Peyto Exploration & Development Corp.
Monthly Report

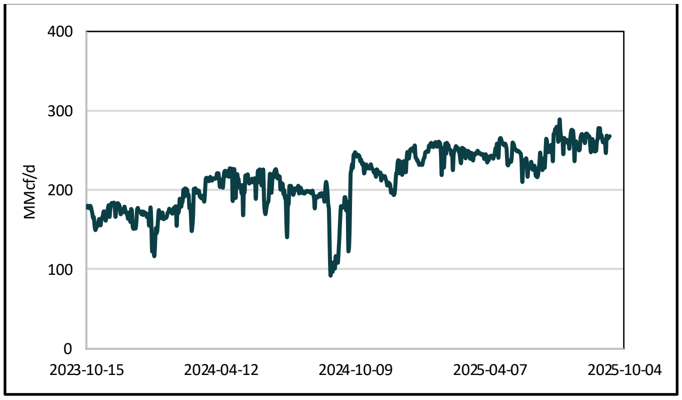
October 2025 | **By Jean-Paul Lachance, President and Chief Executive Officer**

Making Way for New Gas

Right from the very beginning, Peyto chose to own and operate our gas processing facilities, giving us control over the cost and design of the plants and the operations. This enables us to avoid funding midstreamer profits through costly third-party processing fees that often come with long-term commitments and/or reserve dedications.

In 2023, as part of the Repsol acquisition, Peyto added 471 MMcf/d of processing capacity across four *active* gas plants with 37% utilization (175 MMcf/d) and increased throughput at these facilities to 265 MMcf/d as of Sept-2025 (Figure 1). Increasing utilization helps bring down unit operating costs, improving margins, and maximizes the value of the equipment.

Figure 1: Repsol Facility Combined Throughput



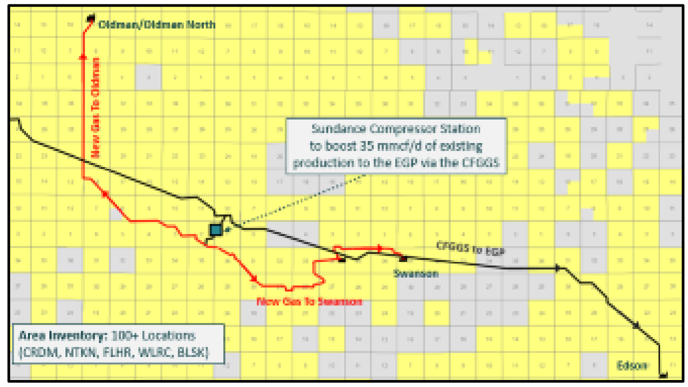
Over the years, Peyto has built (or acquired) 17 gas processing plants, with an estimated replacement value of $1.2 billion, that we operate with combined processing capacity of 1.5 Bcf/d, which is only 56% utilized. The remaining spare capacity gives us room to grow production without spending money building new gas plants and allows us to allocate capital to drilling new wells and to optimizing facilities to improve production efficiencies and reduce operating costs. One such facility project is the newly constructed field compressor station in the Greater Sundance Area (Figure 2) with an initial inlet capacity of 35 MMcf/d and the potential for expansion in the future. The project cost totaled approximately $22 million and included the repurposing of four compressors (each upgraded to 1,900 horsepower) from the nearby suspended Galloway Plant, putting them back to work. The facility was built to boost low pressure gas from older, mostly liquids-rich Cardium wells into the high pressure, Central Foothills Gas Gathering System ("CFGGS"). It pushes the volumes down to the Edson Gas Plant ("EGP") where we achieve our best liquid recoveries. The project will increase liquid volumes, extend the producing life of the existing wells and create space in the infrastructure to support development plans in the surrounding area.

So far, the team has identified over 100 locations nearby and across all the formations we pursue. The new compressor station supports the development plan to get after high-impact inventory quickly, without backing out older, low-pressure Cardium gas. The new, high-pressure gas will not use the compressor station but will utilize existing pipelines to flow to our Swanson and Oldman facilities.

Owning and controlling our infrastructure gives Peyto the flexibility for these kinds of opportunities and allows us to move inactive equipment around the field where it is most needed like we did, here.

The lack of need to build new plants is a contributing factor to why Peyto leads the industry with the lowest Finding and Developing costs to add reserves and the lowest cash costs to operate them over the last 3 years, a trend we expect to continue for many years to come.

Figure 2: Sundance Compressor Station Area Map



Operational Highlights

The second half of 2025 comes with higher capital spending than the first half of the year but remains on track with guidance. This is in part from the capital we are spending for plant turnarounds and includes the new compressor station which started up later in September. Additionally, we have added a fifth rig in the Greater Sundance Area to catch up on drilling activity lost during a rainy summer. The completion of these wells should be well-timed for stronger winter pricing. Production for the month of September was impacted by several factors. Turnarounds at the Oldman plants were partially mitigated by re-routing of gas volumes to other plants. High storage levels, pipeline maintenance, and slower than anticipated LNG Canada start-up drove AECO prices negative at times. As a result, Peyto chose to shut in some dry gas and replace hedged volumes with gas *purchased* at negative prices. Most importantly, the deferral of production, estimated at 4,000 boe/d for the month, had a minimal impact on cash flow. This approach is consistent with Peyto's strategy to value profits over production and saves our gas reserves for better future pricing.

Capital Investment ($C millions)[1]

	2023	2024	Q1 25	Apr 25	May 25	Jun 25	Q2 25	Jul 25	Aug 25
D,C,E&T [2]	333	377	86	29	26	31	86	33	30
Facilities	64	75	15	7	4	7	18	8	9
Other [3]	16	7	1	1			1		1
Acquisitions [4]	699	-1		-1			-1		
Total	1112	458	102	36	30	38	104	41	40
ARO Activities [5]	3	8	2	-	2	1	3	2	1

Production (Mboe/d)[1]

	2023	2024	Q1 25	Apr 25	May 25	June 25	Q2 25	Jul 25	Aug 25	Sept 25	Q3 25
Sundance	73	95	103	103	102	102	102	103	104	102	103
Brazeau	28	25	24	24	24	23	24	22	22	22	22
Other	4	5	7	6	6	6	6	5	5	5	5
Total	105	125	134	133	132	131	132	130	131	129	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.*

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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.