Peyto Exploration & Development Corp.
Monthly Report

August 2025

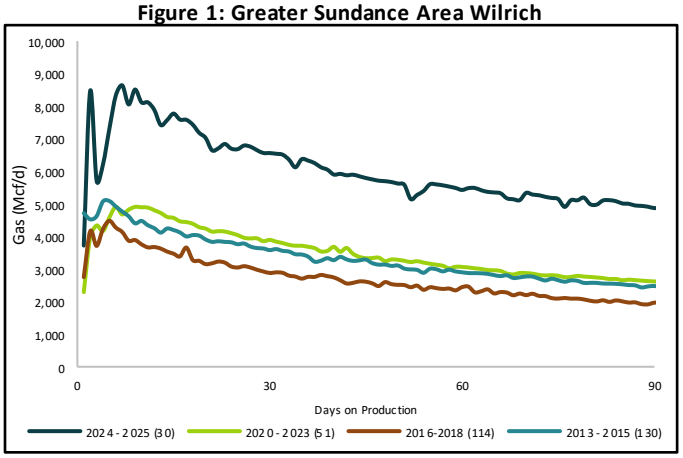
By Jean-Paul Lachance, President and Chief Executive Officer

Rewinding the Clock

The Wilrich is the deepest formation of the Spirit River Group in the Alberta Deep Basin. As a result, the logs of vertical sections in Wilrich horizontals provide vital data for the Peyto team to discover, derisk and map productive channel features in the Notikewin and Falher above. Fortunately, the Wilrich has also been a predictably steady zone for Peyto across its land base, especially in the Greater Sundance Area ("GSA") since the advent of multistage horizontals in 2009. To date, Peyto has drilled over 600 km of horizontal length in the Wilrich with more than 400 horizontal wells in the GSA. Today, these wells combine to produce 180 MMcf/d (Gross) for the Company and have produced 0.76 Tcf so far. While the Wilrich does not always deliver the highest rates of return in the portfolio, the zone has consistently made up a base load of activity over the last 16 years at Peyto, helping derisk shallower zones and diversifying the drill schedule to spread drilling risk across disparate play types. With the Repsol acquisition in 2023, Peyto was able to rewind the clock on the Wilrich and apply the lessons we learned with an optimized well design to a *nearly* blank slate of high-quality locations.

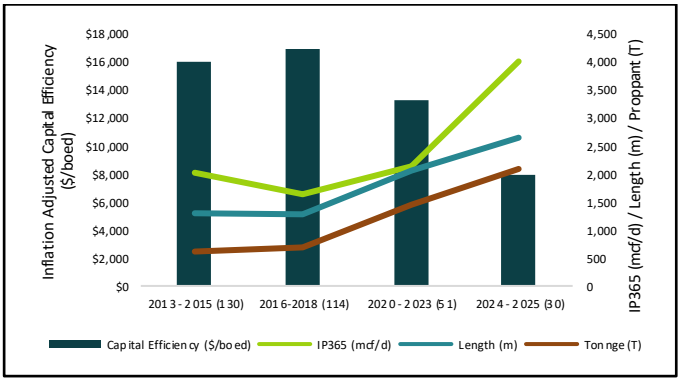
From 2013 through 2015, Peyto harvested the best of the GSA Wilrich shoreface within its land base drilling 130 wells averaging 1,300 meters in length (the maximum length of drilling unit less the gas target boundary) and completing the wells with ~615 tons of proppant across 10–12 stages. The capital efficiency[6] of these wells at the time averaged around $16,000/boed in inflation-adjusted, 2025 dollars. From 2016 through 2018, Peyto drilled another 114 laterals in the Wilrich with a similar design, but the productivity of the wells declined (see Figure 1) as the Company pushed into thinner, Tier 2 & 3 lands. Capital efficiency degraded to approach $17,000/boed, driven by a 20% reduction in average productivity. To maximize the performance in the Wilrich on the remaining GSA lands, in 2019, Peyto began pushing lateral lengths longer and increasing proppant loading and was able to move what we considered as Tier 2 & 3 locations (thinner pay), into Tier 1 drills. From 2020 through 2023, Peyto drilled 51 laterals in the GSA Wilrich to an average lateral length of 2,050 meters per well and pumped 1,450 tons of proppant per well across an average of 28 stages. The new well design increased productivity by 32% over the 2016–2018 iteration but even more impressive was seeing the capital efficiency improve to $13,300/boed in 2025 dollars, despite drilling outside of the Wilrich sweet spots.

Figure 1: Greater Sundance Area Wilrich



In 2023, Peyto was able to restock the cupboards after acquiring a land package from Repsol that was largely untapped by horizontal multistage laterals (by Peyto standards). Since Jan-2024, Peyto has drilled 30 Wilrich horizontals in the newly expanded GSA with an average lateral length of 2,645 meters, proppant loading of 2,090 tons and 38 stages per well. Productivity has increased by 57% over the 2020–2023 wells and 98% over the much shorter 2013–2015 wells. So far, capital efficiency has averaged $8,000/boed, a 40% improvement over the previous iteration of extended reach wells. Figure 2 depicts the changes in well design and results over the past iterations of Wilrich development in the GSA.

Figure 2: Improving the Sundance Wilrich



The evolution of the Wilrich development is a good example of how Peyto uses proven, new technologies and adapts its plans and designs to enhance the economics of inventory once considered lower tier.

Operational Highlights

Wet conditions in July delayed moving equipment around the field and impacted timing for bringing on new wells. With low natural gas spot prices, we are in no hurry to bring on new production especially if it costs more to fight the mud. Our H2 2025 drilling program has a higher concentration of Notikewin locations and will also include some follow-ups to prior Viking and Bluesky successes. Capital for the first half was lower than last year but H2 2025 will have higher facility costs that include a large field compression project in Sundance.

Capital Investment ($C millions)[1]

	2023	2024	Jan 25	Feb 25	Mar 25	Q1 25	Apr 25	May 25	Jun 25	Q2 25
D,C,E&T [2]	333	377	31	24	31	86	29	26	31	86
Facilities	64	75	2	3	10	15	7	4	7	18
Other [3]	16	7			1	1	1			1
Acquisitions [4]	699	-1					-1			-1
Total	1112	458	33	27	42	102	36	30	38	104
ARO Activities [5]	3	8	1	1	-	2	-	2	1	3

Production (Mboe/d)[1]

	2023	2024	Jan 25	Feb 25	Mar 25	Q1 25	Apr 25	May 25	June 25	Q2 25	Jul 25
Sundance	73	95	103	103	102	103	103	102	102	102	103
Brazeau	28	25	25	24	25	24	24	24	23	24	22
Other	4	5	7	7	6	7	6	6	6	6	5
Total	105	125	135	134	133	134	133	132	131	132	130
liquids %	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%

1. *This estimate is based on field data, actual numbers will vary from the estimate due to accruals and adjustments.*
2. *Well-related costs including Drilling, Completions, Equip and Tie-in.*
3. *Other costs include Land, Seismic, and Miscellaneous.*
4. *Acquisitions costs include asset and corporate deals.*
5. *Asset Retirement Obligations (ARO) spending is decommissioning expenditures incurred in the period.*
6. *Capital efficiency is a non-GAAP financial ratio. See the Non-GAAP and Other Financial Measures section of this report.*

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FORWARD LOOKING STATEMENTS

Certain information set forth in this monthly report, including management's estimate of monthly capital spending, field estimate of production, production decline rates, forecasted natural gas supply and demand growth, contains forward-looking statements. Reserves disclosures are also forward-looking information, including the volumes and the life of Peyto's reserves, production estimates, project economics including NPV, IRR, netback RLI and recycle ratio. 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.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Capital efficiency in this case is calculated as the average drill, complete, equip and tie-in costs (adjusted for inflation to 2025 dollars) divided by average IP365 rate over the period. For example, from 2013 through 2015 the average Wilrich horizontal at Peyto had an IP365 of 337.5 boe/d and cost M$4,391 resulting in a capital efficiency of $13,011/boed. This capital efficiency is then inflated to 2025 dollars by multiplying by 1.235. The result is a capital efficiency just over $16,068/boed for the Wilrich wells drilled between 2013 and 2015 in 2025 dollars.