NEWS RELEASE

MARCH 9, 2022 **SYMBOL: PEY – TSX**

PEYTO FUNDS FLOW REBOUNDS IN 2021

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("Peyto" or the "Company") is pleased to report operating and financial results for the fourth quarter and 2021 fiscal year. An improved 66% operating margin[1], combined with a 21% profit margin[2], to deliver a 2021 Return on Capital Employed ("ROCE") of 7% and Return on Equity ("ROE") of 10%.

Full Year and Q4 2021 Highlights:

- **Funds From Operations up 121%** - *Annual Funds from Operations ("FFO") rose from $213 million in 2020 to $470 million in 2021 (an increase of 114% per diluted share), due to higher realized commodity prices and higher production. Q4 2021 FFO was $166 million ($0.96/diluted share) up 119% from Q4 2020.*
- **Earnings of $152 million** – *Annual earnings of $0.89 per diluted share, represent a profit margin of 21% and funded $0.13/share of dividends to shareholders. Fourth quarter 2021 earnings were $72 million, for a 31% profit margin.*
- **Fourth Quarter Production up 18%** - *Annual production increased 14% from 79,577 boe/d to 91,051 boe/d (476 MMcf/d of natural gas and 11,653 bbl/d of natural gas liquids). Fourth quarter field production of 98,377 boe/d (524 MMcf/d of natural gas and 11,100 bbl/d of natural gas liquids), was up 18% over Q4 2020, before a working-interest election relating to a prior period amended fourth quarter volumes to 97,306 boe/d.*
- **Total Cash Costs of $1.25/Mcfe (or $0.88/Mcfe before royalties)** – *Full year 2021 cash costs of $0.88/Mcfe before royalties was equivalent to 2020, and when combined with a realized price of $3.61/Mcfe ($21.62/boe, inclusive of $5.87/boe hedging loss), resulted in a cash netback of $2.36/Mcfe ($14.18/boe) or a 66% operating margin. Q4 2021 cash costs of $0.79Mcfe, before royalties of $0.53/Mcfe, were 10% lower than Q4 2020 and included operating costs of $0.32/Mcfe, transportation of $0.23/Mcfe, G&A of $0.02/Mcfe and interest expense of $0.22/Mcfe resulting in a 70% operating margin.*
- **PDP FD&A Costs down 8% -** *Proved Developed Producing ("PDP") Finding, Development and Acquisition ("FD&A") costs of $0.97/Mcfe ($5.84/boe) were down 8% from 2020 and were the lowest in 19 years.*
- **Production Addition Cost of $9,000/boe/d** – *The 2021 capital investment of $365MM was up 55% from $236 million in 2020, and successfully added 40,300 boe/d of new production for $9,000/boe/d, while replacing 188% of annual production (62.5 mmboes) with new PDP Reserves. The Q4 2021 capital investment was $109 million, up 60% from Q4 2020.*
- **Long Life, Low Decline Production** – *Peyto's base production decline is forecast in the GLJ report at 28% for 2022, while its PDP Reserve Life Index ("RLI") is 9 years, based on Q4 2021 field production of 98,377 boe/d, which is one of the longest PDP RLIs in the industry.*
- **Lower Emissions –** *Methane emissions (associated with flaring and venting) were reduced again in 2021, now down over 55% since 2016. With a short-term target of 75% reduction by 2023, and a longer-term potential of utilizing local, identified Carbon Capture and Storage reservoirs for future CO_2 disposal. Peyto will continue to be an early adopter of proven technologies that maintain its low cost and environmental leadership in Canada's natural gas industry*.*
- **Minimal Future Liabilities (ARO)** – *The forecast cost of all Peyto's future Asset Retirement Obligation (abandonment and reclamation of all wells, sites, & facilities) is $62 million ($NPV_5$), which represents 1% of the $5.0 billion of forecast future value of the total developed reserves[3] (NPV_5).*

2021 in Review

The year 2021 was the completion of Peyto's 23rd year of successful operations and marked a significant turnaround in production, price realizations and profitability. A larger capital program funded entirely within free cashflow grew production and reserves while higher commodity prices for all the products Peyto produces delivered a significant increase in funds from operations. Peyto closed two bolt-on acquisitions which, along with the purchase of 44 sections of new land in the year, significantly expanded the Company's inventory of future drilling locations. Included in one acquisition was an underutilized gas plant which Peyto expanded and interconnected to existing gathering systems, resulting in total Company processing capacity increasing to 875 mmcf/d. Peyto further advanced its extended reach horizontal well design, which utilized longer laterals and more frac stages to improve productivity and reserve capture resulting in reduced payout times. Industry leading low costs were maintained while FD&A costs were improved, resulting in improved profitability and a return to historical profit margins. Greater earnings allowed Peyto to increase its dividend from $0.01/quarter to $0.05/month in November.

1 Operating Margin is defined as funds from operations divided by revenue before royalties but including realized hedging gains/losses.
2 Profit Margin is defined as Earnings divided by revenue before royalties but including realized hedging gains/losses.
3 Developed Reserves is Total Proved + Probable Additional Developed Reserves and includes Proved Developed Producing+Probable Additional reserves and Proved Developed Non-Producing+Probable Additional reserves.
** Please refer to Peyto's 2021 Sustainability Report at http://www.peyto.com/Files/Corporate%20Responsibility/ESG%20Committee/Peyto_2021_ESG_Report_v2.pdf*
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 Dec 31		%	Twelve Months Ended Dec 31		%
	2021	2020	Change	**2021**	2020	Change
Operations						
Production						
Natural gas (mcf/d)	**517,606**	433,226	*19%*	**476,387**	409,619	*16%*
Oil & NGLs (bbl/d)	**11,038**	11,256	*-2%*	**11,653**	11,308	*3%*
Thousand cubic feet equivalent (mcfe/d @ 1:6)	**583,834**	500,764	*17%*	**546,303**	477,464	*14%*
Barrels of oil equivalent (boe/d @ 6:1)	**97,306**	83,461	*17%*	**91,051**	79,577	*14%*
Production per million common shares (boe/d)	**582**	506	*15%*	**550**	483	*14%*
Product prices						
Natural gas ($/mcf)	**3.58**	2.19	*63%*	**2.82**	1.74	*62%*
Oil & NGLs ($/bbl)	**64.71**	35.82	*81%*	**53.39**	31.25	*71%*
Operating expenses ($/mcfe)	**0.32**	0.31	*3%*	**0.34**	0.34	-
Transportation ($/mcfe)	**0.23**	0.15	*53%*	**0.21**	0.17	*24%*
Field netback ($/mcfe) (3)	**3.34**	2.07	*61%*	**2.69**	1.59	*69%*
General & administrative expenses ($/mcfe)	**0.02**	0.04	*-50%*	**0.03**	0.04	*-25%*
Interest expense ($/mcfe)	**0.22**	0.38	*-42%*	**0.30**	0.33	*-9%*
Financial ($000, except per share*)						
Revenue and realized hedging gains (losses)(1)	**236,360**	124,524	*90%*	**716,922**	388,981	*84%*
Royalties	**28,304**	8,506	*233%*	**73,091**	22,014	*232%*
Funds from operations(2)	**166,165**	76,013	*119%*	**469,672**	212,710	*121%*
Funds from operations per share – basic(3)	**0.99**	0.46	*115%*	**2.83**	1.29	*119%*
Funds from operations per share - diluted(3)	**0.96**	0.46	*109%*	**2.76**	1.29	*114%*
Total dividends	**16,779**	1,649	*918%*	**21,758**	14,840	*47%*
Total dividends per share(3)	**0.10**	0.01	*900%*	**0.13**	0.09	*44%*
Payout ratio(3)	**10**	2	*400%*	**5**	7	*-29%*
Earnings (loss)	**71,718**	65,951	*9%*	**152,248**	(35,555)	*528%*
Earnings (loss) per share- basic	**0.43**	0.40	*7%*	**0.92**	(0.22)	*518%*
Earnings (loss) per share - diluted	**0.42**	0.40	*5%*	**0.89**	(0.22)	*505%*
Capital expenditures	**108,951**	68,250	*60%*	**365,058**	235,703	*55%*
Weighted average common shares outstanding (basic)	**167,546,601**	164,937,898	*2%*	**166,107,837**	164,894,920	*1%*
Weighted average common shares outstanding (diluted)	**172,582,450**	164,955,645	*5%*	**170,137,599**	164,895,698	*3%*
Net debt (4)				**1,098,748**	1,176,340	*-7%*
Shareholders' equity				**1,766,006**	1,677,473	*5%*
Total assets				**3,784,195**	3,601,057	*5%*

(1) excludes revenue from sale of natural gas volumes from third-parties
(2) Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for funds from operations is cash flow from operating activities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.
(3) Non-GAAP ratio that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Includes a non-GAAP financial measure component of funds from operations. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
(4) Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

The Peyto Strategy

The Peyto strategy has been one of the most consistent strategies in the Canadian Energy industry over the last two decades and has focused simply on maximizing the returns on shareholders' capital by investing that capital into the profitable development of long life, low cost, and low risk natural gas resource plays. Peyto's strategy of maximizing returns doesn't just focus on the efficient execution of exploration and production operations in the field but continues to the head office where the management of corporate costs, including the cost of capital, is carefully controlled to ensure true returns are ultimately realized. Alignment of goals between what is good for the Company, its shareholders, and its employees and what is good for the environment and all stakeholders is critical to ensuring that the greatest returns are achieved. Evidence of Peyto's success deploying this strategy through the years is illustrated in the following table.

($/Mcfe)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**	***23 Year Wt. Avg.***
Sales Price	$5.47	$4.21	$4.43	$5.04	$3.83	$3.18	$3.39	$3.27	$2.78	$2.23	$3.60	***$4.32***
All cash costs but royalties[1]	($0.82)	($0.73)	($0.75)	($0.71)	($0.67)	($0.63)	($0.68)	($0.79)	($0.87)	($0.88)	($0.88)	***($0.78)***
Capital costs[2]	($2.12)	($2.22)	($2.35)	($2.25)	($1.64)	($1.44)	($1.36)	($1.18)	($1.55)	($1.06)	($0.97)	***($1.67)***
Financial Benefit[3]	**$2.53**	**$1.26**	**$1.33**	**$2.08**	**$1.52**	**$1.12**	**$1.35**	**$1.30**	**$0.35**	**$0.29**	**$1.75**	***$1.87***
	46%	***30%***	***30%***	***41%***	***40%***	***35%***	***40%***	***40%***	***13%***	***13%***	***49%***	***43%***
Royalty Owners	**$0.53**	**$0.32**	**$0.31**	**$0.37**	**$0.14**	**$0.13**	**$0.15**	**$0.13**	**$0.08**	**$0.13**	**$0.37**	***$0.43***
Shareholders	**$2.00**	**$0.94**	**$1.02**	**$1.71**	**$1.38**	**$0.99**	**$1.19**	**$1.17**	**$0.27**	**$0.16**	**$1.38**	***$1.44***
Div./Dist. paid	$1.24	$1.04	$1.01	$1.05	$1.11	$1.01	$0.97	$0.59	$0.22	$0.08	$0.11	***$1.11***

1. *Cash costs not including royalties but including Operating costs, Transportation, G&A and Interest.*
2. *Capital costs to develop new producing reserves is the PDP FD&A*
3. *Financial Benefit above is defined as the Sales Price, less all cash costs but royalties, less the PDP FD&A.*

Table may not add due to rounding.

The consistency and repeatability of Peyto's operational execution in the field, combined with strict cost control in all aspects of its business has resulted in 43% of the average sales price being retained in financial benefit over the past 23 years. This healthy margin of benefit (as shown above), which rewards both royalty owners and shareholders, has been preserved despite a greater than 34% decline in sales price from a decade ago. Out of that financial benefit, royalty owners have received approximately 23%, while shareholders, whose capital has been at risk, have received the balance. This margin of benefit is what has and will continue to help insulate Peyto and its stakeholders from future volatility in commodity prices.

Capital Expenditures

Peyto drilled 95 gross (85.6 net) horizontal wells in 2021 and completed 85 gross (77 net) wells for a capital investment of $246 million. The Company also invested $25 million in the wellsite equipment and pipeline connections to bring these wells on production. Drilling costs per meter rose slightly due to increased depth and longer average horizontal laterals, while completion costs per stage were relatively consistent with the past two years.

	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Gross Hz Spuds	52	70	86	99	123	140	126	135	70	61	64	**95**
Measured Depth (m)	3,762	3,903	4,017	4,179	4,251	4,309	4,197	4,229	4,020	3,848	4,247	**4,453**
Drilling ($MM/well)	$2.76	$2.82	$2.79	$2.72	$2.66	$2.16	$1.82	$1.90	$1.71	$1.62	$1.68	**$1.89**
$ per meter	$734	$723	$694	$651	$626	$501	$433	$450	$425	$420	$396	**$424**
Completion ($MM/well)	$1.36	$1.68	$1.67	$1.63	$1.70	$1.21	$0.86	$1.00	$1.13	$1.01*	$0.94	**$1.00**
Hz Length (m)	1,335	1,303	1,358	1,409	1,460	1,531	1,460	1,241	1,348	1,484	1,682	**1,612**
$ per Hz Length (m)	$1,017	$1,286	$1,231	$1,153	$1,166	$792	$587	$803	$751	$679	$560	**$620**
$ '000 per Stage	$231	$246	$257	$188	$168	$115	$79	$81	$51	$38	$36	**$37**

**Peyto's Montney well is excluded from drilling and completion cost comparison.*

Of the 95 wells drilled in the year, over 40% are now expected to payout their drilling, completion, wellsite equipment and tie-in capital in less than one year. This is the most of any year in Peyto's history.

In January of 2021, Peyto closed two strategic acquisitions in Cecilia, immediately adjacent to the North of Peyto's Greater Sundance core area, which included a 30 mmcf/d gas plant and interconnected pipelines. The combined acquisition cost was $35 million and included 114 gross (106 net) producing wells with stable, very low decline (less than 5%/yr) production of approximately 2,900 boe/d (95% gas). During 2021, Peyto drilled and brought onstream 20 gross (20 net) development wells on the acquired lands and grew production to 15,000 boe/d by year end. This production growth was accommodated through the expansion of the Cecilia plant and by routing gas through the interconnected gathering system to other Peyto plants in the area. The Company's 2021 year-end reserve report also recognized 35 proved and 29 probable additional future locations on the acquired lands. Internally, the Company has identified many more. In addition to the Cecilia acquisitions, Peyto acquired 44 sections of new land at various 2021 Crown land sales. While no drilling on these lands occurred in 2021, Peyto has plans to drill 11 new wells in 2022. Internally, the Company recognizes over 75 future locations on these lands.

Reserves

Peyto was successful in growing reserve volumes in all categories. The value of reserves in all categories was up significantly as commodity price forecasts rebounded. The following table illustrates the change in reserve volumes and Net Present Value ("NPV") of future cash flows, discounted at 5%, before income tax and using the 3-Consultant average forecast pricing.

	As at December 31		% Change,	% Change, per debt
	2021	2020	per diluted share	adjusted diluted share†
Reserves (BCFe)				
Proved Producing	**1,823**	1,647	6%	6%
Total Proved	**3,407**	3,219	1%	1%
Proved + Probable Additional	**5,421**	5,006	4%	4%
Net Present Value ($millions) Discounted at 5%				
Proved Producing	**$3,965**	$2,778	36%	71%
Total Proved	**$6,900**	$4,857	36%	51%
Proved + Probable Additional	**$10,191**	$6,992	39%	49%

†Per diluted share reserves are adjusted for changes in net debt by converting debt to equity using the Dec 31 share price of $2.92 for 2020 and share price of $9.45 for 2021. Net Present Values are adjusted for debt by subtracting net debt from the value prior to calculating per diluted share amounts.
Note: based on the GLJ Ltd Petroleum Consultants ("GLJ") report effective December 31, 2021. The GLJ 3-consultant price forecast is available at www.GLJPC.com.

For more information on Peyto's reserves, refer to the Press Release dated February 16, 2022, announcing the Year End Reserve Report which is available on the website at www.peyto.com. The complete statement of reserves data and required reporting in compliance with NI 51-101 will be included in Peyto's Annual Information Form to be released in March 2022.

Fourth Quarter 2021

Peyto continued a steady drilling pace throughout the fourth quarter of 2021 with five drilling rigs operating across the Company's Deep Basin areas, mostly focused on the leaner gas formations of the Spirit River (69%) in response to strong natural gas prices. Total capital of $82 million was invested in the drilling of 29 gross (26.7 net) wells and the completion of 27 gross (25.2 net) wells. In addition, $9 million was invested in wellsite equipment and tie-ins while $14 million was invested in facility and major pipeline infrastructure including preparations for the new Chambers gas plant. New land purchases accounted for $3.4 million in the quarter.

				Field				
Zone	**Sundance**	**Nosehill**	**Wildhay**	**Ansell/ Minehead**	**Whitehorse**	**Kisku/ Kakwa**	**Brazeau**	**Total Wells Drilled**
Cardium	**2**		**3**				**4**	**9**
Notikewin	**6**			**5**			**4**	**15**
Falher				**1**				**1**
Wilrich	**1**				**2**		**1**	**4**
Bluesky								
Total	**9**		**3**	**6**	**2**		**9**	**29**

Production volumes during the fourth quarter 2021 averaged 97,306 boe/d after accounting for a 1,071 boe/d amendment relating to a prior period due to a recent working interest election. This working interest election reduced both net production and net capital, which was accounted for in the fourth quarter. Actual fourth quarter production, prior to the adjustment, was 98,377 boe/d comprised of 522 MMcf/d of natural gas, 6,834 bbl/d of condensate and pentanes plus, and 4,489 bbl/d of butane and propane. Natural gas production was up 21% from Q4 2020, and condensate and pentanes+ production was up 8%, while propane and butane production was down 9%. The lower propane and butane production in the quarter was attributable to a temporary outage at a major fractionation facility. Overall, the Q4 2021 field production rate was up 18% from the fourth quarter of 2020.

The Company's realized price for natural gas in Q4 2021 was $6.37/Mcf, prior to $1.41 of market diversification activities and a $1.38/Mcf hedging loss, while its realized liquids price was $74.69/bbl, prior to a $9.98/bbl hedging loss, which yielded a combined revenue stream of $4.42/Mcfe. Combined revenue per unit for Q4 2021 was up 63% from $2.71/Mcfe in Q4 2020 due to higher commodity prices and despite the $1.42/Mcfe hedging loss. Total cash costs in Q4 2021 were $1.33/Mcfe ($7.88/boe) up from $1.06/Mcfe in Q4 2020 due to higher royalty and transportation charges partially offset by lower G&A and interest costs. The total Q4 2021 cash cost included royalties of $0.53/Mcfe (40%), operating costs of $0.32/Mcfe (24%), transportation of $0.23/Mcfe (18%), interest of $0.22/Mcfe (17%), and G&A of $0.02/Mcfe (1%). Peyto generated total funds from operations of $166 million in the quarter, up 118% from $76 million in Q4 2020, or $3.10/Mcfe ($18.60/boe), equating to a 70% operating margin. DD&A charges of $1.37/Mcfe, along with a provision for current and future performance-based compensation and income tax, resulted in earnings of $1.36/Mcfe, or a 31% profit margin. Dividends to shareholders totaled $0.31/Mcfe.

Marketing

Peyto actively markets all components of its production stream including natural gas, condensate, pentane, butane and propane. Natural gas was sold in 2021 at various hubs including Henry Hub (42%), AECO (32%), Emerson (13%), Malin (8%), Ventura (4%), and the remaining at Empress (1%), using both physical fixed price and basis transactions (diversification activities) to access those hubs. 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. Net of diversification activities of $1.16/Mcf, Peyto realized a before hedge price of $3.78/mcf ($3.29/GJ) prior to NGTL fuel deductions. This compares to an AECO Daily (5A) average price of $3.43/GJ and illustrates that Peyto's diversification activities in the year effectively achieved the equivalent of AECO prices (96%) but insured that Peyto was not subject to any potential AECO price dislocations for those volumes.

Peyto also employs a methodical commodity risk management program that 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 orderly and consistent to avoid speculation, much like "dollar cost averaging" the future prices. In general, this approach will show hedging losses when short term prices climb and hedging gains when short term prices fall. For the year 2021, approximately 76% of Peyto's gas was locked in at a fixed price of $2.48/Mcf. Most of those contracts were established several quarters prior at then market prices that were lower than the eventual spot prices. For Q4 2021, approximately 74% of Peyto's gas was locked in at a fixed price of $3.21/Mcf. Both full year 2021 and Q4 2021 fixed prices were lower than AECO Daily (5A) spot prices of $3.95/Mcf and $5.07/Mcf as the spot price rose rapidly throughout the year after these contracts were put in place. Since Peyto began this hedging practice in 2003, the Company has accumulated $457 million in total hedging gain utilizing this program.

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. Peyto's realized product prices for 2021, relative to 2020 and benchmark prices, are shown in the following table.

Benchmark Commodity Prices at Various Markets

	Twelve Months ended December 31	
	2021	2020
AECO 7A monthly ($/GJ)	**3.38**	2.12
AECO 5A daily ($/GJ)	**3.43**	2.11
NYMEX (US$/MMBTU)	**3.84**	1.99

Emerson2 (US$/MMBTU)	**3.47**	1.84
Malin NGI (US$/MMbtu)	**3.97**	2.05
Ventura daily (US$/MMbtu)	**5.96**	1.85
Canadian WTI ($/bbl)	**85.10**	52.53
Conway C3 (US$/bbl)	**43.71**	18.60
CND/USD Exchange rate	**1.25**	1.34

Peyto Realized Natural Gas Price by Market (net of diversification)

	Twelve Months ended December 31	
	2021	2020
AECO monthly (CND$/GJ)	**3.46**	2.03
AECO daily (CND$/GJ)	**3.41**	2.13
NYMEX (US$/MMBTU)	**2.41**	0.84
Emerson2 (US$/MMBTU)	**3.15**	1.06
Malin (US$/MMBTU)	**2.45**	N/A
Ventura (US$/MMBTU)	**4.68**	0.72

Peyto Realized Commodity Prices

Natural gas (CND$/mcf)	**4.89**	2.65
Gas marketing diversification activities (CND$/mcf)	**(1.16)**	(0.90)
Gas hedging (CND$/mcf)	**(0.91)**	(0.01)
Oil, condensate and C5+ (CND$/bbl)	**80.84**	45.11
Butane and propane (CND$/bbl)	**34.43**	12.37
Liquid hedging (CND$/bbl)	**(8.49)**	0.52

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

Activity Update

Subsequent to year end 2021, Peyto successfully negotiated and closed the purchase of a private junior producer in the Brazeau River area for $22 million. Included in the acquisition is 880 boe/d of net production (16 bbl/mmcf of liquids) from 20 gross producing wells (100% working interest), 82 gross (73 net) sections of sparsely drilled lands containing 352 net section-equivalents of zone rights (subject to various small GORRs), and a 100% owned and operated 45 MMcf/d sweet natural gas plant. The producing property and gas plant are located directly adjacent to Peyto's Brazeau core area and will offer significant operational synergies. Considering Peyto's success with its Cecilia purchases in 2021, Peyto is excited to begin capitalizing on the opportunities in this latest acquisition. The cost of the acquisition is forecast to be fully recovered in 2022 through a combination of cashflow from the producing property and a reduction in corporate cash costs because of business combination synergies.

This Brazeau River acquisition further bolsters Peyto's position in the Greater Brazeau area where Peyto has been active this winter constructing its second gas plant. The new Chambers plant will be capable of processing 50 MMcf/d of gas and 2,000 bbl/d of natural gas liquids, with the potential for future expansion. It will also be the most energy efficient of any of Peyto's gas plants, with the lowest emissions intensity achieved by utilizing advanced waste heat recovery, and both vapour and fugitive emissions capture systems. All plant equipment is now on location and crews are busy installing piping, electrical, and instrumentation systems. When the new Chambers plant is commissioned at the end of March, Peyto will have the capacity to process approximately 250 MMcf/d of gas in the greater Brazeau area amongst its three facilities.

Drilling operations have been continuous since the summer of 2021, with 5 rigs drilling across the Company's core areas. Since the start of 2022, 22 gross (17.4 net) wells have been drilled, 18 gross (14.3 net) wells have been brought on production, while 17 gross (13.4 net) wells are waiting on completion and/or tie-in. Just over half of the wells drilled to date in 2022 have targeted the liquids rich Cardium formation in the Brazeau, Chambers, and Wild River areas while the balance of program has targeted the Notikewin, Falher, and Wilrich formations of the Spirit River. Peyto will continue to be nimble, selecting drilling locations from its extensive inventory that take advantage of current and forecast commodity prices in order to maximize shareholder returns. The Company's capital inventory of pipe, wellsite equipment and facilities that were purchased prior to 2022 will provide security of supply and mitigate inflationary pressures on capital costs, while the pre-purchased inventory of chemicals and lubricants will help offset operating cost inflation.

In the heart of Peyto's Ansell area, Cascade Power is actively constructing their 900 MW combined cycle, natural gas fired power plant. Major equipment has arrived on location, and they are quickly moving towards a 2023 startup which will bring highly efficient and reliable natural gas powered electricity to Albertans. Peyto will be directly supplying approximately 60,000 GJ/d of natural gas to this plant from producing wells in the local area. This proximity of gas supply significantly reduces the emissions associated with traditional gas powered electricity. Had this plant been running in 2021, delivering power at the average Alberta Pool price of $102/MWhr, Peyto would have realized an equivalent price for its gas significantly in excess of the AECO average.

2022 Outlook

World events are dramatically affecting global energy markets so far in 2022. As COVID restrictions lift around the world, demand for oil and natural gas is rising, putting pressure on current supplies, and causing prices to rise. This is compounded by the recent war in Ukraine which is adding further energy security concerns to commodity markets. To ensure Albertans and Canadians have reliable access to the energy they need, Peyto continues to actively develop clean burning natural gas resources in the most responsible and sustainable way possible.

The Company plans to continue to execute on its 2022 capital program of $350 to $400 million, which involves running 5 drilling rigs steady throughout the year and expanding its owned and operated infrastructure base to accommodate growing production. This activity is expected to consume approximately half of the available funds from operations with the remainder being used to fund the dividend and significantly reduce Peyto's revolving debt. By the end of 2022, Peyto will be larger, financially stronger, and even more capable of generating sustainable returns for shareholders, as it moves forward in the ever transforming energy industry.

Conference Call and Webcast

A conference call will be held with the senior management of Peyto to answer questions with respect to the 2021 fourth quarter and full year financial results on Thursday, March 10th, 2022, at 9:00 a.m. Mountain Standard Time (MST), or 11:00 a.m. Eastern Standard Time (EST). 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/8ypqa8hu.** The conference call will be archived on the Peyto Exploration & Development website at www.peyto.com.

Annual General Meeting

Peyto's Annual General Meeting of Shareholders is scheduled for 3:00 p.m. on Thursday, May 12, 2022, at the Eau Claire Tower, +15 level, 600 – 3rd Avenue SW, Calgary, Alberta. Shareholders who do not wish to attend are encouraged to visit the Peyto website at www.peyto.com where there is a wealth of information designed to inform and educate investors and where a copy of the AGM presentation will be posted. A monthly President's Report can also be found on the website which follows the progress of the capital program and the ensuing production growth, along with video and audio commentary from Peyto's senior management.

Management's Discussion and Analysis

A copy of the fourth quarter report to shareholders, including the MD&A, audited consolidated financial statements and related notes, is available at http://www.peyto.com/Files/Financials/2021/Q42021FS.pdf and at http://www.peyto.com/Files/Financials/2021/Q42021MDA.pdf and will be filed at SEDAR, www.sedar.com at a later date.

Darren Gee
Chief Executive Officer
March 9, 2022

Jean-Paul Lachance
President & COO

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 being better in 2022; expectations regarding the Company's margin of profit; the expectation that Peyto's new landholdings will yield twice the number of locations as were drilled in 2021; the Company's drilling and completion program for 2022, including the timing of the drilling program and the Company's expectation that it will fill the capacity in the Cecilia gas plant and the timing of the same; the Company's intention to install zero emissions instrumentation on all new well sites and the timing of installation; the anticipated effects of installing zero emissions instrumentation on all new well sites; the expectation for growing production and increased funds flow beyond the budgeted capital program for 2022; the Company's intention to reduce indebtedness and increase dividends; anticipated improvement of costs and profitability; the timing of Peyto's annual general meeting; 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, 2020 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.