

NEWS RELEASE

SEPTEMBER 26, 2023

SYMBOL: PEY – TSX

PEYTO ANNOUNCES CLOSING OF EQUITY FINANCING

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("**Peyto**" or the "**Company**") is pleased to announce that it has completed its previously announced bought deal equity financing, issuing 16,916,500 subscription receipts (the "**Subscription Receipts**") at a price of \$11.90 per Subscription Receipt for gross proceeds of approximately \$201 million (the "**Equity Offering**"), which included the full exercise of the over-allotment option granted to the underwriters. The bought deal offering was completed through a syndicate of underwriters led by BMO Capital Markets, CIBC Capital Markets and National Bank Financial. The gross proceeds from the Equity Offering, less the portion of the underwriters' fee that is payable on the closing of the Equity Offering, will be held in escrow and are intended to be used by Peyto to fund a portion of the purchase price for the acquisition of Repsol Canada Energy Partnership, which holds the Canadian upstream oil and gas business of Repsol Exploración, S.A.U., including all related midstream facilities and infrastructure located predominantly in the Deep Basin area of Alberta, for cash consideration of US\$468 million (CDN\$636 million) (the "**Acquisition**"), prior to closing adjustments. The Acquisition is expected to close in mid-October, subject to customary closing conditions, including receipt of necessary regulatory approvals.

Each Subscription Receipt will entitle the holder to receive, without payment of additional consideration and without further action, one common share of Peyto (a "**Common Share**") upon the closing of the Acquisition.

Holders of the Subscription Receipts will be entitled to receive payments per Subscription Receipt equal to the cash dividends paid on Peyto's Common Shares (the "**Dividend Equivalent Payments**"), if any, actually paid or payable to holders of such Common Shares in respect of all record dates for such dividends occurring from the closing date of the Equity Offering to, but excluding, the last day on which the Subscription Receipts remain outstanding, to be paid to holders of Subscription Receipts concurrently with the payment date of each such dividend.

Peyto has previously announced that a monthly dividend of \$0.11 per Common Share is to be paid on October 13, 2023, for shareholders of record on September 30, 2023. Accordingly, holders of Subscription Receipts on September 30, 2023 will be entitled to a Dividend Equivalent Payment equal to \$0.11 per Subscription Receipt, which is to be paid on October 13, 2023 concurrently with the Common Share dividend.

If the Acquisition is not completed on or before March 31, 2024, or in certain other events, then the subscription price for the Subscription Receipts will be returned to holders of Subscription Receipts, together with any unpaid Dividend Equivalent Payments and any pro-rata interest on such funds, if any.

Peyto anticipates that the Subscription Receipts will be listed and posted for trading on the Toronto Stock Exchange under the symbol PEY.R at the open of markets today. A copy of the subscription receipt agreement governing the terms of the Subscription Receipts will be filed on Peyto's profile

on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Jean-Paul Lachance  
President and Chief Executive Officer

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Advisory:

This news release contains forward-looking information (forward-looking statements). Words such as "guidance", "may", "can", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "target", "potential", "objective", "continue", "outlook", "vision", "opportunity" and similar expressions suggesting future events or future performance, as they relate to the Company or any affiliate of the Company, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other things, the use of equity proceeds to support the purchase price for the Acquisition and the timing for Common Share dividends and Dividend Equivalent Payments. Such statements reflect Peyto's current expectations, estimates and projections based on certain material factors and assumptions at the time the statement was made. Material assumptions include: closing of the Acquisition on the terms presently contemplated, and timing and payment of dividends on the Common Shares and related Dividend Equivalent Payments. Peyto's forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: that the closing of the Acquisition could be delayed or not occur at all if Peyto or the other parties are not able to satisfy the conditions for closing on the timelines anticipated and that Peyto and the other factors discussed under the heading "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2022, Peyto's (final) short form prospectus dated September 19, 2023 and set out in Peyto's other continuous disclosure documents. Many factors could cause Peyto's or any particular business segment's actual results, performance or achievements to vary from those described in this press release, including, without limitation, those listed above and the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this news release as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected or targeted and such forward-looking statements included in this news release, should not be unduly relied upon. The impact of any one assumption, risk, uncertainty, or other factor on a particular forward-looking statement cannot be determined with certainty because they are inter-dependent and Peyto's future decisions and actions will depend on management's assessment of all information at the relevant time. Such statements speak only as of the date of this news release. Peyto does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this news release are expressly qualified by these cautionary statements.

***This press release shall not constitute an offer to sell or a solicitation of an offer to buy the securities in any jurisdiction. The securities of Peyto will not be and have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States, or to a U.S. person, absent registration or applicable exemption therefrom.***