

Peyto Exploration & Development Corp.

Monthly Report

July 2026

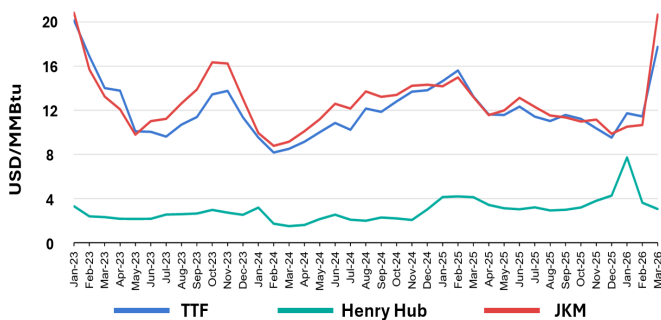
By Jean-Paul Lachance, President and Chief Executive Officer

LNG Diversification

Last year on June 30th, we celebrated Canada's foray into the LNG exporting business as the first cargo set sail to Asia from Kitimat BC. The facility took nearly a year to ramp up, but this past spring, LNG-C appeared to be running at or near full capacity with the occasional plant upset. Over the next several years, LNG exports from Canada's west coast are forecasted to expand. [Woodfibre's](#) 0.3 bcf/d project just North of Vancouver is 65% complete and projected to be producing LNG next year. Cedar LNG, Canada's first floating LNG terminal with 0.4 bcf/d capacity, is scheduled to be on stream in 2028. The liquefaction vessel is under construction in South Korea and [is reported to be 50% complete](#). Beyond the sites that are already under construction, there are two key projects on the horizon – LNG Canada's second 1.8 bcf/d project in Kitimat and the 1.6 bcf/d Ksi Lisims facility which, if a final investment decision is made this year and hold to the planned timelines, Canada will head into the 2030's with the capability to export over 6 bcf/d from the BC coast. This is extremely meaningful for a basin producing roughly 20 bcf/d today.

With the growth in LNG production and exports in North America, natural gas now has a pathway from the WCSB to regions all over of the globe. That's not to say that a molecule produced in Edson will *physically* find it's way to Germany. Once the LNG is on the water parties can trade and direct LNG carriers virtually anywhere there is a physical connection. This global market has provided opportunities for local, Canadian natural gas producers to tie their production to prices abroad and take advantage of improved global LNG pricing and disconnects to local markets. Natural gas trading hubs including the Title Transfer Facility (TTF) in Europe and the Japan/Korea Marker (JKM) in Asia can become extremely disconnected from prices in Canada and the US (see Figure 1). This fact was highlighted during the recent Middle Eastern conflict that disrupted the supply of LNG to Asia and Europe and caused TTF and JKM to double while in the US, Henry Hub was largely unaffected.

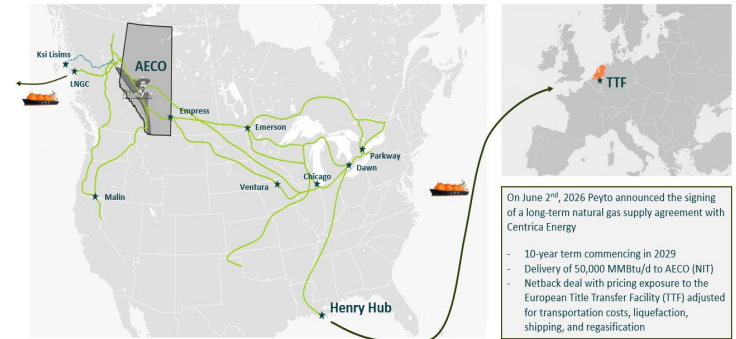
Figure 1: TTF, JKM and Henry Hub Historical Spot Prices (IEA)



A core piece of the Peyto strategy is market diversification to mitigate the risk associated with selling our product to a single customer. Peyto has secured access (physical and financially) for its gas to Eastern Canada, the US Midwest, and places in between. We also directly supply gas to a power generation facility where prices are linked to AB power prices. In June, Peyto added to the diversification portfolio with our first LNG-linked agreement to expose 50,000 MMBtu/d to TTF prices with volumes delivered locally, at NIT (AECO) over a ten-year term commencing in 2029. The specifics of the agreement are confidential, but it can be viewed as a netback deal

that factors in the costs of transportation, liquefaction, shipping, and regassification. As with our other diversification deals, we can derisk the hub or the basis with hedging to mitigate risks, if we deem necessary.

Figure 2: Peyto - Centrica LNG Deal



Peyto's deal with Centrica is another layer to our diversification position that we believe will help the Company achieve premium pricing over the long-term. With growing demand and constrained supply, Peyto believes it will be beneficial to have this diverse market exposure. That includes across North America where data centres, oil sands and LNG exports stimulate growth but also abroad. Fortunately, Peyto is well positioned as a low-cost operator with long life reserves to enter into long term agreements to derisk the business and gain exposure to premium markets.

Operational Highlights

We got back to four drilling rigs in June, but it has been very soggy out there with standing water on many leases. As a result, we have delayed some completions and new well tie-ins to avoid spending extra capital fighting with the mud. On the bright side, the wet weather has kept the forest fires from developing in our areas. We conducted turnarounds at our Brazeau and Wildhay gas plants and managed to minimize the production impact to ~1,600 boe/d for the month. With the deferred production, we estimate our capability is about 3,000 boe/d higher than June's average.

Capital Investment (\$C millions)¹

	2024	Q1 25	Q2 25	Q3 25	Q4 25	2025	Jan 26	Feb 26	Mar 26	Q1 26	Apr 26	May 26
D,C,E&T ²	377	86	86	92	122	386	35	42	43	120	23	22
Facilities	75	15	18	34	19	86	8	10	8	26	3	5
Other ³	7	1	1	1	4	1			1	1		2
Acquisitions ⁴	-1		-1			-1	1	2		3		
Total	458	102	104	127	142	475	45	54	52	151	26	29
ARO Activities ⁵	8	2	3	4	1	10	1	1	1	3	1	-

Production (Mboe/d)¹

	2024	Q1 25	Q2 25	Q3 25	Q4 25	2025	Jan 26	Feb 26	Mar 26	Q1 26	Apr 26	May 26	June 26	Q2 26
Sundance	95	103	102	103	110	105	116	116	118	117	118	116	114	116
Brazeau	25	24	24	22	24	24	26	25	25	25	25	26	25	25
Other	5	7	6	5	5	5	5	5	5	5	5	4	4	5
Total	125	134	132	130	140	134	147	146	148	147	148	146	143	146
liquids %	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	13%	13%	13%

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 (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.