

2011 -



2003 - 2010



1998 - 2003

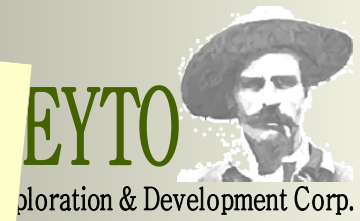
TSX: PEY
132.8 million shares outstanding
Monthly Dividend \$0.06/share

February 2011
www.Peyto.com

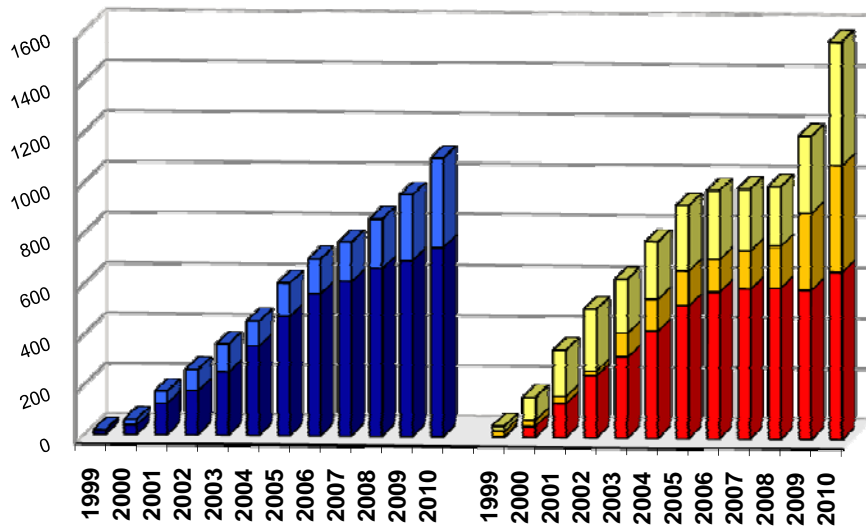
The Peyto Strategy

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."

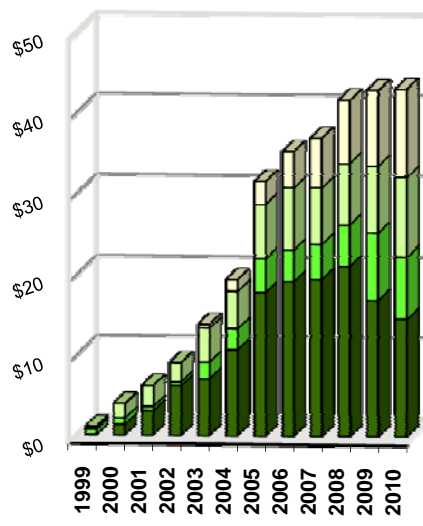


Prospect Generation

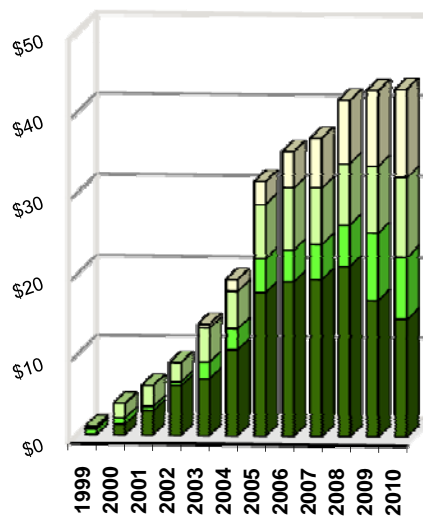


■ Gross Drilled Wells ■ Booked Future Locations ■ PDP ■ TP ■ P+P

Reserves Growth (BCFe)

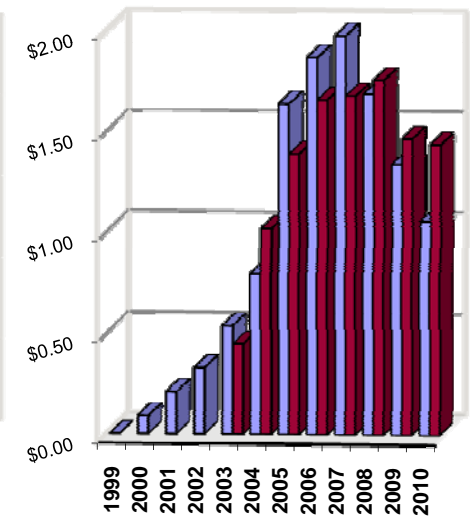


NAV Growth (NPV₅ Debt Adj/Unit)



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

Profit Sharing



■ 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

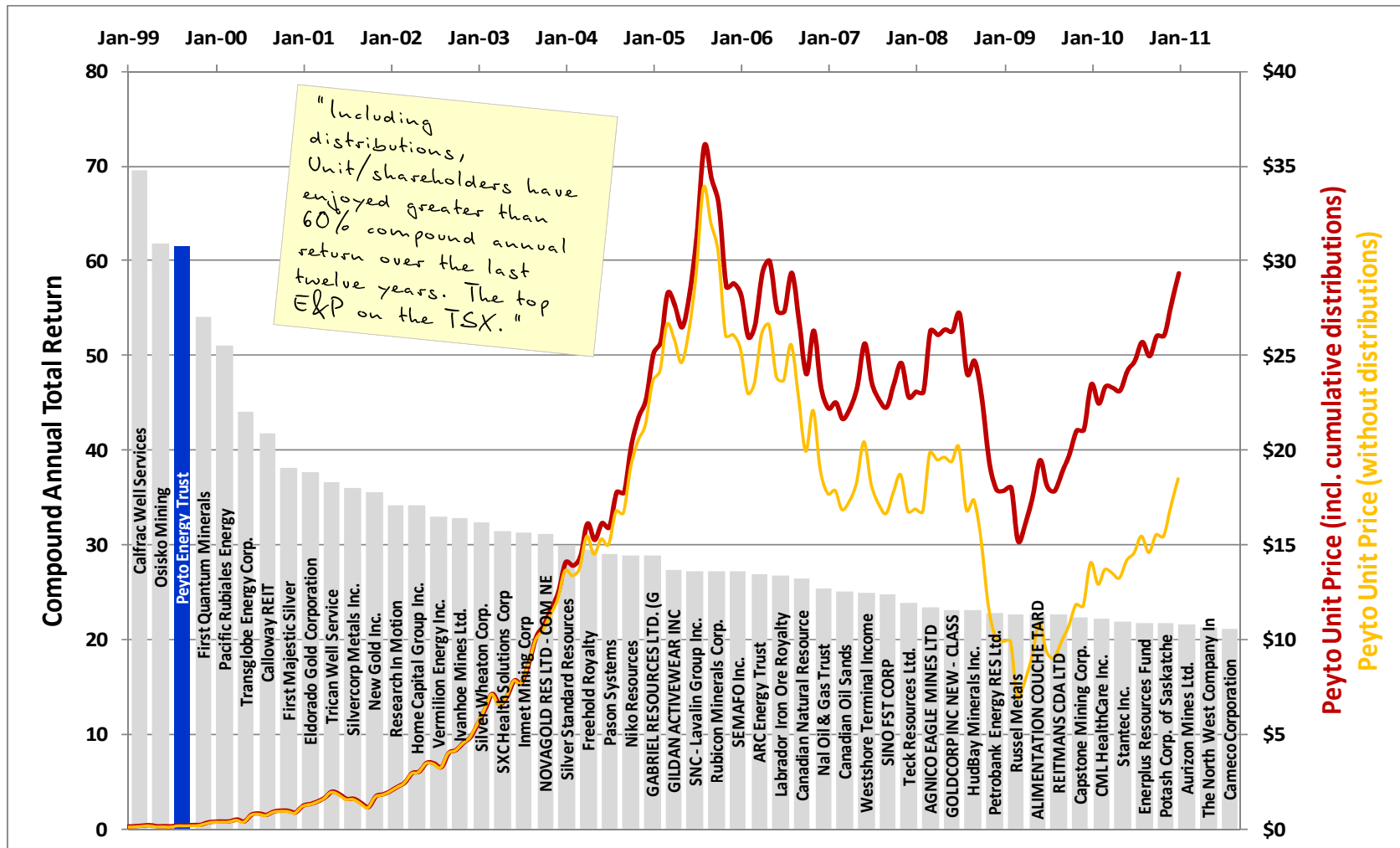
The Peyto Strategy

Largest 12 year return of any E&P on TSX

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Exploration & Development Corp.



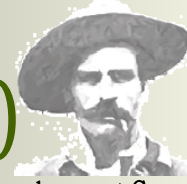
Source: BMO Capital Markets – Dec 31, 1998 to Dec 31, 2010

We Invest In Ourselves

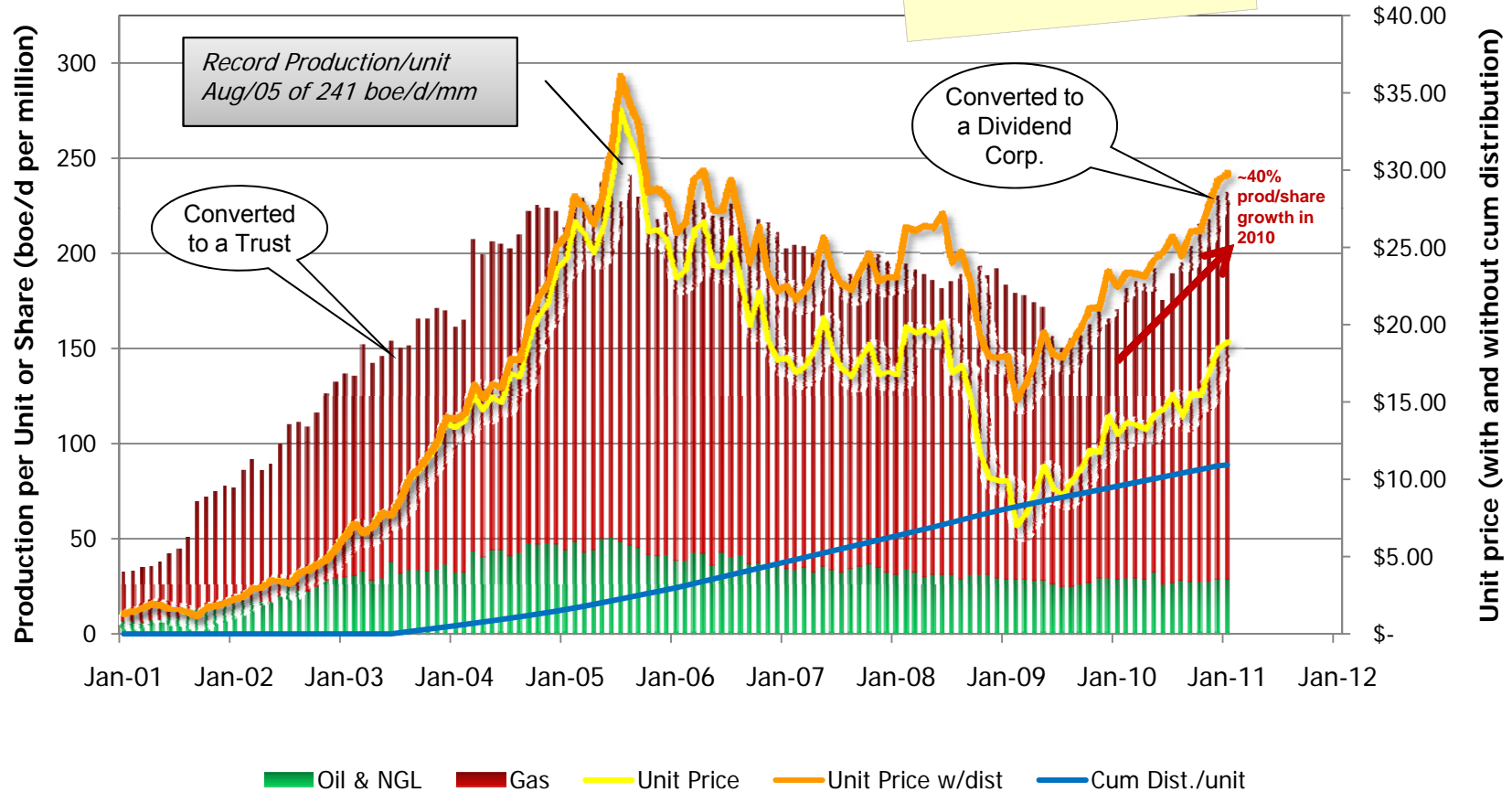
2010 Production growth per Unit/Share

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

LEYTO



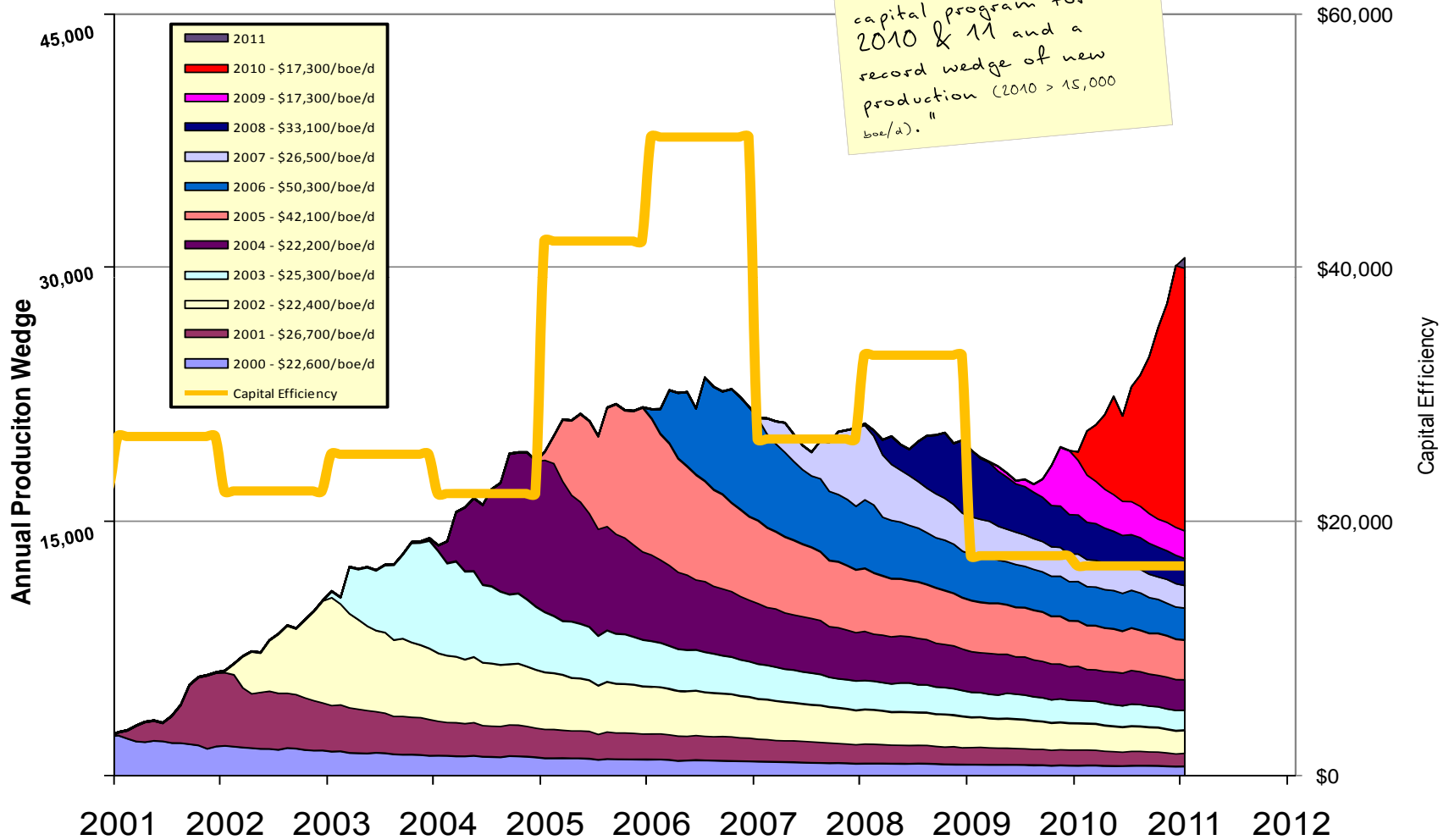
Corporation & Development Corp.



Improved Capital Efficiency

Record Annual Production Wedge

"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)."



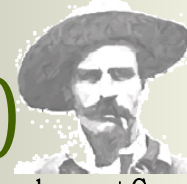
* Capital Efficiency is the cost to add new production measured at Dec 31 each year. Example: In 2010 Peyto invested \$261MM to build 15,100 boe/d for a capital efficiency of \$17,300/boe/d.

Improving Margins

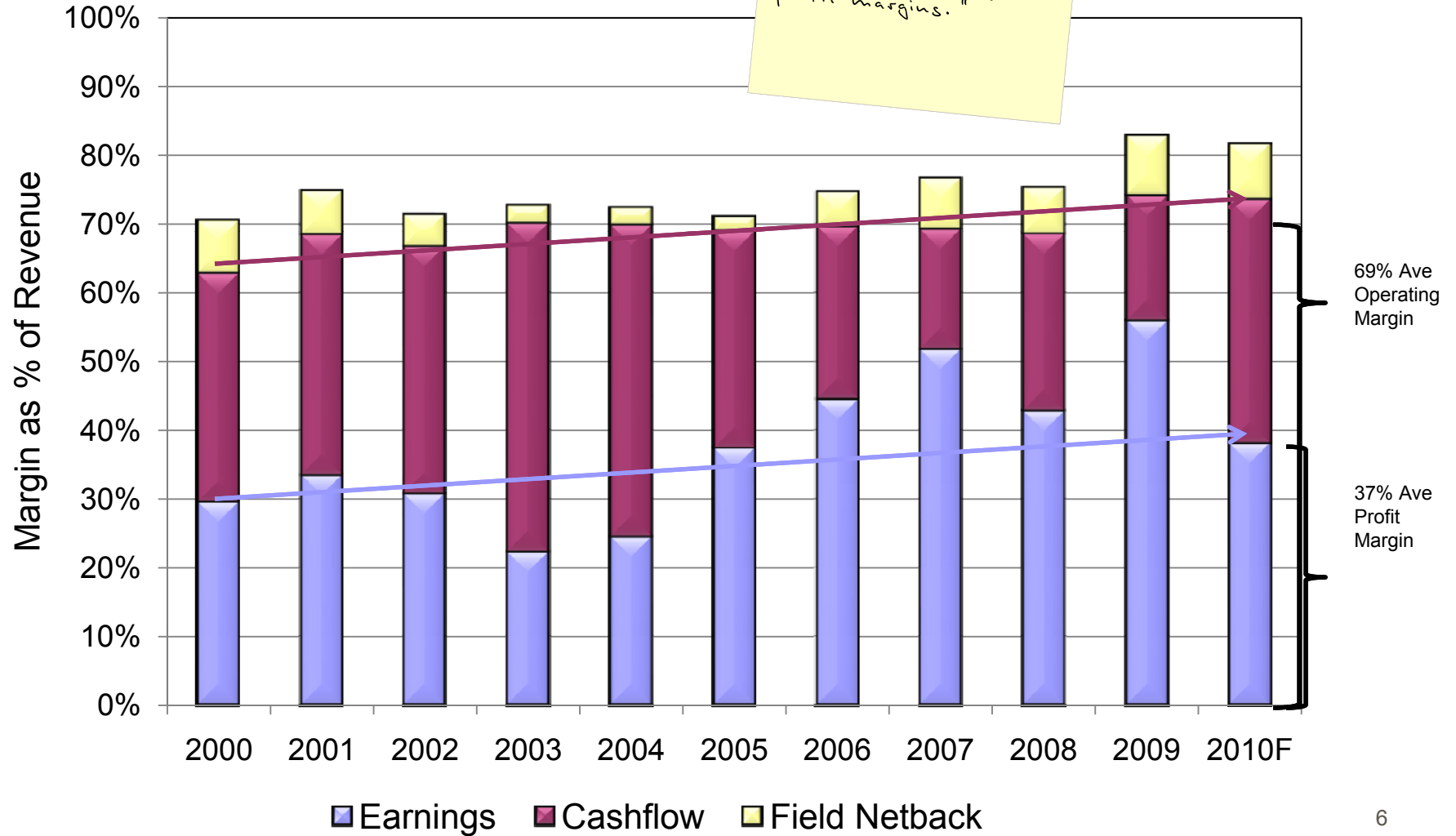
High Profit and Operating Margins

PEYTO

Exploration & Development Corp.



"It is Peyto's efficiency and focus on profitability that drives such high operating and profit margins."



Why Own Peyto Today?

All the same reasons as before



- **Predictable, Repeatable Results**

- ✓ Low risk exploration and development
- ✓ Geographic focus, large inventory of opportunities
- ✓ Production 98% Peyto operated, 98% Peyto processed

"We have always focused on generating the maximum returns with a low cost structure, our growth is a byproduct of those good returns."

- **Proven Lowest Cost Producer**

- ✓ All costs, including F&D, Royalties, Operating, Transportation, G&A, Interest
- ✓ Allows for counter-cyclical investment approach
- ✓ Profitable in all parts of the commodity cycle
- ✓ Low costs drive long producing life, high value

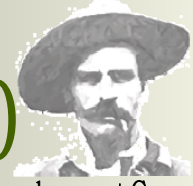
- **Greatest Total Return**

- ✓ Return driven – ROCE, ROE, IRR
- ✓ Shareholder return a combination of growth/unit + distribution/dividend

Predictable, Repeatable Results

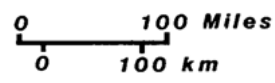
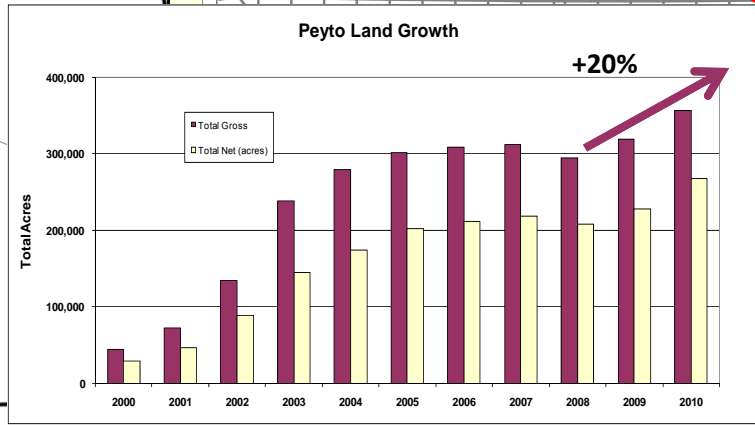
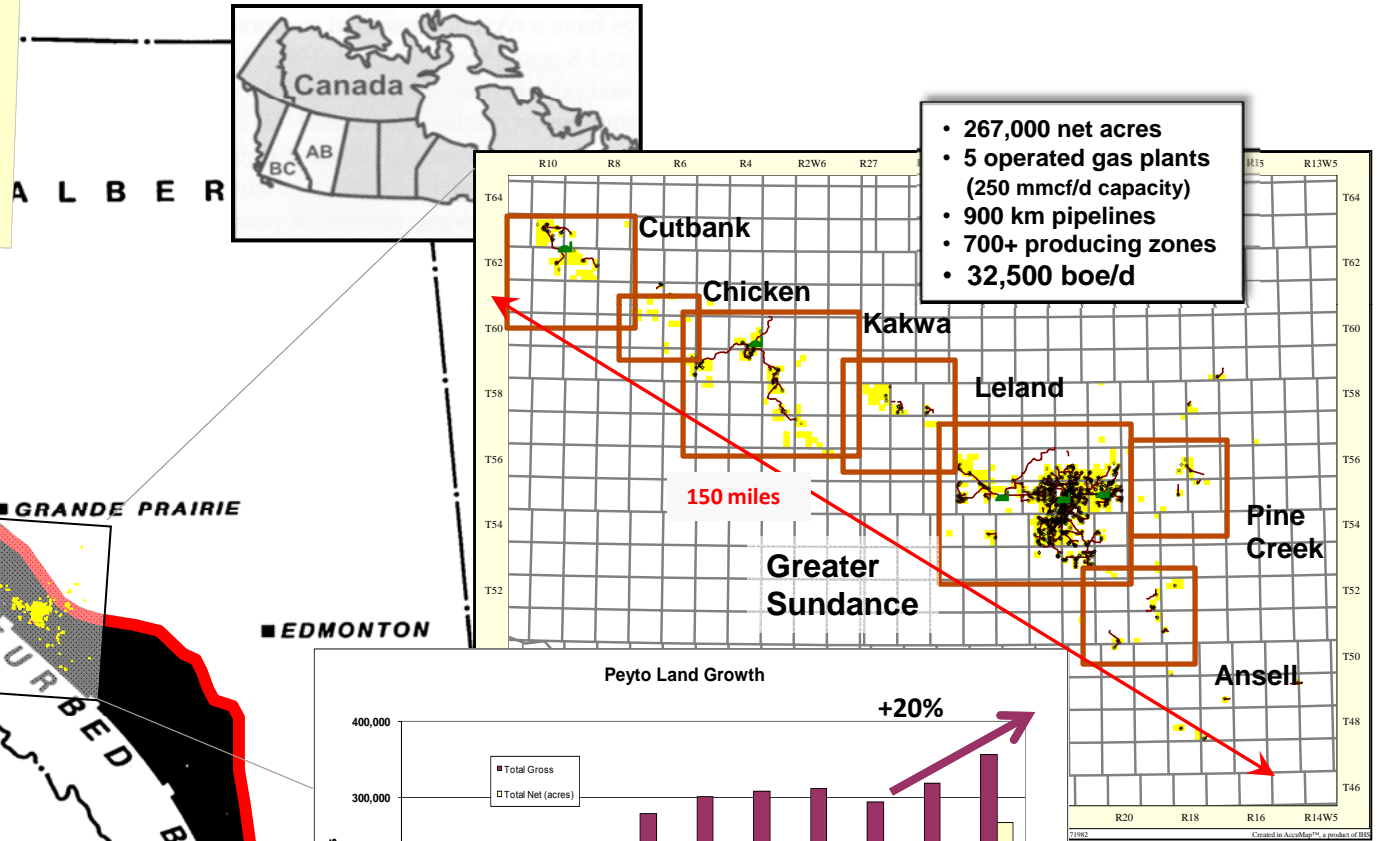
Geographically Focused Core Areas

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"Peyto's land base expanded by almost 20% in 2010, in order to keep up with an increased capital program and growing activity levels."



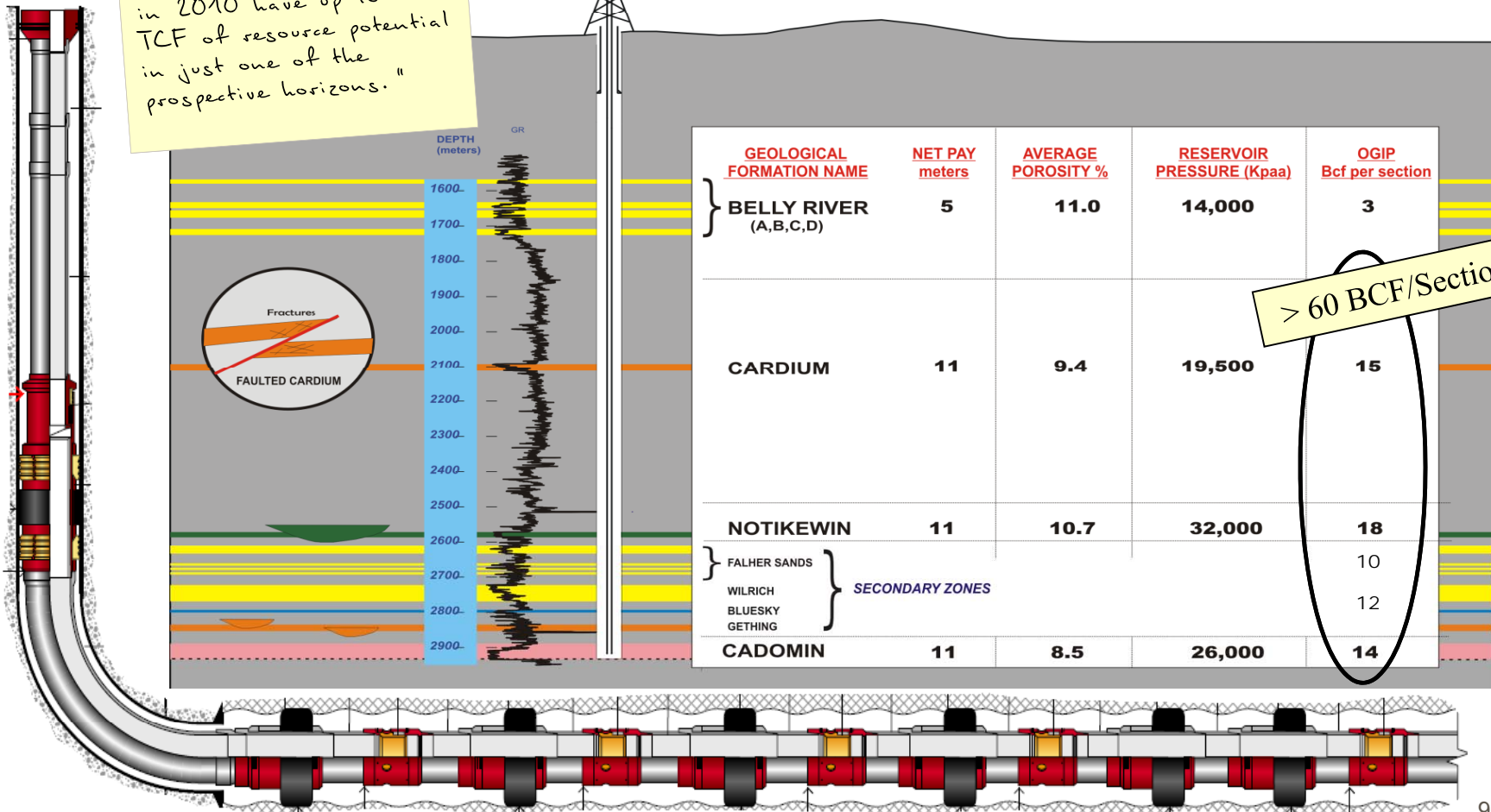
Predictable, Repeatable Results

Tight Gas Resource Plays



"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



Predictable, Repeatable Results

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

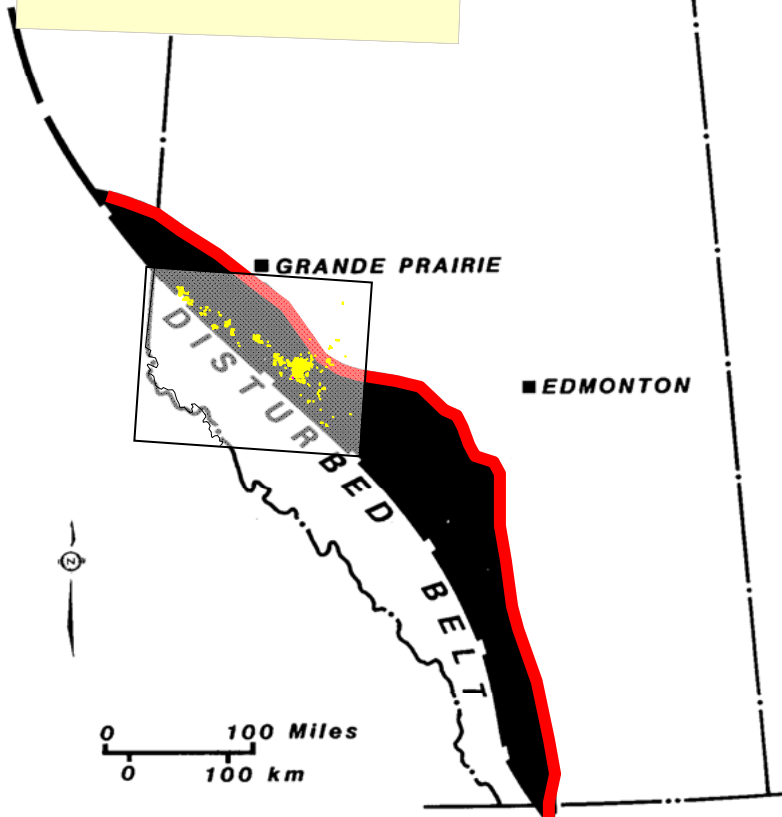
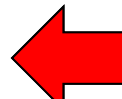
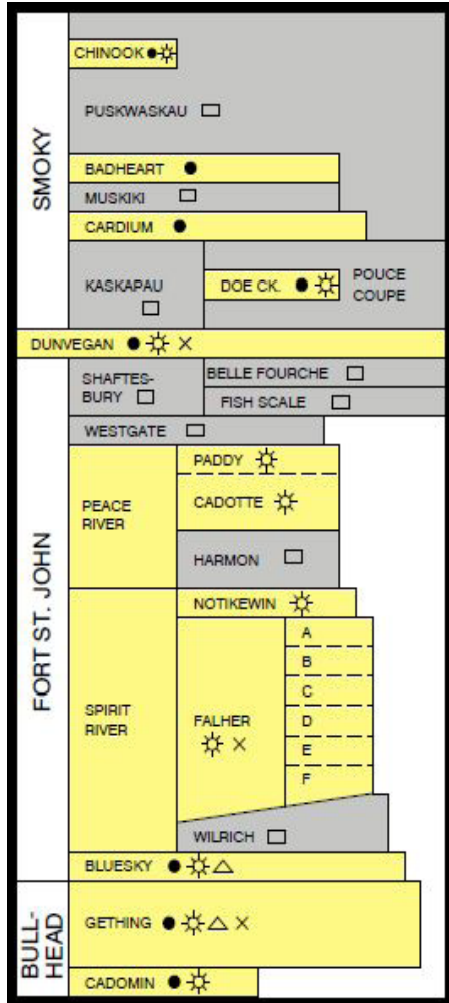
70 locations

72 locations

165 locations

6 locations

458 locations!

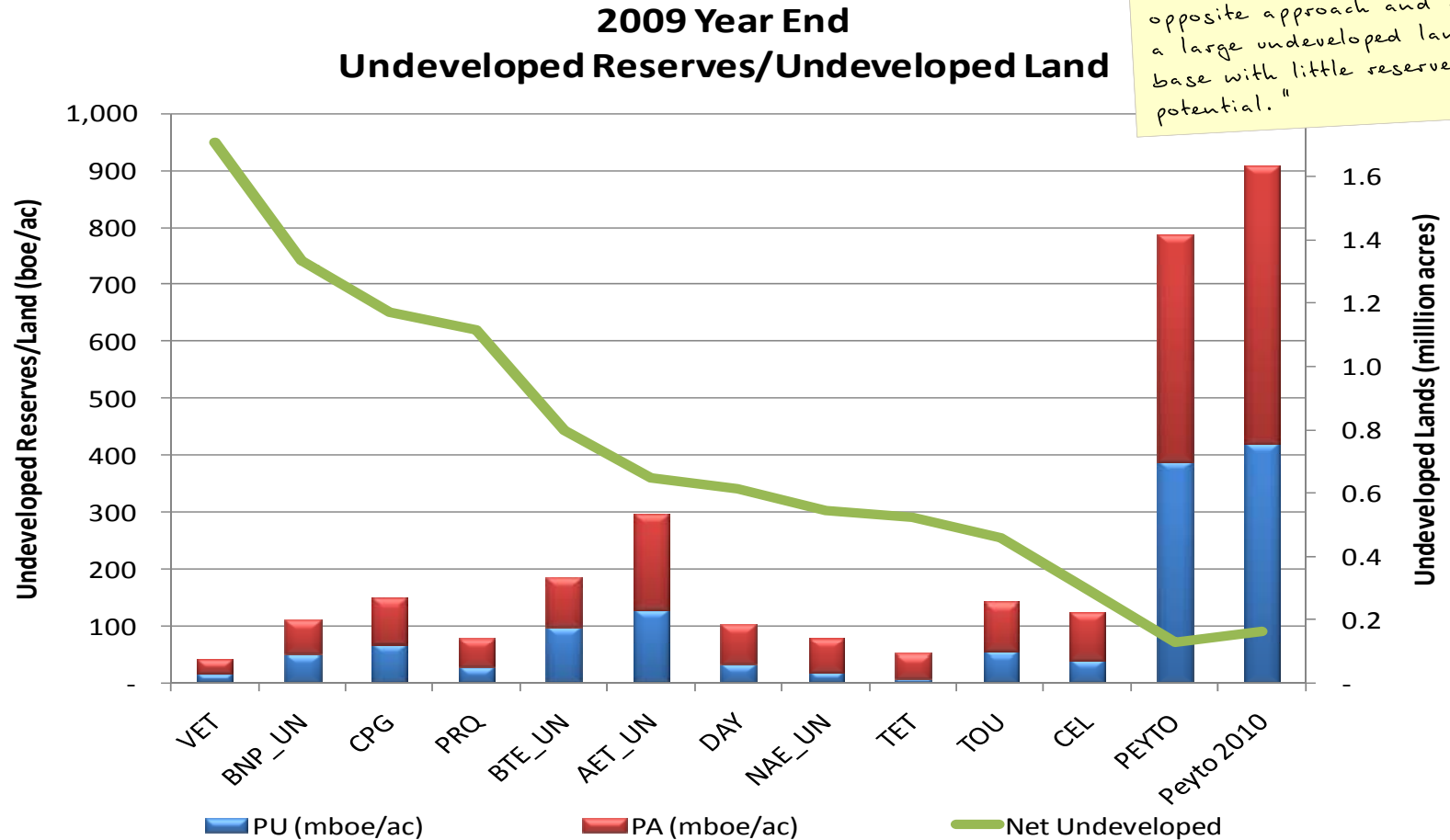


*Over 300 of these locations are recognized in the IPC (formerly PLA) independent reserve report dated Dec. 31, 2010

Predictable, Repeatable Results

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."



Source: company AIFs

Predictable, Repeatable Results

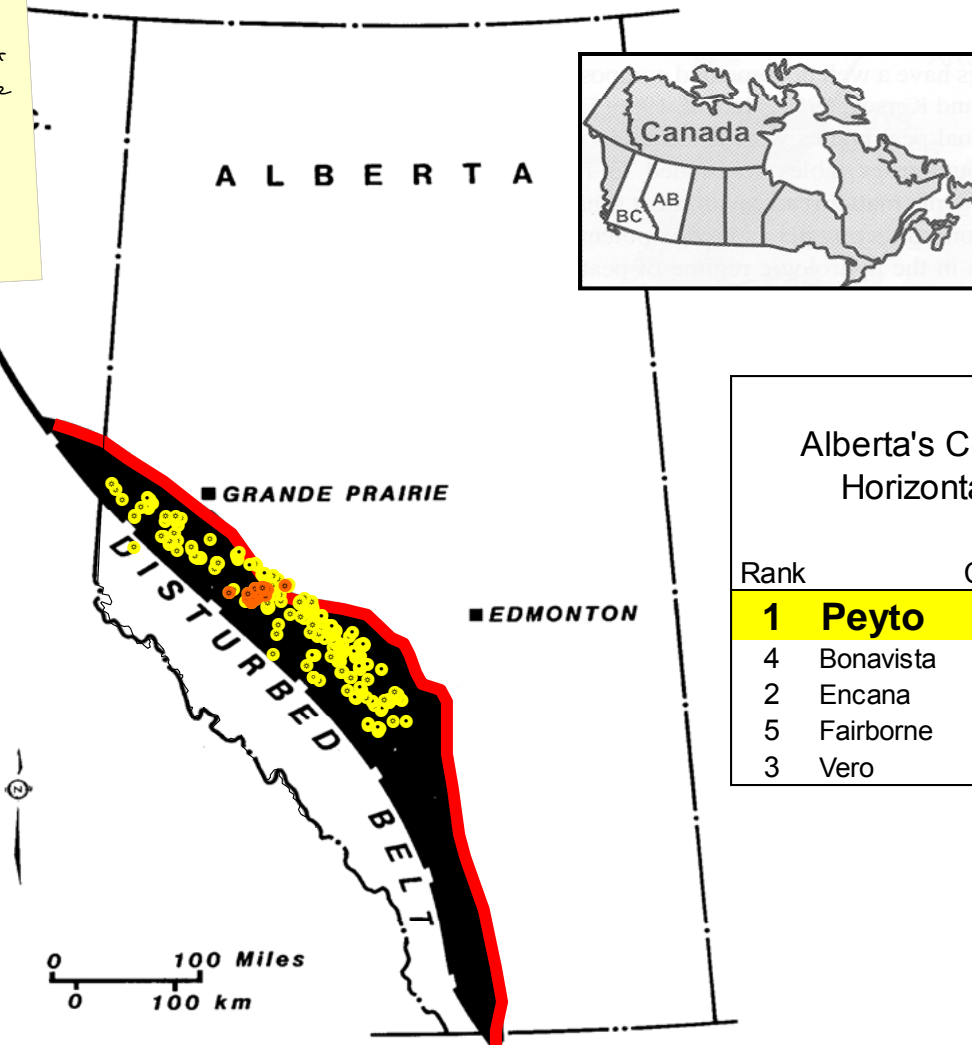
HZ wells on Production Last 12 months

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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 (Since Jan 2010)
1	Peyto	32
4	Bonavista	22
2	Encana	16
5	Fairborne	11
3	Vero	10

*Horizontal MSF gas wells on production between Oct 2009 – Oct 2010

Why Own Peyto Today?

All the same reasons as before

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● Predictable, Repeatable Results

- ✓ Low risk exploration and development
- ✓ Geographic focus, large inventory of opportunities
- ✓ Production 98% operated, 98% processed

"As low cost producer we have a significant advantage over others in the same business and it insulates us from the volatility in commodity prices."

● Proven Lowest Cost Producer

- ✓ All costs, including F&D, Royalties, Operating, Transportation, G&A, Interest
- ✓ Allows for counter-cyclical investment approach
- ✓ Profitable in all parts of the commodity cycle
- ✓ Low costs drive long producing life, high value

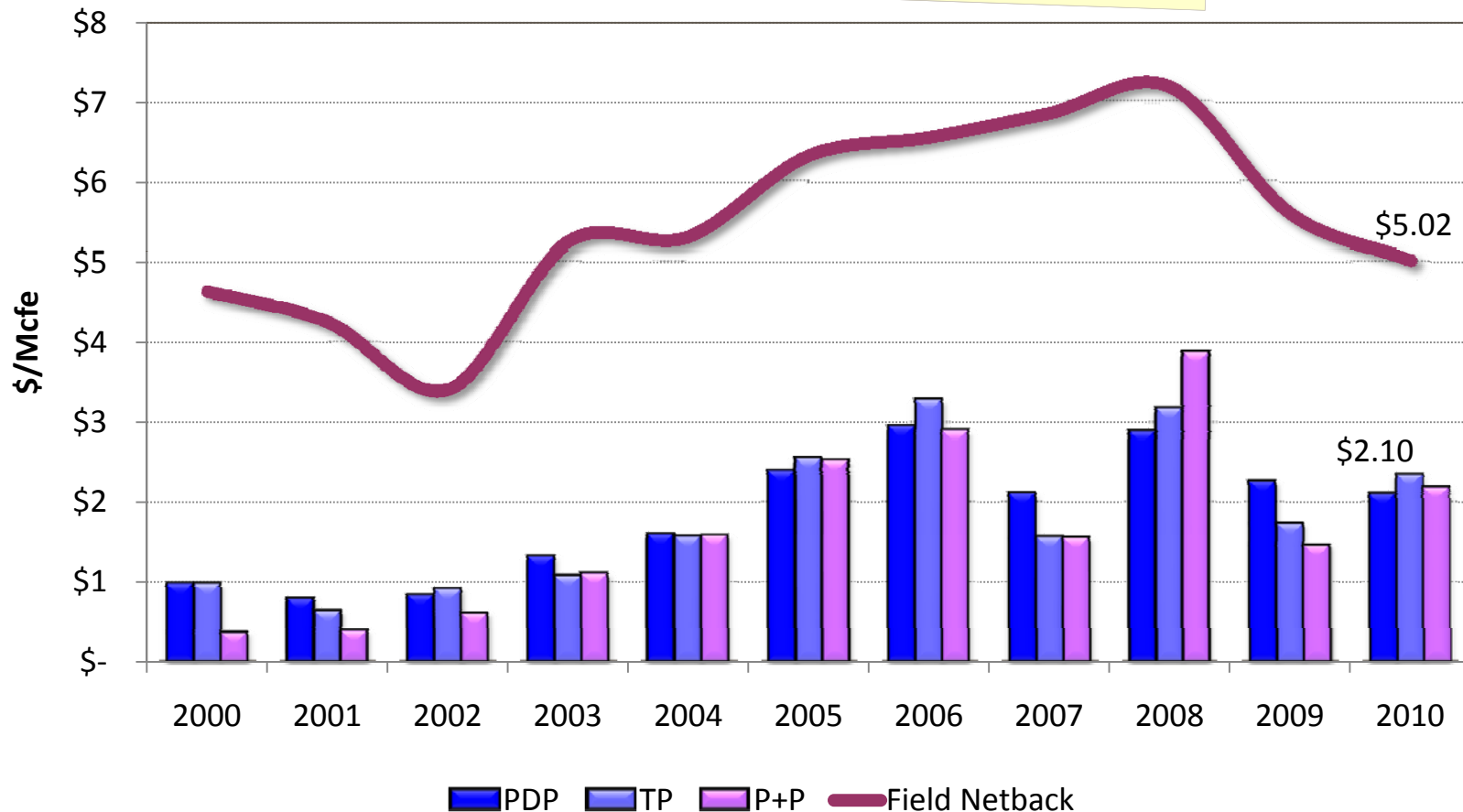
● Greatest Total Return

- ✓ Return driven – ROCE, ROE, IRR
- ✓ Shareholder return a combination of growth/unit + distribution/dividend

Low Cost Producer

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."

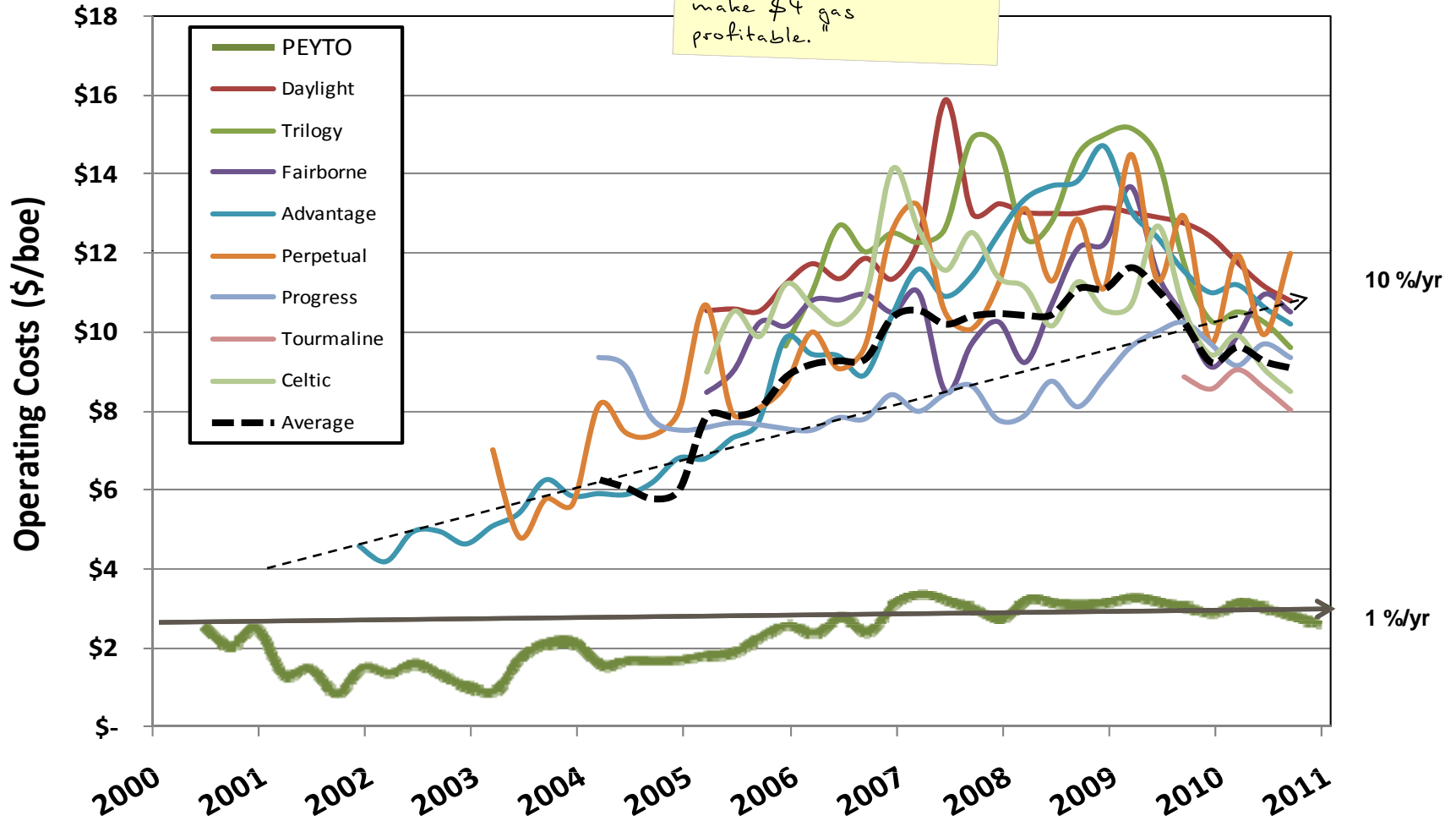


*FD&A costs include all capital expenditures and changes in Future Development Capital
 Field Netback is revenue less royalties, op costs, and transportation

Low Cost Producer

Industry Leading Op Costs

"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

Low Cost Producer

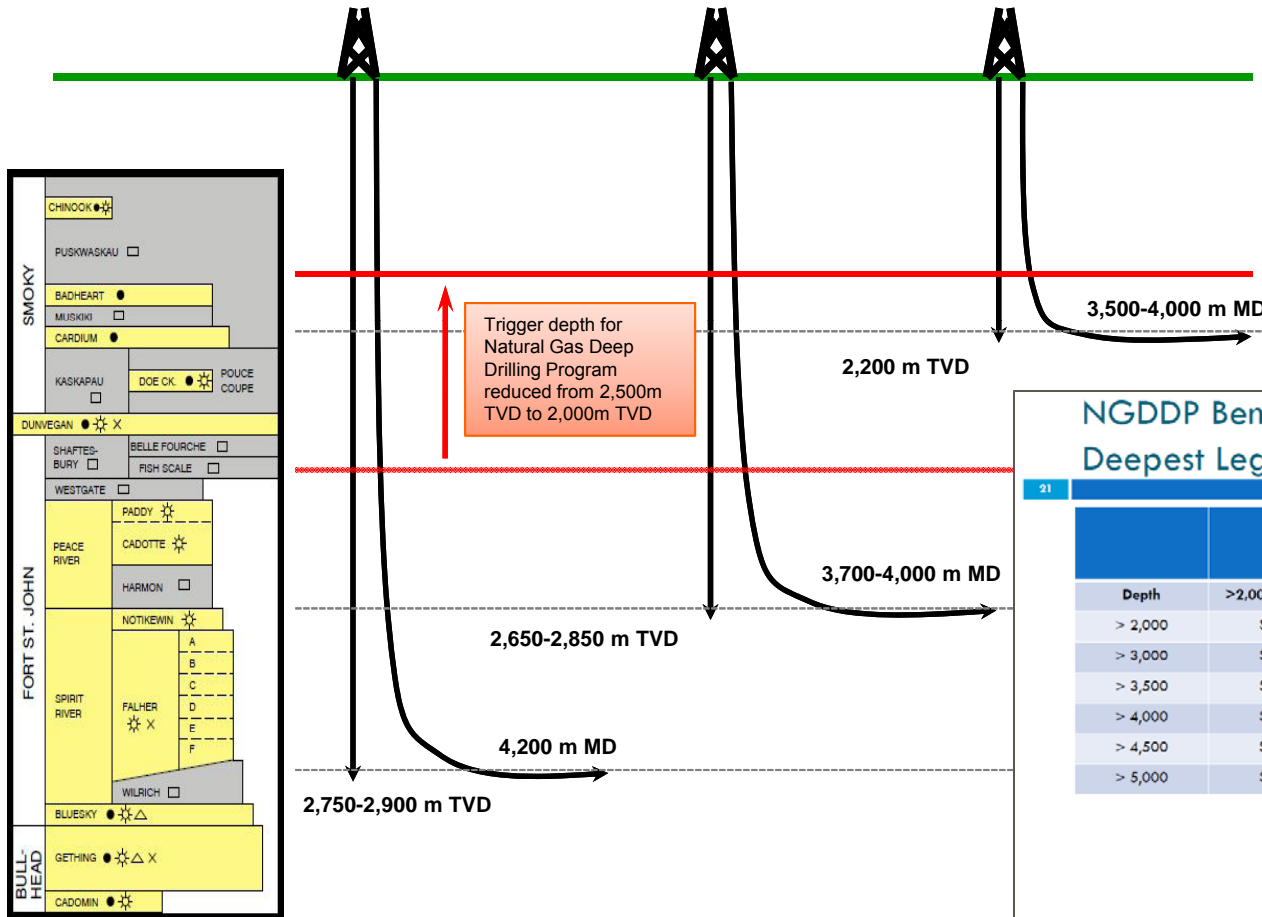
Deep Gas Drilling Royalty Incentives

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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%."



21

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

Alberta

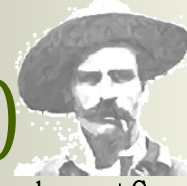
***3,700m Cardium Horizontal Well would receive**
1,500m at \$625/m
+200m at \$2,500/m
\$1,437,500 in royalty credit

Low Cost Producer

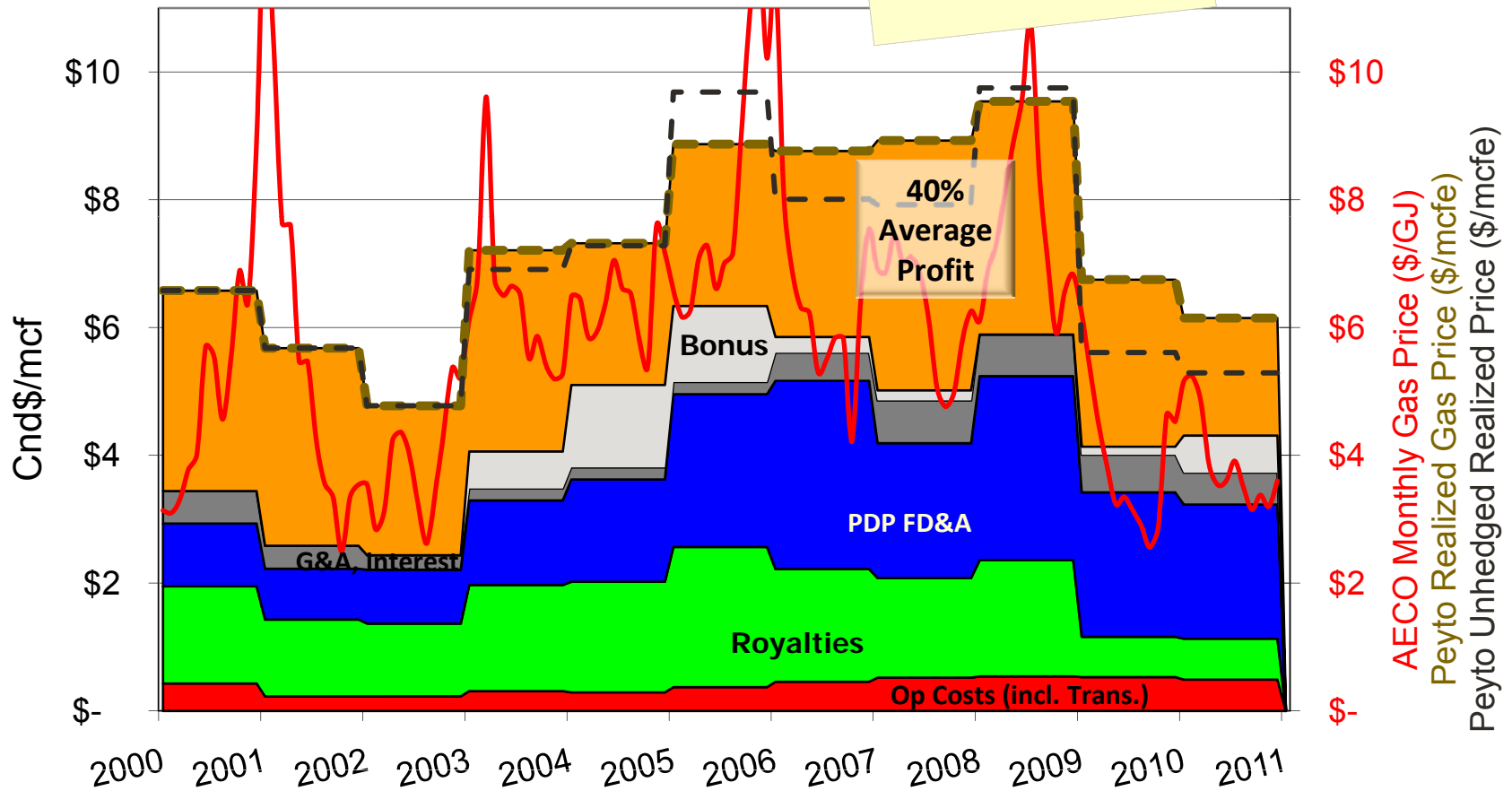
Peyto's Full-Cycle Gas Supply Cost

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

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Low Cost Producer

Who's Profitable

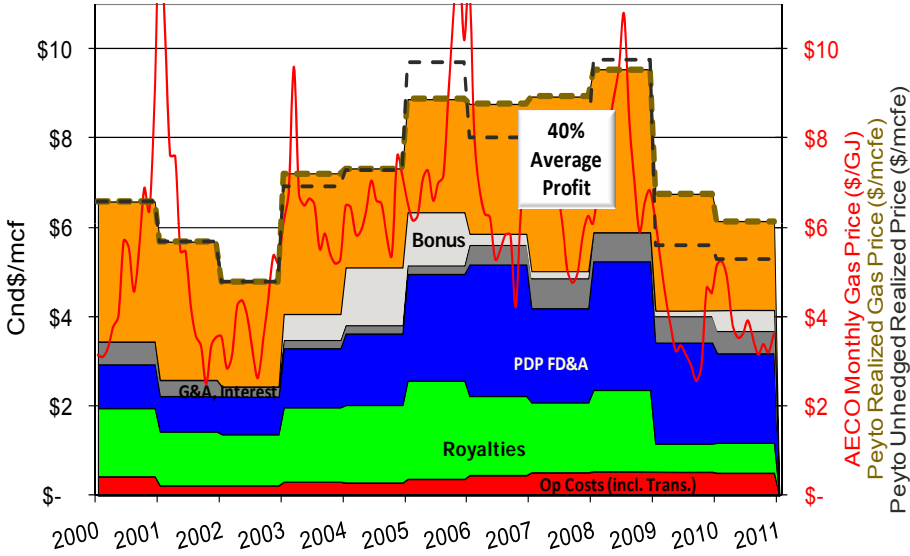
"Ultra Petroleum in the Pinedale field of Wyoming is the only other E&P company to exhibit similar profitability to Peyto."

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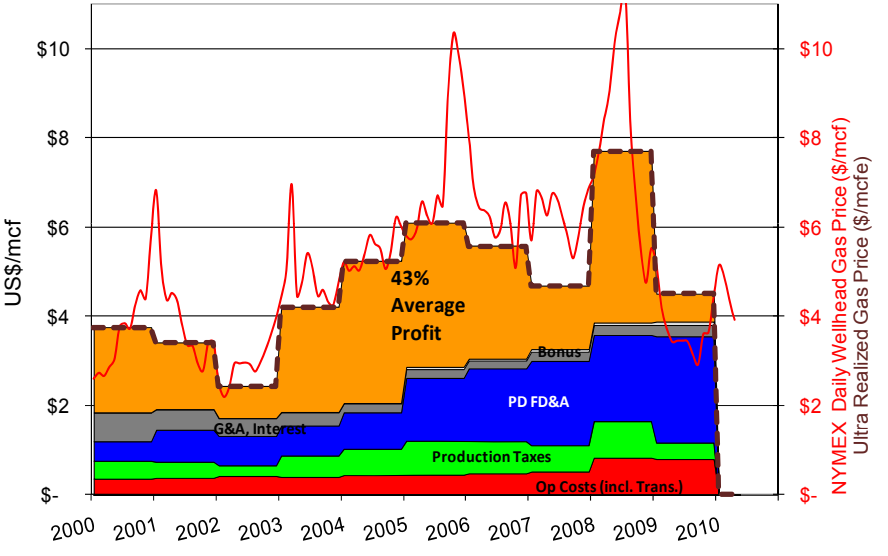


Exploration & Development Corp.

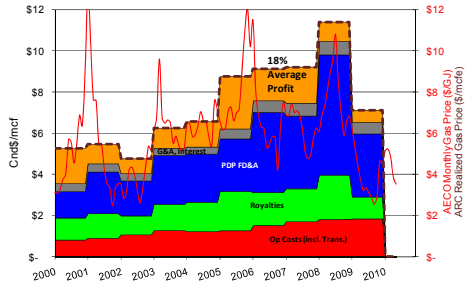
Peyto Ave Profit 2002-2009 = \$2.92/mcfe



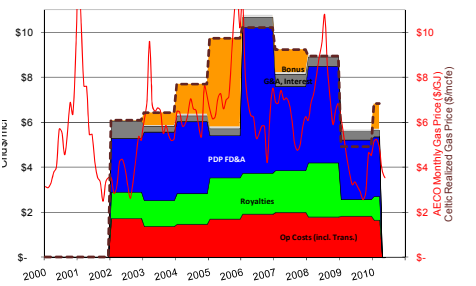
Ultra Pet. Ave Profit 2002-2009 = \$2.79/mcfe



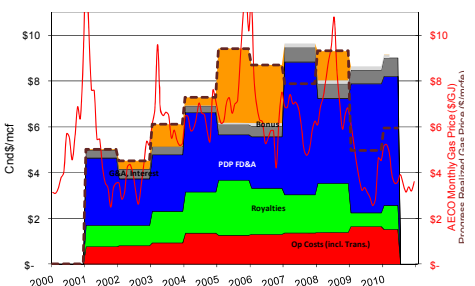
ARC Ave Profit 2002-2009 = \$1.28/mcfe



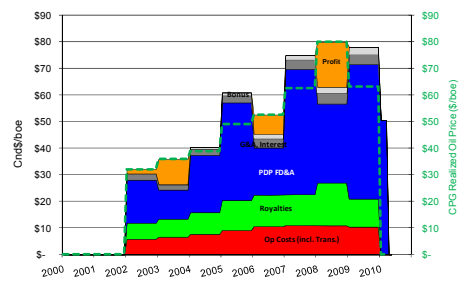
Celtic Ave Profit 2002-2009 = \$0.69/mcfe



Progress Ave Profit 2002-2009 = \$0.42/mcfe



Crescent Point Ave Profit 2002-2009 = (\$0.69)/boe



Low Cost Producer

The New 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

84.8% Gas
15.2% Liquids

Peyto 9mo 2010 Unhedged

\$3.92/GJ (Ave AECO daily)
\$4.57/mcf (16.5% up Peyto realized)
\$27.42/boe (6:1)

\$76/bbl Edm
\$64.70/bbl (Peyto realized)

85% * \$27.42 = \$23.25/boe
15% * \$64.70 = \$9.83/bbl
Peyto unhedged = \$33.08/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 % 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
Peyto unhedged ≈ \$45/boe

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

Jan 7 swaps

73%
Operating
Margin

	Cardium Hztl	Wilrich/Notikewin Hztl
\$38.04	Revenue/boe	\$45.00
(\$ 4.26)	Royalties/boe (13% existing)	(\$ 2.25) (5% new)
(\$ 2.22)	Opex/boe	(\$ 2.35)
(\$ 0.78)	Transport/boe	(\$ 0.70) (Sundance)
\$30.78/boe	Field Netback	\$39.70/boe
(\$ 0.72)	G&A/boe	(\$ 0.75)
(\$ 2.40)	Interest/boe	(\$ 2.45)
\$27.65/boe	Cash Netback	\$36.50/boe
		\$25.45/boe
		\$30.00
		(\$ 1.50) (5% new)
		(\$ 2.35)
		(\$ 0.70)
		\$22.25/boe

75-80%
Operating
Margin

Why Own Peyto Today?

All the same reasons as before

PEYTO

Exploration & Development Corp.



● Predictable, Repeatable Results

- ✓ Low risk exploration and development
- ✓ Geographic focus, large inventory of opportunities
- ✓ Production 98% operated, 98% processed

"A focus on returns is what allows us to create real value for our shareholders."

● Proven Lowest Cost Producer

- ✓ All costs, including F&D, Royalties, Operating, Transportation, G&A, Interest
- ✓ Allows for counter-cyclical investment approach
- ✓ Profitable in all parts of the commodity cycle
- ✓ Low costs drive long producing life, high value

● Greatest Total Return

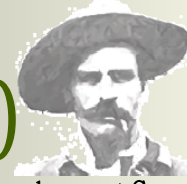
- ✓ Return driven – ROCE, ROE, IRR
- ✓ Shareholder return a combination of growth/unit + distribution/dividend

Greatest Total Return

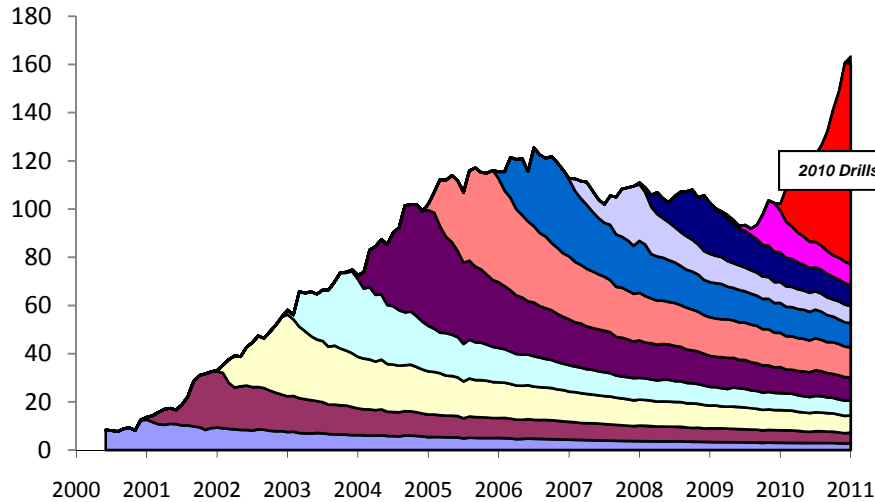
2010 Capital Program

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

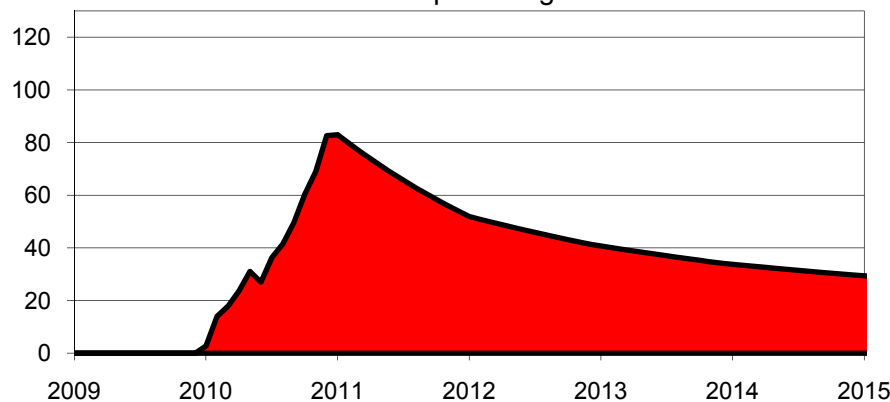
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2010 Capital Program



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

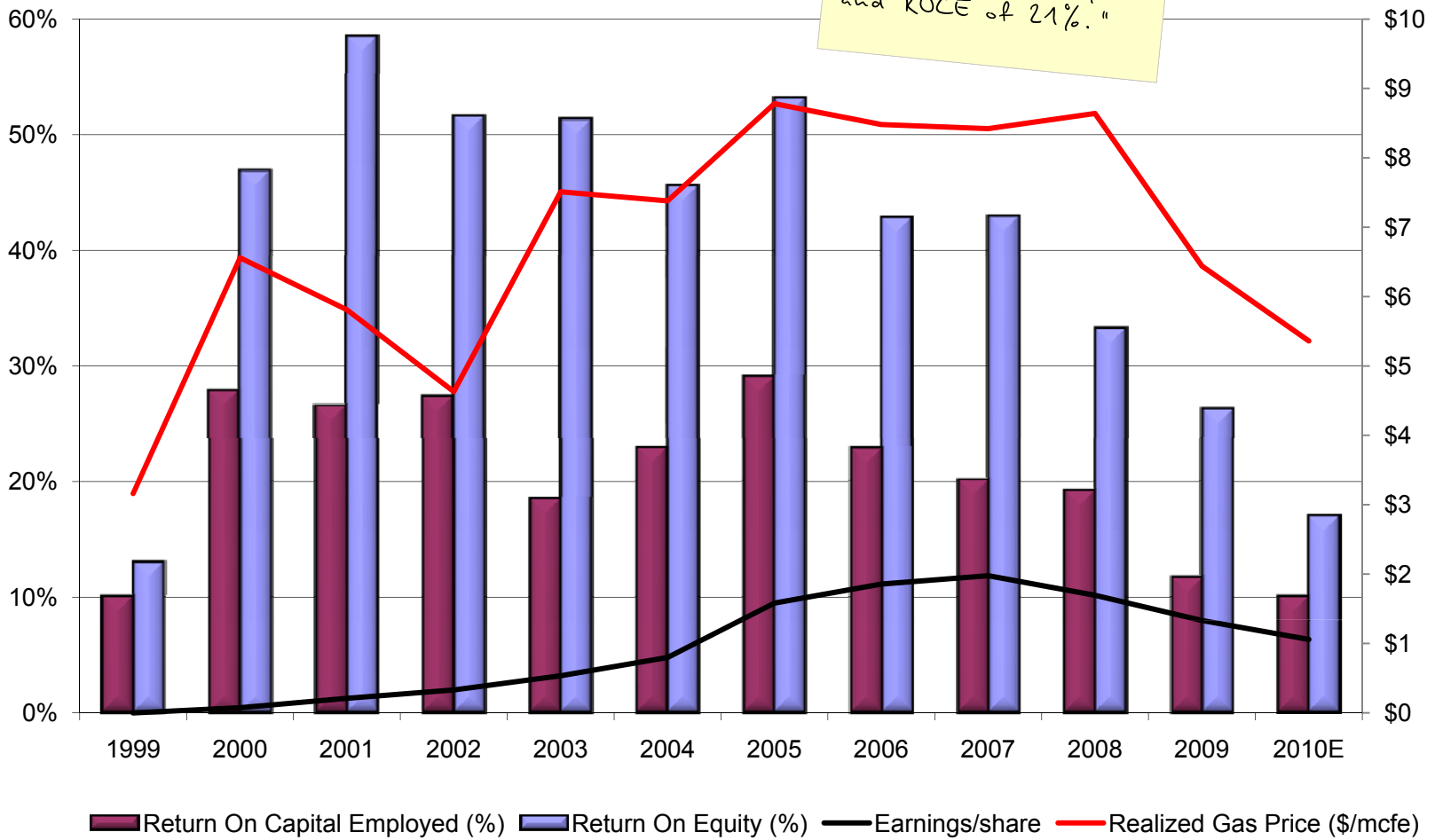
IRR 33%

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.

Greatest Total Return

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%."

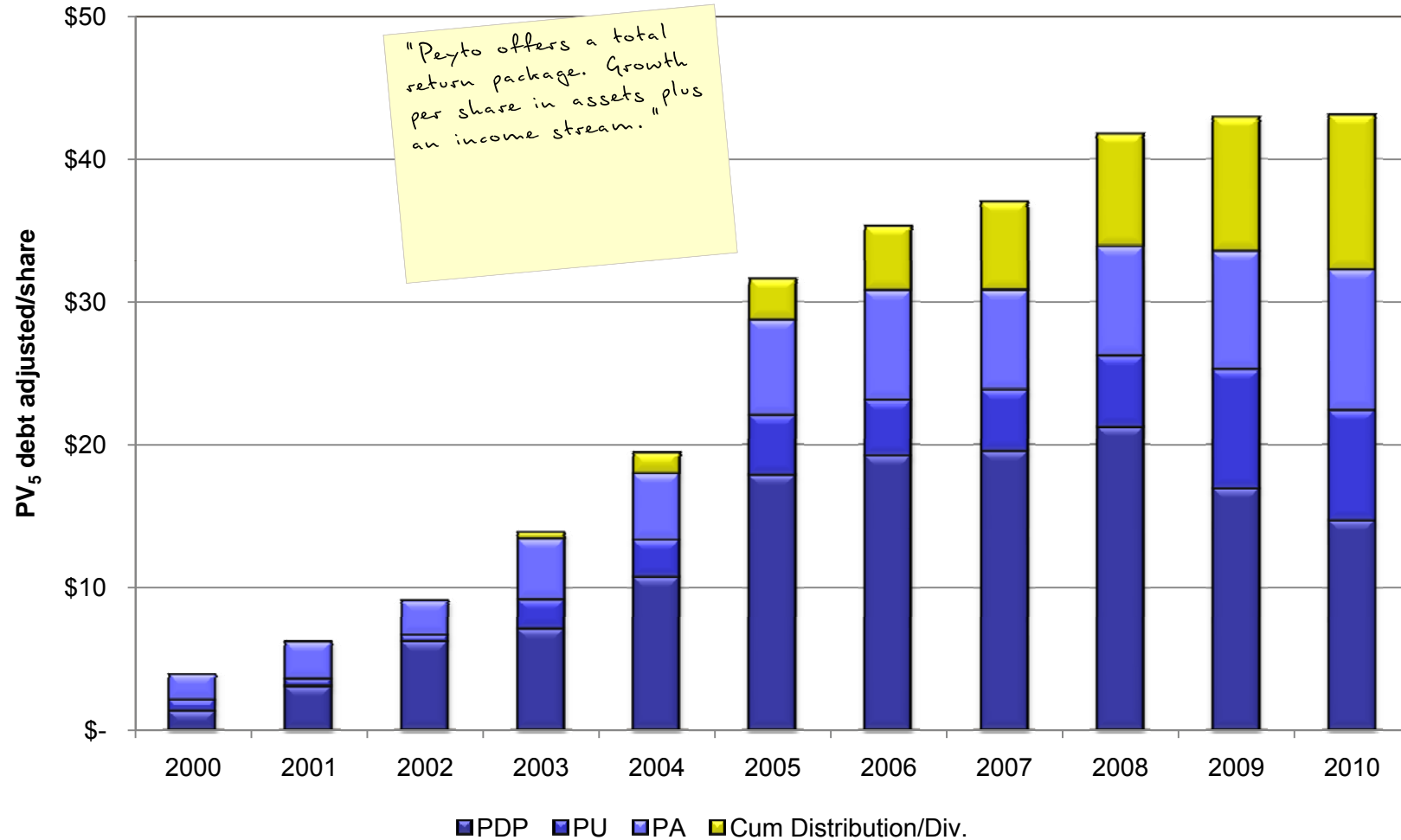


Return on Equity (ROE) is earnings for the period divided by average unitholders equity – reveals how much profit a company generates with the money shareholders have invested

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

Greatest Total Return

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*

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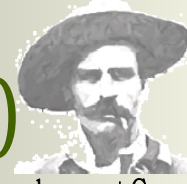
- Capital Expenditures (\$300-\$325 million before DRC)
 - Drill and Re-enter New Gas Locations (90% Hz)
 - Expand Gas Gathering & Processing Capacity
 - Expand Undeveloped Land Base
 - Expand Seismic Database
 - Acquire Additional Opportunities and Partner Interests

2011 Outlook

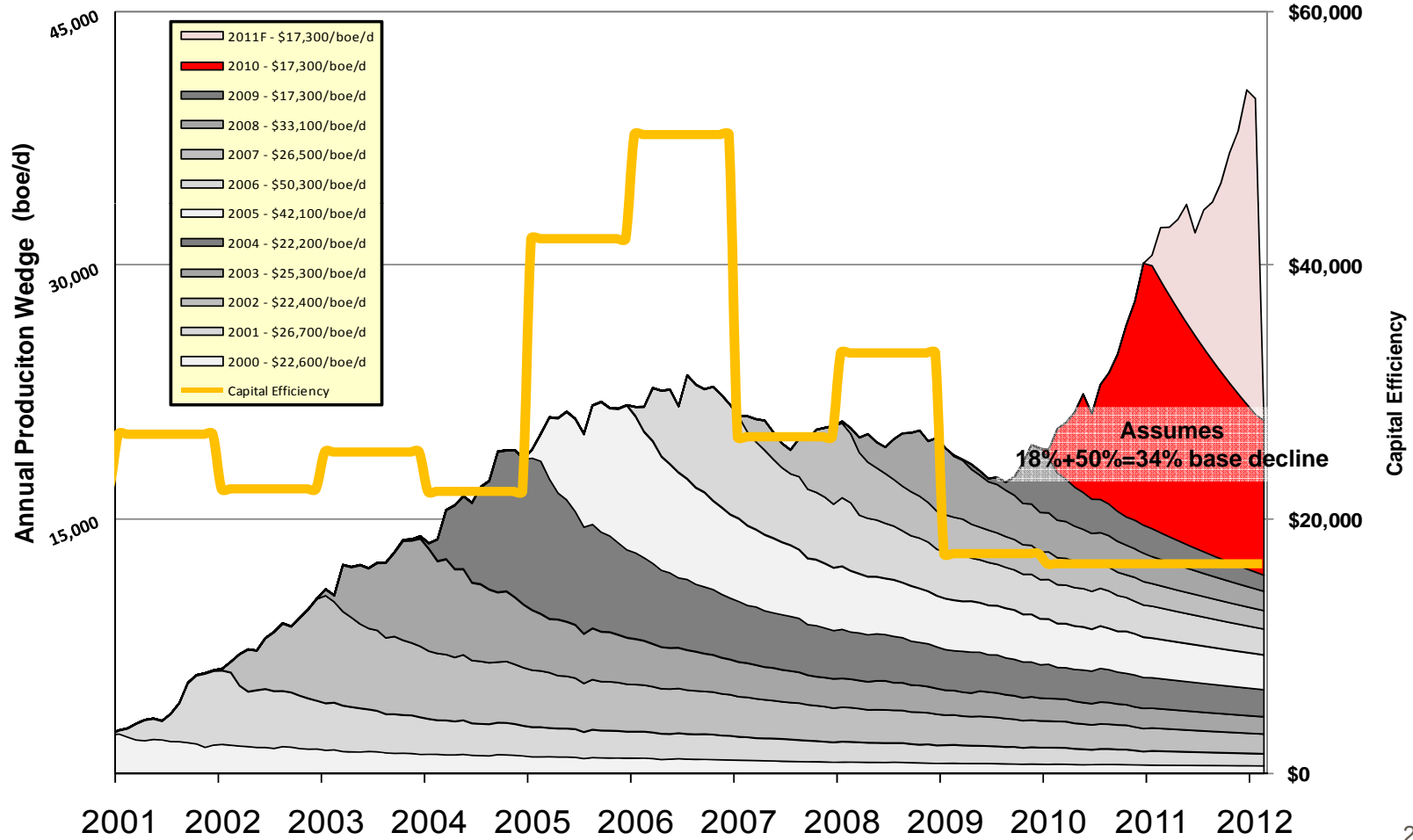
2010 All Over Again?

"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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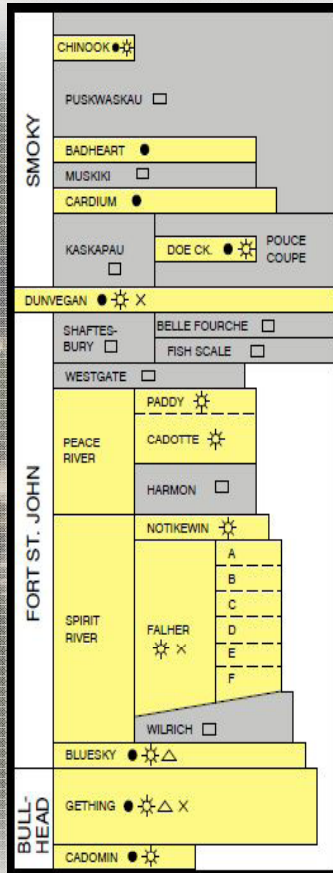
Appendix



- 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

Tight Gas Resource Plays

Horizontal MSF Projects



☀️ Cardium

☀️ Notikewin

☀️ Falher

☀️ Wilrich



Cardium Resource Play

Horizontal MSF Project

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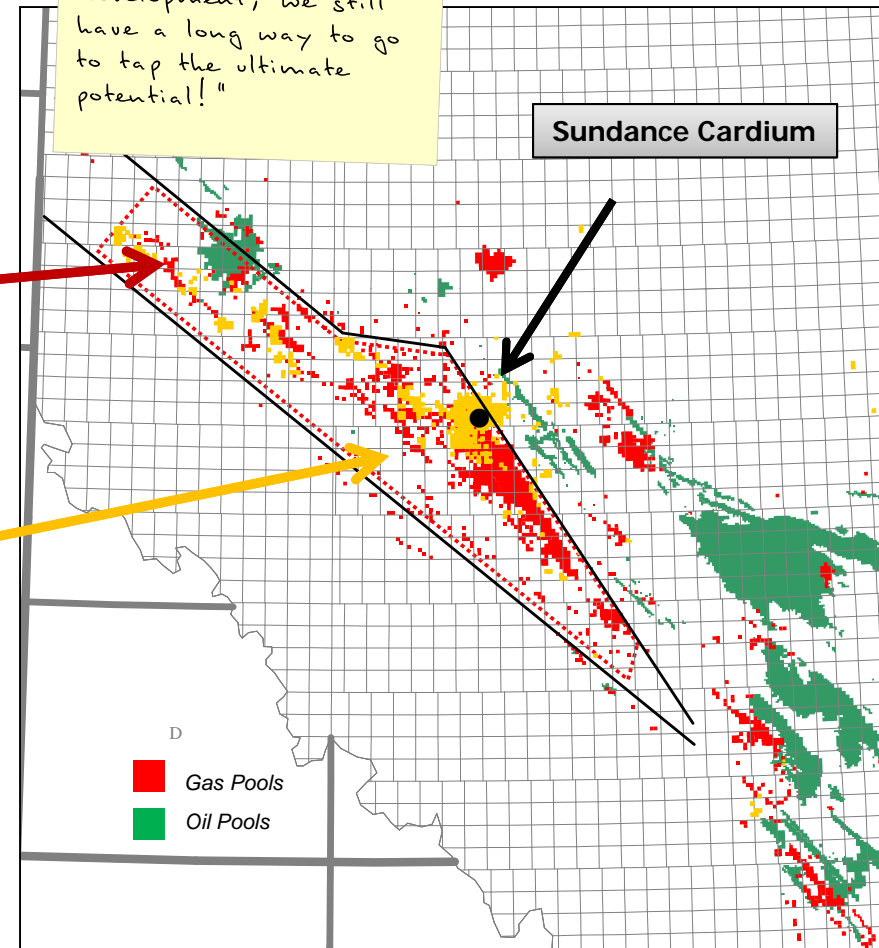
"Although Peyto has been a leader in the Cardium gas development, we still have a long way to go to tap the ultimate potential!"

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

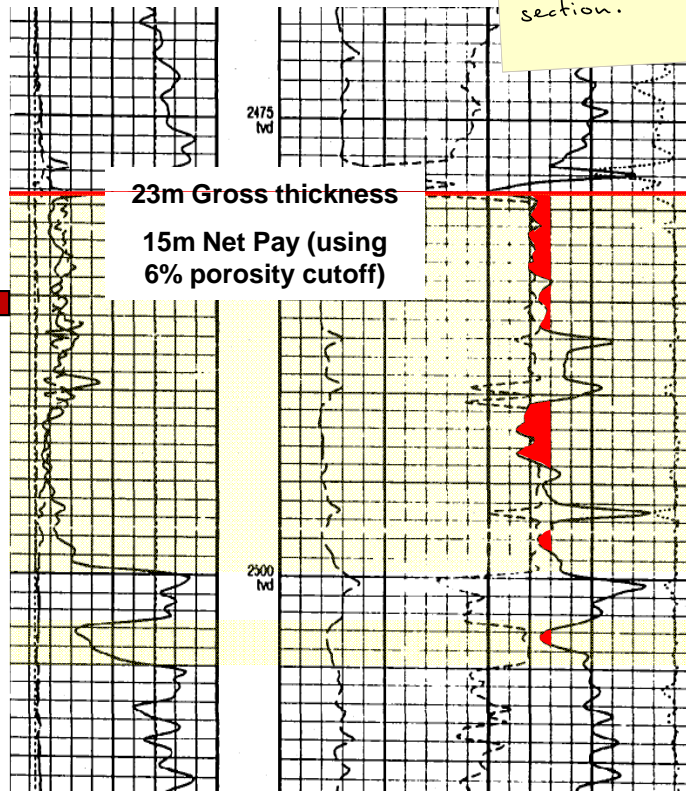
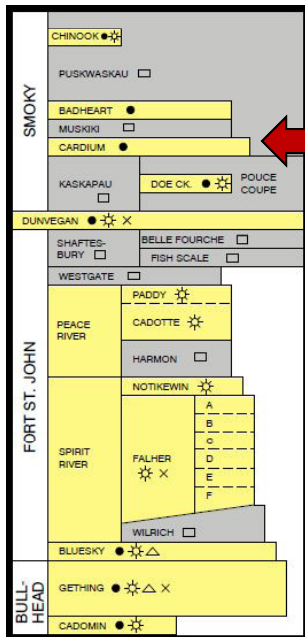
Cardium Type Log and Reserves

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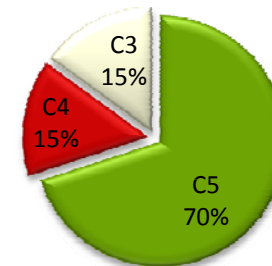
"The thick, uniform sandstone formation makes it easier to drill horizontally and contains a large amount of gas in every section."



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

Cardium Resource Play

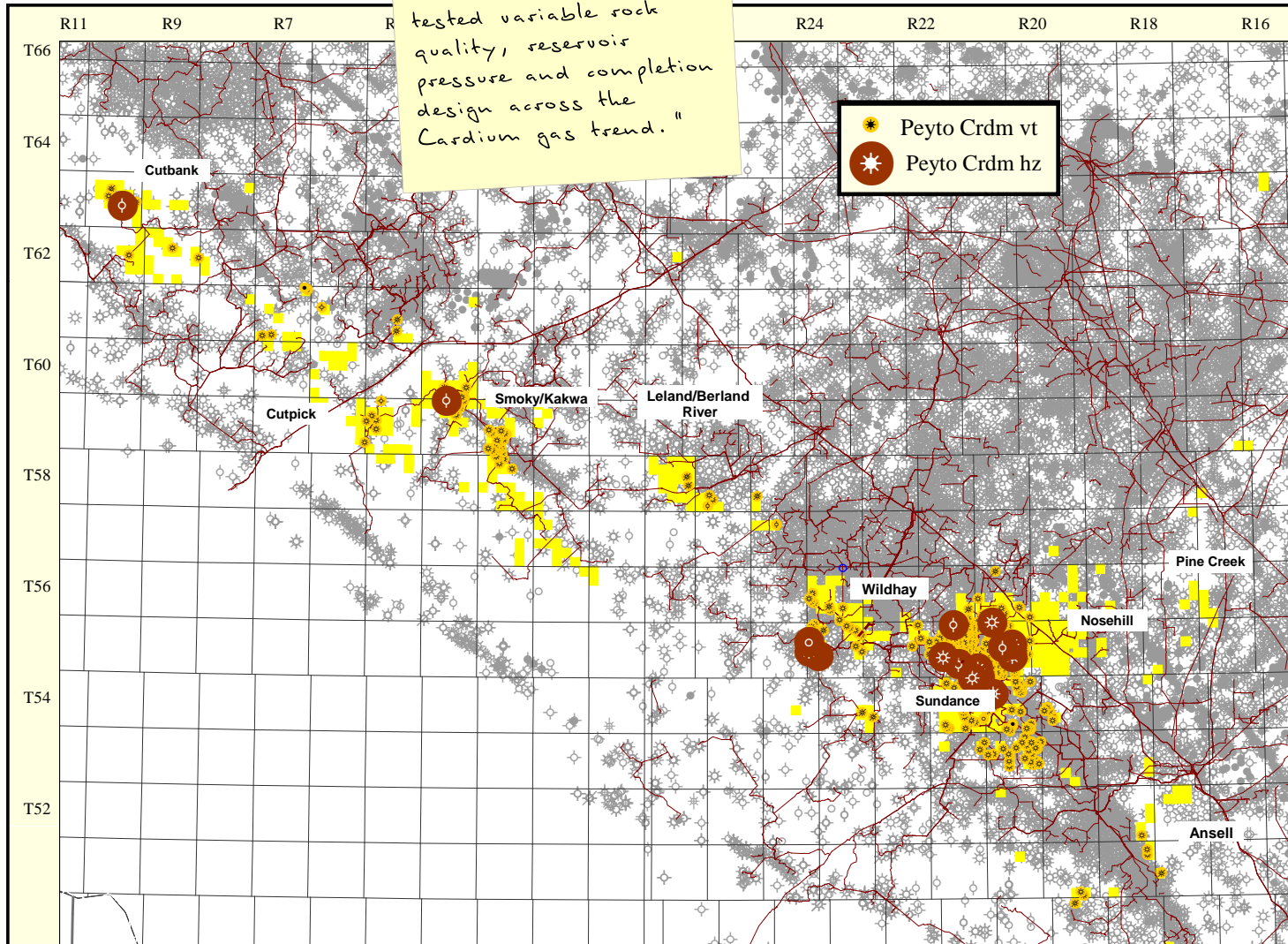
Horizontal MSF Project

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



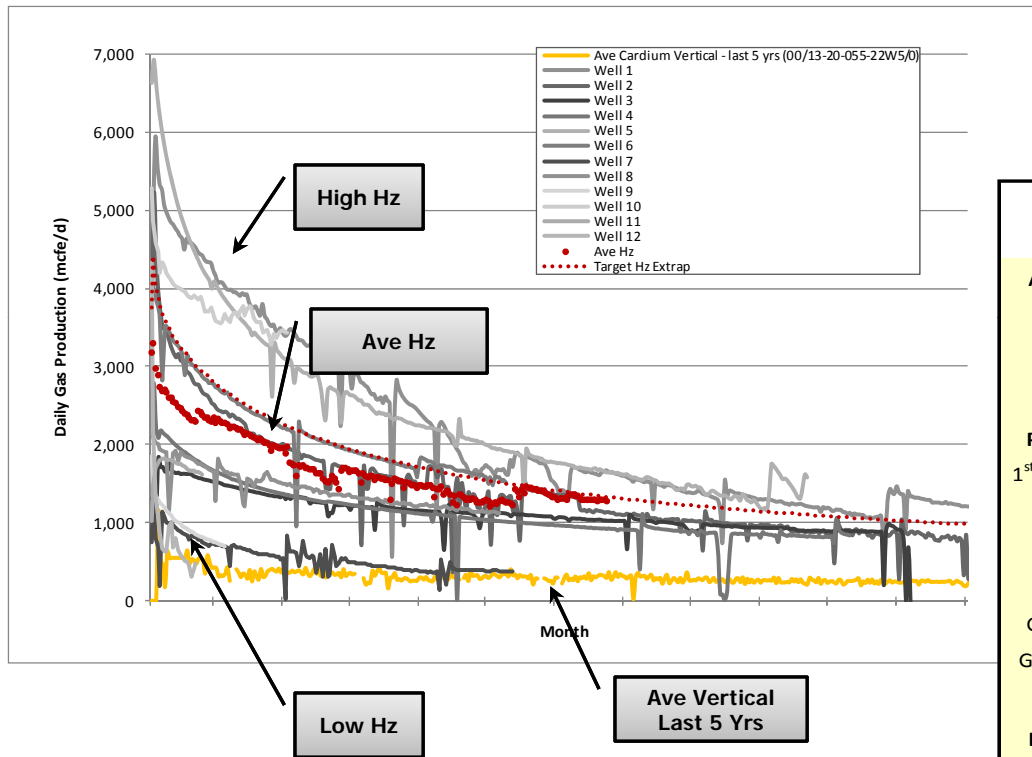
Cardium Resource Play

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		

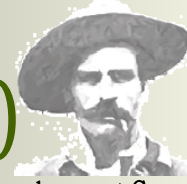
BOE factor - 6 mcf = 1 bbl of oil equivalent
 Peyto internal reserve estimates and economic evaluation
 Economics do not include \$200/m DRC but do include 5% max

Cardium Resource Play

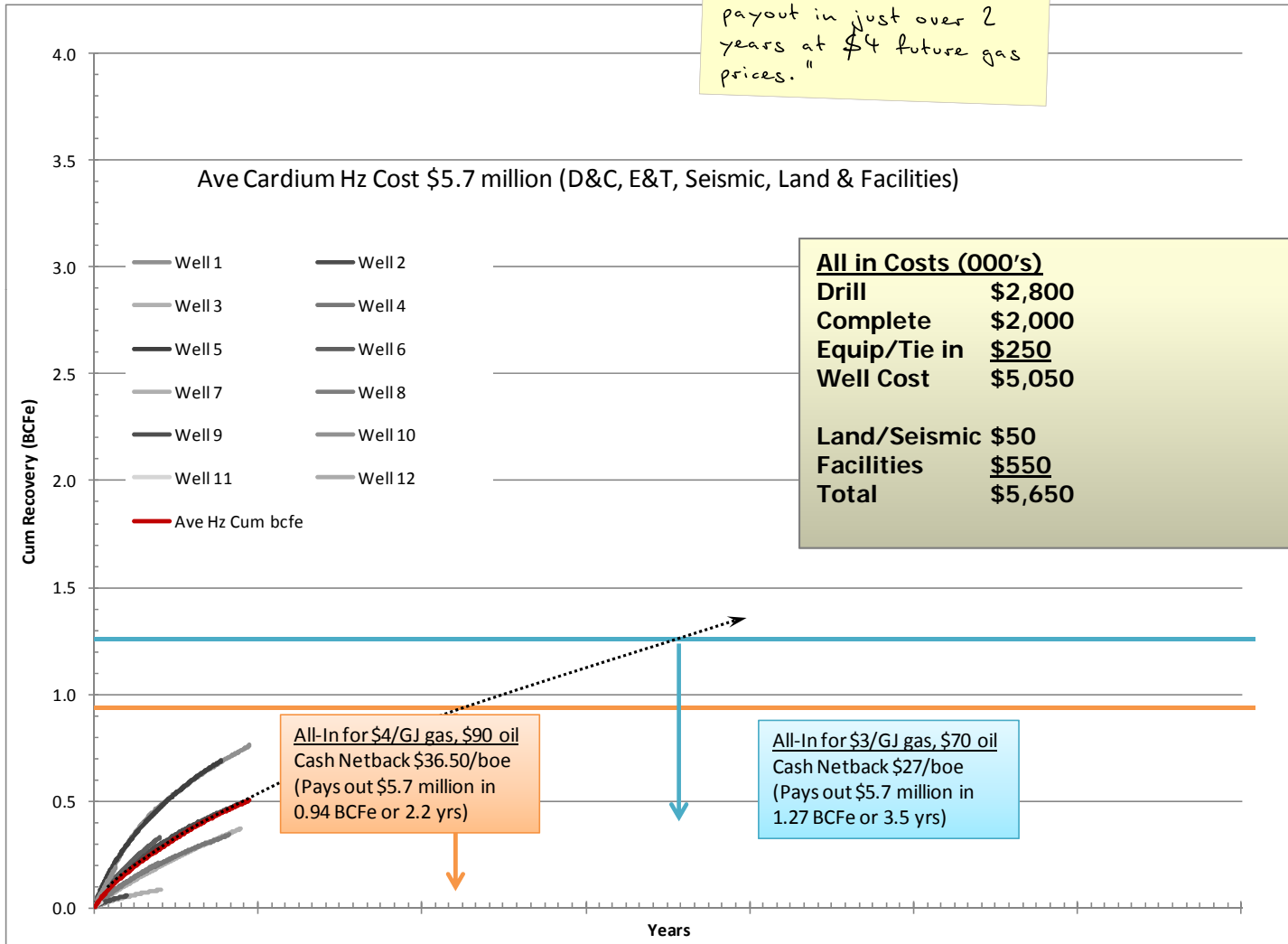
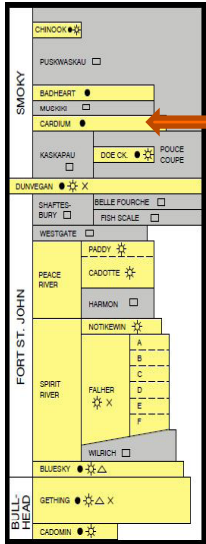
Payout Analysis

"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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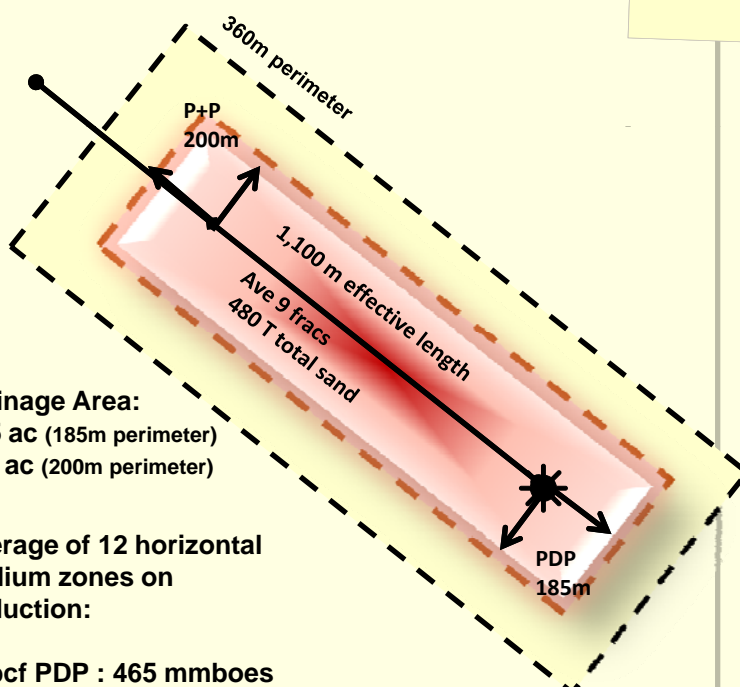


Cardium Resource Play

Conservative Horizontal Reserve Assignment



"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."

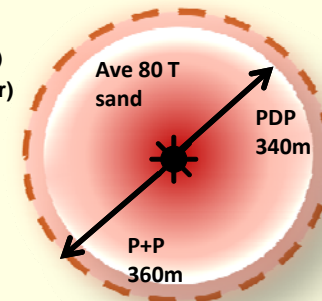


Ave Drainage Area:
PDP 135 ac (185m perimeter)
P+P 150 ac (200m perimeter)

*Average of 12 horizontal Cardium zones on production:

2.2 bcf PDP : 465 mmoes
2.5 bcf P+P : 530 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

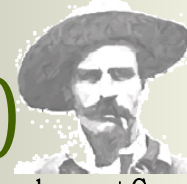
*IPC 2010 Reserve Report
¹ PLA 2009 Reserve Report

Notikewin Resource Play

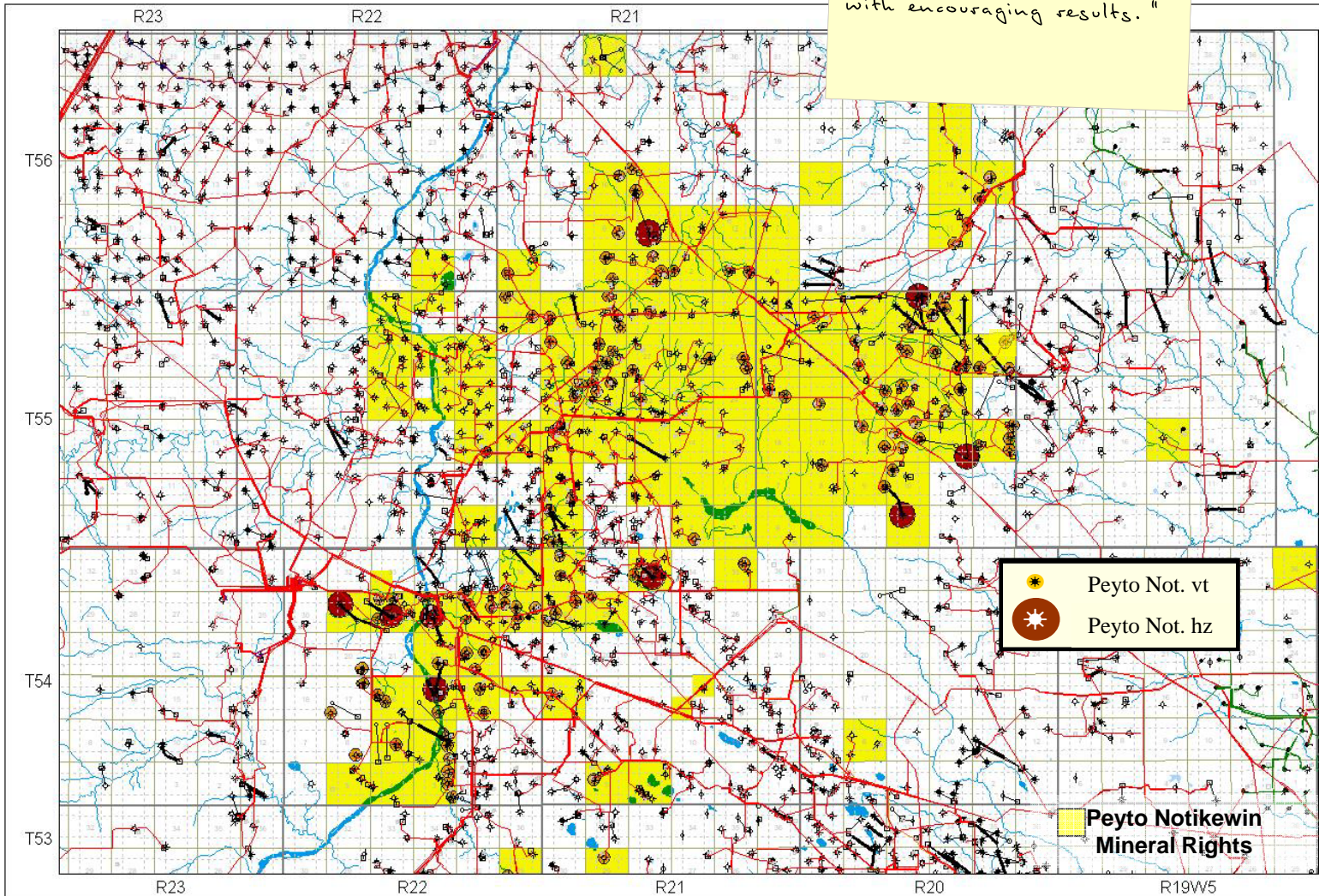
Horizontal MSF Project

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

TO



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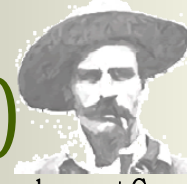


Notikewin Resource Play

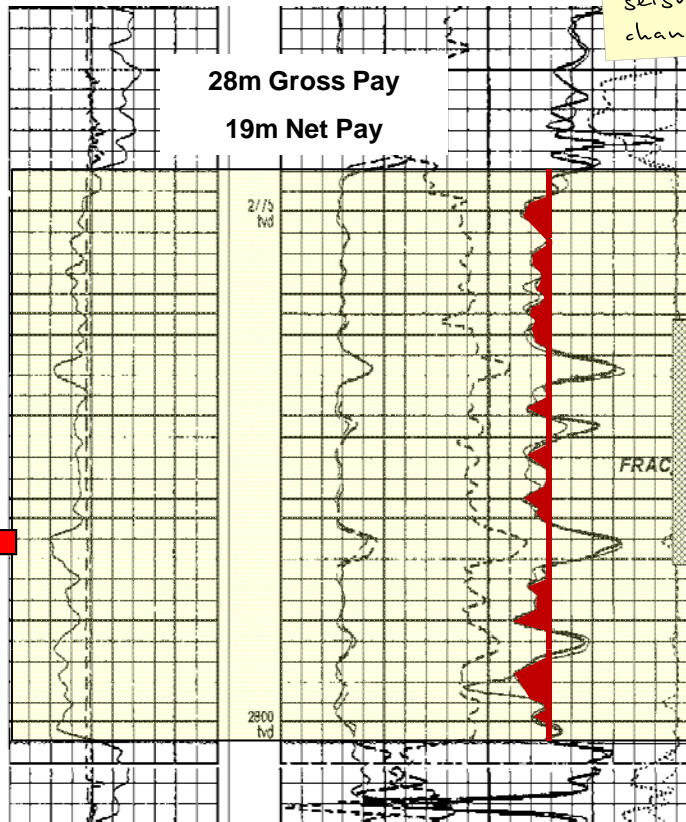
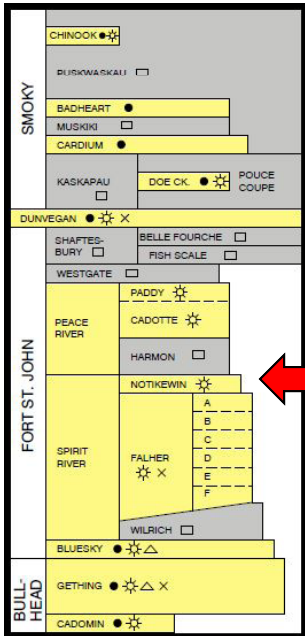
Type Log 1-20-54-22W5

"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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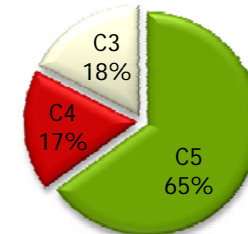


Volumetric Reserves

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

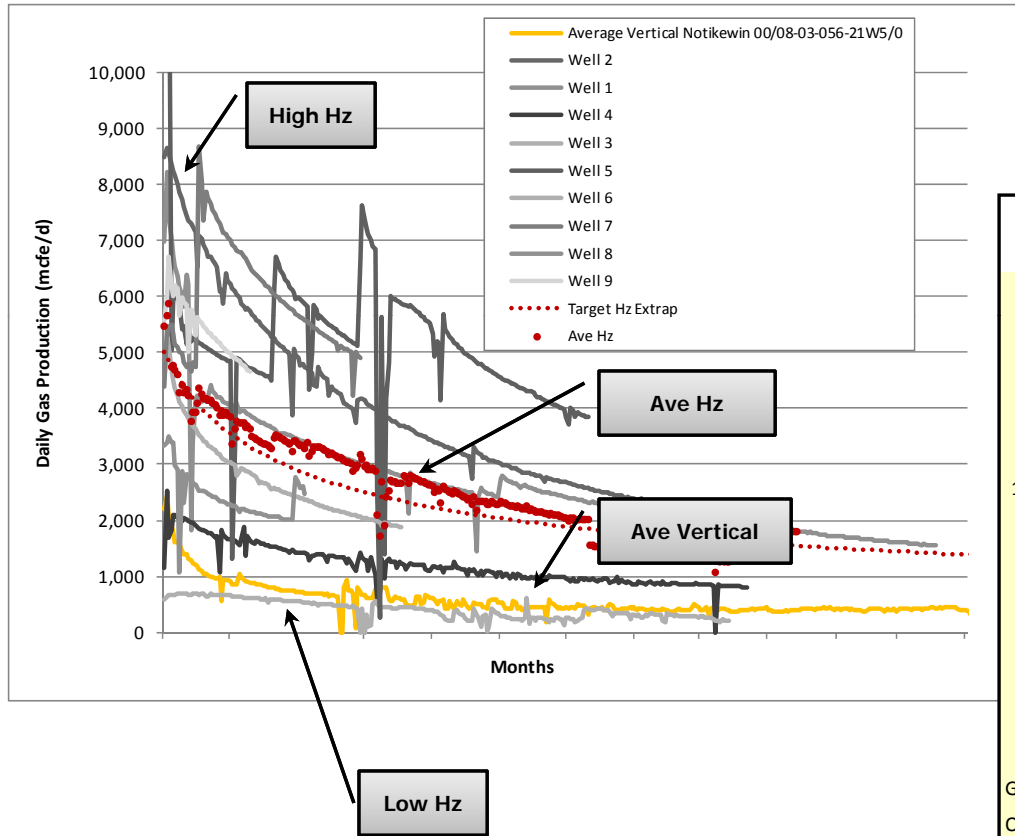
Economic Comparison – Vertical vs. Horizontal

DEVTO



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

Development Corp.



	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

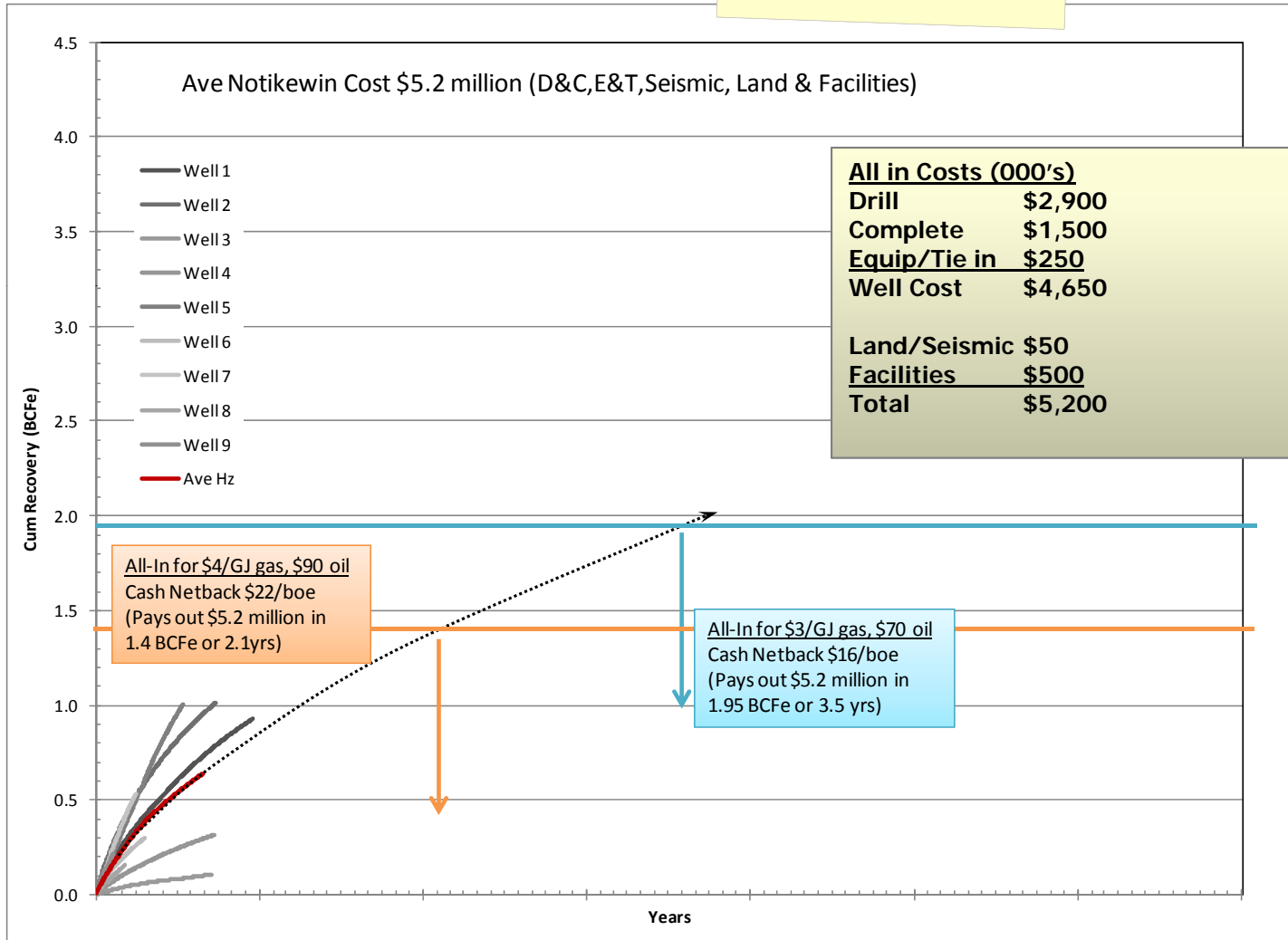
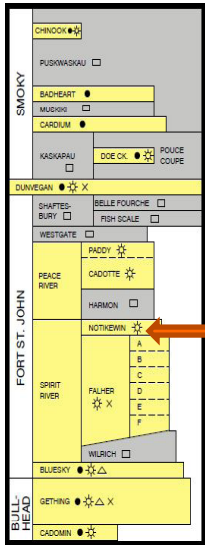
Payout Analysis

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

CYTO



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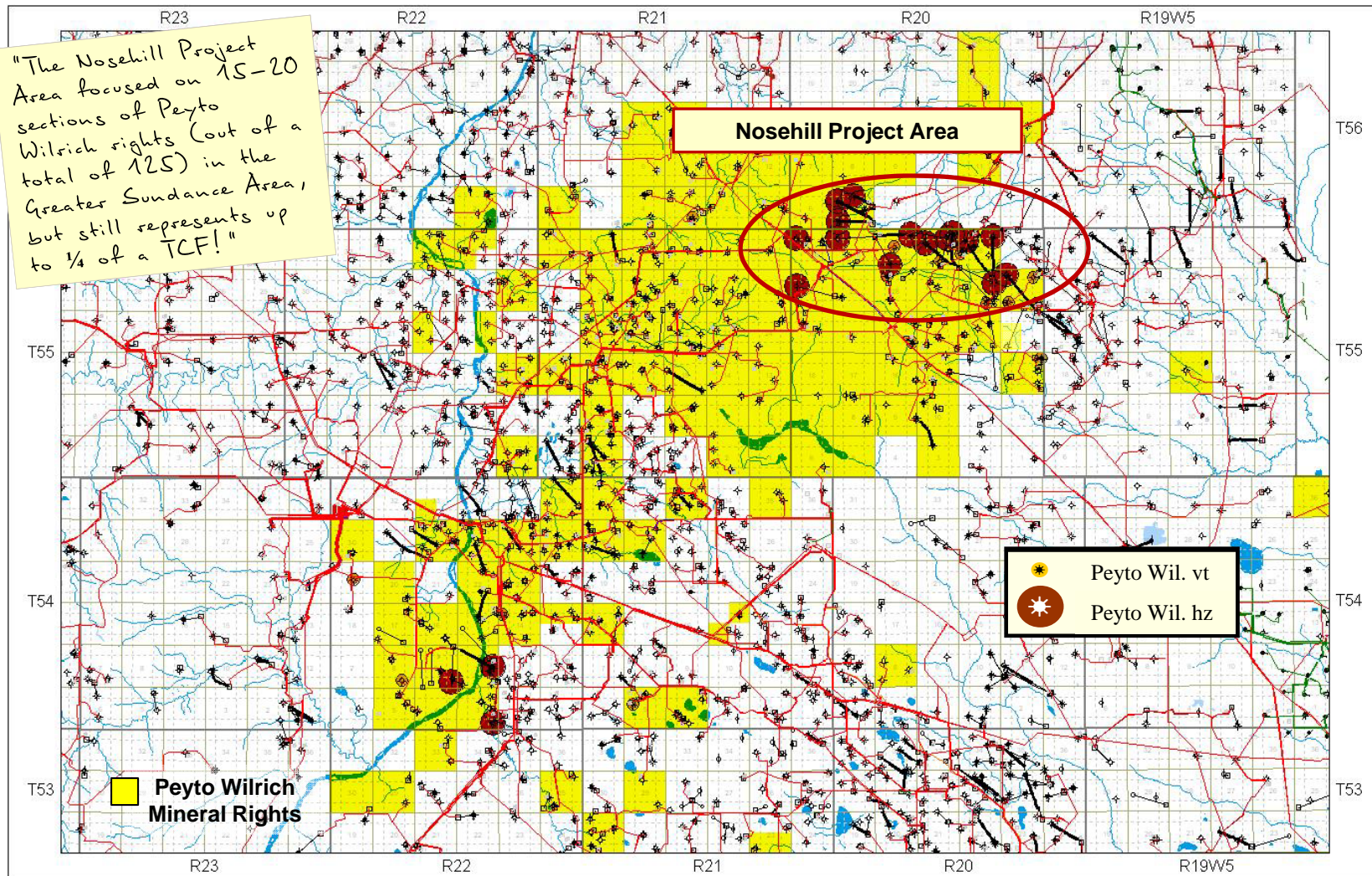
Wilrich Resource Play

Horizontal MSF Project

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Wilrich Resource Play

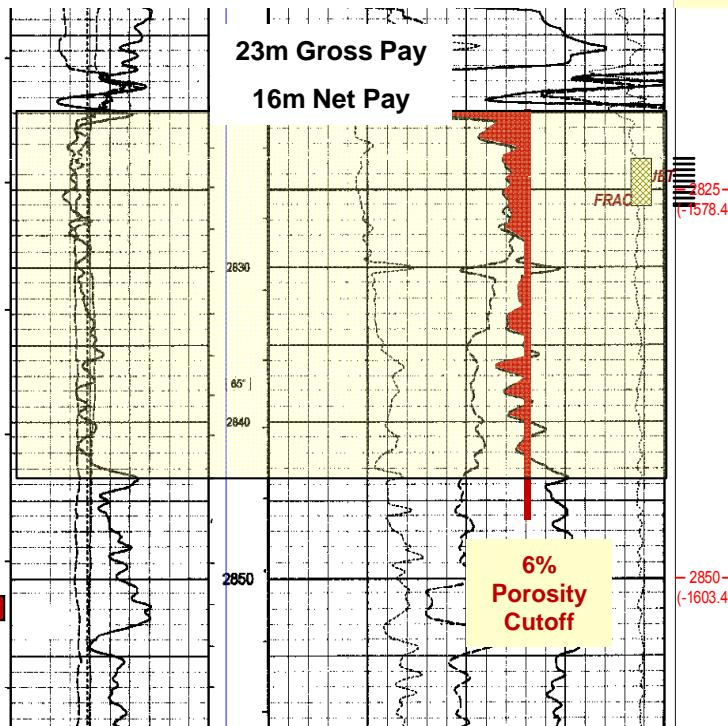
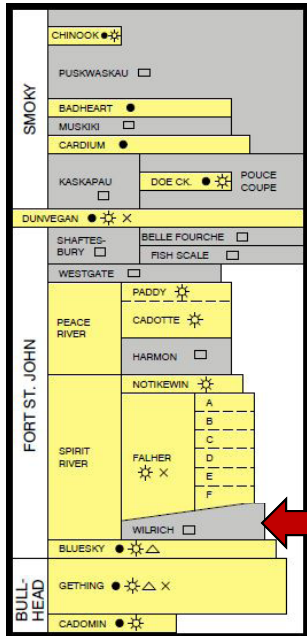
Type Log 7-5-56-20W5

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."

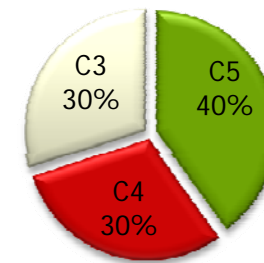


Volumetric Reserves

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



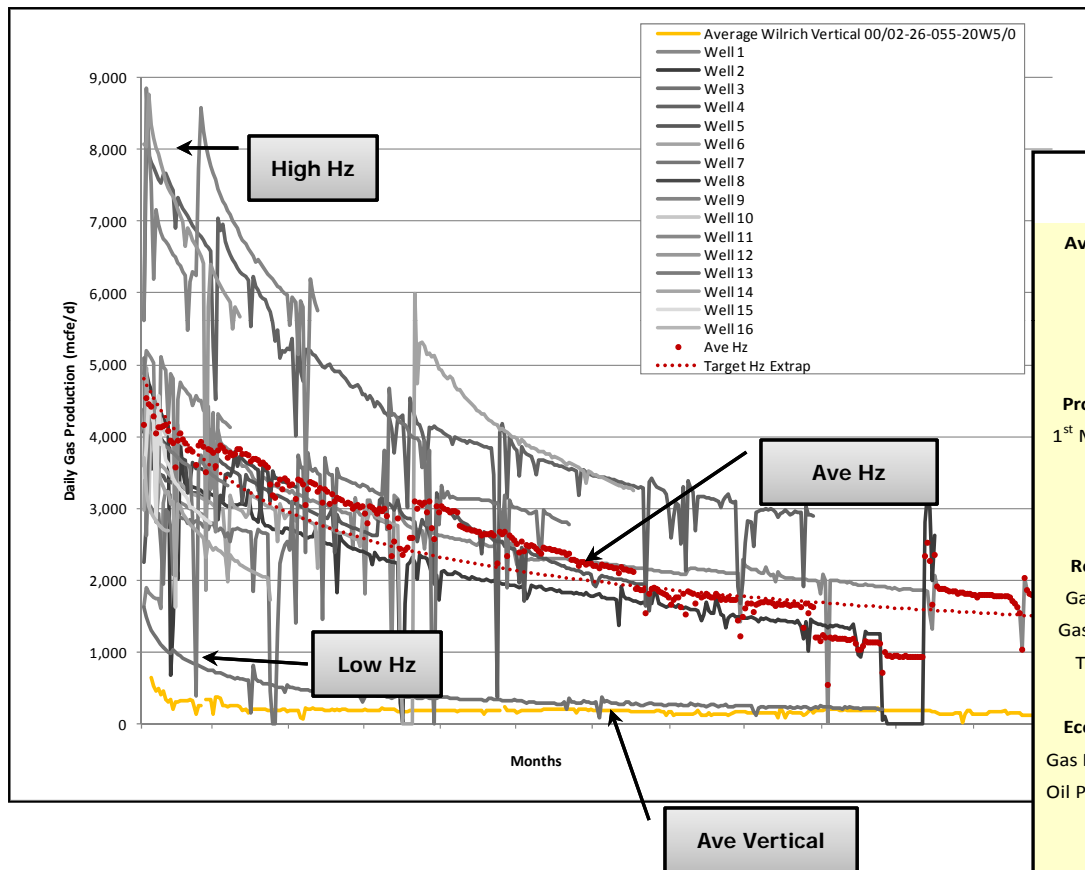
Wilrich Resource Play

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

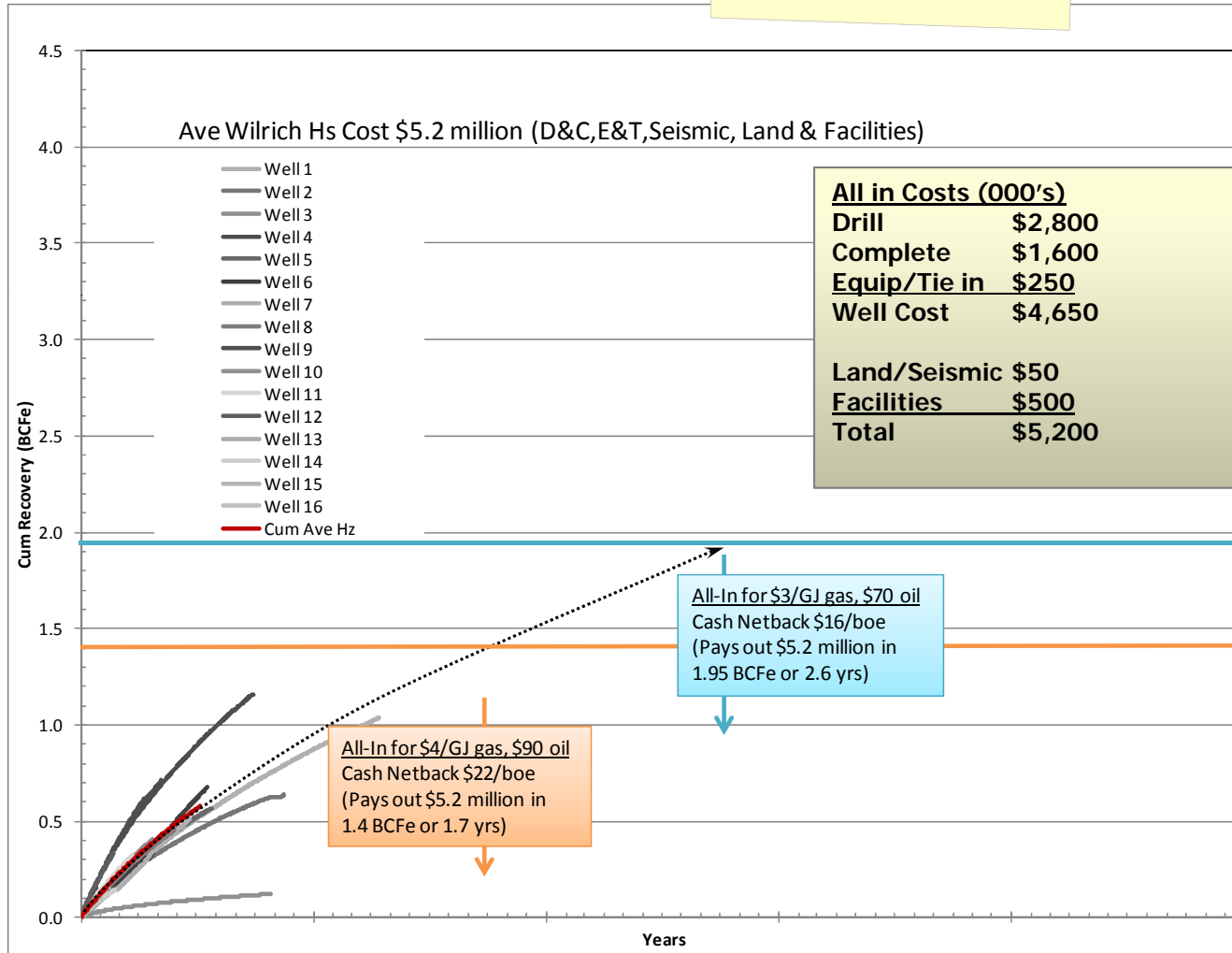
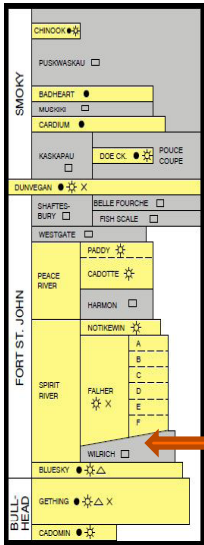
Payout Analysis

"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

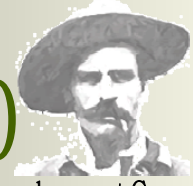
All-In for \$3/GJ gas, \$70 oil
Cash Netback \$16/boe
(Pays out \$5.2 million in 1.95 BCFe or 2.6 yrs)

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

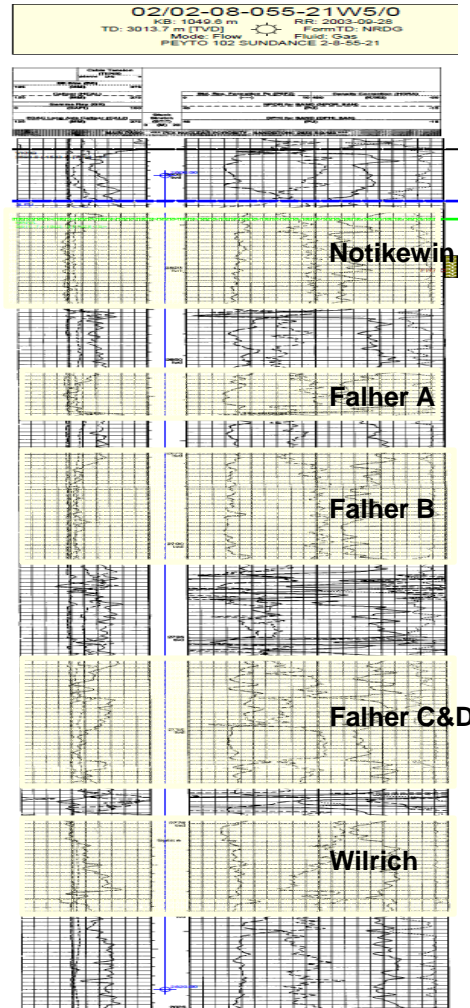
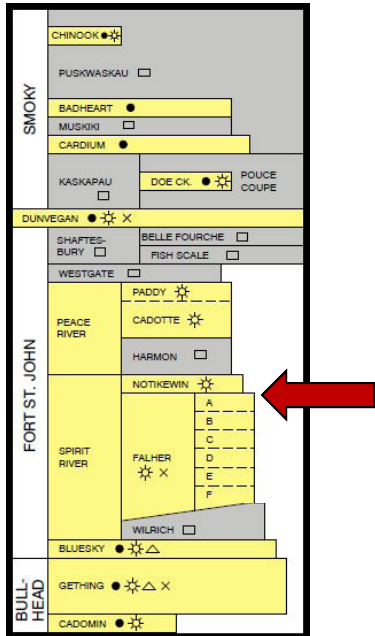
Type Log 2-8-55-21W5

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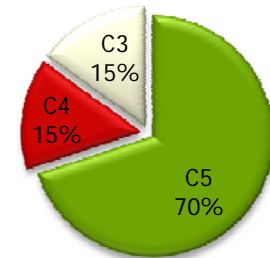
"The entire Falher package has more net sand than either the Wilrich or Notikewin but may require multiple horizontal wells to develop."



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/mmcF NGLs



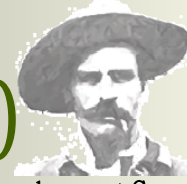
BOE factor - 6 mcf = 1 bbl of oil equivalent

Falher Resource Play

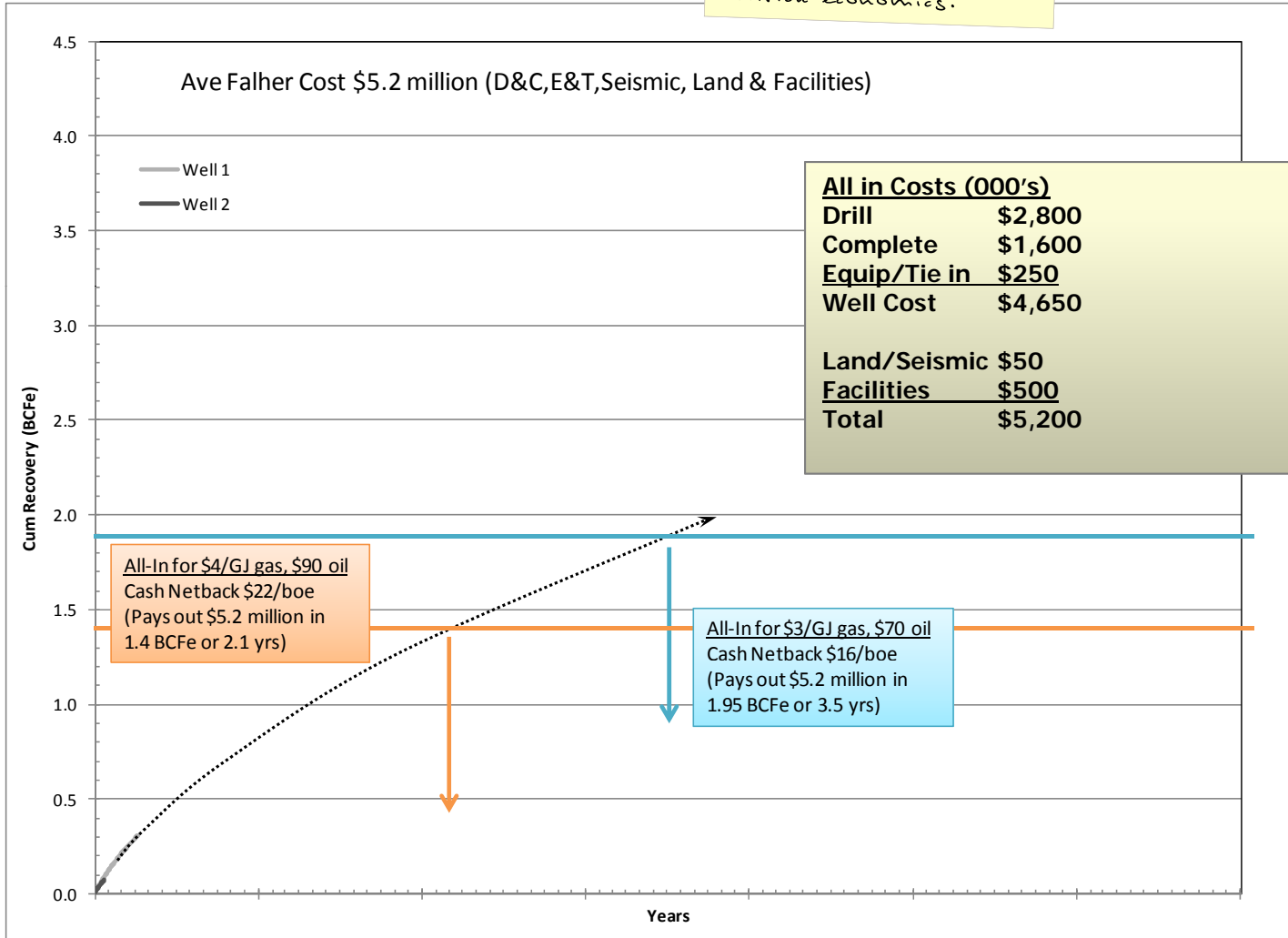
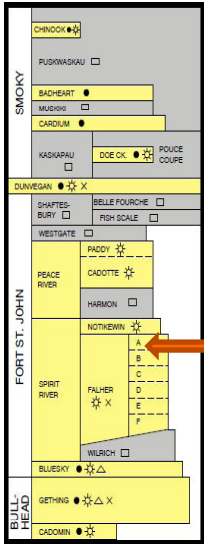
Payout Analysis

"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			Total	2009					Total	Q4
	Q3	Q2	Q1		Q4	Q3	Q2	Q1			
Operations											
<u>Production</u>											
Oil & NGLs (bbl/d)	3,322	3,465	3,330	3,028	3,222	2,916	2,950	3,022	3,265	3,207	
Natural gas (mcf/d)	122,717	112,422	103,934	92,718	95,467	89,259	90,191	95,998	100,384	101,907	
Barrels of oil equivalent (boe/d)	23,775	22,202	20,653	18,481	19,133	17,793	17,982	19,022	19,996	20,192	
Year over Year % Growth	34%	23%	9%	-8%	-5%	-11%	-8%	-6%	-3%	-4%	
<u>Average Product Prices</u>											
Oil & NGLs (\$/bbl)	59.66	65.58	68.93	50.18	60.77	51.06	43.42	44.46	84.78	49.16	
Natural gas (\$/mcf)	5.16	5.25	6.34	6.44	6.17	5.74	6.14	7.68	8.64	7.99	
Operating expenses (\$/mcf _e)	0.48	0.51	0.54	0.52	0.49	0.52	0.54	0.55	0.54	0.53	
Field Netback (\$/mcf _e)	4.83	4.82	5.81	5.60	5.64	5.22	5.23	6.27	7.18	6.61	
Financial (\$000)											
Revenue (net of royalties)	69,650	64,649	70,801	247,846	64,761	56,353	56,599	70,133	339,064	79,612	
Funds from Operations ¹	56,743	52,415	58,559	202,699	53,302	45,263	45,527	58,607	286,907	67,354	
Net earnings (loss)	32,567	24,696	36,874	152,774	33,035	26,976	29,189	63,574	179,397	50,711	
Capital expenditures	64,123	37,439	49,361	72,739	26,307	28,725	4,671	13,036	139,324	22,467	
Net Debt ²	457,959	417,854	467,368	439,860	439,860	423,965	399,513	490,570	492,644	492,644	
Common shares outstanding (000)	122,136	121,476	115,417	115,116	115,116	114,920	114,920	105,920	105,920	105,920	
Weighted average shares	121,766	119,420	115,154	110,556	114,920	114,920	106,316	105,920	105,876	105,920	
Per share data											
Funds from operations	0.47	0.44	0.51	1.83	0.46	0.39	0.43	0.55	2.71	0.64	
Earnings (loss)	0.27	0.21	0.32	1.38	0.29	0.24	0.28	0.60	1.69	0.48	

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.

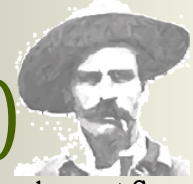
Net debt does not include provision for future performance based compensation, site restoration, abandonment and income taxes.

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

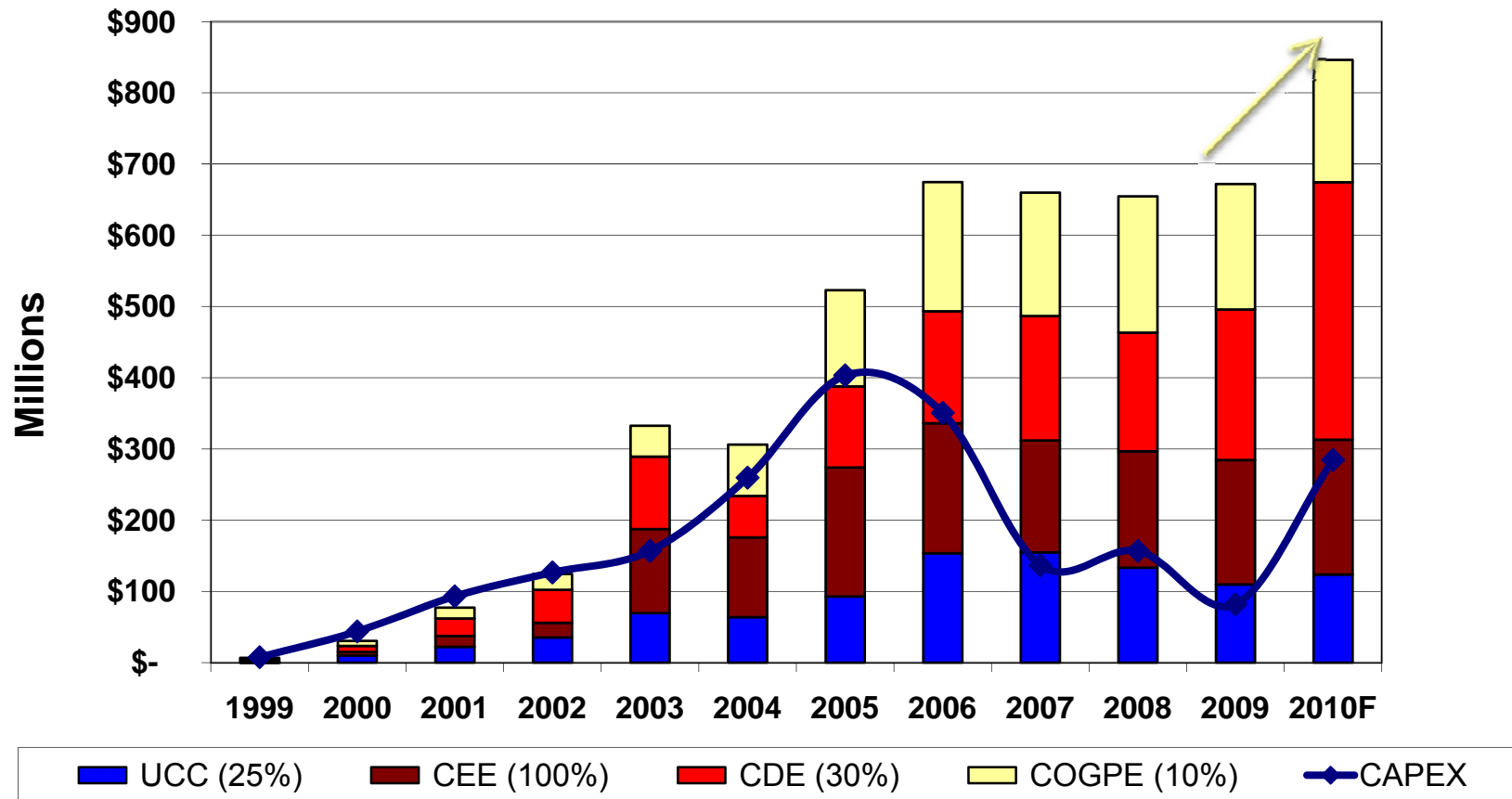
Organic Business Model

Peyto's Tax Pools

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



Development Corp.



Payout Ratio History

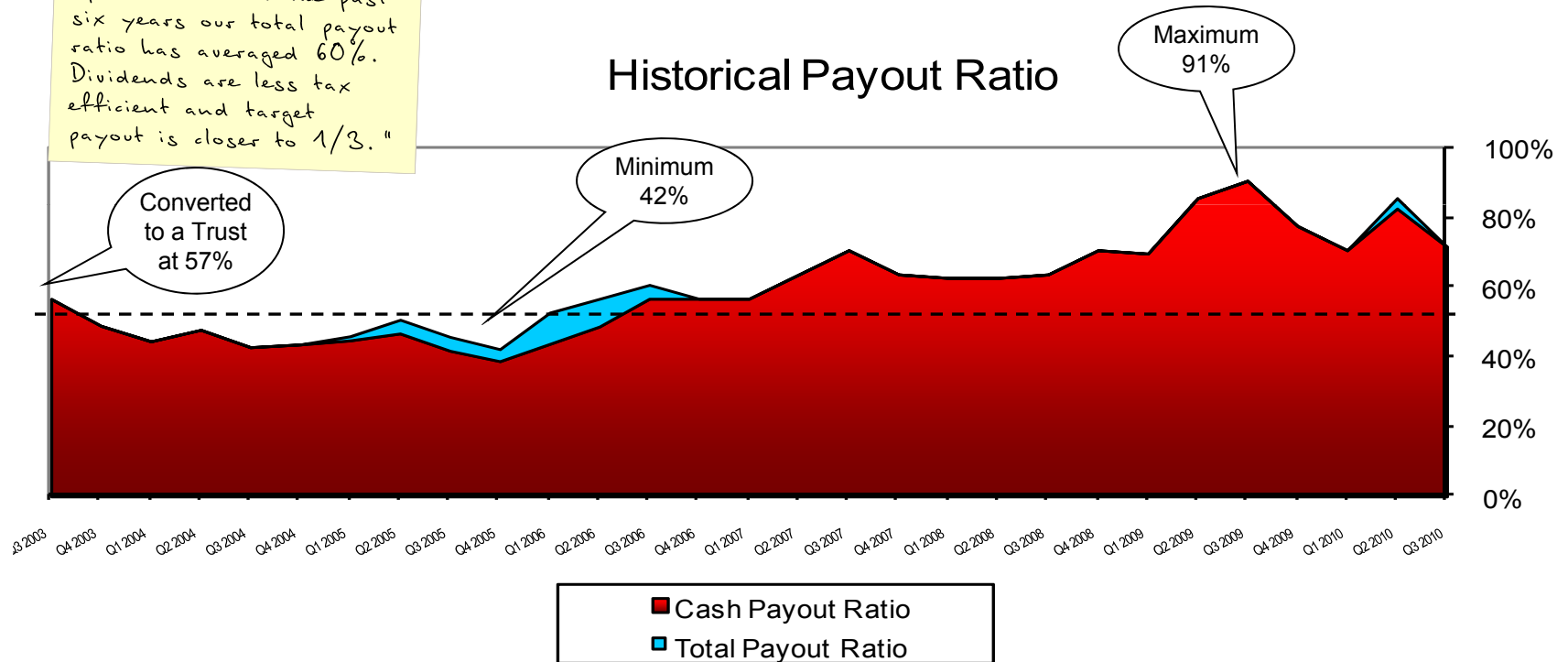
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"Our plan as a Trust was to payout roughly 50% of the funds from operations. Over the past six years our total payout ratio has averaged 60%. Dividends are less tax efficient and target payout is closer to 1/3."

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

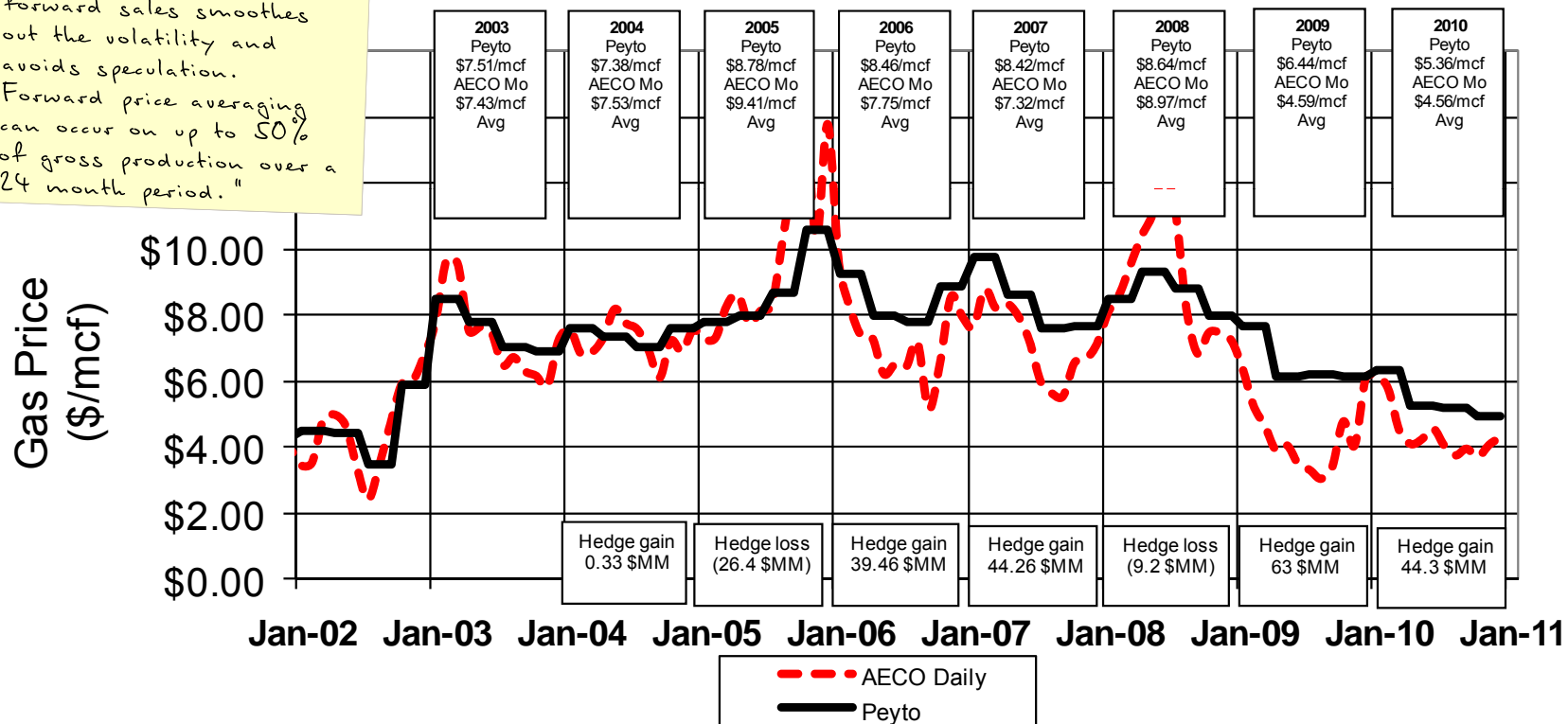
Peyto Realized Price History

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"The "dollar cost averaging" approach to our forward sales smooths 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 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 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

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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.