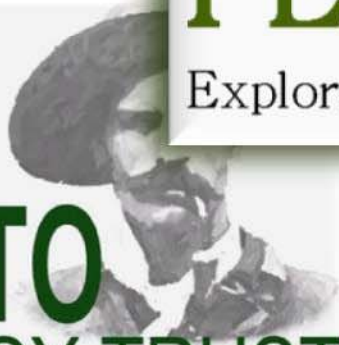



**PEYTO**  
Exploration & Development Corp.

**2011 -**



**PEYTO**  
**ENERGY TRUST**

**2003 - 2010**



**PEYTO**  
Exploration & Development Corp.

**1998 - 2003**

*Thank You*

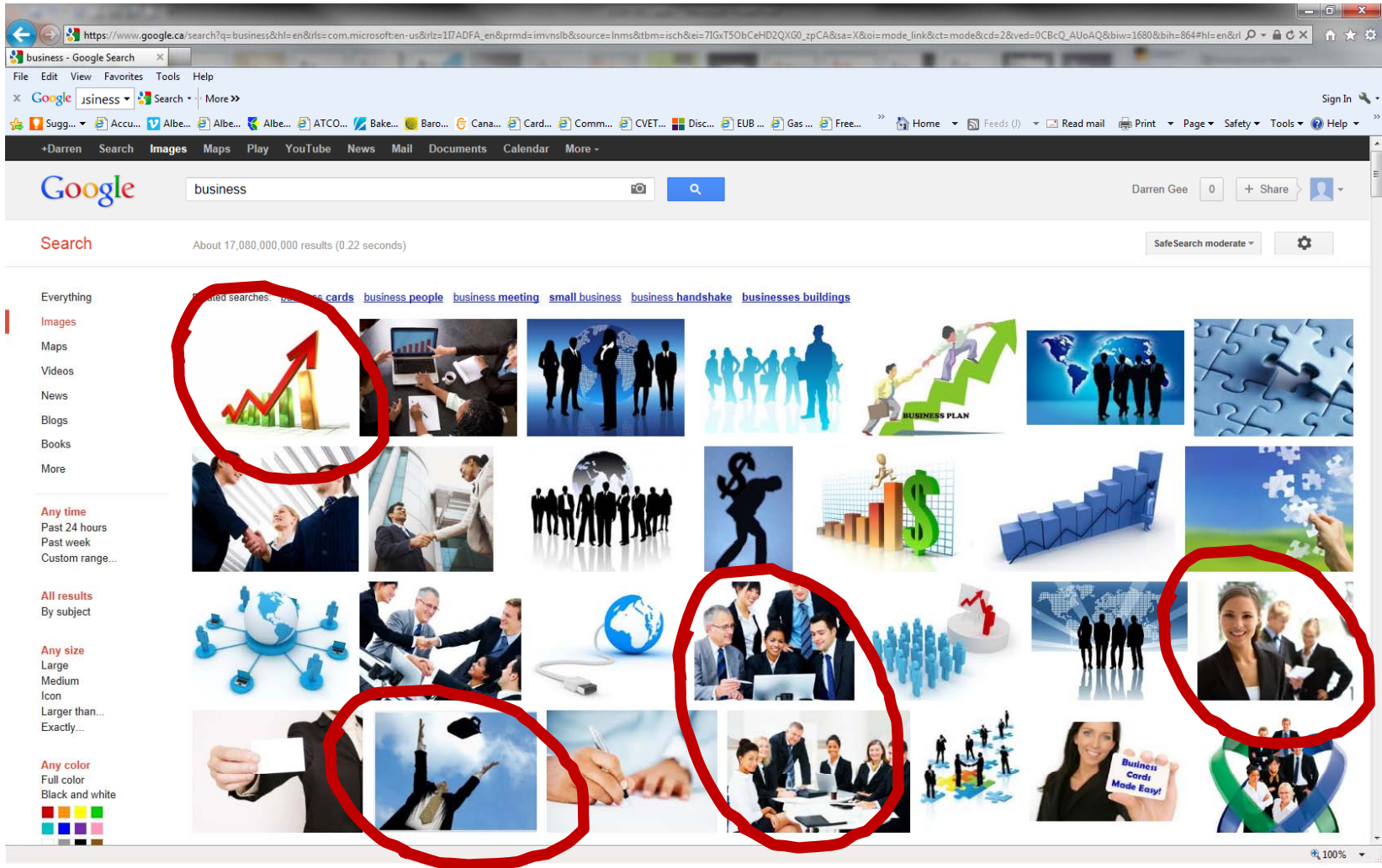
## Advisory

*I am going to tell you about my vision of Peyto's future today. I will also tell you where I think commodity prices are going to go. These are called forward looking statements. I am being truthful and using everything I know about Peyto and the industry to predict the future but I will likely be wrong on both accounts, almost certainly the commodity price. Oil and gas exploration and production is a risky business. Do your homework before making any investment. Don't blame me if it doesn't work out.*

# The Peyto Difference

Peyto is different.

Peyto is a business.









(Produce it)

Sell it

Profit

PEY 2011

*PDP FD&A*  
*\$/mcfe*

**(\$2.12)**

*Cash Costs*  
*\$/mcfe*

**(\$1.35)**

*Sales Price*  
*\$/mcfe*

**\$5.47**

**\$2.00**

*37% profit*

PEY 2011

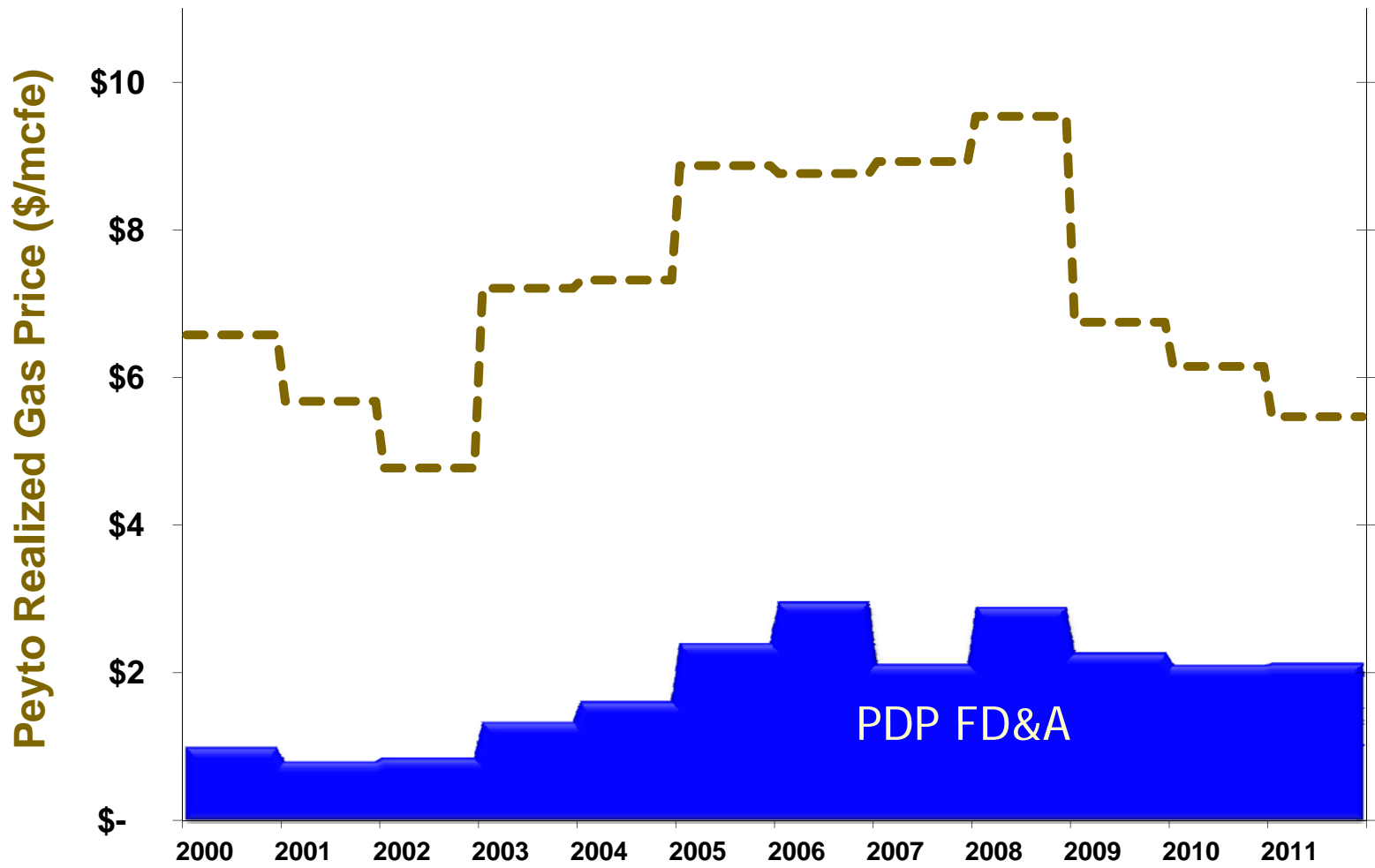
*PDP FD&A*  
\$/mcf **(\$2.12)**

*Cash Costs*  
\$/mcf **(\$1.35)**

*Sales Price*  
\$/mcf **\$5.47**

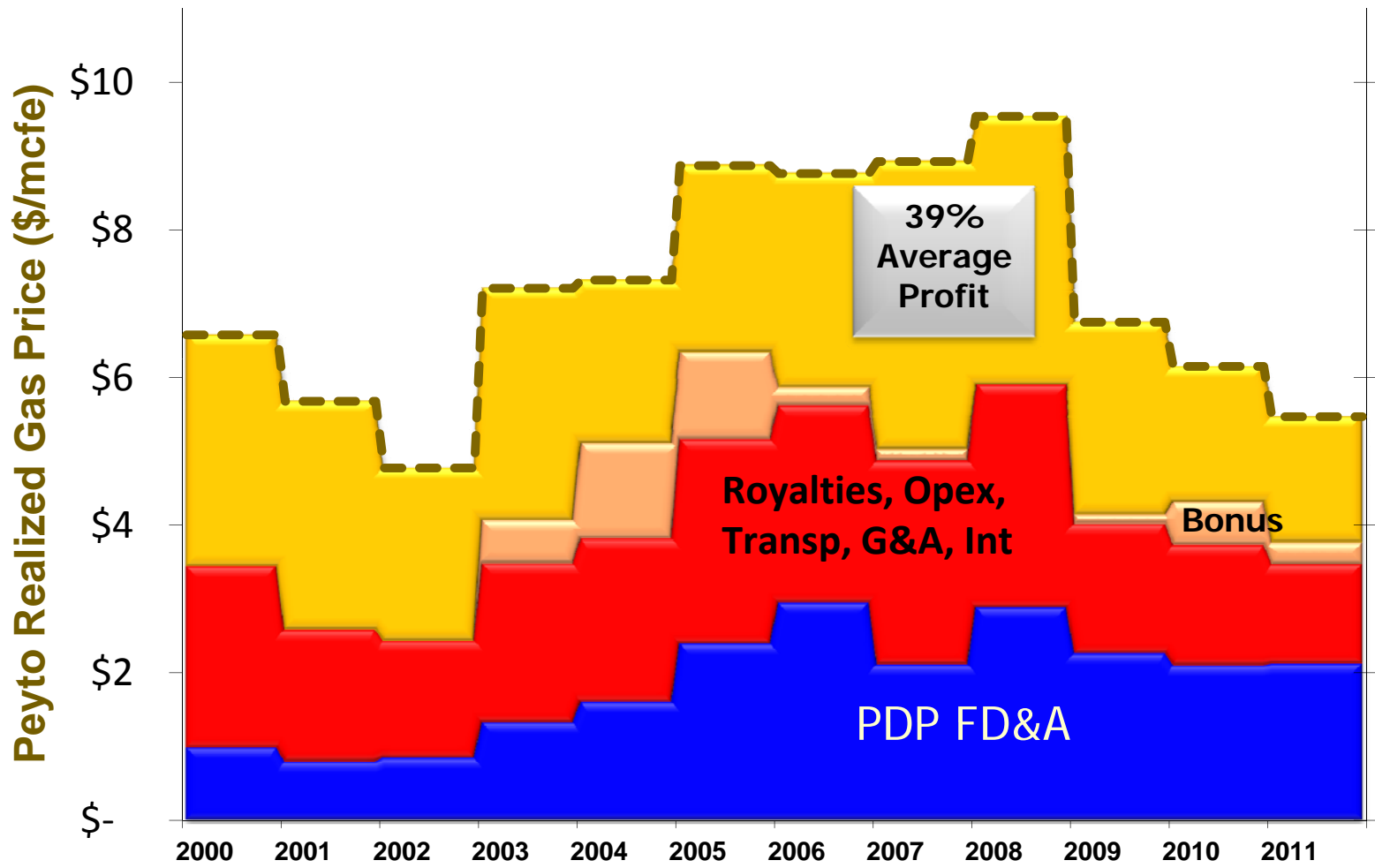
*37% profit*  
**\$2.00**

	<u>2011</u>		<u>History</u>
Land	\$25	7%	8%
Seismic	\$3	1%	2%
Drilling	\$175		
Compl.	\$104	74%	73%
Wellsite	\$32		
Facilities	<u>\$40</u>	<u>19%</u>	<u>17%</u>
	\$379	100%	100%
ΔPDP Reserves (before Prod.) 29.8 mmboes			
PDP FD&A		\$12.72/boe	
		<b>\$2.12/mcfe</b>	



PEY 2011

<i>PDP FD&amp;A</i> \$/mcfe	(\$2.12)	}	Royalties	(\$0.53)
<i>Cash Costs</i> \$/mcfe	(\$1.35)		Opex	(\$0.35)
<i>Sales Price</i> \$/mcfe	<u>\$5.47</u>		Transport	(\$0.13)
			G&A	(\$0.06)
			Interest	<u>(\$0.28)</u>
		<b>Total Costs</b>	<b>(\$1.35)</b>	
<i>37% profit</i>	<b>\$2.00</b>			



	<u>CND* 2011</u>	<u>PEY 2011</u>
<i>PDP FD&amp;A</i> \$/mcfe	(\$4.20)	(\$2.12)
<i>Cash Costs</i> \$/mcfe	(\$3.91)	(\$1.35)
<i>Sales Price</i> \$/mcfe	<u>\$7.89</u>	<u>\$5.47</u>
<i>3% loss</i>	(\$0.22)	\$2.00

\*Includes: AAV,ARX,BIR,BNP,BTE,CLT,CPG,CR,ERF,FEL,NAE,NGL,PBN,PGF,PMT,POU,PRQ,PWT,TET,TOU,VET,ZAR



CND\* 2010

CND 2011

<i>PDP FD&amp;A</i> \$/mcfe	(\$4.74)	(\$4.20)
<i>Cash Costs</i> \$/mcfe	(\$3.64)	(\$3.91)
<i>Sales Price</i> \$/mcfe	<u>\$7.60</u>	<u>\$7.89</u>
<i>10% loss</i>	(\$0.78)	(\$0.22)

\*Includes: AAV,ARX,BIR,BNP,BTE,CLT,CPG,CR,ERF,FEL,NAE,NGL,PBN,PGF,PMT,POU,PRQ,PWT,TET,TOU,VET,ZAR

	<u>CND* 2009</u>	<u>CND 2010</u>	<u>CND 2011</u>
<i>PDP FD&amp;A</i> \$/mcfe	(\$4.31)	(\$4.74)	(\$4.20)
<i>Cash Costs</i> \$/mcfe	(\$3.63)	(\$3.64)	(\$3.91)
<i>Sales Price</i> \$/mcfe	<u>\$7.27</u>	<u>\$7.60</u>	<u>\$7.89</u>
<i>9% loss</i>	(\$0.68)	(\$0.78)	(\$0.22)

\*Includes: AAV, ARX, BIR, BNP, BTE, CLT, CPG, CR, FEL, NAE, NGL, PGF, PMT, PRQ, PWT, TET, VET, ZAR

Peyto 2011

PEY 2010

PEY 2009

PEY 2008

<i>PDP FD&amp;A</i> \$/mcf	(\$2.12)	(\$2.11)	(\$2.27)	(\$2.88)
<i>Cash Costs</i> \$/mcf	(\$1.35)	(\$1.63)	(\$1.75)	(\$3.01)
<i>Sales Price</i> \$/mcf	<u>\$5.47</u>	<u>\$6.18</u>	<u>\$6.75</u>	<u>\$9.55</u>
<i>37% Profit</i>	\$2.00	\$2.44	\$2.73	\$3.66

Peyto is different.

Peyto is our assets.









# 98%

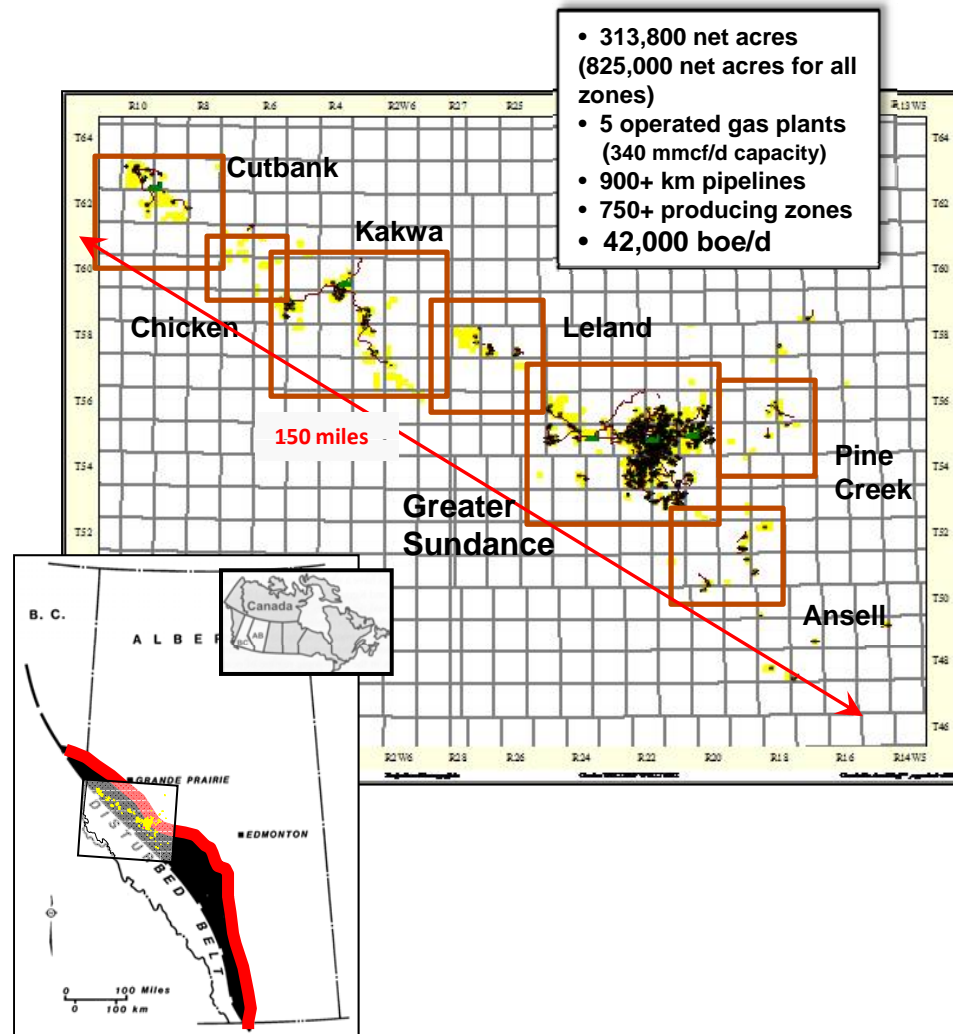
Processed by Peyto

# 99%

Operated by Peyto

# 100%

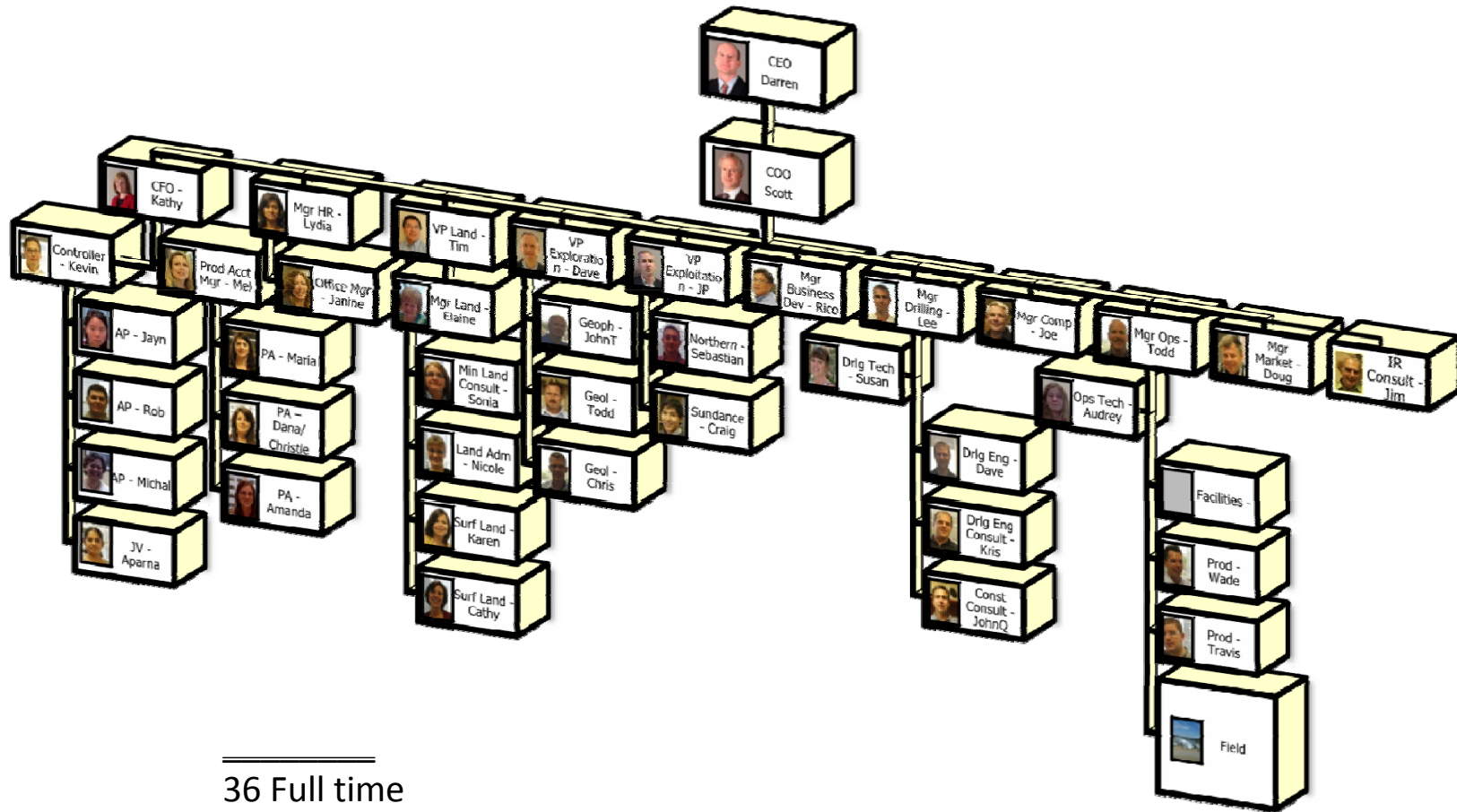
Interest in 5 Processing Facilities



Peyto is different.

Peyto is our people.

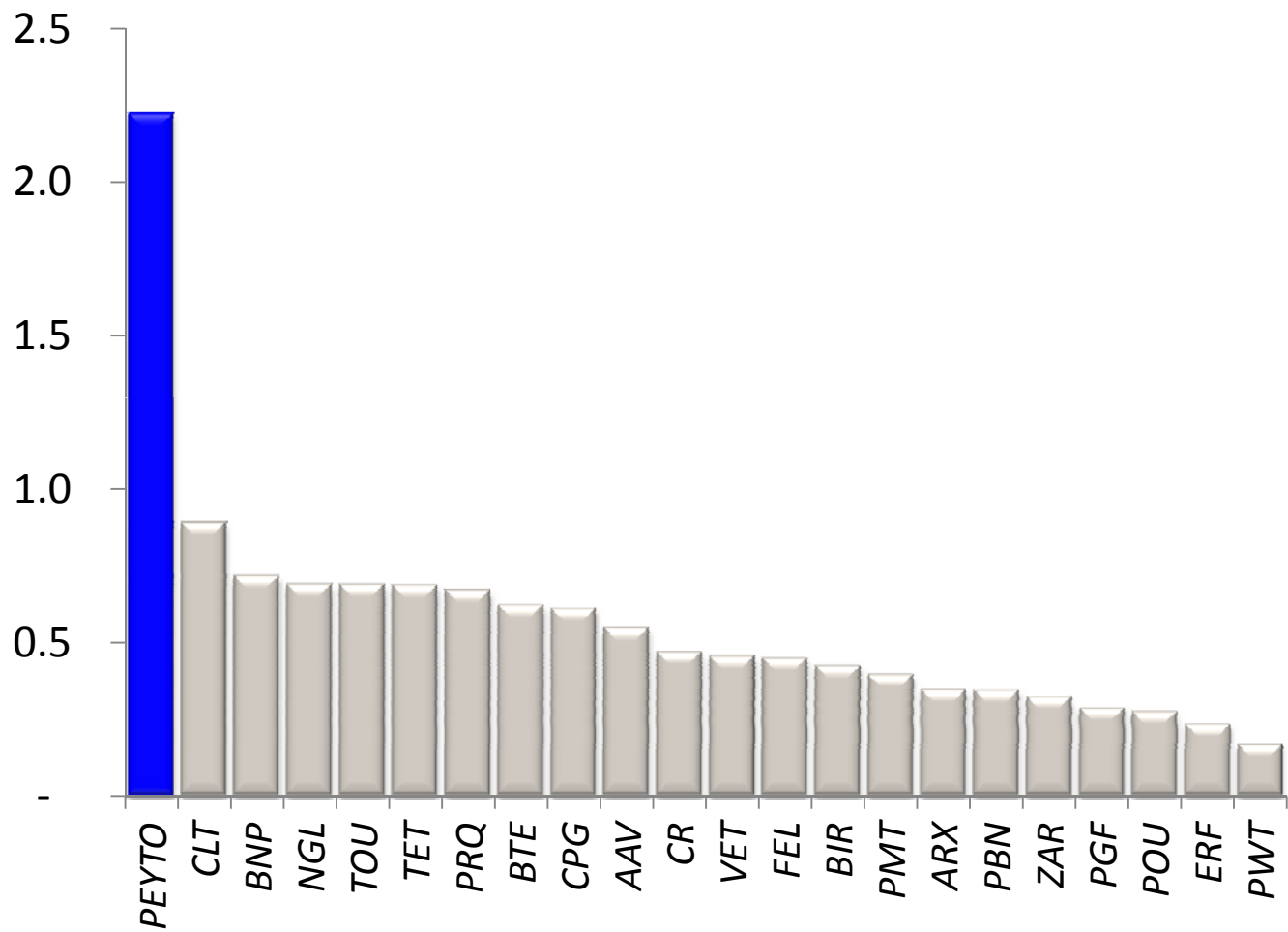
# The Peyto People



36 Full time  
5 Consultants  
54 Field Contractors

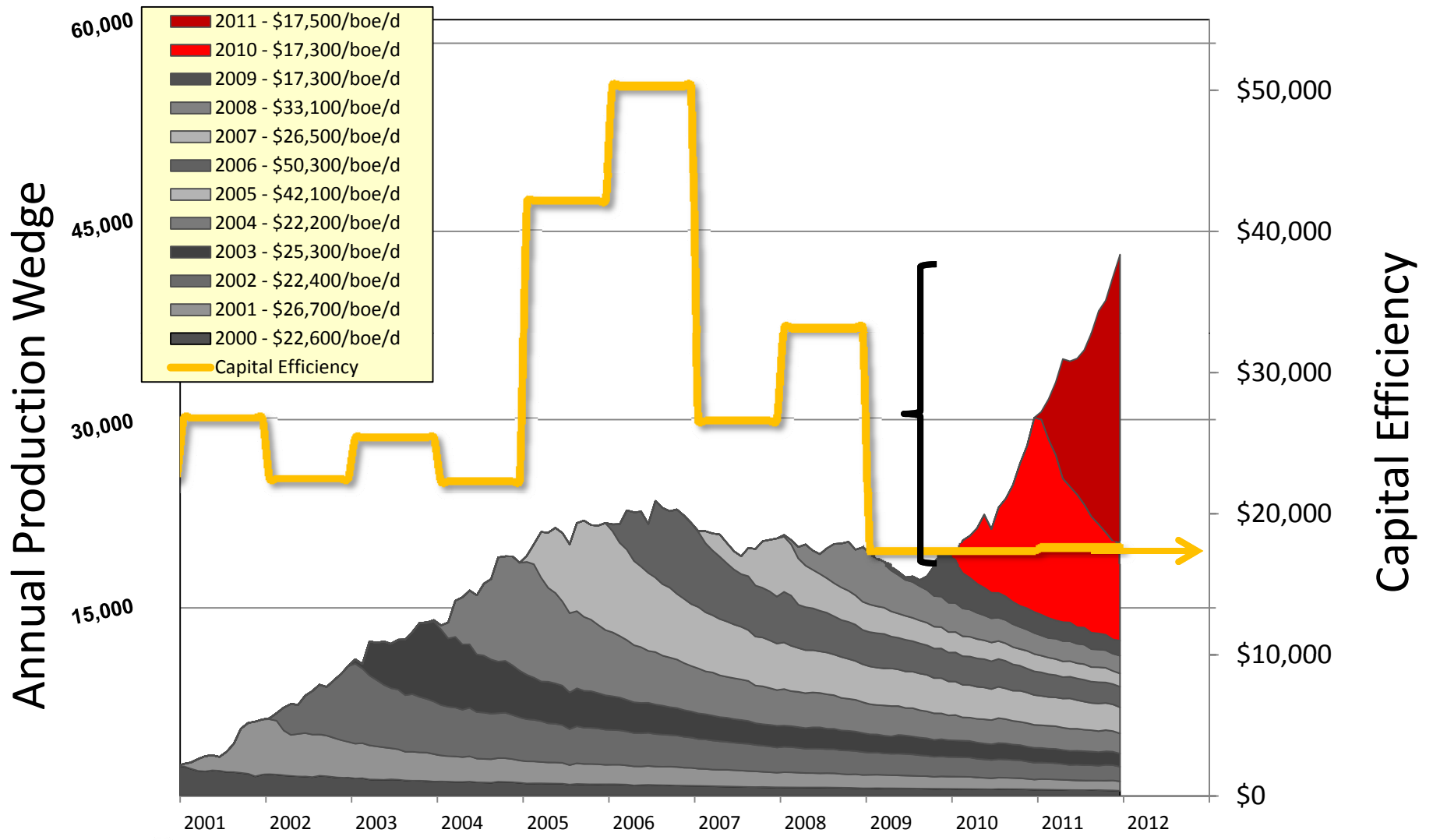
# Gas to Ass Ratio

(Bcfe/employee)



*\*Based on company 2011 AIF filings of full time employees*

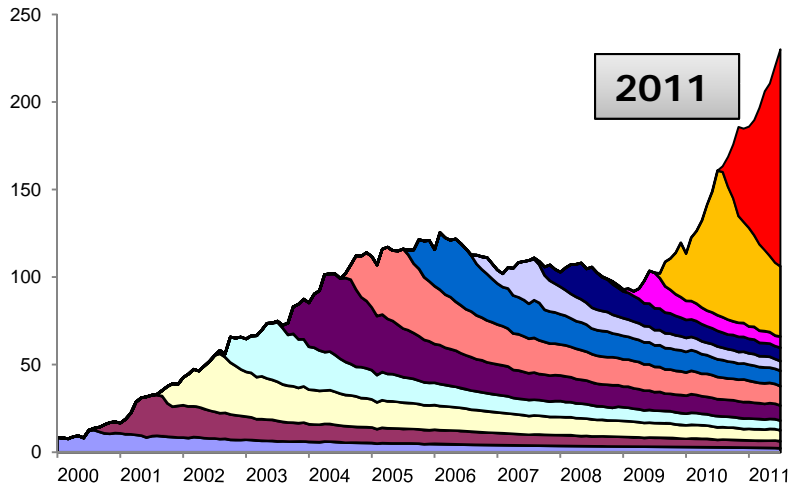




Peyto is different.



Peyto is about profits.



**\$284M → \$708M**

Net Capital to PV<sub>5</sub>

**35%**

Production/share growth

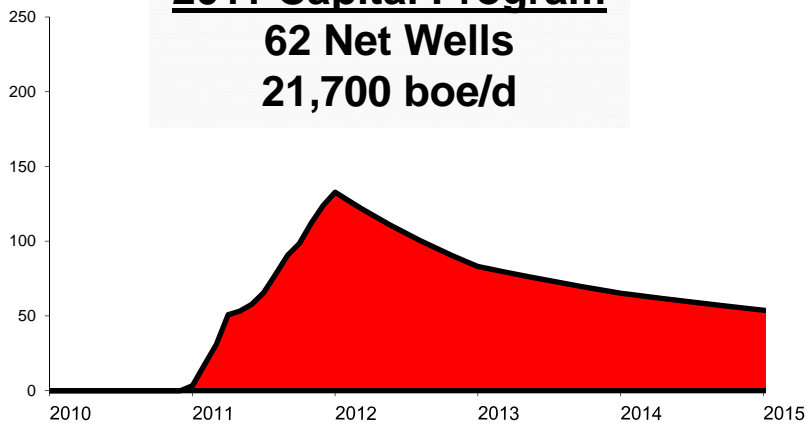
**19%**

2P Reserves/share growth

**31%**

IRR

**2011 Capital Program**  
**62 Net Wells**  
**21,700 boe/d**

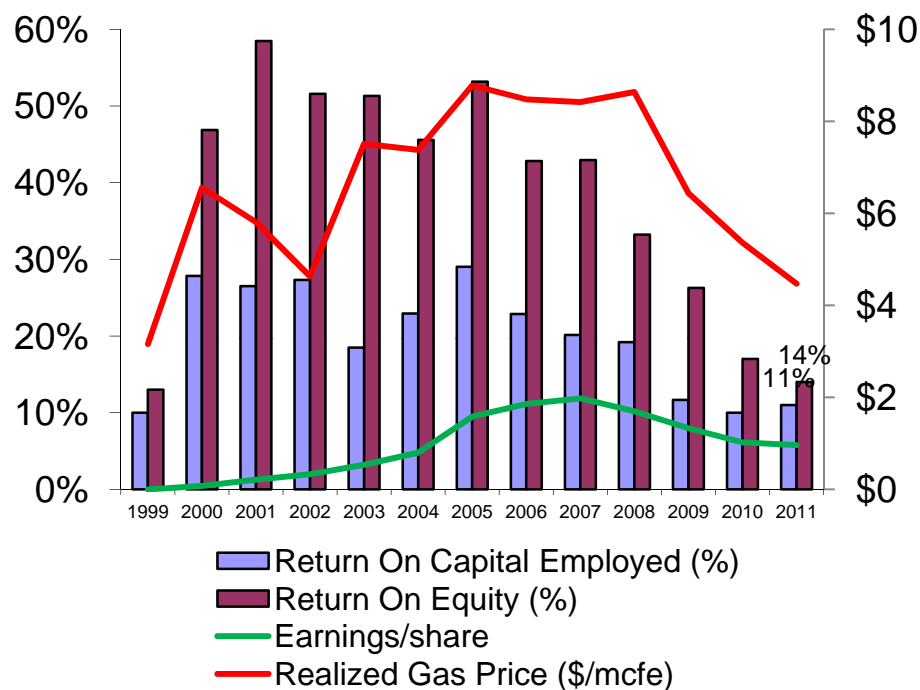


# 40%

12 yr Average ROE

# 21%

12 yr Average ROCE

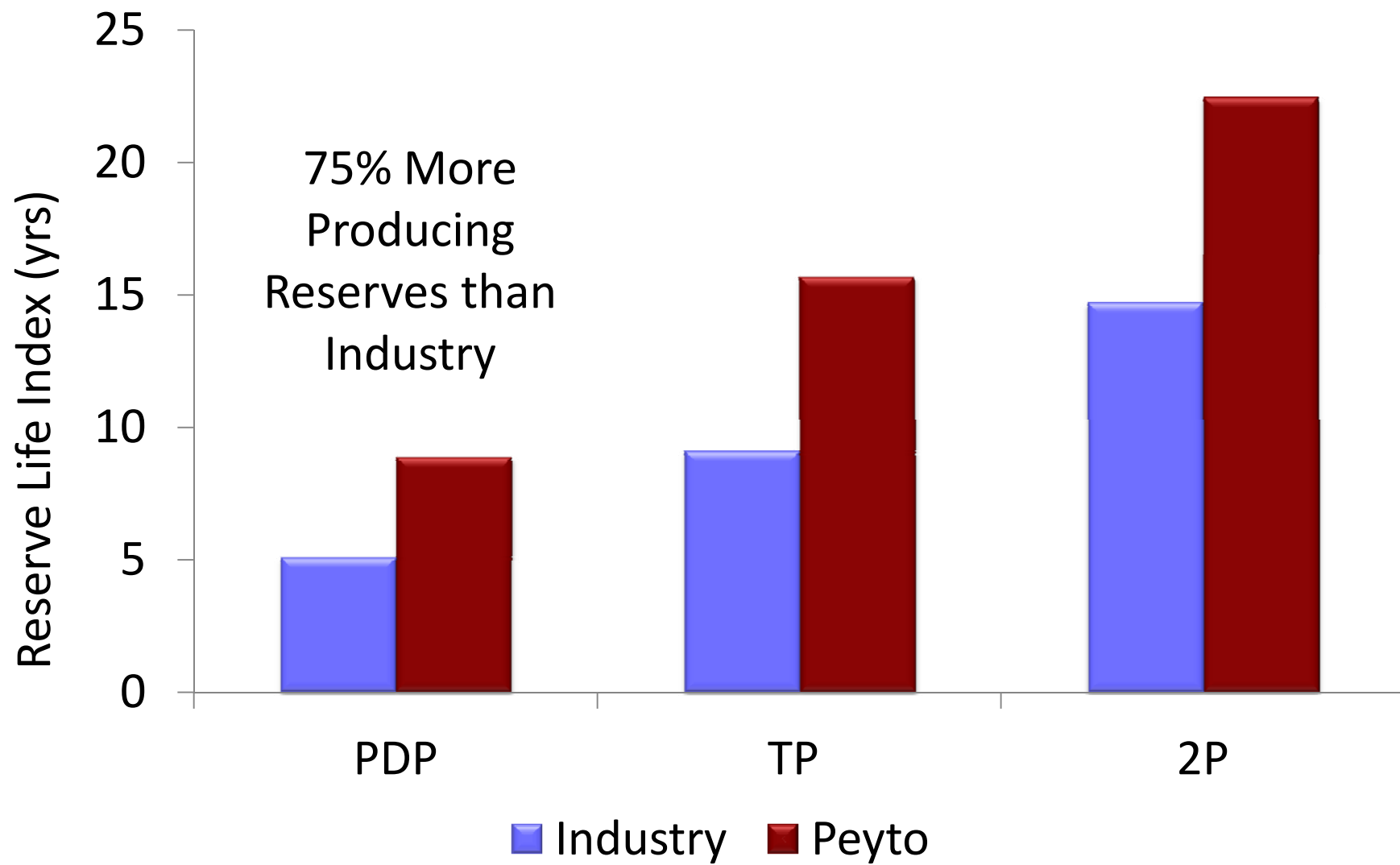


*Return on Equity (ROE) is earnings for the period divided by average unitholders equity – reveals how much profit a company generates with the money shareholders have invested*

*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*

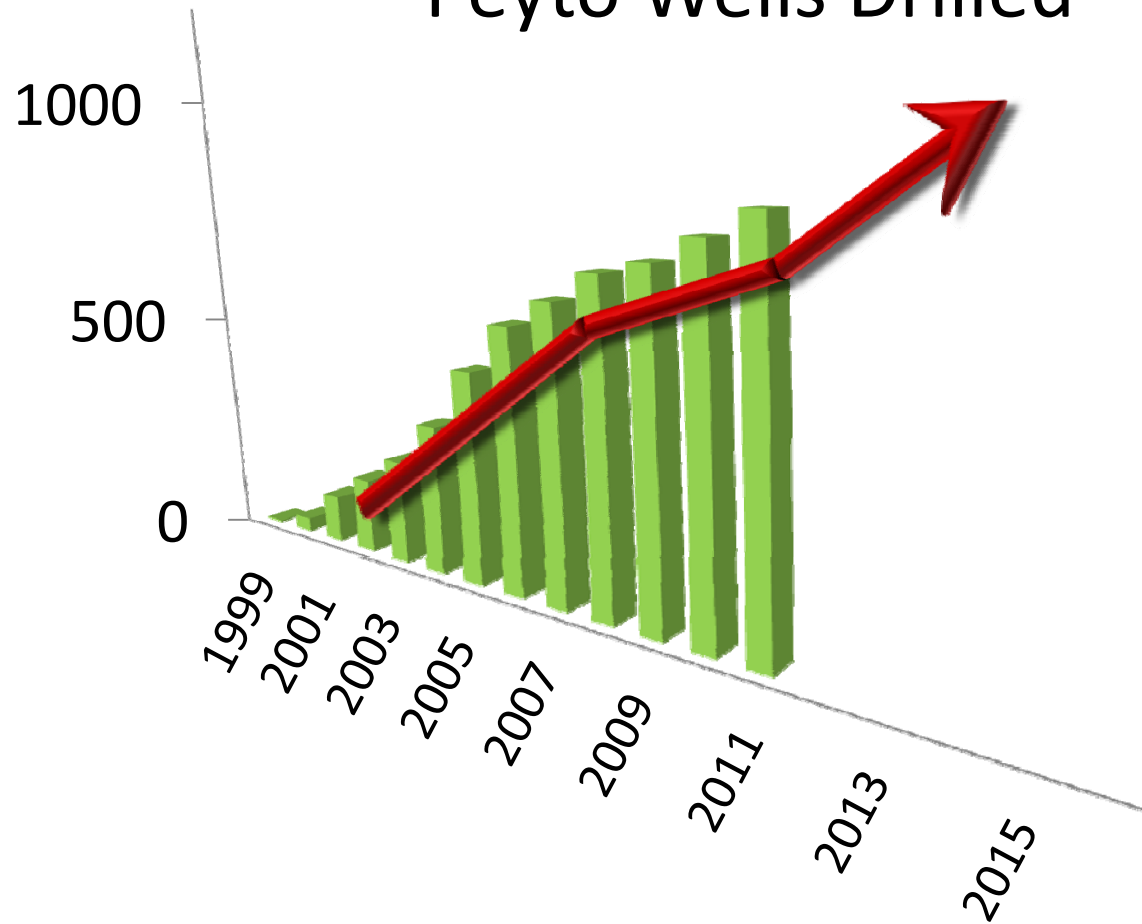
Peyto is different.

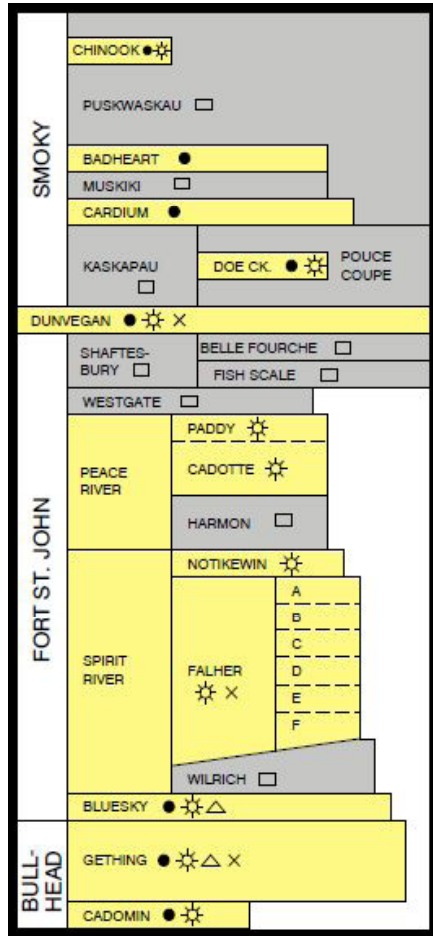
Peyto is enduring.



*\*Includes: AAV, ARX, BIR, BNP, BTE, CLT, CPG, CR, ERF, FEL, NAE, NGL, PGF, PMT, POU, PRQ, PWT, TET, TOU, VET, ZAR*

# Peyto Wells Drilled





Done

To Do

	<u>Total Vertical Wells</u>	<u>Total Hz Wells</u>	<u>Total Hz Locations Booked*</u>	<u>Total Hz Locations Unbooked</u>
	432	40	206	103
	5	1	6	10
	1		2	12
	90	29	44	25
	7	11	34	148
	14	53	83	99
	4	2	14	6
	12			
	<u>87</u>	<u>1</u>	<u>21</u>	<u>124</u>
	652	137	410	527



## Variable Price Economics

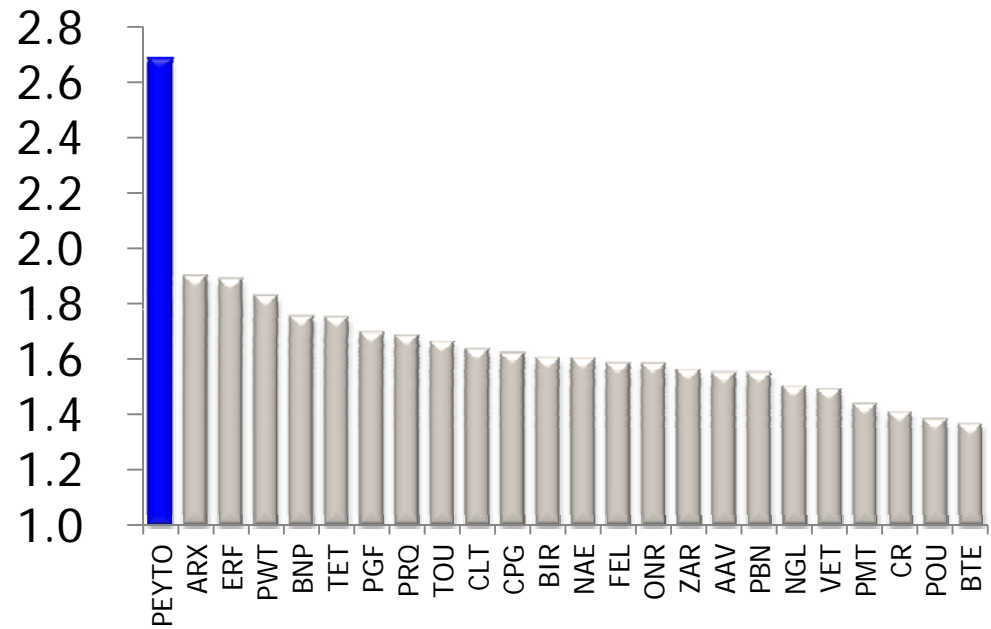
Category	NPV (millions of CDN dollars)			
	0%	5%	8%	10%
Proven Producing	\$ 4,809	\$2,624	\$2,049	\$ 1,792
Proven Non-Producing	\$ 97	\$ 43	\$ 29	\$ 23
Proven Undeveloped	\$ 2,796	\$1,306	\$ 878	\$ 681
Total Proven	\$ 7,702	\$3,972	\$2,956	\$2,496
Probable Additional	\$ 3,554	\$1,511	\$1,010	\$ 795
Proven + Probable	\$11,256	\$5,484	\$3,966	\$3,291

*InSite Petroleum Consultants February 2012 Reserve Report (effective: December 31, 2011)*

**\$4.8**

**\$1.8**

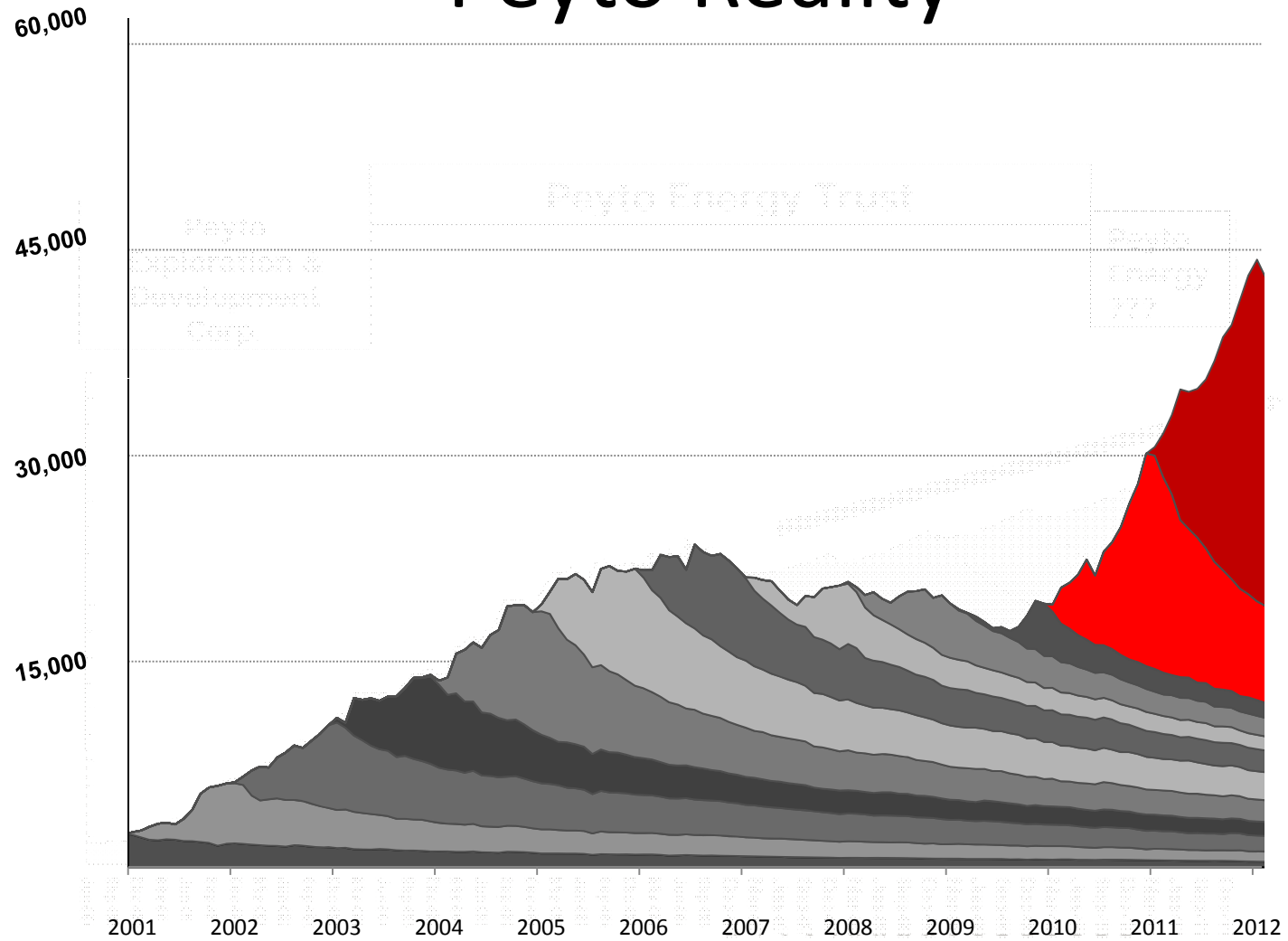
Ratio PV0 to PV10  
2011 PDP BT NPV



Peyto is different.



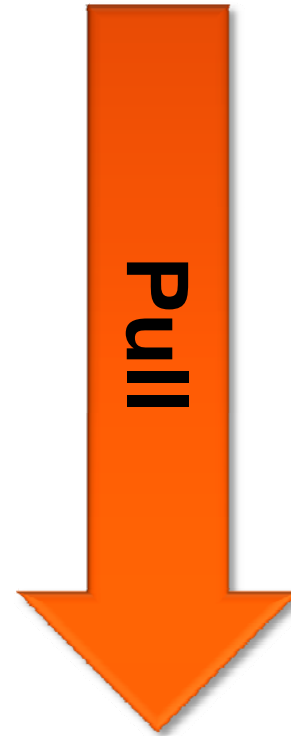
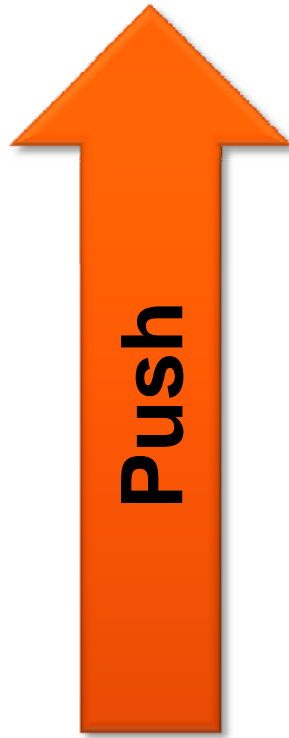
# Peyto Reality



# The Peyto Difference

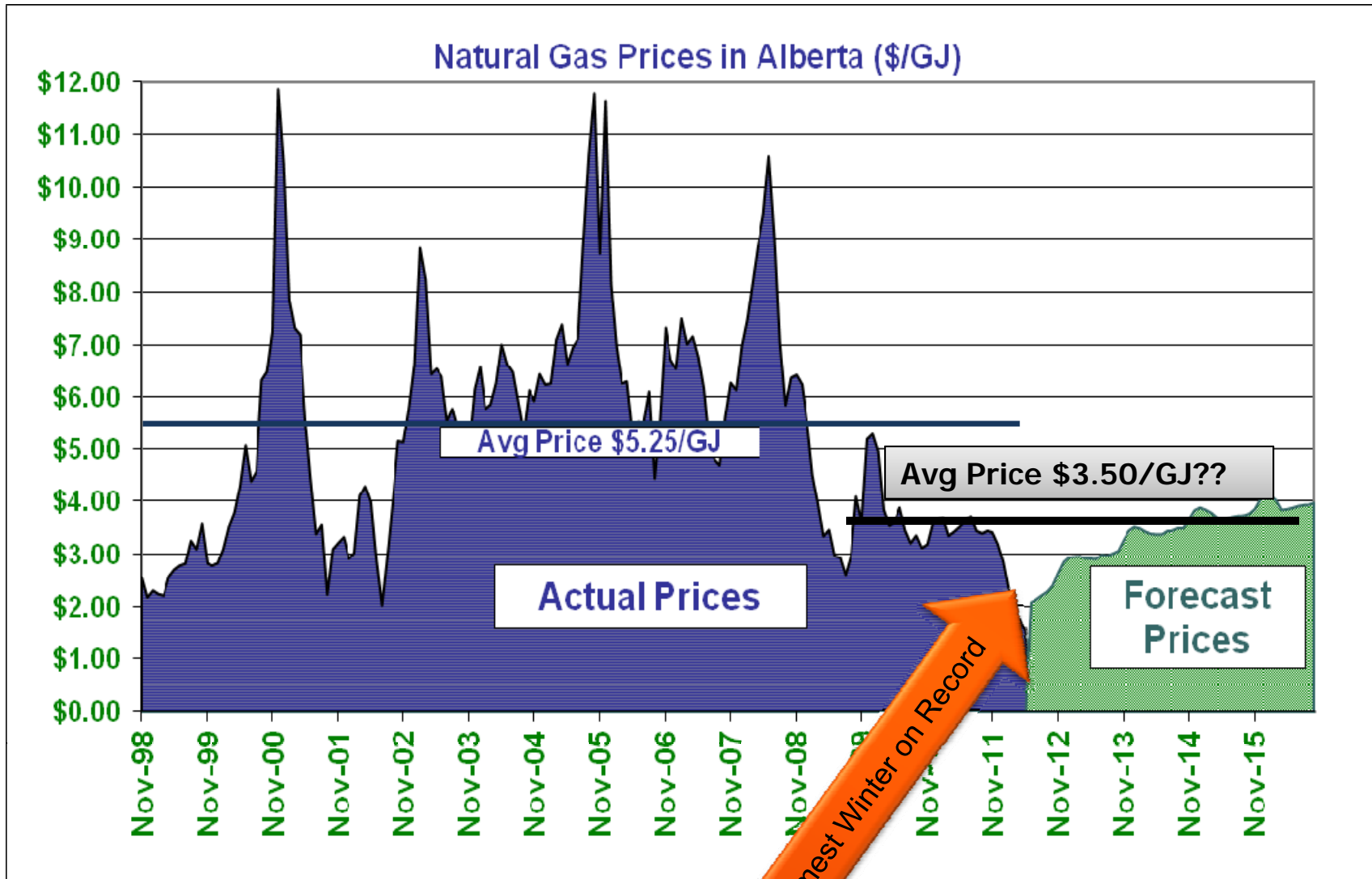
# Natural Gas Discussion

- **Coal to Gas Switching**
- **Transportation Fuel**
- **Steep Declines**
- **Potential LNG Exports**
- **Hot Summer?**



- **Warm Winter/ Excess Storage**
- **Shale Gas**
- **Hz MSF Technology**
- **No LNG Exports**
- **Cool Summer?**





[www.gasalberta.com](http://www.gasalberta.com)

4<sup>th</sup> Warmest Winter on Record

PEY 2011

*PDP FD&A*  
*\$/mcfe*

**(\$2.12)**

**\$3.50/GJ**

*Cash Costs*  
*\$/mcfe*

**(\$1.35)**

**x 165%\***

*Sales Price*  
*\$/mcfe*

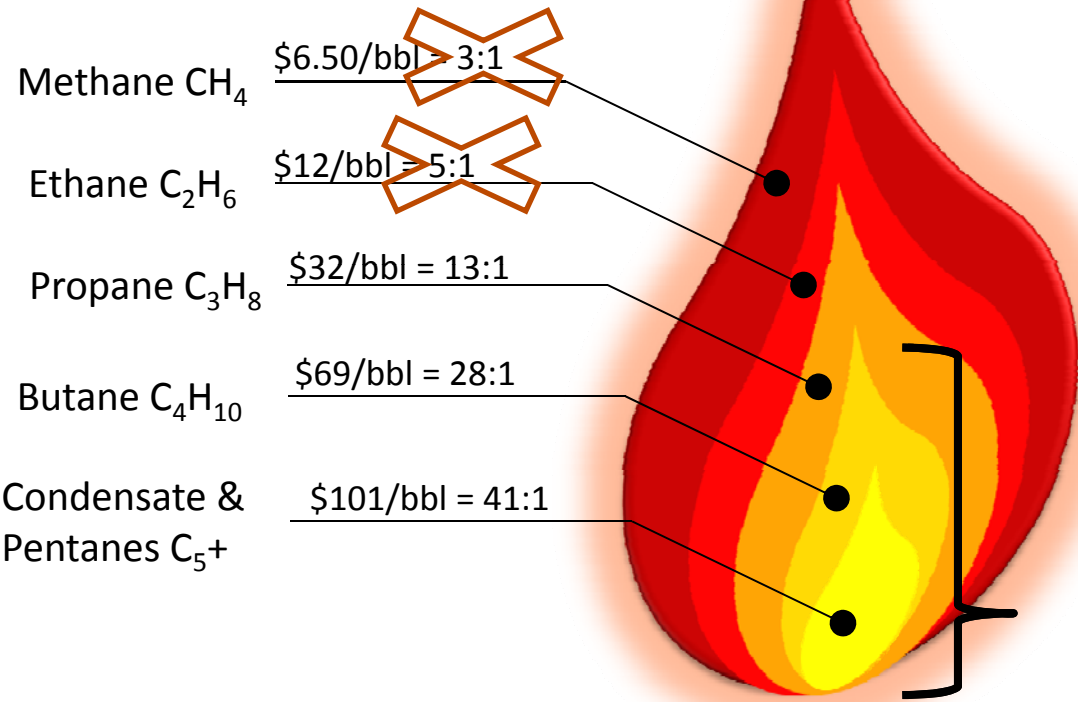
**\$5.47**



**\$5.78/mcfe**

*37% profit*

**\$2.00**



### Liquid Conversion

Existing Refrig. (-35°C)	Cheap Cut (-80°C)
30% C <sub>3</sub>	90% C <sub>3</sub>
50% C <sub>4</sub>	99% C <sub>4</sub>
97% C <sub>5</sub> +	99% C <sub>5</sub> +

\* Q1 2012 realized prices

# Peyto's Future Story?

