

# Peyto Exploration & Development Corp.

## Monthly Report

July 2025

By Jean-Paul Lachance, President and Chief Executive Officer

### Yahoo, The Wait is Over

As Calgarians get ready to celebrate (survive) Stampede, gas producers are also celebrating a significant export that has just left our Canadian shores (see Figure 1). It was fifteen years ago that the National Energy Board began receiving applications for LNG exports from the West Coast and until this month, not a drop of LNG has been sent overseas from Canada, the world's fifth largest natural gas producer. Over that same period, the US has taken their export capacity from zero to 17 bcf/d to become the global leader in LNG exports. Up north, the wait is finally over. We expect LNG Canada will take some time to ramp up to its full sales capacity of 1.84 bcf/d (or ~2 bcf/d of supply) but when it does, this will represent 10% of Canadian natural gas production and 20% of total exports, expanding Canada's export market beyond the US to include the world's largest LNG consumers, 3,800 nautical miles across the Pacific.

Figure 1: LNG Canada – First Shipment

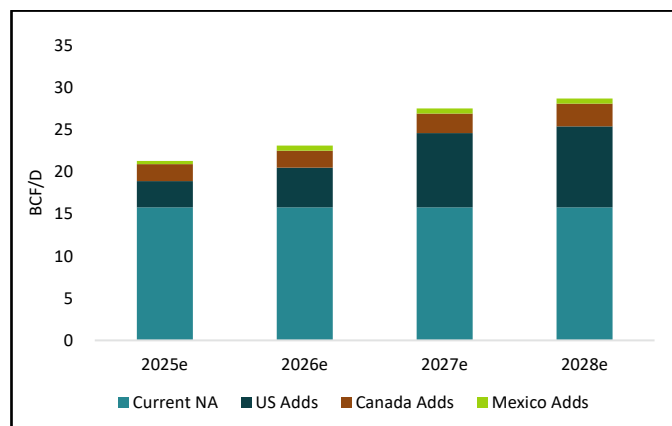


Photo courtesy of LNG Canada

Beyond LNG Canada Phase 1, there are two more projects under construction on the West Coast: Woodfibre LNG, scheduled to be completed in 2027; and Cedar LNG, a floating LNG project that is scheduled to be completed in 2028. These projects will combine to add 0.7 bcf/d of export capacity and will bring Canada's total capacity to 2.5 bcf/d. There are also [several pre-FID projects](#) in the works that could boost Canada's total exports beyond 6 bcf/d. South of the border, there are many projects in the US and Mexico that are under construction or approved for development that are projected to double LNG export capacity in North America from 14 bcf/d in 2024 to 28 bcf/d by the end of the 2028 (Figure 2). The timing for diversification couldn't be better.

Peyto will not directly supply LNG Canada with natural gas but the added pull from the system and projected increase in demand for North American natural gas is very constructive for the business. With Peyto's active hedging and marketing diversification strategy, the Company captures upside in forward price curves as the market gains excitement over the prospect of increasing demand. We don't do this to "time the market" and beat AECO but rather to smooth out price volatility, protect returns to shareholders (dividends), and ensure we can fund a steady capital program for modest growth. We think of our gas hedging as one of our risk management tools. In fact, we hope our remaining 2025 and 2026 hedged volumes are "out to the money" which means AECO prices would be over \$4/mcf!

Figure 2: North American LNG Export Capacity Forecast



Source: [U.S. Energy Information Administration](#)

Canada has worldclass resource, a cooler climate that lowers liquefaction costs, proximity to growing Asian markets (65% of total LNG imports in 2023), which reduces transport times and costs by 50% compared to the American Gulf (10 days vs. 20 days), and a route to Asia that is free from tenuous chokepoints like the Panama Canal, the Suez Canal or the Strait of Hormuz. Canada has all the ingredients to become a leader in LNG exports; let's ensure that our governments recognize the opportunity and allow the proliferation of our LNG projects which will benefit the world and so many Canadians.

### Operational Highlights

The month of June started out with some wildfires that affected the oilsands operations, which reduced natural gas demand and drove AECO prices negative, briefly. Also, during the month NGTL maintenance limited interruptible deliveries (and access to storage), which also drove down AECO prices for periods. Fortunately, Peyto holds excess Empress service which fetches a better price during these times. And when prices went negative, Peyto used the opportunity to "buy" that cheap gas and fulfill physical contracts while saving our reserves for another day. This voluntary curtailment reduced gas volumes by approximately 1,000 boe/d on the month.

### Capital Investment (\$C millions)<sup>1</sup>

	2023	Q1 24	Q2 24	Q3 24	Q4 24	2024	Jan 25	Feb 25	Mar 25	Q1 25	Apr 25	May 25
D,C,E&T <sup>2</sup>	333	94	87	99	97	377	31	24	31	86	29	26
Facilities	64	18	13	26	18	75	2	3	10	15	7	4
Other <sup>3</sup>	16	2	1	2	3	7			1	1	1	
Acquisitions <sup>4</sup>	699			-1		-1					-1	
<b>Total</b>	<b>1112</b>	<b>114</b>	<b>101</b>	<b>126</b>	<b>117</b>	<b>458</b>	<b>33</b>	<b>27</b>	<b>42</b>	<b>102</b>	<b>36</b>	<b>30</b>
ARO Activities <sup>5</sup>	3	4	-	2	2	8	1	1	-	2	-	2

### Production (Mboe/d)<sup>1</sup>

	2023	Q1 24	Q2 24	Q3 24	Q4 24	2024	Jan 25	Feb 25	Mar 25	Q1 25	Apr 25	May 25	June 25
Sundance	73	93	92	91	102	95	103	103	102	103	103	102	102
Brazeau	28	27	26	24	25	25	25	24	25	24	24	24	23
Other	4	5	5	5	6	5	7	7	6	7	6	6	6
<b>Total</b>	<b>105</b>	<b>125</b>	<b>122</b>	<b>120</b>	<b>133</b>	<b>125</b>	<b>135</b>	<b>134</b>	<b>133</b>	<b>134</b>	<b>133</b>	<b>132</b>	<b>131</b>
liquids %	12%	13%	12%	11%	12%	12%	12%	12%	12%	12%	12%	12%	12%

- This estimate is based on field data, actual numbers will vary from the estimate due to accruals and adjustments.
- Well-related costs including Drilling, Completions, Equip and Tie-in.
- Other costs include Land, Seismic, and Miscellaneous.
- Acquisitions costs include asset and corporate deals.
- 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 (Mcf) 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.*