total capital expenditures	**140,400**	90,170	**391,820**	256,107

Net Debt

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

($000)	**As at September 30, 2022**	As at December 31, 2021	As at September 30, 2021
Long-term debt	**934,828**	1,065,712	1,065,000
Current assets	**(180,885)**	(144,370)	(133,427)
Current liabilities	**506,950**	239,620	401,936
Financial derivative instruments	**(289,149)**	(61,091)	(200,716)
Current portion of lease obligation	**(1,255)**	(1,123)	(1,193)
Net debt	**970,489**	1,098,748	1,131,600

Non-GAAP Financial Ratios

Funds from Operations per Share

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

Netback per MCFE and BOE

"Netback" is a non-GAAP measure that represents the profit margin associated with the production and sale of petroleum and natural gas. Peyto computes "field netback per Mcfe" as commodity sales from production, plus net third party sales, if any, plus other income, less royalties, operating, and transportation expense divided by production. "Cash netback" is calculated as "field netback" less interest, less general and administration expense and plus or minus realized gain (loss) on foreign exchange, divided by production. 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.

($/Mcfe)	Three Months ended September 30		Nine Months ended September 30	
	2022	2021	**2022**	2021
Gross Sale Price	**6.48**	4.78	**6.65**	4.13
Realized hedging loss	**(1.60)**	(1.45)	**(1.48)**	(0.82)
Net Sale Price	**4.88**	3.33	**5.17**	3.31
Net third party sales	**0.07**	-	**0.03**	-
Other income	**0.04**	0.01	**0.02**	0.01
Royalties	**(0.70)**	(0.36)	**(0.75)**	(0.31)
Operating costs	**(0.38)**	(0.35)	**(0.39)**	(0.35)
Transportation	**(0.26)**	(0.23)	**(0.27)**	(0.20)
Field netback[(1)]	**3.61**	2.39	**3.79**	2.45
Net general and administrative	**(0.02)**	(0.02)	**(0.02)**	(0.04)
Interest on long-term debt	**(0.21)**	(0.26)	**(0.21)**	(0.32)
Realized gain on foreign exchange	**0.02**	-	**0.01**	-
Cash netback[(1)] ($/Mcfe)	**3.44**	2.11	**3.59**	2.09
Cash netback[(1)] ($/boe)	**20.62**	12.68	**21.56**	12.55

Return on Equity

Peyto calculates ROE, expressed as a percentage, as Earnings divided by the Equity. Peyto uses ROE as a measure of long- term financial performance, to measure how effectively Management utilizes the capital it has been provided by shareholders and to demonstrate to shareholders the returns generated over the long term.

Return on Capital Employed
Peyto calculates ROCE, expressed as a percentage, as EBIT divided by Total Assets less Current Liabilities per the Financial Statements. Peyto uses ROCE as a measure of long-term financial performance, to measure how effectively Management utilizes the capital (debt and equity) it has been provided and to demonstrate to shareholders the returns generated over the long term.

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

	Three Months ended September 30		Nine Months ended September 30	
($000, except total payout ratio)	***2022***	*2021*	***2022***	*2021*
Total dividends declared	***25,686***	*1,671*	***76,529***	*4,979*
Total capital expenditures	***140,400***	*90,170*	***391,820***	*256,107*
Total payout	***166,086***	*91,841*	***468,349***	*261,086*
Funds from operations	***197,388***	*104,608*	***606,781***	*303,509*
Total payout ratio (%)	***84%***	*88%*	***77%***	*86%*

Operating Margin
Operating Margin is a non-GAAP financial ratio defined as funds from operations divided by revenue before royalties but including realized hedging gains/losses.

Profit Margin
Profit Margin is a non-GAAP financial ratio defined as net earnings for the quarter divided by revenue before royalties but including realized hedging gains/losses.

Free Cash flow Ratio
Free Cash Flow Ratio is a non-GAAP financial ratio defined as Free Funds Flow for the quarter divided by Funds From Operations for the quarter. Management monitors its Free Cash Flow Ratio to inform its capital allocation decisions.

Payout ratio
Payout ratio is a non-GAAP measure which is calculated as dividends declared divided by funds from operations. This ratio represents the percentage of dividends that is funded by cashflow. Management uses this measure, among others, to assess the sustainability of Peyto's dividend.