NEWS RELEASE

FEBRUARY 19, 2026 **SYMBOL: PEY - TSX**

PEYTO DELIVERS STRONG RESERVES ADDITIONS IN 2025

Peyto Exploration & Development Corp. ("Peyto" or the "Company") is pleased to present the results and in-depth analysis of its independent reserves report effective December 31, 2025. The evaluation encompassed 100% of Peyto's reserves and was conducted by GLJ Ltd. ("GLJ"). This marks the Company's 27th year of successful reserves development. Certain financial and operating information included in this news release is based on estimated unaudited financial results for the year ended December 31, 2025. See "Unaudited Financial Information" in the Advisories section of this news release.

2025 HIGHLIGHTS

- The Company added 504 BCFe[1] (84 MMboe[2]) of new Proved Developed Producing ("PDP") reserves at a Finding, Development and Acquisition[3] ("FD&A") cost of $0.94/Mcfe ($5.66/boe), Peyto's lowest in 23 years. The Company's continuous focus on adding reserves at low costs has generated a three-year average PDP FD&A of $1.05/Mcfe.
- Peyto invested $475 million of capital[4] in 2025, using 55% of funds from operations[5] ("FFO"), while returning $265 million in dividends to shareholders and decreasing net debt[6] by $170 million.
- The Company achieved record production in December of 145 Mboe/d (763 MMcf/d gas, 18,270 bbl/d NGLs), generating an exit rate capital efficiency[7] of $9,900/boe/d.
- A systematic hedging program and market diversification strategy, paired with Peyto's low operating cost structure, delivered an average field netback[8] of $3.61/Mcfe ($21.66/boe). This netback, combined with a low PDP FD&A, resulted in a recycle ratio[9] of 3.8 times (2.9 times excluding hedges), Peyto's highest in 22 years.
- Peyto delivered reserves growth across all categories in 2025 through its successful drilling program. PDP reserves increased 7% to 509 MMboe, Total Proved ("TP") reserves increased 6% to 926 MMboe, and Total Proved plus Probable ("P+P") reserves increased 6% to 1,450 MMboe. On a per-share basis, reserves grew 4%, 3%, and 3% for PDP, TP, and P+P, respectively. Since inception, the Company has generated a 20% compound annual growth rate[10] ("CAGR") in PDP reserves per share.
- Peyto's capital investment replaced 172%, 203% and 270% of annual production with new PDP, TP, and P+P reserves, respectively.
- The before-tax, 10% discounted net present value ("BT NPV_{10}") of the Company's reserves is $5.0 billion on a PDP basis, $6.9 billion on a TP basis, and $9.4 billion on a P+P basis. Peyto's 2025 capital program delivered a 2% increase in PDP reserve value and a 5% increase on a debt-adjusted per-share basis, compared to the prior year, despite lower forecasted pricing used by GLJ in this year's evaluation.
- Total Company BT NPV_{10} for PDP, TP, and P+P reserves on a debt-adjusted basis implies values of $19 per share, $28 per share, and $40 per share, respectively, using the January 1, 2026, Three-Consultant Average ("3CA") price forecast (GLJ, McDaniel, and Sproule).
- The Reserve Life Index[11] ("RLI") for PDP reserves remains unchanged at 10 years, while Peyto grew year-over-year fourth quarter production by 5.5%. TP and P+P reserves RLI also remain unchanged at 18 and 28 years, respectively, supported by the Company's industry-leading cash costs. Peyto's PDP reserve life is one of the longest in the industry.
- Peyto consistently develops reserves at a lower cost than originally forecasted, providing confidence in valuing the Company's over 1,600 undeveloped booked locations.
- The Company's TP and P+P FD&A costs, inclusive of changes to future development capital, were $0.96/Mcfe ($5.78/boe) and $0.83/Mcfe ($4.98/boe), respectively, with corresponding field netback recycle ratios of 3.7 and 4.3 times, including hedges.

2026 CAPITAL BUDGET

The Board of Directors of Peyto has approved a 2026 capital budget of $450–$500 million. The capital program is projected to add between 43,000 and 48,000 boe/d of new production by year end and more than offset the Company's estimated 26% to 28% decline in base production. The Company expects to utilize four to five drilling rigs to drill 70–80 net horizontal wells, representing approximately 80% of the 2026 budget. The remaining capital is planned for optimization and maintenance projects for Peyto's 13 operating gas plants and extensive gathering system infrastructure. An incremental $13 million is expected to be spent on abandonment and reclamation activities.

Peyto's active hedging program has secured prices for approximately 475 MMcf/d of natural gas for 2026 at an average price over $4.00/Mcf, and when combined with the Company's liquids hedges, provides revenue certainty of over $830 million, reflecting one of the highest levels of price protection in the industry. This fixed revenue more than covers the planned capital program and dividends to shareholders for the year and allows for continued debt repayment at current commodity price forecasts.

Additionally, the Company's market diversification to non-AECO hubs is positioned for another solid year. For the first quarter of 2026, all of Peyto's floating-price exposure to Chicago, Dawn, Parkway, Emerson 2 and Malin is contracted to daily benchmark indexes, which allowed the Company to capture high daily prices during the most recent cold weather-related volatility in the premium US Mid-West and Ontario markets.

As always, Peyto's capital program will remain flexible to respond to changing commodity prices. However, the Company's strong hedge book, market diversification and industry leading cash costs insulate the effects of short-term volatility and allow the efficient development of the Company's high-quality assets.

HISTORICAL PERSPECTIVE

Over the past 27 years, Peyto has acquired, explored and discovered 12 TCFe of Alberta Deep Basin natural gas and associated liquids, of which 60% has now been developed[12].

Peyto 27-year cumulative production*:	3.26	TCFe
Total Proved + Probable Developed reserves*:	3.91	TCFe
Total Developed natural gas and liquids*:	7.17	TCFe
Total Proved + Probable Undeveloped reserves*:	4.79	TCFe
Total acquired, explored for and discovered*:	11.96	TCFe

* As at December 31, 2025

Each year the Company invests in the discovery of new reserves and the efficient and profitable development of existing reserves into high netback natural gas and NGL production for the purpose of generating the maximum possible return on capital for its shareholders.

In those 27 years, a total of $9.4 billion was invested in the Canadian economy in the acquisition and development of 7.2 TCFe of total developed natural gas and associated liquids at an average cost of $1.31/Mcfe, while a weighted average field netback of $3.47/Mcfe delivered $10 billion in FFO, $3.4 billion in dividends and distributions to shareholders, and resulted in a cumulative recycle ratio of 2.6 times. Royalty payments made to Alberta during this time have totaled over $1.3 billion.

Based on the December 31, 2025, evaluation, net debt of $1.18 billion at December 31, 2025, and 203.3 million shares outstanding at December 31, 2025, the debt-adjusted BT NPV_{10} of the Company's P+P reserves was $40 per share. This value is comprised of $25 per share attributable to developed reserves and $15 per share attributable to undeveloped reserves. The assessment includes a full provision for abandonment and reclamation liabilities associated with all wells, well sites, and facilities for which Peyto has ownership and responsibility. The evaluation excludes financial hedges but includes market diversification contracts.

2025 RESERVES REPORT AND ANALYSIS

The following table summarizes Peyto's reserves and the discounted Net Present Value of future cash flows, before income tax, using the 3CA price forecast. The 3CA price forecast is available on GLJ's website at www.gljpc.com.

Summary of Crude Oil, Natural Gas and Natural Gas Liquids
Reserves and Before Tax Net Present Values as of Dec 31, 2025

	Company Gross				Before Tax Net Present Value ($millions) Discounted at			
Reserve Category(*)	Conventional Natural Gas (BCF)	Natural Gas Liquids(**) (Mbbl)	BCFe (6:1)	MMboe (6:1)	0%	5%	8%	10%
Proved Developed Producing	2,585	78,015	3,053	509	$11,025	$6,925	$5,599	$4,970
Proved Non-producing	53	1,114	60	10	$190	$113	$88	$76
Proved Undeveloped	2,092	58,966	2,445	408	$6,255	$3,174	$2,252	$1,824
Total Proved	4,730	138,096	5,559	926	$17,470	$10,213	$7,939	$6,870
Probable	2,708	72,519	3,143	524	$11,731	$4,763	$3,156	$2,492
Total Proved + Probable	7,438	210,615	8,702	1,450	$29,201	$14,976	$11,095	$9,362

*Notes: * Based on the GLJ report effective December 31, 2025. Tables may not add due to rounding.*
*** Natural gas liquids include immaterial amounts of light & medium crude oil.*

The following table presents a reconciliation of the Company's gross reserves compared to the prior year's reserves evaluation. The increase in Peyto's reserves is primarily attributable to development activity completed during the year, as well as positive technical revisions, largely related to wells drilled in 2024.

Reconciliation of Company Gross Reserves

Reserves Reconciliation Company Gross(*)(**)	Conventional Natural Gas (MMcf)	Natural Gas Liquids(***) (Mbbl)	Oil Equivalent (Mboe)
Proved Developed Producing			
2025 Opening balance	2,435,197	67,968	473,834
Extensions and improved recovery	400,198	10,397	77,096
Technical revisions	12,520	5,594	7,680
Economic factors	(4,282)	(86)	(800)
Production	(258,437)	(5,857)	(48,930)
2025 Closing balance	2,585,197	78,015	508,881
Total Proved			
2025 Opening balance	4,513,457	123,611	875,853
Extensions and improved recovery	404,395	11,112	78,511
Technical revisions	93,961	9,789	25,449
Dispositions	(14,645)	(399)	(2,840)
Economic factors	(8,553)	(159)	(1,584)
Production	(258,437)	(5,857)	(48,930)
2025 Closing balance	4,730,177	138,096	926,459
Total Proved + Probable			
2025 Opening balance	7,065,157	189,437	1,366,963
Extensions and improved recovery	563,809	15,104	109,072
Technical revisions	109,692	12,904	31,186
Dispositions	(29,379)	(801)	(5,698)
Economic factors	(12,539)	(171)	(2,261)
Production	(258,437)	(5,857)	(48,930)
2025 Closing balance	7,438,303	210,615	1,450,332

** Amounts may not add due to rounding.*
**** Factors with no values have been removed from the reconciliation.*
***** Natural gas liquids include immaterial amounts of light & medium crude oil.*

The following table provides a historical summary of technical and economic revisions to the Company's reserves. Over the past ten years, changes to Peyto's reserves attributable to technical revisions and economic factors have been on average, slightly positive. This consistency provides confidence in the accuracy and reliability of the Company's annual reserves evaluation.

Historical Percent Change in Reserves from Technical Revisions and Economic Factors

Reserve Category	2016	2017	2018	2019	2020	2021	2022	2023	2024	**2025**	**10 Yr. Simple Avg.**
Proved Developed Producing	-0.8%	0.8%	1.0%	0.7%	-0.1%	-2.9%	1.5%	3.1%	0.2%	**1.4%**	**0.5%**
Total Proved	0.2%	1.8%	4.0%	0.3%	-1.4%	-1.4%	1.2%	3.1%	3.3%	**2.6%**	**1.4%**
Total Proved + Probable	-0.3%	1.2%	2.3%	-1.5%	-1.2%	-1.3%	-1.0%	1.9%	2.8%	**2.0%**	**0.5%**

ANALYSIS FOR PEYTO SHAREHOLDERS

One of the guiding principles at Peyto is "to tell you the business facts that we would want to know if our positions were reversed". Therefore, each year Peyto provides an extensive analysis of the independent reserve evaluation that goes far beyond industry norms to answer the most important questions for shareholders:

1. Base Reserves – How did the "base reserves" that were on production at the time of the last reserve report perform during the year, and how did any change in commodity price forecast affect their value?
2. Value Creation – How much value did the 2025 capital investments create, both in current producing reserves and in undeveloped potential? Has the Peyto team earned the right to continue investing shareholders' capital?
3. Growth and Income – Are the projected cash flows capable of funding the growing number of undeveloped opportunities and a sustainable dividend stream to shareholders, without sacrificing Peyto's financial flexibility or allowing for the timely repayment of any debt used?
4. Risk Assessment – What are the risks associated with the assessment of Peyto's reserves and the risk of recovering future cashflows from the forecasted production streams?

1. <u>Base Reserves</u>

Peyto's existing PDP reserves at the start of 2025 (the base reserves) were evaluated and adjusted for 2025 production as well as any technical or economic revisions resulting from the additional twelve months of production and commodity price data. As part of GLJ's independent engineering analysis, all base 3,192 producing reserve entities (zones/wells) were evaluated. These base producing wells and zones represent a total gross Estimated Ultimate Recoverable ("EUR") volume of 9.6 TCFe (remaining PDP + Probable Additional ("PA") reserves plus all cumulative production to date), which is up 0.1% from the prior year estimate. As a result, Peyto is pleased to report that its total base reserves continue to meet expectations, which provides confidence in the prediction of future recoveries.

For 2026, Peyto estimates a total base decline rate of approximately 26-28% from the monthly average production in December 2025 of 145 Mboe/d. The historical base decline rates and capital programs are shown in the following table:

Historical Proved Developed Producing Reserves Annual Decline Rates

	2016	2017	2018	2019	2020	2021	2022	2023	2024	**2025**	**2026F**
Base Decline (%/yr)*	40%	37%	35%	29%	23%	27%	30%	29%	27%	**28%**	**26-28%**
Capital Expenditures ($MM)	$469	$521	$232	$206	$236	$365	$529	$413	$458	**$475**	**$450-500**

**The base decline represents the aggregate annual decline of all wells on production at the end of the previous year.*

2. Value Creation/Reconciliation

During 2025, Peyto invested $475 million in organic activity to evaluate exploration lands, expand its gathering and infrastructure network, and drill, complete, and tie in 82 gross (78.4 net) wells. In alignment with Peyto's strategy of maximizing shareholder returns, evaluating the economic outcomes of these investments is essential to determining the optimal deployment of shareholder capital going forward. This look-back analysis not only provides shareholders with a detailed "report card" on the capital deployed but also highlights the potential returns available from similar undeveloped opportunities in the future.

Exploration, Development, and Acquisition Activity

Of the total capital invested in exploration and development activities (excluding acquisitions) in 2025, approximately 1% was allocated to land and seismic acquisition, 18% to pipeline and facility projects, and the remaining 81% to drilling, completing, and tying in both existing and new wells. This capital program delivered approximately 48,000 boe/d of incremental production in December 2025, after adjustments for base production backout, resulting in a capital efficiency of $9,900 boe/d.

Of the 82 gross wells drilled during the year, 53 wells (65%) were previously identified undeveloped locations. Peyto successfully converted the reserves assigned to these locations into developed status through the drilling of 48 wells with longer horizontal well designs, which enabled more efficient development of previously identified locations.

The remaining 34 wells were new locations developed during the year, on both existing and newly acquired lands, and were not included in last year's booked undeveloped inventory.

The 2024 year-end P+P Undeveloped reserves originally assigned to the 53 locations referenced above totaled 273 BCFe, or 5.1 BCFe per location, and included a forecasted capital investment of $232 million ($0.85/Mcfe). Ultimately, 366 BCFe were developed in 2025 through the conversion of these locations, an average of 6.9 BCFe per conversion, for a total capital investment of $236 million. This translated to a conversion cost of $0.65/Mcfe, representing a 24% improvement relative to the 2024 year-end forecast.

Peyto's dedication to driving down costs through continuous optimization and efficient operations is illustrated in the Company's ability to consistently develop reserves at a lower cost than originally forecasted, providing confidence in valuing future undeveloped locations. The following table details Peyto's historical success in converting forecasted future undeveloped locations into producing wells.

Historical Undeveloped Reserves Conversion Performance

Reserve Year	Total Drills	Booked Locations Converted	Booked/ Total	Forecast Outcome		**Forecast Cost per Unit**	Actual Outcome		**Actual Cost per Unit**	**Actual/ Forecast Cost per Unit**
	Gross Wells	Gross Wells		BCFe	Capex* $MM	**$/Mcfe**	BCFe	Capex* $MM	**$/Mcfe**	
2016	128	82	64%	254	$297	**$1.17**	254	$246	**$0.97**	**-17%**
2017	142	97	68%	298	$295	**$0.99**	321	$305	**$0.95**	**-4%**
2018	70	37	53%	104	$115	**$1.10**	120	$118	**$0.98**	**-11%**
2019	61	39	64%	129	$111	**$0.86**	123	$109	**$0.88**	**+2%**
2020	64	52	81%	172	$158	**$0.92**	165	$135	**$0.82**	**-11%**
2021	95	61	64%	221	$193	**$0.87**	227	$192	**$0.84**	**-3%**
2022	95	79	83%	331	$268	**$0.81**	333	$320	**$0.96**	**+19%**
2023	72	44	61%	171	$159	**$0.93**	236	$196	**$0.83**	**-11%**
2024	77	58	75%	305	$270	**$0.89**	441	$289	**$0.66**	**-26%**
2025	**82**	**53**	**65%**	**273**	**$232**	**$0.85**	**366**	**$236**	**$0.65**	**-24%**
10-Yr Total	**886**	**602**	**68%**	**2,258**	**$2,098**	**$0.93**	**2,586**	**$2,146**	**$0.83**	**-11%**

**Capex represents only well-related capital for drilling, completion, equipping and tie-in*

Value Reconciliation

To accurately assess the Peyto team's contribution to year-over-year value creation, the Company re-runs the prior year's reserves evaluation using the current year's price forecast. This approach isolates the impact of changes in commodity price forecast from the factors that are within the team's control. It allows Peyto to distinguish the value generated from capital invested, operational improvements, and value created through the Company's marketing diversification efforts throughout the year.

The 3CA price forecast used by GLJ in this year's evaluation is lower than last year for both natural gas and natural gas liquids, which has had the effect of decreasing the net present value of all reserve categories. Specifically, 2024's PDP reserves decreased $459 million (9% of the 2024 BT NPV_{10}) due to this price adjustment.

After isolating the price forecast impact, the Peyto team delivered meaningful value creation through its 2025 capital program, strong operational performance, and marketing diversification efforts, resulting in an increase of $550 million of PDP BT NPV10 using only 55% of FFO.

The following table summarizes the reconciliation of value from last year's evaluation.

Year over Year Value Reconciliation

	BT NPV_{10} ($millions) PDP	TP	P+P
2025 Opening Balance	$4,879	$7,051	$9,569
Value Change due to Price	$(459)	$(853)	$(1,088)
Value Change due to Company Activity	$550	$672	$881
2025 Closing Balance	$4,970	$6,870	$9,362

In addition, the Company distributed $265 million of dividends and reduced net debt by $170 million.

3. <u>Growth and Income</u>

Over the past 23 years, Peyto has returned a total of $3.4 Billion ($23.95 per share) to shareholders through distributions and dividends. As a dividend-paying, growth-oriented corporation, Peyto's objective is to profitably grow the resource base that supports sustainable shareholder income. For dividends to be sustainable and grow over time, Peyto must continue to profitably find and develop new reserves. Merely increasing production from the existing reserve base does not enhance the long-term durability of that income. The RLI, the ratio of reserves to production rate, provides a useful measure of this long-term sustainability. Management believes the most meaningful way to evaluate current reserve life is to divide PDP reserves by actual, annualized fourth-quarter production.

During 2025, the Company's capital program successfully replaced 172% of annual production with new PDP reserves, resulting in 7% year-over-year growth (4% per share). Fourth-quarter production increased 6%, rising from 133 Mboe/d (708 MMcf/d of gas and 15,409 bbl/d of NGLs) to 141 Mboe/d (740 MMcf/d of gas and 17,439 bbl/d of NGLs). The combined impact of higher PDP reserves and increased fourth-quarter production maintained the PDP RLI at 10 years. For comparison, the TP and P+P RLIs were 18 and 28 years, respectively.

The following table highlights the Company's historical RLI.

Historical Reserve Life Index

	2016	2017	2018	2019	2020	2021	2022	2023	2024	**2025**
Proved Developed	7	7	9	9	9	8	9	10	10	**10**
Total Proved	11	11	16	19	18	16	15	19	18	**18**
Total Proved + Probable	18	18	25	29	27	25	24	30	28	**28**

Future Undeveloped Opportunities

Each year, Peyto identifies and develops new drilling inventory, which GLJ reviews to form its forecast of future development activity. This forecast does not represent a complete assessment of Peyto's full opportunity set, nor is Peyto inclined to simply harvest the currently recognized locations. Over the last 10 years, 32% of the wells drilled by Peyto were not previously identified as undeveloped reserves, and specifically in 2025, 34 wells (41%) of the Company's drilling program consisted of locations not previously identified by GLJ.

As of December 31, 2025, the future drilling locations recognized in the reserve report totaled 1,636 gross (1,317 net), up slightly from 1,605 gross (1,294 net) in the prior year, as Peyto continues to add new locations in well-established zones as well as emerging opportunities. Of these future locations, 1,070 (65%) are classified as Proved Undeveloped by the independent reserve evaluators, while 566 (35%) are categorized as Probable Undeveloped.

The Company interest P+P reserves associated with these undeveloped locations (excluding existing uphole zones) total 4.8 TCFe, or 3.6 BCFe per well, consisting of 4.1 Tcf of natural gas and 111 MMbbls of NGLs. The capital required to develop this inventory is estimated at $5.9 billion, or $1.22/Mcfe. This development is forecasted to generate $3.6 billion of BT NPV_{10}, inclusive of profit after capital recovery and future abandonment liabilities, equivalent to approximately $15 per share on a debt-adjusted basis using the 3CA commodity price forecast.

The undiscounted forecast of Net Operating Income for the TP and P+P reserves over the future development capital schedule, as contained in the evaluator's report, totals $21 billion and $35 billion, respectively, more than sufficient to fund the future development capital shown in the table below, ensuring those reserve additions are accretive to shareholders.

Total Proved and Total Proved Plus Probable Future Development Capital

	Future Development Capital	
Year	**TP Reserves Undisc., ($Millions)**	**P+P Reserves Undisc., ($Millions)**
2026	500	500
2027	499	508
2028	553	609
2029	610	641
2030	613	646
2031	585	642
2032	126	611
2033	-	627
Thereafter	-	1,107
Total	3,486	5,891

4. Risk Assessment

Effectively all Peyto's natural gas and natural gas liquids reserves are contained within low-permeability (tight) sandstone reservoirs of the Alberta Deep Basin. In nearly all cases, the volumetric capacity of these reservoirs can be reliably defined using traditional geological and reservoir engineering techniques. When these methods are complemented with ongoing production performance data, the certainty of the associated reserve estimates is further enhanced. Additionally, in Peyto's core operating areas, continuous drilling activity provides a steady stream of new subsurface information, enabling ongoing refinement of geological interpretations and volumetric assumptions, further supporting a high level of confidence in forecasted reserves.

In addition, these Deep Basin sandstone reservoirs are characterized by the absence of mobile water and are not supported by active aquifers. The presence of mobile water traditionally increases recovery risk by restricting hydrocarbon flow within the reservoir and up the wellbore. Water production also necessitates separation and disposal facilities, increasing operating costs and shortening the economic life of producing wells, which can further reduce ultimate recovery. As many of these traditional reserves determination and recovery risks are not present in Peyto's Deep Basin reservoirs, Management has a high degree of confidence in both the Company's reserves estimates and their ultimate recovery.

Peyto's ability to operate as a low-cost, high-margin producer means that its forecasted net operating income is less impacted by commodity price volatility than producers with lower operating margins. As a result, the forecasted economic life of Peyto's producing wells is less sensitive to changes in commodity prices. These strong operating margins are achieved through the Company's significant ownership and control of all levels of its production operations, a highly concentrated geographic asset base, and continual efforts to be the lowest-cost producer in the industry.

Peyto further mitigates the risk associated with forecasted operating incomes through an active market diversification and hedging program designed to smooth volatility in both Alberta and U.S. natural gas markets. This program employs frequent transactions that effectively "dollar-cost average" future natural gas prices over time. Although the reserves evaluation includes the value attributable to the Company's physical market diversification, the reserves report does not reflect the value contributed by the hedging program, in accordance with the guidelines of the Canadian Oil and Gas Evaluation ("COGE") Handbook. The hedging program provides important cash-flow stability in a volatile commodity price environment, enabling Peyto to maintain consistent operations. This stability enhances the Company's ability to efficiently develop—and ultimately realize—the full value of its currently booked reserves.

Finally, Peyto operates over 95% of its producing wells, consistent with the Company's "own and control" strategy. As of December 31, 2025, Peyto owned 2,839 net wells, of which 90% are currently on production, and most are expected to continue producing for decades. For perspective, Peyto's existing developed reserves have an estimated forecast value of $5.8 billion (BT NPV_{10} of PDP + PA and Proved Developed Non-Producing + PA), while the total cost to abandon and reclaim all wells, well sites, and facilities is estimated at $91 million, calculated using an equivalent 10% discount rate for future costs. Peyto's future abandonment and reclamation liabilities fall almost entirely within Alberta. The Company utilizes the Alberta Energy Regulator Directive 011 cost estimates as a primary baseline for wellsite abandonments. For natural gas processing plants and other major facilities, the Company engages independent third-party engineering firms to perform site-specific assessments.

Despite maintaining a very low count of non-producing wells, Peyto remains committed to responsible asset retirement. In 2025, the Company fully abandoned 6.1 net wells and partially abandoned an additional 5.6 net wells. In 2026, Peyto plans to spend approximately $13 million on abandonment and reclamation activities, exceeding the mandatory spending requirements established by the Alberta Energy Regulator for the period.

PERFORMANCE RATIOS

The following table highlights annual performance ratios for the last decade. These can be used for comparative purposes, but it is cautioned that on their own they do not measure investment success.

Historical Performance Ratios

	2016	2017	2018	2019	2020	2021	2022	2023	2024	**2025**
Proved Developed Producing										
FD&A ($/Mcfe)	$1.44	$1.36	$1.18	$1.55	$1.06	$0.97	$1.41	$1.21	$1.00	**$0.94**
RLI (yrs)	7	7	9	9	9	8	9	10	10	**10**
Recycle Ratio	1.8	2.1	2.3	1.4	1.5	2.8	2.8	2.9	3.3	**3.8**
Reserve Replacement	153%	171%	98%	75%	127%	188%	165%	400%	166%	**172%**
Total Proved										
FD&A* ($/Mcfe)	$1.01	$1.39	$1.21	$1.41	$0.20	$1.10	$1.75	$1.43	$0.90	**$0.96**
RLI (yrs)	11	11	16	19	18	16	15	19	18	**18**
Recycle Ratio	2.6	2.0	2.2	1.5	8.0	2.4	2.3	2.5	3.6	**3.7**
Reserve Replacement	183%	225%	294%	137%	132%	194%	159%	727%	199%	**203%**
FDC ($millions)	$1,305	$1,488	$1,971	$2,107	$1,917	$1,979	$2,081	$3,352	$3,386	**$3,486**
Total Proved + Probable										
FD&A* ($/Mcfe)	$0.62	$1.49	$1.02	$1.24	($0.01)	$1.09	$2.03	$1.22	$0.61	**$0.83**
RLI (yrs)	18	18	25	29	27	25	24	30	28	**28**
Recycle Ratio	4.2	1.9	2.6	1.7	N/A	2.5	1.9	2.9	5.3	**4.3**
Reserve Replacement	283%	279%	342%	140%	167%	308%	167%	1,077%	239%	**270%**
FDC ($millions)	$2,563	$2,978	$3,445	$3,547	$3,308	$3,612	$3,855	$5,764	$5,707	**$5,891**

**FD&A includes changes to FDC*

See Non-GAAP Financial Ratios in the Advisories section of this news release for details on the calculation of the above metrics.

RESERVES COMMITTEE

Peyto has a Reserves Committee, comprised of a majority of independent members of the Board of Directors, which is responsible for reviewing the qualifications and appointment of the Company's independent qualified reserves evaluators. The committee also reviews the procedures used to provide information to the evaluators. All booked reserves are based on annual evaluations conducted by independent qualified reserves evaluators in accordance with the COGE Handbook and National Instrument 51-101. These evaluations are completed using all available geological and engineering data. The Reserves Committee has reviewed the reserves information and approved the reserves report.

GENERAL

A complete filing of the Statement of Reserves (form 51-101F1), Report on Reserves (form 51-101F2), and Report of Management and Directors on Oil and Gas Disclosure (form 51-101F3) will be available in the Annual Information Form to be filed by the end of March 2026. Shareholders are encouraged to actively visit Peyto's website located at www.peyto.com. For further information, please contact Jean-Paul Lachance, President and Chief Executive Officer of Peyto at (403) 261-6081.

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[1] *BCF and TCF refers to billions and trillions of cubic feet, respectively*
[2] *MMboe refers to million barrels of oil equivalent*
[3] *F&D and FD&A are non-GAAP financial ratios. See "non-GAAP and Other Financial Measures" in this news release*
[4] *Capital expenditures is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release*
[5] *Funds from operations is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release*
[6] *Net debt is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release*
[7] *Capital efficiency is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release*
[8] *Field netback is a non-GAAP financial measure. See "non-GAAP and Other Financial Measures" in this news release*
[9] *Recycle ratio is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release*
[10] *CAGR compound annual growth rate is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release*
[11] *RLI is a non-GAAP financial ratio. See "non-GAAP and Other Financial Measures" in this news release*
[12] *Developed Reserves is Total Proved + Probable Developed Reserves and includes Proved + Probable Developed Producing reserves and Proved + Probable Developed Non-Producing reserves*

ADVISORIES

Unaudited Financial Information

Certain financial and operating information included in this news release including, without limitation, exploration and development expenditures, acquisitions, field netbacks, funds from operations, net debt, FD&A costs, Finding & Development costs excluding acquisitions, acquisition costs, and recycle ratio, are based on estimated unaudited financial results for the year ended December 31, 2025, and are subject to the same limitations as discussed under Forward Looking Information set out below. These estimated amounts may change upon the completion of audited financial statements for the year ended December 31, 2025, and changes could be material.

Information Regarding Disclosure on Oil and Gas Reserves

Some values set forth in the tables above may not add due to rounding. It should not be assumed that the estimates of future net revenues presented in the tables above represent the fair market value of the reserves. There is no assurance that the forecasted prices and costs assumptions will be attained, and variances could be material. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

Forward-Looking Information

This news release contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: management's assessment of Peyto's future plans and operations, including the 2026 capital expenditure program, the volumes and estimated value of Peyto's reserves, the life of Peyto's reserves, production estimates, project economics including NPV, netback and recycle ratio, the ability to enhance value of reserves for shareholders and ensure the reserves generate the maximum possible return; and management's belief that fixed revenue more than covers the planned capital program and dividends to shareholders for the year and allows for additional debt repayment at current commodity price forecasts. Forward-looking statements or information are based on a number of material factors, expectations or assumptions of Peyto which have been used to develop such statements and information, but which may prove to be incorrect. Although Peyto believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking information and statements because Peyto can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, the impact of increasing competition, the timely receipt of any required regulatory approvals, the ability of Peyto to obtain qualified staff, equipment and services in a timely and cost efficient manner, drilling results, field production rates and decline rates, the ability to replace and expand reserves through development and exploration, future commodity prices, currency, exchange and interest rates, regulatory framework regarding royalties, taxes, tariffs and environmental matters and the ability of Peyto to successfully market its oil and natural gas products. By their nature, forward-looking information and statements are subject to numerous risks and uncertainties, some of which are beyond these parties' control, including the impact of general economic conditions, industry conditions, tariffs, restrictions or prohibitions on the import or export of products, wars, hostilities, civil insurrections, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. 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 information and statements will transpire or occur, or if any of them do so, what benefits that Peyto will derive therefrom. The forward-looking information and statements contained in this news release speak only as of the date of this news release, and Peyto does not assume any obligation to *publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

This news release contains information, including in respect of Peyto's 2026 capital program, which may constitute future oriented financial information or a financial outlook. Such information was approved by the Board of Directors of Peyto on February 19, 2026, and such information is included herein to provide readers with an understanding of the Company's anticipated capital expenditures for 2026. Readers are cautioned that the information may not be appropriate for other purposes.

Barrels of Oil Equivalent
Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Drilling Locations
This news release discloses drilling locations in two categories: (i) proved locations; and (ii) probable locations. Proved locations and probable locations are derived from the independent engineering evaluation of Peyto's oil, NGLs and natural gas interests prepared by GLJ dated February 19, 2026, and effective December 31, 2025 (the "Peyto Report").

Non-GAAP and Other Financial Measures

Throughout this news release, Peyto employs certain specified financial measures to analyze financial and operating 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. Such metrics have been included by Peyto to give readers additional measures to evaluate Peyto's performance; however, such measures are not reliable indicators of the future performance of Peyto and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon.

<u>Non-GAAP Financial Measures</u>

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.

Capital Expenditures
Peyto uses the term "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.

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.

<u>Non-GAAP Financial Ratios</u>

Field Netback per MCFE
"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 marketing revenue, if any, plus other income, less royalties, operating, and transportation expense divided by production.

Finding, Development and Acquisition Costs
"FD&A" (finding, development and acquisition) costs are used as a measure of capital efficiency and are calculated by dividing the capital costs for the period, plus acquisition costs and including the change in undiscounted FDC, by the change in the reserves, incorporating revisions and production, for the same period (eg. 2025 Total Proved ($475MM + $0MM + $100MM) / (926.5Mboe – 875.9Mboe + 48.9Mboe) = $5.78/boe or $0.96/Mcfe).

Finding and Development Costs
"F&D" (finding and development) costs are used as a measure of capital efficiency and are calculated by dividing the capital costs for the period, including the change in undiscounted FDC, by the change in the reserves, incorporating revisions and production, for the same period.

Reserve Life Index
The "RLI" is calculated by dividing the reserves (in boes) in each category by the annualized Q4 average production rate in boe/year (eg. 2025 Proved Developed Producing 508.9Mboe/(141.0Mboe/d x 365) = 9.9). Peyto believes that the most accurate way to evaluate the current reserve life is by dividing the proved developed producing reserves by the annualized actual fourth quarter average production. In Peyto's opinion, for comparative purposes, the proved developed producing reserve life provides the best measure of sustainability.

Recycle Ratio
The "Recycle Ratio" is calculated by dividing the field netback per boe, by the FD&A costs for the period (eg. 2025 Proved Developed Producing $3.61/boe / $0.94/boe = 3.8). The recycle ratio compares the netback from existing reserves to the cost of finding new reserves and may not accurately indicate investment success unless the replacement reserves are of equivalent quality as the produced reserves.

Reserve Replacement Ratio
The "reserve replacement ratio" is determined by dividing the yearly change in reserves before production by the actual annual production for the year (eg. 2025 Total Proved (926.5Mboe – 875.9Mboe + 48.9Mboe) / 48.9Mboe = 203%).

Compound Annual Growth Rate
The "compound annual growth rate" (CAGR) is the annualized average rate of PDP reserves growth from 1998 to 2025, assuming growth takes place at an exponentially compounded rate.

Capital Efficiency
"Capital Efficiency" refers to how efficiently the Company utilizes its capital investment to generate production. It is calculated by dividing the capital costs for the period, plus acquisition costs, by December production volumes added from the 2025 capital program (eg. 2025 capital efficiency ($475MM) / (48,000 boe/d) = $9,900 per boe/d).