

Peyto Exploration & Development Corp.

Monthly Report

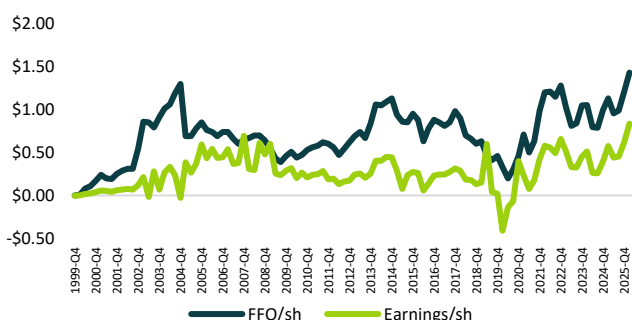
June 2026

By Jean-Paul Lachance, President and Chief Executive Officer

Financially Strong, Operationally Ready

In May, Peyto released its Q1-2026 Financial Report and highlighted record funds from operations and earnings—both on an absolute, and more importantly, a per share basis (see Figure 1). Over the quarter, we also paid down \$89 million of net debt and have paid back a total of \$275 million since we purchased the Repsol assets in October 2023. These records and accelerated debt repayment were partially achieved through our diversification to daily spot prices in the US during winter storm “Fern”, which sent temperatures plummeting and blanketed Eastern Canada and many states south of the border in one to two feet of snow, breaking snowfall records. As a result, natural gas prices at demand centres downstream of AECO soared and Peyto captured the upside through our purposeful risk management strategy of diversification to those daily markets.

Figure 1: Historical Funds from Operation and Earnings per Share



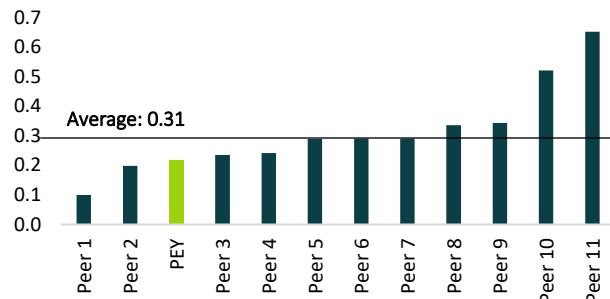
Additionally, Peyto hit record production and production per share last quarter. Since closing the Repsol acquisition in Q4-2023 at a production rate of 120 Mboe/d, the Company has grown to nearly 150 Mboe/d driven by great well results over the last few years and the optimization of existing production. This increased production also came with growth in our reserves per share, to record levels at the end of last year, and enabled Peyto even more opportunity to capitalize on elevated prices, grow funds flow and bring down debt.

The foundation of last quarter’s success was laid over the Company’s 27-year history by building a low-decline asset base with a long reserve life of existing production and plenty of high-quality inventory to keep the Peyto team busy for many years to come. The Peyto strategy has always been to manage our costs, both on the finding and developing side but also operationally, through the cash costs that keep the business running. We execute this strategy by owning and operating our own facilities and fostering a culture where employees are empowered to drive decisions and are encouraged to focus on the things that matter—like delivering high quality results while focusing on the costs they can control.

Peyto also achieved a leverage ratio of 1x Debt to EBITDA at the end of Q1, essentially back to a level before the Repsol acquisition. Of course, there is nothing magical about this metric or the number as our debt is relatively cheap and a tool we use enhance value creation (see Feb-2026 PMR). Perhaps a better way to evaluate the debt load of a company is to calculate its net debt relative to the future value of its underlying reserves that have been developed and are on production, as illustrated in Figure 2. Today, Peyto’s net debt to PDP

NPV₁₀ sits at 0.2x and screens very favorably against other Canadian Oil & Gas producers.

Figure 2: Net Debt / PDP NPV₁₀



Peers include: AAV, BIR, KEL, LGN, OBE, PNE, SDE, TOU, TVE, VET, & WCP

All these attributes make us healthier than ever. We’re financially strong and operationally ready for a thirsty natural gas market with potential growth in oil sands production that requires natural gas consumption for resource extraction, local power demand, and LNG exports. Despite the recent weakening of forward gas prices, Peyto’s strong position has given us confidence to increase dividend by 9% from \$0.11 to \$0.12 per share per month while continuing to pay down additional debt going forward under current commodity price forecasts. Peyto has a long history of returning the Company’s profits back to shareholders in the form of dividends. Since inception in 1998, we have returned a cumulative total of \$24.28 per share to shareholders, or \$3.4 billion.

Peyto remains bullish on the future of natural gas, but we also know that it is one of the most volatile commodities. We will continue to focus on protecting shareholders’ investment and the Company’s future by taking future prices off the table and maintaining our position as Canada’s lowest cost and most resilient natural gas producer.

Operational Highlights

The wet weather has arrived and we have slowed activity with fewer rigs operating, helping us avoid expensive equipment moves in the mud. We expect to ramp back up to 4 rigs as the summer progresses.

Capital Investment (\$C millions)¹

	2024	Q1	Q2	Q3	Q4	2025	Jan	Feb	Mar	Q1	April
		25	25	25	25		26	26	26	26	26
D,C,E&T ²	377	86	86	92	122	386	35	42	43	120	23
Facilities	75	15	18	34	19	86	8	10	8	26	3
Other ³	7	1	1	1	4				1	1	
Acquisitions ⁴	-1		-1			-1	1	2		3	
Total	458	102	104	127	142	475	45	54	52	151	26
ARO Activities ⁵	8	2	3	4	1	10	1	1	1	3	1

Production (Mboe/d)¹

	2024	Q1	Q2	Q3	Q4	2025	Jan	Feb	Mar	Q1	Apr	May
		25	25	25	25		26	26	26	26	26	26
Sundance	95	103	102	103	110	105	116	116	118	117	118	116
Brazeau	25	24	24	22	24	24	26	25	25	25	25	26
Other	5	7	6	5	5	5	5	5	5	5	5	4
Total	125	134	132	130	140	134	147	146	148	147	148	146
liquids %	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	13%

- 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 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.

Net Debt

"Net debt" is a non-GAAP financial measure that is the sum of long-term debt and working capital, excluding the current financial derivative instruments, current portion of lease obligations and current portion of decommissioning provision. It is used by management to analyze the financial position and leverage of the Company. Net debt is reconciled to long-term debt which is the most directly comparable GAAP measure.