

Peyto Exploration & Development Corp.

Monthly Report

April 2026

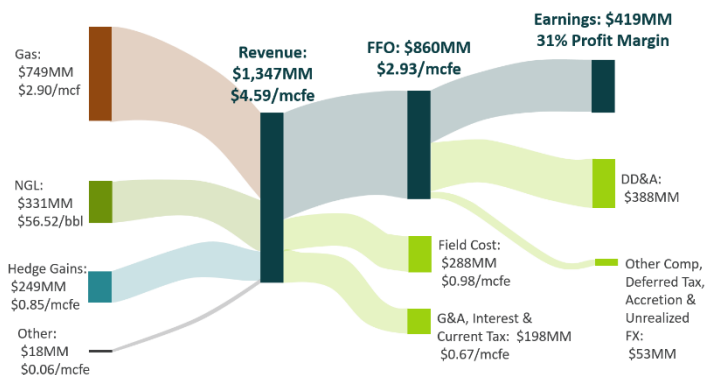
By Jean-Paul Lachance, President and Chief Executive Officer

Earnings Focused

Last month Peyto marked another successful year of operations in Alberta's Deep Basin, releasing our [Q4 and year-end 2025](#) operational and financial results. Each quarter, producers in the Canadian oil and gas sector release their "Earnings Report" and many, including Peyto, schedule an "Earnings Call" the following day to discuss the results of the quarter and take questions from investors. Strangely, earnings are not usually the main subject of these calls.

Oil and Gas producers use different accounting practices, and we must be careful when making comparisons. We'll focus on how Peyto views its business and leave others to make the comparisons. Peyto employs hedge accounting when it comes to the income statement, meaning we align the recording of financial hedges with the physical product sales they hedge. This reduces earnings volatility and allows investors to see through the noise of unrealized gains/losses caused by mark-to-market valuations of our natural gas, NGL and foreign currency hedge contracts. Figure 1 depicts the flow of revenues through to earnings for our 2025 year-end results.

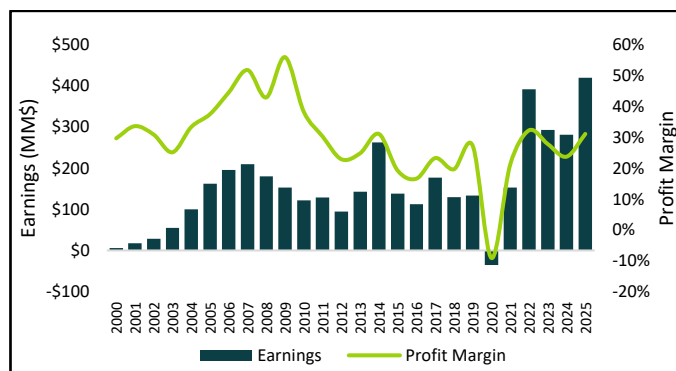
Figure 1: Calculating Peyto's Year-end 2025 Earnings



To calculate Peyto's 2025 earnings, we start with record revenues of \$1.35 billion (including hedges, net marketing revenue and other income). From revenues, we subtract cash costs (royalties, operating costs, transportation, G&A, and interest), and current tax. Our low-cost structure is a feature of how we run the business that helps bring stability to earnings. The result is total funds from operations⁶ of \$860 million. Next, we deduct depletion, depreciation and amortization ("DD&A") expense, which represents the cost of acquiring and developing the production sold for revenue. DD&A expense is calculated on a unit-of-production basis on proved plus probable reserves and includes all historical unamortized costs related to our oil and natural gas properties and estimated costs of future development of proved plus probable undeveloped reserves. DD&A gets minimal focus in the sector as it's "non-cash," but it's a real cost and the biggest expense on our income statement! Our low DD&A expense is directly correlated with our low finding and development costs, and it has been critical to Peyto's success of generating earnings and average 24% ROE⁶ and 17% ROCE⁶ over the past 27 years. Finally, deductions are made to account for performance- and stock-based compensation, deferred tax and unrealized gains/losses on foreign exchange to get to record 2025 annual earnings of \$419 million. Dividing 2025 earnings by revenues generates a 31% profit margin for the year, the highest margin since 2022.

Peyto is very proud of our long history of earnings with only one year (2020) in the last 26 when we reported losses (Figure 2). In 2025, earnings surpassed \$400 million for the first time and on a per diluted share basis, it was the second strongest year at \$2.06/sh (only 2022 was higher when we generated earnings of \$2.23/sh). Since inception, Peyto has invested \$9.4 billion of capital and generated \$4.1 billion in profits. But why do we put so much emphasis on profits or earnings at Peyto and why should you, the shareholder, care? Peyto's aim is to maximize the profit from every dollar of shareholder capital deployed and to return those profits to shareholders as dividends. Demonstrating the Company's ability to consistently deliver earnings gives shareholders confidence in the sustainability of the dividend and, as earnings grow, in the potential for dividend growth as well.

Figure 2: Historical Earnings and Profit Margin



Operational Highlights

Operations continued to hum along, with five rigs running across Peyto's acreage and completions activity was in high gear to help us establish new monthly and quarterly records for production. March field estimates came in steady at 148,000 boe/d. As things get soggy in the field with warmer weather on the horizon, activity will slow down. We plan to keep approximately two rigs drilling throughout Break-up and we will continue to evaluate the business environment to determine the cadence of our operations as we come into the second half of the year.

Capital Investment (\$C millions)¹

	2023	2024	Q1 25	Q2 25	Q3 25	Oct 25	Nov 25	Dec 25	Q4 25	2025	Jan 26	Feb 26
D,C,E&T ²	333	377	86	86	92	45	41	36	122	386	35	42
Facilities	64	75	15	18	34	10	7	2	19	86	8	10
Other ³	16	7	1	1	1			1	1	4		
Acquisitions ⁴	699	-1		-1						-1	1	2
Total	1112	458	102	104	127	55	48	39	142	475	45	54
ARO Activities ⁵	3	8	2	3	4	1			1	10	1	1

Production (Mboe/d)¹

	2023	2024	Q1 25	Q2 25	Q3 25	Q4 25	2025	Jan 26	Feb 26	Mar 26	Q1 26
Sundance	73	95	103	102	103	110	105	116	116	118	117
Brazeau	28	25	24	24	22	24	24	26	25	25	25
Other	4	5	7	6	5	5	5	5	5	5	5
Total	105	125	134	132	130	140	134	147	146	148	147
liquids %	12%	12%	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.
- Non-GAAP financial measure or ratio. See Non-GAAP and Other Financial Measures on page 2.

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FORWARD LOOKING STATEMENTS

Certain information set forth in this monthly report contains forward-looking statements including: management's estimate of monthly capital spending; and field estimate of production. 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.

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, decommissioning expenditure, provision for performance-based compensation and transaction costs. 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.

Return on Equity (ROE)

Peyto calculates ROE, expressed as a percentage, as Earnings divided by Equity. Peyto uses ROE as a measure of long-term financial performance, to measure how effectively Management utilizes the capital it has been provided by shareholders and to demonstrate to shareholders the returns generated over the long term.

Return on Capital Employed (ROCE)

Peyto calculates ROCE, expressed as a percentage, as adjusted earnings before interest and taxes ("Adjusted EBIT") on a trailing 12-month basis, divided by average capital employed over a trailing 12-month basis. Average capital employed is calculated as the average of shareholders' equity plus average net debt, over the past four quarters. Peyto uses ROCE as a measure of long-term financial performance to measure how effectively Management utilizes the capital (debt and equity) it has been provided and to demonstrate to shareholders the returns generated over the long term.