www.Peyto.com

Haywood California Roadshow

January 2012

Advisory
Regarding Forward-Looking Statements

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. Reserve and production volumes are quoted before royalty deductions.

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.

Prices
All dollar values are quoted in Canadian currency.

Peyto Profile

PEYTO
Exploration & Development Corp.

- TSX Listing: PEY
- Monthly Dividend: $0.06/share
- Shares Outstanding: 138 million (6% insider ownership)
- Current Production: 250 MMCFe/d (42,000 boe/d)
- Q3 2011 Net Debt*: $100 million (senior secured notes, 7 yr, 4.39% coupon, Prudential IM)
  $316 million (bank debt)
  $416 million
- Bank Lines: $625 million revolving credit facility
- Enterprise Value: $3.6 billion ($23/share)

**Net Debt adjusted for December 2011 equity issue and January 2012 notes private placement*
BOE factor - 6 mcf = 1 bbl of oil equivalent
Reserve and production volumes are before royalty deductions

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* ($1.24/mcfe – Q3 2011 actual)
- Sweet, liquids rich gas stream (55% more revenue than dry gas)
- Low risk, profitable production growth (41%/share – Q311/Q310)

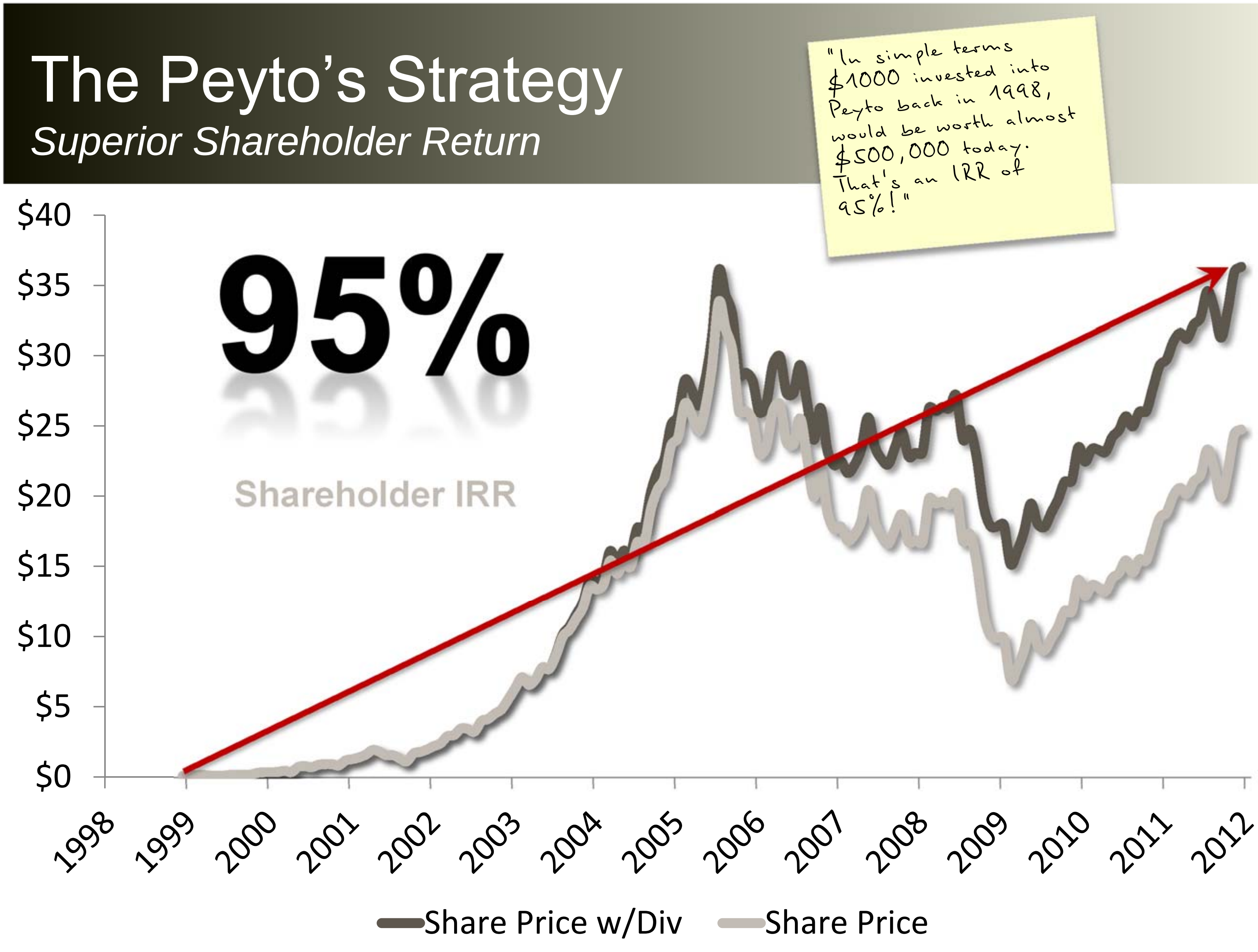
Deliver Superior Returns

- 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's Strategy

Superior Shareholder Return



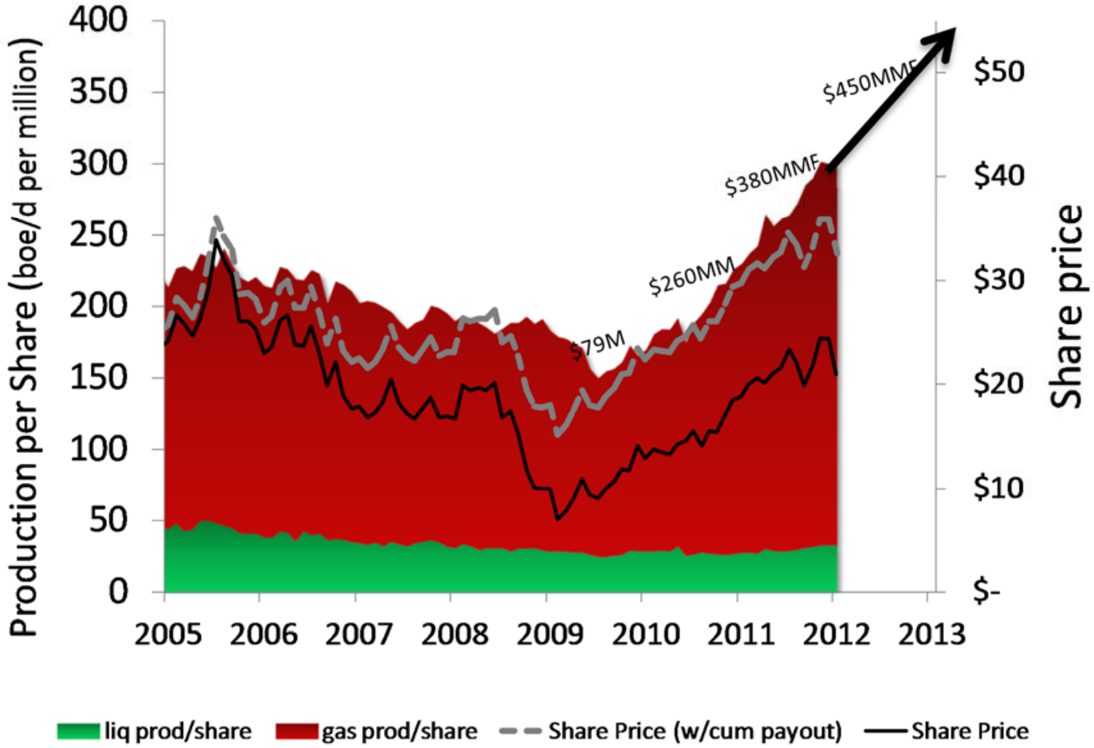
Historical Per Unit and Units Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split
Oct 23,1998 price of $0.075/share, Dec 31, 2011 price of $24.39/share

3/8/2012

The Peyto Strategy

Growth per Share

"Peyto delivered 41% production per share growth from Q3 2010 to Q3 2011 and that growth continues to accelerate."



40%

YoY production growth/share

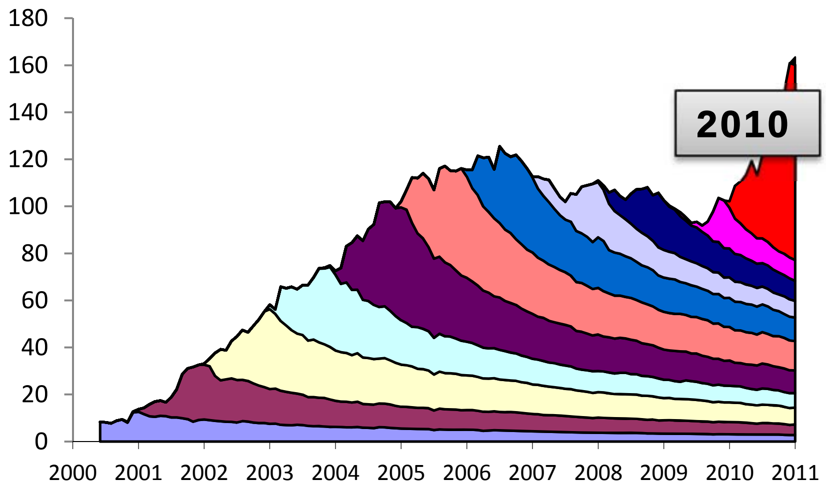
Historical Per Unit (share) and Units (shares) Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split

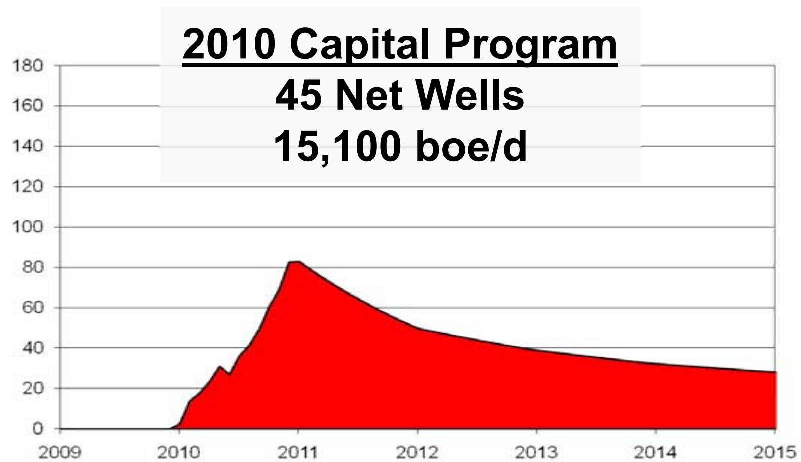
BOE factor - 6 mcf = 1 bbl of oil equivalent

The Peyto Strategy

Returns Driven

"The entire 2010 capital program (incl. wells, land, seismic & facilities) generated 33% IRR and turned $200 MM into > $400MM based on the engineering evaluation."





\$200M ➔ \$400M

Net Capital to PV_{10}

40%

Production/share growth

13%

2P Reserves/share growth

33%

IRR

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

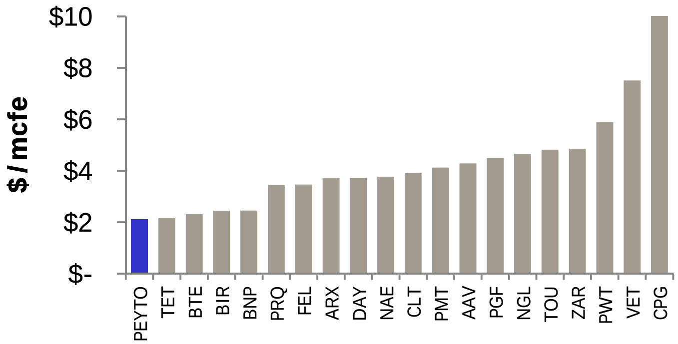
Peyto's Profitable Business

Peyto's Business

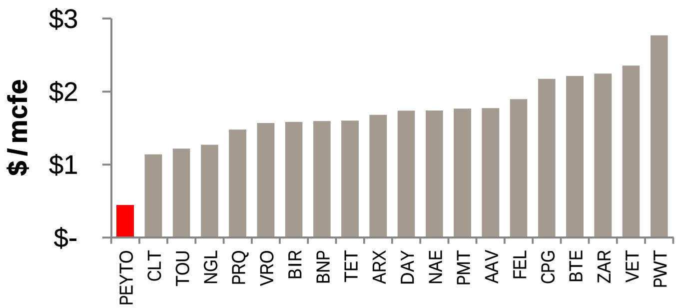
"Build it for less than you sell it"

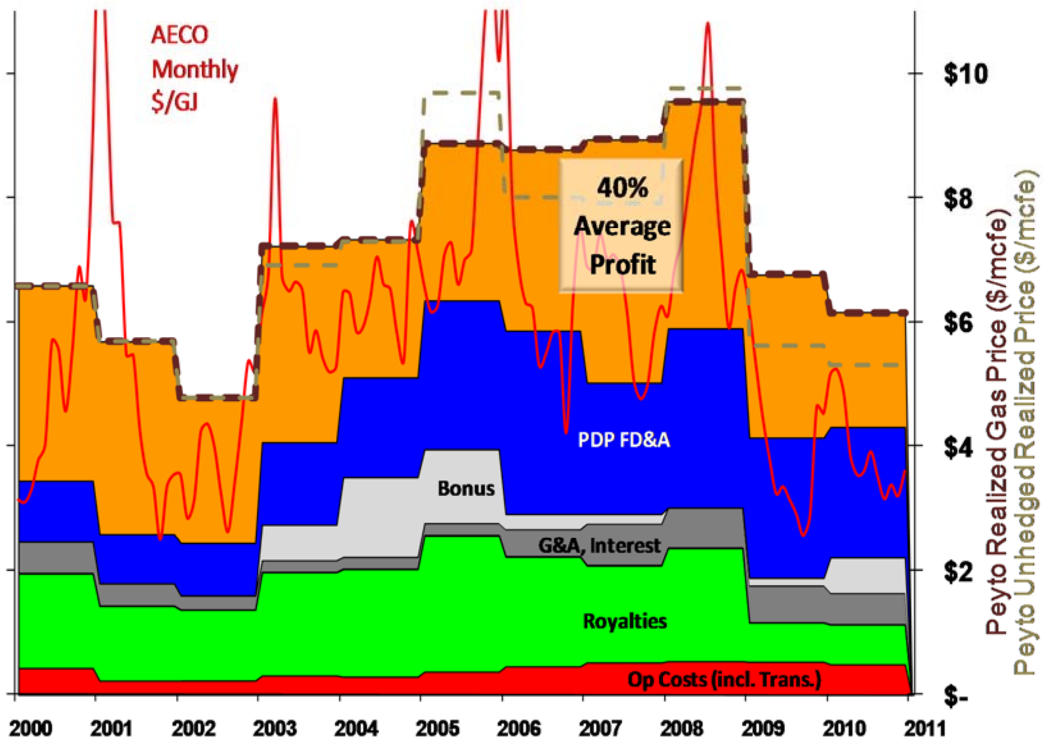
"Peyto is quite simply a profitable business, consistently building it for less than we sell it, throughout the commodity price cycle."

2010 PP FD&A



2010 Op Costs
(incl. Trans.)





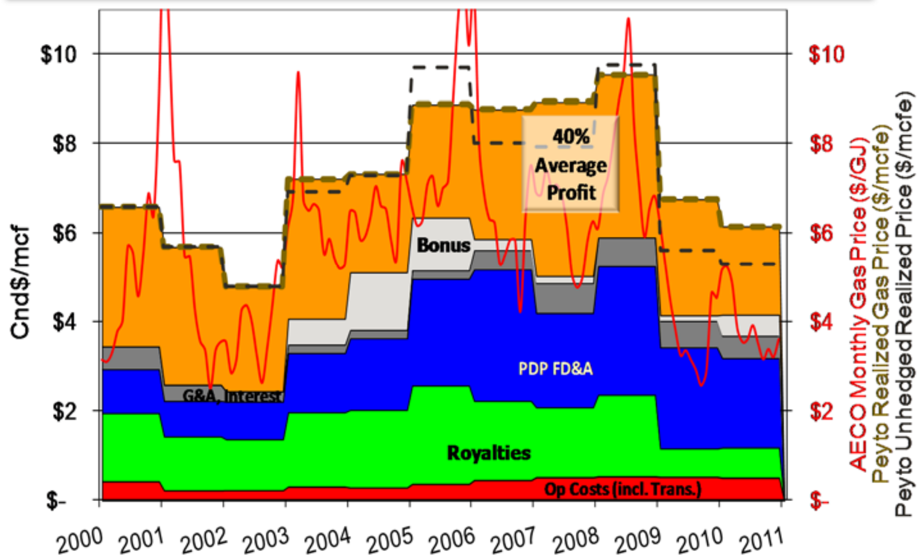
BOE factor - 6 mcf = 1 bbl of oil equivalent

Peyto's Business

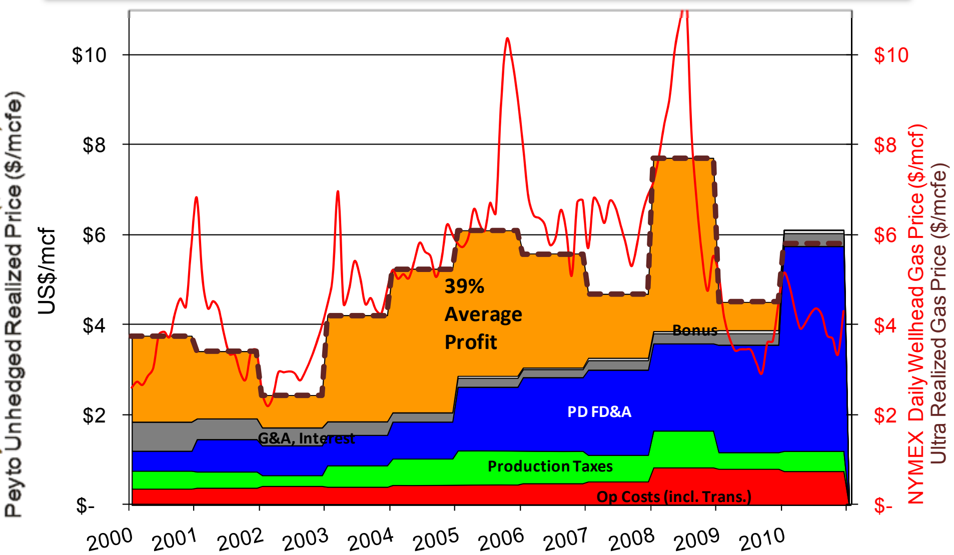
Who's Profitable

"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."

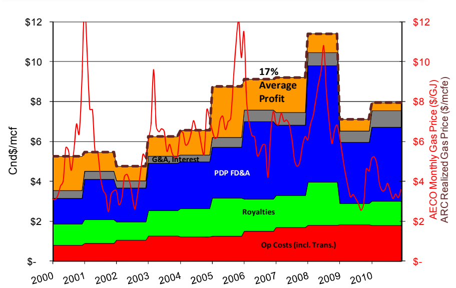
Peyto Ave Profit 2002-2010 = $2.80/mcfe



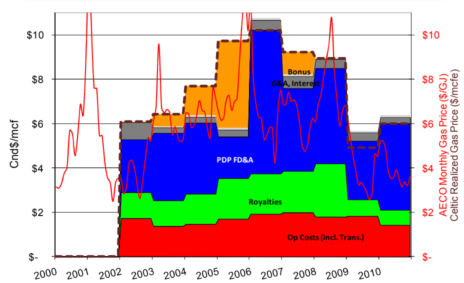
Ultra Pet. Ave Profit 2002-2010 = $1.96/mcfe



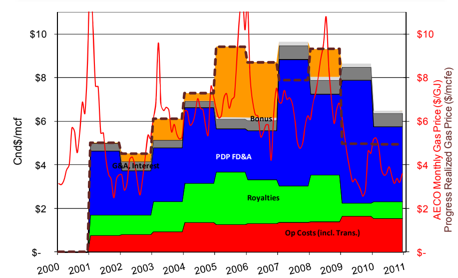
ARC Ave Profit 2002-2010 = $1.19/mcfe



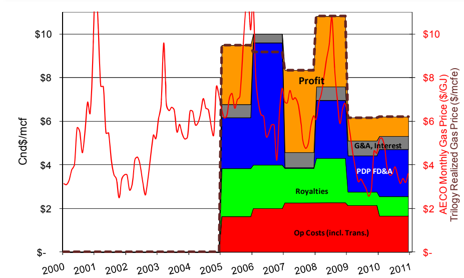
Celtic Ave Profit 2002-2010 = $0.57/mcfe



Progress Ave Profit 2002-2010 = $0.18/mcfe



Trilogy Ave Profit 2005-2010 = $1.80/mcfe



Peyto's Business

The Low Cost Advantage

"Even at very low gas prices, Peyto is still able to generate a healthy margin. The same cannot be said for the majority of Canadian gas producers."

25%

Margin at $2.75 gas

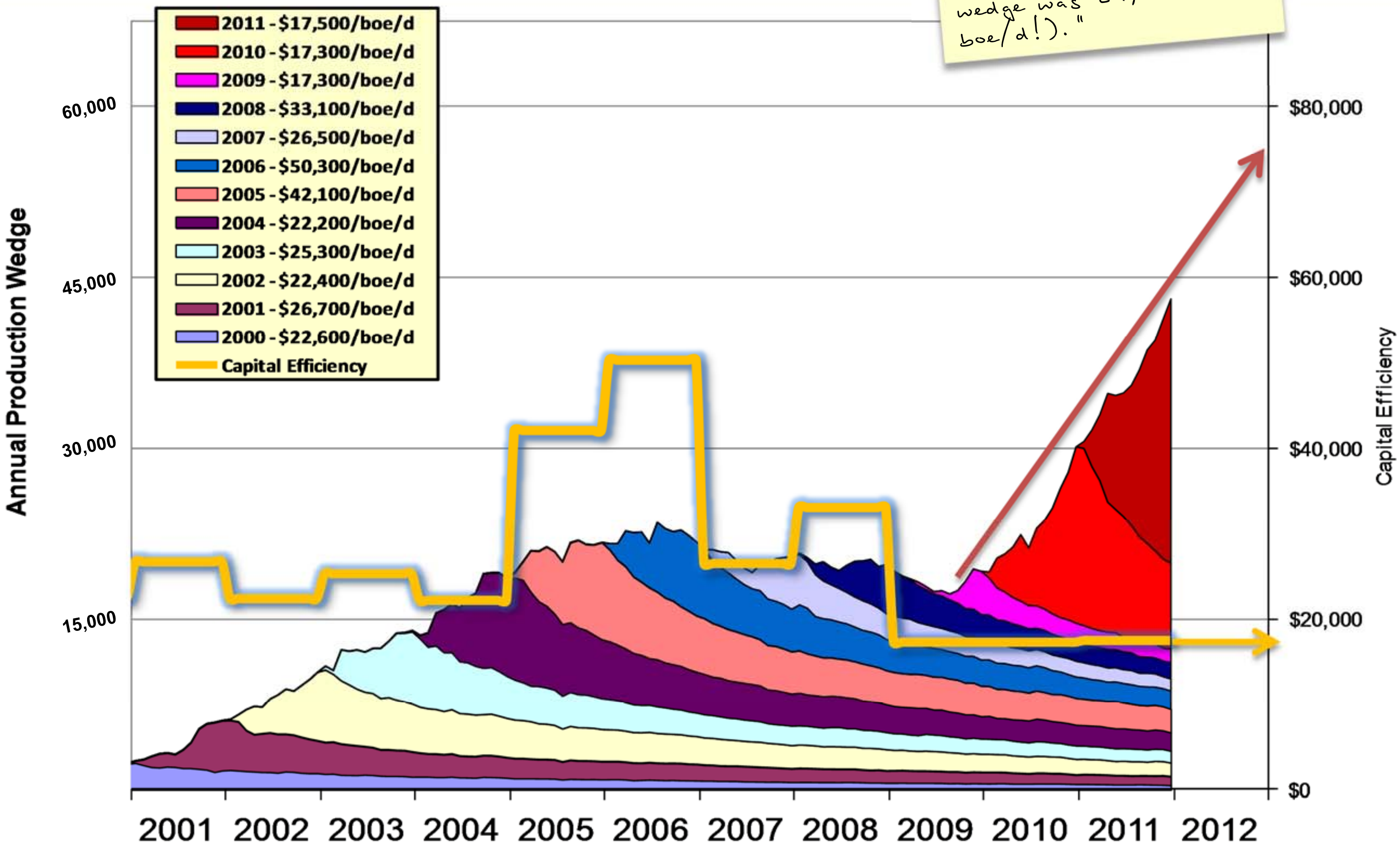
		Peyto	Ave CND >70% Gas*
WTI Oil C$/bbl	$105	11%	17%
AECO Gas C$/GJ	$2.75	89%	83%
Unhedged Revenue ($/mcfe)		$4.48	$5.18
Royalties		($0.46)	($0.56)
Operating Costs (w/Transport)		($0.48)	($1.49)
G&A		($0.04)	($0.31)
Interest		($0.26)	($0.37)
Cash Costs[1]		($1.24)	($2.73)
Netback		$3.24	$2.45
2010 FD&A		($2.10)	($3.72)
Profit/(Loss)		$1.14	($1.27)
Margin		**25%**	**-25%**

**Ave Canadian Industry >70% gas includes : AAV,BIR,PMT,TOU,PRQ,FEL,POU,VRO,CLT,TET*
[1]Cash costs based on Q3 2011 Financial Reports

Peyto's Business

Focus on Returns Drives Capital Discipline

"Improvements in capital efficiency have resulted in larger capital programs for 2010 & 2011 and record wedges of new production (2011 wedge was 21,700 boe/d!)."

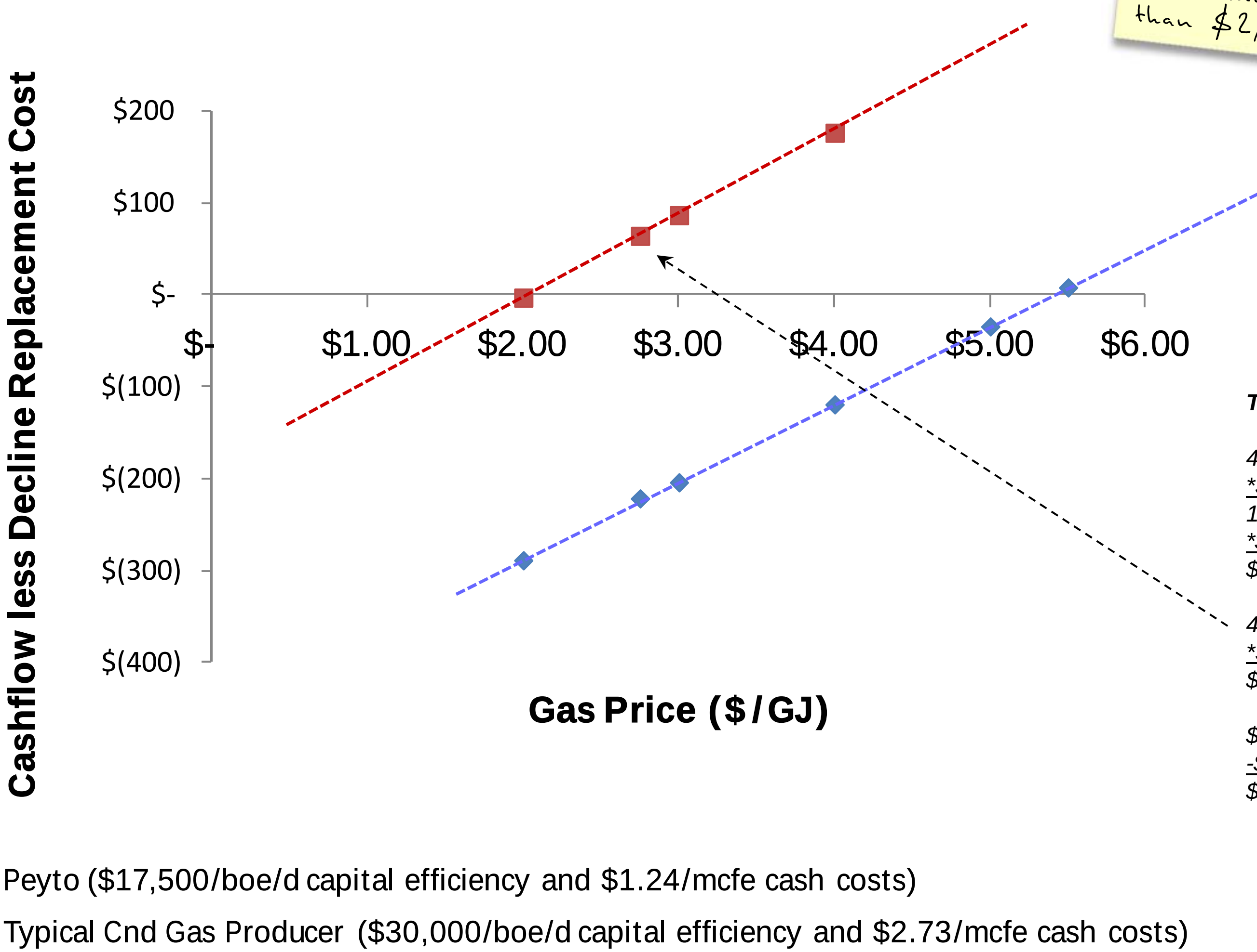


* Capital Efficiency is the cost to add new production measured at Dec 31 each year. Example: In 2010 , Peyto invested $261MM to build 15,100 boe/d for a capital efficiency of $17,300/boe/d.

Peyto's Business

Low Cost and Capital Efficiency Provides Insulation

"So what gas price is required to generate enough cashflow to be able to offset the decline of a 42,000 boe/d producer? With Peyto's costs and efficiency, less than $2/GJ."



The Math…

42,000 boe/d
**31% decline*
13,000 boe/d decline
**$17,500/boe/d*
$228MM replacement cost

42,000 boe/d
**3.24/mcfe netback*6*
$298MM CF

$298MM
-$228MM
$70MM

**Assumes C$105/bbl oil price and 31% corporate decline*
Cash costs include: royalties, op costs, transportation, G&A and interest

Peyto's Business

Deep Basin Lands Go A Long Way

"A large inventory of undeveloped land can be meaningless. A small amount of the "right land" however, can be developed into something very material."

456

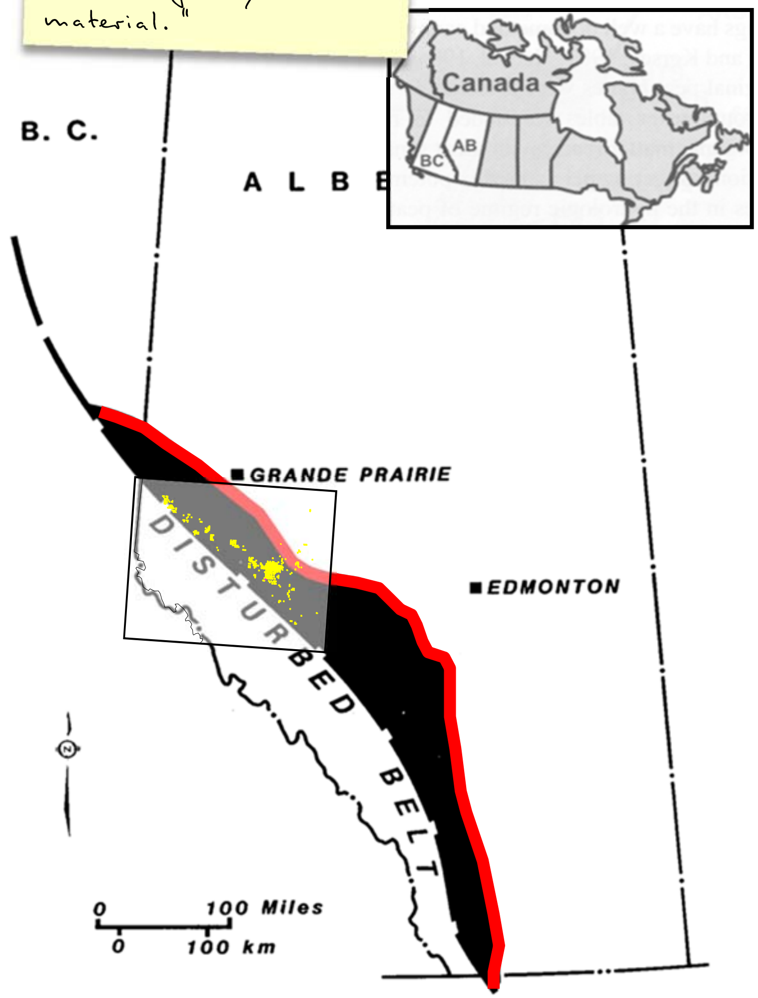
Net Peyto Sections

1,288

Net Sections of Cardium, Dunvegan, Notikewin, Falher, Wilrich, Bluesky, & Cadomin

177

Net Sections for 2 TCFe of 2P EUR



TCFe – Trillion Cubic Feet equivalent
Lands at September 30, 2011
Based on InSite Petroleum Consultants (formerly Paddock Lindstrom & Ass.) Dec 31, 2010 Reserve Report.

Peyto's Unique Assets

Peyto's Assets

Geographically Focused Core Areas

"Peyto operates 99% of its production and processes 98% of that production through the five, 100% owned and operated, gas plants. Concentration and control are how you achieve low costs."

98%

Processed by Peyto

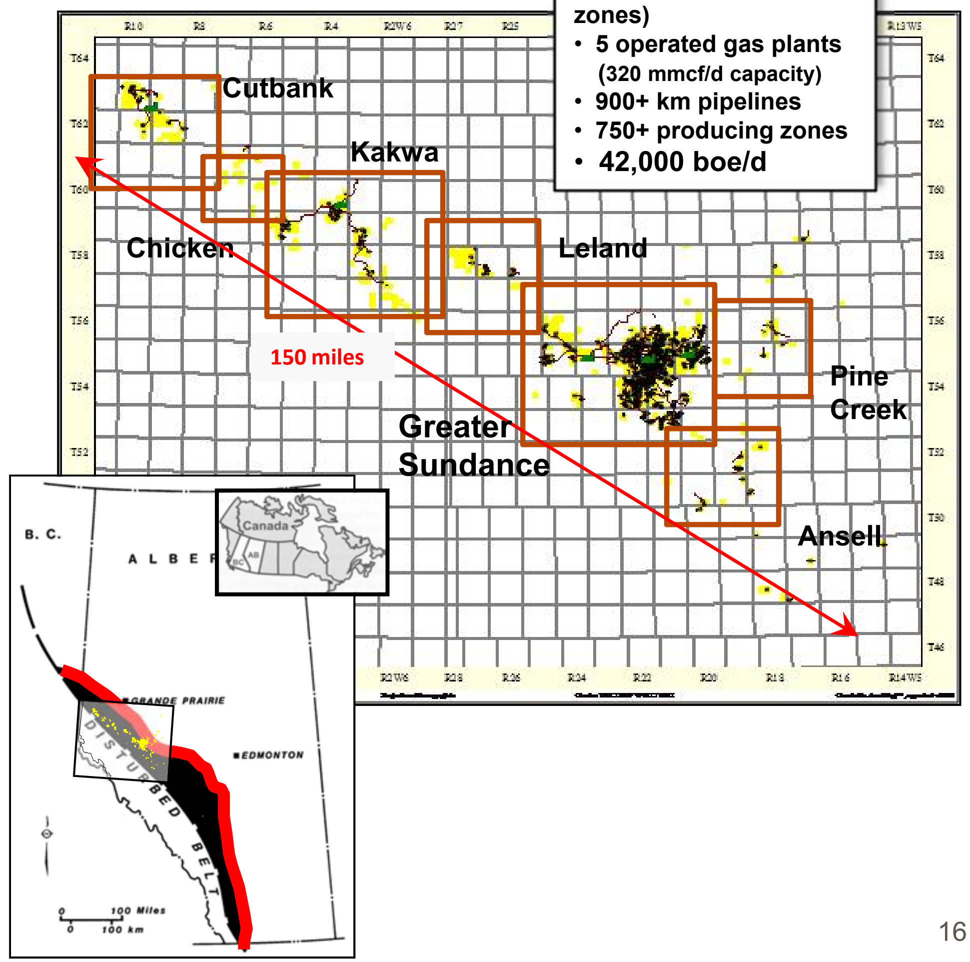
99%

Operated by Peyto

100%

Interest in 5 Processing Facilities

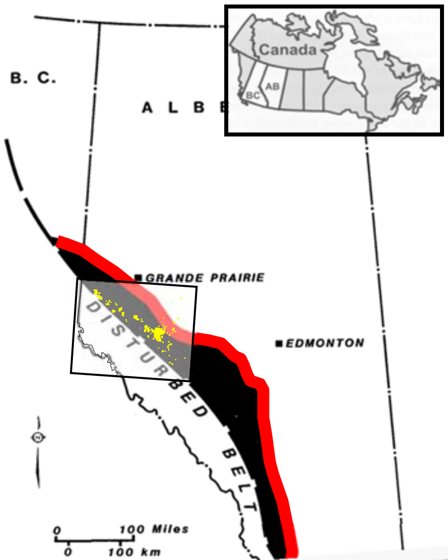
- 292,000 net acres (825,000 net acres for all zones)
- 5 operated gas plants (320 mmcf/d capacity)
- 900+ km pipelines
- 750+ producing zones
- 42,000 boe/d

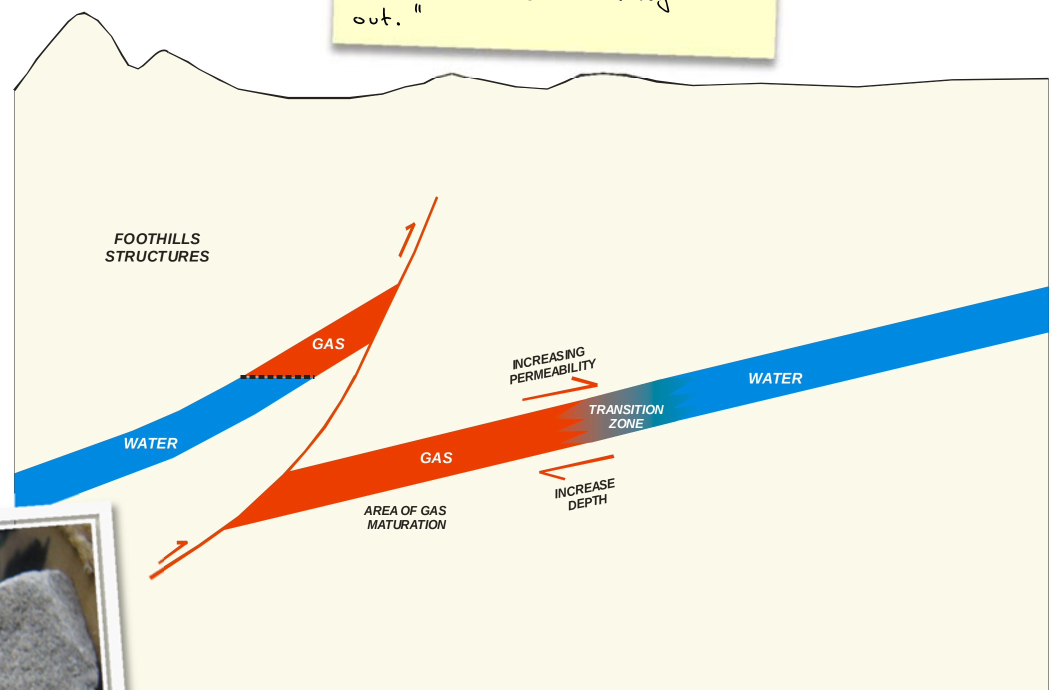


Peyto's Assets

Deep Basin Permeability Segregation

"The Deep Basin is a permeability trap, because the fluids in the updip position can't travel through these fine grained reservoirs so there is no risk of wells watering out."

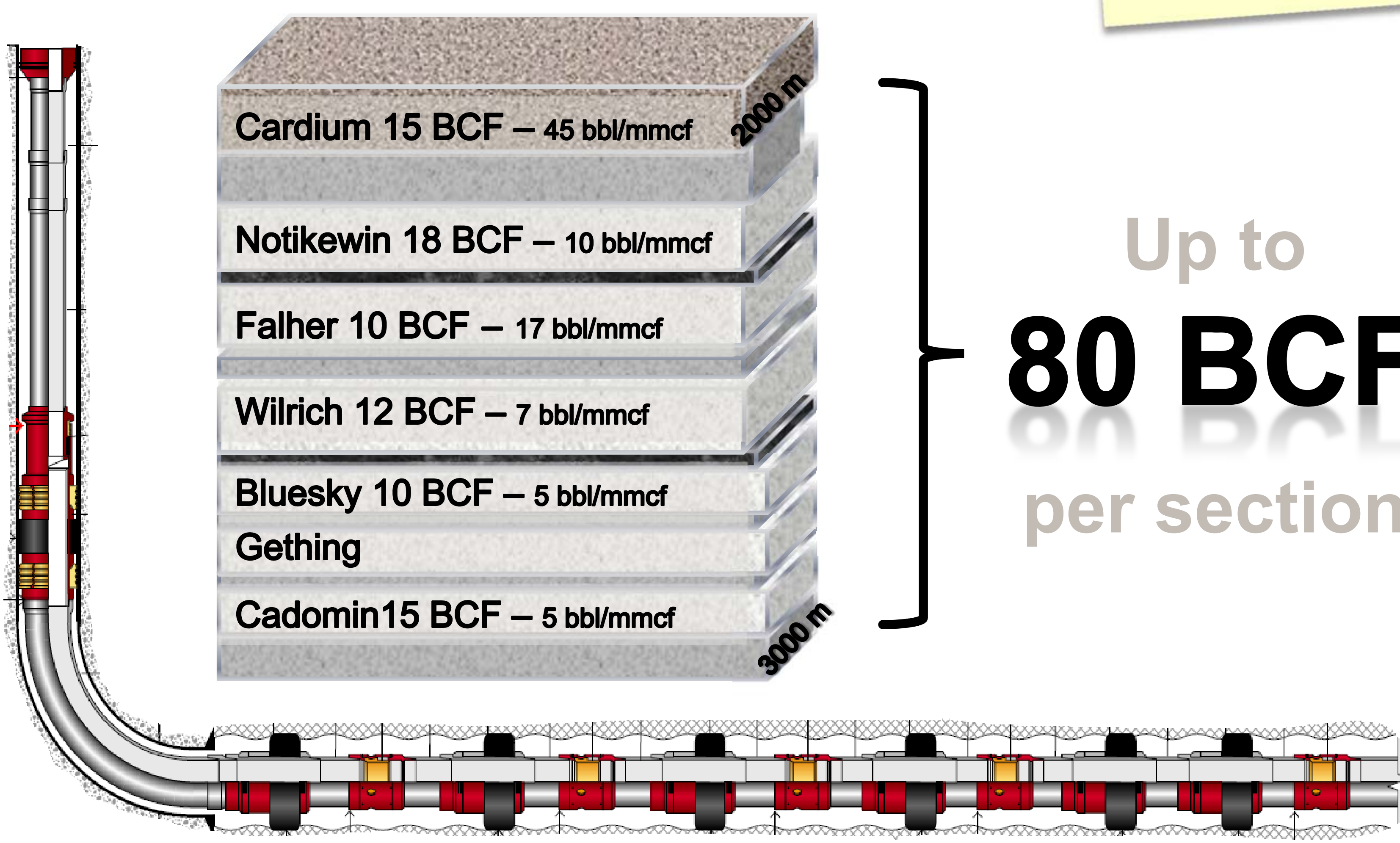




Peyto's Assets

Applying Hz Technology to Tight Deep Basin Sands

"At 15 bcf per section, the 63 new sections bought in 2011 (at less than $520/ac) have up to 1.0 TCF of resource potential in just one of the prospective horizons."



Up to **80 BCF** per section

**NGL recoveries can increase by up to 15 bbl/mmcf with deeper cutting processing facilities*

Peyto's Assets

Large Hz MSF Inventory

"We have already proven greater profits are available with horizontal wells in 6 out of 7 zones and this has caused our inventory of drillable locations to increase dramatically! But even after another 600 wells our lands are less than 25% developed."

Horizontal Locations

192 locations

16 locations

14 locations

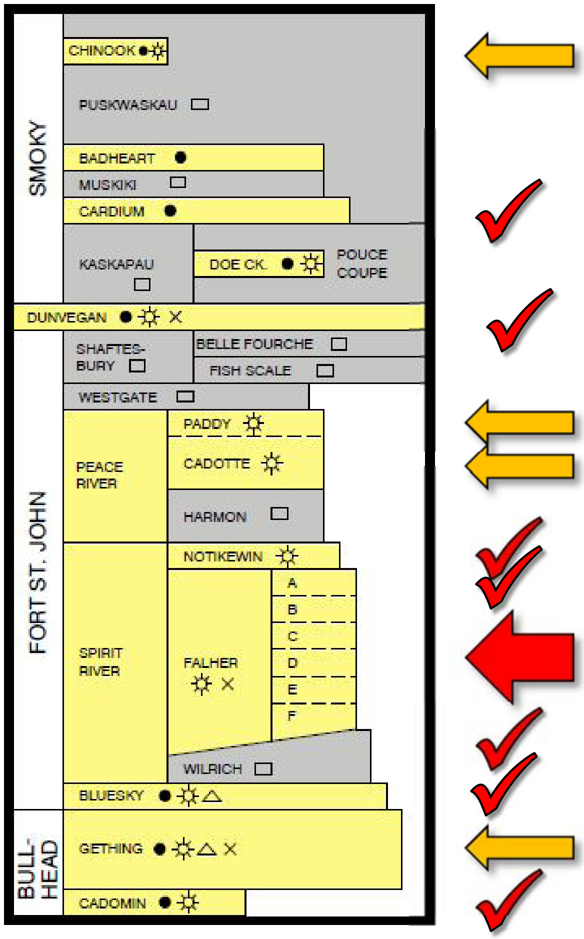
69 locations
180 locations

182 locations

14 locations

2 locations

>669 locations!



10+

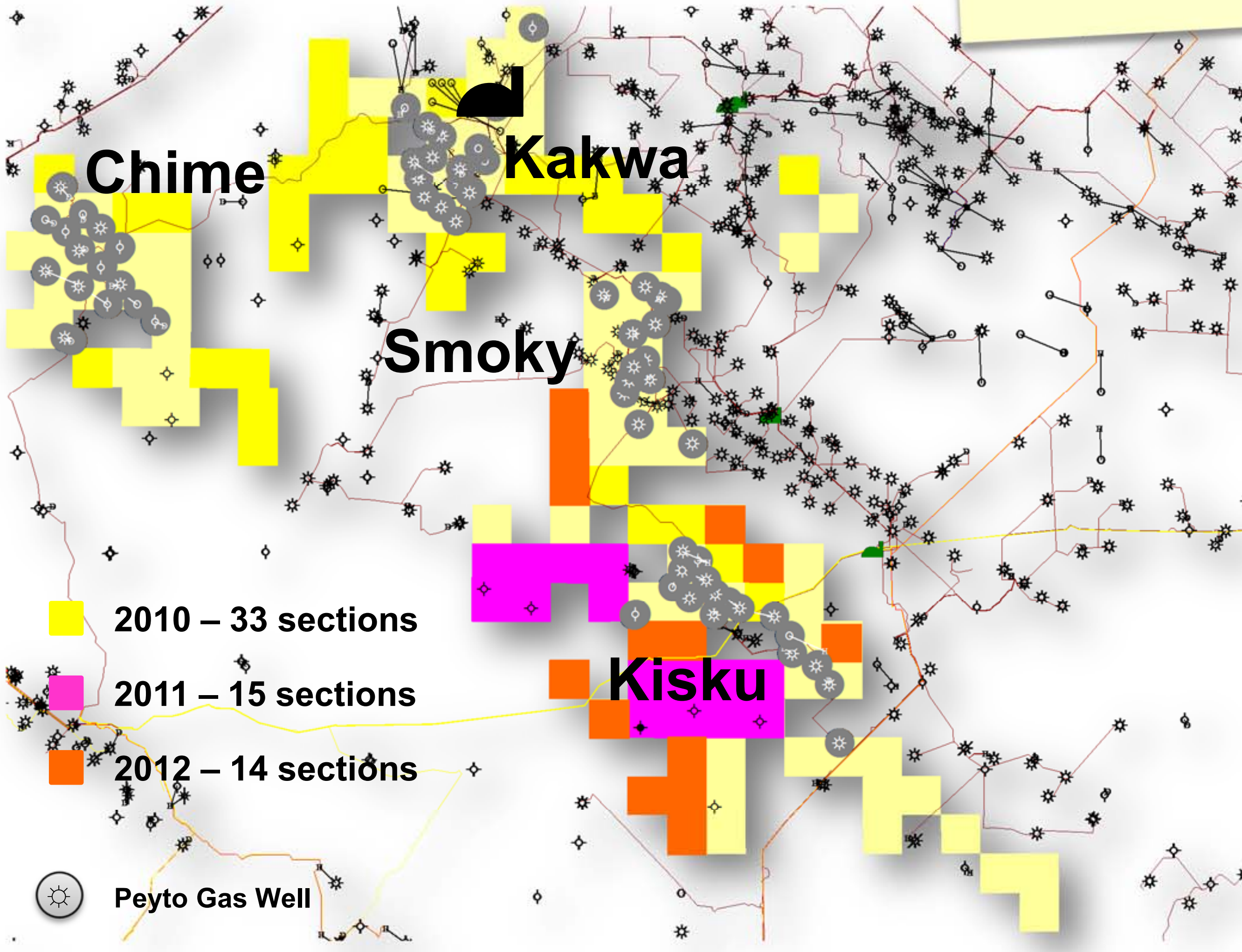
Years of Drilling Inventory

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

Peyto's Assets

Organically Built Core Areas

"Peyto's Greater Kakwa area has grown over the last 3 years with the addition of the Chime and Kisku lands."

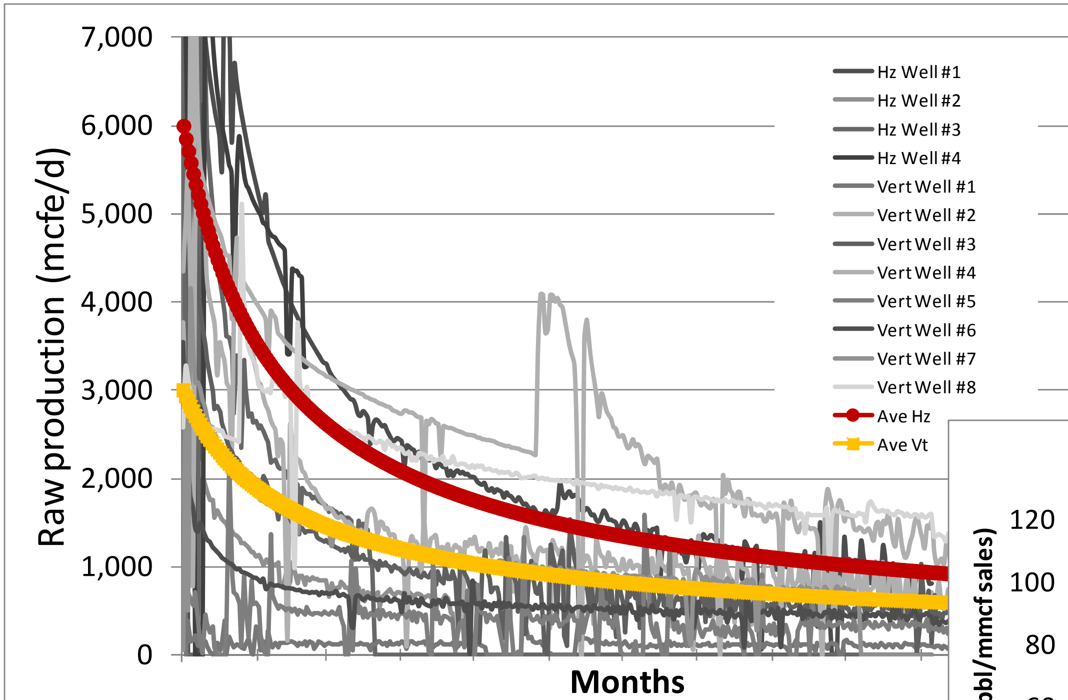


- 140 net sections of Cardium Rights
- Over 85 wells drilled and on stream
- Recent Horizontal success expands drilling inventory
- Currently yielding > 60 bbl/mmcf of condensate and NGLs

Peyto's Assets

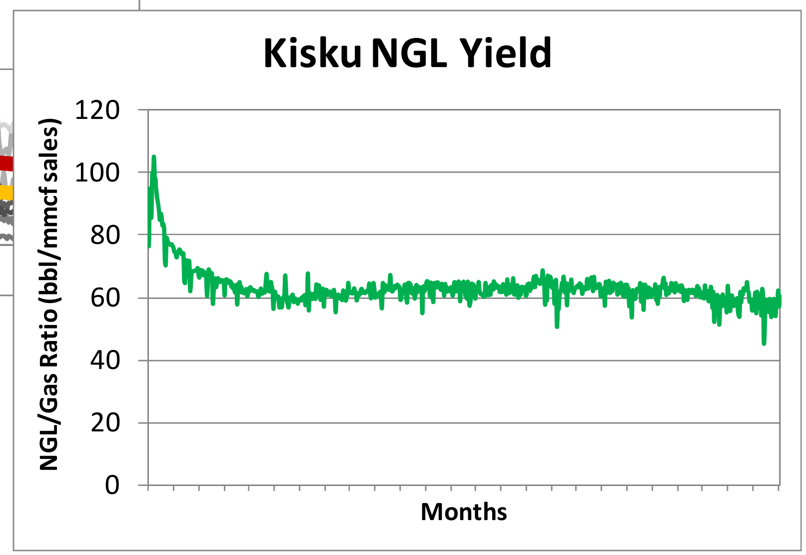
Kisku Cardium – Vertical vs. Horizontal

"The Kisku area has faulted Cardium that has been developed with both vertical and horizontal wells. The high natural gas liquids content makes returns less sensitive to to low gas prices."



Kisku Cardium Hz Type Economics

Capital:	**$5.8MM (D/C/E/T)**
IP(1m):	**3.6 mmcf/d, 60 bbl/mmcf sales**
EUR:	**3.2 BCFe sales**
IRR:	**48% ($4/GJ flat, $88/bbl)**
	33% ($2.65/GJ flat, $104/bbl)



BOE factor - 6 mcf = 1 bbl of oil equivalent
Peyto internal reserve estimates and economic evaluation
Economics include 5% max and NGDDP

Peyto's Assets

Oldman Enhanced Liquids Extraction

"Since we own and operate our facilities, we can modify them as we see fit to optimize the liquids recovery and revenue streams."

15

bbl/mmcf more liquids recovery

- **Reduce process temp. from -35^{o}C to -80^{o}C**
- **Increase liquids recovery by 15 bbls/mmcf on over 100 mmcf/d net sales**
- **Approx. $23 MM Capital Investment**
- **Less than 2 yr payout, IRR >75% at $3.27/GJ and $98/bbl Edm. Light oil pricing**
- **Applicable to other Peyto Gas Plants**

Peyto's Assets

Longest Reserve Life

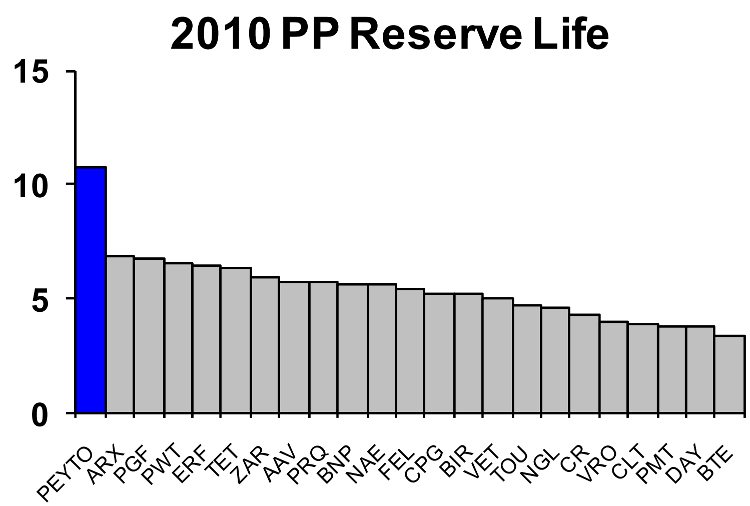
"Peyto is a pure play unconventional tight gas company. Others may claim to have long reserve life assets but only because they are measuring current production against undeveloped reserves, not the reserves associated with the current production"

11

Peyto PP RLI (yrs)

5

Industry PP RLI (yrs)



2010 Year End Proved Producing Reserve Life (using Q4 2010 production rate).
Source: Company AIF & Financials

Peyto's Assets

Lowest Operating Costs

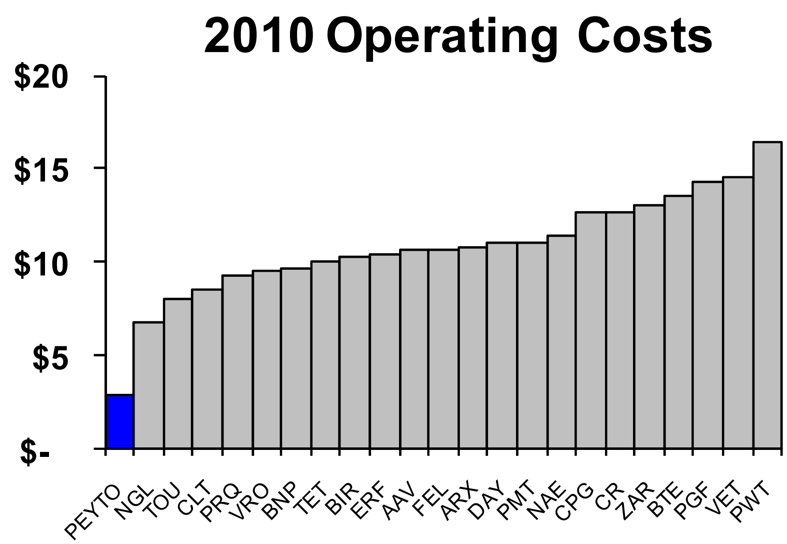
"Peyto's operating costs are not just low, they are unique in the Canadian energy sector."

$3

Peyto Op Costs ($/boe)

$11

Industry Op Costs ($/boe)

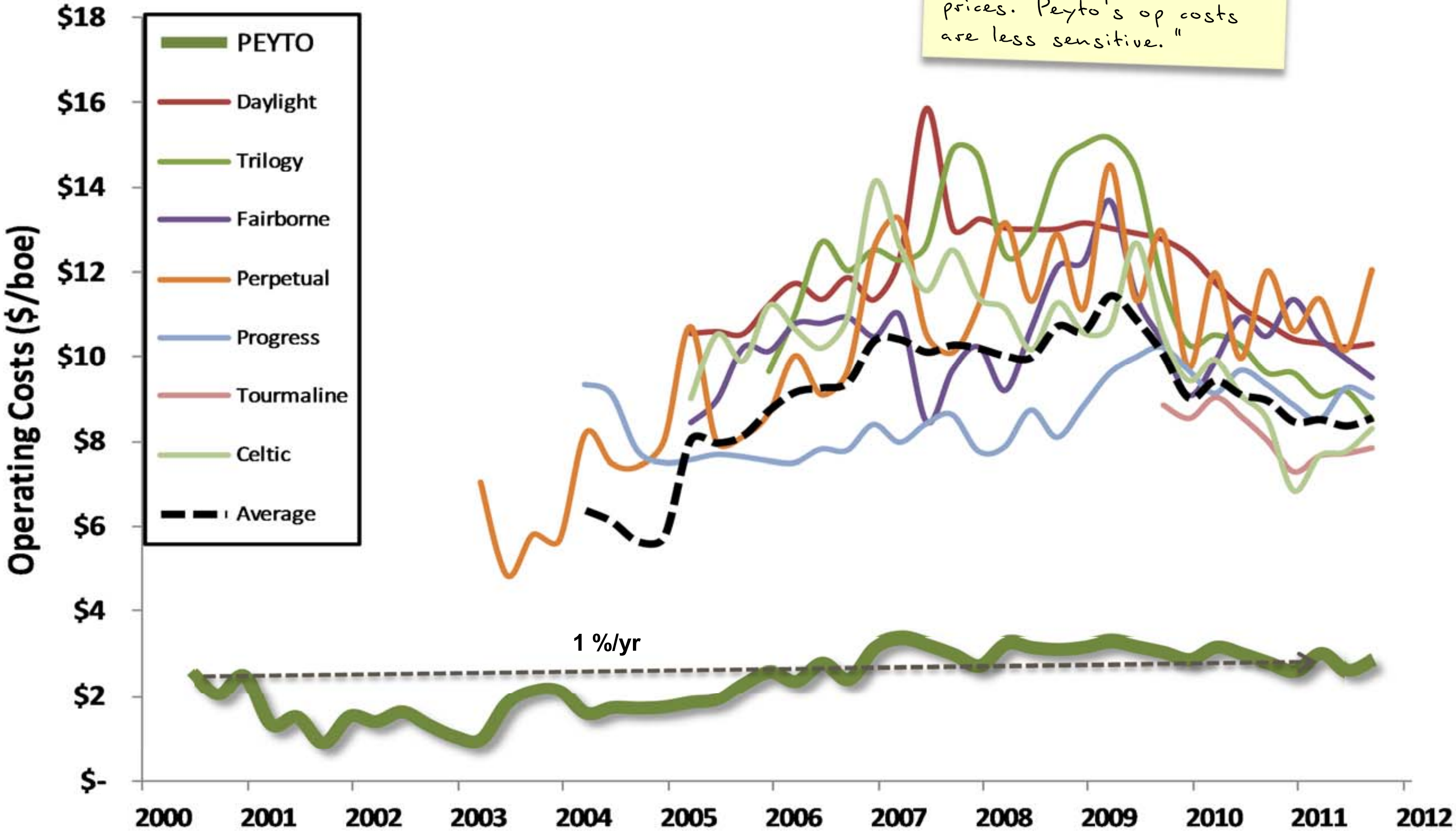


Operating Costs include Transportation costs. ($/boe)
BOE factor - 6 mcf = 1 bbl of oil equivalent

Peyto's Assets

Lowest Operating Costs – Gas Producers

"Rising oil price drives inflation, even in the energy business. It's not surprising most of the gas industry has seen op cost go up with oil prices. Peyto's op costs are less sensitive."

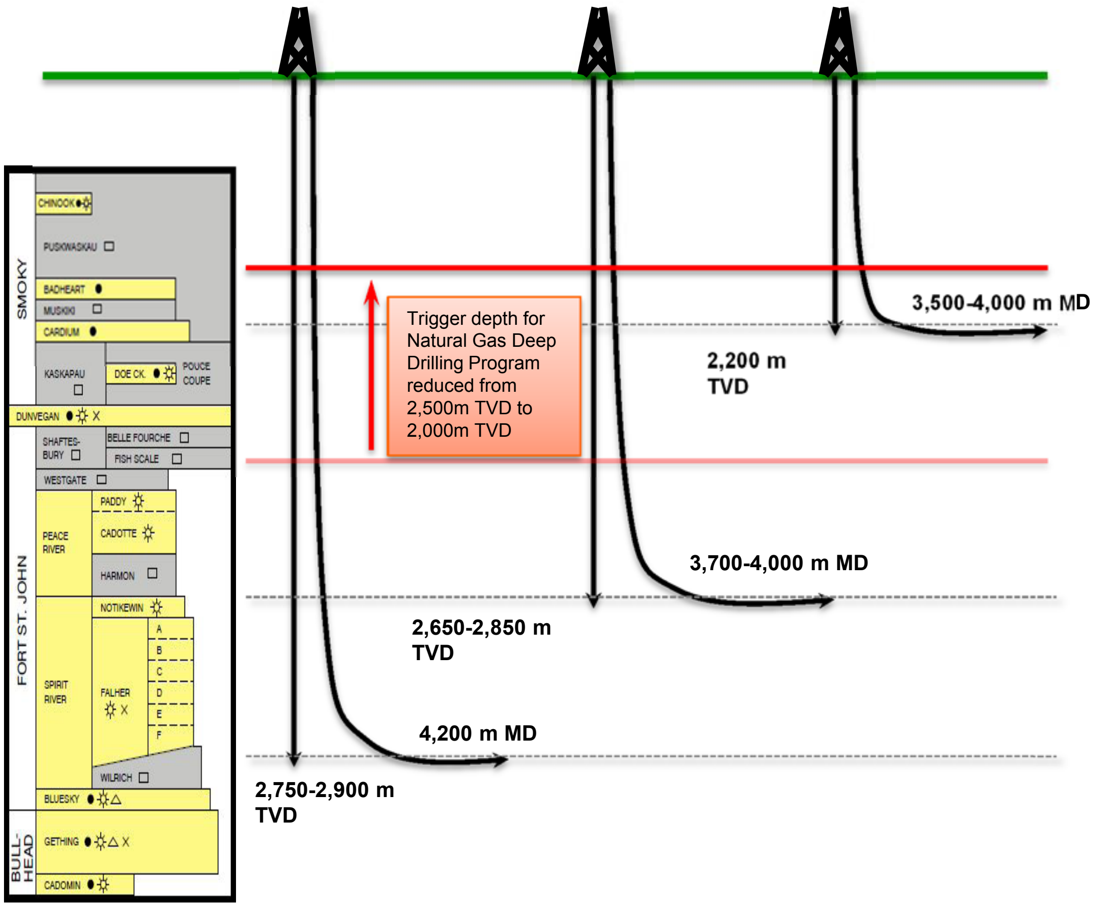


BOE factor - 6 mcf = 1 bbl of oil equivalent
Note operating costs include transportation

Peyto's Assets

Deep Gas Drilling Royalty Incentives

"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%."



5%

Effective Royalty

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

Peyto's Assets
Lowest FD&A Cost

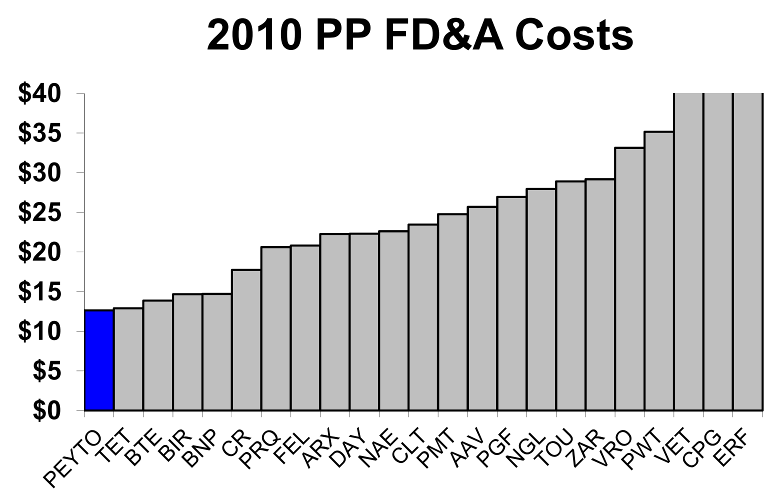
"Proved Producing is the most critical category to evaluate since sooner or later all reserves have to come on production to cover their cost."

$13

Peyto PP FD&A ($/boe)

$30

Industry PP FD&A ($/boe)



Proved Producing FD&A Cost – Inclusive of Acquisition, Finding and Development Capital

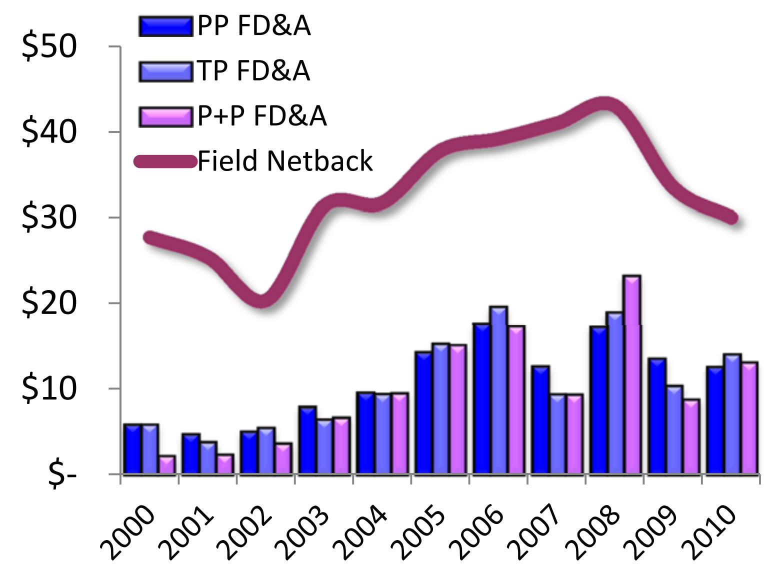
Peyto's Assets

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."

3.2

Peyto PP Recycle Ratio (10 yr)



Recycle Ratio is the Netback divided by FD&A
**FD&A costs include all capital expenditures and changes in Future Development Capital*
Field Netback is revenue less royalties, op costs, and transportation
BOE factor - 6 mcf = 1 bbl of oil equivalent

Peyto's Assets

Lowest Total Costs

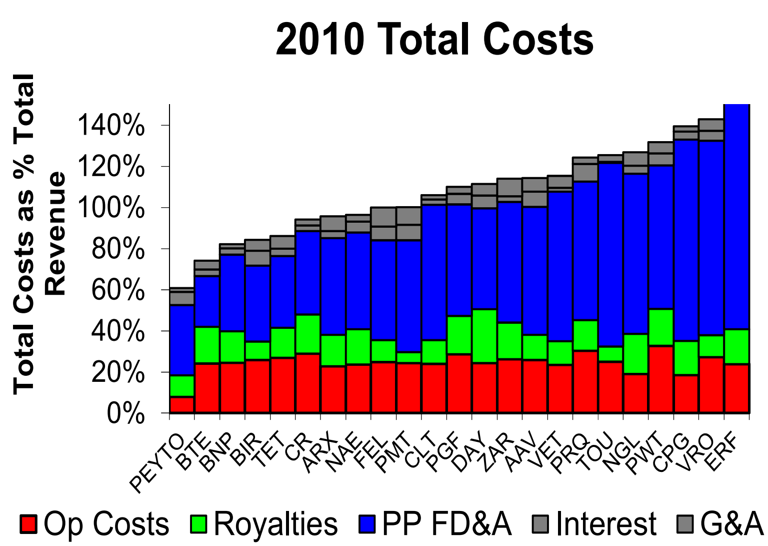
"Being the low cost producer is the best competitive advantage you can have – in both good times and bad."

40%

Peyto Margin

-10%

Industry Margin



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

Peyto's Incredible Returns

Peyto's Returns

High Returns on Capital and Equity

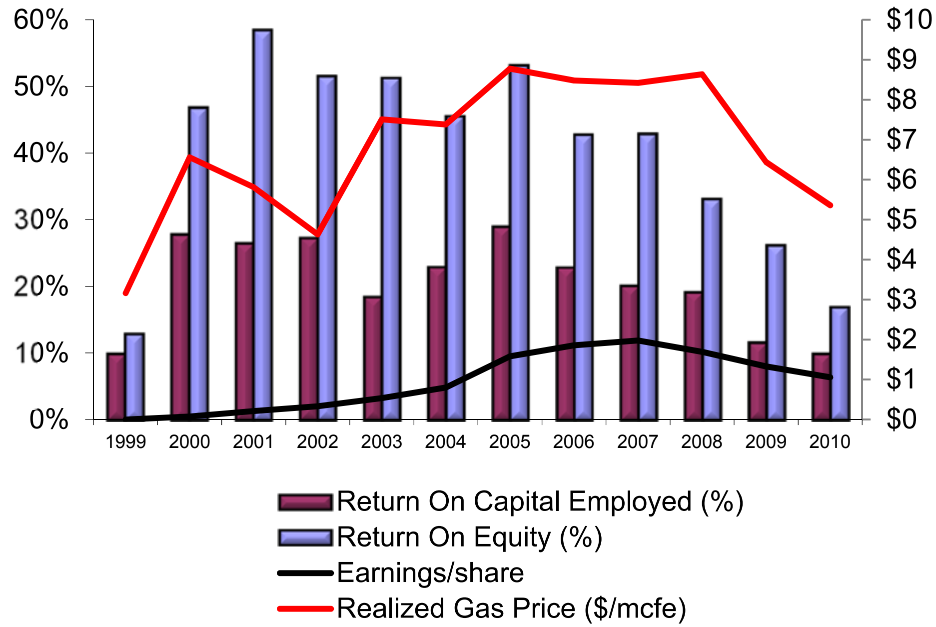
"Good well economics and IRRs should translate into good corporate returns. Peyto's do, with average ROE of 40% and ROCE of 21%."

40%

Average ROE

21%

Average ROCE



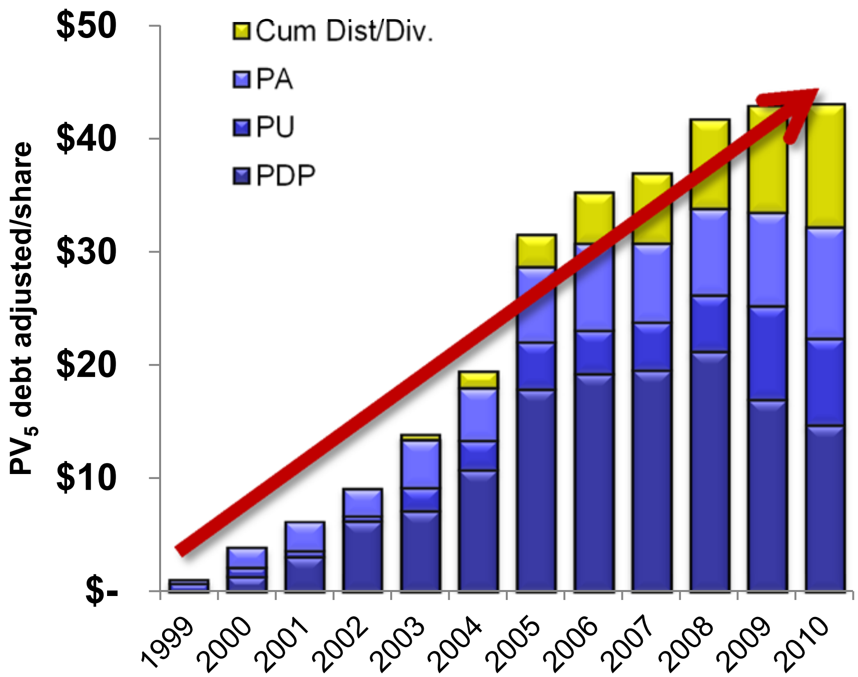
Return on Equity (ROE) is earnings for the period divided by average unitholders equity – reveals how much profit a company generates with the money shareholders have invested

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's Returns

Shareholder Returns = NAV Growth + Income

"Peyto offers a total return package. Growth per share in assets plus an income stream."



40%

Compound Annual Growth Rate

PV_5 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

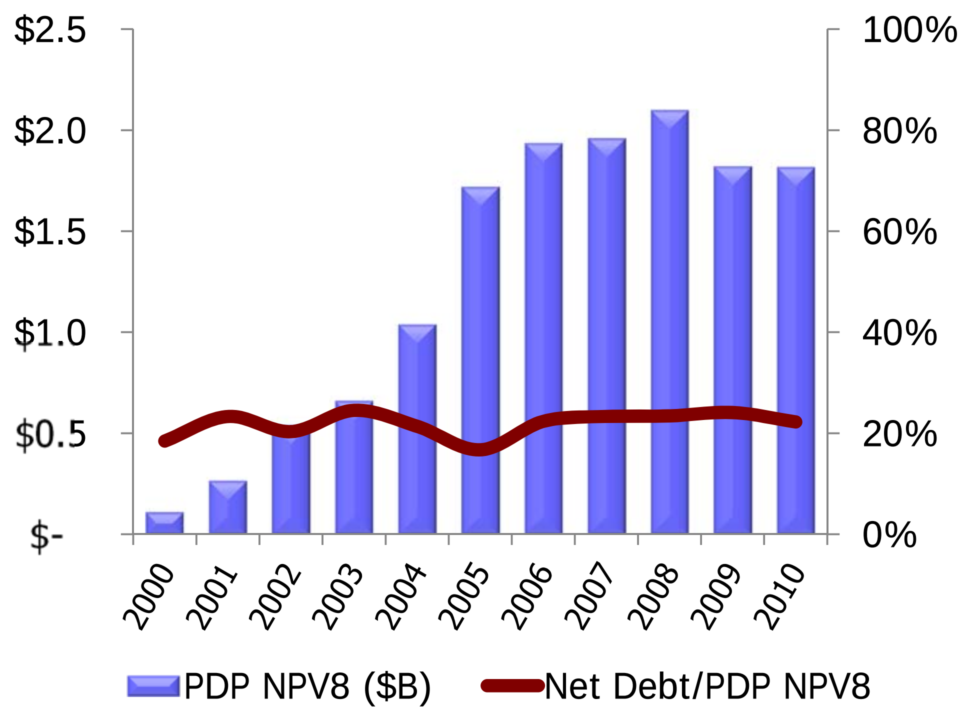
Peyto's Returns

Careful Use of Debt

"Peyto has consistently carried less than 25% leverage on our asset base, using PDP NPV_8 (banks use NPV_7). As the value of that asset base grows, so too does the amount of net debt we can carry."

22%

Average Net Debt to NPV



Proved Developed Producing (PDP) Net Present Value (NPV) discounted at 8%, as evaluated by the Independent Engineering firm InSite Petroleum Consultants (formerly Paddock Lindstrom & Associates) Annual Reserve Report (Effective December 31 each year)

2012 Outlook

More Of 2011

"Our 2012 budget calls for more of the same. Horizontal drilling in the Deep Basin with infrastructure expansion to handle the new volumes."

$400M-$450M

2012 Capital Program

- ✓ **Drill**
  (100% Hz Wells)
- ✓ **Expand**
  Gas Gathering & Processing Capacity
- ✓ **Increase**
  Undeveloped Land Base
- ✓ **Shoot**
  Seismic
- ✓ **Acquire**
  Additional Opportunities and Partner Interests

2012 Outlook

Select Your Menu For Best Returns

"In different gas price environments we can choose from our large inventory of opportunities, those projects that combine for the highest overall return."

Peyto

Energy Returns - January 2012

Starters

	$2.50/GJ	$4/GJ
Nosehill Wilrich Hz	13%	36%
Nosehill Noti. Hz	16%	42%
Wildhay Cardium Hz	20%	35%

From the Grill

	$2.50/GJ	$4/GJ
Sundance Falher Hz	20%	40%
Sundance Bluesky Hz	24%	54%
Obed Notikewin Hz	29%	88%

Feature Carve

Kisku Cardium Hz	33%	48%
Sundance Card. Hz	49%	61%

Deserts

Oldman Enhanced Liquids Recovery	>75%
Nosehill Enhanced Liquids Recovery	>55%

Sides

3rd Party Processing	Mkt Price
Gas Hedges	Incl.
Own/Operate Flexibility	Incl.

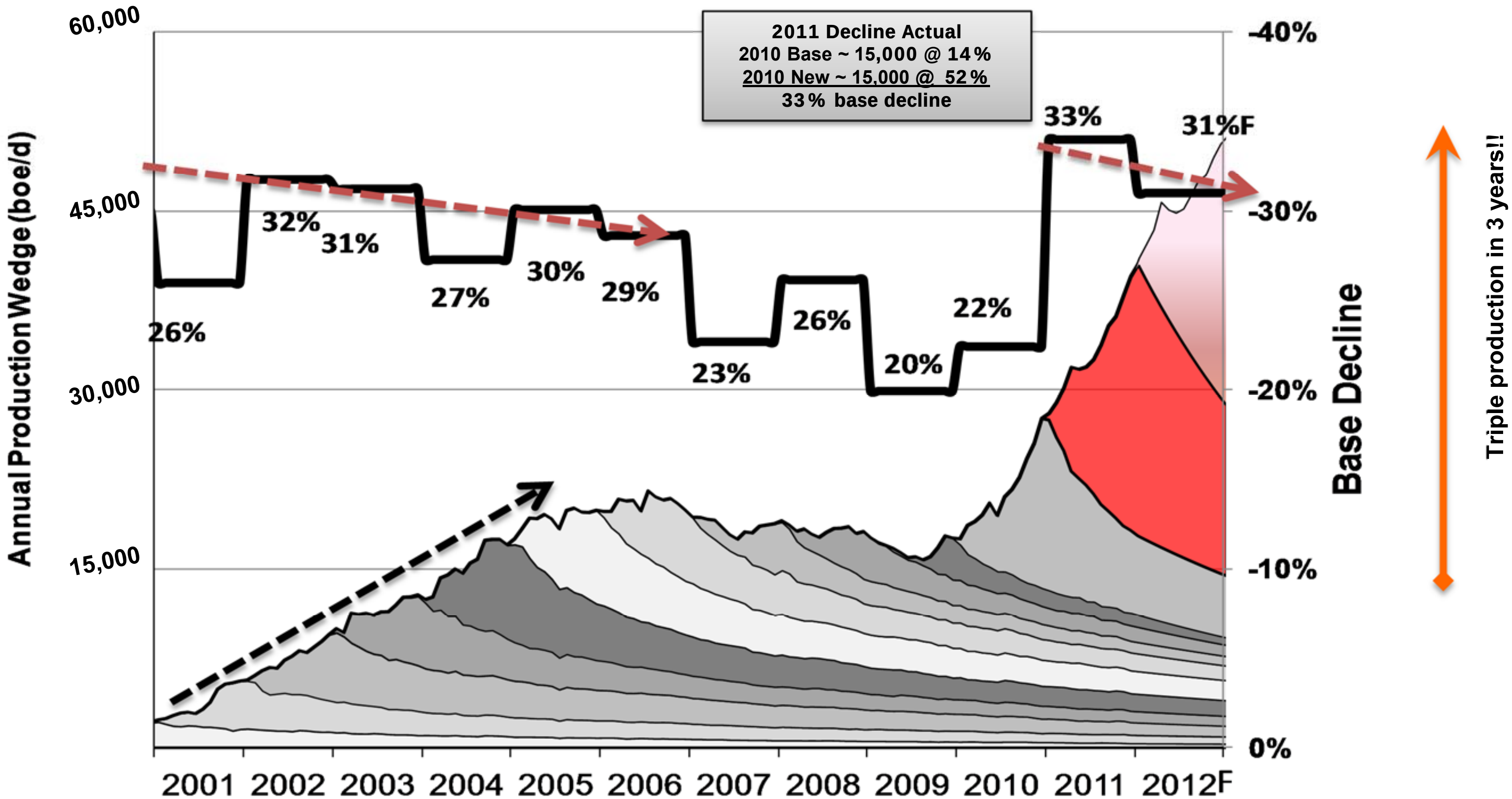
*Returns are based on Peyto internal type well economics run at $4/GJ & $88/bbl, or $2.50/GJ & $104/bbl flat price decks

2012 Outlook

It Just Gets Easier to Grow

"Assuming the same capital efficiency as 2011 on a $450 MM capital program, then the base decline is forecast to shrink, making it easier to grow."

2012 Decline Assumes
~20,700 @ 16% *
~21,300 @ 46%
31% base decline



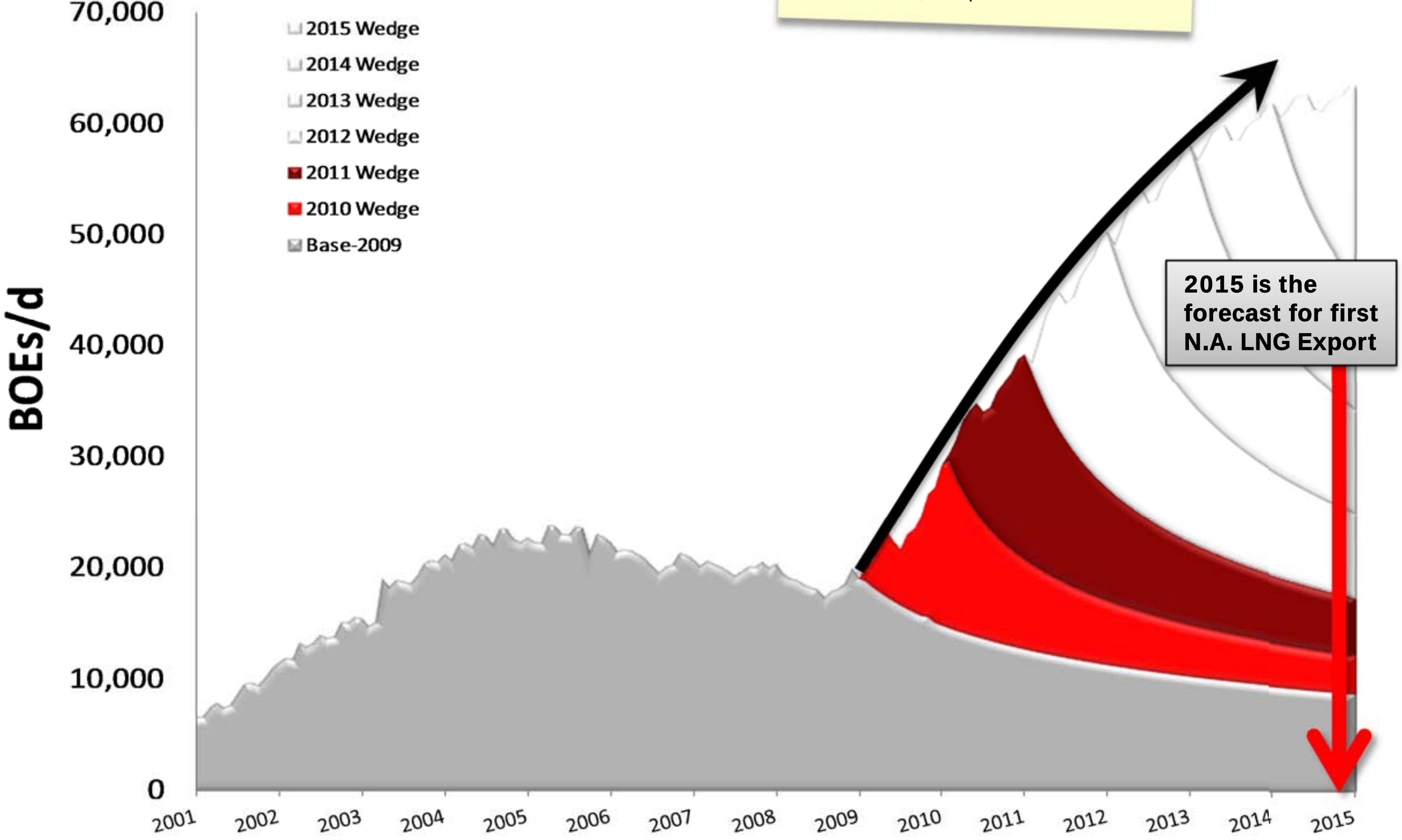
BOE factor - 6 mcf = 1 bbl of oil equivalent

**Forecast decline rate based on Insite Petroleum Consultants Dec 31, 2010 Reserve Report*

Long Term Potential

Grow Production in Time for Export?

"Hypothetically modeling out $2 billion in capital over 5 years (re-investing cashflow into 400 net wells), it's conceivable that production could more than triple* from 2009 levels. Just in time for LNG exports to increase gas prices."



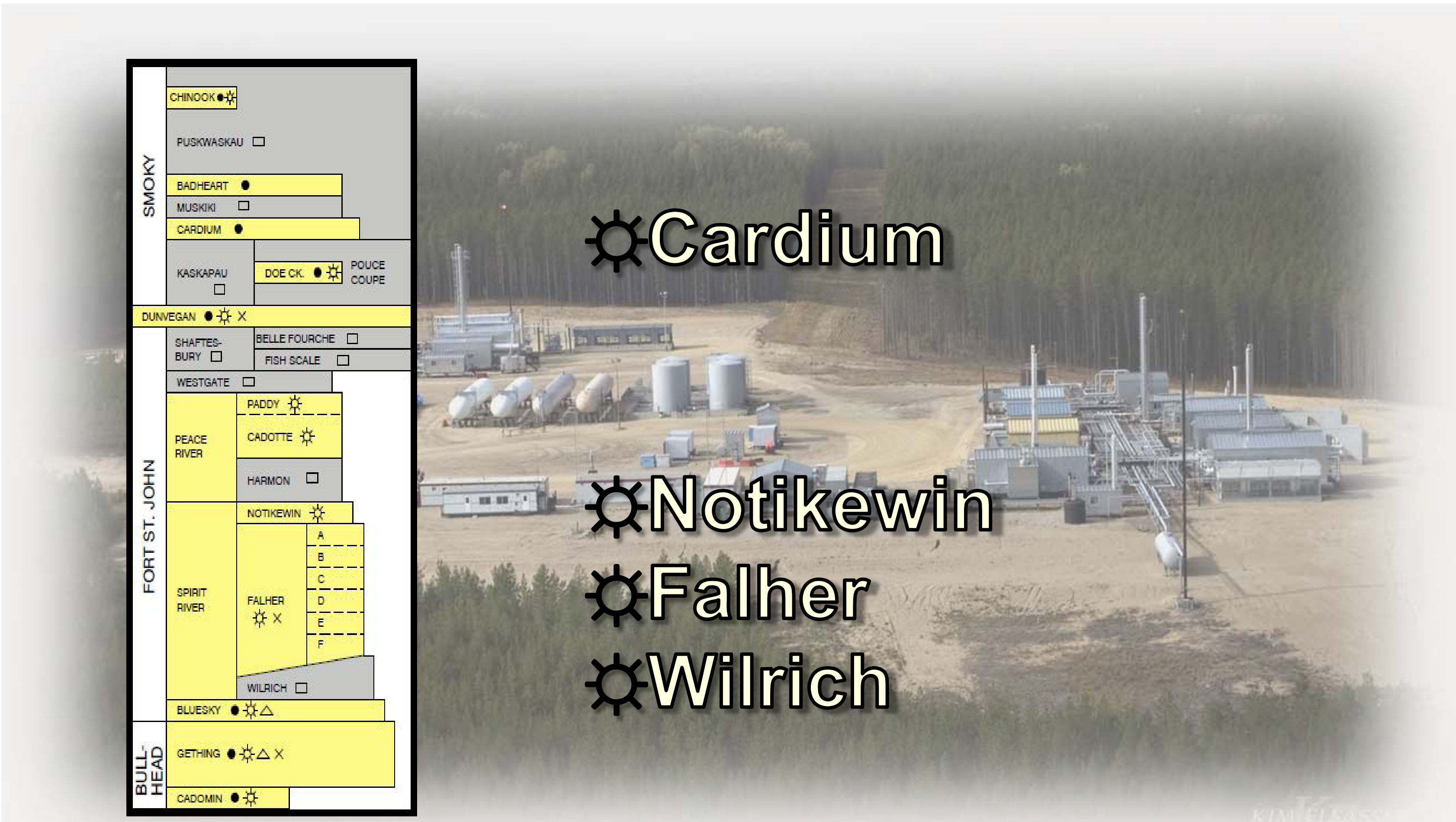
BOE factor - 6 mcf = 1 bbl of oil equivalent
**Assumes equivalent capital efficiency to years 2009 and 2010 of $17,300/boe/d*

Appendix

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

Tight Gas Resource Plays

Horizontal MSF Projects



Cardium Resource Play

Horizontal MSF Project

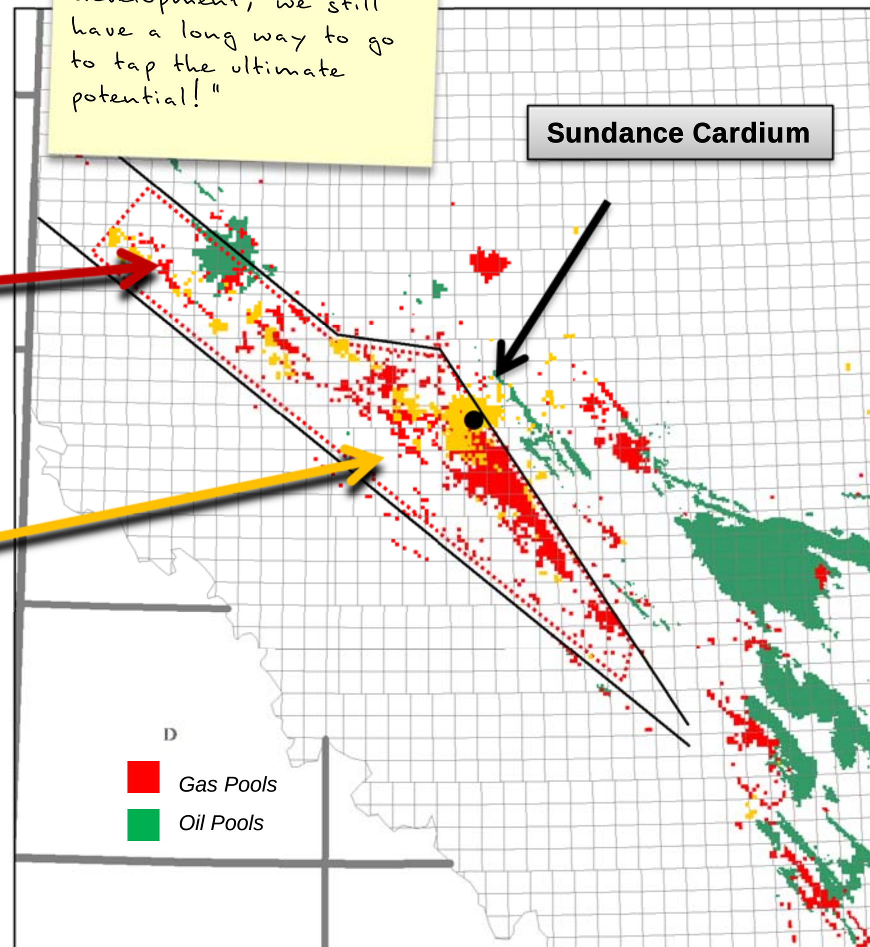
"Although Peyto has been a leader in the Cardium gas development, we still have a long way to go to tap the ultimate potential!"

Cardium Gas Fairway

- >4,000 sq miles
- up to 65 TCF Gas in Place[1]
- ~ 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



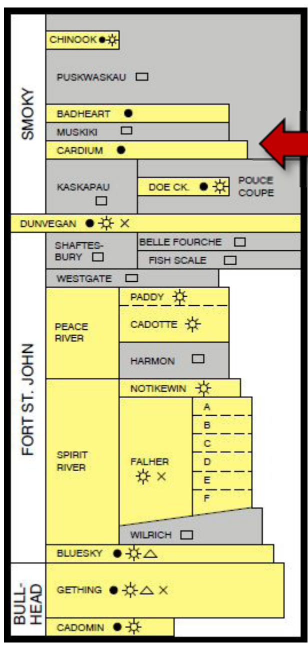
[1]*Original Gas in place are internal Peyto estimates*

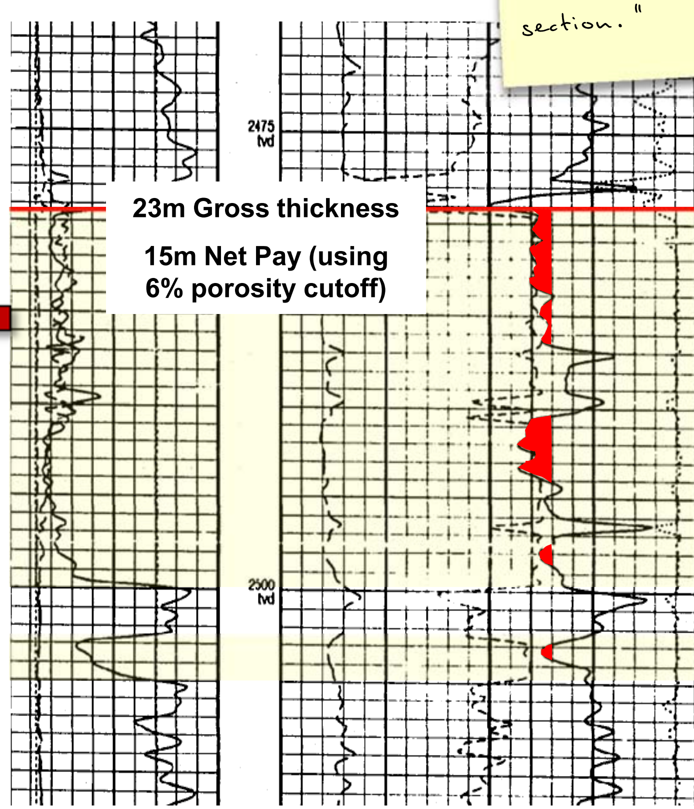
[2]*EUR of Peyto gross developed 2P Cardium reserves as independently evaluated by Paddock Lindstrom & Associates February 2010 reserve report (effective date Dec. 31, 2009)*

Cardium Resource Play

Cardium Type Log and Reserves

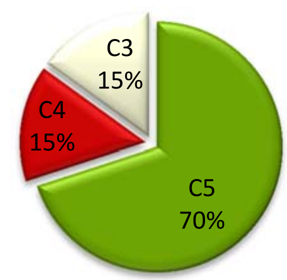
"The thick, uniform sandstone formation makes it easier to drill horizontally and contains a large amount of gas in every section."





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	



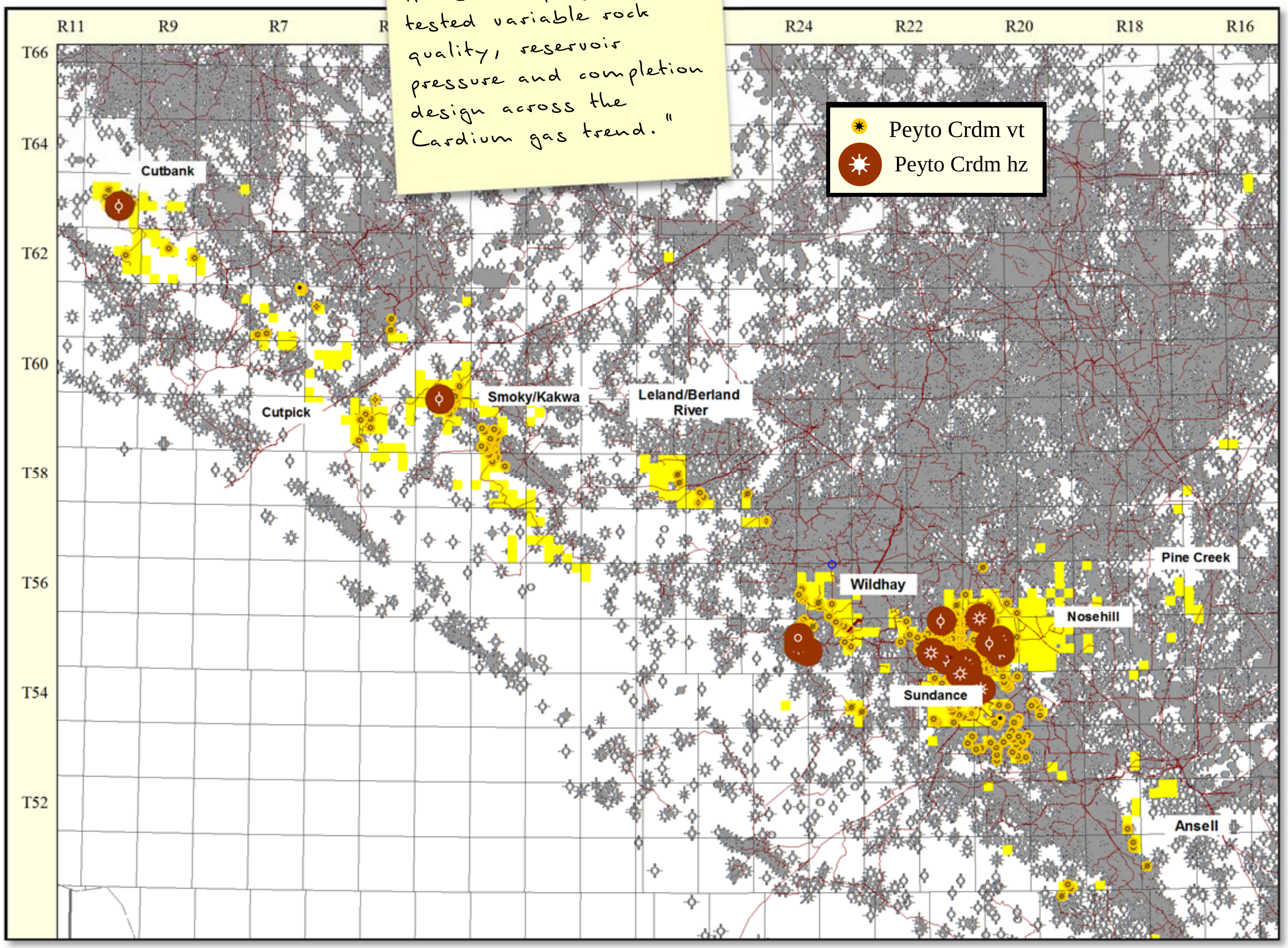
Ave Horizontals 90 bbl/mmcf NGLs
Ave Verticals 40-45 bbl/mmcf NGLs

BOE factor - 6 mcf = 1 bbl of oil equivalent

Cardium Resource Play

Horizontal MSF Project

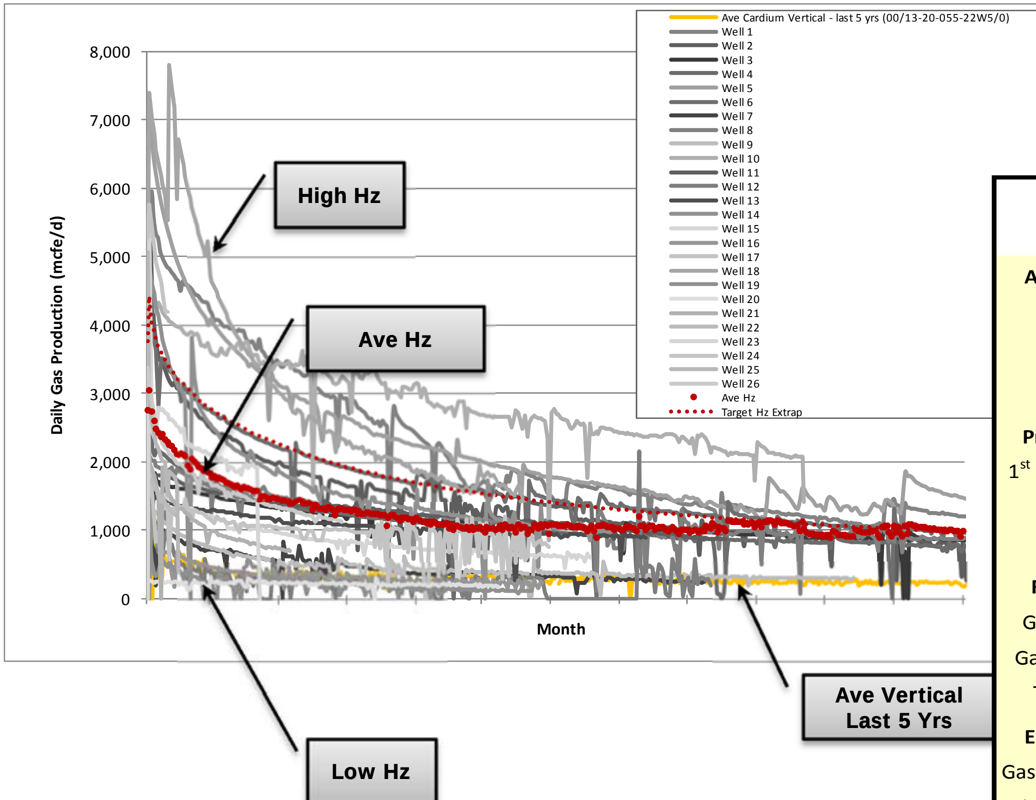
"The Cardium Horizontal project has tested variable rock quality, reservoir pressure and completion design across the Cardium gas trend."



Cardium Resource Play

Economic Comparison – Vertical vs. Horizontal

"The average Cardium horizontal well is coming in slightly lower than our target economics. 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			$250	
Production							
1^{st} Mo. (mcf/d)	650		410			3,200	
12^{th} Mo.	450		260			1,000	
1^{st} Yr	540		325			1,700	
Reserves							
Gas Raw (bcf)	2.2		1.1			2.8	
Gas Sales (bcf)	2.0		1.0			2.6	
Total mboes	423		216			537	
Economics							
Gas Price ($/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 ($/mcfe)	$ 0.67		**$ 1.31**			**$ 1.57**	

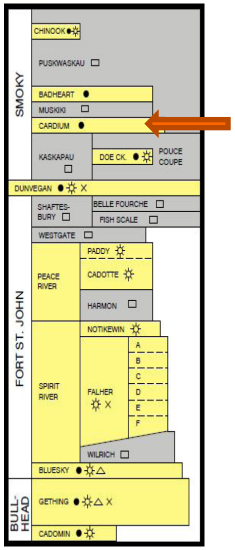
*Average vertical costs for 10 wells drilled in 2009

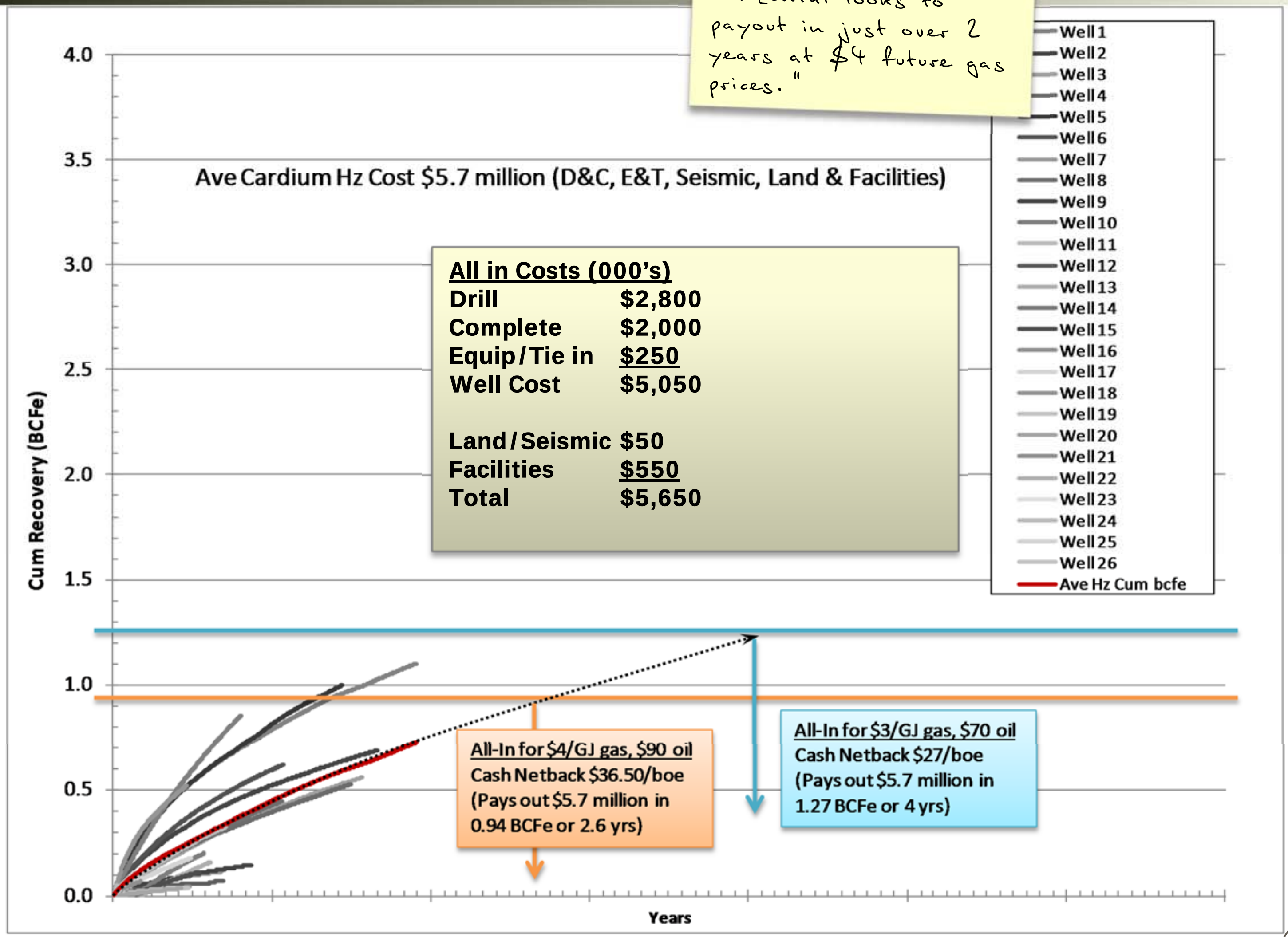
BOE factor - 6 mcf = 1 bbl of oil equivalent
Peyto internal reserve estimates and economic evaluation
Economics do not include $200/m DRC but do include 5% max

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."

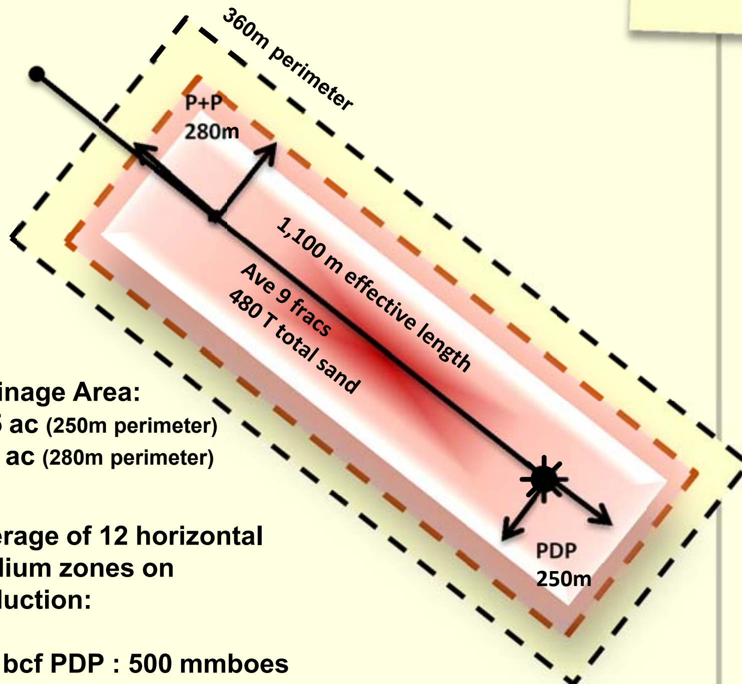




Cardium Resource Play

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."

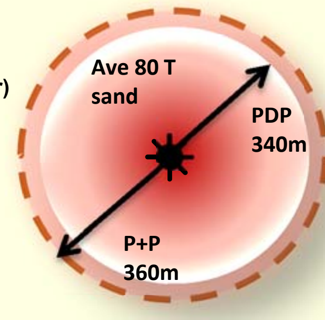


Ave Drainage Area:
PDP 135 ac (250m perimeter)
P+P 155 ac (280m perimeter)

***Average of 12 horizontal Cardium zones on production:**

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

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



[1]Average of 395 vertical Cardium zones on production:

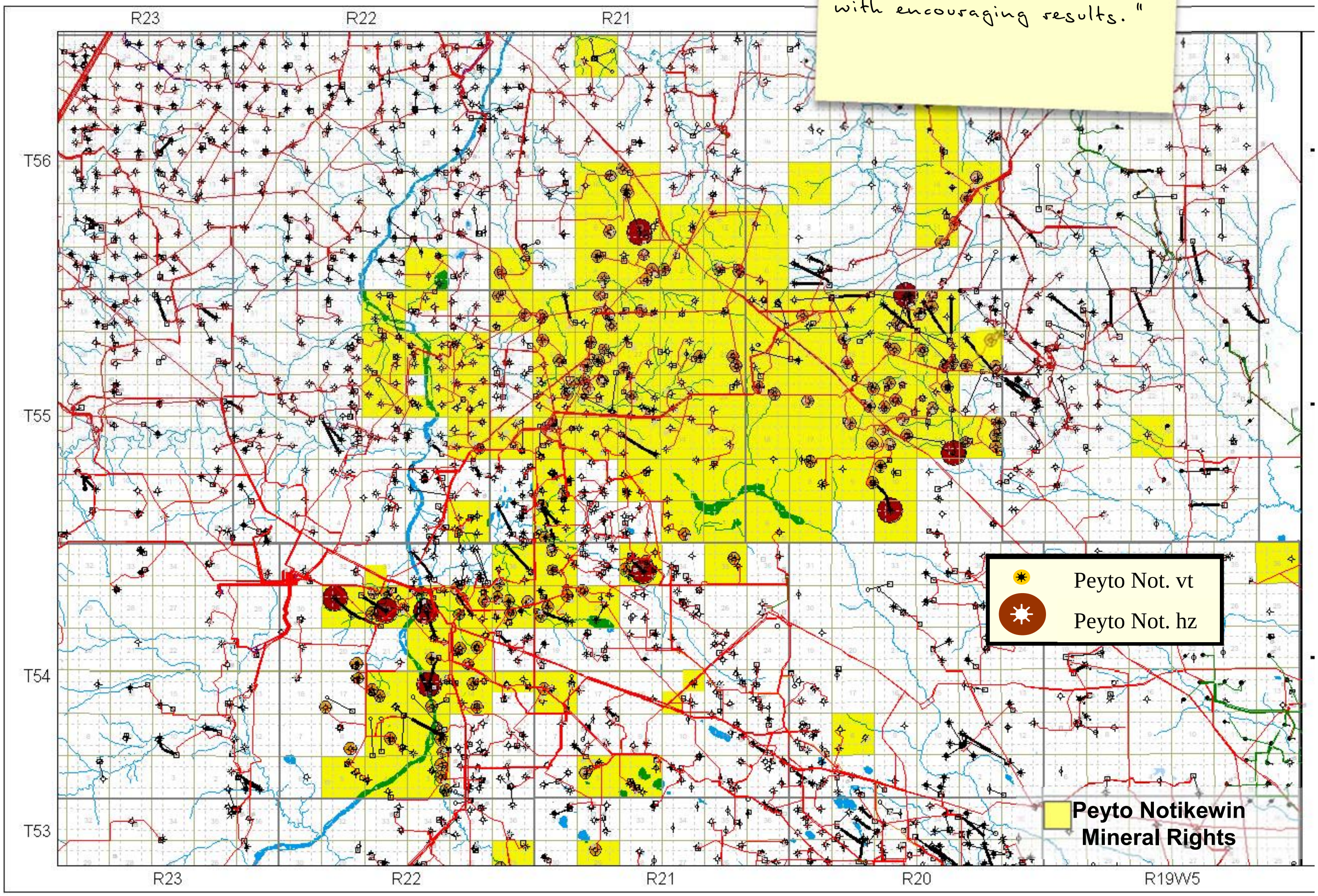
1.7 bcf PDP : 360 mmboes
1.9 bcf P+P : 400 mmboes

**IPC 2010 Reserve Report*
[1] PLA 2009 Reserve Report

Notikewin Resource Play

Horizontal MSF Project

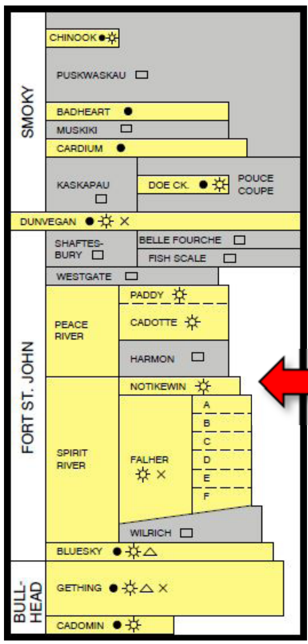
"We've now tested the Notikewin with horizontal multi-stage frac wells several times across Sundance and Nosehill with encouraging results."

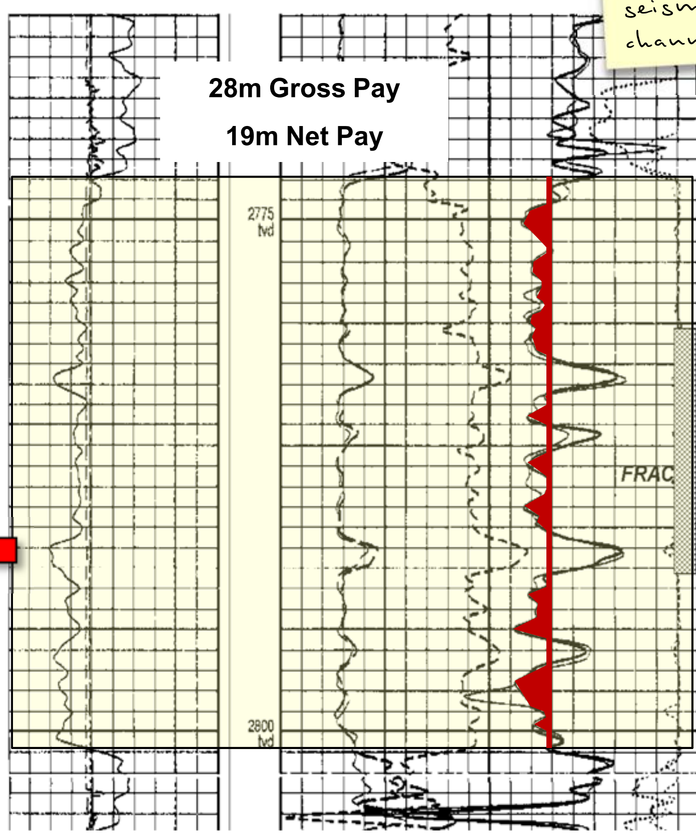


Notikewin Resource Play

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."

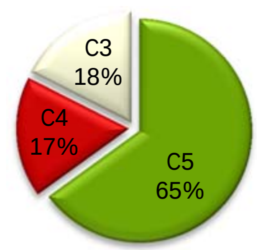




Volumetric Reserves

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

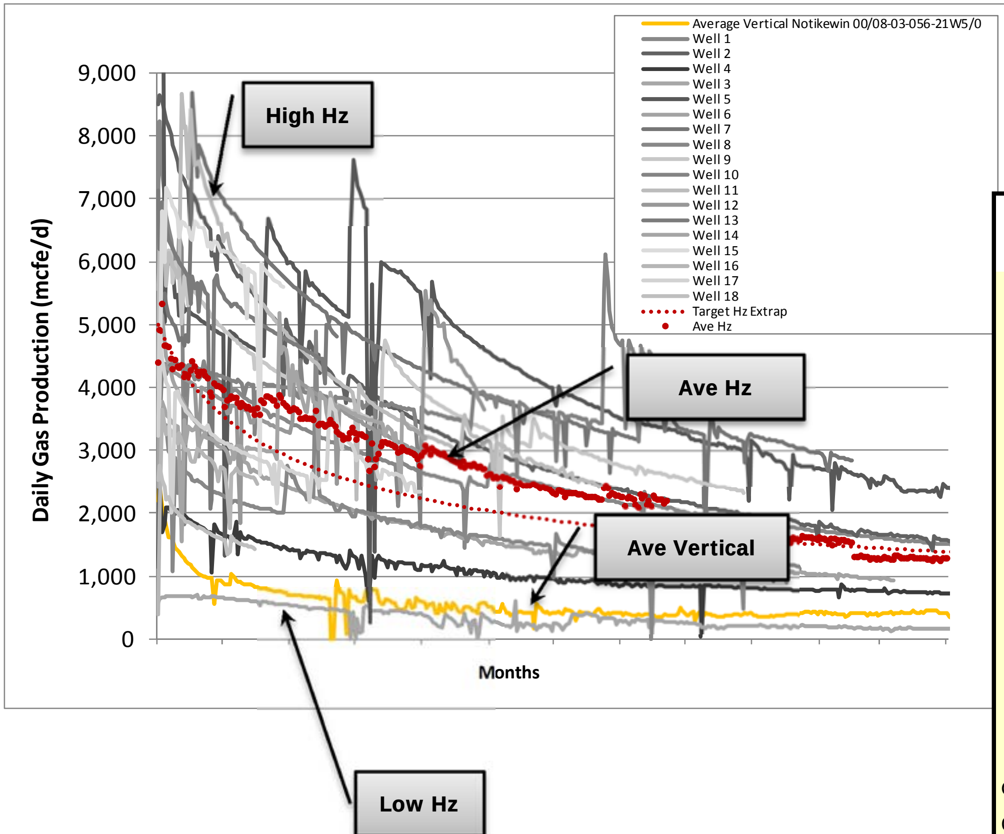


BOE factor - 6 mcf = 1 bbl of oil equivalent

Notikewin Resource Play

Economic Comparison – Vertical vs. Horizontal

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



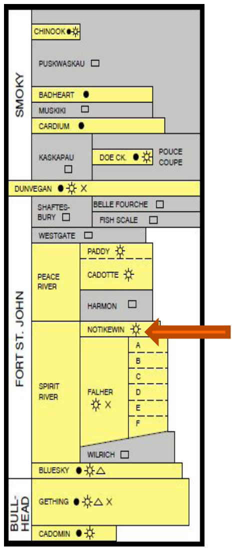
	Ave Vertical 08-03-56-21W5			Ave Target Horizontal		
Ave. Costs		**$2,000**			**$4,690**	
Drill (K$)		$1,300			$2,500	
Complete		$500			$1,940	
E/T		$200			$250	
	*Ave vert costs for 3 wells drilled in 2009					
Production						
1st Mo. (mcf/d)		1,200			5,000	
12th Mo.		310			1,500	
1st Yr		520			2,000	
Reserves						
Gas Raw (bcf)		1.8			4.0	
Gas Sales (bcf)		1.7			3.8	
Total mboes		310			691	
Economics						
Gas Price ($/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 ($/mcfe)		$ 1.08			$ 1.12	

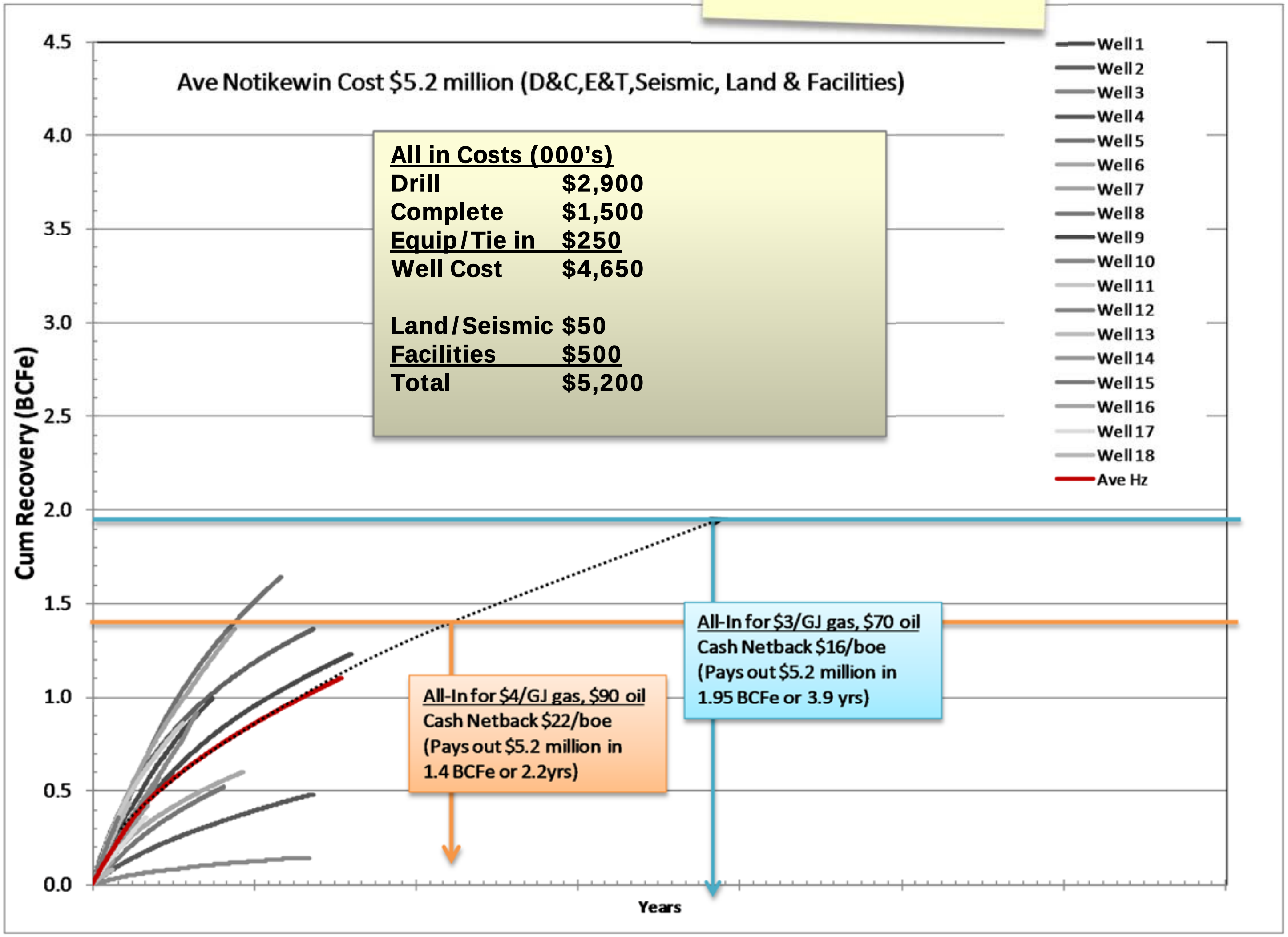
BOE factor - 6 mcf = 1 bbl of oil equivalent
Peyto internal reserve estimates and economic evaluation
Economics do not include $200/m DRC, but do include 5% max and NGDDP

Notikewin Resource Play

Payout Analysis

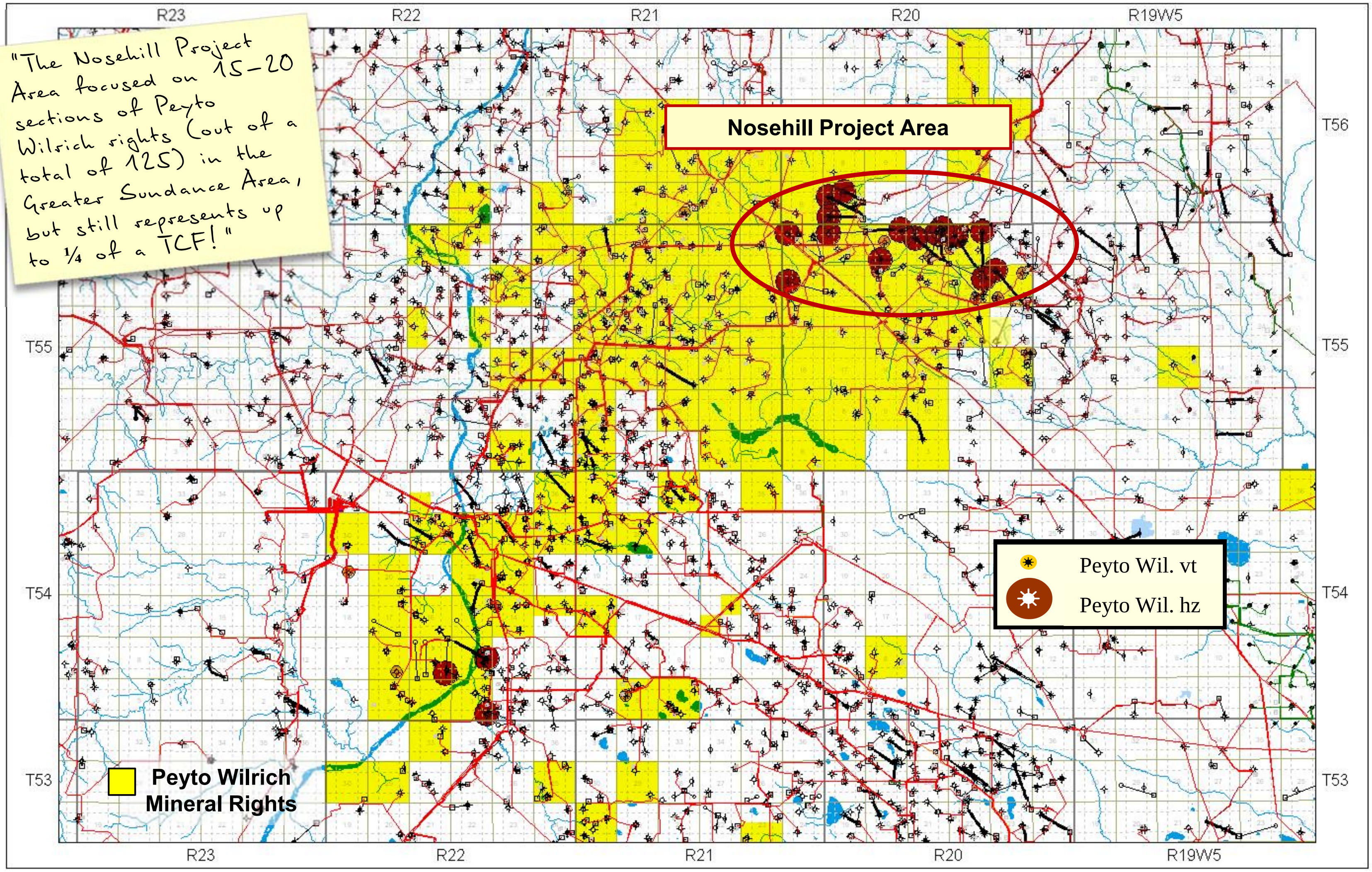
"The average Notikewin horizontal is paying out quite quickly, generating good returns, even with less liquids than the Cardium."





Wilrich Resource Play

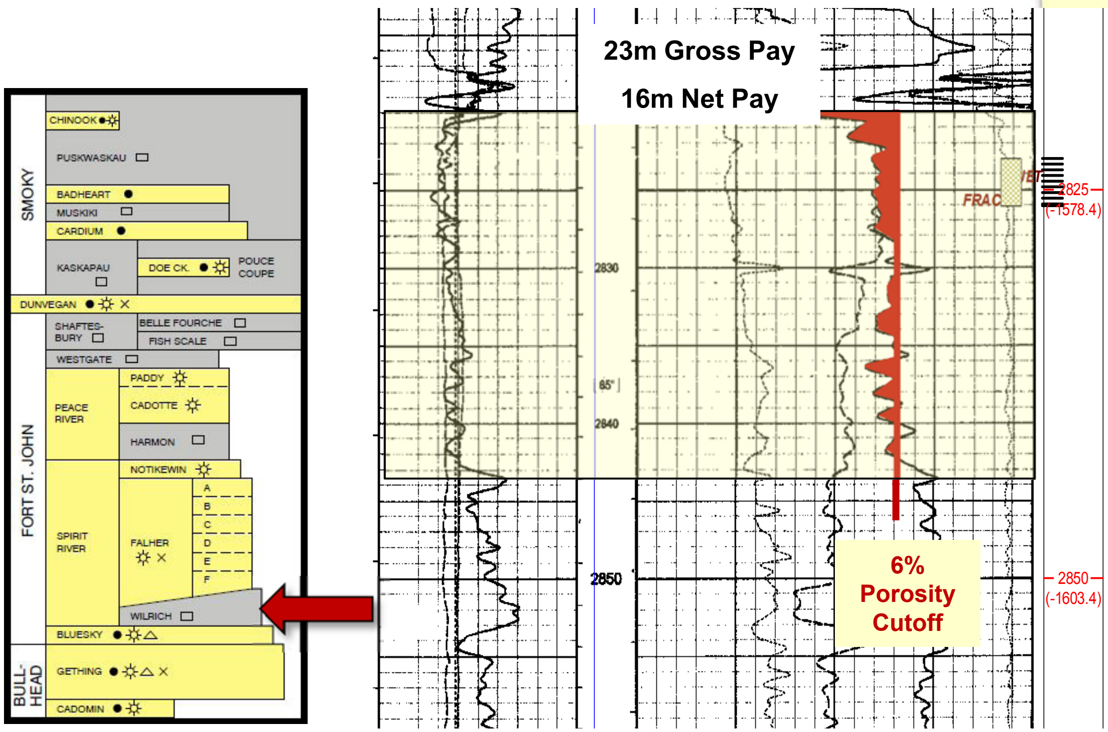
Horizontal MSF Project



Wilrich Resource Play

Type Log 7-5-56-20W5

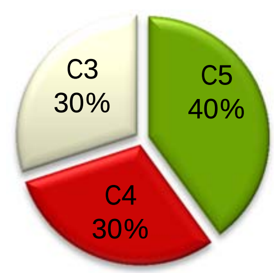
"Much like the Cardium, the Wilrich is a marine sand laid down over a large area offering uniform thickness and predictability."



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

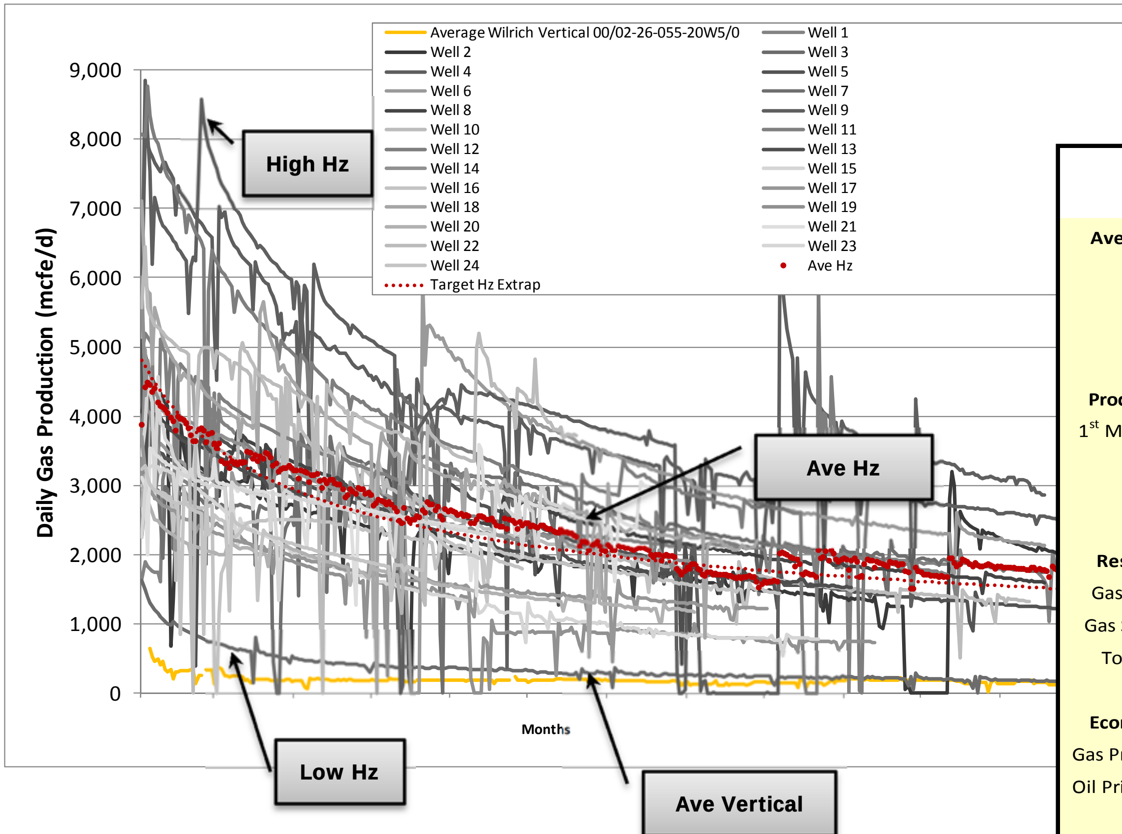


BOE factor - 6 mcf = 1 bbl of oil equivalent

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."



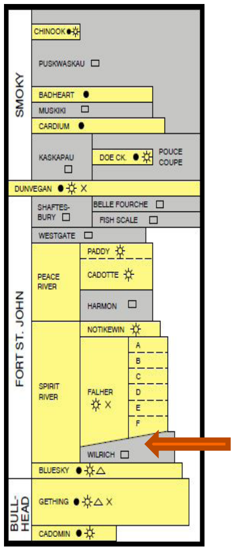
	Ave Vertical			Ave Target Horizontal		
Ave. Costs		**$2,000**			**$5,120**	
Drill (K$)		$1,300			$2,760	
Complete		$500			$2,140	
E/T		$200			$220	
	*Ave vert costs for 3 wells drilled in 2009					
Production						
1st Mo. (mcf/d)		200			3,800	
12th Mo.		150			1,700	
1st Yr		170			2,900	
Reserves						
Gas Raw (bcf)		0.8			4.2	
Gas Sales (bcf)		0.8			4.0	
Total mboes		140			730	
Economics						
Gas Price ($/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 ($/mcfe)		$ 2.38			$ 1.16	

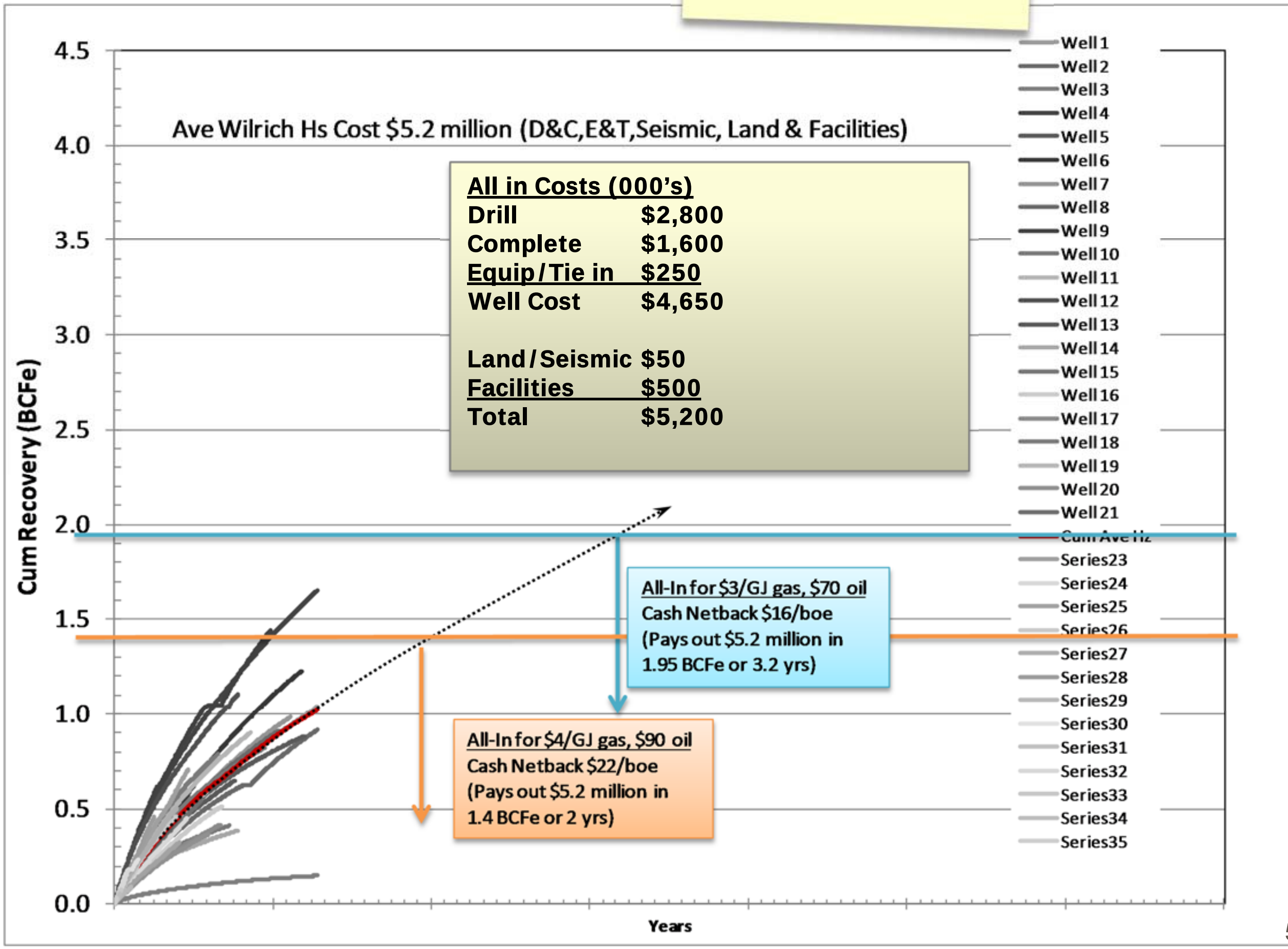
BOE factor - 6 mcf = 1 bbl of oil equivalent
Peyto internal reserve estimates and economic evaluation
Economics do not include $200/m DRC, but do include 5% max and NGDDP

Wilrich Resource Play

Payout Analysis

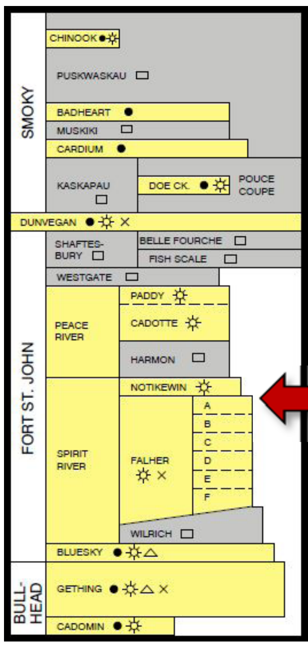
"The Wilrich has the least amount of liquids but the consistently good rates makes it the fastest to payout. Cost is cheaper than we targeted too!"

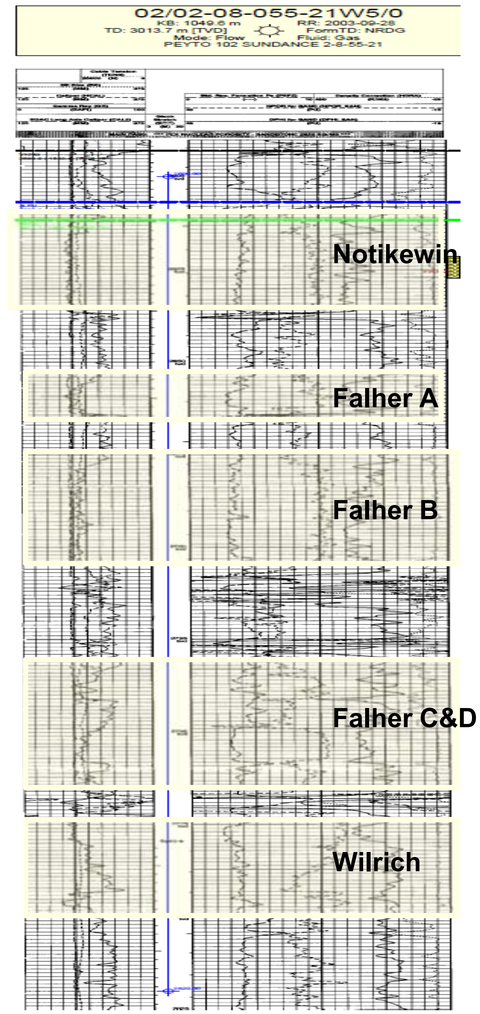




Falher Resource Play

Type Log 2-8-55-21W5



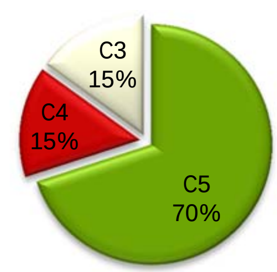


"The entire Falher package has more net sand than either the Wilrich or Notikewin but may require multiple horizontal wells to develop."

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	
OGIP(BCF)=	12	
RGIP RAW(BCF)=	10	
SALES GAS(BCF)=	10	

Ave Horizontal 15 bbl/mmcf NGLs

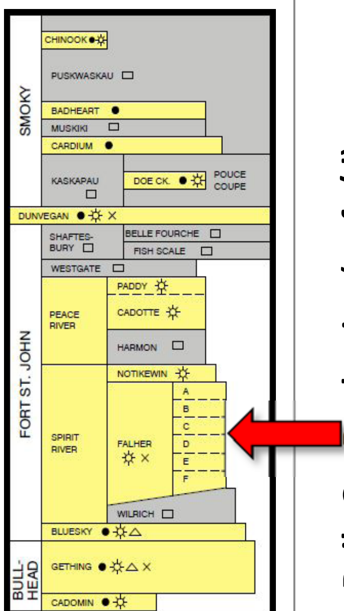


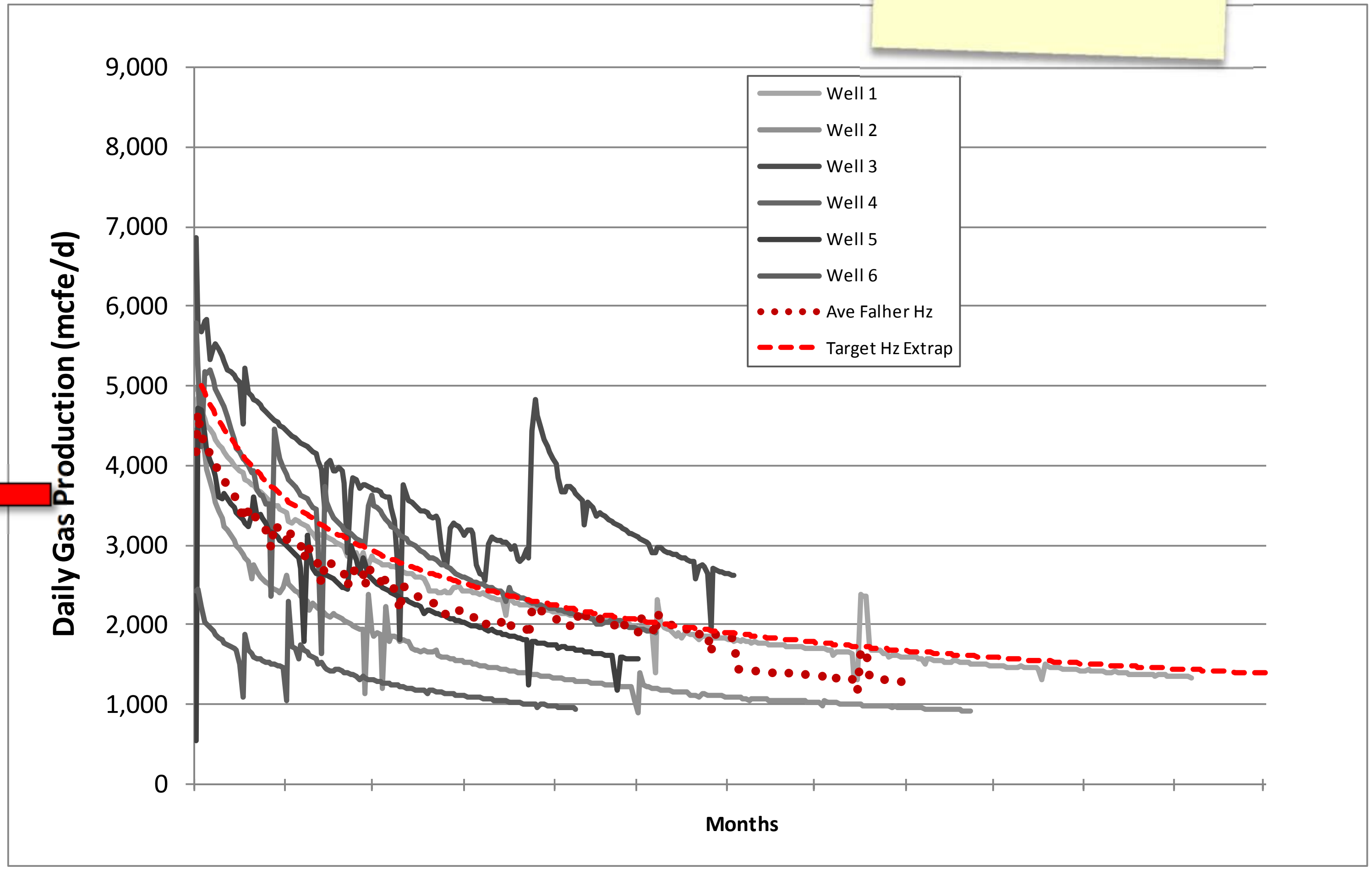
BOE factor - 6 mcf = 1 bbl of oil equivalent

Falher Resource Play

Economic Comparison

"The Falher sands were never developed much in vertical wells but the horizontal results appear consistent with Wilrich and Notikewin results."

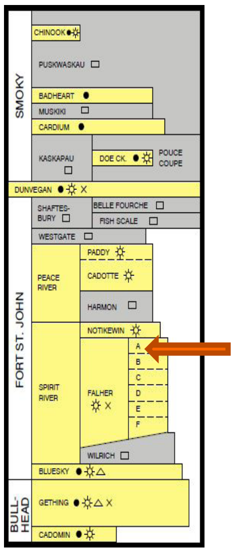


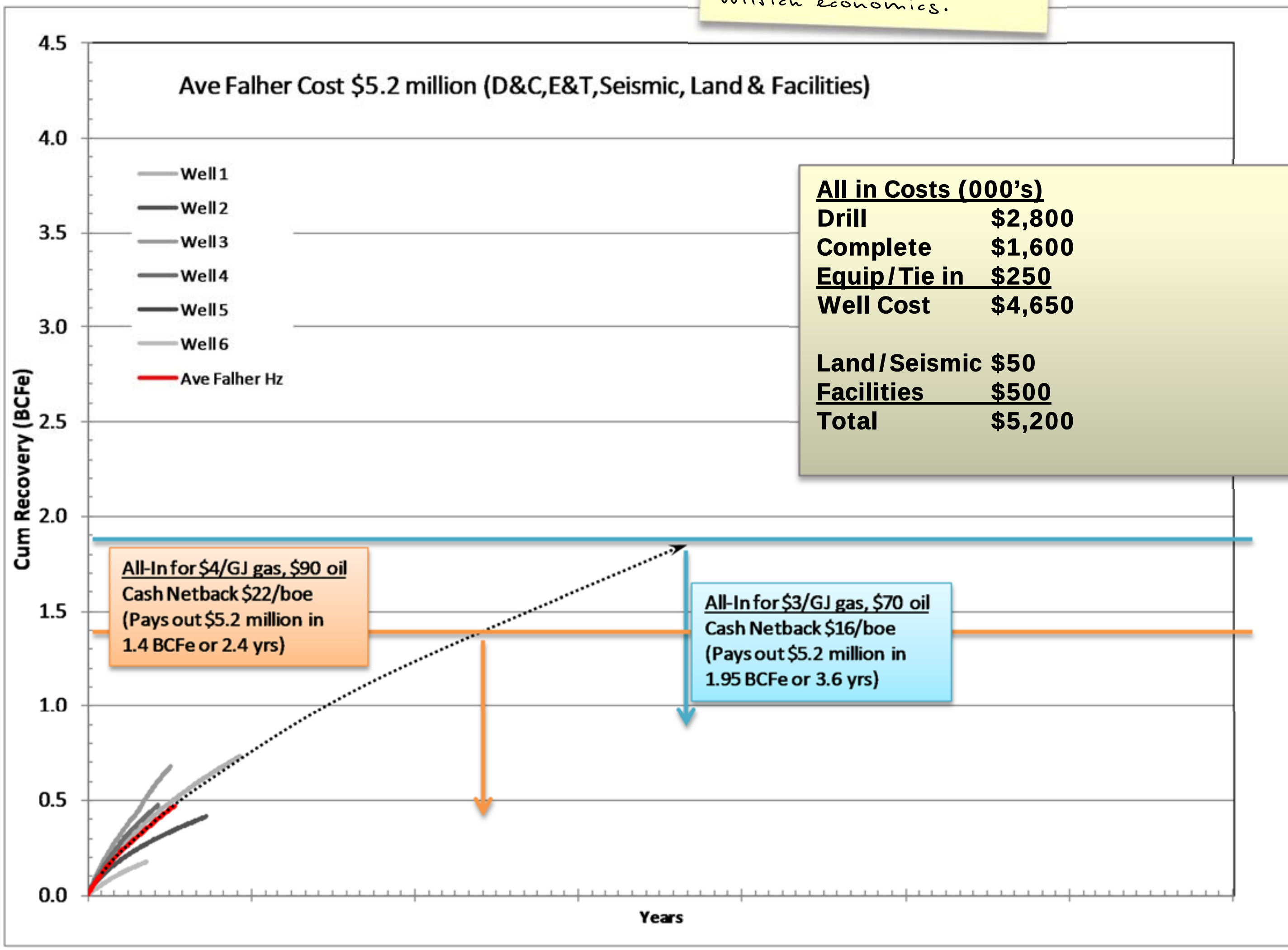


Falher Resource Play

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."





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

Quarterly Track Record

	2011			2010					2009		
	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3
Operations											
Production											
Oil & NGLs (bbl/d)	3,918	3,811	3,746	3,389	3,439	3,322	3,465	3,330	3,028	3,222	2,916
Natural gas (mcf/d)	194,832	183,790	166,710	122,031	148,551	122,717	112,422	103,934	92,718	95,467	89,259
Barrels of oil equivalent (boe/d)	36,390	34,443	31,531	23,728	28,197	23,775	22,202	20,653	18,481	19,133	17,793
Year over Year % Growth	53%	55%	53%	28%	47%	34%	23%	9%	-8%	-5%	-11%
Average Product Prices											
Oil & NGLs ($/bbl)	78.07	84.06	76.19	65.31	67.06	59.66	65.58	68.93	50.18	60.77	51.06
Natural gas ($/mcf)	4.43	4.43	4.92	5.36	4.93	5.16	5.25	6.34	6.44	6.17	5.74
Operating expenses ($/mcfe)	0.49	0.45	0.52	0.48	0.45	0.48	0.51	0.54	0.52	0.49	0.52
Field Netback ($/mcfe)	4.41	4.41	4.75	5.02	4.75	4.83	4.82	5.81	5.60	5.64	5.22
Financial ($000)											
Revenue (net of royalties)	98,261	91,186	89,655	286,020	80,921	69,650	64,649	70,801	247,846	64,761	56,353
Funds from Operations [1]	82,506	77,010	74,696	234,077	66,359	56,743	52,415	58,559	202,699	53,302	45,263
Net earnings (loss)	37,741	32,718	31,688	121,838	27,700	32,567	24,696	36,874	152,774	33,035	26,976
Capital expenditures	111,570	69,017	103,786	261,484	110,561	64,123	37,439	49,361	72,739	26,307	28,725
Net Debt [2]	526,743	474,008	453,376	404,944	404,944	457,959	417,854	467,368	439,860	439,860	423,965
Common shares outstanding (000)	133,061	133,061	133,061	132,811	132,811	122,136	121,476	115,417	115,116	115,116	114,920
Weighted average shares	133,061	133,061	132,737	120,549	125,726	121,766	119,420	115,154	110,556	114,920	114,920
Per share data											
Funds from operations	0.62	0.58	0.56	1.94	0.53	0.47	0.44	0.51	1.83	0.46	0.39
Earnings (loss)	0.28	0.25	0.24	1.01	0.22	0.27	0.21	0.32	1.38	0.29	0.24

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.

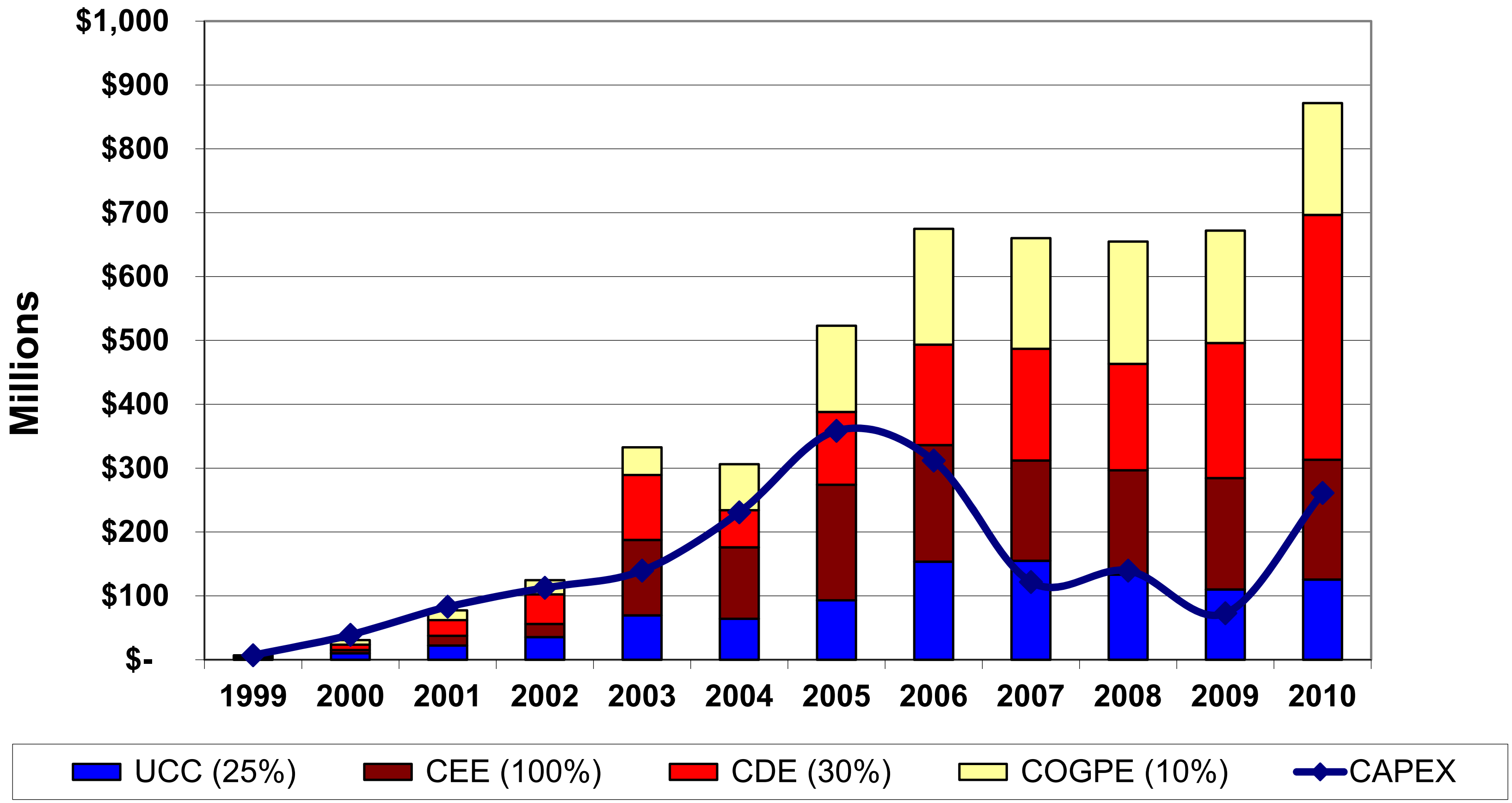
Historical Per Unit and Units Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split

BOE factor - 6 mcf = 1 bbl of oil equivalent

Organic Business Model

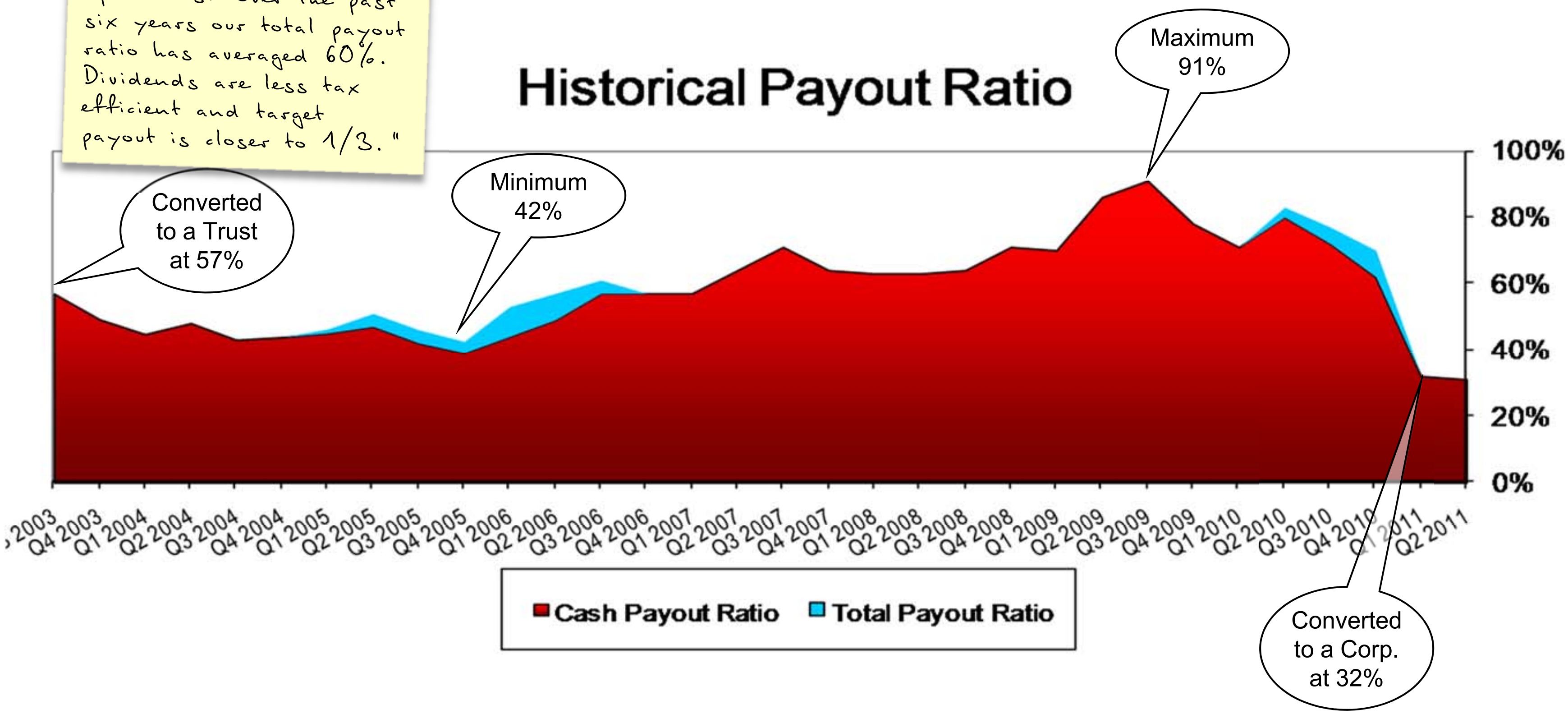
Peyto's Tax Pools

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



Payout Ratio History

"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 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

Gas Marketing

Future Sales

"Approximately 30% of our 2012 gas is already sold at around $4.80/mcf."

Financial Hedges - Gas

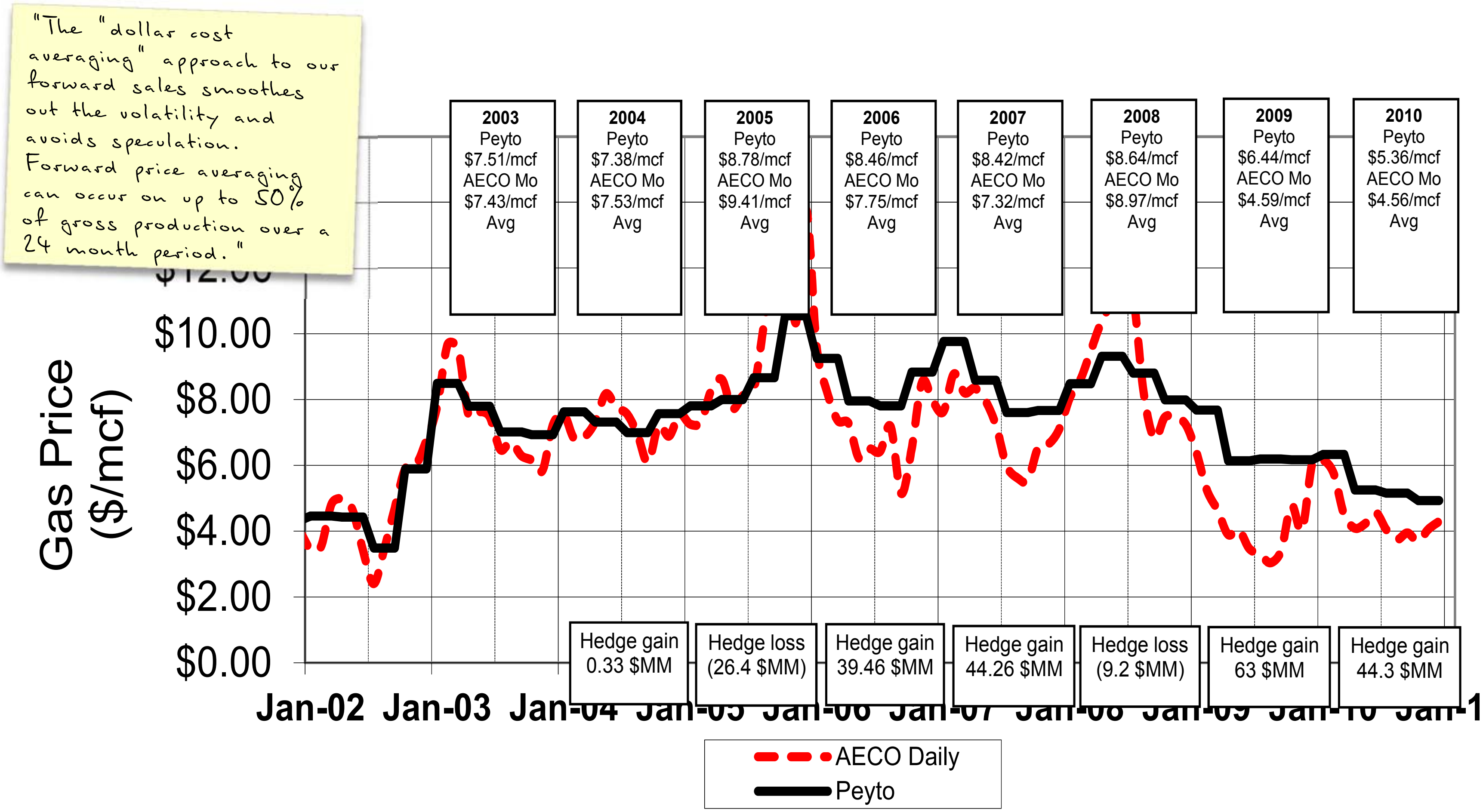
Term		GJ/d	Pricing ($/GJ)					2010											2011												2012										20
From	To			A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M
1-Nov-10	31-Mar-11	5000	$8.910								•	•	•	•	•																								
1-Nov-10	31-Mar-11	5000	$9.150								•	•	•	•	•																								
4-Nov-09	31-Mar-11	5000	$6.200	•	•	•	•	•	•	•	•	•	•	•	•																										
4-Nov-09	31-Mar-11	5000	$5.810	•	•	•	•	•	•	•	•	•	•	•	•																										
1-Apr-10	31-Oct-10	5000	$6.100	•	•	•	•	•	•	•																															
4-Nov-09	31-Oct-10	5000	$5.200	•	•	•	•	•	•	•																															
4-Nov-09	31-Oct-10	5000	$5.000	•	•	•	•	•	•	•																															
1-Apr-10	31-Mar-11	5000	$5.280	•	•	•	•	•	•	•	•	•	•	•	•																										
1-Apr-10	31-Mar-11	5000	$5.290	•	•	•	•	•	•	•	•	•	•	•	•																										
1-Apr-10	31-Mar-12	5000	$5.670	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•														
1-Apr-10	31-Mar-11	5000	$5.555	•	•	•	•	•	•	•	•	•	•	•	•																										
1-Apr-11	31-Mar-12	5000	$6.200													•	•	•	•	•	•	•	•	•	•	•	•														
1-Apr-10	31-Oct-10	5000	$5.500	•	•	•	•	•	•	•																															
1-Apr-10	31-Mar-11	5000	$5.700	•	•	•	•	•	•	•	•	•	•	•	•																										
1-Apr-10	31-Mar-12	5000	$5.820	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•														
1-Apr-10	31-Mar-11	5000	$4.550	•	•	•	•	•	•	•	•	•	•	•	•																										
1-Apr-10	31-Mar-12	5000	$4.500	•	•	•	•	•	•	•														•	•	•	•	•														
1-Apr-11	31-Mar-12	5000	$5.000													•	•	•	•	•	•	•	•	•	•	•	•														
1-Apr-11	31-Mar-12	5000	$5.120													•	•	•	•	•	•	•	•	•	•	•	•														
1-Jul-10	31-Oct-10	5000	$4.030				•	•	•	•																															
1-Jul-10	31-Oct-10	5000	$4.200				•	•	•	•																															
1-Nov-10	31-Mar-12	5000	$4.100								•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•														
1-Apr-11	31-Oct-12	5000	$4.050													•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•							
1-Apr-11	31-Oct-12	5000	$4.150													•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•							
1-Apr-11	31-Oct-11	5000	$3.500													•	•	•	•	•	•	•																			
1-Apr-11	31-Oct-12	5000	$4.100													•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•							
1-Apr-11	31-Oct-11	5000	$3.800													•	•	•	•	•	•	•																			
1-Apr-11	31-Oct-12	5000	$4.000													•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•							
1-Apr-11	31-Mar-13	5000	$3.800													•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		
1-Nov-11	31-Mar-13	5000	$4.000																				•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		
1-Apr-11	31-Mar-13	5000	$4.055													•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		
1-May-11	31-Mar-12	5000	$4.000														•	•	•	•	•	•	•	•	•	•	•														
1-Jun-11	31-Mar-13	5000	$4.170															•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		
1-Jun-11	31-Mar-13	5000	$4.100															•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		
1-Jun-11	31-Mar-13	5000	$4.100															•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		
1-Jul-11	31-Oct-11	5000	$4.030																•	•	•	•																			
1-Apr-12	31-Oct-13	5000	$4.000																									•	•	•	•	•	•	•	•	•	•	•	•	•	•
1-Apr-12	31-Oct-13	5000	$4.000																									•	•	•	•	•	•	•	•	•	•	•	•	•	•
1-Apr-12	31-Oct-13	5000	$4.000																									•	•	•	•	•	•	•	•	•	•	•	•	•	•
1-Apr-12	31-Oct-13	5000	$4.000																									•	•	•	•	•	•	•	•	•	•	•	•	•	•
1-Apr-12	31-Dec-12	5000	$3.313																									•	•	•	•	•	•	•	•	•					
1-Apr-12	31-Dec-12	5000	$3.395																									•	•	•	•	•	•	•	•	•					

Avg (Gas only)						
Avg GJ/d	75,714	60,000	87,857	90,000	80,000	54,000
Avg $ per GJ	$5.35	$6.00	$4.44	$4.50	$3.95	$3.98
Avg mcf/d	64,700	51,300	75,100	76,900	68,400	46,200
Avg $ per mcf	$6.26	$7.02	$5.20	$5.26	$4.62	$4.65

•*Assuming an Average Heating Value of 1.17 GJ/mcf for Peyto's gas*

Successful Hedging Strategy

Peyto Realized Price History



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)

BOE factor - 6 mcf = 1 bbl of oil equivalent

Peyto's 2010 Reserves

Before Tax Net Present Value

"The effect of discounting on Peyto's NPV is significant because of the long life of our assets. Every year our asset base becomes more valuable because of the accretion of this discount."

Variable Price Economics

	NPV (millions of CDN dollars)			
Category	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)

FAQ

Frequently Asked Questions

1. Peyto has had some spectacular growth over the last two years, how can that growth continue?

The profitable growth in production, reserves and funds from operations per share that we've experienced over the last two years is the result of achieving very good rates of return and improved capital efficiency on large capital programs. Much of that improvement is due to a shift to horizontal well development on our traditional tight gas resource plays which has resulted in quicker payout and faster reinvestment of capital, thus driving greater sustained growth. Peyto's superior assets and strong core competency within its technical team continue to yield undeveloped opportunities faster than we can develop them, further expanding our inventory of undeveloped opportunities.

2. Why is Peyto pursuing such high growth levels at low natural gas prices?

Peyto's strategy has always been to maximize returns for shareholders. Our low full cycle development costs and our low producing costs are the foundation for this return and provide robust economics through a spectrum of natural gas prices. History has shown us that when natural gas and oil prices rise, so too do service costs and industry activity levels. This results in much greater development costs and effectively the same rates of return being generated for higher natural gas prices. The problem is that prices tend to be cyclical and do not necessarily stay high to justify higher development costs. Peyto takes a counter-cyclical investment strategy and invests aggressively when gas prices are low, ensuring costs are also at their lowest and returns are at their highest.

3. What will the corporate decline rate be going forward with this growth?

As we've shown in previous analysis (President's Monthly Report May 2011), the only way for our base decline to rise is for us to deploy ever greater capital programs and combine larger volumes of new high-decline production with older low-decline production. In fact, we would have to increase the capital program by 35% or more every year just to hold the current corporate decline flat, otherwise it is expected to naturally come down over time, making it easier to grow.

4. How can this growth be funded in a low gas price environment?

Peyto is the lowest cost producer in Canada. That fact combined with our high heat content, liquids rich natural gas means we generate some of the highest netbacks of any gas weighted producer. By comparison, our netbacks rival those of much oilier companies and allows us to fund the bulk of our capital program and our dividend from our Funds from Operations. The remaining balance of our large capital programs can be funded from the strength of our balance sheet while maintaining a safe and conservative level of debt. As the value of our producing asset base grows, so does the amount of debt we can safely carry against it.

5. What is the end game with Peyto?

The strategy at Peyto has always been about recovering the maximum returns for shareholders on the capital we put to work. Everyday we produce and sell our reserves for more than it cost us to build them. Over the company's history this proven strategy has resulted in the largest shareholder "IRR" of any energy company on the TSX and a track record of 12 consecutive years of positive earnings. As long as there are future returns to be generated, Peyto will be hard at work.

6. How much running room is there in terms of locations relative to some of the other Deep Basin players?

Not all land holdings or drilling inventories are the same amongst industry competitors. Likewise, the means by which future locations are funded and when they are developed plays a large part in the real returns that shareholders ultimately realize. At Peyto, we have as many as 10 years of high quality drilling inventory in front of us with several more initiatives in the Deep Basin currently underway which could extend this timeline. Our proven track record of using internal funding to "build it for less than we sell it" in a timely manner will play a large part in ensuring these future opportunities generate accretive returns for shareholders.