


PEYTO
Exploration & Development Corp.

2011 -



PEYTO
ENERGY TRUST

2003 - 2010



PEYTO
Exploration & Development Corp.

1998 - 2003

**CIBC 2011
ENERGY & INFRASTRUCTURE
CONFERENCE**

www.Peyto.com

April 2011

Peyto Profile



- ✱ TSX Listing: PEY
- ✱ Monthly Dividend: \$0.06/share
- ✱ Shares Outstanding: 133.1 million (6% insider ownership)
- ✱ Current Production: 200 MMCFe/d (33,300 boe/d)
- ✱ Reserves:
 - PP 0.7 TCFe (111 mmboes)
 - TP 1.1 TCFe (180 mmboes)
 - P+P 1.6 TCFe (260 mmboes)
- ✱ Net Debt: \$405 million Q4 2010
(\$625 million bank line)
- ✱ Enterprise Value: \$3 billion (\$20/share)

The Peyto Strategy



Deploy Superior Business Acumen

- ✦ Deep basin technical expertise
- ✦ Continuous focus on returns
- ✦ Internally generated drilling ideas (over 1,000 locations to date)

Develop Superior Assets

- ✦ Operated and geographically concentrated (98% operated and processed)
- ✦ Longest reserve life (11 yrs PP), lowest cash costs* (\$1.63/mcfe – 2010 actual)
- ✦ Sweet, liquids rich gas stream (40% more revenue than dry gas)
- ✦ Low risk, profitable production growth (28%/share - Q409/Q410)

Deliver Superior Returns

- ✦ Return on capital (average 20%)
- ✦ Return on equity (average 40%)
- ✦ Shareholder rate of return (compound average 95%)

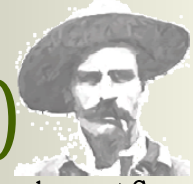
*Cash costs are royalties, operating costs, transportation, G&A and interest

The Peyto Strategy

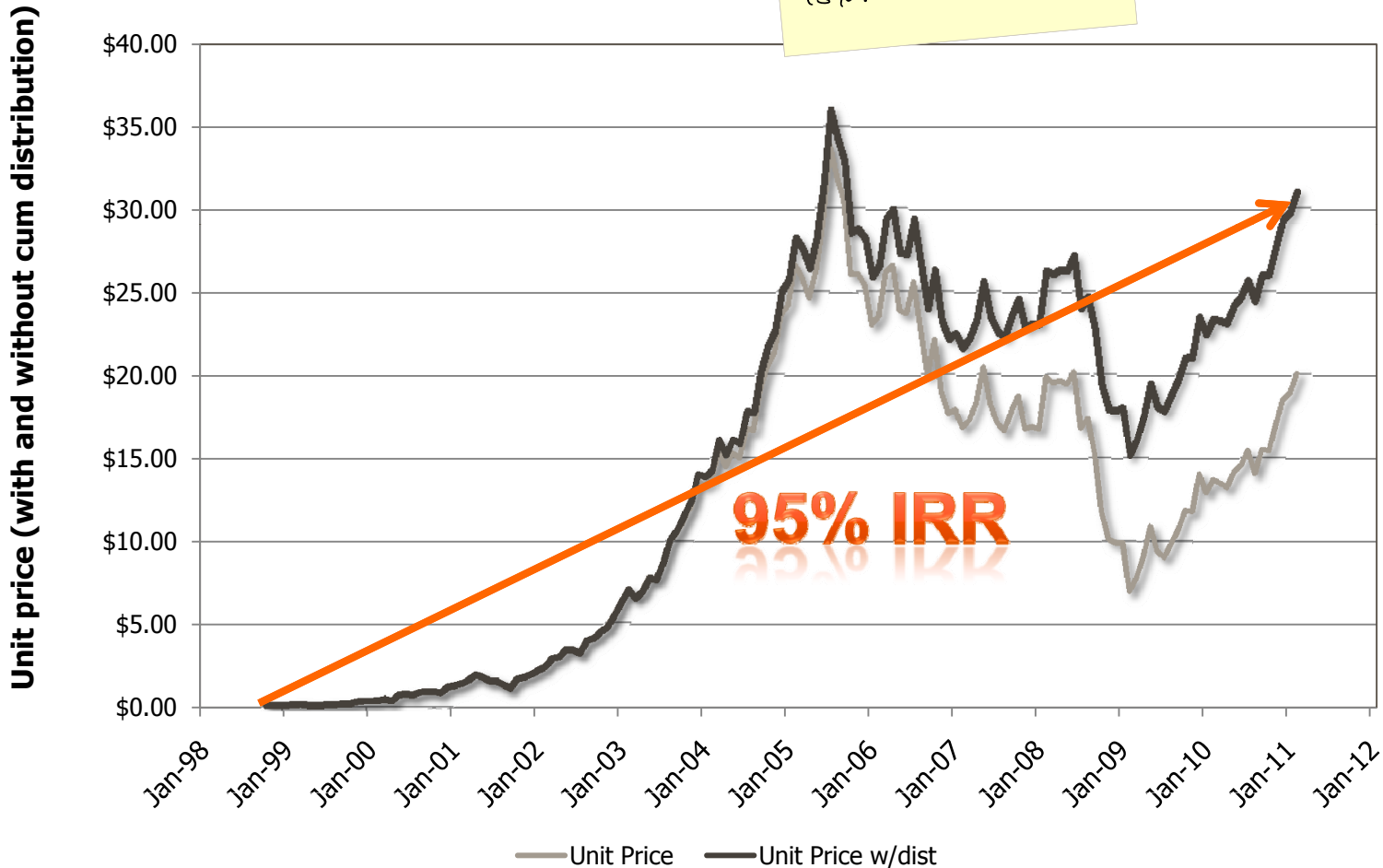
Superior Shareholder Return

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"In simple terms \$1000 invested into Peyto back in 1998, would be worth over \$400,000 today. That's an IRR of 95%!"

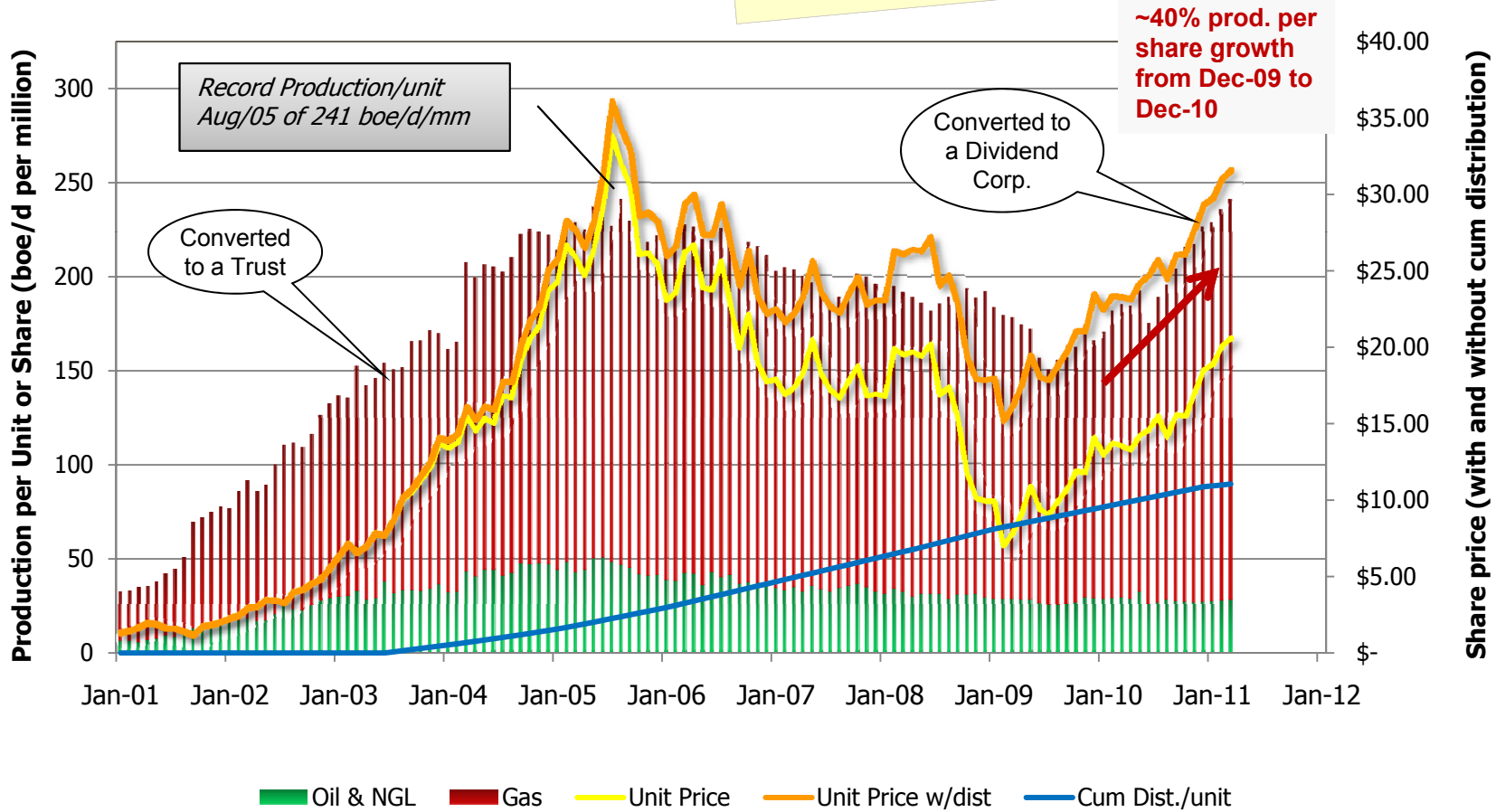


Historical Per Unit and Units Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split
 Oct 23, 1998 price of \$0.075/share, Feb 28, 2011 price of \$20.05/share

The Peyto Strategy

We Invest In Ourselves

"Everything we produce today, we went out and developed ourselves. Our own ideas give us the greatest returns."

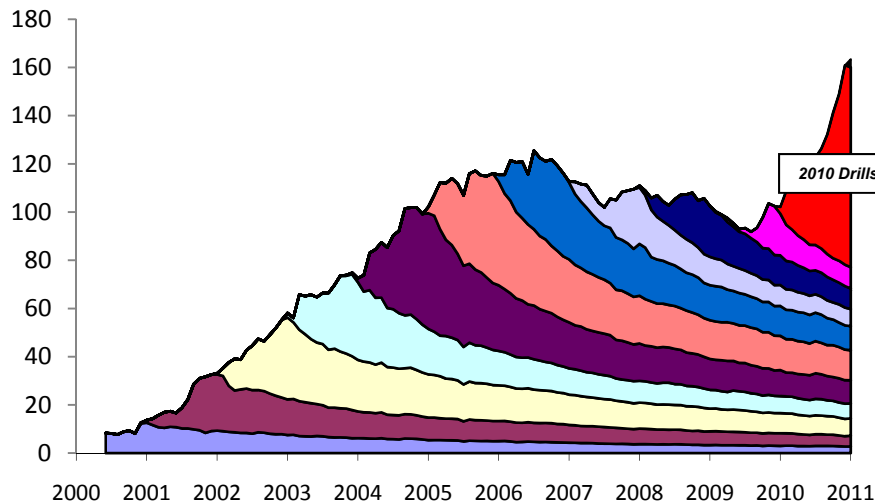


Historical Per Unit and Units Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split
 BOE factor - 6 mcf = 1 bbl of oil equivalent

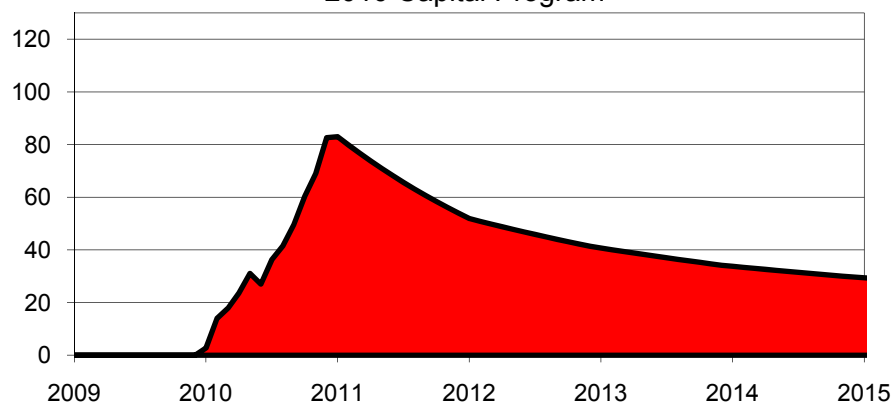
The Peyto Strategy

Successful 2010 Capital Program

"The entire 2010 capital program (incl. land, seismic & facilities) generated 33% IRR based on the independent engineering evaluation."



2010 Capital Program



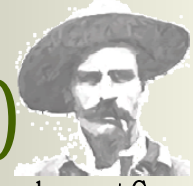
| |
|--|
| 2010 Net Capex \$201 Million (All in \$261MM less \$60MM in Op Income from 2010 wells) |
| 45 net wells |
| 15,100 boe/d new production |
| 91 MMCFe/d |
| IPC Dec 31, 2010 Pricing |
| PDP+PA NPV ₍₅₎ \$550 million |
| NPV ₍₁₀₎ \$394 million |
| NPV ₍₁₅₎ \$314 million |
| IRR 33% |
| Production growth/share 40% (Dec-Dec) |
| 2P Reserves/share 13% |

Note: liquids are converted to molar equivalent gas volume for this analysis (1 bbl approximately equal to 1.13 mcf)
IPC is InSite Petroleum Consultants (formerly Paddock Lindstrom & Ass.) - Dec 31, 2010 Reserve Report.

Peyto's Business

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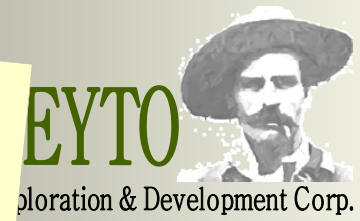
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Peyto's Business

12 Year Track Record

"Peyto has a proven track record of generating new drilling ideas, that lead to additional reserves and net asset value, which ultimately deliver earnings and distributions/dividends for shareholders."

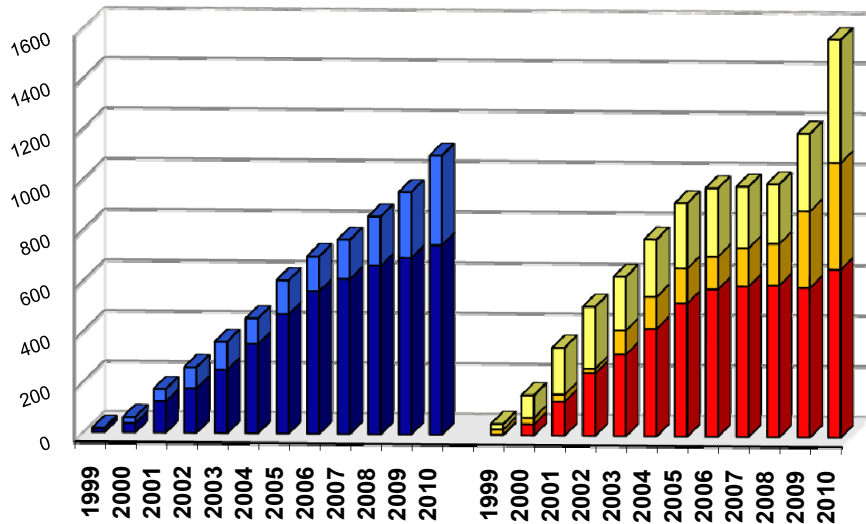


Prospect Generation

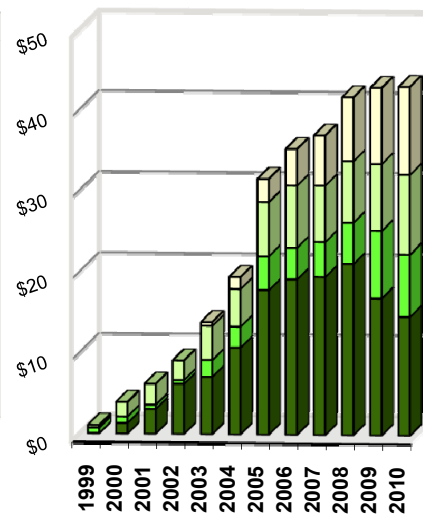
Reserves Growth (BCFe)

NAV Growth (NPV₅ Debt Adj/Unit)

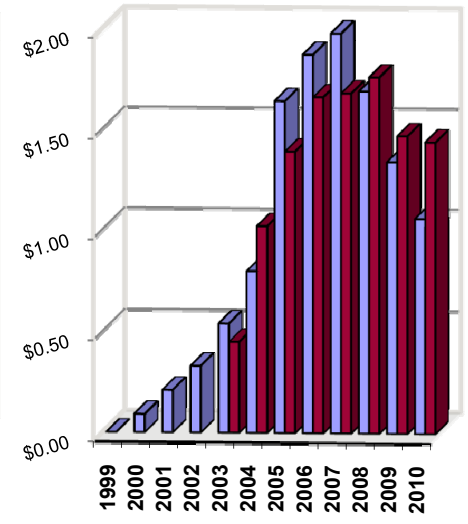
Profit Sharing



■ Gross Drilled Wells ■ Booked Future Locations ■ PDP ■ TP ■ P+P



■ PDP ■ TP ■ P+P ■ P+P w/ cum. distribution



■ Earnings/Unit or Share ■ Distributions/Unit or Share

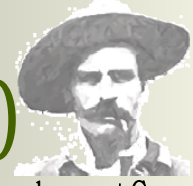
BCFe factor : 6 thousand cubic feet equivalent of gas = 1 bbl of oil equivalent

Historical Per Unit and Units Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split

Peyto's Business

Applying Hz Technology to Tight Sands

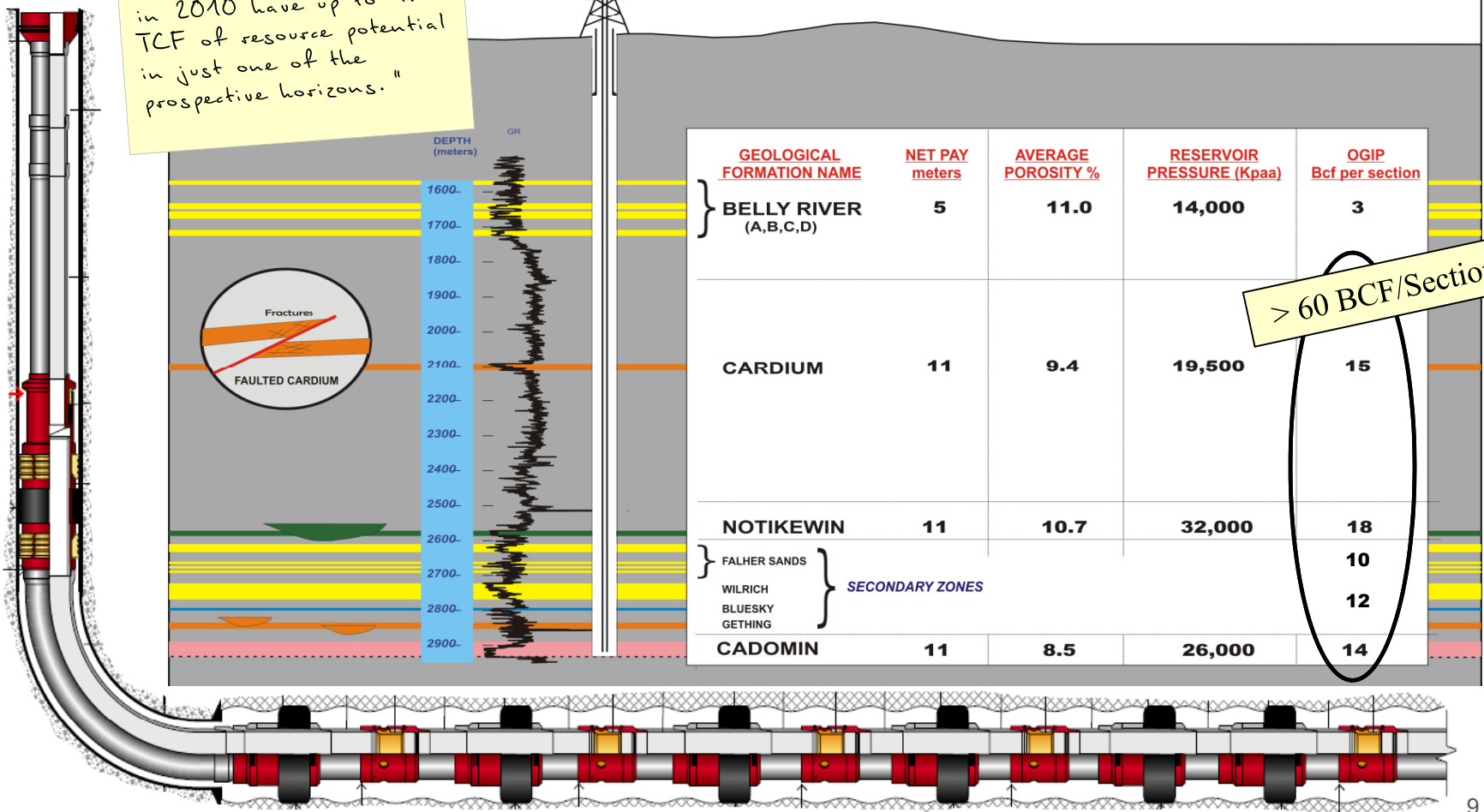
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"At 15 bcf per section,
> 98 new sections (less than \$200/ac) bought in 2010 have up to 1.5 TCF of resource potential in just one of the prospective horizons."

Sundance Area Reservoirs



> 60 BCF/Section!

Peyto's Business

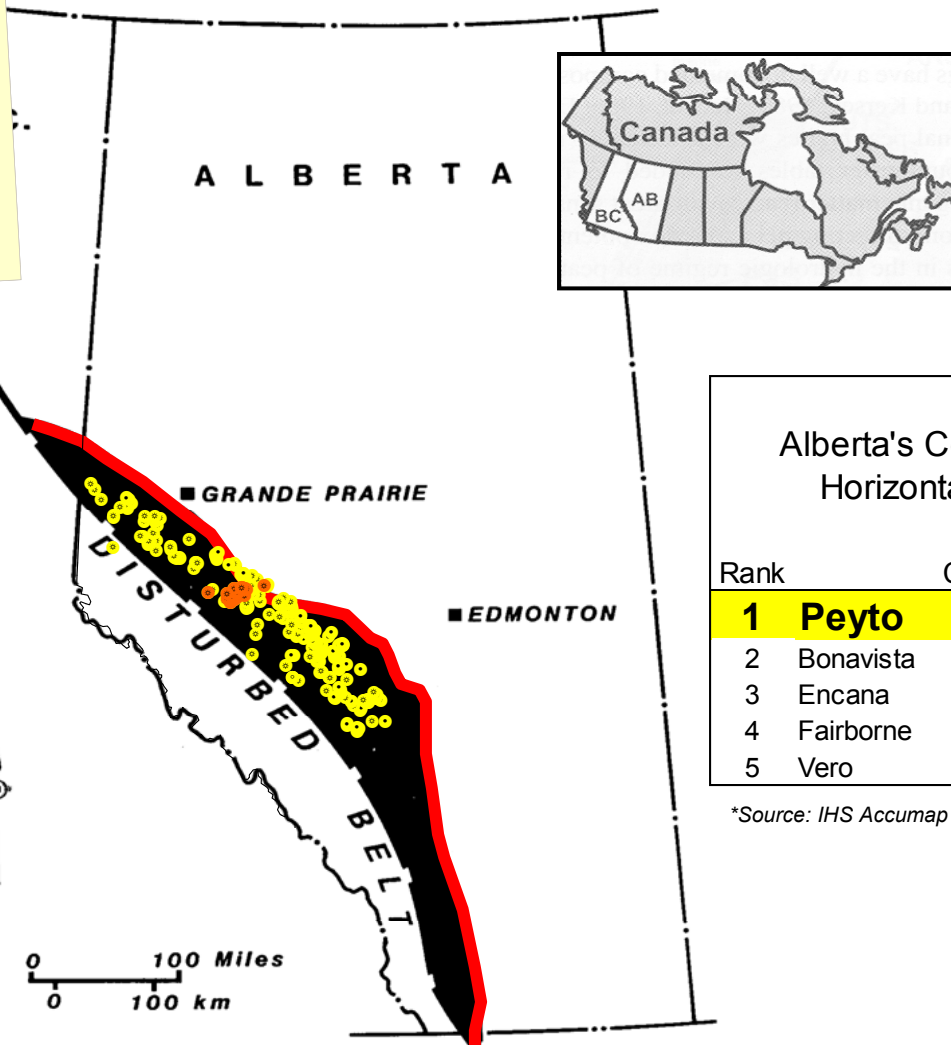
Proven Leader in the Deep Basin

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"Perhaps it will not come as a surprise that Peyto is once again one of the most active developers in the Deep Basin, this time with horizontal wells."



Alberta's Central Deep Basin Activity
Horizontal gas wells last 12 mo.

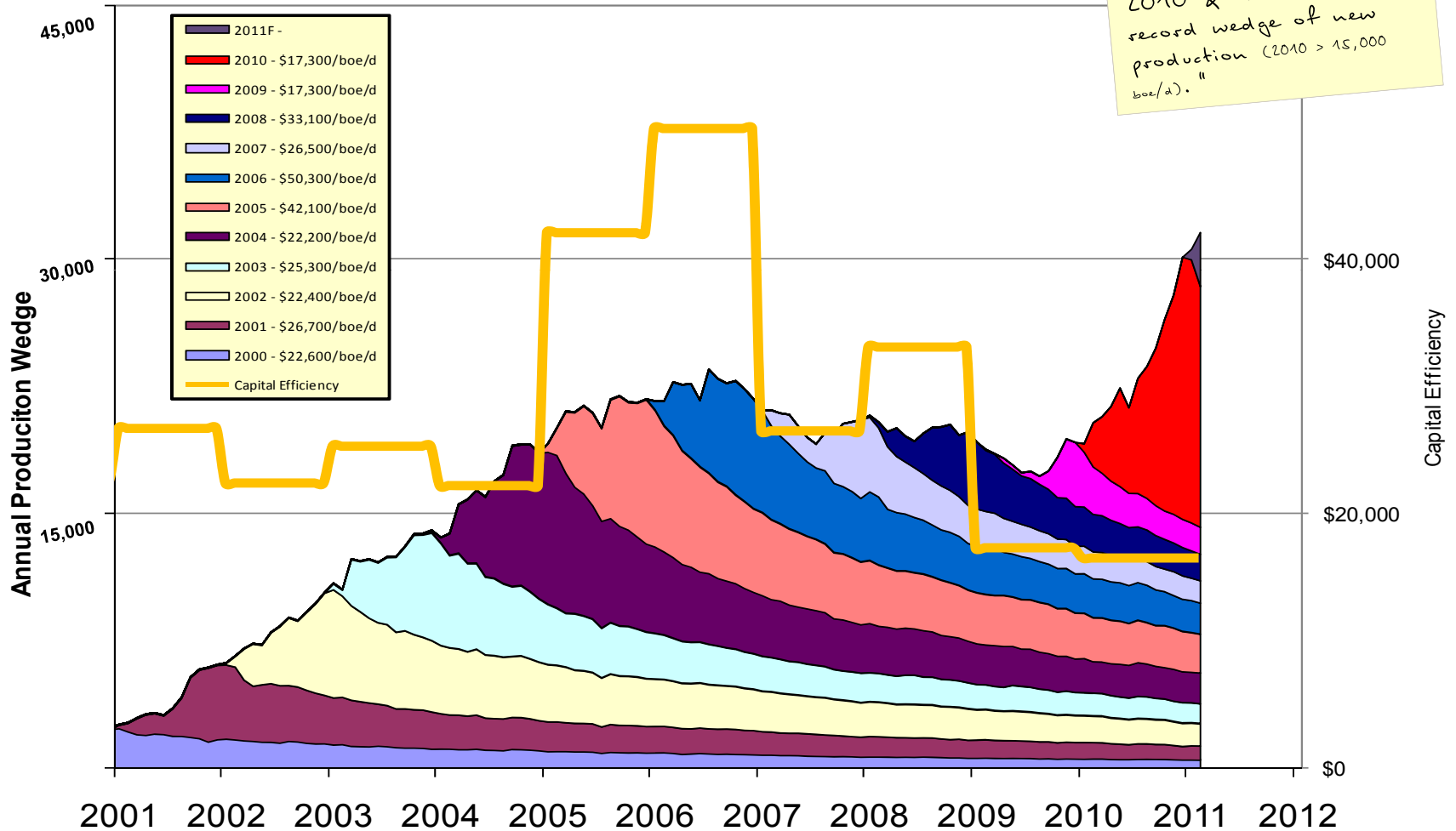
| Rank | Company | Wells, On Production (Jan-Dec 2010) |
|----------|--------------|--|
| 1 | Peyto | 39 |
| 2 | Bonavista | 22 |
| 3 | Encana | 16 |
| 4 | Fairborne | 11 |
| 5 | Vero | 10 |

*Source: IHS Accumap search

Peyto's Business

Focus on Returns Drives Capital Discipline

"Improvements in capital efficiency have resulted in a larger capital program for 2010 & 11 and a record wedge of new production (2010 > 15,000 boe/d)."



* Capital Efficiency is the cost to add new production measured at Dec 31 each year. Example: In 2010 Peyto invested \$261MM to build 15,100 boe/d for a capital efficiency of \$17,300/boe/d.

Peyto's Business

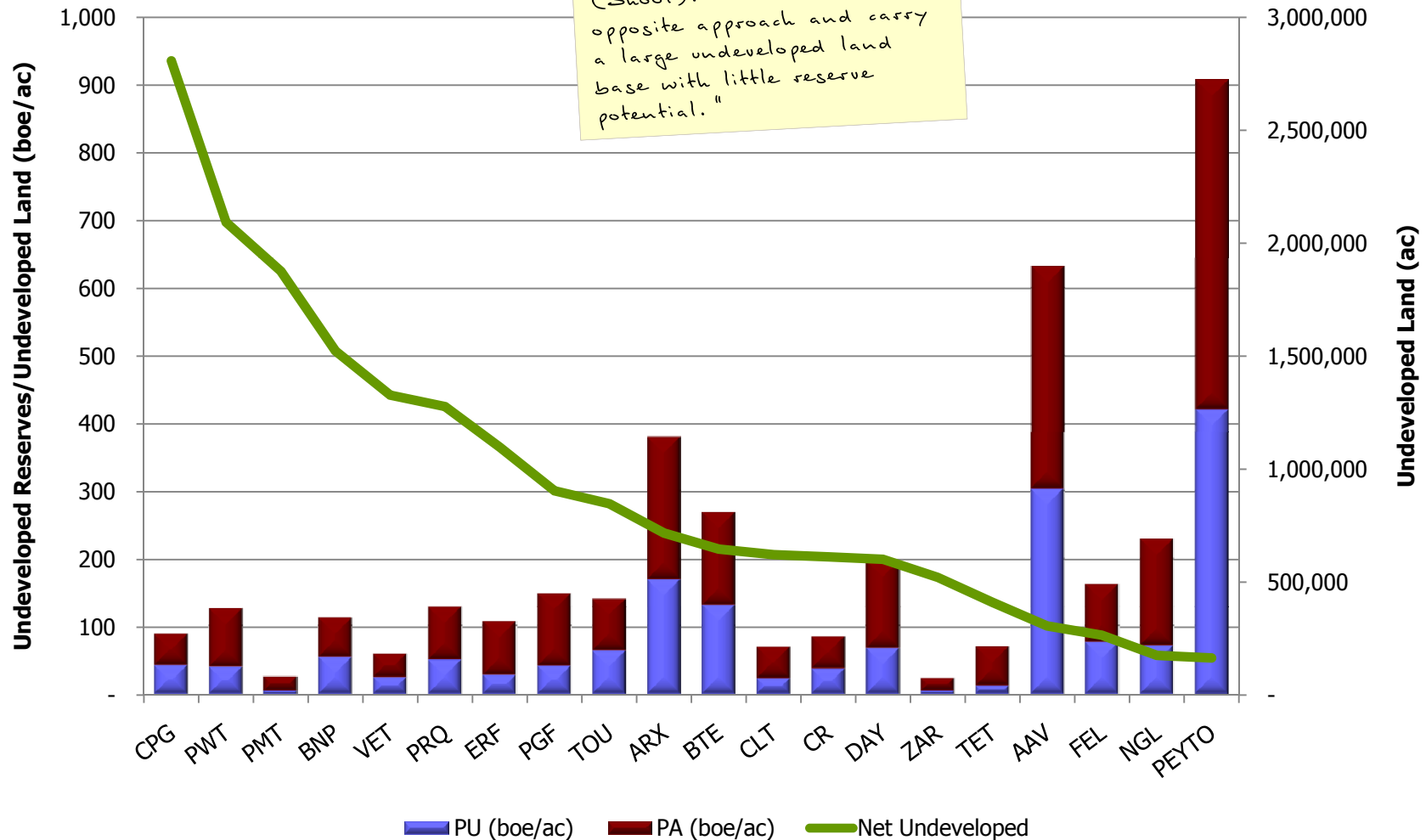
Unique Land Strategy

"Peyto's land strategy has always been to identify the drilling locations first (Aim), then buy the land (Ready), and then drill (Shoot). Others take the opposite approach and carry a large undeveloped land base with little reserve potential."

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Source: 2010 AIF filings of undeveloped land and reserves at Dec 31, 2010

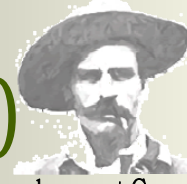
Peyto's Assets



Peyto's Assets

Geographically Focused Core Areas

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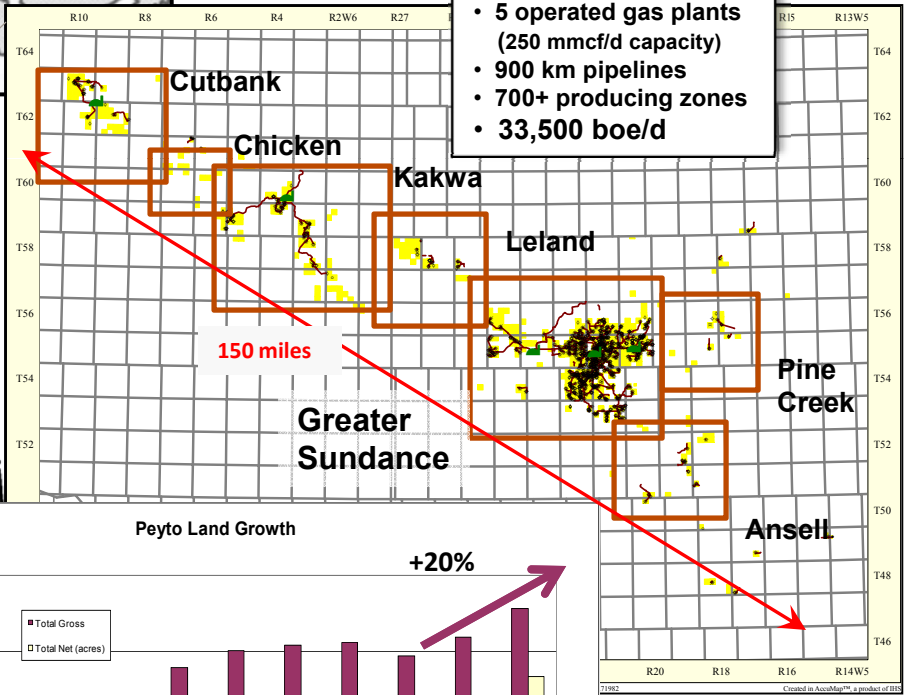
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"Peyto operates 98% of its production and processes that production through the five, 100% owned and operated, gas plants. Concentration and control are how you achieve low costs."



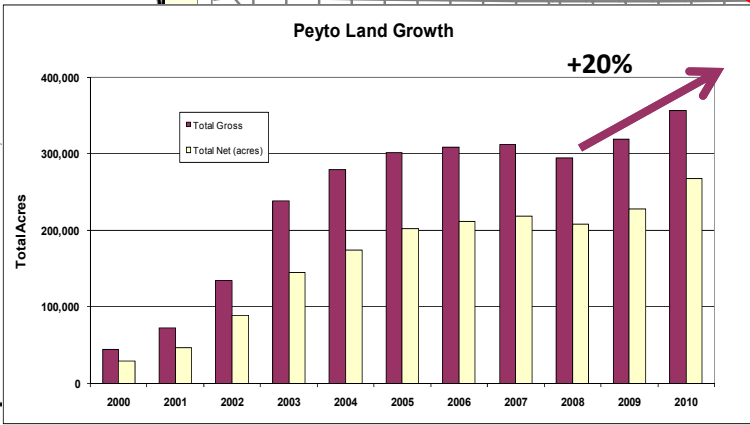
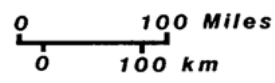
ALBERTA

- 267,000 net acres
- 5 operated gas plants (250 mmcf/d capacity)
- 900 km pipelines
- 700+ producing zones
- 33,500 boe/d



GRANDE PRAIRIE
DISTURBED BELT

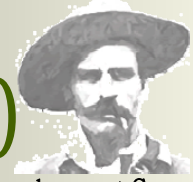
EDMONTON



Peyto's Assets

Large Hz MSF Inventory

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"We have already proven greater profits are available with horizontal wells in 4 out of 5 zones and this has caused our inventory of locations to increase dramatically!"



Horizontal Locations

126 locations

19 locations

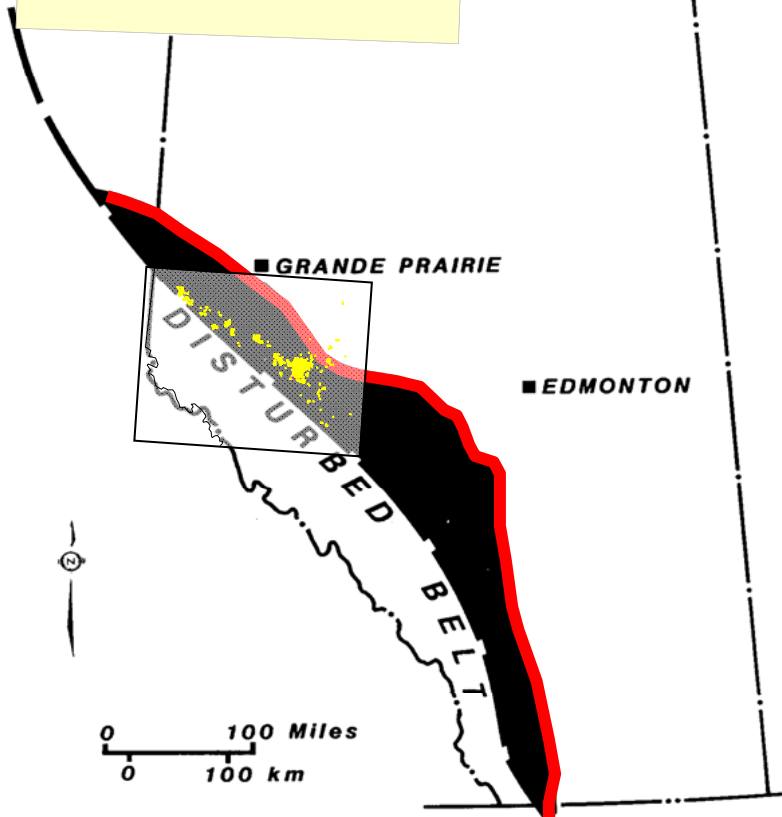
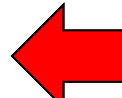
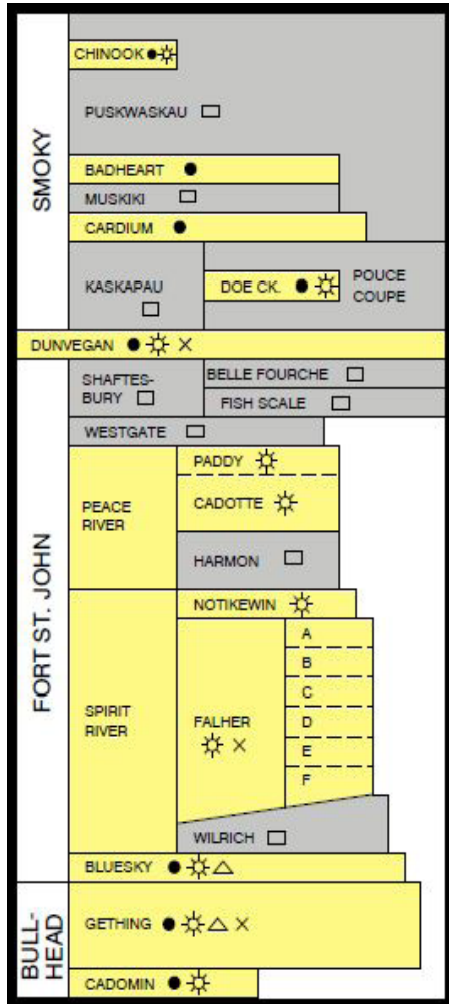
70 locations

72 locations

165 locations

6 locations

458 locations!



*Over 300 of these locations are recognized in the IPC (formerly PLA) independent reserve report dated Dec. 31, 2010

Peyto's Assets

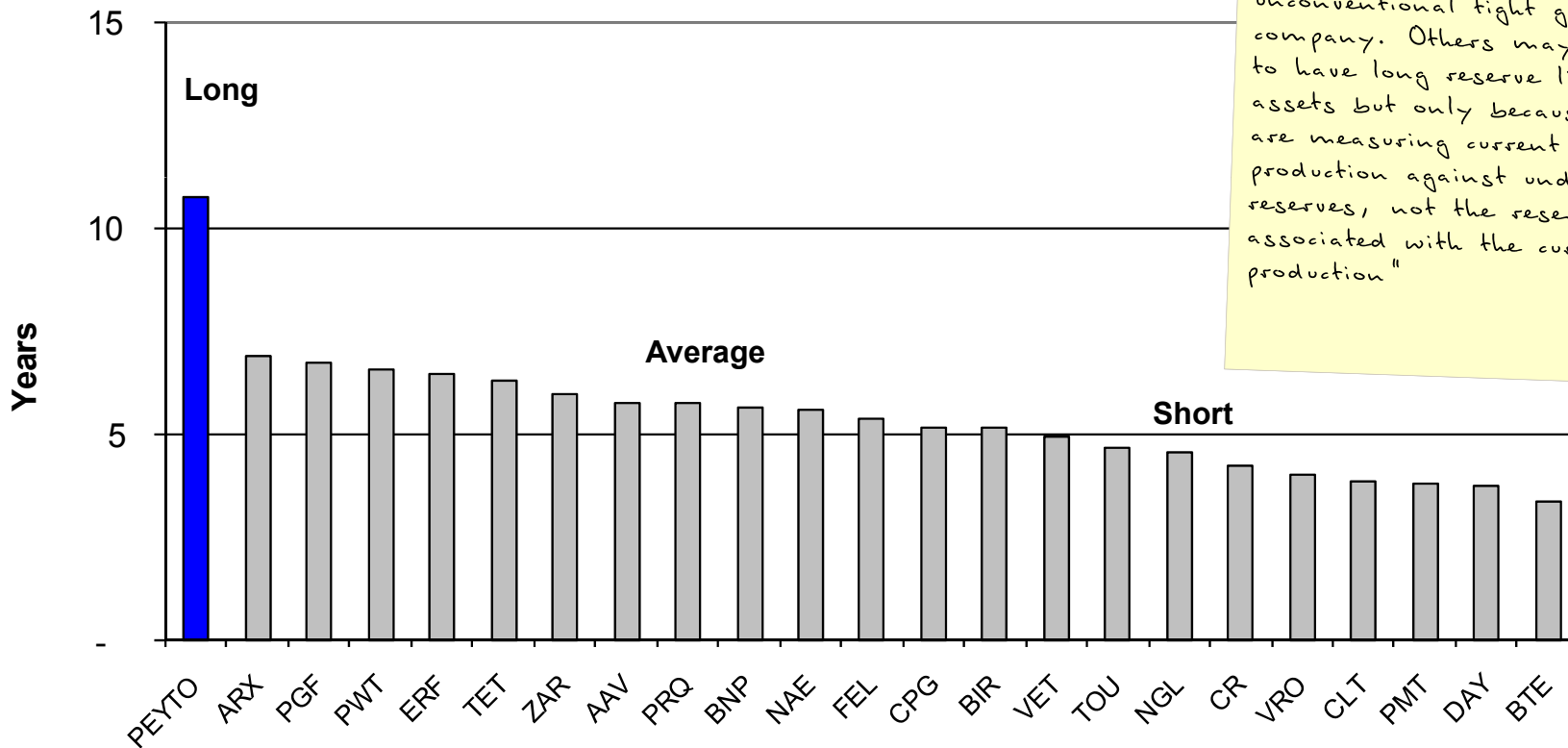
Longest Reserve Life

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2010 Year End Proven Producing Reserve Life



"Peyto is a pure play unconventional tight gas company. Others may claim to have long reserve life assets but only because they are measuring current production against undeveloped reserves, not the reserves associated with the current production"

Peyto's Assets

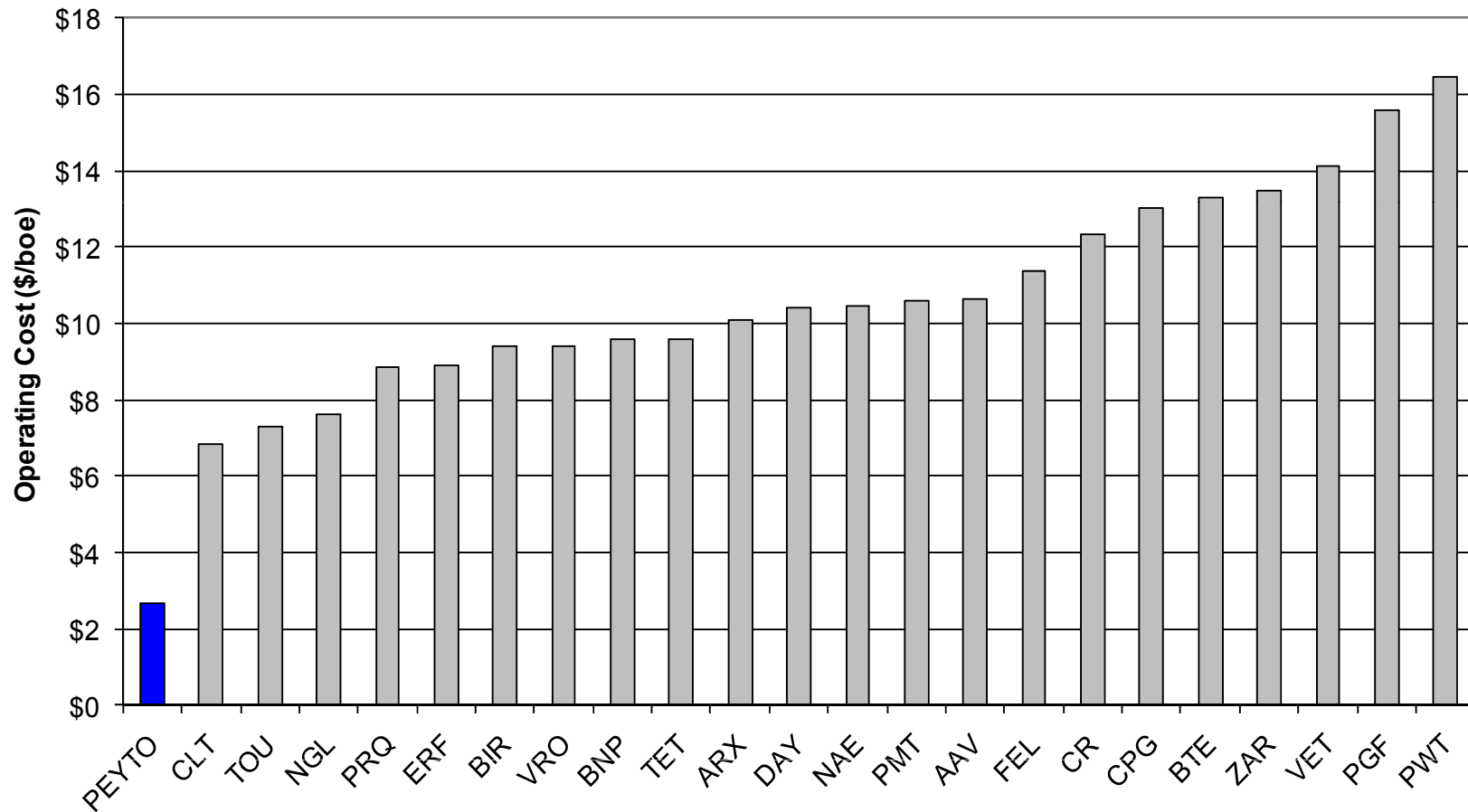
Lowest Operating Costs

"Peyto's operating costs are not just low, they are unique in the Canadian energy sector."



Development Corp.

Q4 2010 Operating Costs

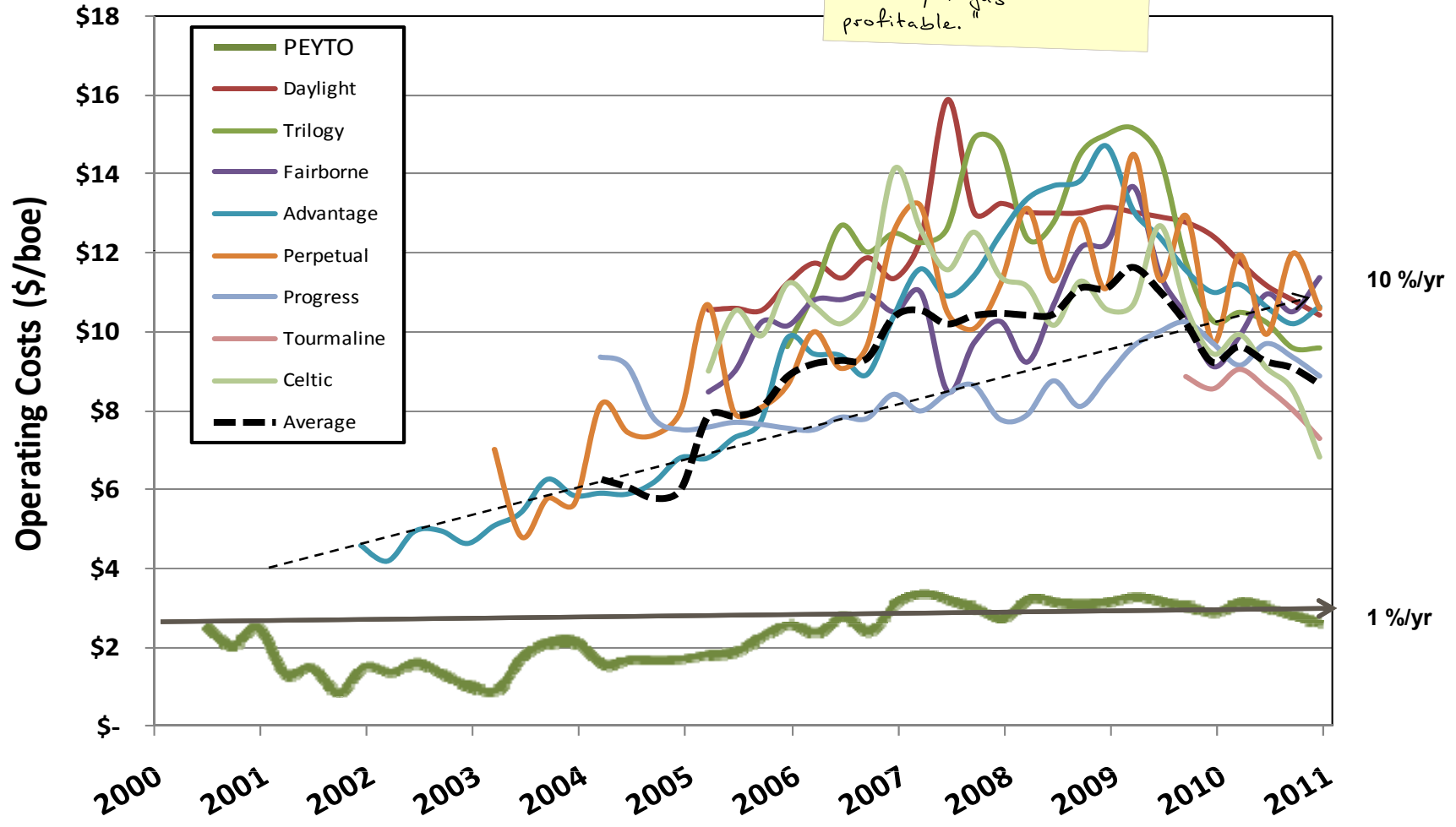


Operating Costs include Transportation

Peyto's Assets

Lowest Operating Costs – Gas Producers

"Most of the gas industry has recently managed to get op costs going in the right direction. There is still a long way to go to make \$4 gas profitable."



BOE factor - 6 mcf = 1 bbl of oil equivalent
 Note operating costs include transportation

Peyto's Assets

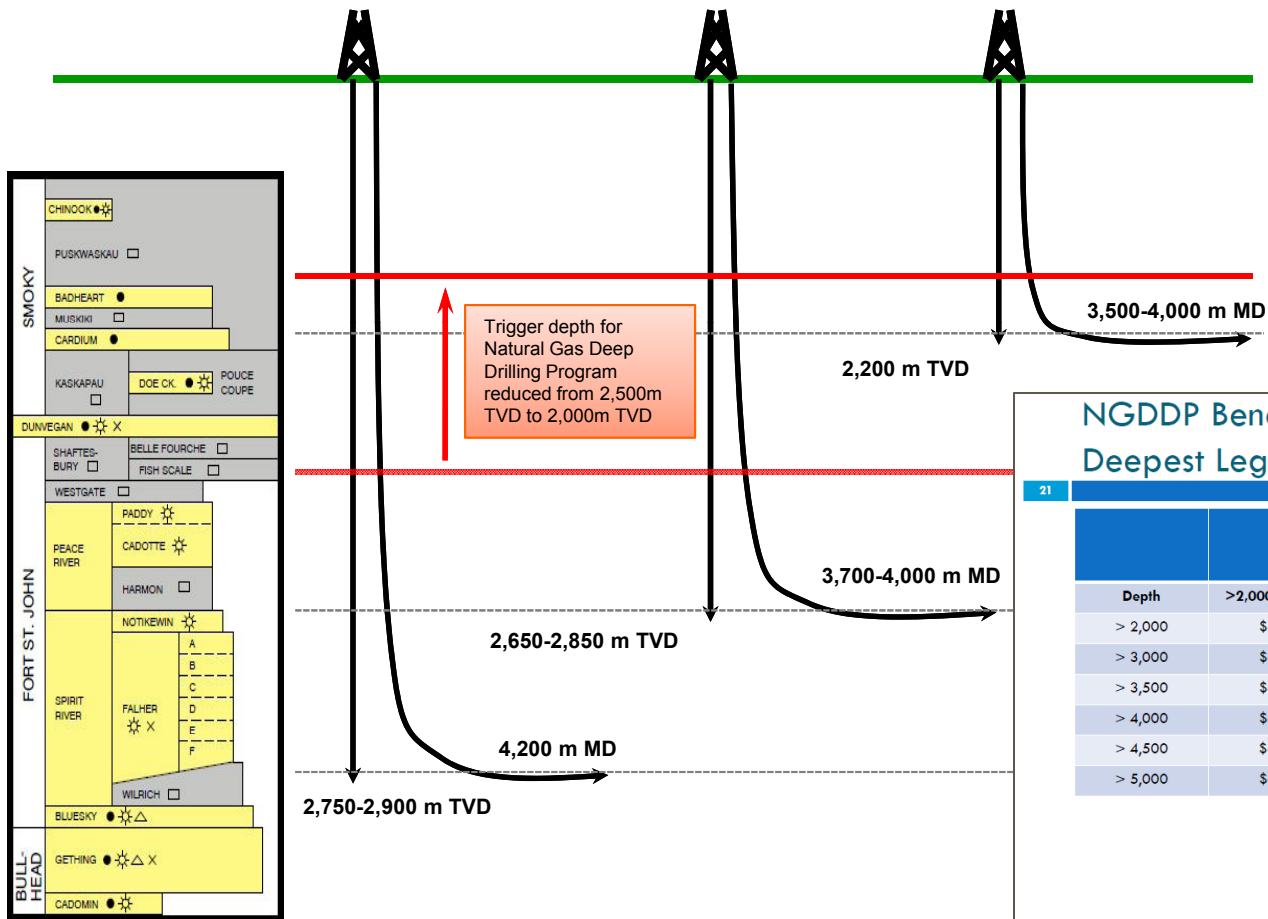
Deep Gas Drilling Royalty Incentives

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"All of the formations that Peyto targets are eligible for the Natural Gas Deep Drilling incentives. At \$4 gas, royalties for the first 5 yrs are effectively capped at 5%."



NGDDP Benefits – Development Wells – Deepest Leg

| Depth | NGDDP Royalty Adjustment Per Well Development Wells | | | |
|---------|---|---------|---------|---------|
| | Benefit per metre drilled in the depth range (\$/m) | | | |
| > 2,000 | \$625 | | | |
| > 3,000 | \$625 | | | |
| > 3,500 | \$625 | \$2,500 | | |
| > 4,000 | \$625 | \$2,500 | \$2,500 | |
| > 4,500 | \$625 | \$2,500 | \$2,500 | |
| > 5,000 | \$625 | \$2,500 | \$2,500 | \$3,000 |

***3,700m Cardium Horizontal Well would receive**
1,500m at \$625/m
+200m at \$2,500/m
\$1,437,500 in royalty credit



Peyto's Assets

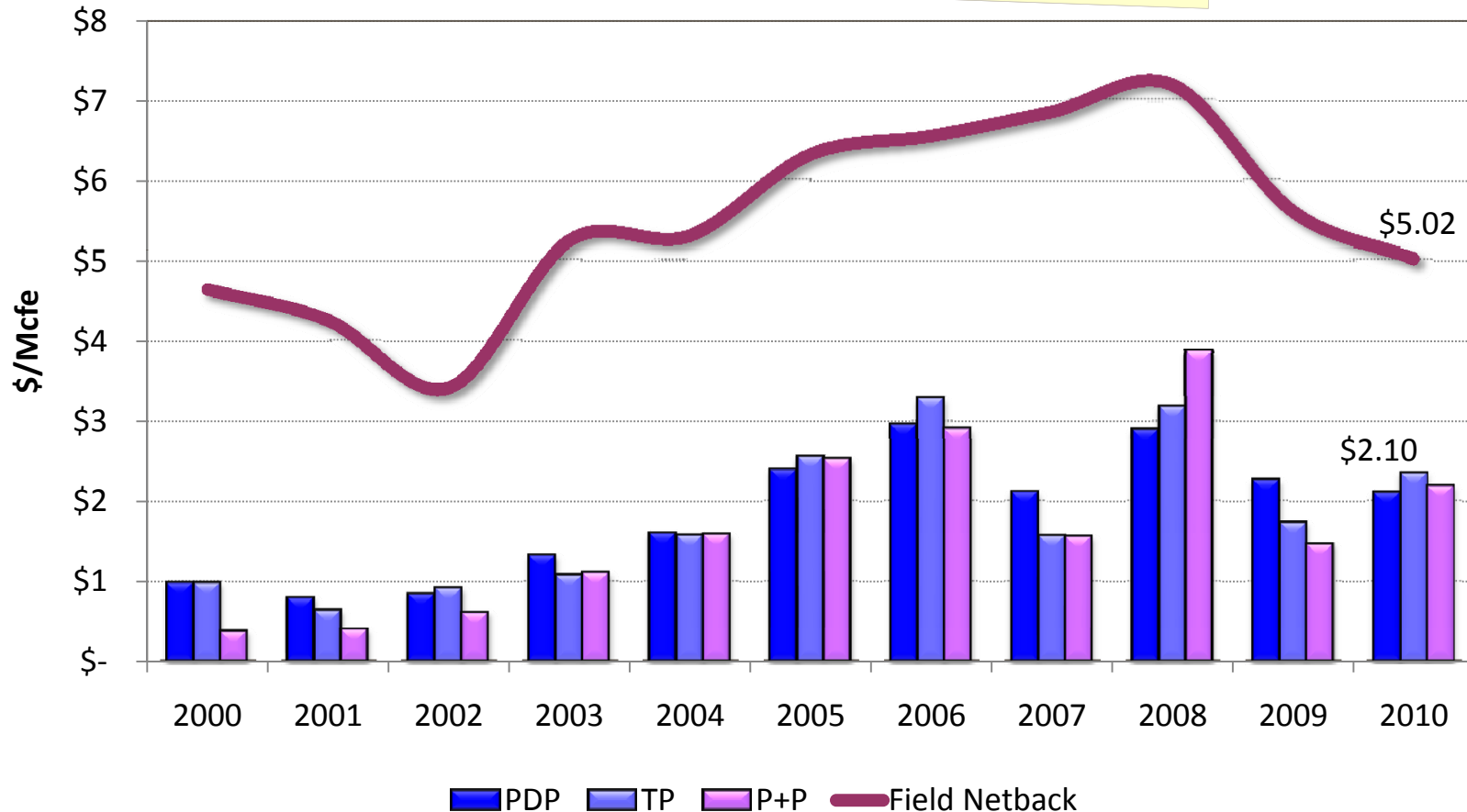
Low FD&A Costs, High Recycle Ratio

"On average Peyto has built producing reserves for 1/3 of what we sell them for. That is where the real profit lies."

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*FD&A costs include all capital expenditures and changes in Future Development Capital
Field Netback is revenue less royalties, op costs, and transportation

Peyto's Assets

Lowest FD&A Cost

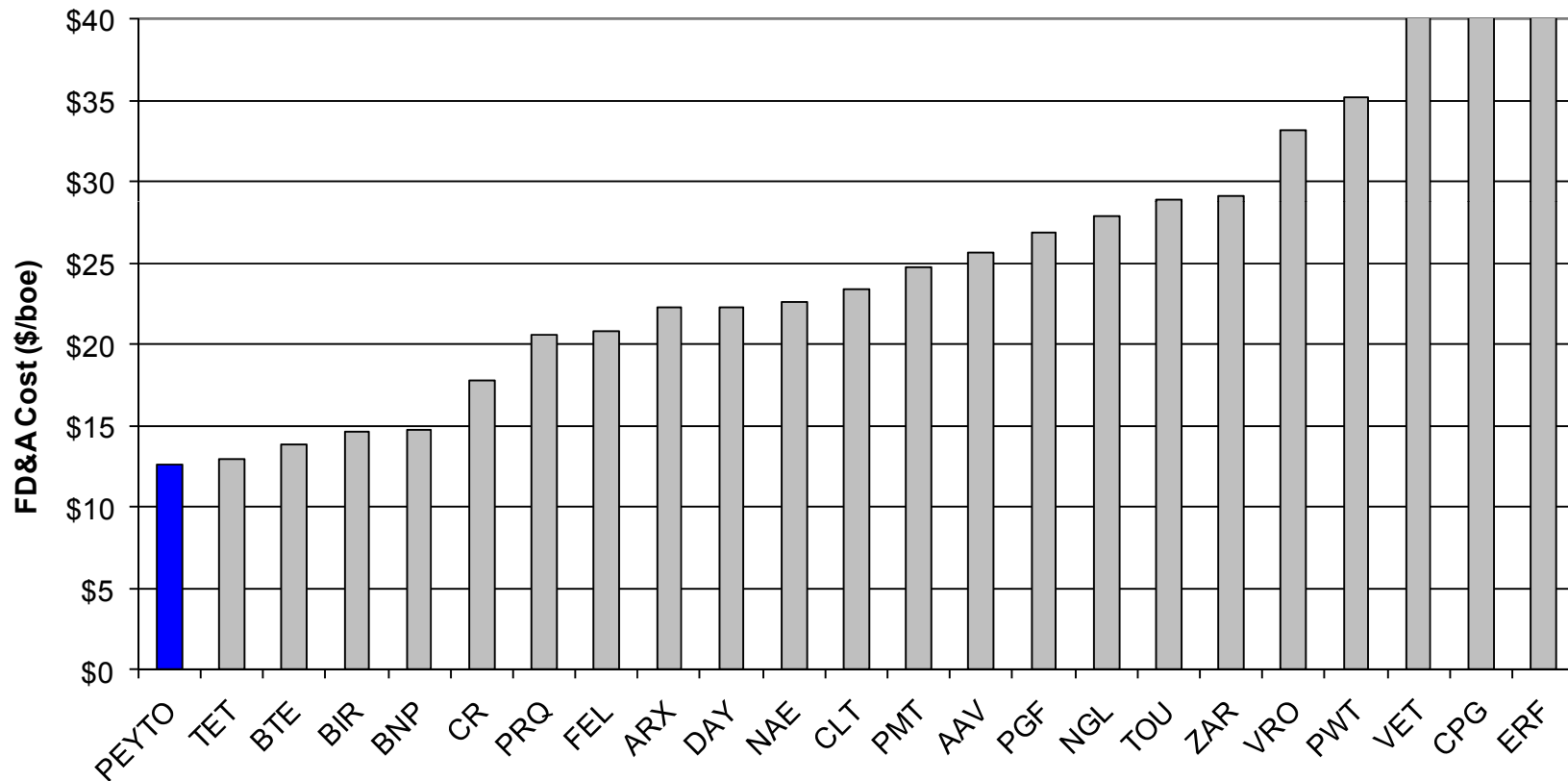
"Proved Producing is the most critical category to evaluate since sooner or later all reserves have to come on production to cover their cost."

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2010 Proven Producing FD&A Costs



Peyto's Assets

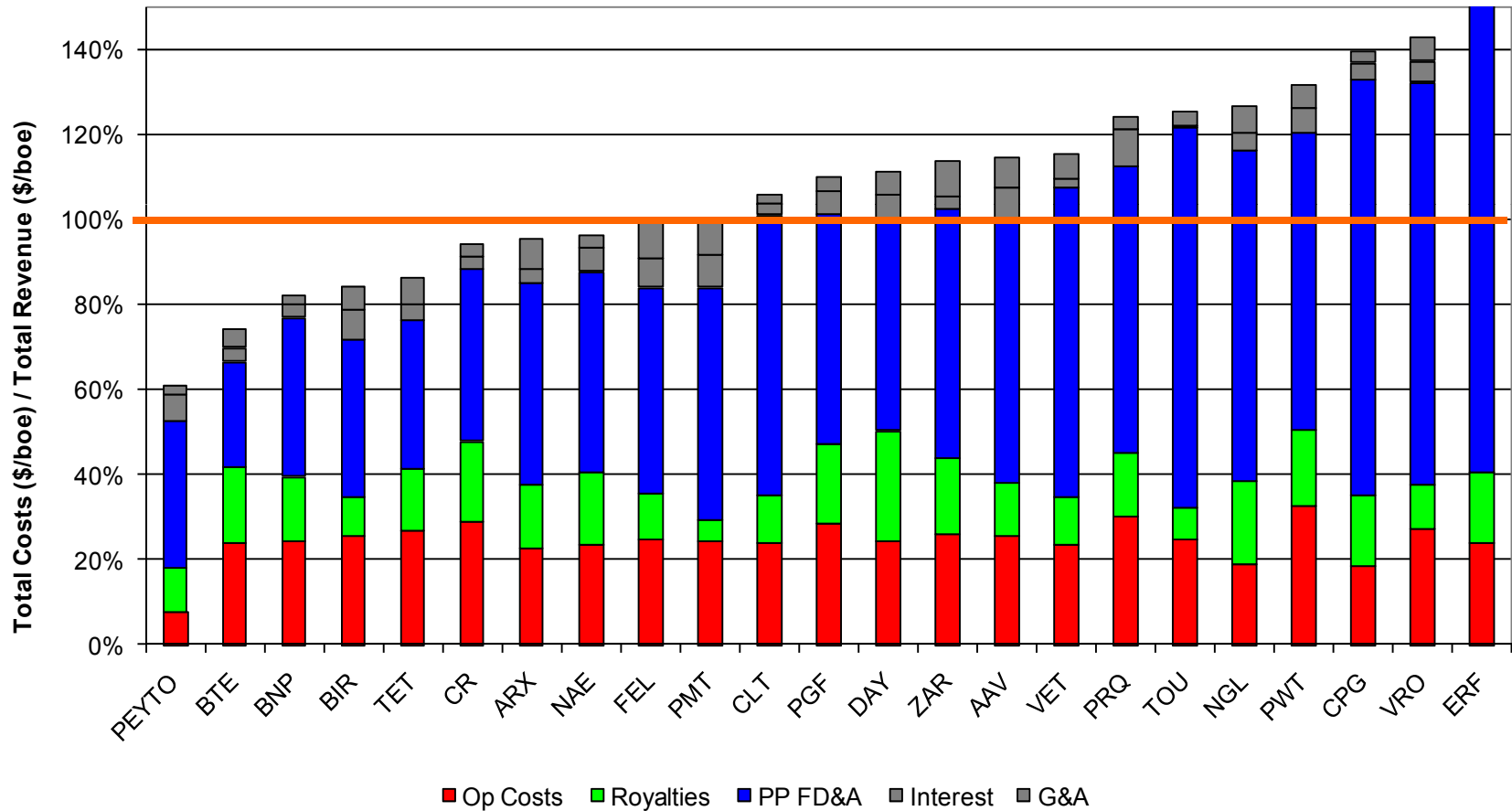
Lowest Total Costs

"Being the low cost producer is the best competitive advantage you can have - in both good times and bad."



development Corp.

2010 Low Total Costs



Total Costs per boe includes - Royalties, Op Costs, G&A, Interest, Management Fees, and PP FD&A cost

Peyto's Assets

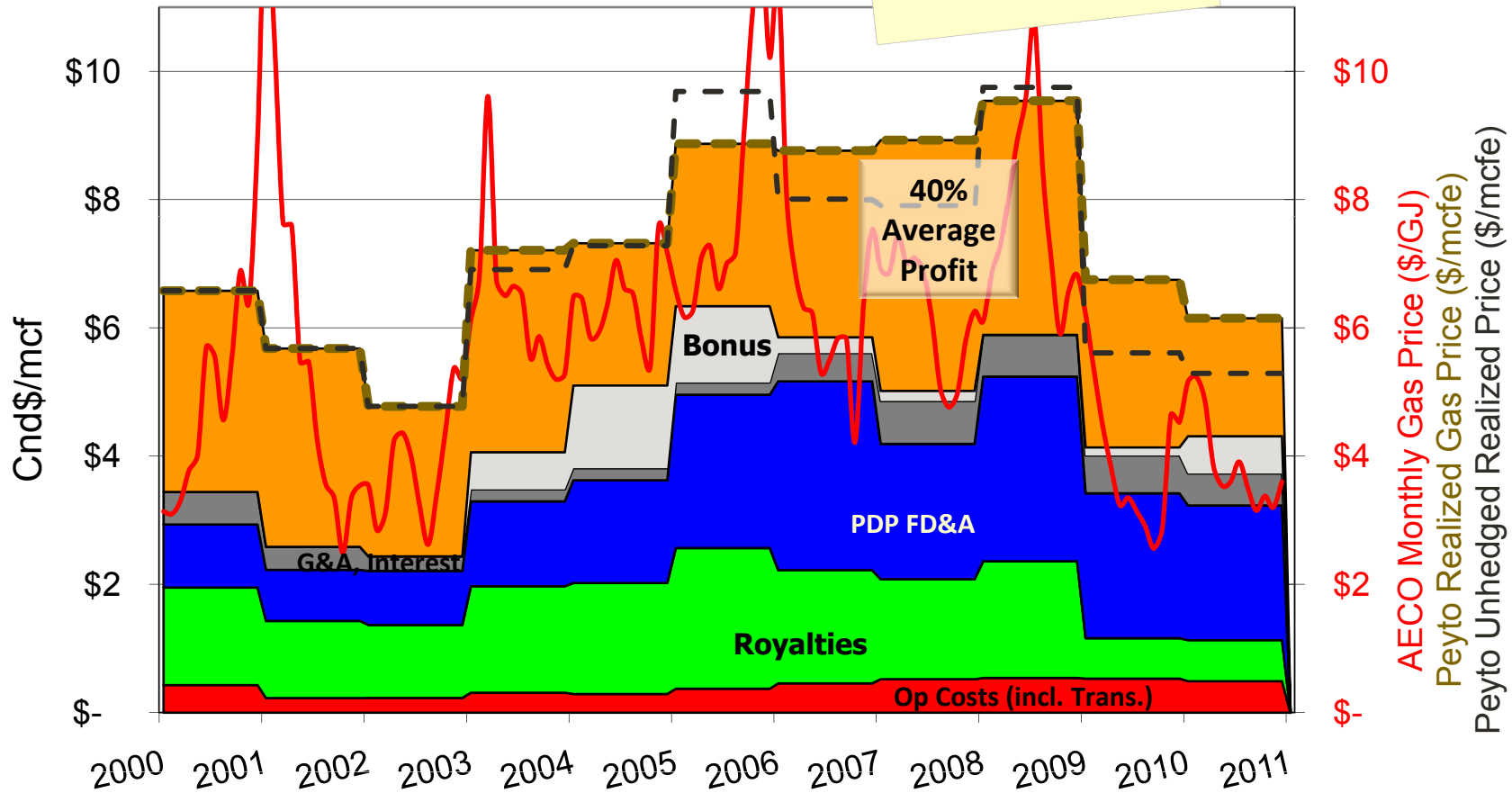
Peyto's Full-Cycle Gas Supply Cost

"Supply cost is more than proved plus probable F&DA. It is the full cost of turning reserves into production."

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Peyto's Assets

Who's Profitable

"Ultra Petroleum in the Pinedale field of Wyoming is the only other E&P to exhibit similar long term profitability to Peyto, but that may even be slipping."

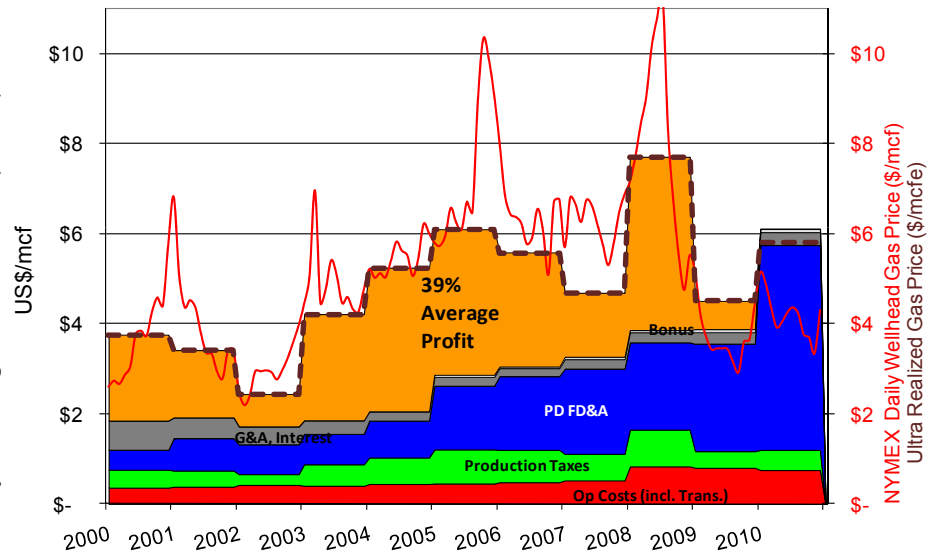
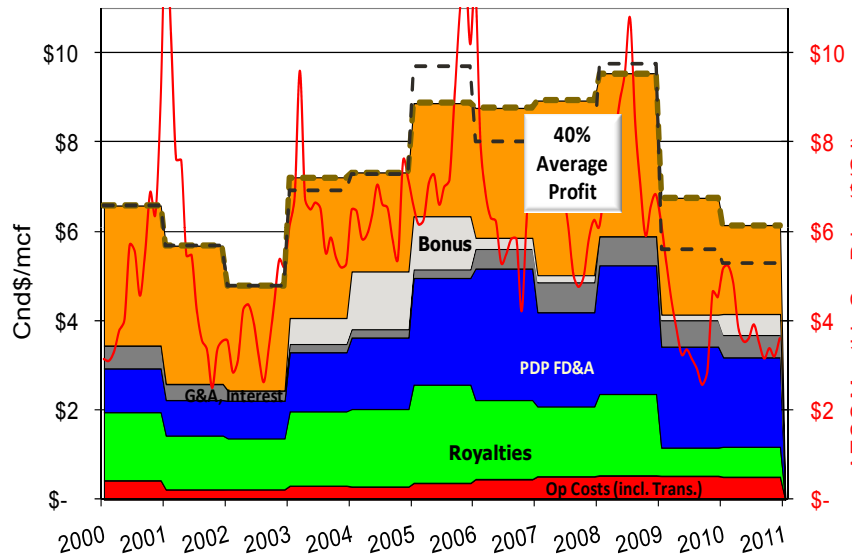
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Peyto Ave Profit 2002-2010 = \$2.80/mcfe

Ultra Pet. Ave Profit 2002-2010 = \$1.96/mcfe

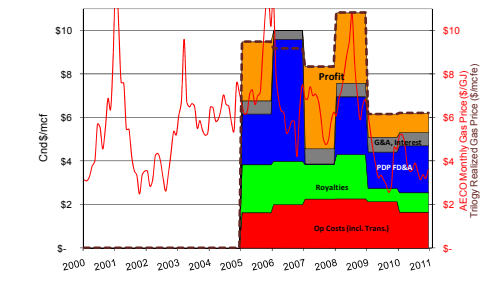
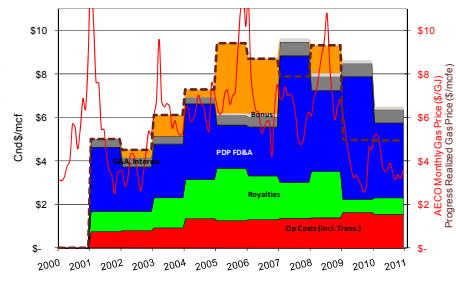
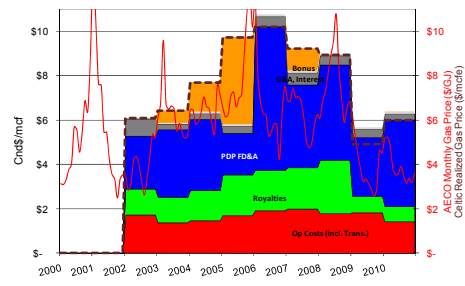
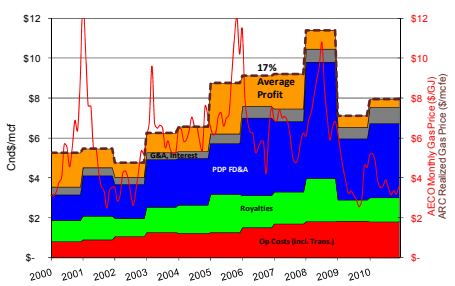


ARC Ave Profit 2002-2010 = \$1.19/mcfe

Celtic Ave Profit 2002-2010 = \$0.57/mcfe

Progress Ave Profit 2002-2010 = \$0.18/mcfe

Trilogy Ave Profit 2005-2010 = \$1.80/mcfe



Peyto's Assets

High Margins



"If Peyto can find and develop new reserves for \$10-\$15/boe, then at \$4 future gas prices we are recycling money at >2:1."

ment Corp.

Total Peyto Revenue

85.7% Gas
14.3% Liquids

Peyto 2010 Unhedged

\$3.80/GJ (Ave AECO daily)
\$4.50/mcf (Heat 17% up Peyto realized)
\$27.00/boe (6:1)

\$77.60/bbl Edm
\$65.31/bbl (Peyto realized 84%)

85.7%*\$27.00 = \$23.14/boe
14.3%*\$65.31 = \$9.34/bbl
Peyto unhedged = \$32.48/boe

New Drilling

Cardium Hztl

\$4/GJ
\$4.68/mcf (ave 17% lift for heat)
\$28.00/boe (6:1)

Wilrich/Notikewin Hztl

\$90/bbl Edm
\$76/bbl (2010 84% Peyto realized)

| | NYMEX | AECO |
|-------------|--------|--------|
| Nov11-Oct12 | \$4.98 | \$4.14 |
| Nov12-Oct13 | \$5.23 | \$4.38 |
| Nov13-Oct14 | \$5.42 | \$4.58 |
| Nov14-Oct15 | \$5.62 | \$4.78 |
| Nov15-Oct16 | \$5.81 | \$4.96 |

| | WTI | WTI C\$ |
|----------|---------|---------|
| 6 months | \$91.23 | \$90.83 |
| 1 year | \$92.10 | \$91.95 |
| 3 years | \$92.29 | \$92.99 |
| 5 years | \$92.00 | \$93.13 |
| 7 years | \$92.08 | \$93.30 |

65%*\$28 = \$18.20
35%*\$76 = \$26.60
(90 bbl/mmcf) Peyto unhedged ≈ \$45/boe

95%*\$28 = \$26.60
5%*\$76 = \$ 3.80 (8 bbl/mmcf)
≈ \$30/boe

Jan 7 swaps

73%
Operating
Margin

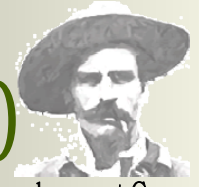
| | | | |
|-------------|------------------------------|----------------------|--------------------|
| \$36.89 | Revenue/boe (incl. hedges) | \$45.00 | \$30.00 |
| (\$ 3.86) | Royalties/boe (13% existing) | (\$ 2.25) (5% new) | (\$ 1.50) (5% new) |
| (\$ 2.13) | Opex/boe | (\$ 2.35) | (\$ 2.35) |
| (\$ 0.80) | Transport/boe | (\$ 0.70) (Sundance) | (\$ 0.70) |
| \$30.10/boe | Field Netback | \$39.70/boe | \$25.45/boe |
| (\$ 0.67) | G&A/boe | (\$ 0.75) | (\$ 0.75) |
| (\$ 2.32) | Interest/boe | (\$ 2.45) | (\$ 2.45) |
| \$27.11/boe | Cash Netback | \$36.50/boe | \$22.25/boe |

75-80%
Operating
Margin

Peyto's Returns

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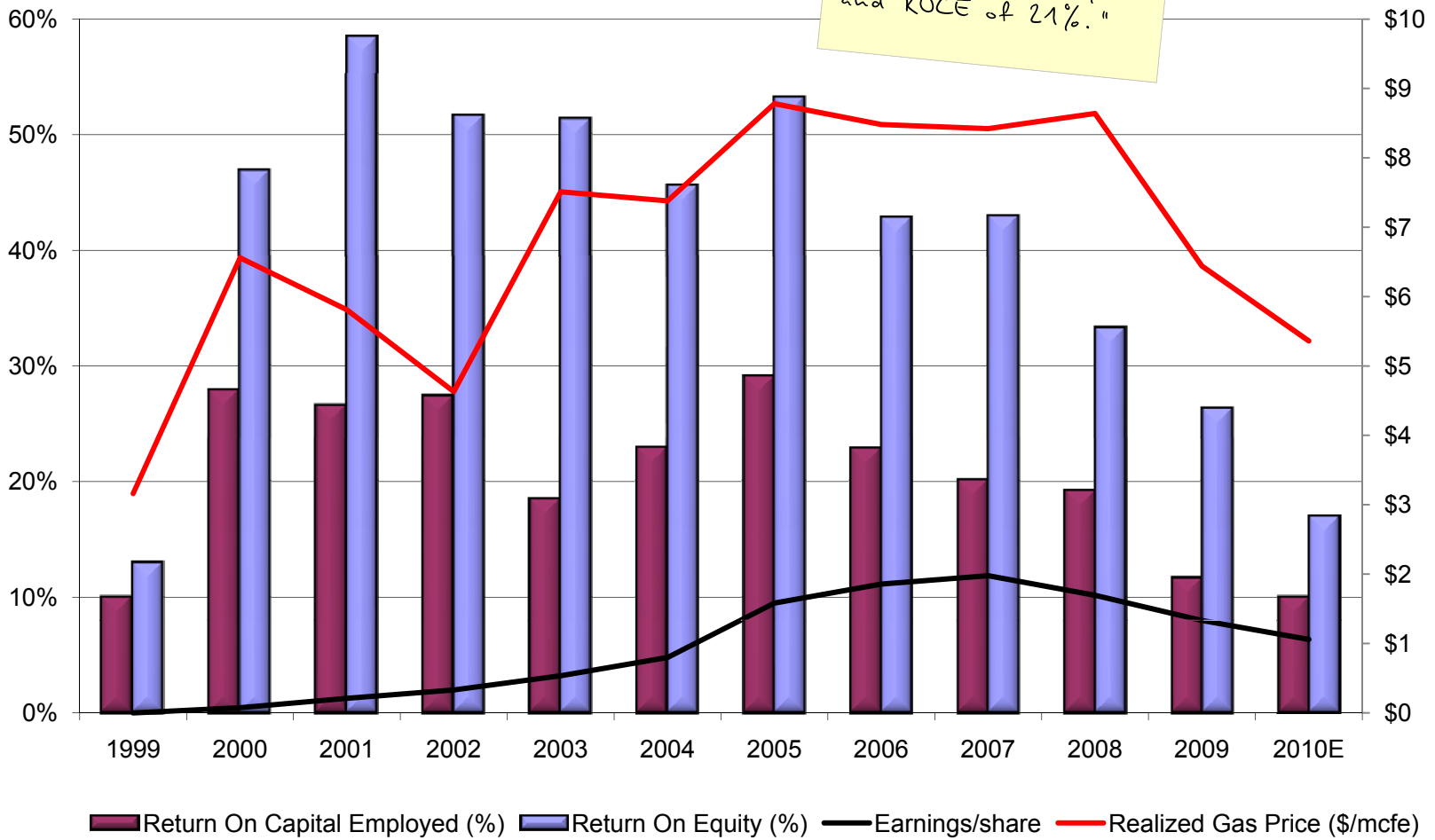
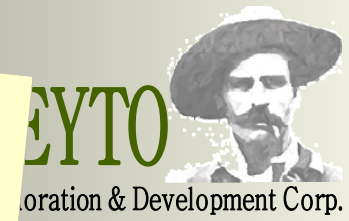
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Peyto's Returns

High Returns on Capital and Equity

"Good well economics and IRRs should translate into good corporate returns. Peyto's do, with average ROE of 40% and ROCE of 21%."

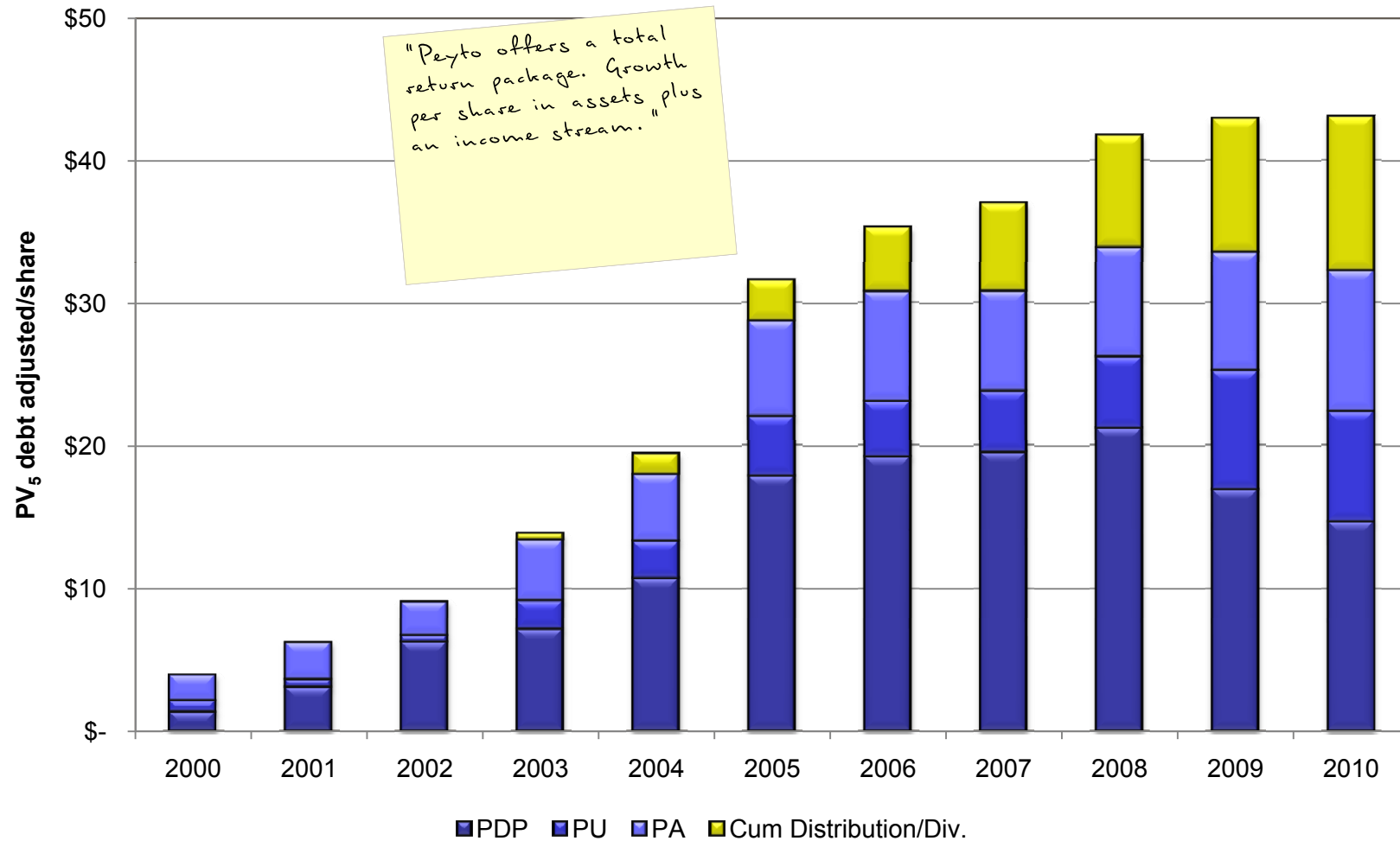


Return on Equity (ROE) is earnings for the period divided by average unitholders equity – reveals how much profit a company generates with the money shareholders have invested

Return on Capital Employed (ROCE) is earnings before interest and tax for the period divided by total assets less current liabilities - indicates the efficiency and profitability of a company's capital investments

Peyto's Returns

Shareholder Returns = Growth + Income



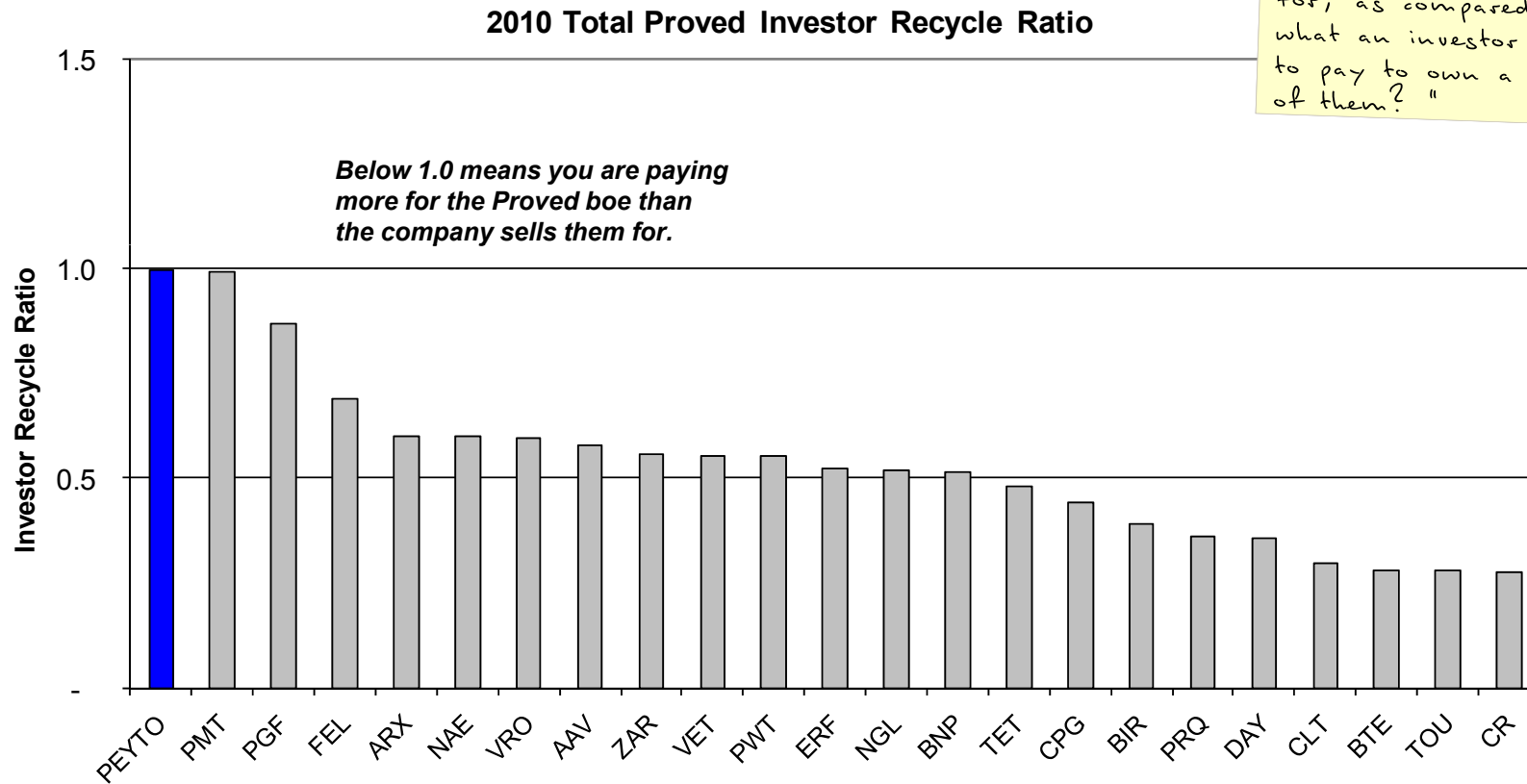
*PV₅ DA/share is Before Tax Net Present Value, discounted at 5%, less debt divided by the number of shares/units outstanding
Historical Units and Shares have been adjusted to reflect the May 27, 2005 2:1 stock split*

Peyto's Returns

Investor Recycle Ratio - Industry Comparison



"From a potential investor's perspective, what does the company sell the boes for, as compared to what an investor has to pay to own a share of them?"



Investor Recycle Ratio = Q4 2010 Netback divided by Dec 31/10 Enterprise Value/TP boe (YE 2010)

2011 Outlook

More Of 2010

"Our 2011 budget calls for more of the same. Horizontal drilling in the Deep Basin with infrastructure expansion to handle the new volumes."

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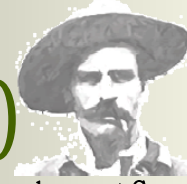
- Capital Expenditures (\$300-\$325 million before DRC)
 - Drill and Re-enter New Gas Locations (90% Hz)
 - Expand Gas Gathering & Processing Capacity
 - Expand Undeveloped Land Base
 - Expand Seismic Database
 - Acquire Additional Opportunities and Partner Interests

2011 Outlook

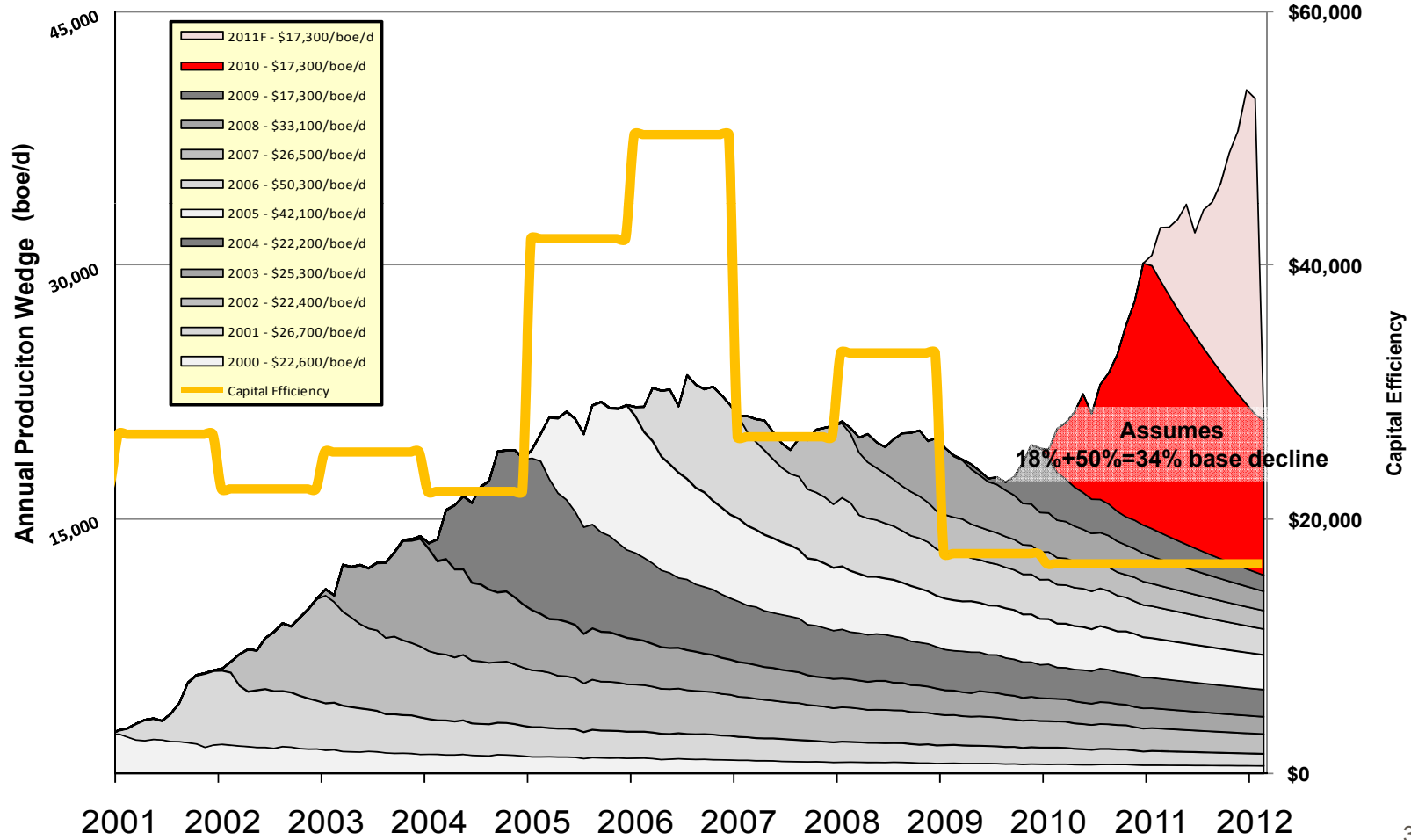
2010 All Over Again?

"If we assume base declines don't change and we achieve similar capital efficiencies, this is what a 2011 layer (\$300MM) looks like; hypothetically speaking."

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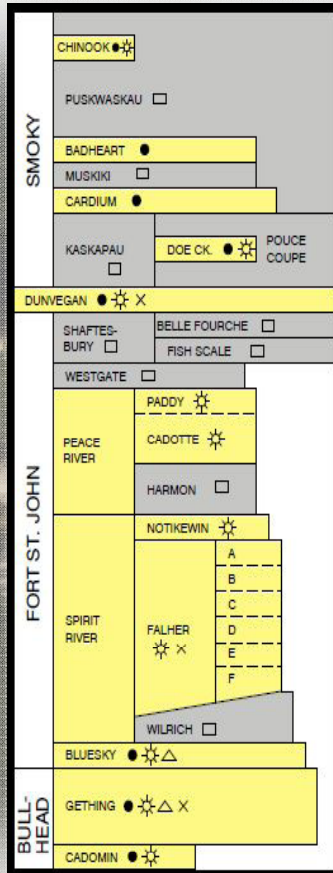
Appendix



- Tight Gas Resource Plays
 - Cardium
 - Notikewin
 - Wilrich
 - Falher
- Quarterly Track Record
- Tax Pools
- Distribution History
- Payout Ratio
- Gas Marketing
- Hedging Strategy
- Reserves data – volumes, values, RLI

Tight Gas Resource Plays

Horizontal MSF Projects



✱ Cardium

✱ Notikewin

✱ Falher

✱ Wilrich



Cardium Resource Play

Horizontal MSF Project

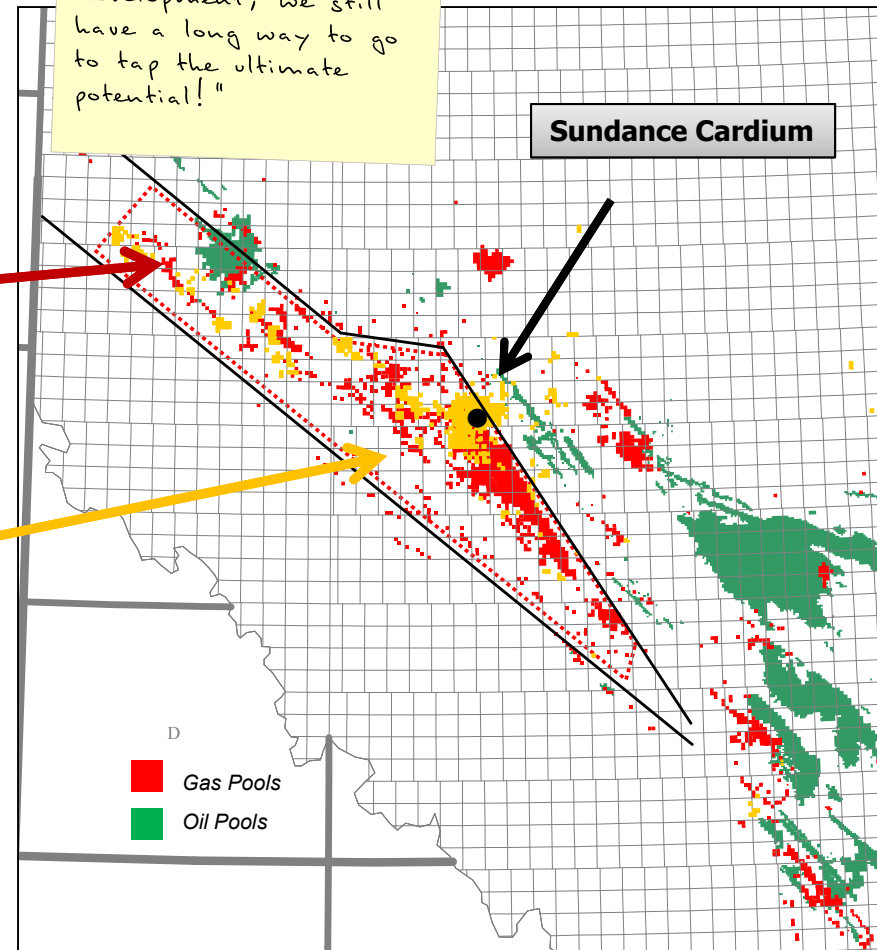
PEYTO

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"Although Peyto has been a leader in the Cardium gas development, we still have a long way to go to tap the ultimate potential!"

Sundance Cardium



Cardium Gas Fairway

- >4,000 sq miles
- up to 65 TCF Gas in Place¹
- ~ 2-3 TCF developed to date

Peyto Cardium Rights

- >400 sq miles (gross)
- 1.0 TCF developed to date (vertical wells only)²
- ~ 72% Working Interest

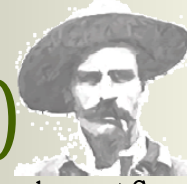
¹Original Gas in place are internal Peyto estimates

²EUR of Peyto gross developed 2P Cardium reserves as independently evaluated by Paddock Lindstrom & Associates February 2010 reserve report (effective date Dec. 31, 2009)

Cardium Resource Play

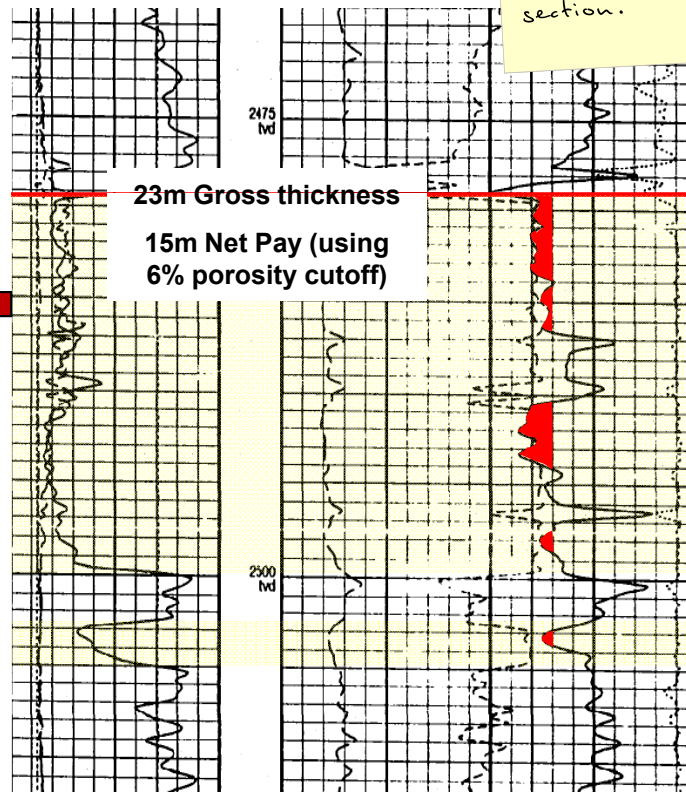
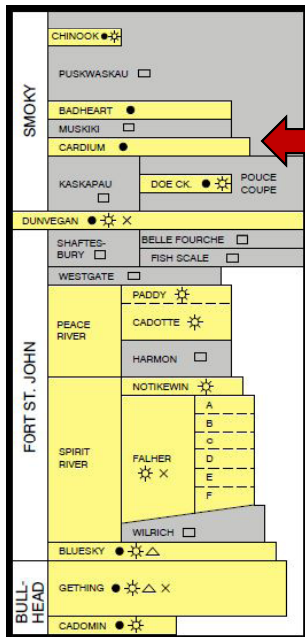
Cardium Type Log and Reserves

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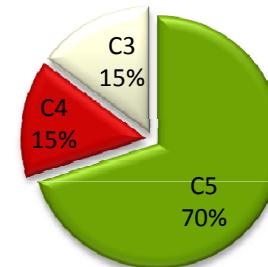
"The thick, uniform sandstone formation makes it easier to drill horizontally and contains a large amount of gas in every section."



Volumetric Reserves

| | |
|---------------------|-----------------|
| AREA(Ha)= | 256 (1 section) |
| H(m)= | 15 |
| POROSITY(%)= | 9 |
| SW(%)= | 18 |
| TEMP.(Deg.C)= | 80 |
| PRES.(kPa)= | 19000 |
| Z= | 0.8 |
| Recovery Factor(%)= | 85 |
| Surface Loss(%)= | 7 |

| | |
|-----------------|------|
| OGIP(BCF)= | 19.2 |
| RGIP RAW(BCF)= | 16.4 |
| SALES GAS(BCF)= | 15.2 |



BOE factor - 6 mcf = 1 bbl of oil equivalent

Ave Horizontals 90 bbl/mmcf NGLs
Ave Verticals 40-45 bbl/mmcf NGLs

35
3/29/2011

Cardium Resource Play

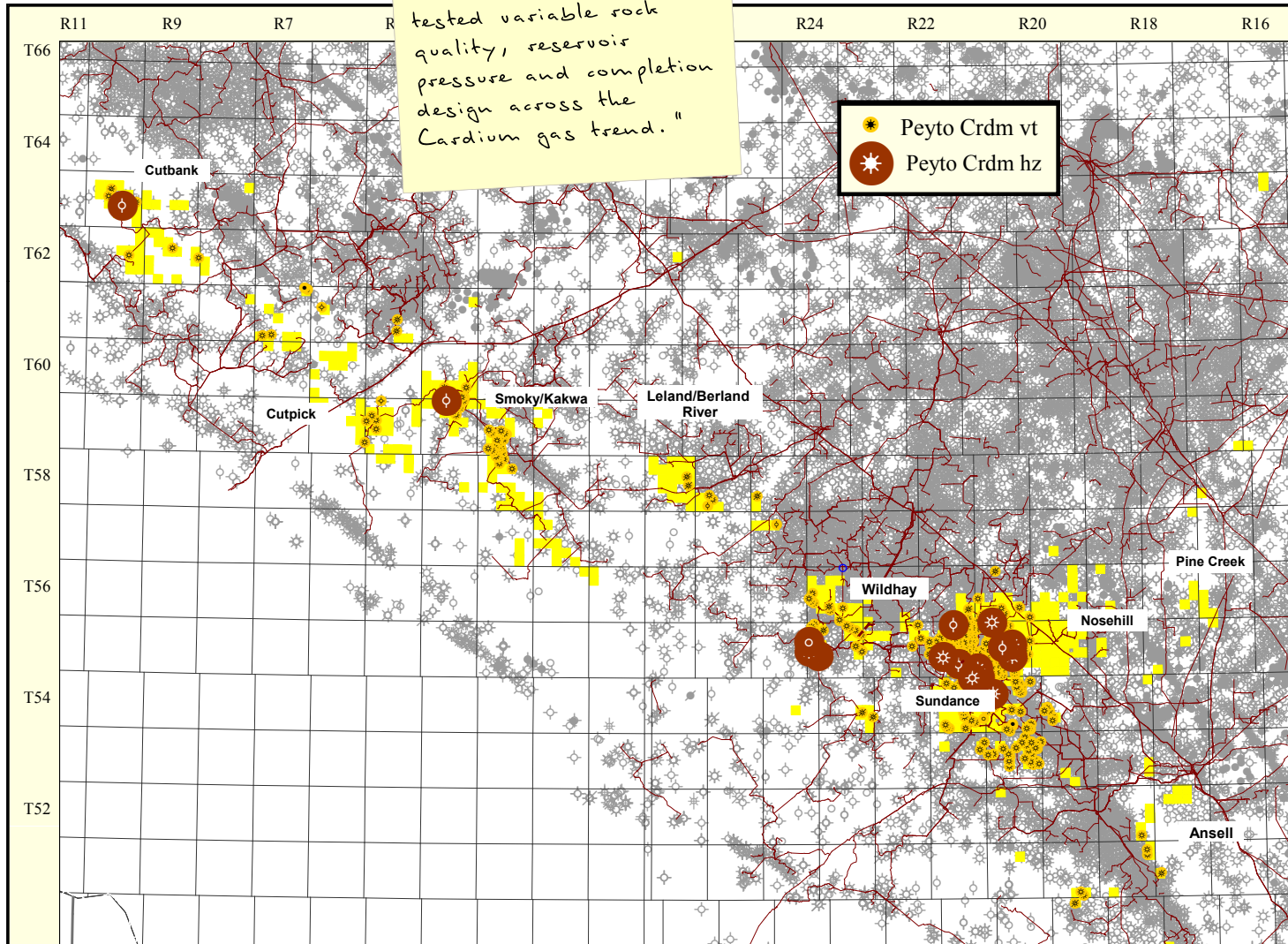
Horizontal MSF Project

PEYTO



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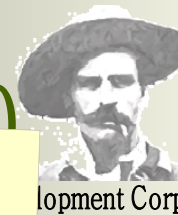
"The Cardium Horizontal project has tested variable rock quality, reservoir pressure and completion design across the Cardium gas trend."



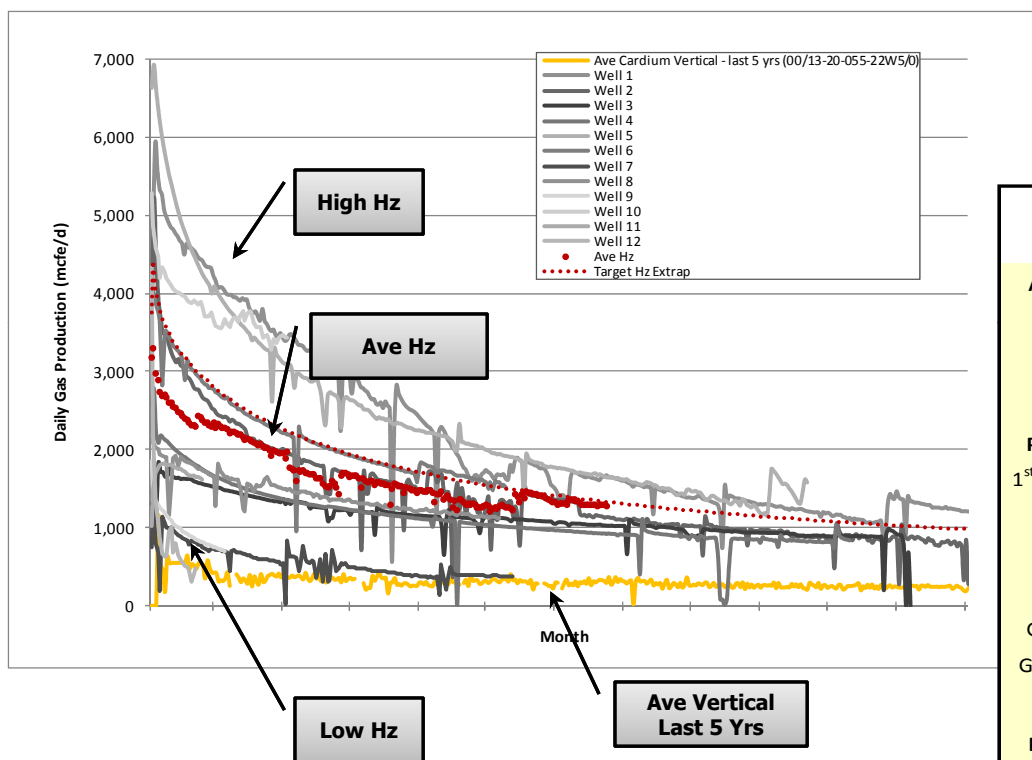
Cardium Resource Play

Economic Comparison – Vertical vs. Horizontal

DEVTO



"The average Cardium horizontal well is coming in slightly lower than our target economics, at slightly higher cost. We're working to improve on that."



| | Ave Vertical (last 10 yrs) | Ave Vertical (last 5 yrs) | | | Ave Target Horizontal | | |
|---|-------------------------------|------------------------------|--------|--------|--------------------------|--------|--------|
| Ave. Costs | \$1,700 | \$1,700 | | | \$5,050 | | |
| Drill (K\$) | \$1,000 | \$1,000 | | | \$2,500 | | |
| Complete | \$500 | \$500 | | | \$2,300 | | |
| E/T | \$200 | \$200 | | | \$250 | | |
| <small>*Average vertical costs for 10 wells drilled in 2009</small> | | | | | | | |
| Production | | | | | | | |
| 1 st Mo. (mcf/d) | 650 | 410 | | | 3,200 | | |
| 12 th Mo. | 450 | 260 | | | 1,000 | | |
| 1 st Yr | 540 | 325 | | | 1,700 | | |
| Reserves | | | | | | | |
| Gas Raw (bcf) | 2.2 | 1.1 | | | 2.8 | | |
| Gas Sales (bcf) | 2.0 | 1.0 | | | 2.6 | | |
| Total mboes | 423 | 216 | | | 537 | | |
| Economics | | | | | | | |
| Gas Price (\$/GJ) | \$5 | \$4 | \$5 | \$6 | \$4 | \$5 | \$6 |
| Oil Price (\$/bbl) | \$85 | \$85 | | | \$85 | | |
| IRR | 84% | 23% | 32% | 41% | 46% | 63% | 83% |
| PIR ₁₀ | 2.4 | 0.5 | 0.8 | 1.1 | 0.8 | 1.1 | 1.4 |
| Payout (yrs) | 1.3 | 3.6 | 2.7 | 2.2 | 1.8 | 1.4 | 1 |
| NPV ₅ (\$M) | \$ 6.8 | \$ 1.7 | \$ 2.4 | \$ 3.2 | \$ 6.3 | \$ 8.3 | \$10.2 |
| NPV ₁₀ (\$M) | \$ 4.1 | \$ 0.8 | \$ 1.3 | \$ 1.8 | \$ 4.1 | \$ 5.6 | \$ 7.0 |
| F&D (\$/mcf) | \$ 0.67 | \$ 1.31 | | | \$ 1.57 | | |

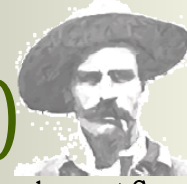
BOE factor - 6 mcf = 1 bbl of oil equivalent
 Peyto internal reserve estimates and economic evaluation
 Economics do not include \$200/m DRC but do include 5% max

Cardium Resource Play

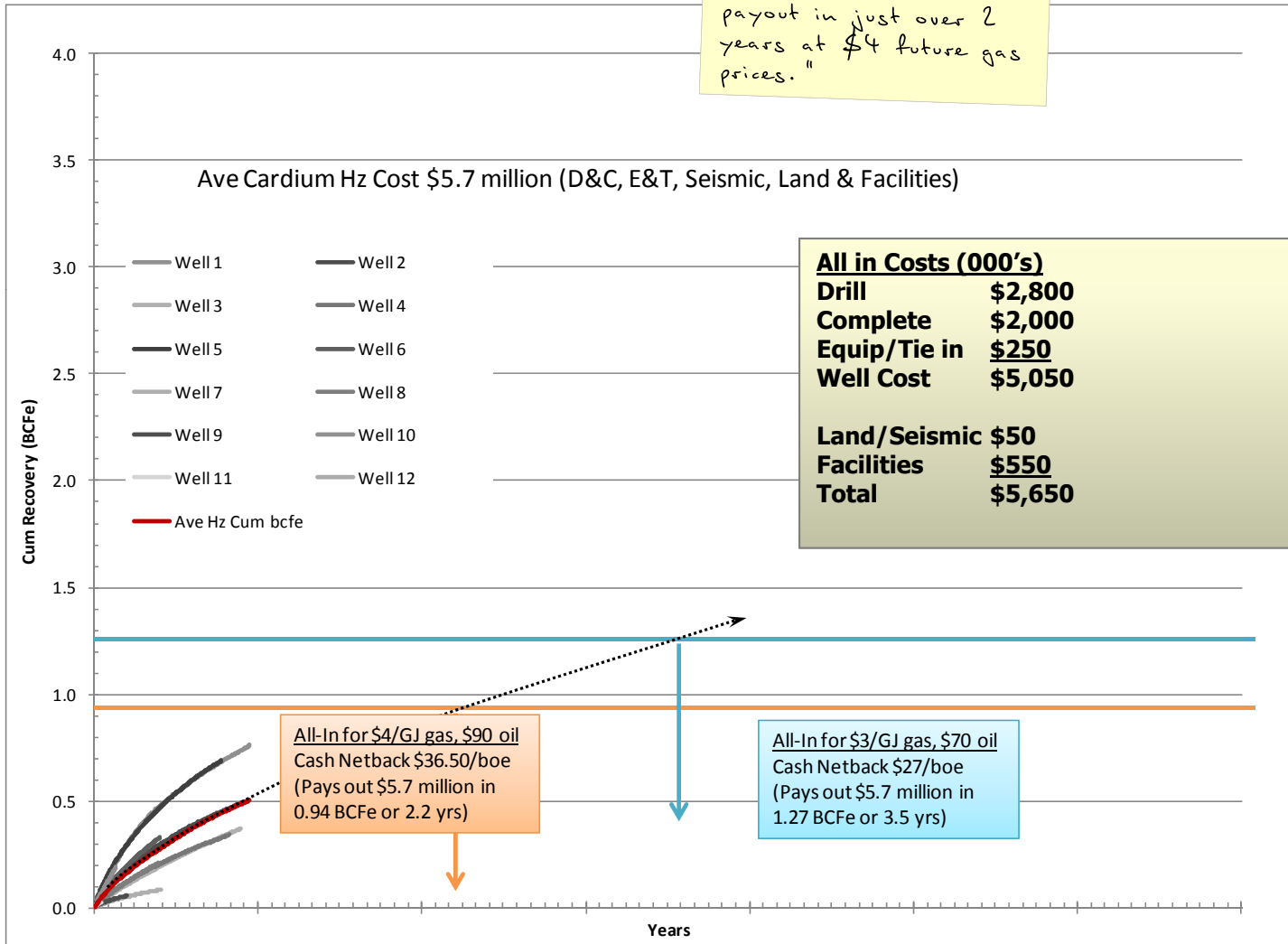
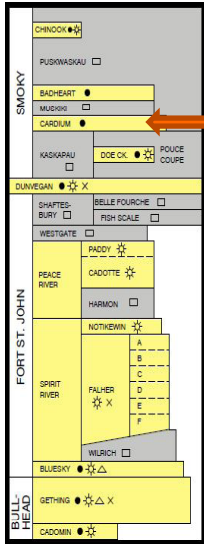
Payout Analysis

"If we include land, seismic and facilities to make it full-cycle, the average Cardium horizontal looks to payout in just over 2 years at \$4 future gas prices."

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Cardium Resource Play

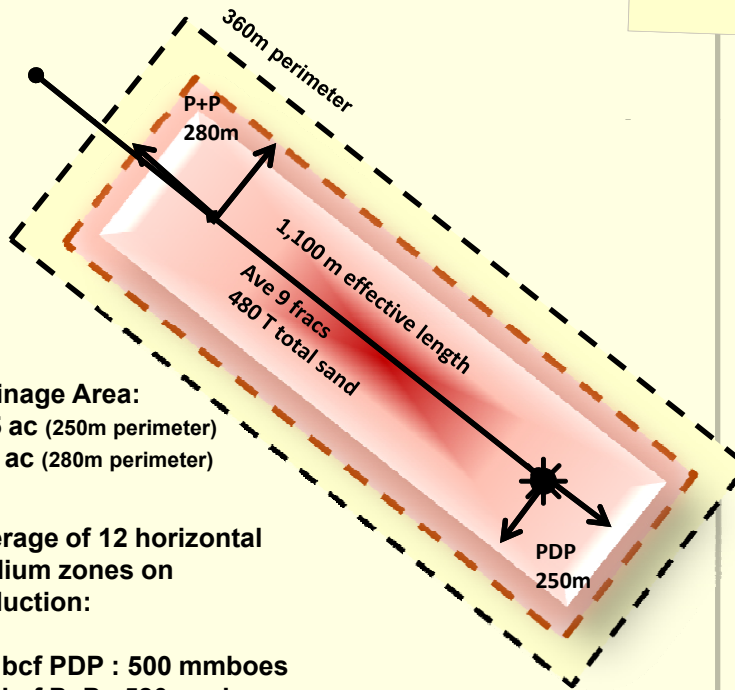
Conservative Horizontal Reserve Assignment

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"The average Cardium horizontal has a stimulation that is 6 times a vertical well but is currently only booked as draining 1.5 times the area."

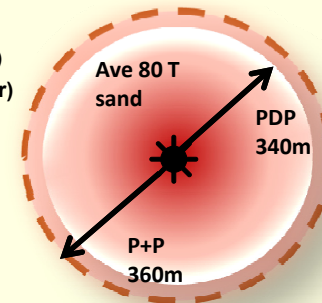


Ave Drainage Area:
PDP 135 ac (250m perimeter)
P+P 155 ac (280m perimeter)

*Average of 12 horizontal Cardium zones on production:

2.35 bcf PDP : 500 mmoes
2.70 bcf P+P : 580 mmoes

Ave Drainage Area:
PDP 90 ac (340m perimeter)
P+P 100 ac (360m perimeter)



¹Average of 395 vertical Cardium zones on production:

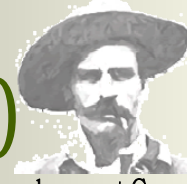
1.7 bcf PDP : 360 mmoes
1.9 bcf P+P : 400 mmoes

Notikewin Resource Play

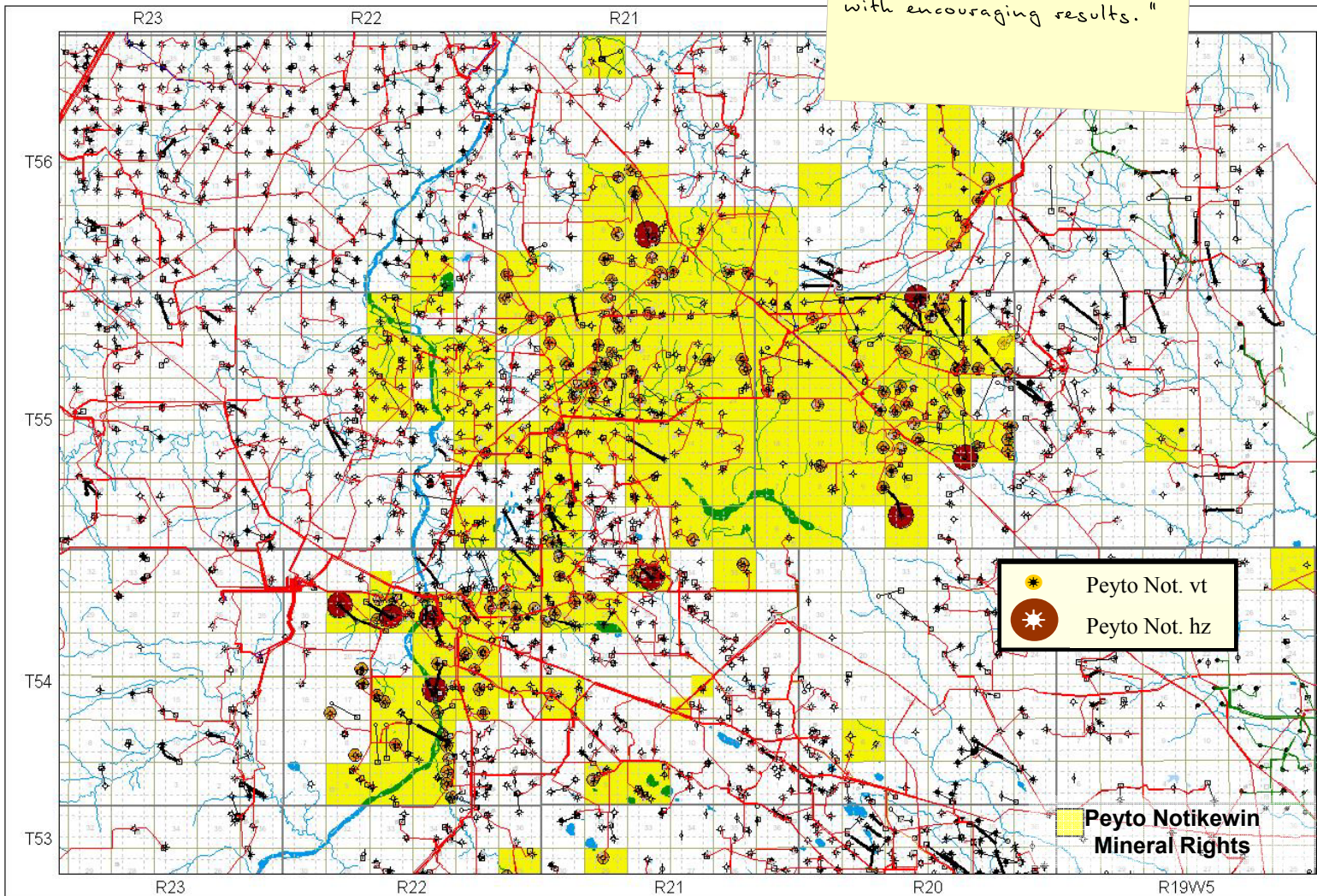
Horizontal MSF Project

"We've now tested the Notikewin with horizontal multi-stage frac wells several times across Sundance and Nosehill with encouraging results."

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Notikewin Resource Play

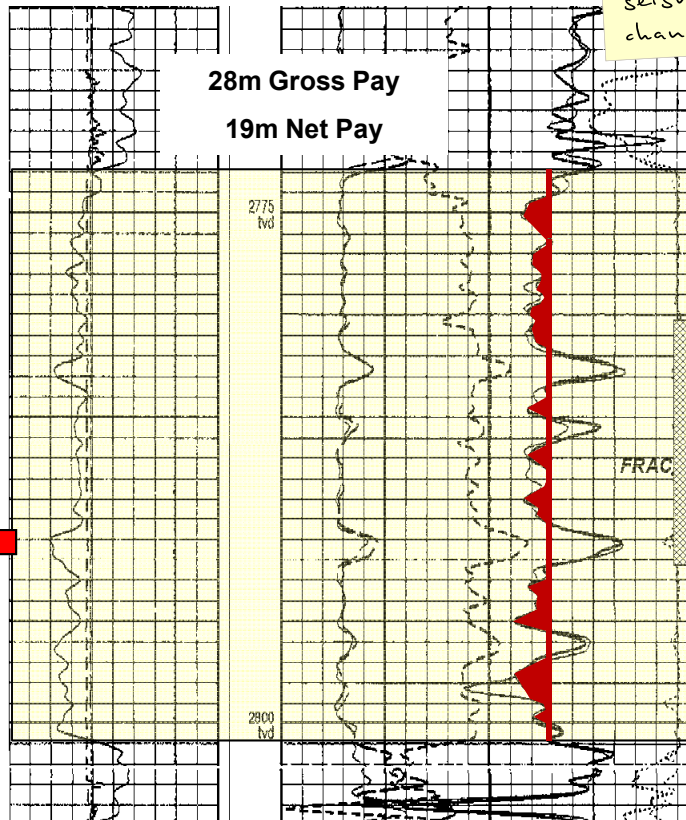
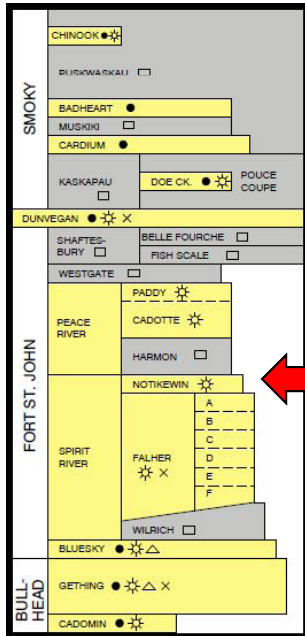
Type Log 1-20-54-22W5

"The Notikewin is a series of thick, sandstone channels that crisscross throughout the Sundance Area. We use 3D seismic to target these channels."

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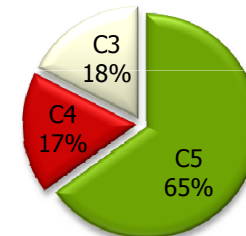


Volumetric Reserves

| | | |
|---------------------|-------|-------------|
| AREA(Ha)= | 256 | (1 section) |
| H(m)= | 19 | |
| POROSITY(%)= | 8 | |
| SW(%)= | 35 | |
| TEMP.(Deg.C)= | 96 | |
| PRES.(kPa)= | 32000 | |
| Z= | 1.02 | |
| Recovery Factor(%)= | 85 | |
| Surface Loss(%)= | 4.5 | |

| | |
|-----------------|----|
| OGIP(BCF)= | 22 |
| RGIP RAW(BCF)= | 18 |
| SALES GAS(BCF)= | 18 |

Ave Horizontal 8 bbl/mmcF NGLs
Ave Vertical 10-15 bbl/mmcF NGLs



BOE factor - 6 mcf = 1 bbl of oil equivalent

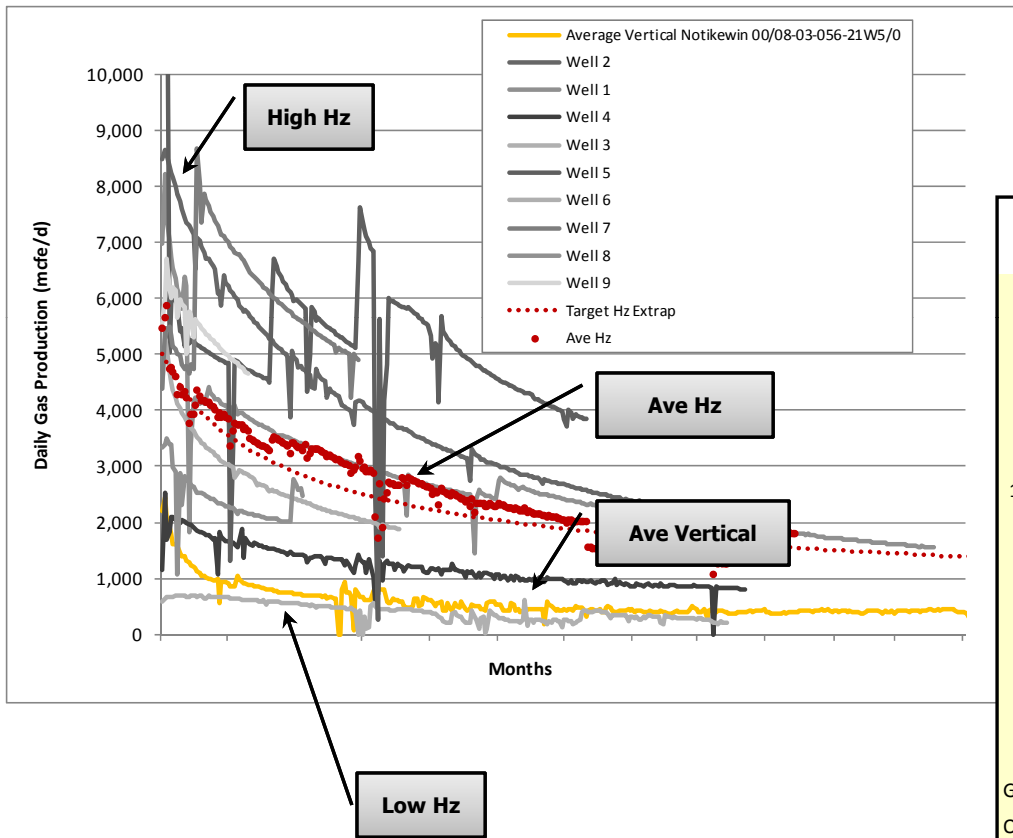
Notikewin Resource Play

Economic Comparison – Vertical vs. Horizontal

DEVTO



"So far, horizontal development of the Notikewin looks to be beating our target economics. And the costs are right on target."



| | Ave Vertical 08-03-56-21W5 | | | Ave Target Horizontal | | |
|--|-------------------------------|--------|--------|--------------------------|---------|---------|
| Ave. Costs | \$2,000 | | | \$4,690 | | |
| Drill (K\$) | \$1,300 | | | \$2,500 | | |
| Complete | \$500 | | | \$1,940 | | |
| E/T | \$200 | | | \$250 | | |
| <small>*Ave vert costs for 3 wells drilled in 2009</small> | | | | | | |
| Production | | | | | | |
| 1 st Mo. (mcf/d) | 1,200 | | | 5,000 | | |
| 12 th Mo. | 310 | | | 1,500 | | |
| 1 st Yr | 520 | | | 2,000 | | |
| Reserves | | | | | | |
| Gas Raw (bcf) | 1.8 | | | 4.0 | | |
| Gas Sales (bcf) | 1.7 | | | 3.8 | | |
| Total mboes | 310 | | | 691 | | |
| Economics | | | | | | |
| Gas Price (\$/GJ) | \$4 | \$5 | \$6 | \$4 | \$5 | \$6 |
| Oil Price (\$/bbl) | \$85 | | | \$85 | | |
| IRR | 22% | 33% | 45% | 61% | 91% | 125% |
| PIR ₁₀ | 0.5 | 0.9 | 1.3 | 1.2 | 1.6 | 2.1 |
| Payout (yrs) | 3.8 | 2.8 | 2.1 | 1.5 | 1.1 | 0.9 |
| NPV ₅ (\$M) | \$ 2.2 | \$ 3.3 | \$ 4.4 | \$ 8.2 | \$ 11.3 | \$ 14.0 |
| NPV ₁₀ (\$M) | \$ 1.0 | \$ 1.8 | \$ 2.5 | \$ 5.4 | \$ 7.7 | \$ 9.7 |
| F&D (\$/mcf) | \$ 1.08 | | | \$ 1.12 | | |

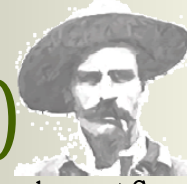
BOE factor - 6 mcf = 1 bbl of oil equivalent
 Peyto internal reserve estimates and economic evaluation
 Economics do not include \$200/m DRC, but do include 5% max and NGDDP

Notikewin Resource Play

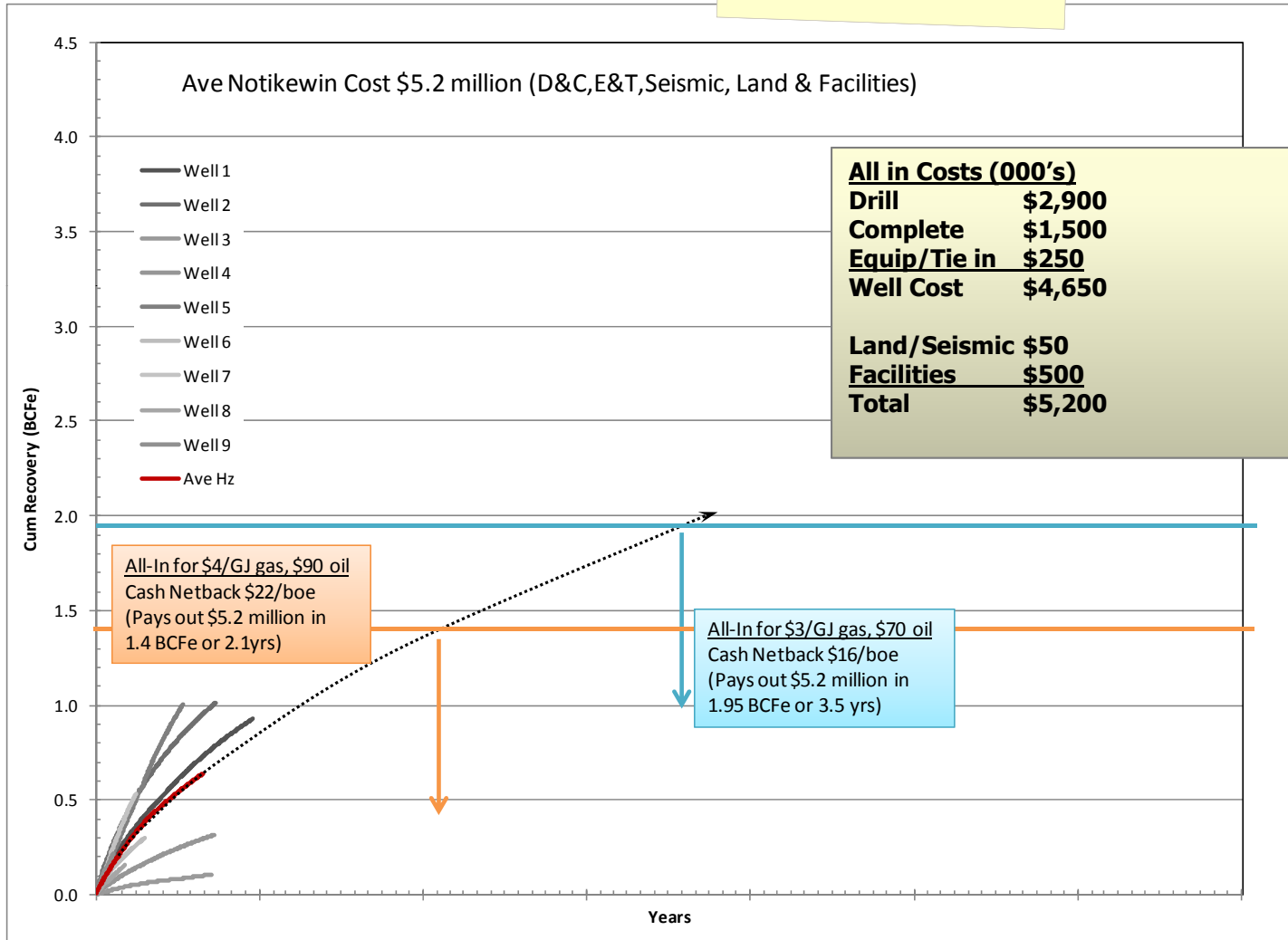
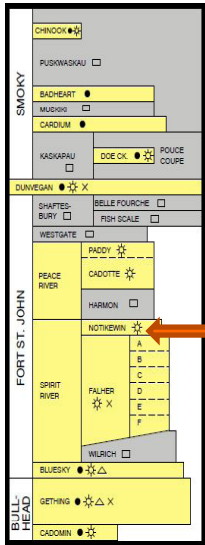
Payout Analysis

"The average Notikewin horizontal is paying out quite quickly, generating good returns, even with less liquids than the Cardium."

CYTO



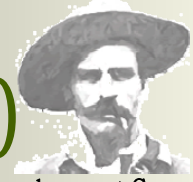
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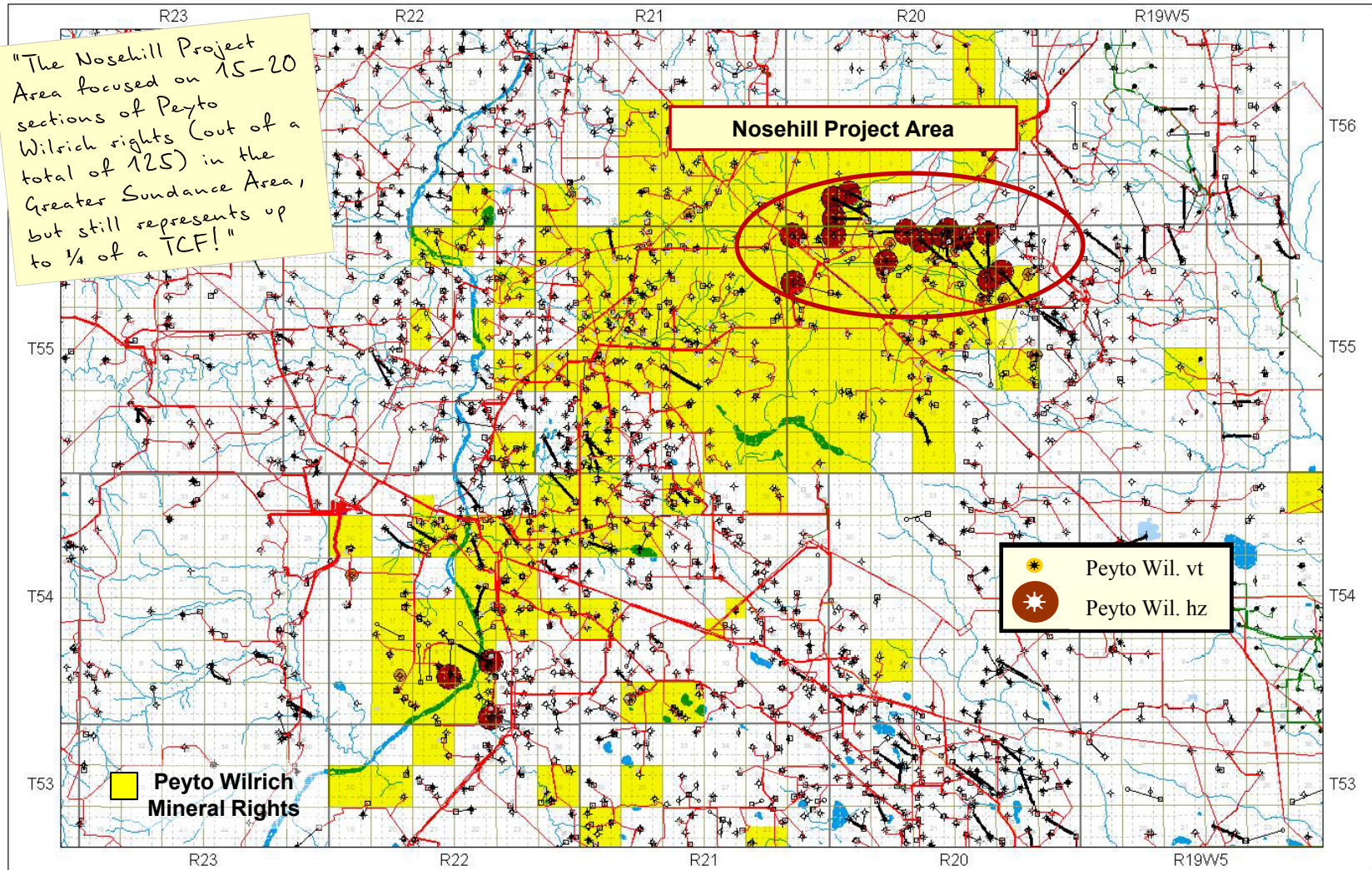
Wilrich Resource Play

Horizontal MSF Project

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Wilrich Resource Play

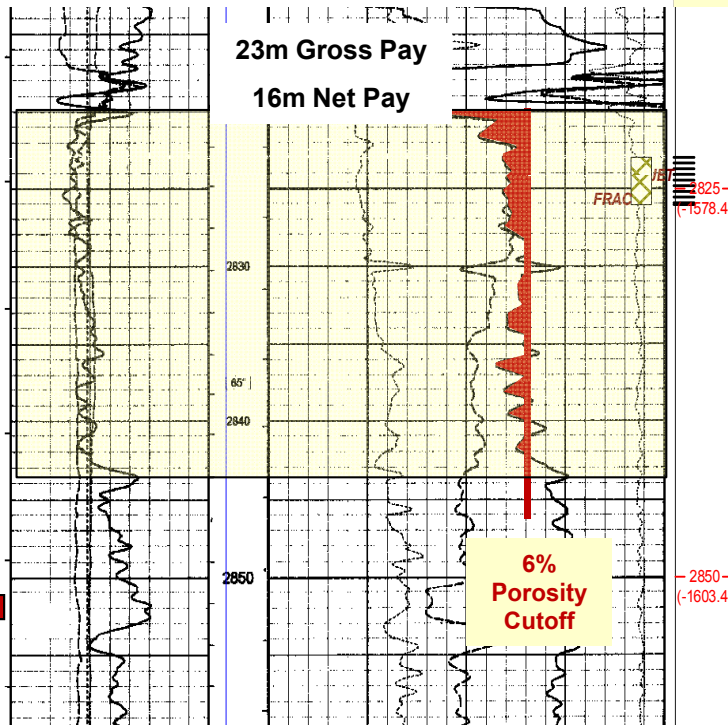
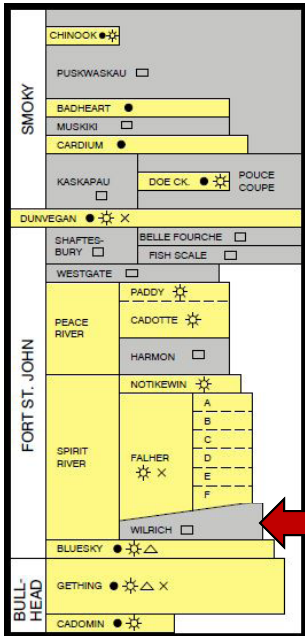
Type Log 7-5-56-20W5

TEYTO



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"Much like the Cardium, the Wilrich is a marine sand laid down over a large area offering uniform thickness and predictability."

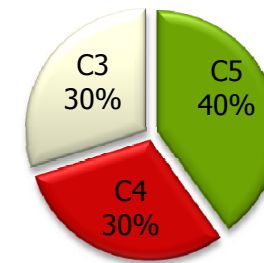


Volumetric Reserves

| | | |
|---------------------|-------|-------------|
| AREA(Ha)= | 256 | (1 section) |
| H(m)= | 16 | |
| POROSITY(%)= | 8 | |
| SW(%)= | 35 | |
| TEMP.(Deg.C)= | 98 | |
| PRES.(kPa)= | 24000 | |
| Z= | 0.92 | |
| Recovery Factor(%)= | 85 | |
| Surface Loss(%)= | 4.5 | |

| | |
|-----------------|----|
| OGIP(BCF)= | 15 |
| RGIP RAW(BCF)= | 13 |
| SALES GAS(BCF)= | 12 |

Ave Horizontal 7 bbl/mmcf NGLs



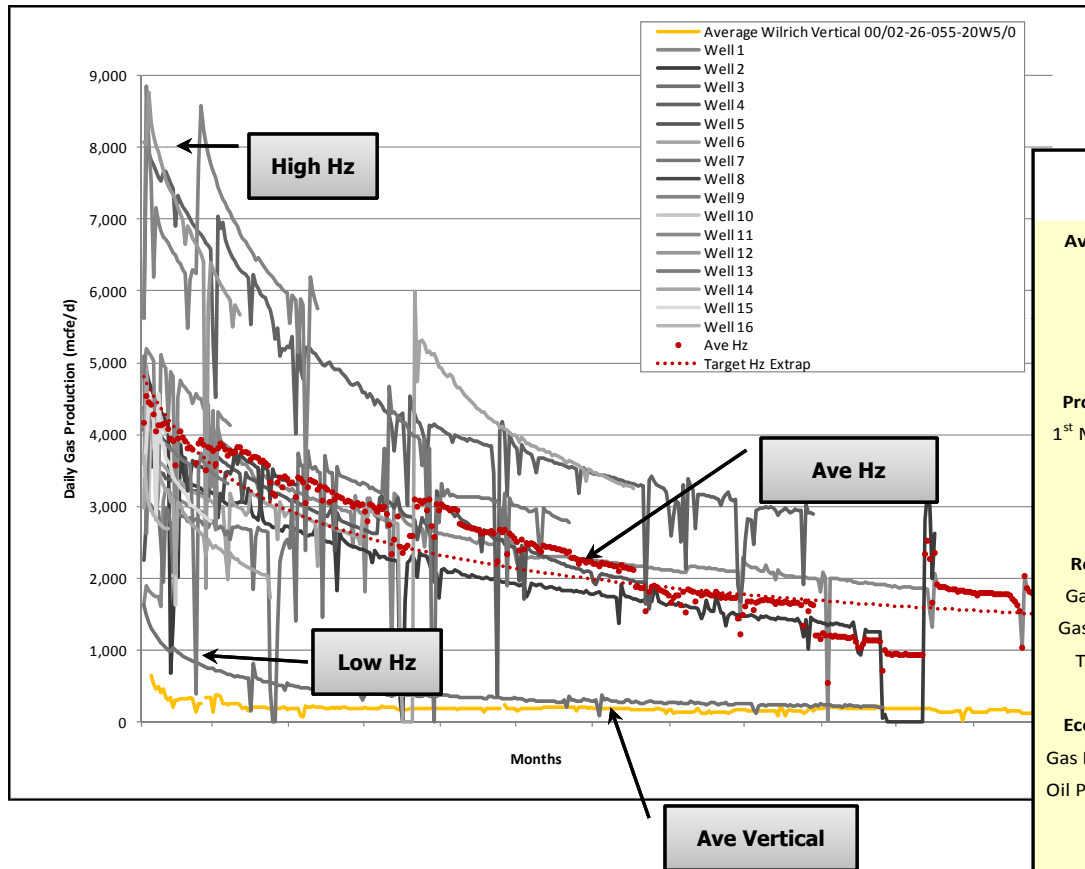
Wilrich Resource Play

Economic Comparison – Vertical vs. Horizontal

"The Wilrich results are very consistent with the average horizontal well beating our target profile and obviously much better than vertical wells."



Development Corp.



| | Ave Vertical | | | Ave Target Horizontal | | |
|--|----------------|----------|----------|-----------------------|---------|---------|
| Ave. Costs | \$2,000 | | | \$5,120 | | |
| Drill (K\$) | \$1,300 | | | \$2,760 | | |
| Complete | \$500 | | | \$2,140 | | |
| E/T | \$200 | | | \$220 | | |
| <small>*Ave vert costs for 3 wells drilled in 2009</small> | | | | | | |
| Production | | | | | | |
| 1 st Mo. (mcf/d) | 200 | | | 3,800 | | |
| 12 th Mo. | 150 | | | 1,700 | | |
| 1 st Yr | 170 | | | 2,900 | | |
| Reserves | | | | | | |
| Gas Raw (bcf) | 0.8 | | | 4.2 | | |
| Gas Sales (bcf) | 0.8 | | | 4.0 | | |
| Total mboes | 140 | | | 730 | | |
| Economics | | | | | | |
| Gas Price (\$/GJ) | \$4 | \$5 | \$6 | \$4 | \$5 | \$6 |
| Oil Price (\$/bbl) | \$85 | | | \$85 | | |
| IRR | 1% | 5% | 9% | 54% | 79% | 106% |
| PIR ₁₀ | -0.4 | -0.2 | -0.1 | 1.1 | 1.6 | 2.1 |
| Payout (yrs) | 24 | 12 | 9 | 1.7 | 1.3 | 1.1 |
| NPV ₅ (\$M) | \$ (0.5) | \$ 0.0 | \$ 0.6 | \$ 8.8 | \$ 12.1 | \$ 15.3 |
| NPV ₁₀ (\$M) | \$ (0.8) | \$ (0.5) | \$ (0.1) | \$ 5.8 | \$ 8.3 | \$ 10.7 |
| F&D (\$/mcf) | \$ 2.38 | | | \$ 1.16 | | |

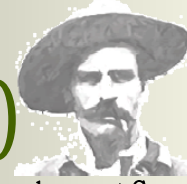
BOE factor - 6 mcf = 1 bbl of oil equivalent
 Payto internal reserve estimates and economic evaluation
 Economics do not include \$200/m DRC, but do include 5% max and NGDDP

Wilrich Resource Play

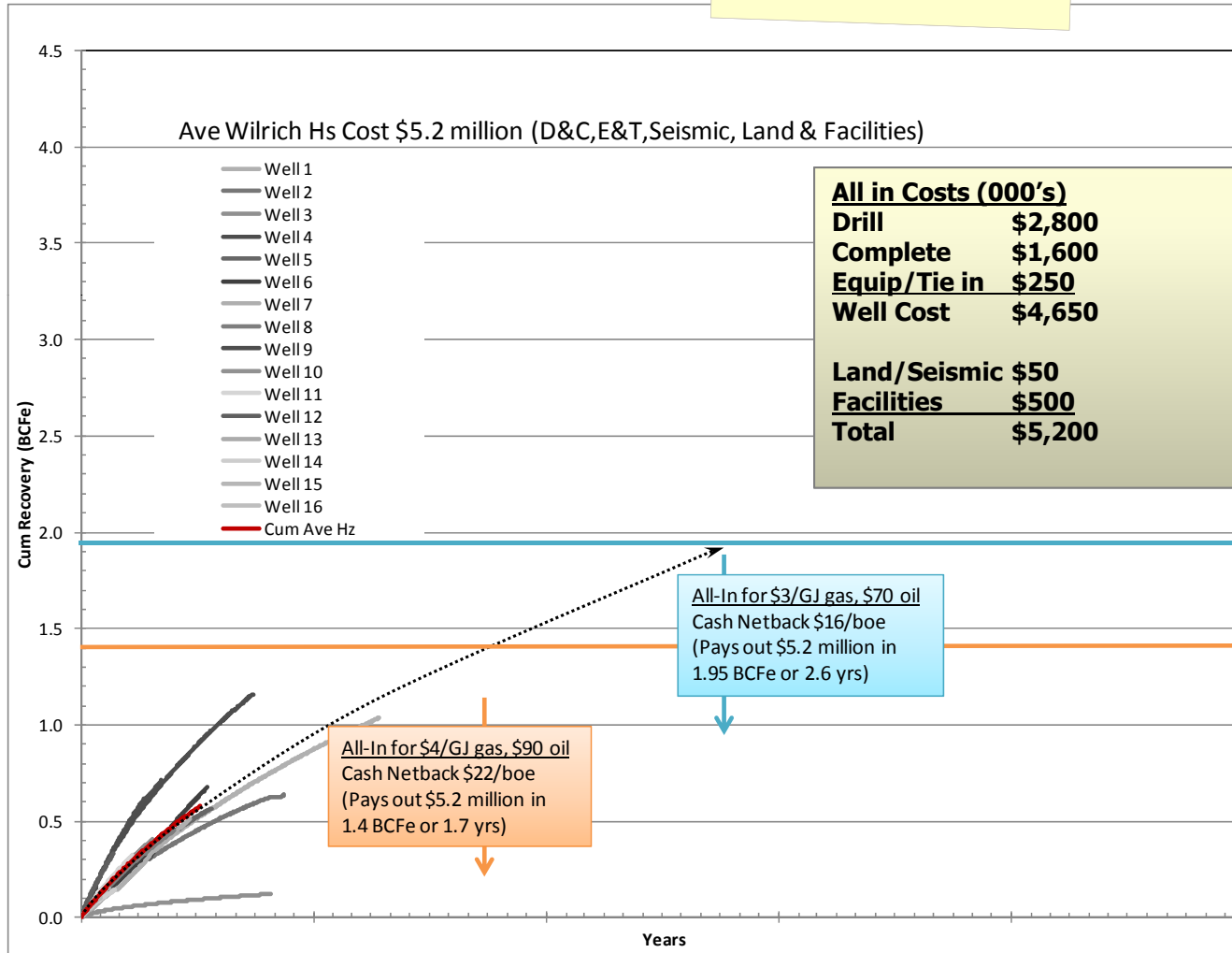
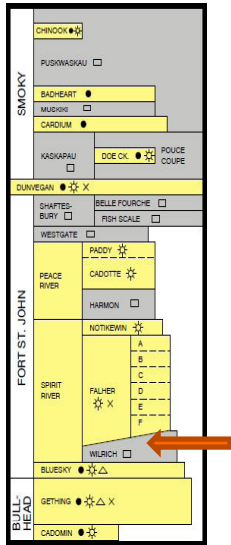
Payout Analysis

"The Wilrich has the least amount of liquids but the consistently good rates makes it the fastest to payout. Cost is cheaper than we targeted too!"

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| All in Costs (000's) | |
|----------------------|----------------|
| Drill | \$2,800 |
| Complete | \$1,600 |
| Equip/Tie in | \$250 |
| Well Cost | \$4,650 |
| Land/Seismic | \$50 |
| Facilities | \$500 |
| Total | \$5,200 |

All-In for \$3/GJ gas, \$70 oil
Cash Netback \$16/boe
(Pays out \$5.2 million in 1.95 BCFe or 2.6 yrs)

All-In for \$4/GJ gas, \$90 oil
Cash Netback \$22/boe
(Pays out \$5.2 million in 1.4 BCFe or 1.7 yrs)

Falher Resource Play

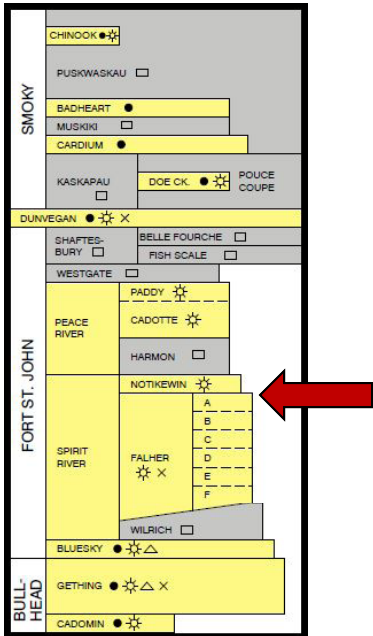
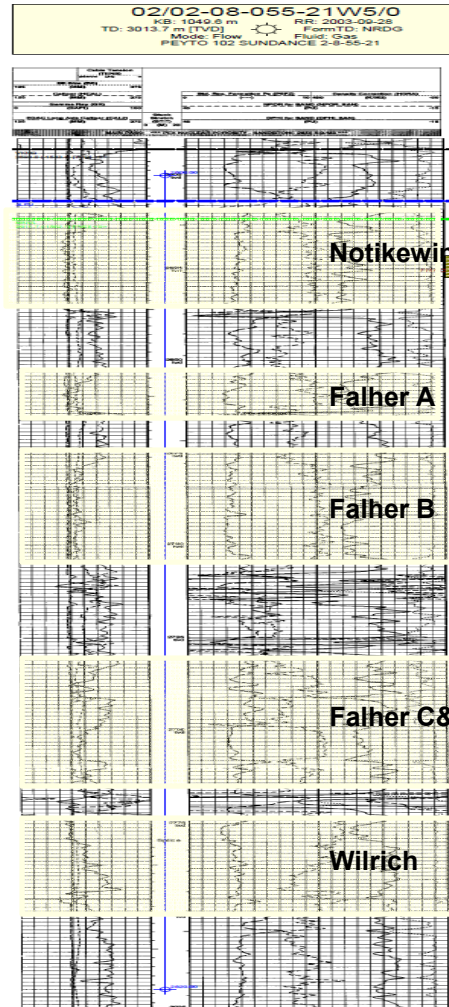
Type Log 2-8-55-21W5

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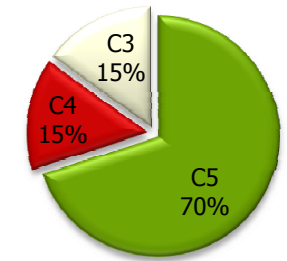
"The entire Falher package has more net sand than either the Wilrich or Notikewin but may require multiple horizontal wells to develop."



Example Volumetric Reserves

| | | |
|---------------------|-------|-------------|
| AREA(Ha)= | 256 | (1 section) |
| H(m)= | 10 | |
| POROSITY(%)= | 8 | |
| SW(%)= | 35 | |
| TEMP.(Deg.C)= | 98 | |
| PRES.(kPa)= | 30000 | |
| Z= | 0.92 | |
| Recovery Factor(%)= | 85 | |
| Surface Loss(%)= | 4.5 | |
| <hr/> | | |
| OGIP(BCF)= | 12 | |
| RGIP RAW(BCF)= | 10 | |
| SALES GAS(BCF)= | 10 | |

Ave Horizontal 15 bbl/mmcft NGLs



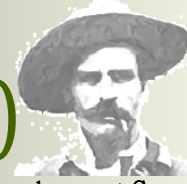
BOE factor - 6 mcf = 1 bbl of oil equivalent

Falher Resource Play

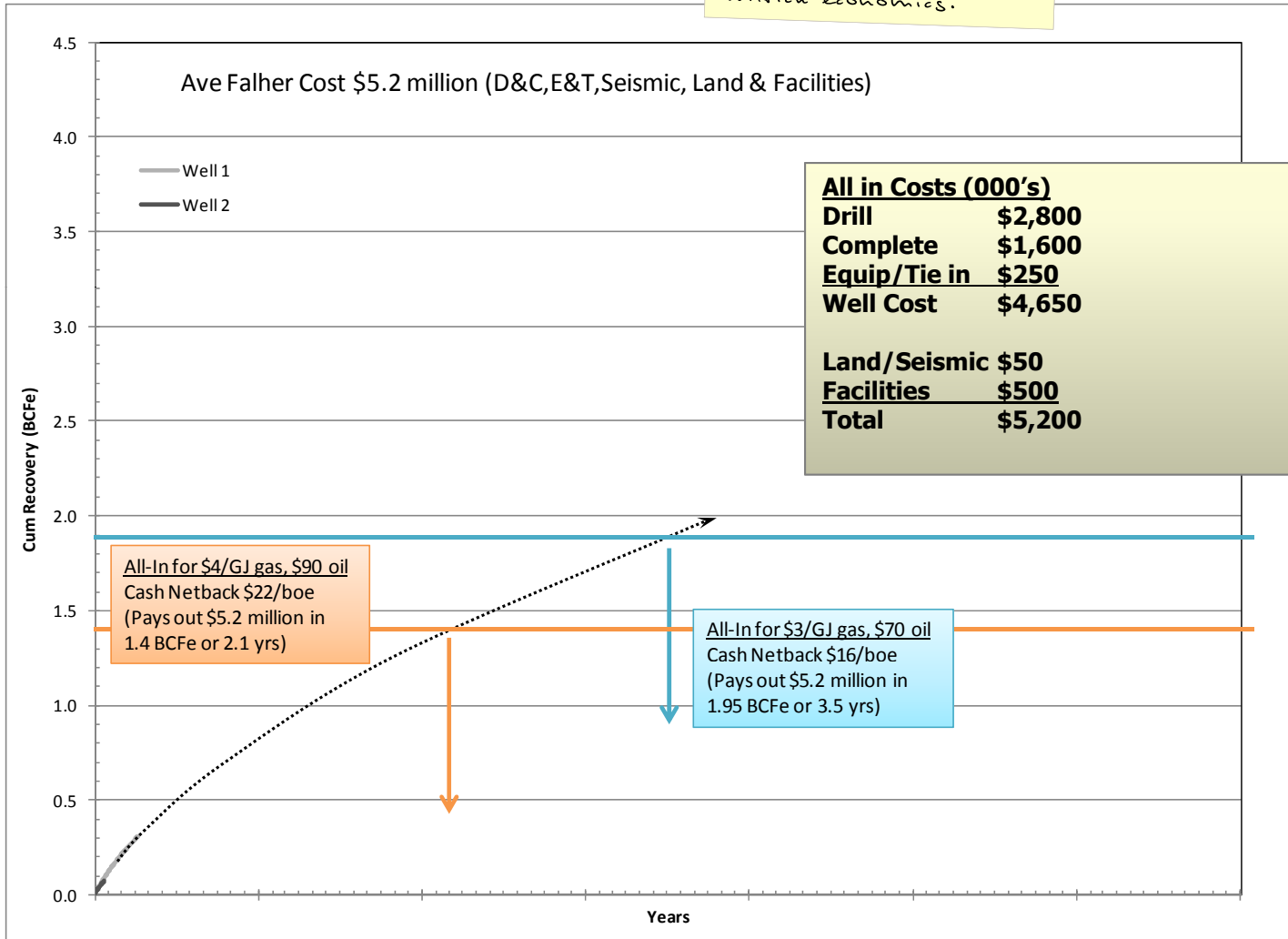
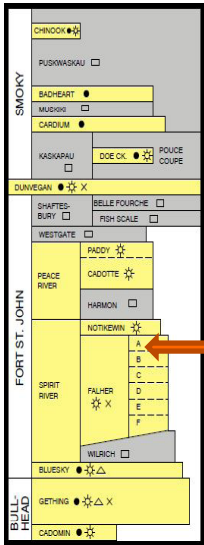
Payout Analysis

"The Falher package is several sands that should all be developable with horizontal wells. Early results look consistent with Notikewin and Wilrich economics."

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Quarterly Track Record



| | 2010 | | | | | 2009 | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Total | Q4 | Q3 | Q2 | Q1 | Total | Q4 | Q3 | Q2 | Q1 |
| Operations | | | | | | | | | | |
| <u>Production</u> | | | | | | | | | | |
| Oil & NGLs (bbl/d) | 3,389 | 3,439 | 3,322 | 3,465 | 3,330 | 3,028 | 3,222 | 2,916 | 2,950 | 3,022 |
| Natural gas (mcf/d) | 122,031 | 148,551 | 122,717 | 112,422 | 103,934 | 92,718 | 95,467 | 89,259 | 90,191 | 95,998 |
| Barrels of oil equivalent (boe/d) | 23,728 | 28,197 | 23,775 | 22,202 | 20,653 | 18,481 | 19,133 | 17,793 | 17,982 | 19,022 |
| Year over Year % Growth | 28% | 47% | 34% | 23% | 9% | -8% | -5% | -11% | -8% | -6% |
| <u>Average Product Prices</u> | | | | | | | | | | |
| Oil & NGLs (\$/bbl) | 65.31 | 67.06 | 59.66 | 65.58 | 68.93 | 50.18 | 60.77 | 51.06 | 43.42 | 44.46 |
| Natural gas (\$/mcf) | 5.36 | 4.93 | 5.16 | 5.25 | 6.34 | 6.44 | 6.17 | 5.74 | 6.14 | 7.68 |
| Operating expenses (\$/mcf _e) | 0.48 | 0.45 | 0.48 | 0.51 | 0.54 | 0.52 | 0.49 | 0.52 | 0.54 | 0.55 |
| Field Netback (\$/mcf _e) | 5.02 | 4.75 | 4.83 | 4.82 | 5.81 | 5.60 | 5.64 | 5.22 | 5.23 | 6.27 |
| Financial (\$000) | | | | | | | | | | |
| Revenue (net of royalties) | 286,020 | 80,921 | 69,650 | 64,649 | 70,801 | 247,846 | 64,761 | 56,353 | 56,599 | 70,133 |
| Funds from Operations ¹ | 234,077 | 66,359 | 56,743 | 52,415 | 58,559 | 202,699 | 53,302 | 45,263 | 45,527 | 58,607 |
| Net earnings (loss) | 121,838 | 27,700 | 32,567 | 24,696 | 36,874 | 152,774 | 33,035 | 26,976 | 29,189 | 63,574 |
| Capital expenditures | 261,484 | 110,561 | 64,123 | 37,439 | 49,361 | 72,739 | 26,307 | 28,725 | 4,671 | 13,036 |
| Net Debt ² | 404,944 | 404,944 | 457,959 | 417,854 | 467,368 | 439,860 | 439,860 | 423,965 | 399,513 | 490,570 |
| Common shares outstanding (000) | 132,811 | 132,811 | 122,136 | 121,476 | 115,417 | 115,116 | 115,116 | 114,920 | 114,920 | 105,920 |
| Weighted average shares | 120,549 | 125,726 | 121,766 | 119,420 | 115,154 | 110,556 | 114,920 | 114,920 | 106,316 | 105,920 |
| Per share data | | | | | | | | | | |
| Funds from operations | 1.94 | 0.53 | 0.47 | 0.44 | 0.51 | 1.83 | 0.46 | 0.39 | 0.43 | 0.55 |
| Earnings (loss) | 1.01 | 0.22 | 0.27 | 0.21 | 0.32 | 1.38 | 0.29 | 0.24 | 0.28 | 0.60 |

Management uses funds from operations to analyze operating performance. In order to facilitate comparative analysis funds from operations is defined throughout this report as earnings before performance based compensation, non-cash and non-recurring expenses. As presented, funds from operations does not have any standardized meaning prescribed by Canadian GAAP.

Net debt does not include provision for future performance based compensation, site restoration, abandonment and income taxes.

Historical Per Unit and Units Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split

50

BOE factor - 6 mcf = 1 bbl of oil equivalent

3/29/2011

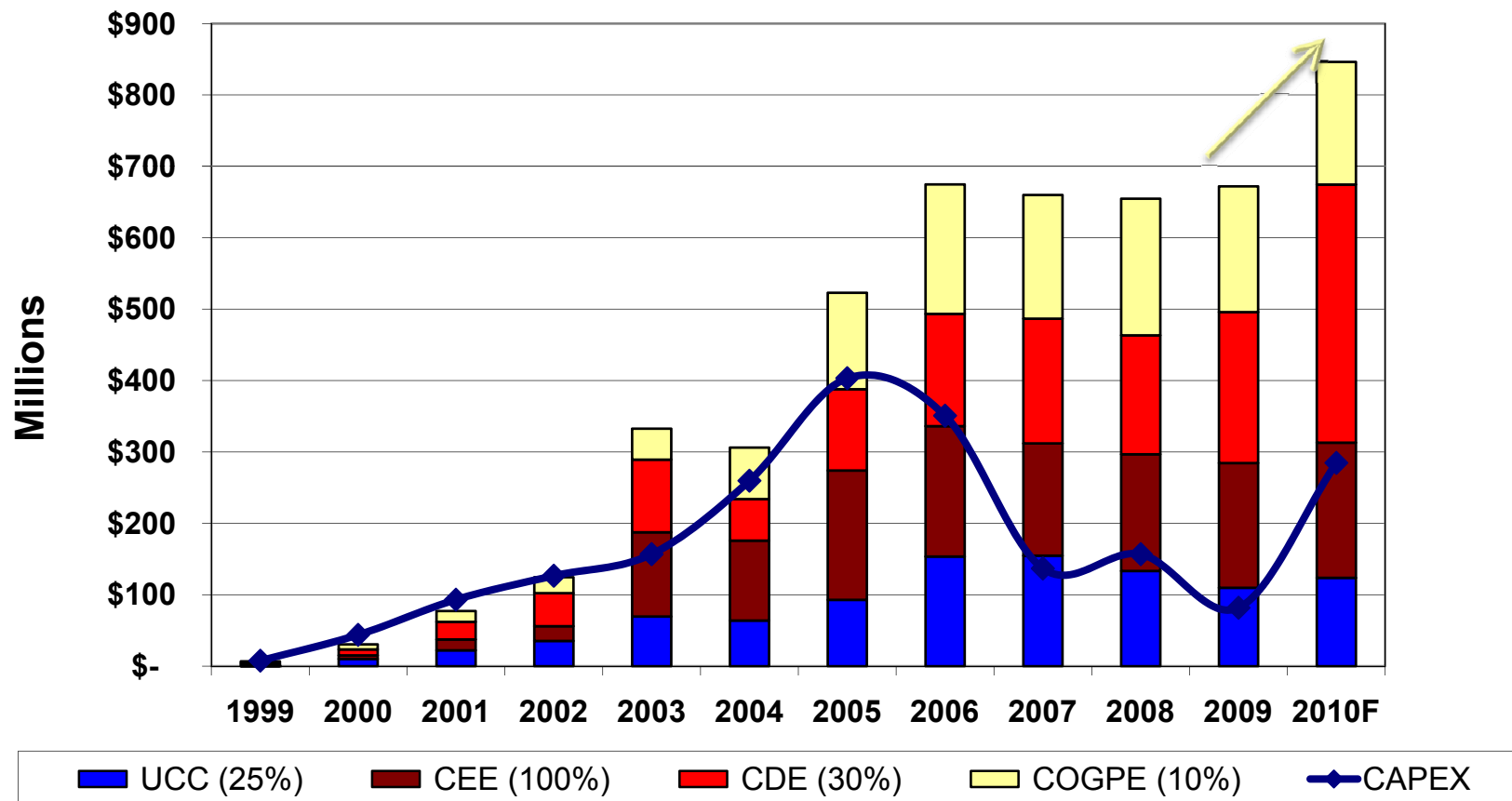
Organic Business Model

Peyto's Tax Pools

"At Peyto, our tax efficiency accumulates the old fashioned way, we build it."



Development Corp.



Payout Ratio History

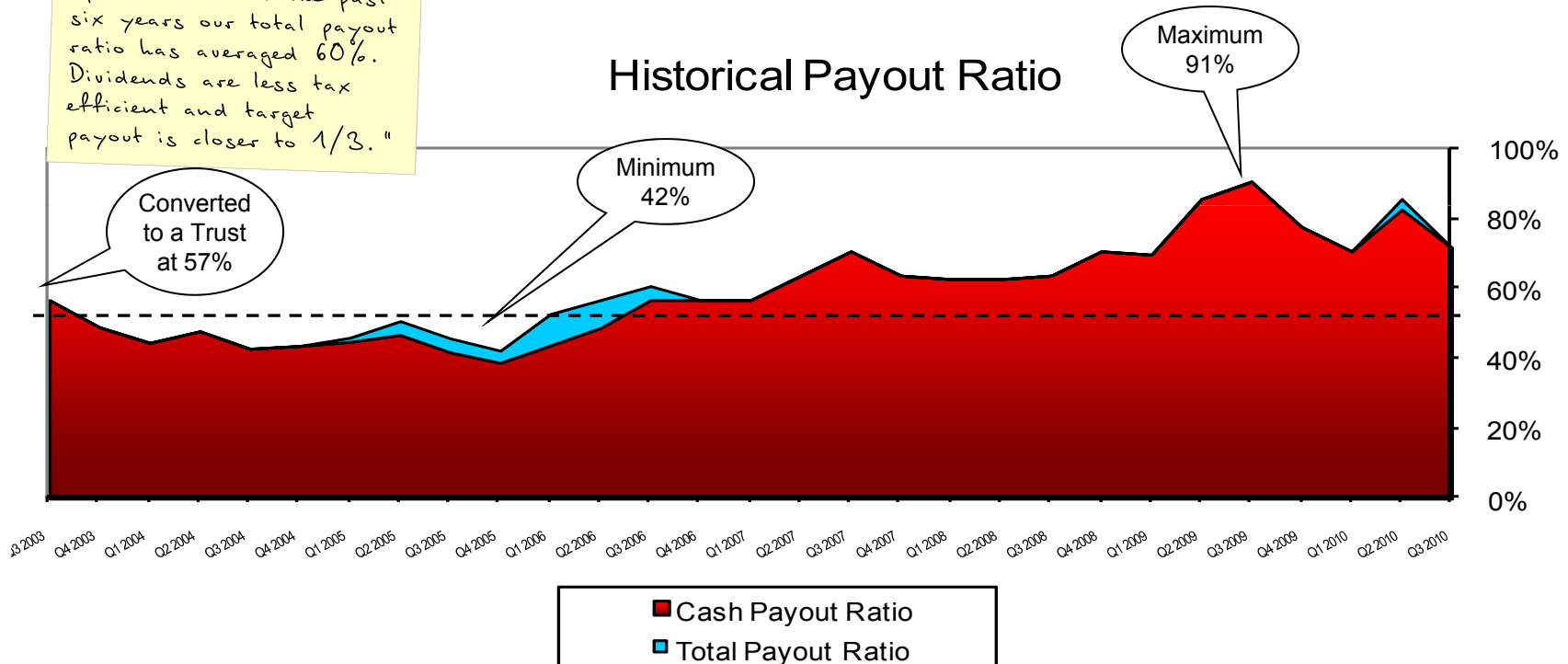
PEYTO



Exploration & Development Corp.

"Our plan as a Trust was to payout roughly 50% of the funds from operations. Over the past six years our total payout ratio has averaged 60%. Dividends are less tax efficient and target payout is closer to 1/3."

Historical Payout Ratio



Historical Per Unit and Units Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split
Total Payout Ratio is prior to Distribution Re-investments

Successful Hedging Strategy

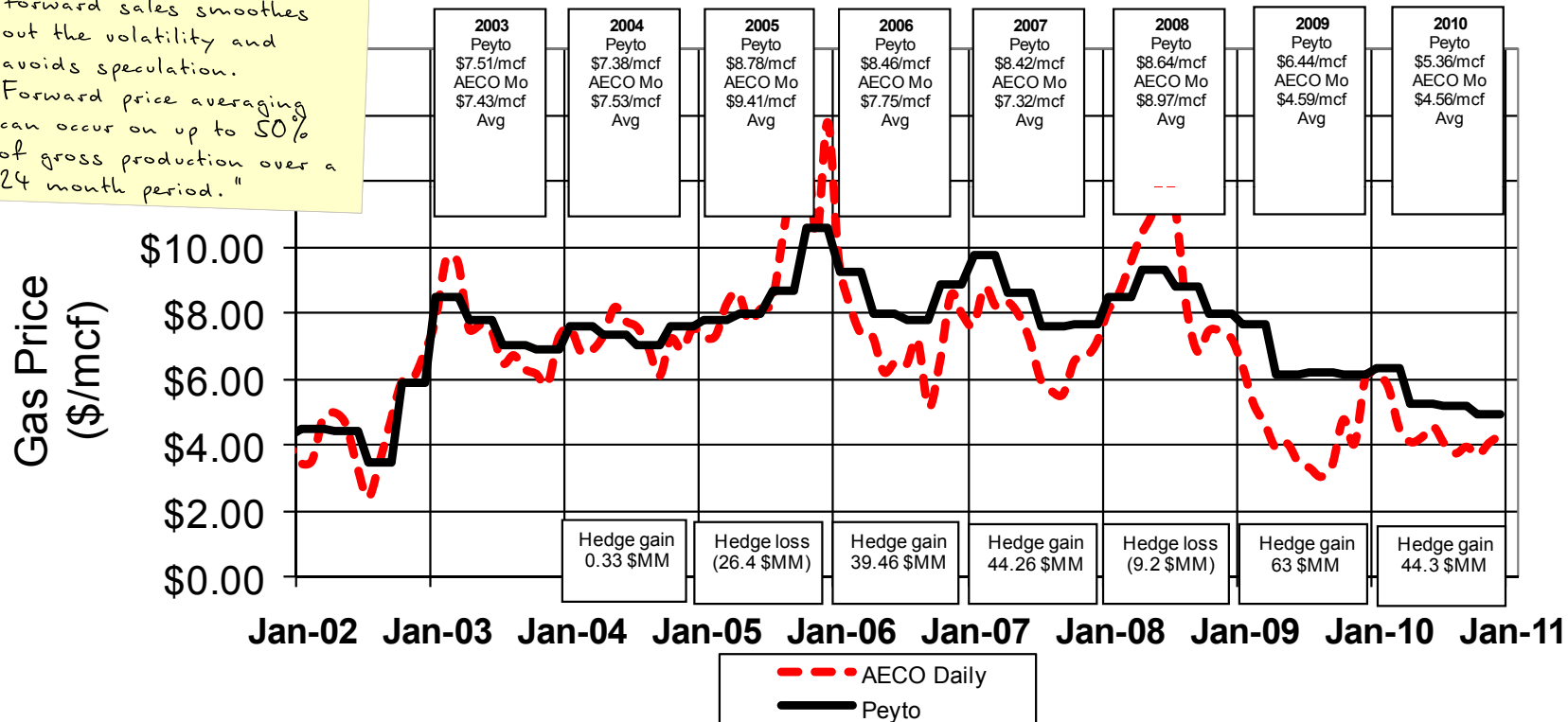
Peyto Realized Price History

PEYTO



Exploration & Development Corp.

"The "dollar cost averaging" approach to our forward sales smoothes out the volatility and avoids speculation. Forward price averaging can occur on up to 50% of gross production over a 24 month period."



Peyto's 2010 Reserves

Volumes



| Category | Sales Gas (BCF) | Natural Gas Liquids & Oil (Mstb) | BOE's(Mstb) |
|--------------------------|--------------------|--|----------------|
| Proven Producing | 568 | 15,959 | 110,620 |
| Proven Non-Producing | 12 | 305 | 2,236 |
| Proven Undeveloped | 350 | 8,595 | 66,846 |
| Total Proven | 929 | 24,859 | 179,701 |
| Probable Additional | 424 | 9,255 | 79,977 |
| Proved + Probable | 1,353 | 34,113 | 259,678 |

InSite Petroleum Consultants (formerly Paddock Lindstrom & Associates) February 2011 Reserve Report (effective: December 31, 2010)

Peyto's 2010 Reserves

Before Tax Net Present Value



Variable Price Economics

| Category | NPV (millions of CDN dollars) | | | |
|----------------------|-------------------------------|---------|---------|---------|
| | 0% | 5% | 8% | 10% |
| Proven Producing | \$4,503 | \$2,363 | \$1,821 | \$1,582 |
| Proven Non-Producing | \$ 92 | \$ 37 | \$ 24 | \$ 18 |
| Proven Undeveloped | \$2,198 | \$1,004 | \$ 678 | \$ 532 |
| Total Proven | \$6,793 | \$3,404 | \$2,523 | \$2,132 |
| Probable Additional | \$3,146 | \$1,334 | \$ 897 | \$ 711 |
| Proven + Probable | \$9,939 | \$4,738 | \$3,420 | \$2,843 |

InSite Petroleum Consultants (formerly Paddock Lindstrom & Associates) February 2011 Reserve Report (effective: December 31, 2010)

Advisory

Regarding Forward-Looking Statements

PEYTO



Exploration & Development Corp.

This presentation contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this presentation contains forward looking statements and information concerning Peyto Energy Trust ("Peyto") production; reserves, resources and gas in place; undeveloped land holdings; reserve life index; product mix; business strategy; future development and growth prospects, profile targets and rates; prospects; asset base; tax pools; drilling locations and inventory, down-spacing potential; exploration risk; access to capital; future cash flow, value, debt levels and debt to cash flow; capital investment and expenditure programs and the funding thereof; anticipated cash-on-cash yield; net asset value; credit facility; and statements with respect to levels of distributions to be paid to unitholders, distribution policy, and the timing of payment of such distributions.

The forward-looking statements and information are based on certain key expectations and assumptions made by Peyto, including expectations and assumptions concerning prevailing commodity prices and exchange rates, applicable royalty rates and tax laws; future well production rates; reserve and resource volumes; the performance of existing wells; the success obtained in drilling new wells; and the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of labour and services. Although Peyto believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward looking statements and information because Peyto can give no assurance that they will prove to be correct.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to reserves, resources, production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Peyto are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). The forward-looking statements and information contained in this presentation are made as of the date hereof and Peyto undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

The information contained in this presentation does not purport to be all-inclusive or to contain all information that a prospective investor may require. Prospective investors are encouraged to conduct their own analyses and reviews of Peyto and of the information contained in this presentation. Without limitation, prospective investors should consider the advice of their financial, legal, accounting, tax and other advisors and such other factors that they consider appropriate in investigating and analyzing Peyto.

Reserves

The recovery and reserve estimates of Peyto's crude oil, natural gas liquids and natural gas reserves provided in the presentation are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas liquids and natural gas reserves may be greater than or less than the estimates provided herein.

Barrels of Oil Equivalent

"Boe" means barrel of oil equivalent on the basis of 1 boe to 6,000 cubic feet of natural gas. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 1 boe for 6,000 cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Original Gas in Place

Original gas in place includes both discovered and undiscovered resources, and there is no certainty that any portion of the undiscovered resources will be discovered and, if discovered, that any volumes will be economically viable or technically feasible to recover or produce. Original gas in place also includes volumes that have already been produced from such accumulations. Readers should not unduly rely upon estimates of original gas in place in terms of assessing the combined company's reserves or recoverable resources.