

Peyto Exploration and Development Corp
November 21, 2012 SEPAC Investor Showcase (Calgary)



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.

Presentation Summary

Things to Look For Today



1. VERY LOW COST OF PRODUCTION
2. VERY LOW COST OF SUPPLY
3. PROVEN TIGHT SANDSTONE RESERVOIRS
4. REPEATABLE WELL RESULTS WITH SOLID RETURNS
5. 11 YEAR LOCATION INVENTORY AND INCREASING

Peyto Profile



- ✦ TSX Listing: PEY
- ✦ Monthly Dividend: \$0.06/share
- ✦ Shares Outstanding: 144 million (5% insider ownership)
- ✦ Current Production: (mid-Nov, 2012) 306 MMcfe/d (51,000 boe/d)
- ✦ Net Debt: (end Q3, 2012) \$683.5 million
- ✦ Bank Lines: \$880 million total capacity (\$730 revolving facility)
- ✦ Enterprise Value: \$4.3 billion (\$25/share)

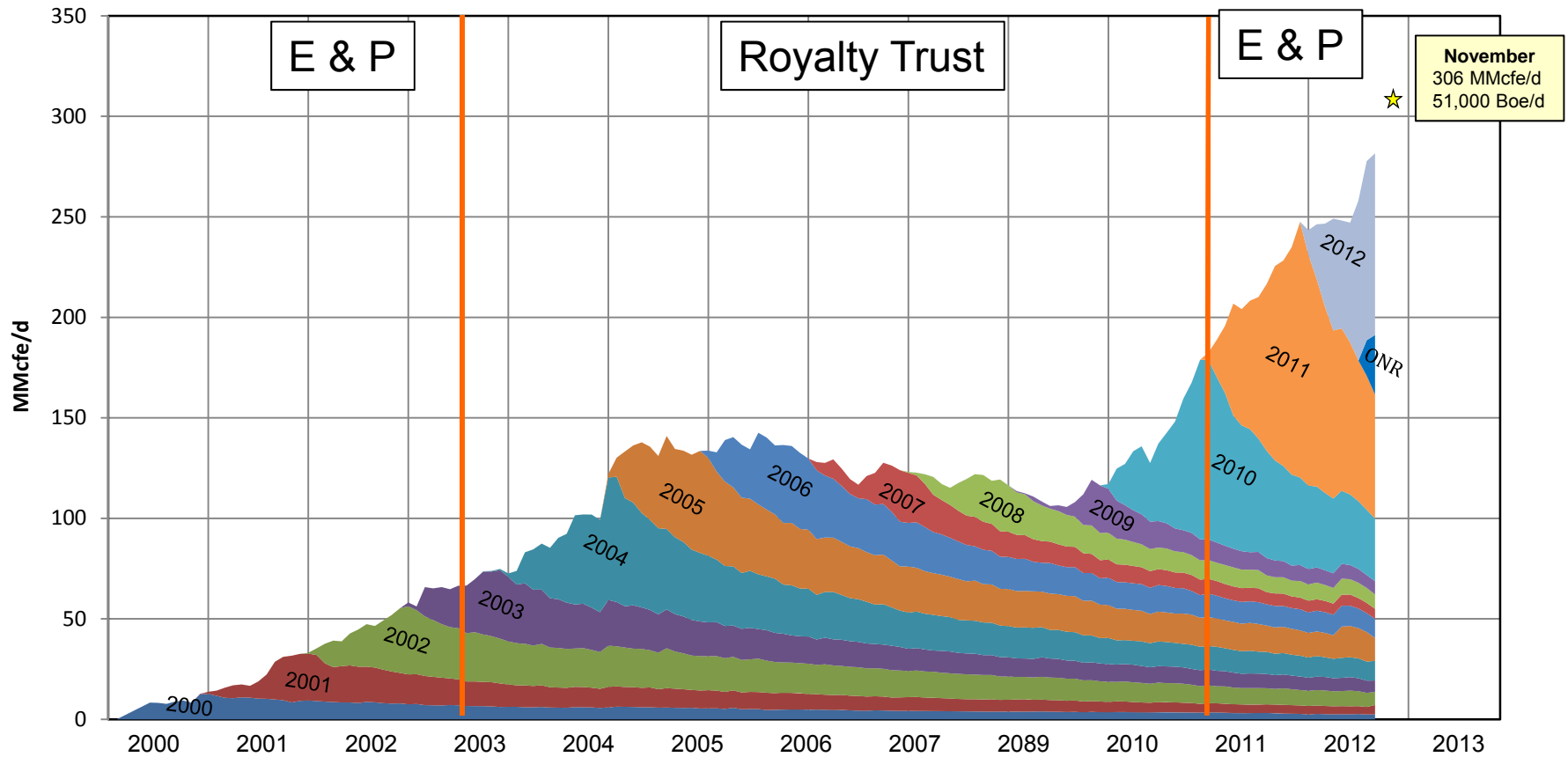
BOE factor - 6 mcf = 1 bbl of oil equivalent

Reserve and production volumes are before royalty deductions

**An additional \$50MM of senior secured notes, 10 yr, 4.88% were issued on Sept 6/12 replacing bank debt*

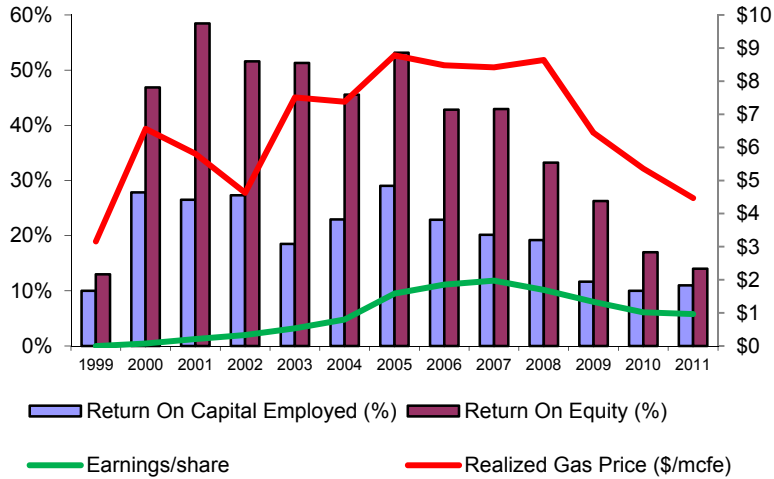
Peyto's History

Over 13 Years of Successful Growth



Peyto's Proven Performance

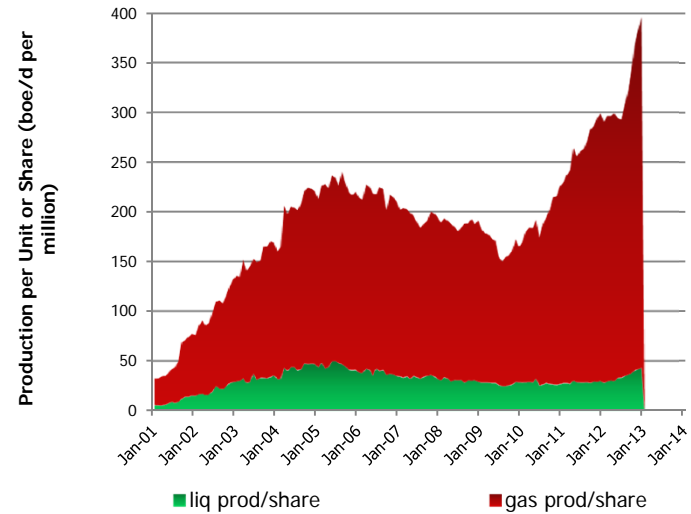
A History of Value Creation



40%
12 yr Average ROE

21%
12 yr Average ROCE

35%
YoY production
growth/share

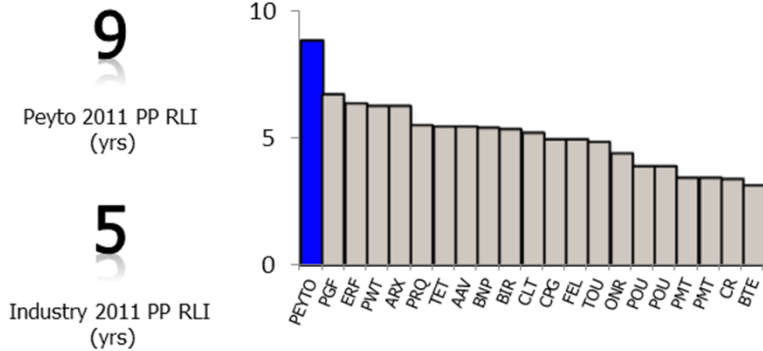


Peyto's Proven Performance

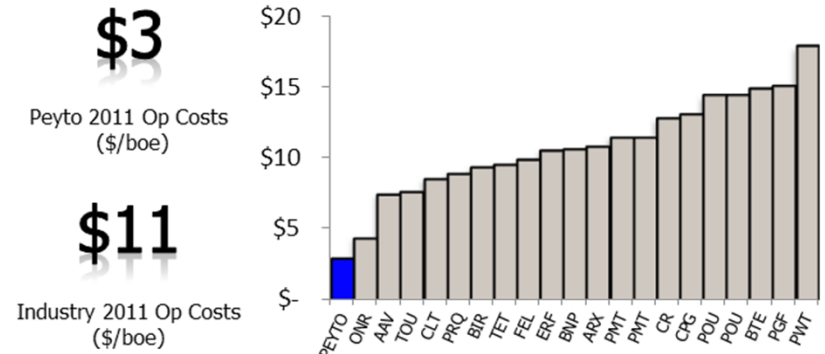
Industry Leading Peer Comparatives



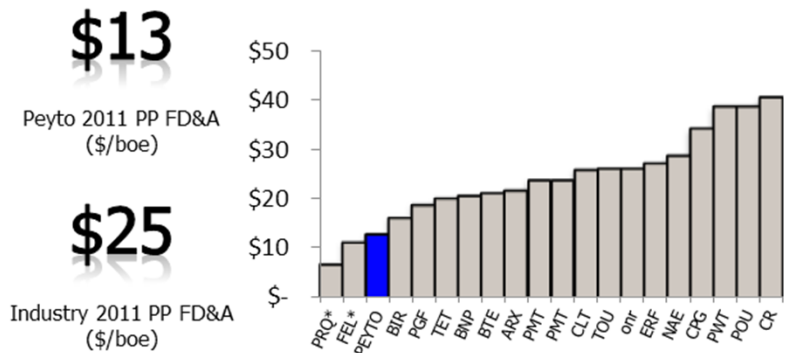
PDP Reserves (2011-12-31)



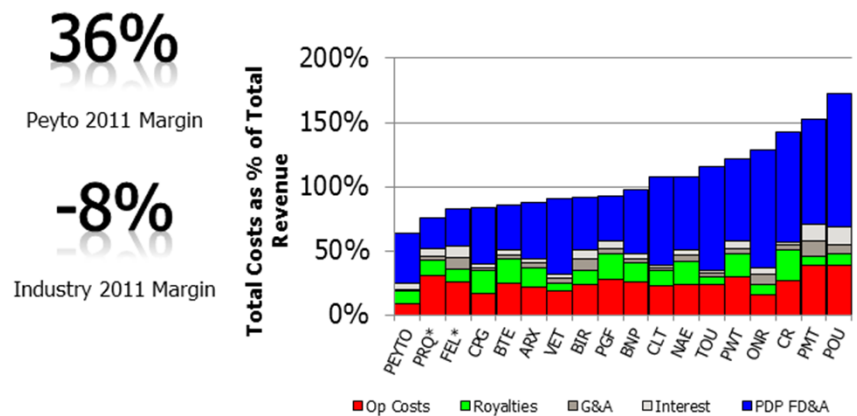
Operating Costs 2011



FD&A – PP 2011

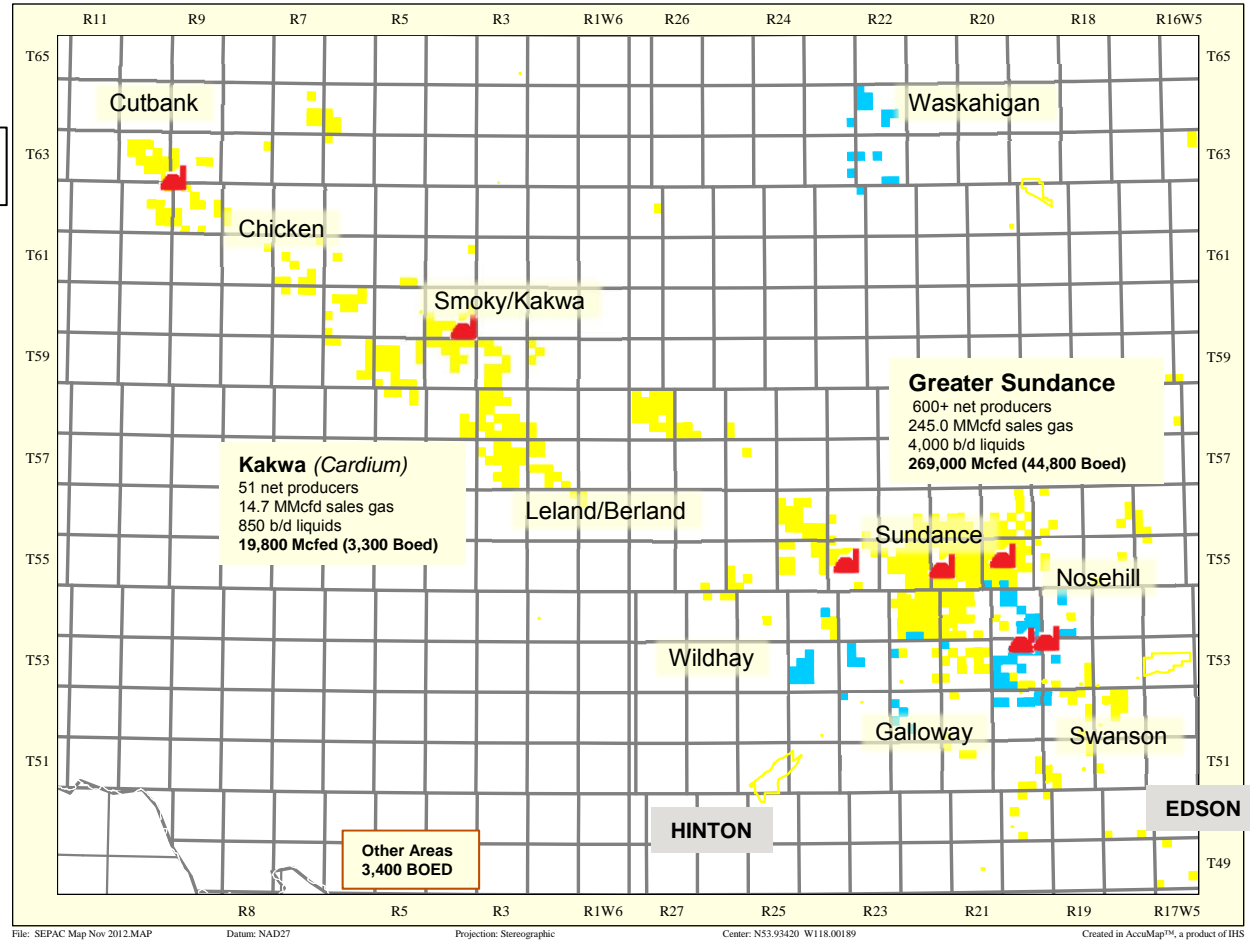
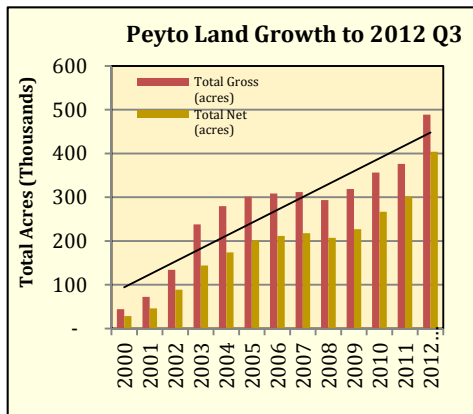
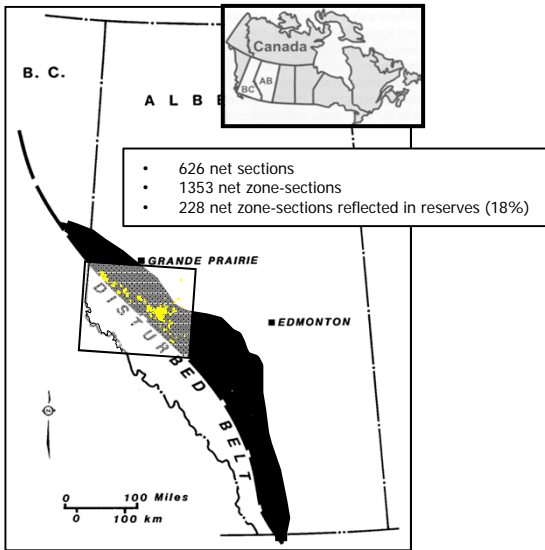


Profit Margin 2011



Peyto Core Area Focus

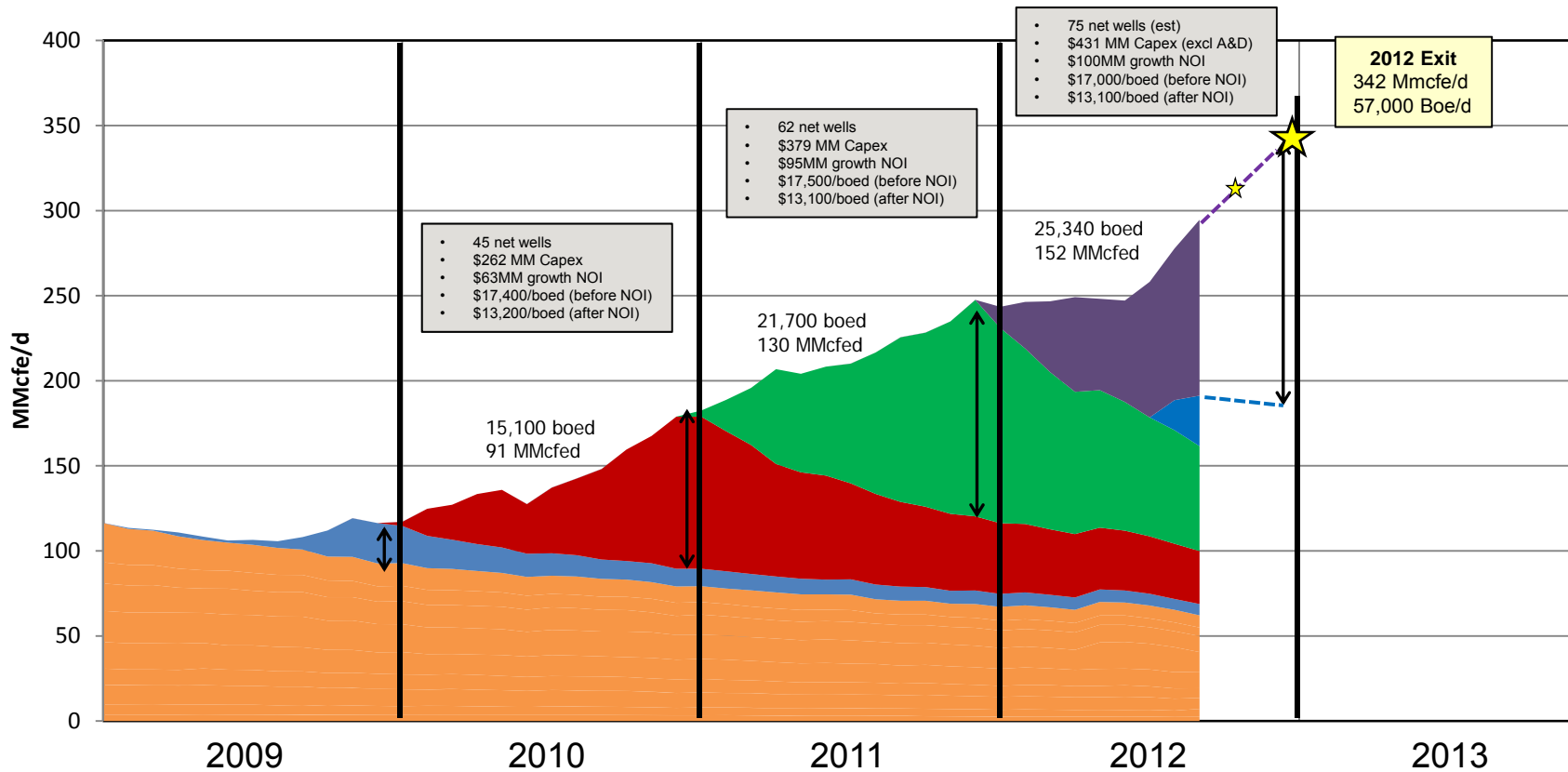
306 MMcfe/d (51,000 boe/d) – Nov, 2012



99% Operated by Peyto, 95% Processed at Peyto

Peyto's Recent Production Growth

Tight Gas Horizontal Wells



Peyto's Focus on Costs

An Enduring Company Value



Peyto's Profitable Business

Build and produce it for less than we sell it



PEY 2011A

PDP FD&A
\$/mcfe

(\$2.12)

Cash Costs
\$/mcfe

(\$1.35)

Sales Price
\$/mcfe

\$5.47

Profit

\$2.00

Land	\$25MM
Seismic	\$3MM
Drilling	\$175MM
Compl.	\$104MM
Wellsite	\$32MM
Facilities	<u>\$40MM</u>
	\$379MM
ΔPDP Reserves (before Prod.)	29.8 mmoes
PDP FD&A	\$12.72/boe
	\$2.12/mcfe

Royalties	(\$0.53)
Opex	(\$0.35)
Transport	(\$0.13)
G&A	(\$0.06)
Interest	<u>(\$0.28)</u>
Total Costs	(\$1.35/mcfe)

\$3.43/GJ
 = \$3.93/mcf (40.73GJ/e3m3)
 = \$4.99/mcfe (w/liq uplift)
 \$5.47/mcfe (w/hedge gain)

BOE factor - 6 mcfe = 1 bbl of oil equivalent

* 2011 uplift for NGLs and heat content from unhedged natural gas price (\$/GJ) to realized effective price (\$/mcfe)

Peyto's Profitable Business

Sustaining Profit through the 2012 Low Price



PEY 2012 (to Q3)

2011 PDP
FD&A
\$/mcfe

(\$2.12)

Use 2011 FD&A as proxy based on similar well results.

Cash Costs
\$/mcfe

(\$1.03)

Royalties	(\$0.31)
Opex	(\$0.32)
Transport	(\$0.12)
G&A	(\$0.05)
Interest	(\$0.23)
Total Costs	(\$1.03/mcfe)

Sales Price
\$/mcfe

\$4.14

Profit

\$0.99

\$2.04/GJ
 =\$2.35/mcf (40.82 GJ/e3m3)
 =\$3.43/mcfe (w/liq uplift)
 \$4.14/mcfe (w/hedge gain)

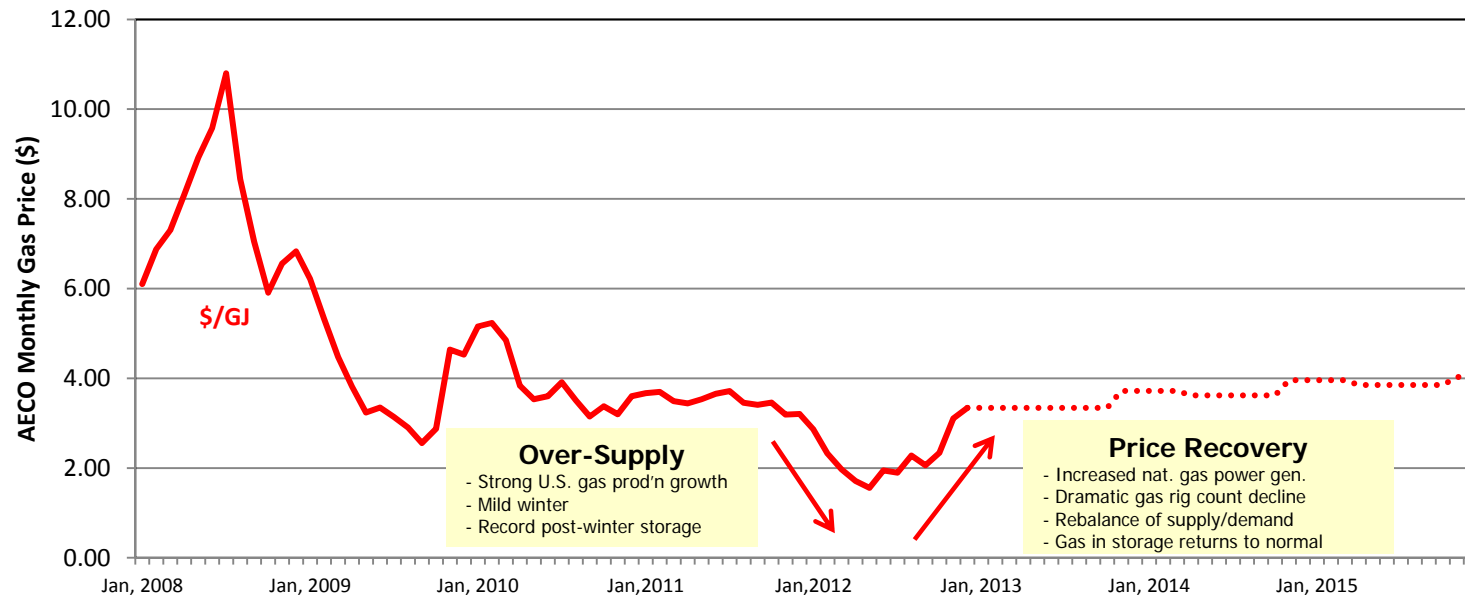
BOE factor - 6 mcfe = 1 bbl of oil equivalent

Peyto's Low Cost Advantage

Profitable Through the Low Price Swings



	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 To Q3</u>
PDP FD&A \$/mcfe	(\$2.88)	(\$2.27)	(\$2.11)	(\$2.12)	Approx.(\$2.12)
Cash Costs \$/mcfe	(\$3.01)	(\$1.75)	(\$1.63)	(\$1.35)	(\$1.03)
Sales Price \$/mcfe	<u>\$9.55</u>	<u>\$6.75</u>	<u>\$6.18</u>	<u>\$5.47</u>	<u>\$4.14</u>
Profit	\$3.66	\$2.73	\$2.44	\$2.00	\$0.99



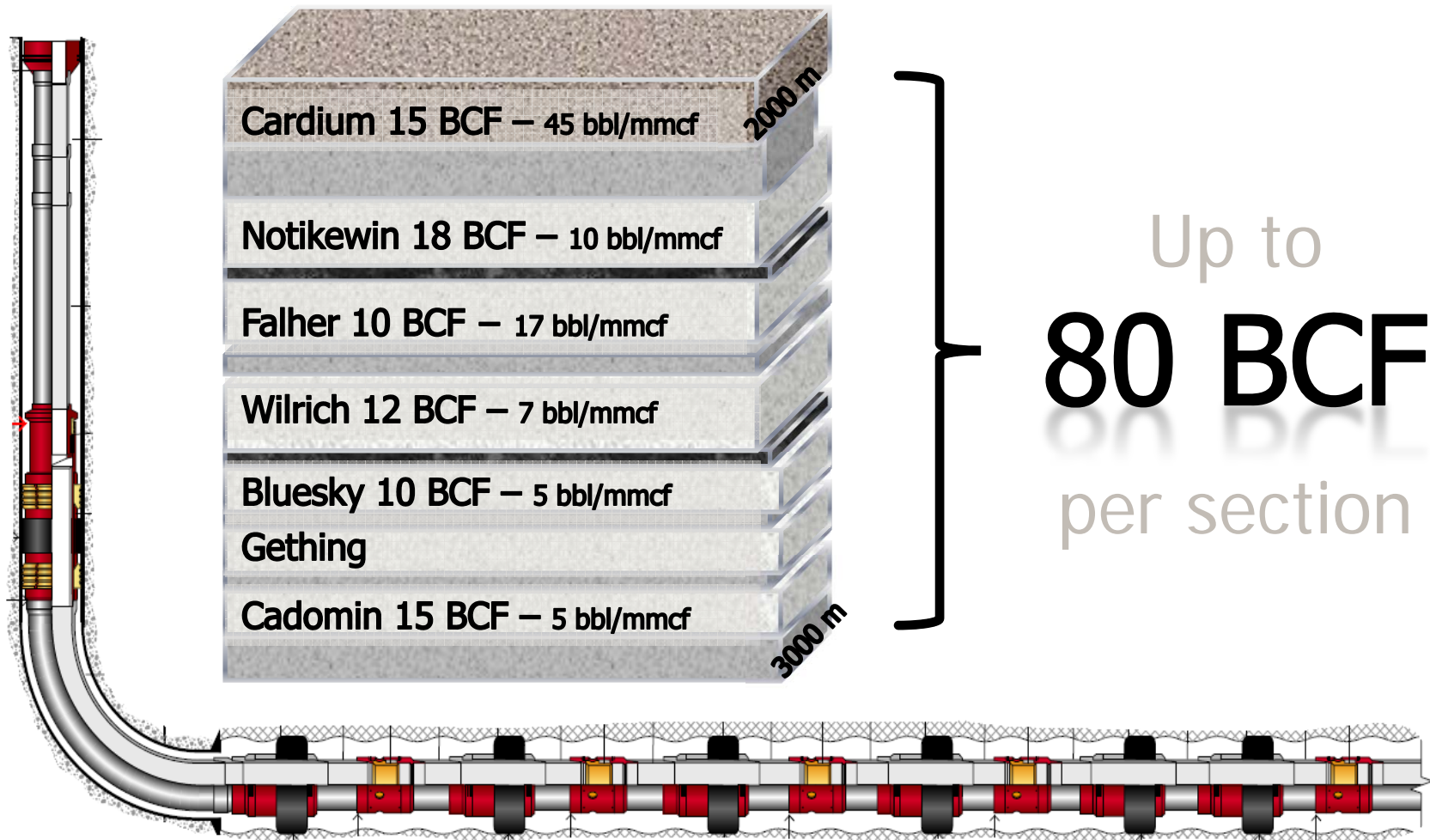
Peyto's Inventory of Opportunities

The Key to Ongoing Value Creation



Peyto's Assets

Applying Hz Technology to Tight Deep Basin Sands



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

Peyto's Assets

Large Hz MSF Inventory



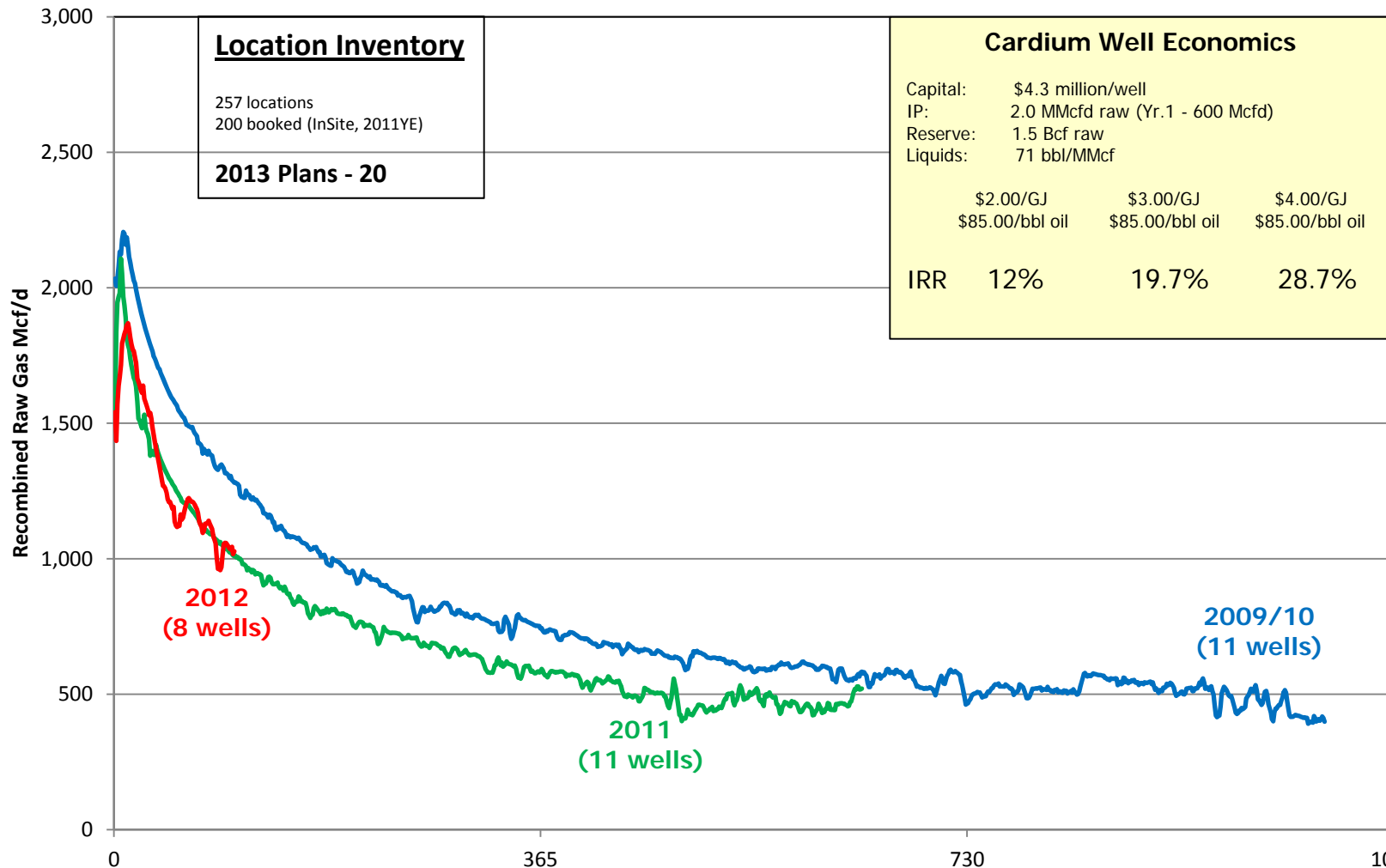
	<u>Done</u>		<u>To Do</u>	
	<u>Total Vertical Wells</u>	<u>Total Hz Wells</u>	<u>Total Hz Locations Booked*</u>	<u>Total Hz Locations Unbooked</u>
SMOKY				
CHINOOK ●✱				
PUSKWASKAU □				
BADHEART ●				
MUSKIKI □				
CARDIUM ●				
KASKAPAU □				
DOE CK. ●✱ POUCE COUPE				
DUNVEGAN ●✱ X				
FORT ST. JOHN				
SHAFTS-BURY □				
BELLE FOURCHE □				
FISH SCALE □				
WESTGATE □				
PADDY ✱				
CADOTTE ✱				
HARMON □				
NOTIKWIN ✱				
A				
B				
C				
D				
E				
F				
FALHER ✱ X				
WILRICH □				
BLUESKY ●✱△				
BULL-HEAD				
GETHING ●✱△ X				
CADOMIN ●✱				
TOTAL	432	48	200	57
	5	1	6	10
	1	2	2	12
	90	40	44	84
	7	13	12	49
	14	13	22	99
	4	93	83	117
	12	6	14	67
	87	2	21	205
	652	216	404	700

Over 1100 Locations

*As recognized in the IPC (formerly PLA) independent reserve report dated Dec. 31, 2011

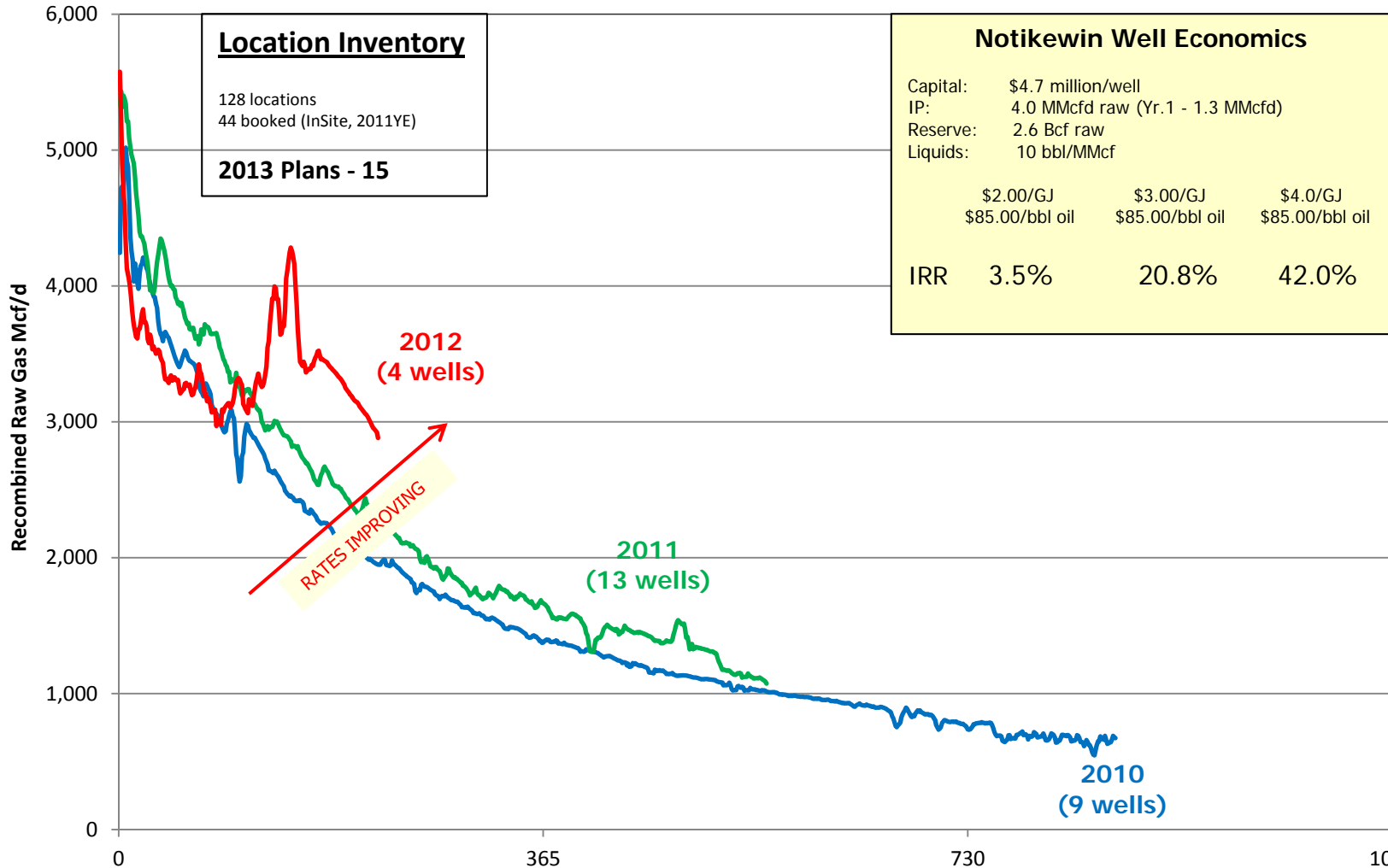
Peyto's Cardium Horizontal Wells

Average Production Profile by Year



Peyto's Notikewin Horizontal Wells

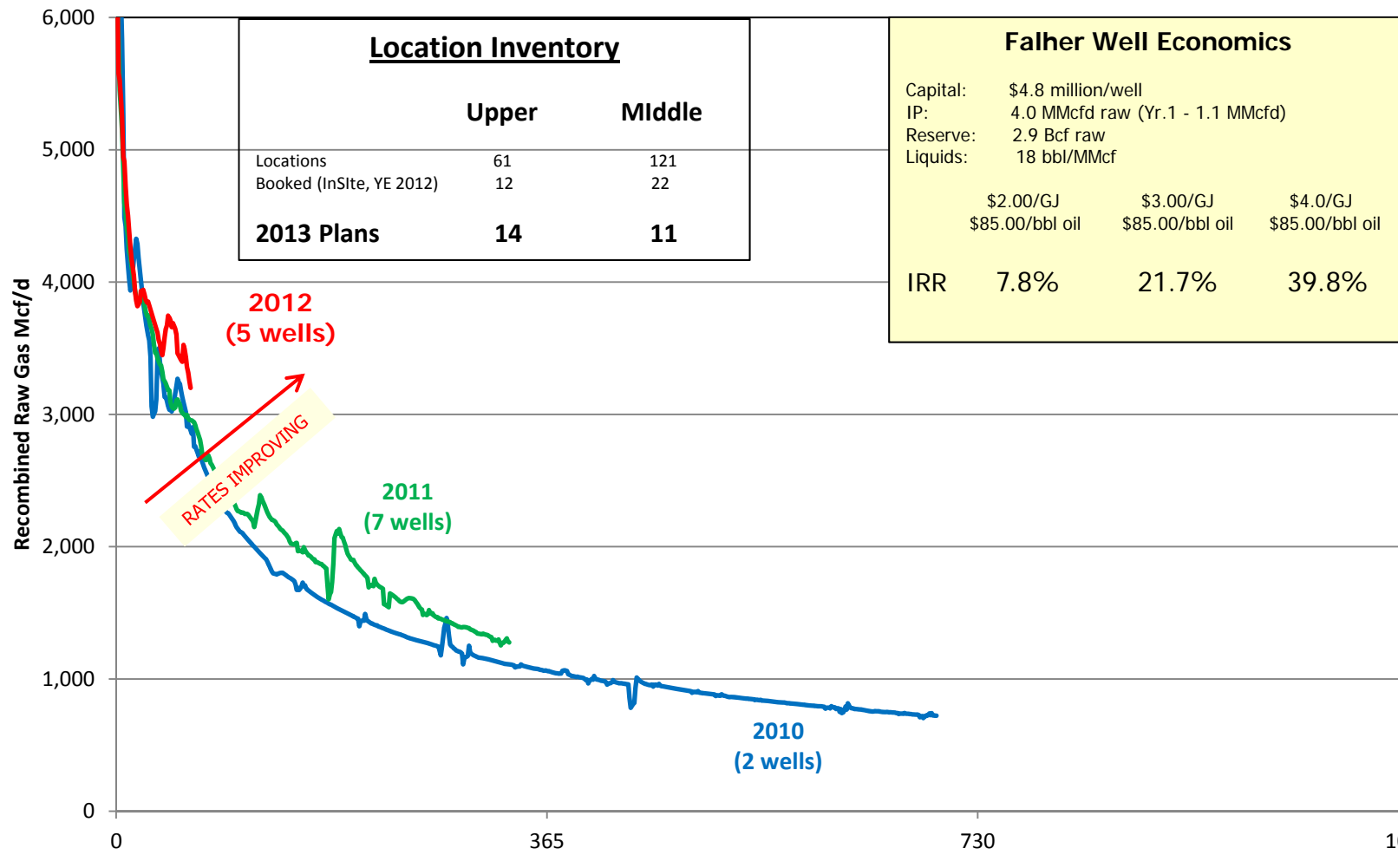
Average Production Profile by Year



Note: 7 other 2012 Notikewin wells with insufficient data

Peyto's Falher Horizontal Wells

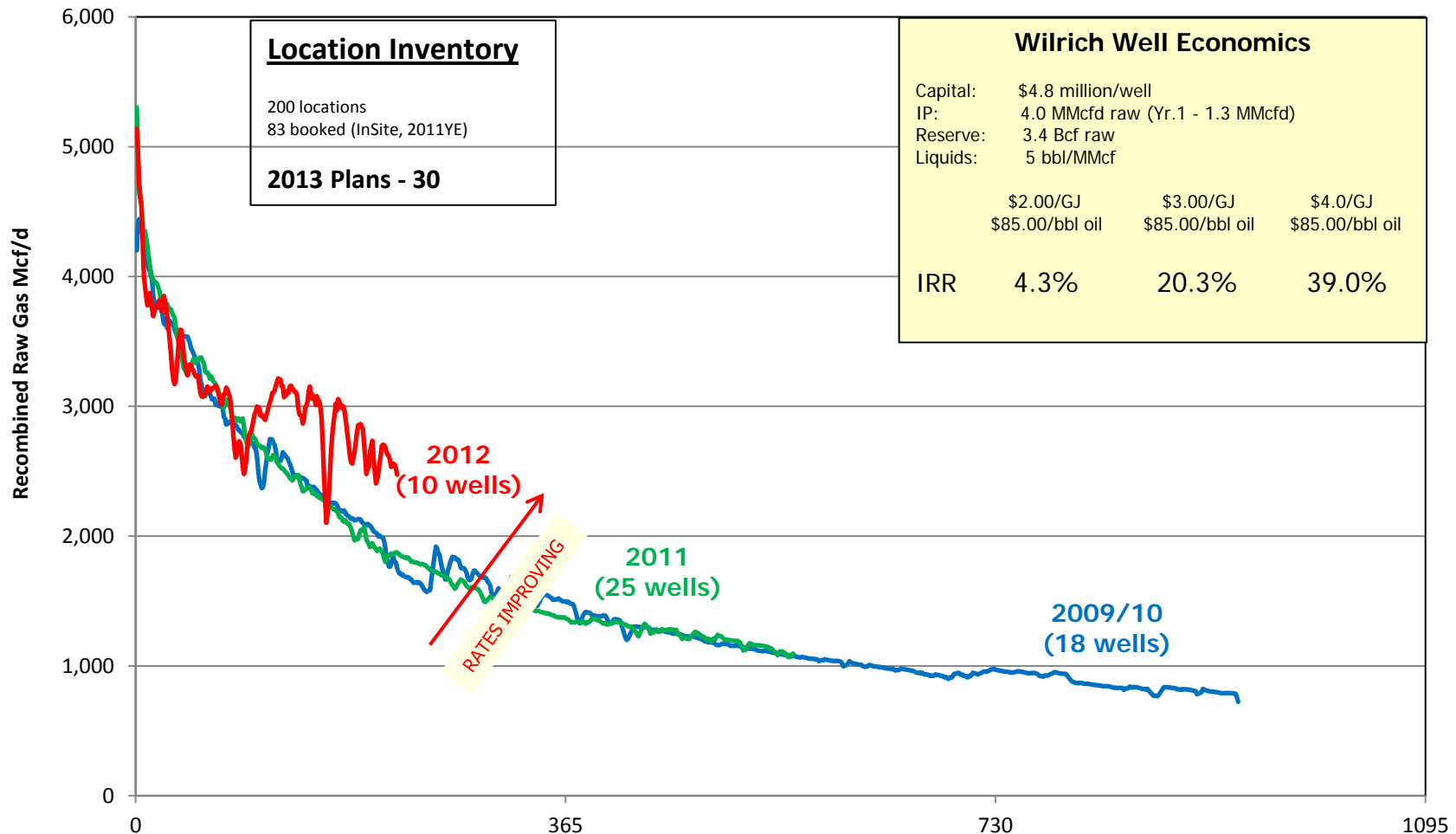
Average Production Profile by Year



Note: 4 other 2012 Falher wells with insufficient data.

Peyto's Wilrich Horizontal Wells

Average Production Profile by Year



Note: 10 other 2012 Wilrich wells with insufficient data

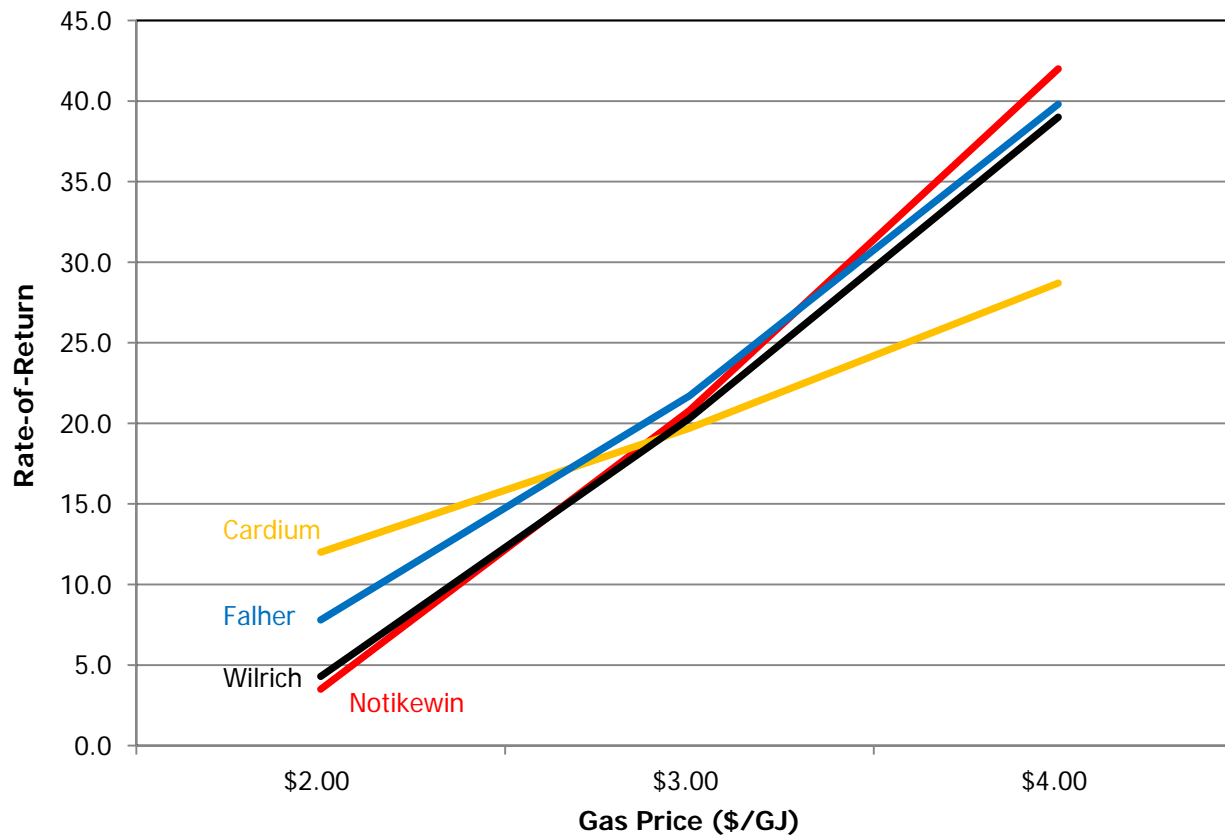
11/21/2012

Peyto's Type Well Economics

IRR Sensitivity to Flat Price Cases

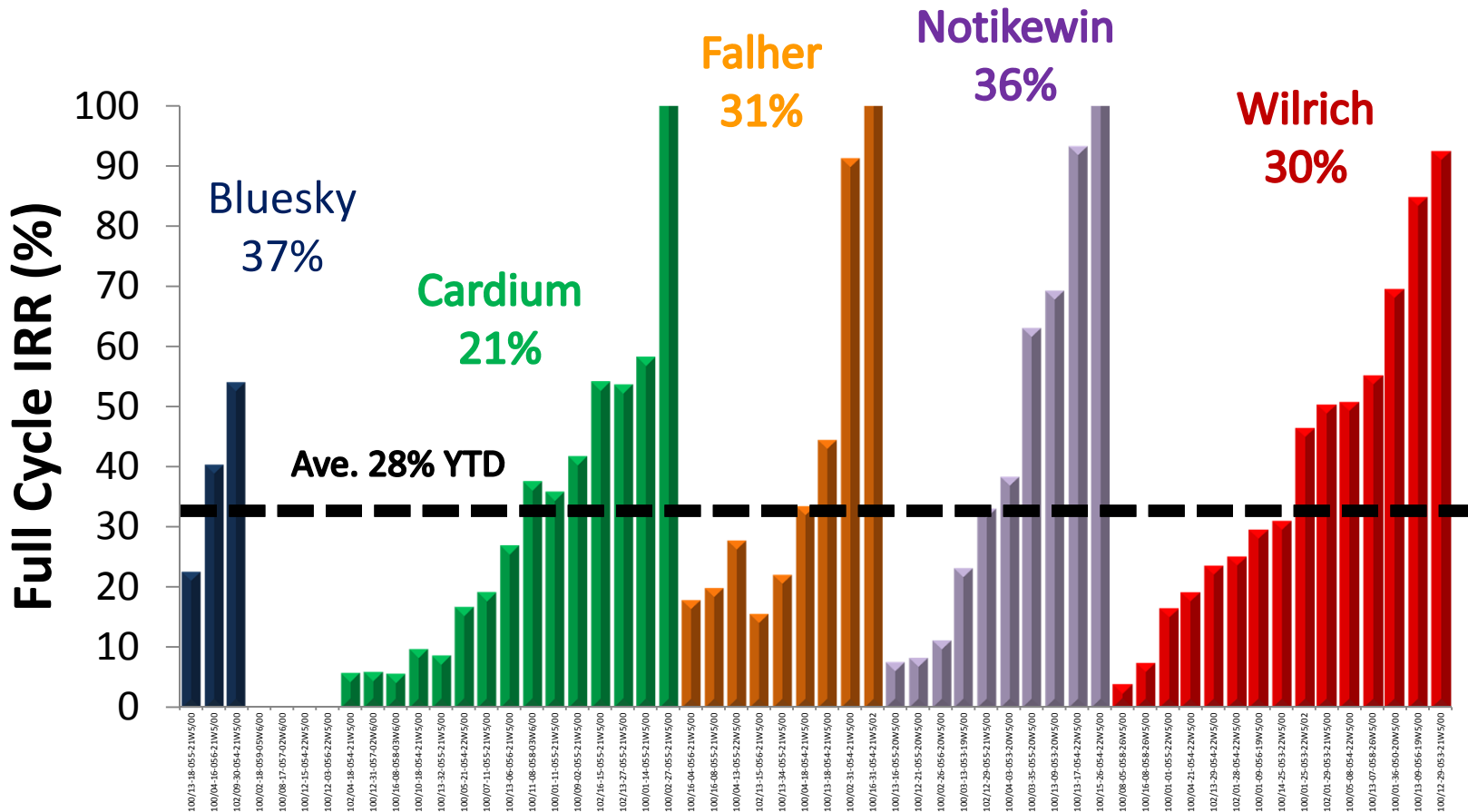


Well Internal Rate-of-Return



Peyto's Profitable Business

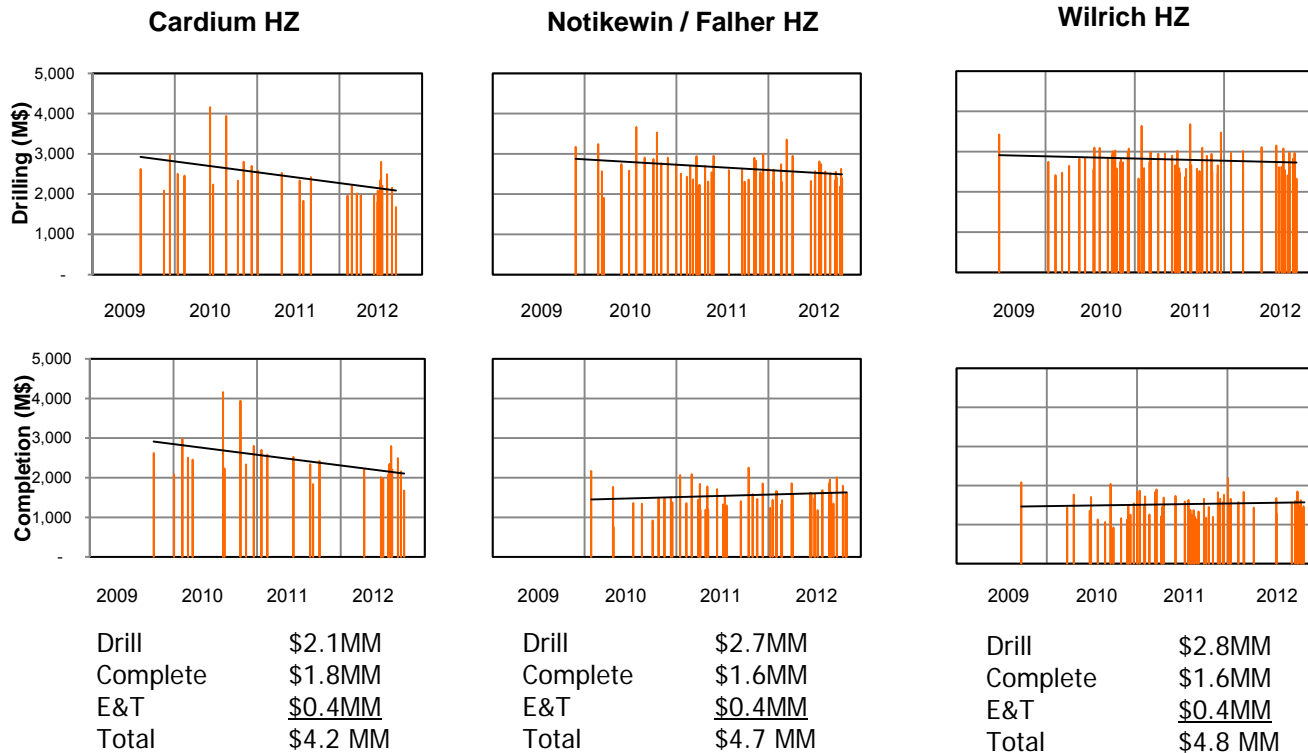
Returns Focus Requires Flexible Capital Allocation



Includes provision of \$520k per well for Facilities, Land and Seismic
 Full Cycle IRR on 2012 Wells by Species (Actual 2012 Pricing to Sep, then Oct 29, Strip)

Peyto's Focus on Capital Costs

Year-Over-Year Well Cost Improvements



- Drill times down 20 to 30% over two years
- Drill costs down 15% over two years
- Recent multiple well pad showing promise of additional 5% reduction

Peyto's Assets

Liquids Rich Natural Gas



Peyto Q3 2012 Realized Prices

Natural Gas \$2.08/GJ**

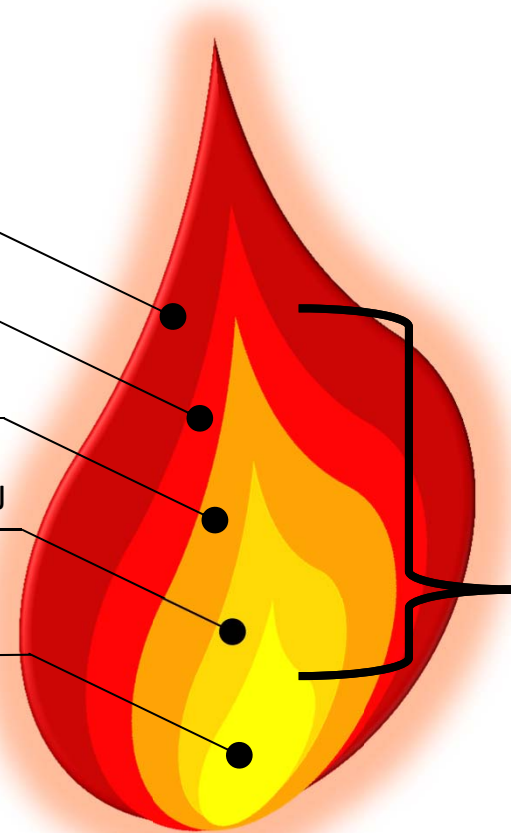
Ethane C₂H₆ \$7/bbl = \$2.45/GJ*

Propane C₃H₈ \$20/bbl = \$4.86/GJ

Butane C₄H₁₀ \$58/bbl = \$13.00/GJ

Pentanes C₅ \$93/bbl = \$17.76/GJ

Condensate C₅+ \$90/bbl



Liquid Conversion

Existing Refrig. (-40C)	"Cheap" Cut (-80C)	Deep Cut (-110C)
1% C ₂	1% C ₂	40% C ₂
10-30% C ₃	75-90% C ₃	95% C ₃
50% C ₄	99% C ₄	99% C ₄
97% C ₅ +	99% C ₅ +	99% C ₅ +

*Q3 2012 Liquids prices are monthly average Peyto realized prices after pipeline/fractionation/transportation costs (not volume weighted.)

Equivalent gas price uses the gas equivalent and heat values for each liquid component

**Q2 2012 Alberta natural gas price averaged \$1.74/GJ

Peyto's Natural Gas Business

CNG Fuel Station - Optimizing the Annual Energy Inputs



Operating Personnel Vehicles

- 657,000 litres diesel per year
- 20.5 MMcf gas equivalent per year



\$788,400 diesel
\$61,500 nat gas

Savings \$727,000

\$2.9 million diesel
\$0.3 million nat gas

Savings \$2.6 million



\$1.0 million diesel
\$0.1 million nat gas

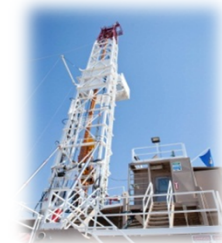
Savings \$0.9 million

\$1.1 million diesel
\$0.1 million nat gas

Savings \$1.0 million

Drilling Rig Power

- 750,000 litres diesel per rig per year
- 375,000 litres exchangeable to nat gas
- 3,000,000 litres diesel for 8 rigs
- 93.8 MMcf gas equivalent



Drilling Rig Heat (Boilers)

- 120 day per year boiler requirement
- 144,000 litres diesel per year per rig
- 1,152,000 litres diesel for 8 rigs
- 36.0 MMcf equivalent

Frac Fluid Heat

- 90 fracs per year
- 45 winter fracs /45 summer fracs
- 7,500 litres/15,000 litres diesel used
- 1,013,000 litres diesel per year
- 31.7 MMcf gas equivalent per year

Note: Savings based on diesel \$0.95/litre and nat gas \$3.00/Mcf

2013 Outlook

Biggest Year Ever

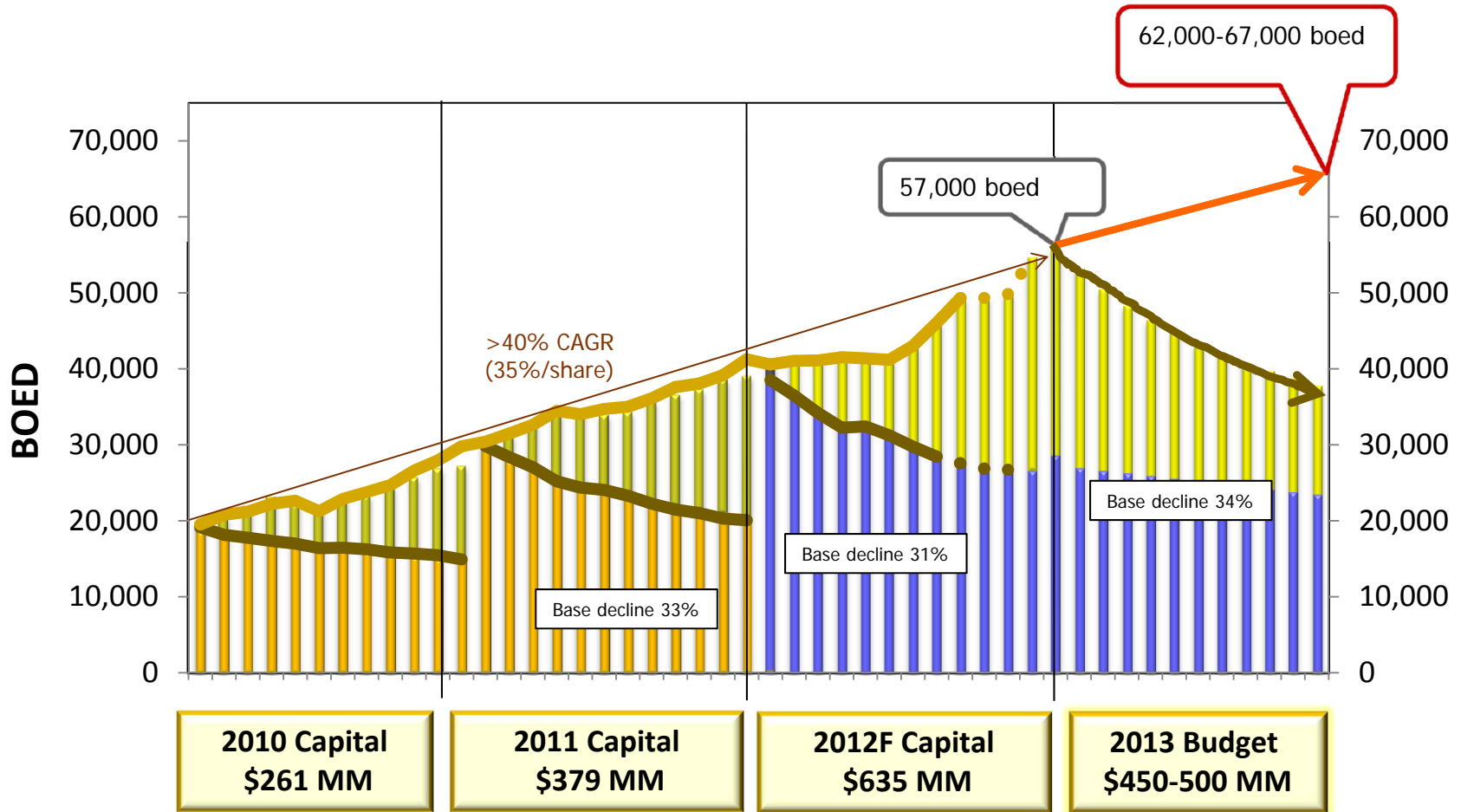
\$450M-
\$500M

2013 Capital Program

- ✓ **Drill**
(100% Hz Wells, Liquids Rich Natural Gas)
- ✓ **Expand & Extract**
Increase Processing Capacity & NGL Yield
- ✓ **Increase**
Undeveloped Land Base
- ✓ **Shoot**
Seismic
- ✓ **Acquire**
Additional Opportunities and Partner Interests

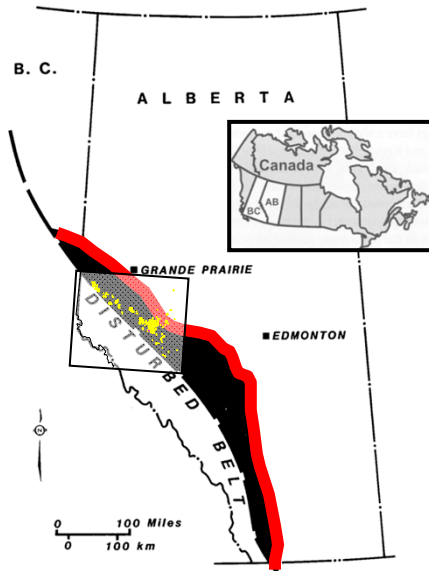
2013 Outlook

Continued Counter Cyclical Growth



PEY.TO

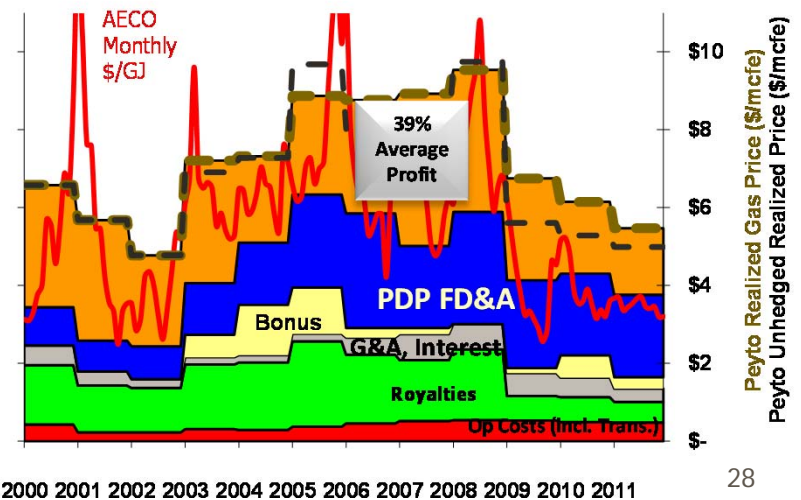
Corporate Fact Sheet



- ☀ Long Reserve Life Asset - 9 yrs PDP, 22 yrs P+P at YE 2011
- ☀ Lowest Cost Producer - \$1.00/mcfe (\$6.02/boe) cash costs* Q3/12
- ☀ Superior Shareholder Returns - Ave ROCE 21%, Ave ROE 40%
- ☀ Own and Control - Operate 99% of production, Own infrastructure
- ☀ Liquids Rich Gas – 51,000 boe/d Alberta Deep Basin production
- ☀ Exciting Growth Profile - 35% production/share growth in 2011

Monthly Dividend:	\$0.06/share
Shares O/S:	144 million (5% insider ownership)
2013 Capex Guidance:	\$450 to \$500 million
Q3 2012 Net Debt:	\$684 million
Bank Lines:	\$880 million total capacity (\$730 revolving facility)
Enterprise Value:	\$4.3 billion (\$25/share)

"Building it for less than we're selling it"



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

BOE factor - 6 mcfe = 1 bbl of oil equivalent

(1) an additional \$50 MM senior secured notes, 10 yr, 4.88% issued on Sept 6/12 replacing \$50 MM of bank debt.

End

