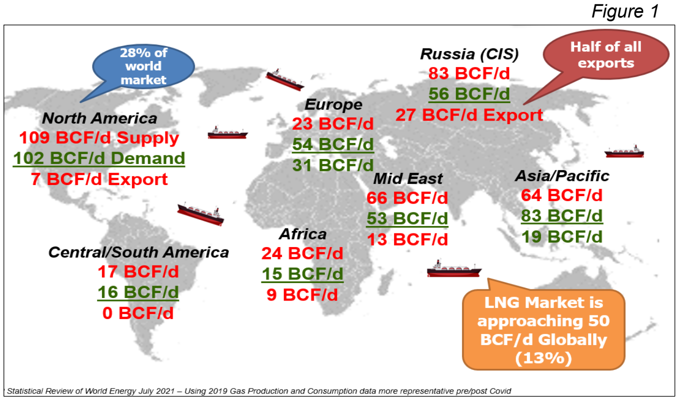
October 2022 From the desk of Darren Gee, Chief Executive Officer

Since natural gas is now a global commodity, it's interesting to look at the various basins around the world and how they are interconnected, particularly in light of the current geopolitical situation. With Russia threatening to shut off gas supplies to Europe this winter, understanding the size of the problem helps put it into perspective. Europe's need for natural gas is enormous at ±30 BCF/d (Fig. 1). Meanwhile, Russia exports almost that same amount, which is half of all global natural gas exports. Those are big numbers, particularly when we think about Europe asking North America for that volume instead. Sure, North America is a big gas basin (close to 30% of the globe) but we're a far cry from exporting enough to replace all that Russia sends Europe (US exports are 12 BCF/d and growing). If Russia decides to align themselves with Asia/Pacific import demand rather than Europe, we may well need to double time our LNG export capabilities in N.A.

Figure 1



Source: BP

As in the past, this report includes an estimate of monthly capital spending as well as our field estimate of production for the most recent month (see Capital Investment and Production tables below).

Capital Summary (millions$ CND)*

	2020	Q1 21	Q2 21	Q3 21	Q4 21	2021	Q1 22	Apr	May	Jun	Q2 22	Jul	Aug
Acq/Disp	3	36	0	0	1	36	22	0	0	0	0	0	0
Land & Seismic	8	1	1	2	4	8	1	7	1	1	8	1	0
Drilling	105	34	28	43	54	159	52	14	13	18	45	22	19
Completions	70	18	15	26	27	87	33	6	8	12	25	9	14
Tie ins	23	5	4	7	9	25	10	4	3	3	10	3	4
Facilities	26	16	8	12	14	50	47	9	6	6	21	8	5
Total	**236**	**109**	**57**	**90**	**109**	**365**	**166**	**39**	**29**	**40**	**108**	**42**	**42**

Production ('000 boe/d)*

	2020	Q1 21	Q2 21	Q3 21	Q4 21	2021	Q1 22	Q2 22	Jul	Aug	Sept	Q3 22
Sundance	48	48	50	49	56	51	57	54	55	56	56	56
Ansell	14	17	15	15	16	16	16	15	14	14	13	14
Brazeau	14	17	18	18	16	17	18	23	24	25	24	24
Kakwa	2	2	2	2	2	2	2	2	2	2	2	2
Other	2	4	5	5	7	5	9	9	9	9	11	9
Total	**80**	**88**	**89**	**89**	**97**	**91**	**101**	**104**	**104**	**105**	**105**	**105**
Liquids %	14%	14%	14%	12%	11%	13%	11%	13%	13%	13%	13%	13%

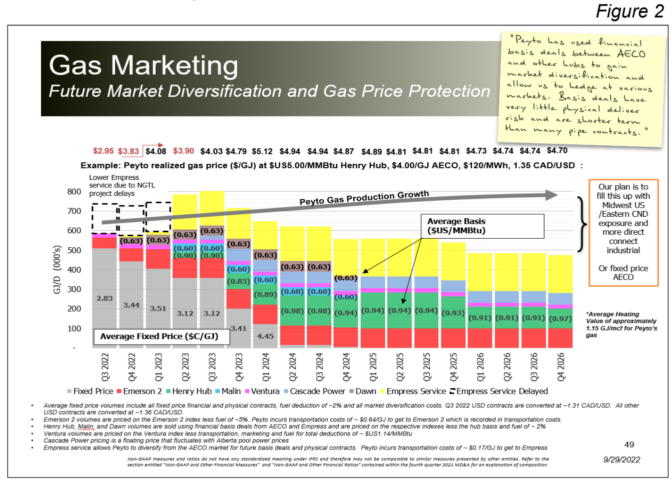
****This estimate is based on real field data, not a forecast, and actual numbers will vary from the estimate due to accruals and adjustments. Such variance may be material. Tables may not add due to rounding.***

Market Diversification

We were out in Toronto in early September for the Peter's Energy Conference, which was the first significant, in-person, Canadian conference since Covid, and I was surprised at the misunderstanding investors had with regards to Peyto's realized gas prices. Perhaps this comes from a complicated blend of fixed price swaps, fixed price physical sales and floating physical sales that requires some work to model properly. These were all diversification and hedging efforts we put in place over the last several years to avoid the AECO market disconnections I discussed last month.

So we decided that perhaps a different graphic to communicate those efforts was required. Hopefully, both prospective and current shareholders like it and it's more useful. Figure 2 below is from our corporate presentation (and also in the Operations:Marketing section of our website) and will be updated frequently.

Figure 2



Source: Peyto

The grey bars above illustrate all of our fixed price physical and financial hedged volumes with the average realized price translated back into $C/GJ at the current exchange rate (as the exchange rate rises, so too will our realized price). These prices are below the current strip as they were placed up to 3 years ago when the strip was lower. We will continue to add hedges, up to 3 years out, with current prices that are much better, but it illustrates the step change we'll see in realized pricing as we move forward. An example of our realized prices with a floating $5 NYMEX/$4 AECO is also shown.

In addition, we are also summarizing the various markets we have access to, using either physical transportation (Empress-yellow and Emerson-red) or basis deals (synthetic transport) to Henry Hub (green), Dawn (brown), Malin (dk blue), and Ventura (pink). The basis cost to those markets is also explained in the bullets below the graph. As we go along, we

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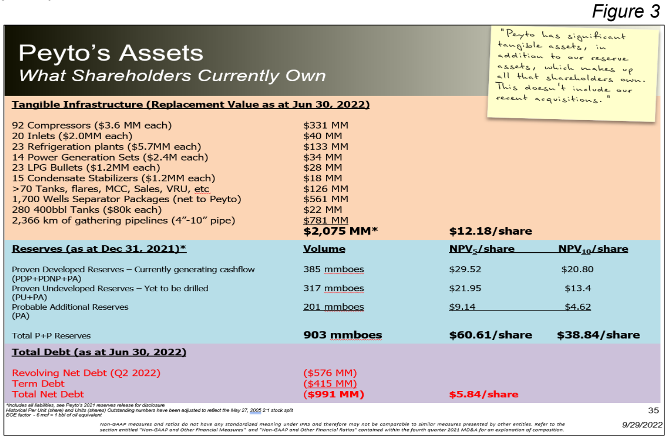
can fix the price at those markets by pairing the basis with a financial hedge, turning them into a fixed price (usually off NYMEX in USD).

We have also illustrated the volumes (powder blue) associated with our directly connected gas supply agreement with the Cascade gas-fired power plant being constructed adjacent to our Swanson gas plant to the west of Edson. This plant is expected to be operational in approximately 12 months from now and represents one of the few billion dollar infrastructure projects in Canada that is actually on budget and on time. Quite a feat considering Covid's impact to supply chains and labor. Kudo's to the team at Kineticor.

Our realized gas price for this volume is tied to the Alberta power pool price which averaged over $250/MWhr in August, up three fold from a year prior and 6 fold from Aug 2020. This lucrative opportunity to directly supply gas for Alberta's electrical grid is only available because of our infrastructure investments and plant ownership. If we had sold off our infrastructure, as some had suggested we should, then its likely someone else would be benefitting from this deal. At the end of June, all our infrastructure was worth over $2 billion in replacement value (Fig 3), more than our entire market cap today, and it continues to expand with each new plant we build/buy (Chambers and Aurora this year, Whitehorse next year).

Figure 3

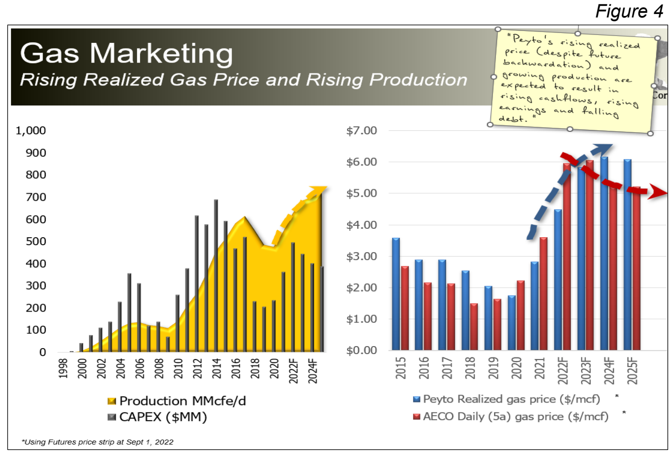


Source: Peyto Presentation

In addition to our physical market diversification (Empress, Emerson & Cascade direct connect sales) we have been actively selling basis deals that give us synthetic transport to various markets. We've added significant AECO-HH basis deals in 2025 and 2026 that will allow us to sell at NYMEX prices, and for less than current full stack pipe tolls (about USD$1.20/MMBTU). As I've mentioned in the past, these short term basis contracts are an all-in fixed price offset that encompasses all the pipe costs, fuel, taxes and abandonment fees which can really add up over time (at $10 gas price, 3% fuel can add $0.30/MMBTU). Our basis deals only require physical delivery to AB-NIT which is basically our plant sales meters.

The bottom line is that all of this marketing activity is forecast to result in rising realized gas prices for us, despite the backwardation in the futures strip. Rising prices, when combined with growing production (Figure 4), generally results in rapidly increasing cashflow and earnings that can be used to fund increased capital investments, debt reduction and dividends.

Figure 4

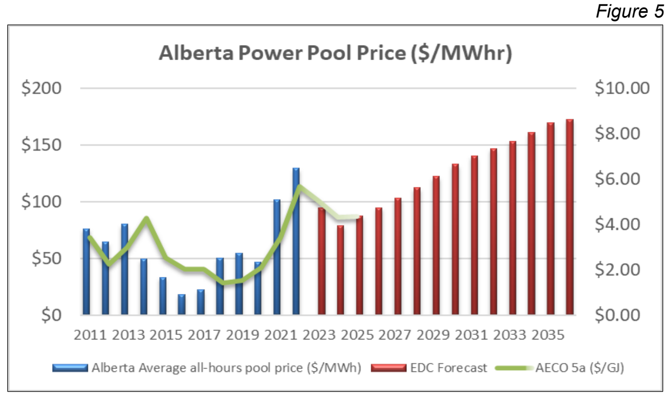


Source: Peyto Presentation

Activity Levels and Commodity Prices

Considering that within the next year about 10% of our gas production will be tied to power prices not gas prices, it's worth starting to track how those power prices fluctuate over time. By this time next year, when our deal kicks in, the vast majority of Alberta's power will be generated using natural gas (since we don't have much hydro in the province and both wind and solar are intermittent) and the pool price and AECO price should begin to align even more than they already do (Fig 5).

Figure 5



Source: EDC, NGX

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Forward Looking Statements

Certain information set forth in this monthly report, including management's expectation of future natural gas prices and the reasons therefore and management's estimate of monthly capital spending, field estimate of production, production decline rates and forecast netbacks, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Peyto's control, including the impact of general economic conditions, industry conditions, 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. 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 that Peyto will derive there from. The forward-looking statements contained in this monthly report are made as of the date of this monthly report. Except as required by applicable securities law, we assume no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing risks and assumptions affecting such forward-looking statements, whether as a result of new information, future events or otherwise.

All references are to Canadian dollars unless otherwise indicated. Natural gas liquids and oil volumes are recorded in barrels of oil (bbl) and are converted to a thousand cubic feet equivalent (mcfe) using a ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). 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). Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based in an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of oil as compared with natural gas is significantly different from the energy equivalent of six to one, utilizing a boe conversion ratio of 6 mcf:1 bbl may be misleading as an indication of value.

Certain measures in this monthly report do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These measures may not be comparable to similar measures presented by other issuers. Non-IFRS measures are commonly used in the oil and gas industry and by Peyto to provide potential investors with additional information regarding Peyto's liquidity and its ability to generate funds to conduct its business. Non-IFRS measures used herein include netback and funds from operations.

Netbacks are a non-IFRS measure that represents the profit margin associated with the production and sale of petroleum and natural gas. 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.

Funds from operations is a non-IFRS 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 Peyto'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 IFRS measure is cash flows from operating activities.