Peyto Exploration & Development Corp.
Monthly Report

November 2026

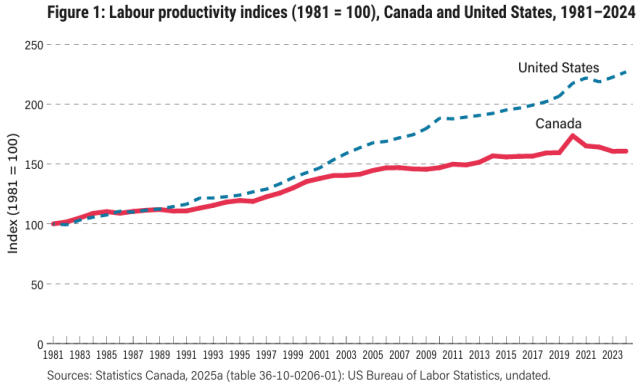
By Jean-Paul Lachance, President and Chief Executive Officer

Build Canada!

There is a lot of excitement in Canada right now with many touting we've entered an investment super-cycle and forecasting one trillion dollars of investment in major projects across the country. The energy sector stands to benefit massively as one third of the capital, over $350 billion, will be directed, in part, towards power projects, LNG export facilities, and pipelines. Getting these nation-building projects over the line to completion will reinforce Canada's position as a place where things can get done and stimulate even more capital investment to flow into the country. Reducing royalties and taxes and removing regulatory red tape can help move these projects along. Clearly, the recently announced "Productivity Mega Deduction" will have positive effects on capital deployment.

Since the early 2000's, Canada has lagged the US and many OECD countries in productivity growth (Figure 1). Canada's unfavorable tax regime and cumbersome regulatory hurdles are often cited as contributing factors behind a lack of investment and resulting lag in productivity growth. Canadians have watched capital investment flee the country and have paid the price as our standard of living, measured by GDP per capita growth, has fallen behind that of our neighbour to the south.

Figure 1 – Labour Productivity in Canada and the US



Fraser Institute

The anemic investment in Canada this century is perhaps most pronounced in the natural gas sector. Since 2004, 19 projects proposed across Canada, ranging from 100 MMcf/d to 4 Bcf/d, were canceled, suspended, or not advanced. The throughput of those projects totals 40 bcf/d representing 100's of billions of lost investment dollars on top of hundreds of thousands of lost job opportunities. Meanwhile, we dithered over emissions and carbon taxes. Commodity price uncertainty had a role to play as global LNG prices fluctuated this century but while Canada was busy adding carbon taxes, doubling up on regulatory reviews, and delaying approvals, the US and Australia found ways to draw investment to their countries to build brand new sources of GDP growth in exporting LNG and became global leaders in the sector.

Fortunately, it appears the tides are turning in Canada, and we have the potential to start drawing investment back to the country. LNG Canada is up and running and a 2 Bcf/d expansion recently passed FID. There are six other projects at various stages of development that, combined, would add another 5 Bcf/d of export capacity in the next decade and over $100 billion of capital investment. Beyond LNG, Pacific Link Pipeline, a 1 MMbbl/d oil pipeline from Alberta to the BC coast, was deemed a project of national interest in October 2026 and is expected to be in service 2032 – 2034 at a price tag of ~$40 billion. The added oil sands production needed to fill the pipeline would increase local demand for natural gas in Alberta by approximately 1 Bcf/d. There is also a potential to add another 2 Bcf/d of egress though TC Energy's mainline that currently moves 4 – 5 Bcf/d of natural gas east out of Alberta. The pipeline was designed to transport 6.9 Bcf/d and could reach that capacity with added compression and de-bottlenecking initiatives. Combined, these projects would add 10 Bcf/d of demand from a basin producing 20 Bcf/d today. Lots of jobs, investment, royalties and tax revenues, means an improved standard of living for all Canadians.

Globally, natural gas consumption is growing 2.4%/yr (the fastest of the fossil fuels). At this pace, the world will need an additional 70 bcf/d of natural gas by 2032. Alberta and NE BC sit on a world class natural gas resource, and the political winds are changing. The newly elected BC government embraces energy development, the feds are moving in the right direction, and the AB government is also supportive for obvious reasons. If Canada wants to become an energy super power all the ingredients are right here. We need to continue to break down the fears of oil and gas development, get pipelines built and play to our strengths. Peyto is one of Canada's most cost-efficient companies when it comes to finding, developing and producing natural gas and stands ready to help meet the growing demand. Let's go build Canada!

Operational Highlights

Production has turned the corner, and we have begun to ramp up for expected stronger winter gas pricing. November is set to bring lots of new production on with 7 wells planned to come on in the first half and 4 more later in the month. We also plan to commission a major debottlenecking pipeline in Nosehill mid-month to alleviate currently backed out production.

Capital Investment ($C millions)[1]

	2024	2025	Q1 26	April 26	May 26	June 26	Q2 26	July 26	Aug 26	Sept 26	Q3 26
D,C,E&T [2]	377	386	120	23	22	23	68	27	38	35	100
Facilities	75	86	26	3	5	5	13	6	10	7	24
Other [3]	7	4	1		2	2	4				
Acquisitions [4]	-1	-1	3								
Total	458	475	151	26	29	30	85	33	48	42	124
ARO Activities [5]	8	10	3	1	-	1	2	1	1	2	4

Production (Mboe/d)[1]

	2024	2025	Q1 26	Apr 26	May 26	June 26	Q2 26	July 26	Aug 26	Sept 26	Q3 26	Oct 26
Sundance	95	105	117	118	116	114	116	115	114	116	115	117
Brazeau	25	24	25	25	26	24	25	24	24	23	23	23
Other	5	5	5	5	4	5	5	5	5	4	5	4
Total	125	134	147	148	146	143	146	144	143	143	143	144
liquids %	12%	12%	12%	12%	13%	13%	13%	13%	14%	14%	13%	14%

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 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 (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.