PEYTO Energy Trust

President's Monthly Report

June 2007 — From the desk of Darren Gee, President & CEO

With two rigs drilling and one more on the move, we are officially through breakup and back in action. A fourth rig is anticipated to work on and off again throughout the balance of the second and third quarters. It takes between 45 to 60 days to bring a well from spud to on-stream, so these new wells should begin to contribute production sometime in August of this year. Production over breakup was impacted by the usual weather related access restrictions. April capital spending was minimal, especially in comparison to last year when we spent $27 million that month.

As in the past, this report includes an estimate of monthly capital spending, as well as our field estimate of production for the most recent month (see Capital Investment and Production tables below).

Capital Investment

2007 Capital Summary (millions$ CND)*

	Jan	Feb	Mar	Q1	Apr	May	Jun	Q2
Land & Seismic	0	0	0	1	0			
Drilling	5	5	6	16	0			
Completions	3	3	4	10	1			
Tie ins	2	0	1	3	1			
Facilities	0	1	0	1	0			
Other	0	0	0	0	0			
Total	**10**	**9**	**11**	**30**	**2**			

This is an estimate based on real field data, not a forecast, and the actual numbers will vary from the estimate due to accruals and adjustments. Such variance may be material.

Production

2007 Production ('000 boe/d)*

	Jan	Feb	Mar	Q1	Apr	May	June	Q2
Sundance	16.9	17.1	16.8	16.9	16.9	16.3		
Kakwa	2.4	2.1	2.2	2.2	2.3	2.2		
Other	2.4	2.3	2.1	2.3	2.2	2.1		
Total	**21.7**	**21.5**	**21.2**	**21.4**	**21.3**	**20.5**	-	-

This is an estimate based on real field data, not a forecast, and the actual numbers will vary from the estimate due to accruals and adjustments. Such variance may be material.

Sustainability by definition

The definition of sustainability arose in discussion at this year's Annual General Meeting, so I thought it might be worthwhile to dedicate this month's report to that topic.

Sustainability is perhaps more generally defined as *"meeting the needs of the present without compromising the ability to meet the needs of the future."* As it applies to an energy trust, or more specifically Peyto Energy Trust, we would say *"sustainability is the condition achieved when the company's business allows it to distribute regular cash disbursements while simultaneously reinvesting to maintain and/or grow on a per unit basis."*

I would argue, therefore, that sustainability of both the *business of* an energy trust and sustainability of the *cash disbursements from* an energy trust comes from the combination or three key elements:

1. Strong business strategy with successful execution
2. Quality asset base
3. Balanced distribution model

Sustainable Business

Sustainability of Peyto's oil and gas business comes from our ability to repeatedly invest retained or borrowed capital into the exploration and development of natural gas reserves in the Alberta Deep Basin. Implicit in this sustainability is that the investments must be profitable. If you are investing $10 to build a barrel worth $20, then that is obviously profitable. Conversely, if you are buying a barrel for $10 that is worth $20, then that is also profitable. If you are spending $20 to buy a barrel that is worth $20, then that is not profitable.

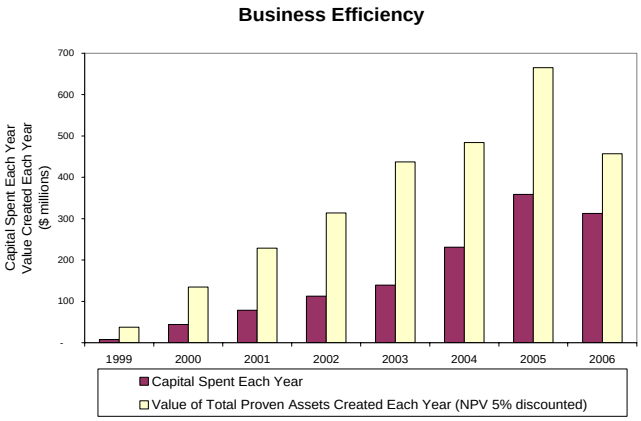


Figure 1

At Peyto, by designing, drilling and building new natural gas assets, we have found a way to successfully invest capital that is both repeatable and profitable. Figure 1 shows Peyto's track record of the value of each year's assets, relative to the capital required to build them.

Quality Assets

Quality assets with low risk, low cost and long life would fall into the category of sustainable assets. Low risk includes both geologic risk, as it pertains to future exploration and development, and reservoir risk as it pertains to future recoveries and costs. Low cost includes operating costs as well as initial capital costs. Long life means the assets have long reserve and producing life. The constant pressure of replacing short life assets can distract a business from focusing on profitability.

Suite 2900, 450 – 1st St. SW
Calgary, AB T2P 5H1
Fax: 403 451 4100

TSX Symbol: PEY.UN
E-mail: info@peyto.com

PEYTO Energy Trust

President's Monthly Report

June 2007 — From the desk of Darren Gee, President & CEO

Balanced Distribution Model

Having a distribution model that balances both the assets and the business completes the requirement for sustainability. Simple math, that we've entitled the Reserve Replacement Cycle and shown in Figure 2, demonstrates this balance.

Peyto Q1 2007 Reserve Replacement Cycle

Funds From Operations ($/boe)	$ 40.87
Distribution at 57% ($/boe)	$ (23.13)
Cash Available After Distribution ($/boe)	$ 17.74
Cost to replace Proved Developed Reserves (2006 FDA $/boe)	$ (17.67)
Cash Available to Increase Proved Developed Reserves ($/boe)	$ 0.07

Figure 2

Looking at the balance between assets, distributions and replacement on a quarterly basis may be misleading if it takes longer than 90 days to turn a capital investment into cashflow or if one particular year is more heavily weighted with exploration capital than another year. Therefore, Figure 3 shows both the Reserve Replacement Cycle for Q1 2007 and the average for the 3 year period from 2004 to 2006. The analysis shows which distribution models are well balanced with the business and assets and are therefore more sustainable.

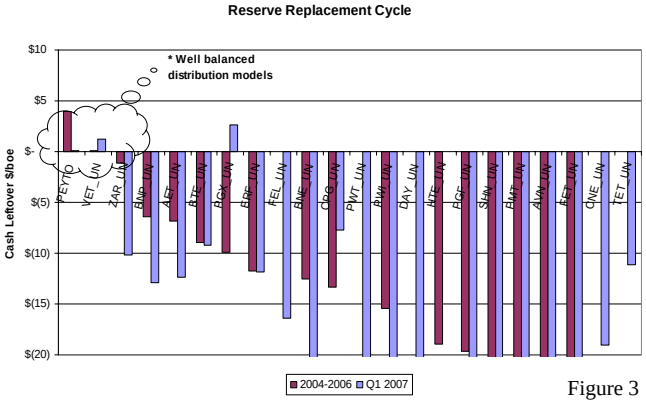


Figure 3

Perhaps one last consideration with respect to sustainability is the current asset base and its ability to fund the future income stream. Figure 4 shows an industry comparison of the Distribution Life of the proven producing assets at year end 2006. Distribution Life is the PDP NPV undiscounted divided by the annual distribution rate.

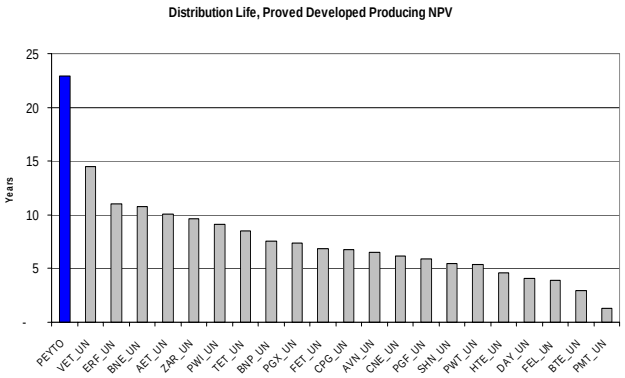


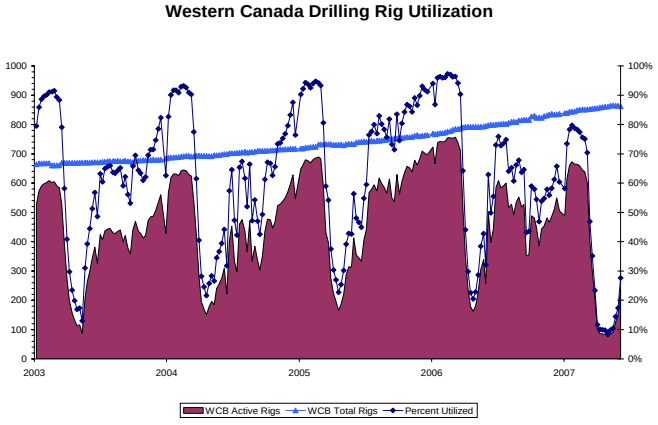
Figure 4

Commodity Prices and Activity Levels

Natural gas prices appear to be drifting sideways to downwards during this spring's shoulder season between winter heating and summer cooling. Record LNG imports in the United States are bolstering storage levels, there hasn't been any hurricane activity yet to interrupt supply and the real hot weather hasn't arrived yet to cause an increase in cooling demand.

Although a stronger Canadian dollar is not helping near term prices, the longer term natural gas prices are still looking strong. For the period from Nov 2009 to Oct 2010, for example, the natural gas price is $0.15/GJ CND higher today than a year ago. We have continued to forward sell small portions of next winter's production, achieving prices close to $9/GJ.

Activity levels in Western Canada remain very tempered, even for this time of year. Drilling rig utilization, during breakup, hasn't been this low since 2002. Speculation of continued reduced activity is bringing rig rates and all other associated costs down. We expect to see improved economics in the second quarter.



Suite 2900, 450 – 1st St. SW
Calgary, AB T2P 5H1
Fax: 403 451 4100

TSX Symbol: PEY.UN
E-mail: info@peyto.com