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First Energy/Soc Gen
East Coast Energy Conference

March 2013

Advisory
Regarding Forward-Looking Statements

PEYTO Exploration & Development Corp.

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

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

TSX Listing:	PEY
Monthly Dividend:	$0.06/share
Shares Outstanding:	148.7 million, 5% insiders
Current Production:	~345 MMCFe/d (58,000 boe/d)
YE 2012 2P Reserves:	2.35 TCFe (392 mmboes)
Net Debt:	$100 million (senior secured notes, 7 yr, 4.39% coupon, Prudential IM)
	$ 50 million (senior secured notes, 10 yr, 4.88% coupon, Prudential IM)
(Q4 2012)	$512 million (revolving bank debt)
	$662 million
Bank Lines:	$880 million total capacity ($730 revolving facility)
Enterprise Value:	$4.7 billion ($27/share)

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 2,100 locations to date)

Develop Superior Assets

- Operated and geographically concentrated (99% operated and processed)
- Longest reserve life (9 yrs PDP), lowest cash costs* ($6.30/boe – 2012)
- Sweet, liquids rich gas stream (50% more revenue than dry gas - 2012)
- Low risk, profitable production growth (35%/share growth rate – last 3 yrs)

Deliver Superior Returns

- Return on capital (ave 20%)
- Return on equity (ave 38%)
- Shareholder rate of return (compound average 95%)

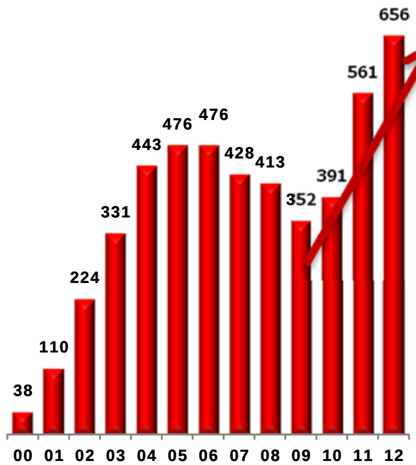
**Cash costs are royalties, operating costs, transportation, G&A and interest*

The Peyto Strategy

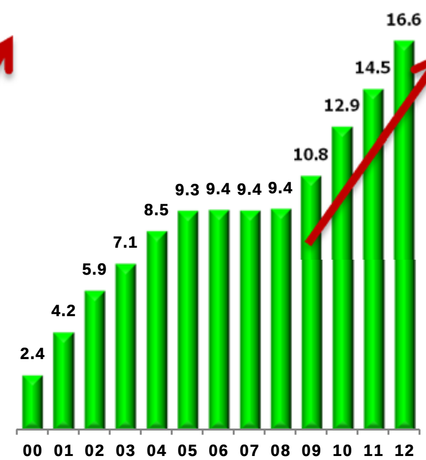
Grow Our Assets

"Our goal is to profitably grow our assets for shareholders. We've been doing that for several years, even in the face of low gas prices."

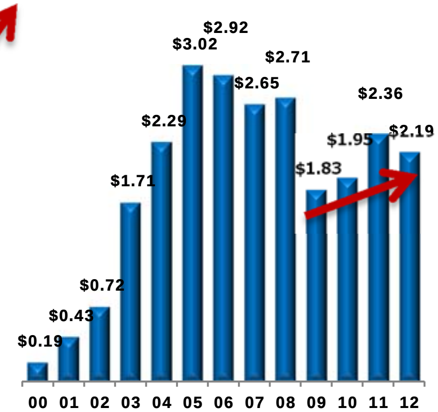
Production
(MMcfe / d / mm sh)



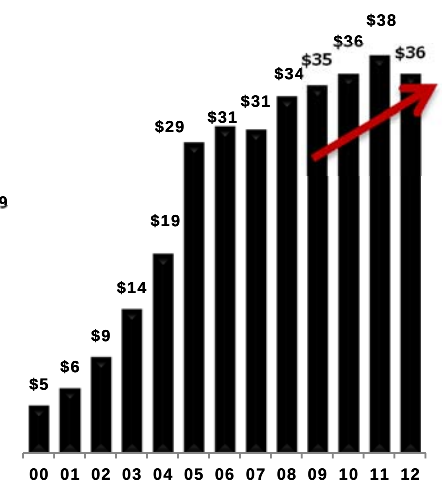
2P Reserves
(Bcfe / mm sh)



Funds from Operations
($ / sh)



2P NPV$_5$ DA
($ / sh)

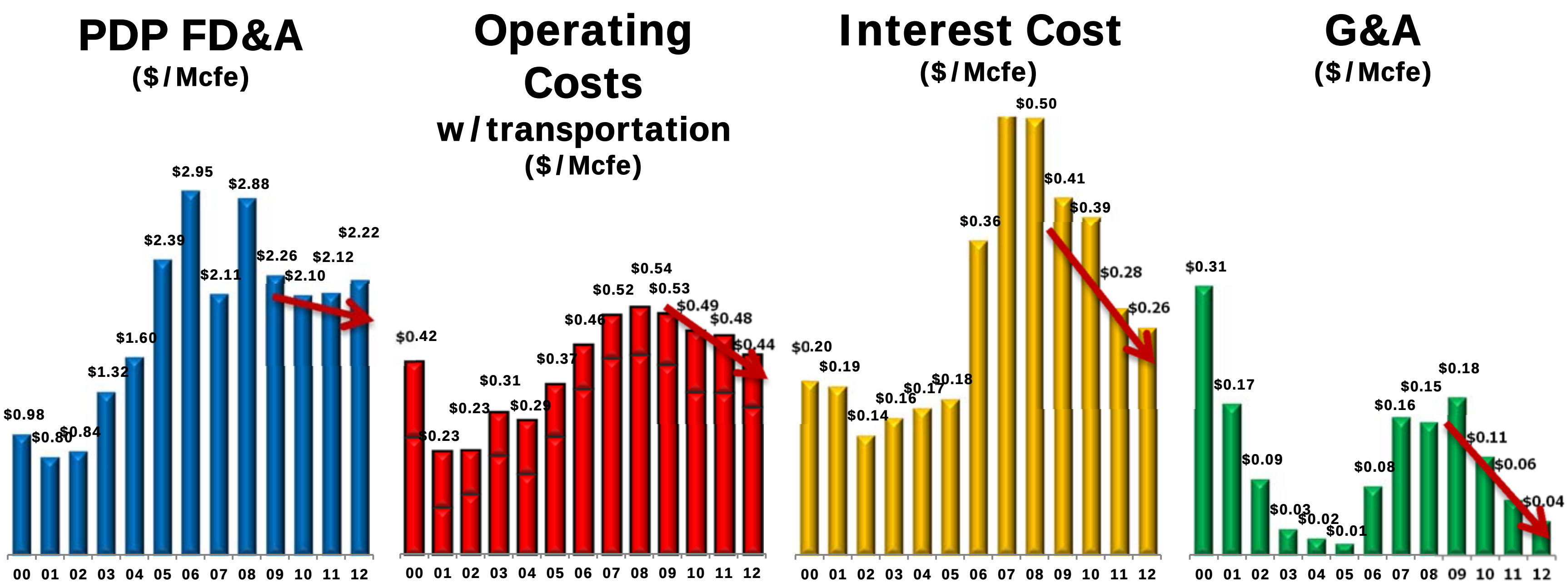


Historical annual average per share and shares outstanding numbers used above have been adjusted to reflect the May 27, 2005 2:1 stock split

The Peyto Strategy

Control Our Costs

"We do it profitably by controlling our costs. The cost to build it and the cost to produce it."



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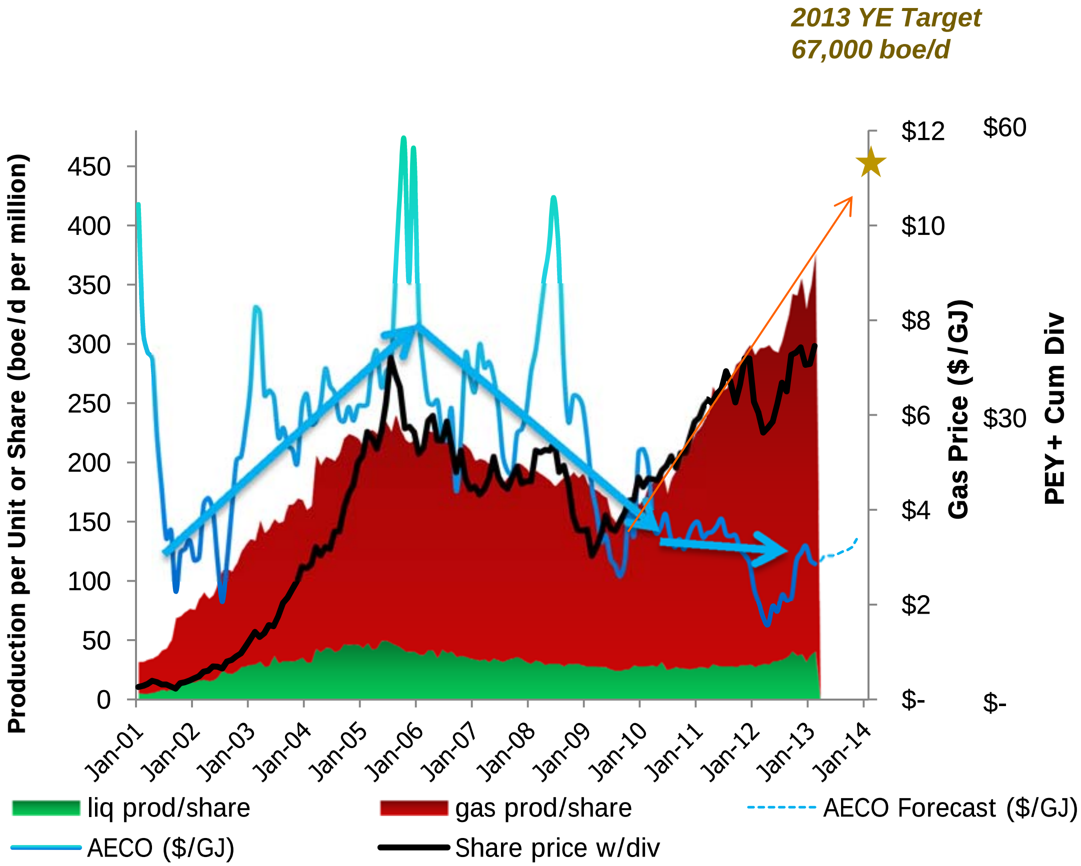
The Peyto Strategy

Growth per Share

"Since the adoption of horizontal multi-stage frac well design in 2009, Peyto has been growing production per share at a CAGR of around 35%. And that's at $3-4/GJ gas price."



35%

Production/share growth rate

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

Peyto’s Profitable Business

Peyto's Profitable Business

"Build it for less than we sell it"

"A simple cost analysis shows where Peyto's profits come from. PDP FD&A is a good proxy for replacement cost and tends to match real depletion."

PEY 2012

PDP FD&A $/mcfe	($2.22)
Cash Costs $/mcfe	($1.05)
Sales Price $/mcfe	$4.21
22% Profit	$0.94

Land	$11MM
Seismic	$2MM
Drilling	$212MM
Compl.	$127MM
Wellsite	$46MM
Facilities	$37MM
Acq/Disp	$183MM
	$618MM
ΔPDP Reserves (before Prod.)	46.3 mmboes
PDP FD&A	$13.34/boe
	$2.22/mcfe

Royalties	($0.31)
Opex	($0.32)
Transport	($0.12)
G&A	($0.04)
Interest	($0.26)
Total Costs	($1.05/mcfe)

$2.30/GJ
X 160%*
$3.66/mcfe
$0.55/mcfe hedging
$4.21/mcfe

BOE factor - 6 mcfe = 1 bbl of oil equivalent

** 2012 uplift for NGLs and heat content from average Alberta daily natural gas price ($/GJ)*

Peyto's Profitable Business

Control Costs To Generate Profits To Pay Dividends

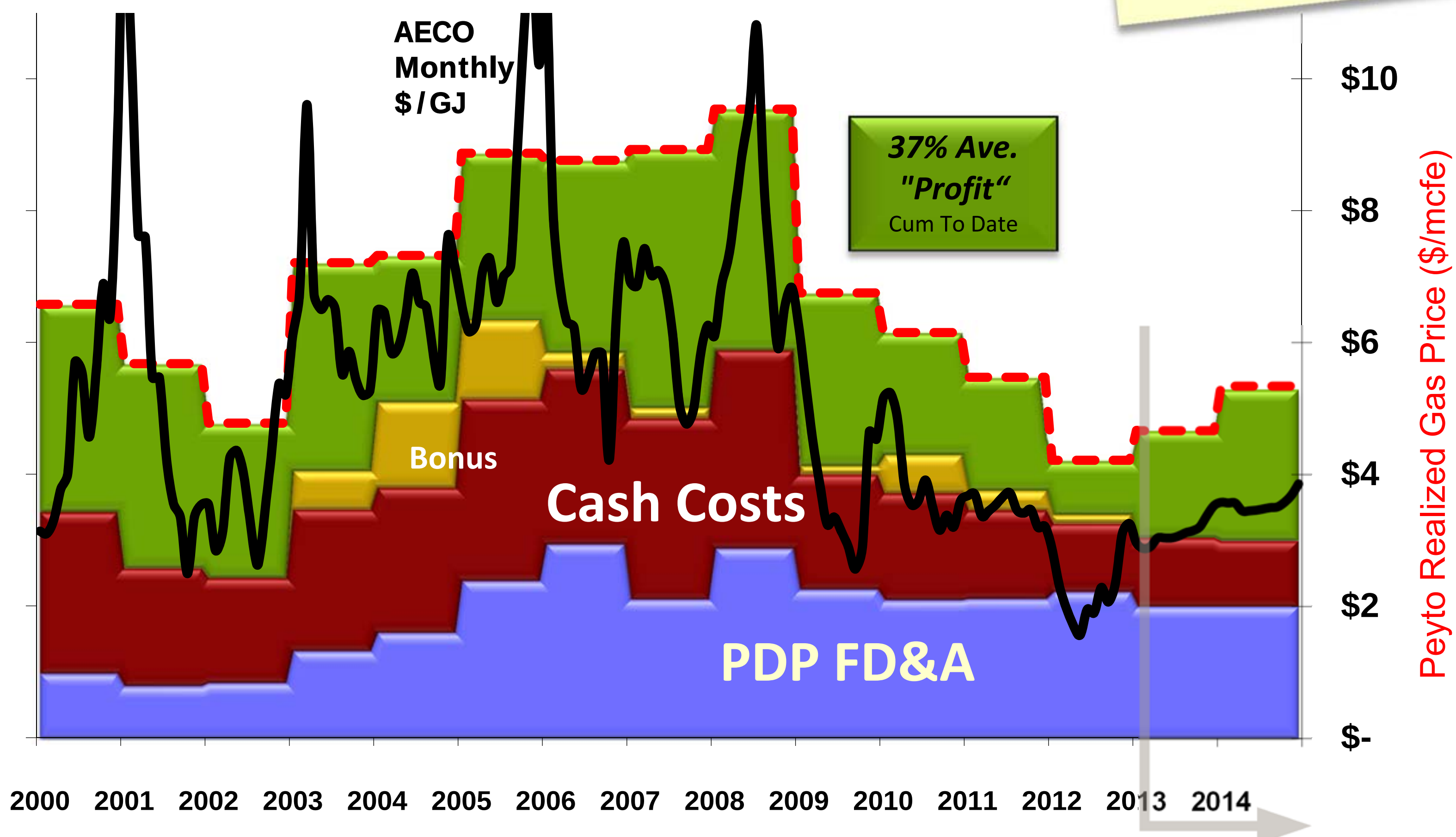
"We didn't generate quite enough profit in 2012 to cover our dividend but since we cut our payout back in 2010 we are much more sustainable."

		PEY 2012	PEY 2011		PEY 2010
PDP FD&A $/mcfe		($2.22)	($2.12)		($2.10)
Cash Costs $/mcfe		($1.05)	($1.35)		($1.63)
Sales Price $/mcfe		$4.21	$5.47		$6.18
Profit/(Loss)	**$2.94**	$0.94	$2.00		$2.45
Dividend	**$2.28**	$1.04	$1.24	**Div Cut**	$3.37

Peyto's Profitable Business

Profitable Even Through The Lows

"We need to try to get our building costs down. They now represent 2/3 of our total costs as opposed to 1/2 our total a decade ago."



Forecast with AECO Strip Prices and Historical Costs

Total Cash Costs per mcfe includes – Royalties, Op Costs, G&A, and Interest
PDP FD&A – Proved Developed Producing Finding Development & Acquisition Costs

Peyto's Profitable Business

Cost Control Challenges for the Canadian Industry

"The Canadian industry is struggling to generate profits with current costs and commodity prices. That makes sustainable dividends difficult too."

	CND 2011*	CND 2010*	CND 2009**
PDP FD&A $/mcfe	($4.20)	($4.74)	($4.31)
Cash Costs $/mcfe	($3.91)	($3.64)	($3.63)
Sales Price $/mcfe	$7.89	$7.60	$7.27
Profit/(Loss)	($0.22)	($0.78)	($0.68)

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

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

Peyto's Unique Assets

Peyto's Assets

Geographically Focused Core Areas

"Peyto operates 99% of its production and processes 95% of that production through its seven owned and operated gas plants. Concentration and control are how you achieve low costs."

97%

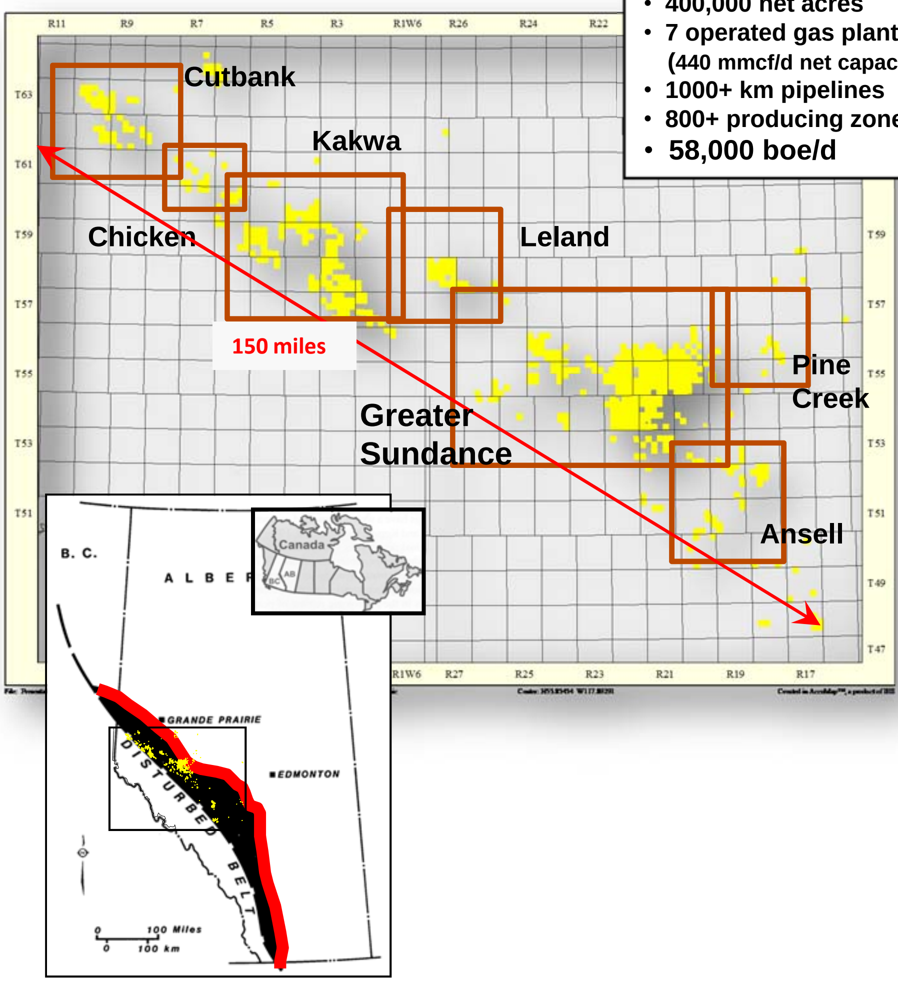
Processed by Peyto

99%

Operated by Peyto

96%

Interest in 7 Processing Facilities

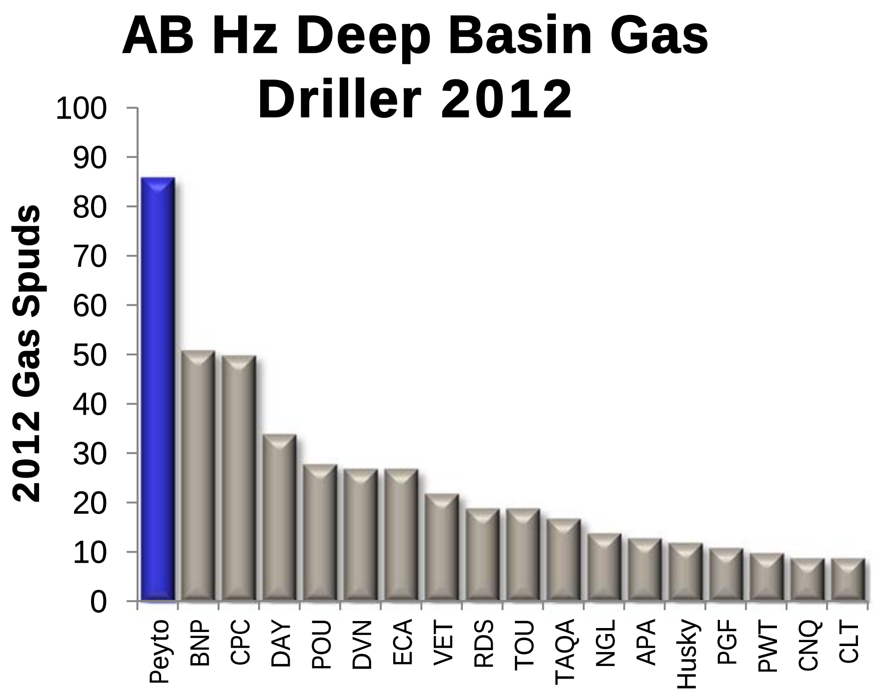


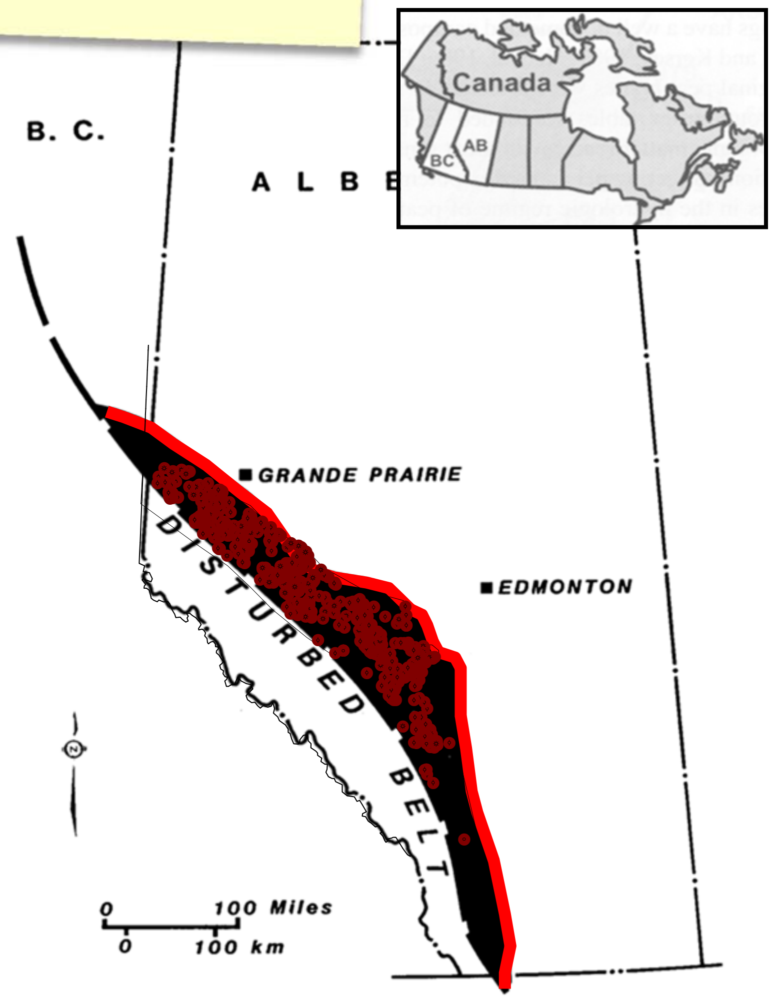
- 400,000 net acres
- 7 operated gas plants (440 mmcf/d net capacity)
- 1000+ km pipelines
- 800+ producing zones
- 58,000 boe/d

Peyto's Assets

Deep Basin Expert

"Peyto was by far the most active Deep Basin gas driller in 2012. Not surprising given our expertise in the area and cost structure advantage."

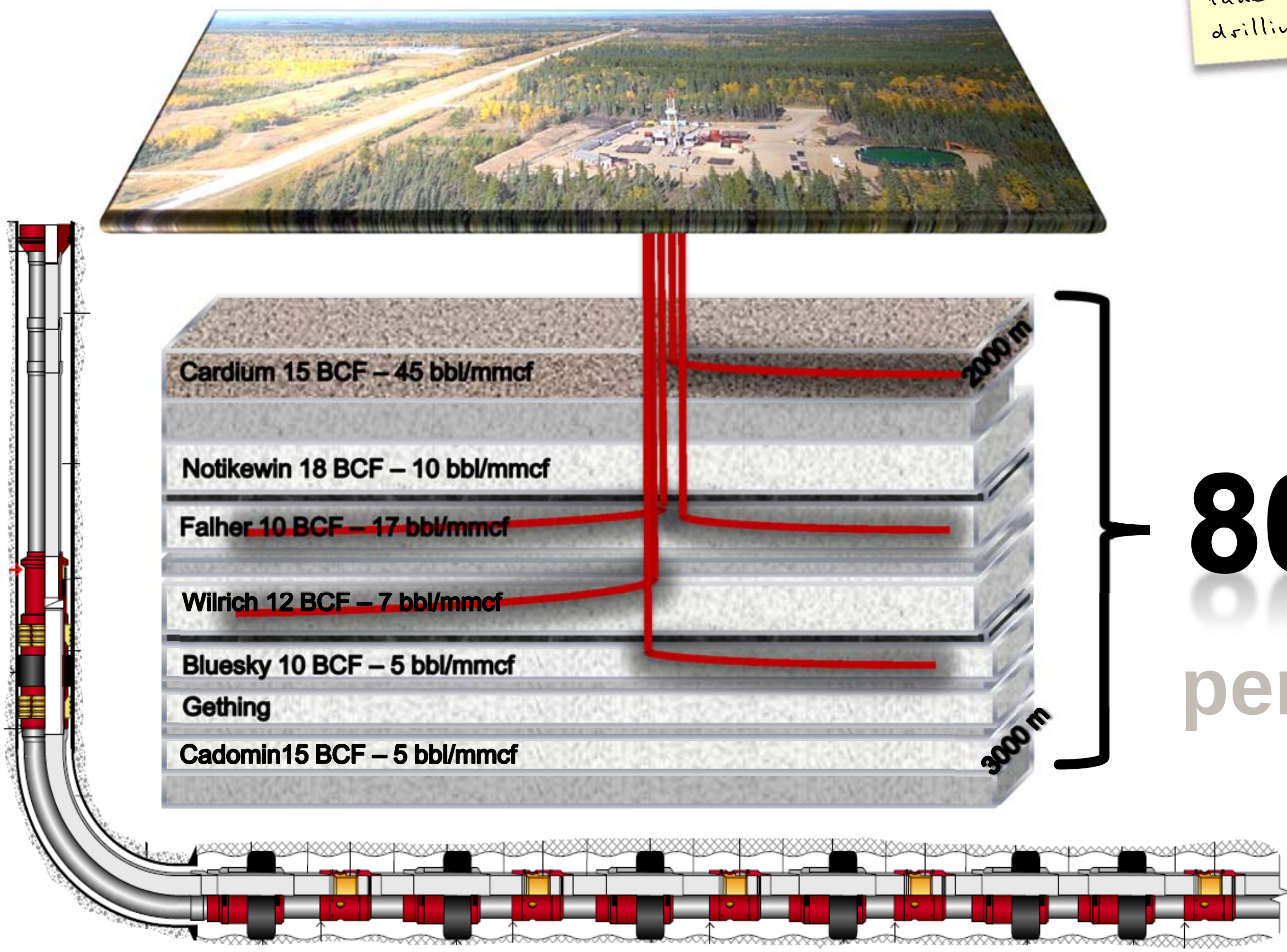




Peyto's Assets

Multi Zone Stacked Sandstone Reservoirs

"Large resource potential, in a concentrated, stacked package, that can be developed with modern horizontal MSF well design and allows us to take advantage of pad drilling efficiencies."



Up to

80 BCF

per section

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

Peyto's Assets

Deep Basin Lands Go A Long Way

"Peyto's land position in the Deep Basin has grown by over 30% in 2012, which multi zone potential more than triples. Only 8% of the land is currently developed, 13% currently booked."

624

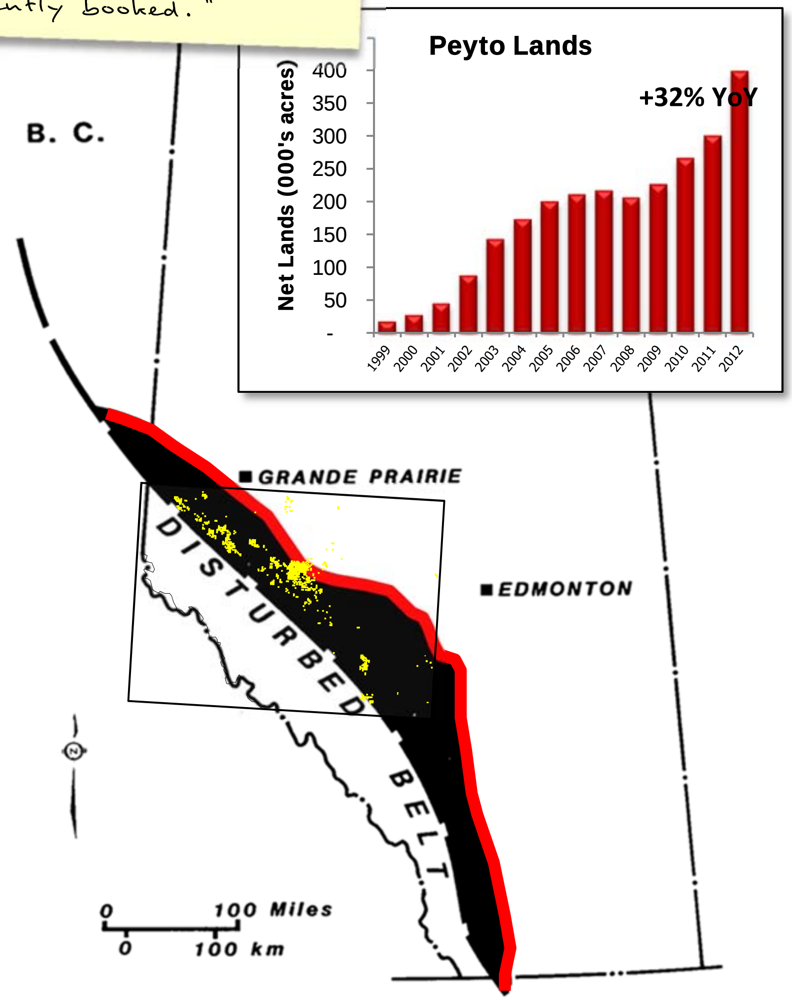
Net Peyto Sections

2,182

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

176

Net Sections for 1.9 TCFe of PD EUR*

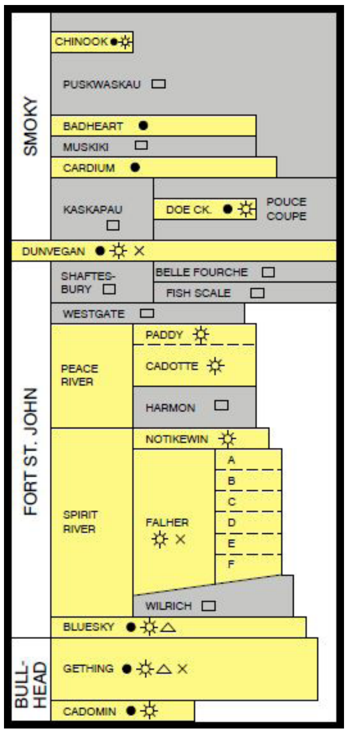


TCFe of PD EUR – Trillion Cubic Feet equivalent of Proven Developed Estimated Ultimate Recoverable
**Based on InSite Petroleum Consultants Dec 31, 2012 Reserve Report.*
Lands at December 31, 2012

Peyto's Assets

Large Hz MSF Inventory

"Peyto has developed over 1.5 TCFe using vertical and now horizontal wells. But there is a lot more to do. More than 12 years worth of drilling inventory."



Done[1]		To Do	
Total Vertical Wells	**Total Hz Wells**	**Total Hz Locations Booked***	**Total Hz Locations Unbooked**
			56
432	52	191	29
5	1	5	
1			14
90	39	79	61
7	14	14	54
	13	35	222
14	93	97	165
4	6	46	36
12	2		
87	2	21	205
652	222	488	842

Over 1300 locations

1. Drilling to Dec 31, 2012

*As recognized in the IPC independent reserve report dated Dec. 31, 2012

Peyto's Assets
Longest Reserve Life

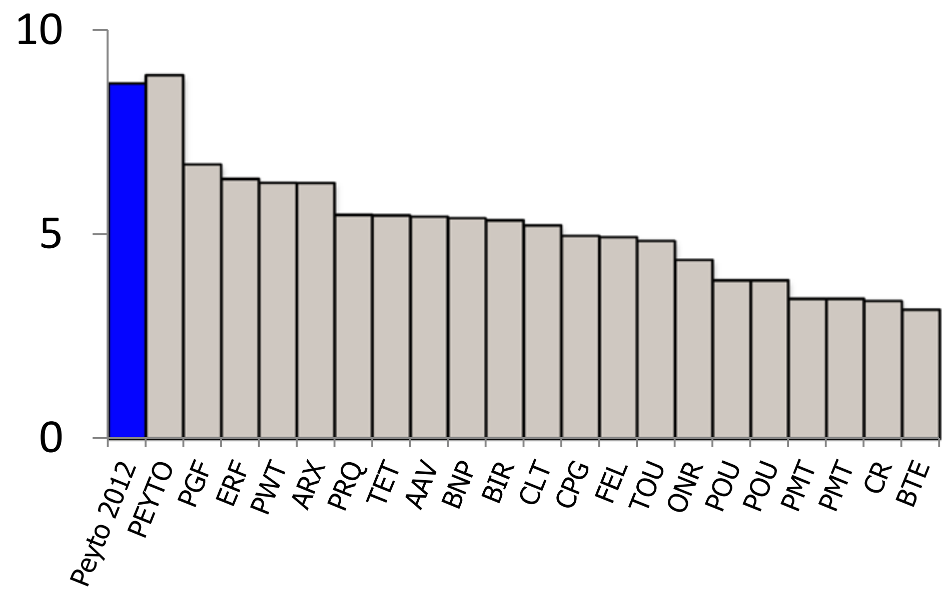
"Peyto is a pure play unconventional tight gas company. Others may claim to have long reserve life assets but only because they are measuring current production against undeveloped reserves, not the reserves associated with the current production."

9

Peyto 2012 PP RLI (yrs)

5

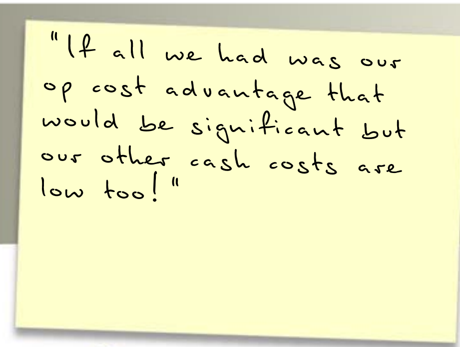
Industry 2011 PP RLI (yrs)

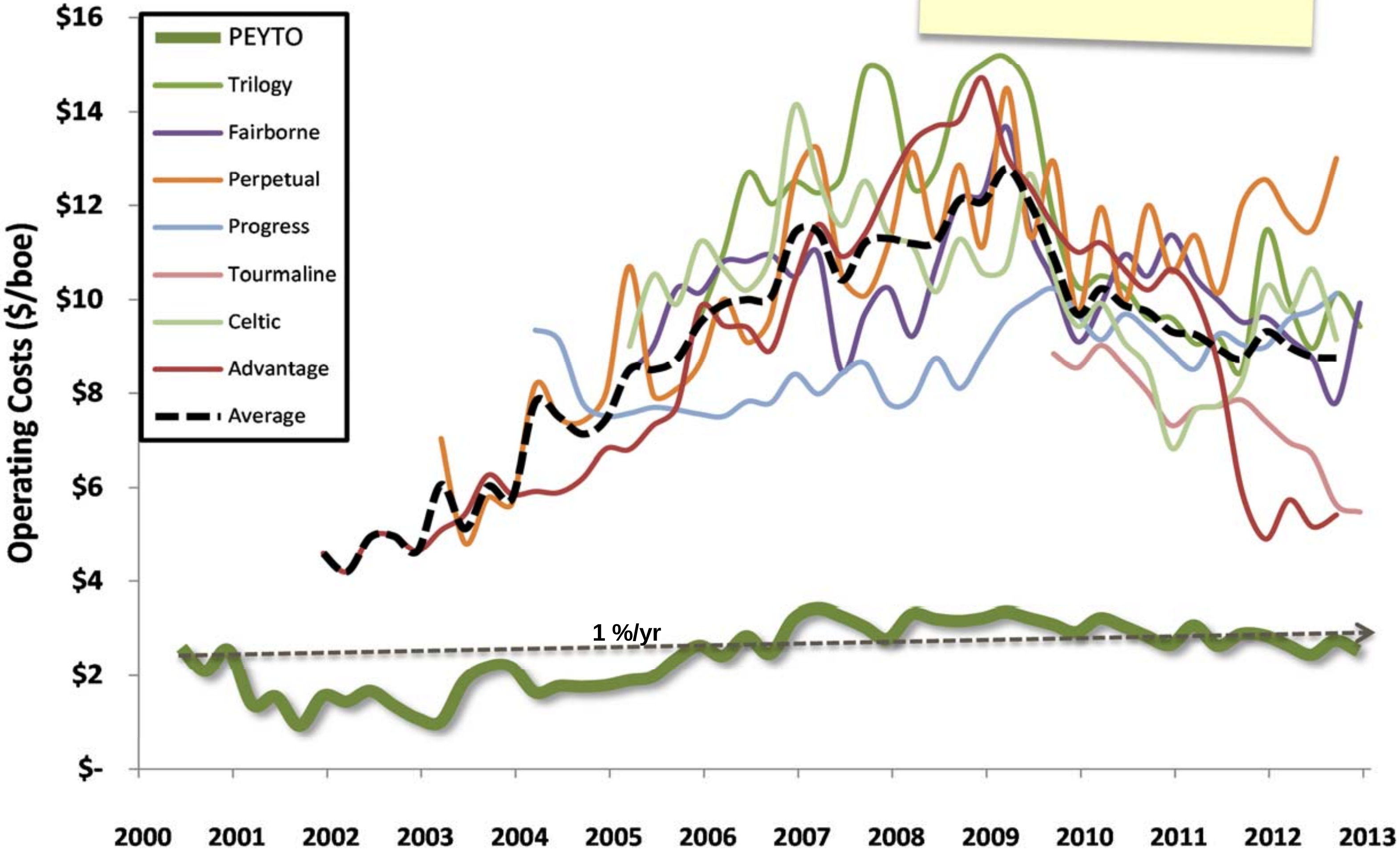


2011 Year End Proved Producing Reserve Life (using Q4 2011 production rate).
Source: Company AIF & Financials

Peyto's Assets

Lowest Operating Costs – Gas Producers





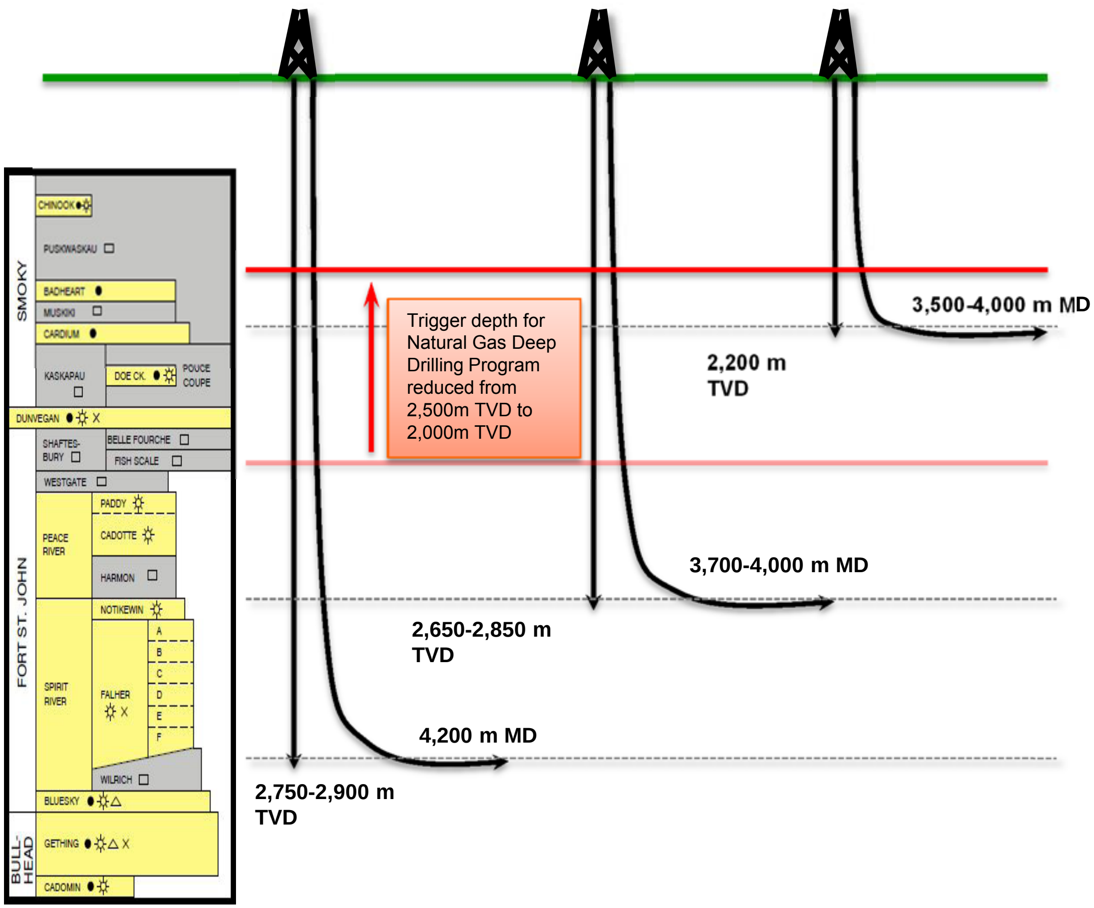
BOE factor - 6 mcf = 1 bbl of oil equivalent
Operating costs include transportation

3/8/2013

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

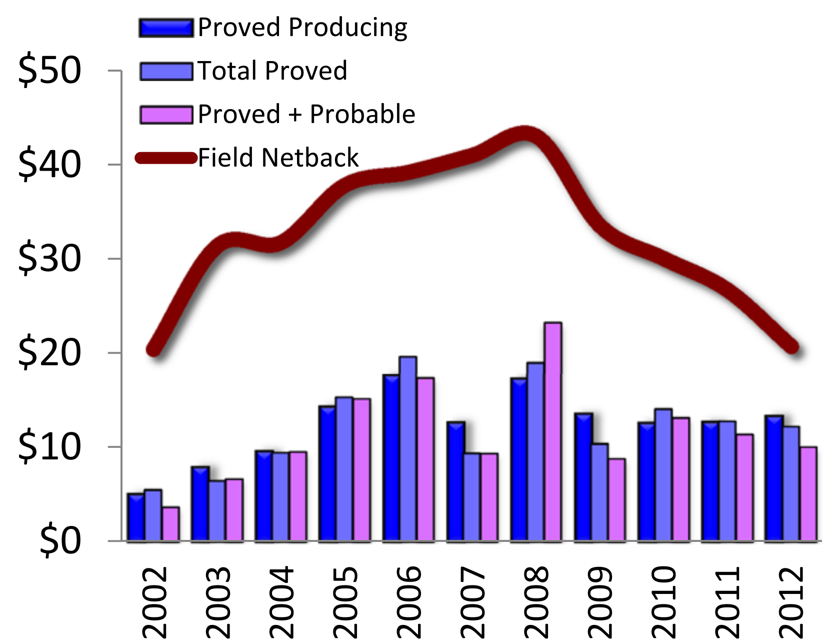
Peyto's Assets

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."

2.6

Peyto PP Recycle Ratio (10 yr)

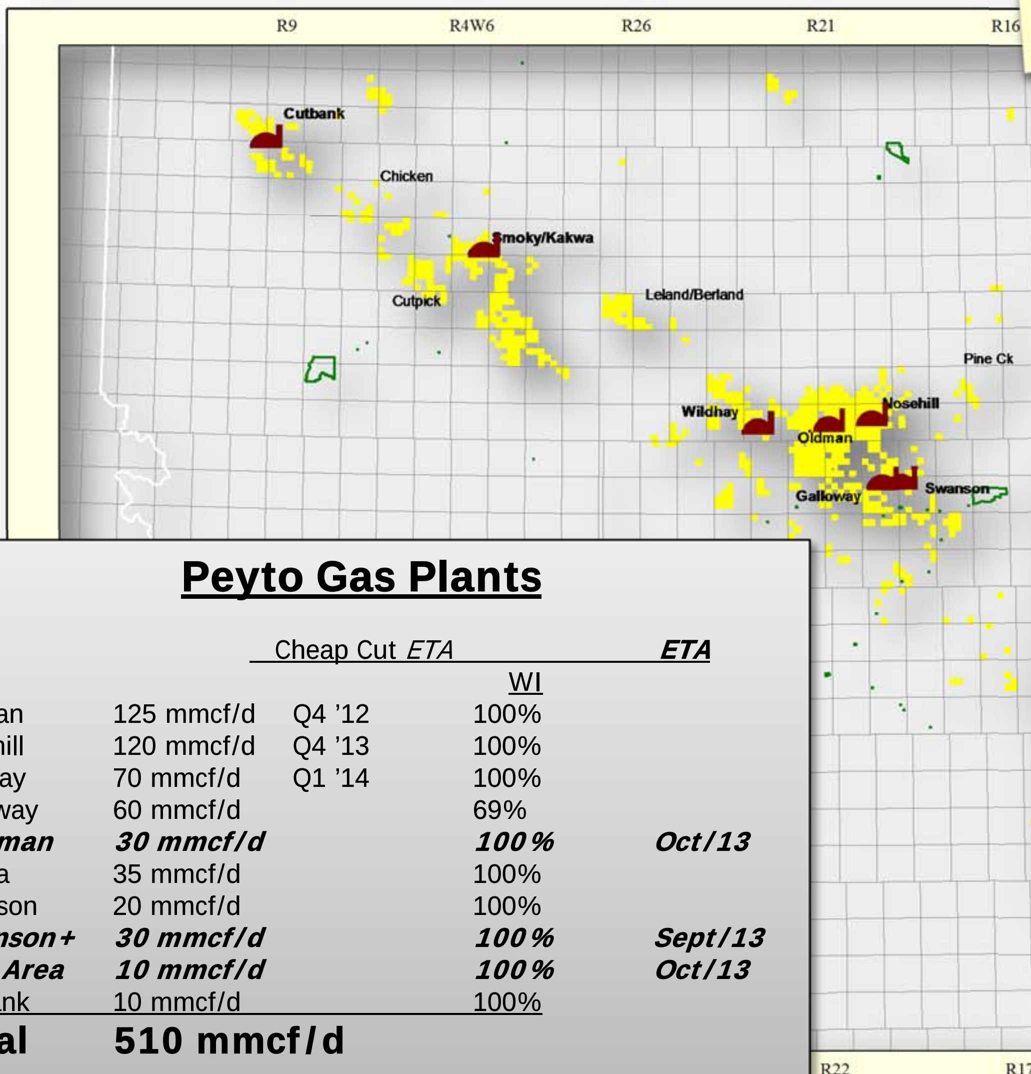


Recycle Ratio is the Netback divided by FD&A
**FD&A costs include all capital expenditures and changes in Future Development Capital*
Field Netback is revenue less royalties, op costs, and transportation
BOE factor - 6 mcf = 1 bbl of oil equivalent

Peyto's Assets

Facility Ownership and Control

"2013 budget includes 2 new gas plants and a material expansion to the Swanson plant we acquired from Open Range. In total, that will be 9 plants with over 0.5 BCF/d of capacity."



Peyto Gas Plants

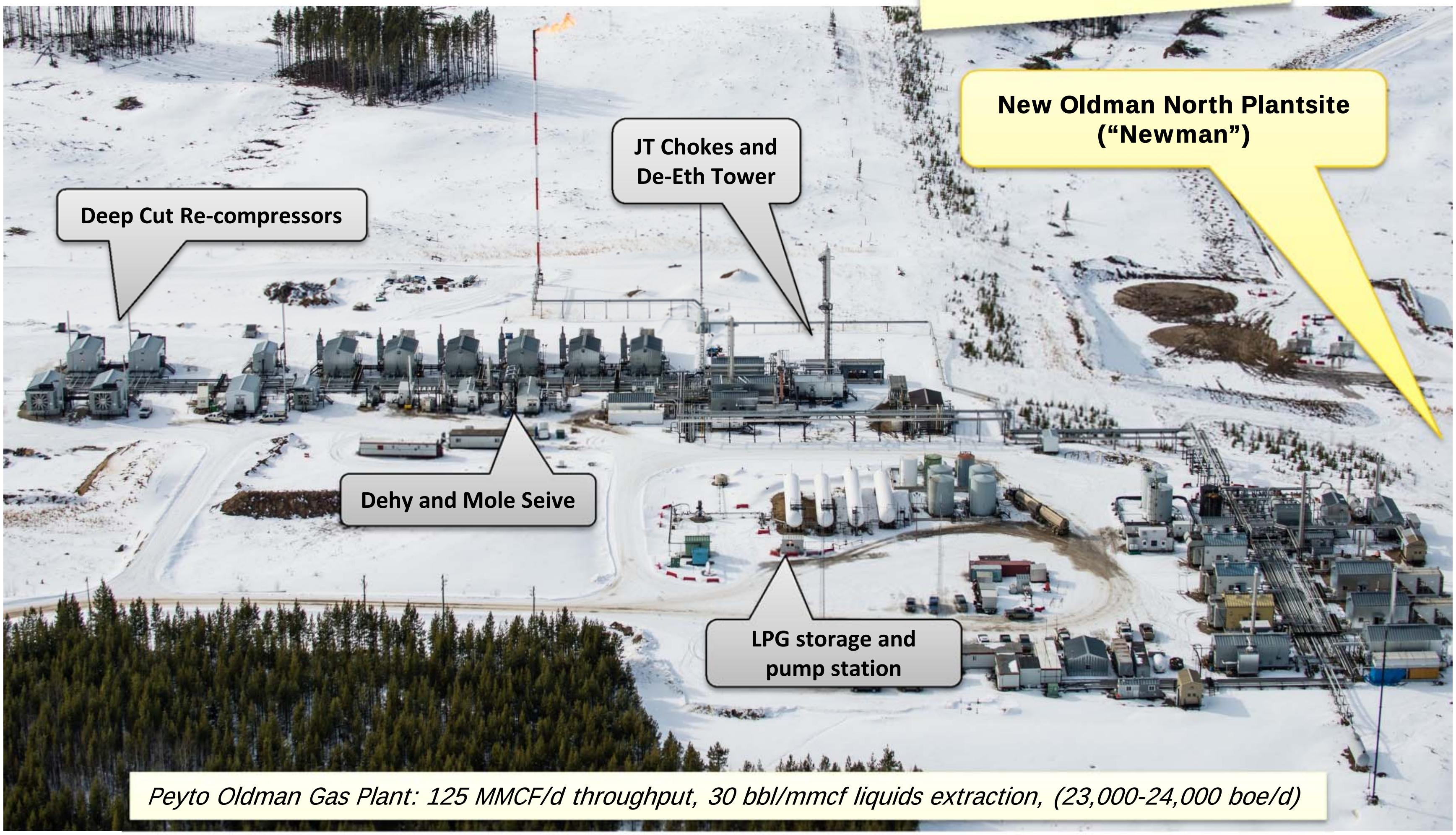
		Cheap Cut *ETA*	WI	***ETA***
Oldman	125 mmcf/d	Q4 '12	100%	
Nosehill	120 mmcf/d	Q4 '13	100%	
Wildhay	70 mmcf/d	Q1 '14	100%	
Galloway	60 mmcf/d		69%	
Newman	***30 mmcf/d***		***100%***	***Oct/13***
Kakwa	35 mmcf/d		100%	
Swanson	20 mmcf/d		100%	
Swanson+	***30 mmcf/d***		***100%***	***Sept/13***
New Area	***10 mmcf/d***		***100%***	***Oct/13***
Cutbank	10 mmcf/d		100%	
Total	**510 mmcf/d**			

Peyto Nosehill Gas Plant: 120 MMCF/d throughput

Peyto's Assets

Oldman Cheap Cut NGL Extraction

"In 2012 we installed a choke plant into our Oldman refrig plant to drop the temperature and extract more propane and butane. In 2013, we're expanding again."



Peyto Oldman Gas Plant: 125 MMCF/d throughput, 30 bbl/mmcf liquids extraction, (23,000-24,000 boe/d)

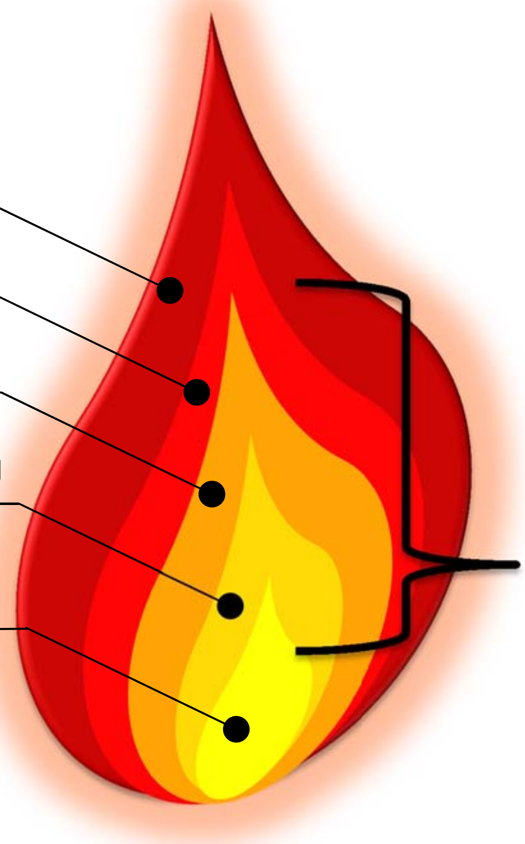
Peyto's Assets

Liquids Rich Natural Gas

"Propane only sold for $24/bbl in 2012 but that was still 2.5 times better than the what we would have received had we left it in gas phase."

Peyto 2012 Realized Prices

Natural Gas	$2.30/GJ
Ethane C_2H_6	$7.80/bbl = $2.66/GJ
Propane C_3H_8	$24/bbl = $5.95/GJ
Butane C_4H_{10}	$64/bbl = $14.30/GJ
Pentanes C_5	$99/bbl = $18.85/GJ
Condensate C_5+	$95/bbl



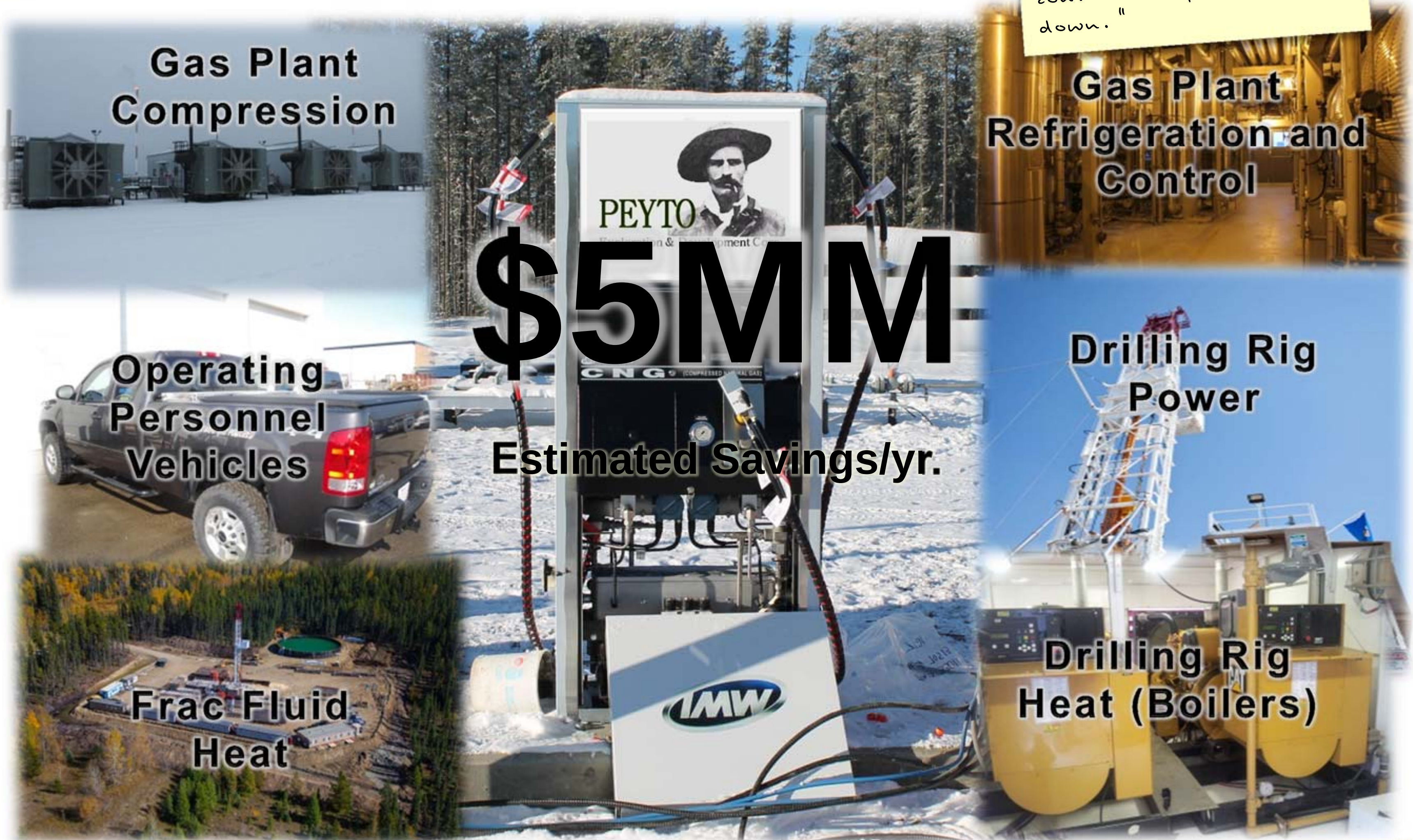
Liquid Conversion

Existing Refrig. (-35C)	"Cheap" Cut (-80C)	Deep Cut (-110C)
1% C_2	1% C_2	40% C_2
30% C_3	90% C_3	95% C_3
50% C_4	99% C_4	99% C_4
97% C_5+	99% C_5+	99% C_5+

**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*

Peyto's Assets
Self Sufficient Energy Inputs

"Innovation, like replacing diesel and electrical power throughout our operations with natural gas fired energy, allows Peyto to continue to push costs down."



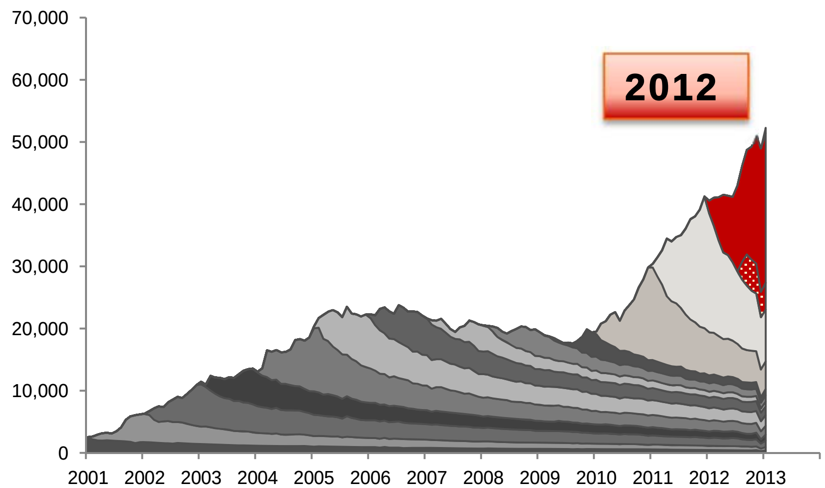
Diesel $1.00/litre
Nat Gas $3.00/Mcf (~$0.10/litre)

Peyto’s Incredible Returns

Peyto's Returns

Returns Driven – Organic Activity

"The 2012 organic capital program (incl. wells, land, seismic & facilities) generated 24% IRR and turned $373 MM into $748MM PV$_5$ ($578M PV$_{10}$) based on the engineering evaluation."

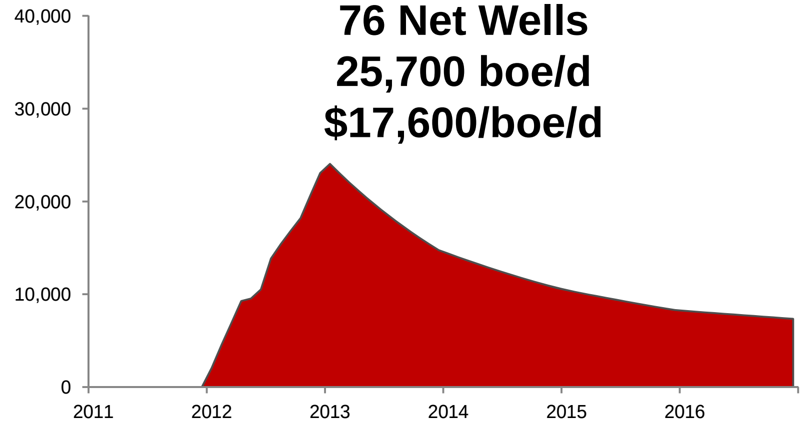


<u>2012 Capital Program</u>

76 Net Wells

25,700 boe/d

$17,600/boe/d



$373M ➔ $748M

Net Capital to PV$_5$

17%

Production/share growth*

13%

2P Reserves/share growth*

24%

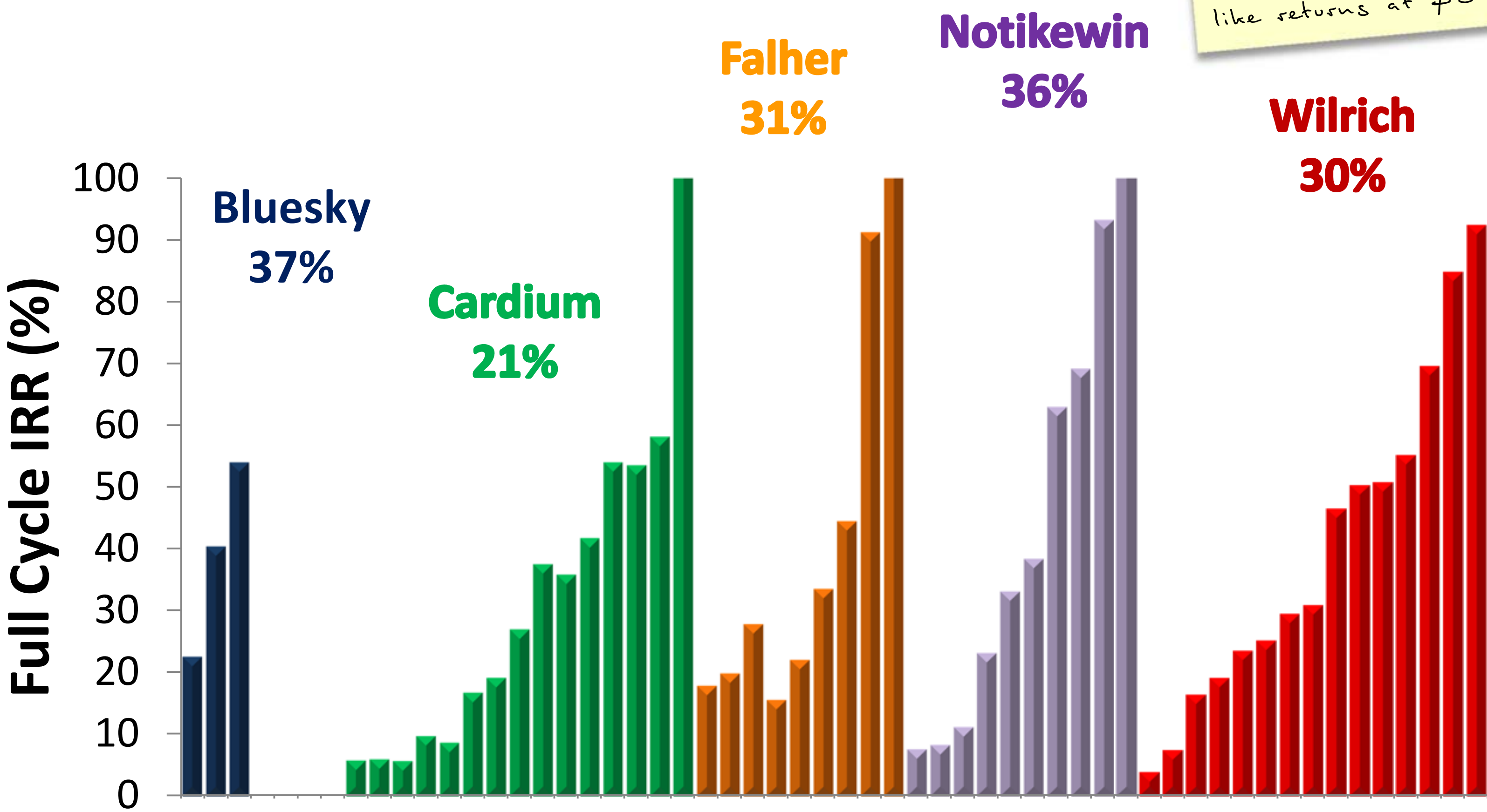
IRR

**Production and reserves per share growth includes the ONR acquisition.*
Based on IPC is InSite Petroleum Consultants (formerly Paddock Lindstrom & Ass.) - Dec 31, 2012 Reserve Report.
Net Capital for 2012 equals $452MM total capital investment less $79MM of operating income generated in 2012

Peyto's Returns

Flexible Capital Allocation Required

"Peyto constantly reviews the economic results of each well and tries to only allocate capital to the best projects and zones going forward. Most zones are yielding like returns at $3 gas."

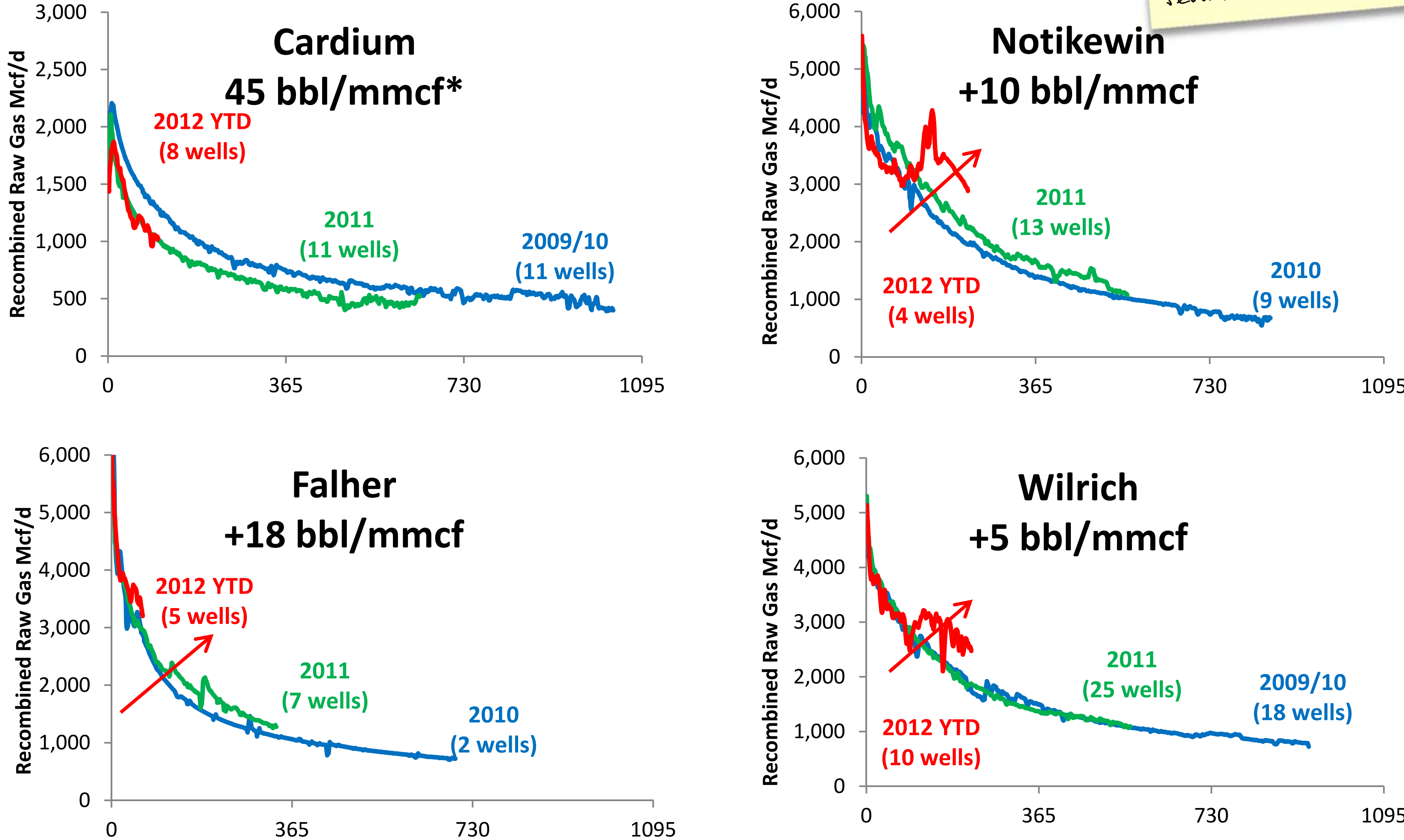


Includes provision of $520k per well for Facilities, Land and Seismic
Full Cycle IRR on 56 of 86 2012 Wells by Species

Peyto's Returns

Continuously Improving Results

"Three of the formations that Peyto develops have seen improving results while the Cardium has seen consistent results, year over year. All while completion design has remained the same."



**Liquid yields are all before the enhanced liquids extraction facilities. For example, Cardium yields increase to over 70 bbl/mmcf with the "cheap cut" facilities installed.*

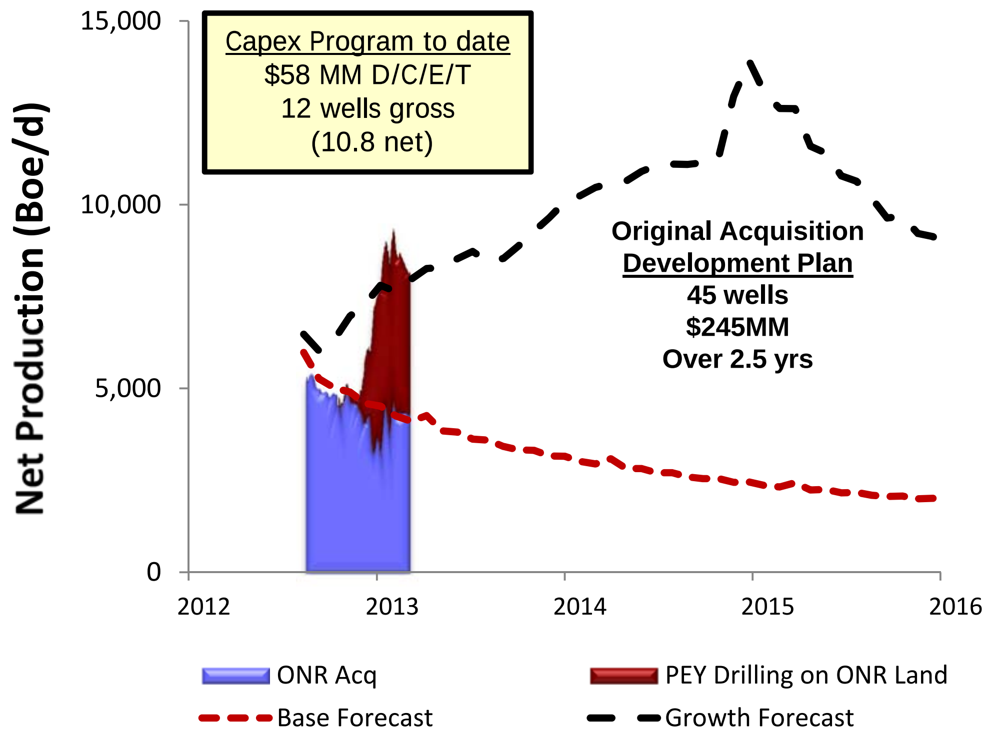
Peyto's Returns

Delivering Returns on the ONR Acquisition

"We've already doubled the production from the ONR lands in just 4 months. Our acquisition model had us tripling production in the first 2.5 yrs for approx. 22% IRR."

100%

Production Growth to date



BOE factor - 6 mcf = 1 bbl of oil equivalent

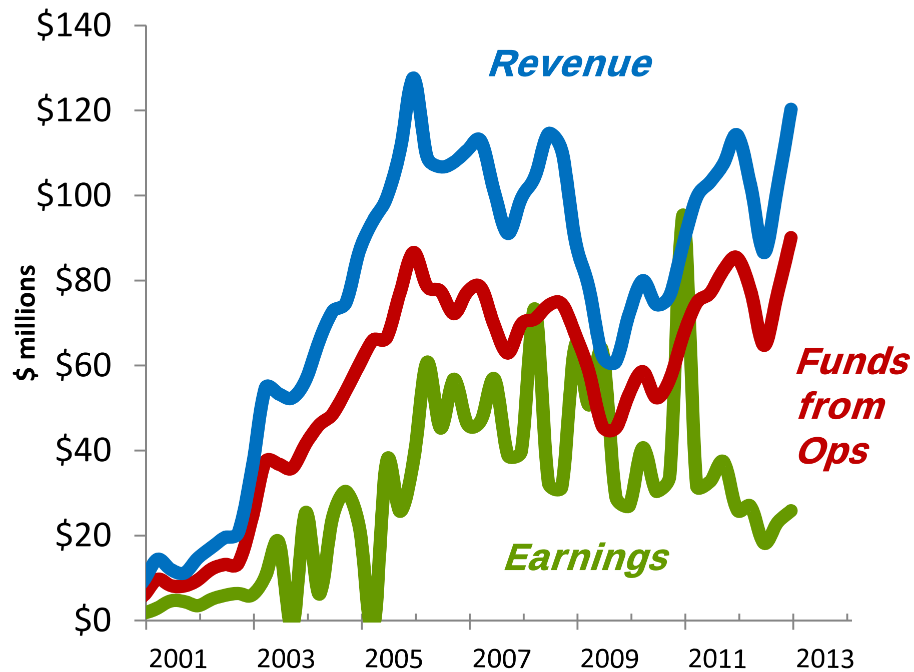
Peyto's Returns

Strong Per Share Operating and Profit Margin

"Low costs drive strong margins and profits, regardless of where you are in the commodity price cycle. That has always been the Peyto advantage."

36%

Profit Margin (last 13 yrs)

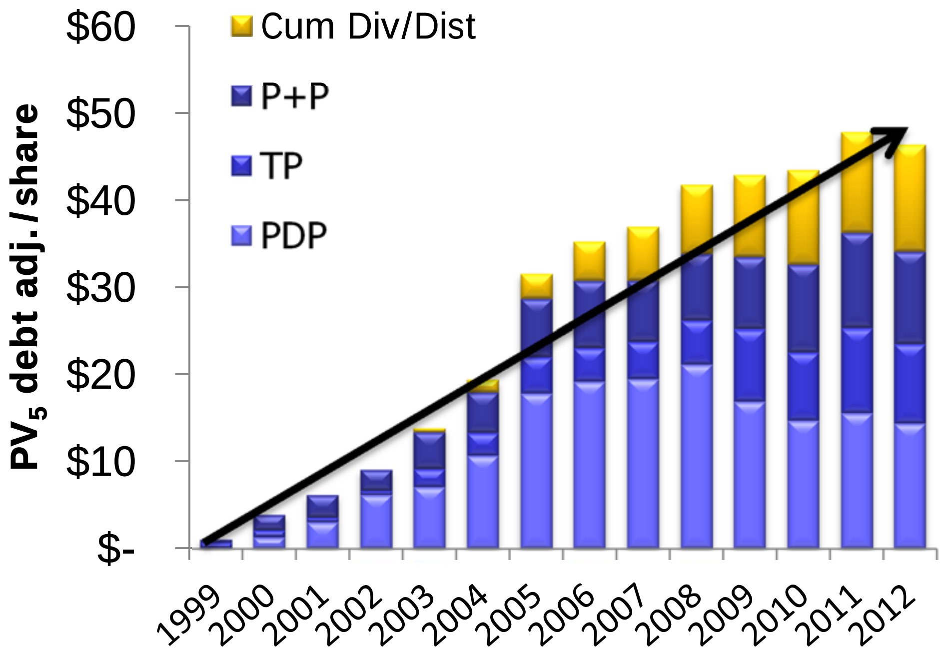


Funds from Operations is defined as earnings before performance based compensation, non-cash and non-recurring expenses.
Profit Margin is earnings divided by revenues inclusive of realized hedging gains/losses

Peyto's Returns

Shareholder Returns = NAV Growth + Income

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



34%

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 Future

2013 Outlook

Biggest Year Ever

"Our 2013 budget calls for more of the same. Horizontal drilling in the Deep Basin with infrastructure expansion to handle the new volumes."

$450M-$500M

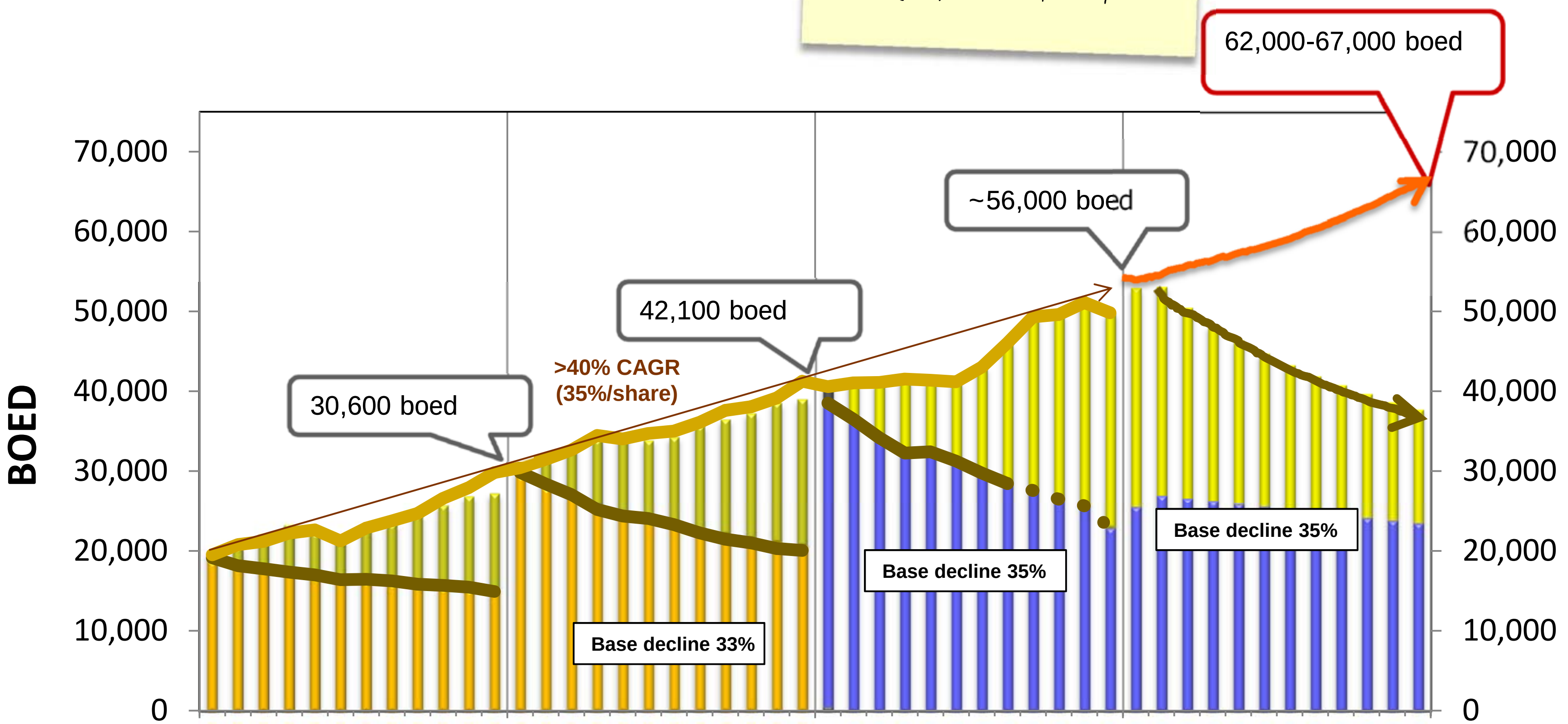
2013 Capital Program

- ✓ **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

"Our 2013 budget of $500MM assumes approx. 100 gross (85 net) wells can add 29,000 boe/d of new production at our 4yr average $17.5k/boe/d."

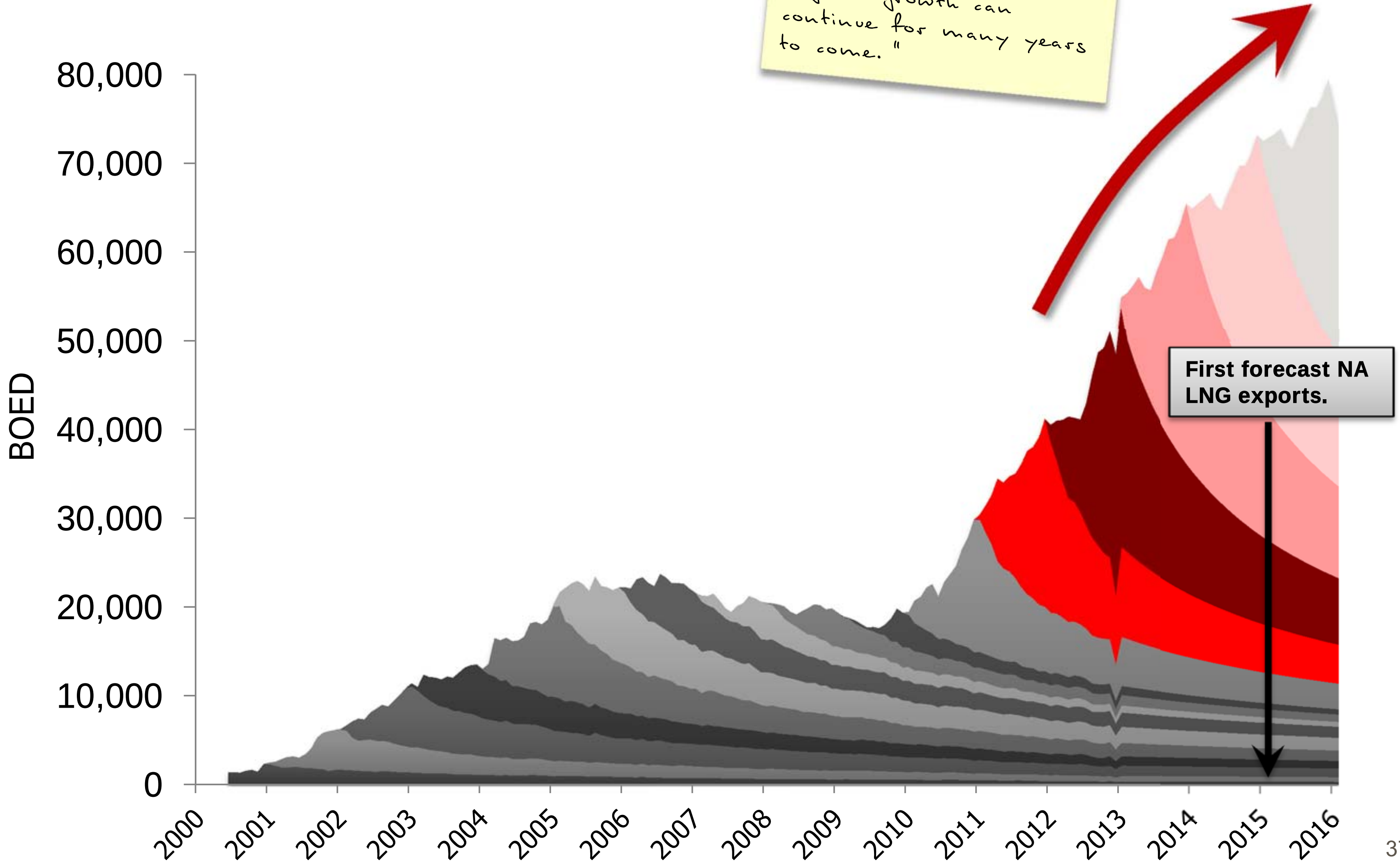


2010 Capital	2011 Capital	2012 Capital	2013F Budget
$261 MM	$379 MM	$618 MM	$450-500 MM
$17,300/boe/d	$17,500/boe/d	$20,600/boe/d ($17,600/boe/d before Acq)	$17,500/boe/d

Future Outlook

Organic Growth Potential

"While the real future is unknowable, Peyto's inventory of future opportunities and funding capabilities suggest organic growth can continue for many years to come."



Appendix

- Quarterly Track Record
- Tax Pools
- Hedging Strategy
- Gas Marketing
- Liquids Marketing
- FAQ

Quarterly Track Record

	2012					2011					2010	
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total	Q4
Operations												
Production												
Oil & NGLs (bbl/d)	4,778	5,286	5,236	4,480	4,101	3,856	3,947	3,918	3,811	3,746	3,389	3,439
Natural gas (mcf/d)	238,490	266,808	244,794	221,176	220,811	189,653	212,715	194,832	183,790	166,710	122,031	148,551
Barrels of oil equivalent (boe/d)	44,526	49,754	46,035	41,343	40,903	35,465	39,400	36,390	34,443	31,531	23,728	28,197
Year over Year % Growth	26%	26%	27%	20%	30%	49%	40%	53%	55%	53%	28%	47%
Average Product Prices												
Oil & NGLs ($/bbl)	73.92	73.01	68.62	71.27	84.83	81.67	88.04	78.07	84.06	76.19	65.31	67.06
Natural gas ($/mcf)	3.23	3.45	3.06	2.86	3.53	4.47	4.21	4.43	4.43	4.92	5.36	4.93
Operating expenses ($/mcfe)	0.44	0.42	0.46	0.41	0.45	0.48	0.47	0.49	0.45	0.52	0.48	0.45
Field Netback ($/mcfe)	3.46	3.62	3.29	3.16	3.75	4.46	4.32	4.41	4.41	4.75	5.02	4.75
Financial ($000)												
Revenue (net of royalties)	380,646	111,105	95,410	80,471	93,661	383,496	104,393	98,261	91,186	89,655	286,020	80,921
Funds from Operations [1]	308,865	90,078	76,918	64,732	77,645	314,622	80,410	82,506	77,010	74,696	236,956	69,201
Net earnings (loss)	93,951	25,823	23,058	18,201	26,868	128,183	26,036	37,741	32,718	31,688	200,414	95,419
Capital expenditures	617,985	156,847	317,089	45,924	98,632	379,061	94,688	111,570	69,017	103,786	264,364	113,403
Net Debt [2]	662,461	662,461	683,540	519,328	512,627	465,391	465,391	526,743	474,008	453,376	404,944	404,944
Common shares outstanding (000)	148,519	148,519	143,886	138,486	138,312	137,960	137,960	133,061	133,061	133,061	132,811	132,811
Weighted average shares	141,094	145,450	142,069	138,399	138,312	133,196	133,913	133,061	133,061	132,737	120,549	125,726
Per share data												
Funds from operations	2.19	0.62	0.54	0.47	0.56	2.36	0.60	0.62	0.58	0.56	1.96	0.55
Earnings (loss)	0.67	0.18	0.16	0.13	0.19	0.96	0.19	0.28	0.25	0.24	1.66	0.76
Dividends (Distributions)	0.72	0.18	0.18	0.18	0.18	0.72	0.18	0.18	0.18	0.18	1.44	0.36

1 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.

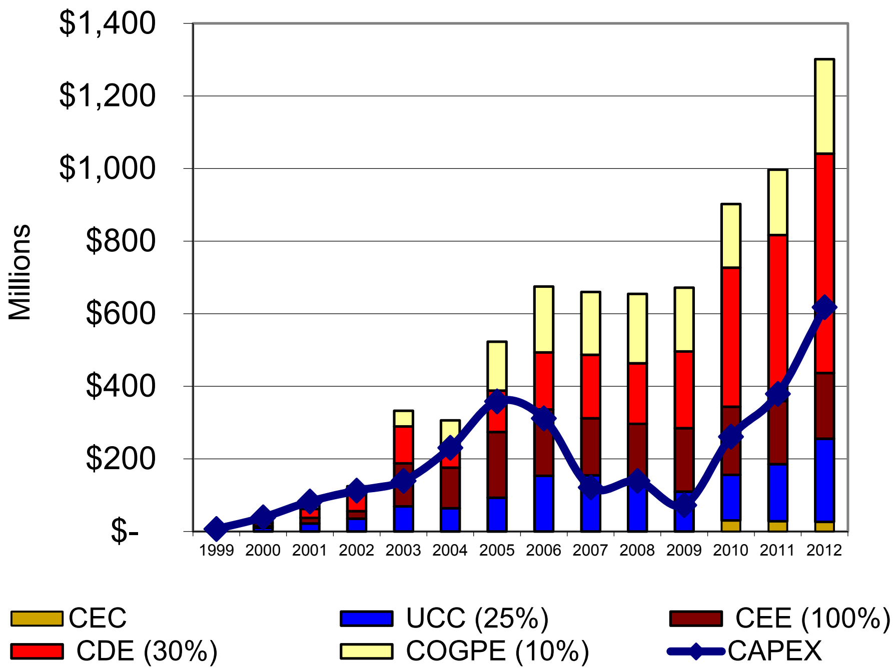
2 Net debt does not include provision for future performance based compensation, site restoration, abandonment and income taxes.

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."



$1.3B

Federal Tax Pools Q4/12

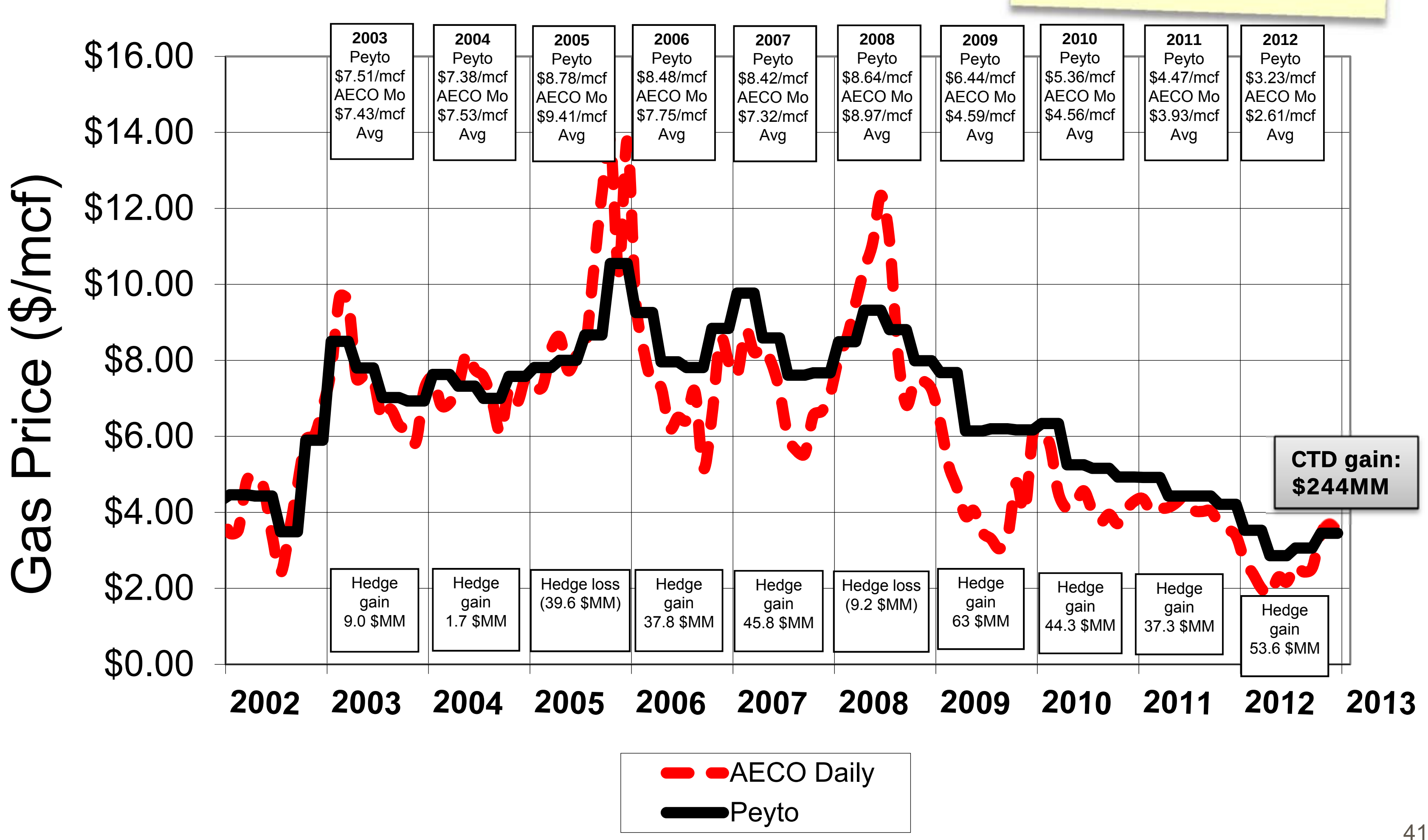
$2.9B

Peyto Cum. CapEx Q4/12

Successful Hedging Strategy

Peyto Realized Price History

"The "dollar cost averaging" approach to our forward sales is to smooth out the volatility and avoid speculation. We forward sell up to 50% of gross production over a 24 month period."



3/8/2013

Gas Marketing

Future Sales

"Low risk reserves and production can be forward sold with confidence since you know they will still be there when the time comes."

Financial Hedges - Gas

Date contracted	GJ/d	Pricing ($/GJ)
25-Nov-09	5000	$5.670
27-Nov-09	5000	$6.200
05-Feb-10	5000	$5.820
19-Mar-10	5000	$4.500
23-Apr-10	5000	$5.000
11-May-10	5000	$5.120
31-Aug-10	5000	$4.100
08-Oct-10	5000	$4.050
23-Nov-10	5000	$4.150
05-Jan-11	5000	$4.100
20-Jan-11	5000	$4.000
14-Mar-11	5000	$3.800
14-Mar-11	5000	$4.000
23-Mar-11	5000	$4.055
25-Mar-11	5000	$4.000
02-May-11	5000	$4.170
27-May-11	5000	$4.100
27-May-11	5000	$4.100
01-Sep-11	5000	$4.000
15-Sep-11	5000	$4.000
15-Sep-11	5000	$4.000
04-Oct-11	5000	$4.000
17-Nov-11	5000	$3.313
23-Nov-11	5000	$3.395
03-Feb-12	5000	$2.320
03-Feb-12	5000	$2.350
17-Feb-12	5000	$3.000
08-Mar-12	5000	$1.830
08-Mar-12	5000	$2.200
20-Mar-12	5000	$2.310
23-Mar-12	5000	$2.520
12-Apr-12	5000	$2.300
24-Apr-12	5000	$2.600
27-Apr-12	5000	$2.810
08-May-12	5000	$3.000
29-May-12	5000	$3.105
20-Jun-12	5000	$3.058
27-Jun-12	5000	$3.100
13-Jul-12	5000	$3.000
24-Jul-12	5000	$3.105
09-Aug-12	5000	$3.005
8/15/2012 (ONR)	12500	$1.950
8/15/2012 (ONR)	5000	$2.230
23-Aug-12	5000	$3.000
12-Sep-12	5000	$3.020
12-Sep-12	5000	$3.050
24-Sep-12	5000	$3.020
26-Sep-12	5000	$3.000
02-Oct-12	5000	$3.205
03-Oct-12	5000	$3.500
19-Oct-12	5000	$3.420
29-Oct-12	5000	$3.530
13-Nov-12	5000	$3.320
13-Nov-12	5000	$3.450
21-Nov-12	5000	$3.500
13-Dec-12	5000	$3.080
28-Dec-13	5000	$3.170
15-Jan-13	5000	$3.100
18-Jan-13	5000	$3.250
22-Jan-13	5000	$3.300
25-Jan-13	5000	$3.330
30-Jan-13	7500	$3.200
05-Feb-13	5000	$3.220
13-Feb-13	5000	$3.200
19-Feb-13	5000	$3.193
25-Feb-13	5000	$3.250
25-Feb-13	5000	$3.300
04-Mar-13	5000	$3.603
07-Mar-13	5000	$3.530

Avg (Gas only)	N D J F M	2012 A M J J A S O	N D J F M	2013 A M J J A S O	N D J F M	2014 A M J J A S O	N D J F M	2015 A M J J A S O
Avg GJ/d	90,000	125,357	151,000	192,500	149,500	72,500	5,000	0
Avg $ per GJ	$4.50	$3.41	$3.22	$3.19	$3.20	$3.29	$3.60	$0.00
Avg mcf/d	76,900	107,100	129,100	164,500	127,800	62,000	4,300	0
Avg $ per mcf	$5.26	$3.99	$3.77	$3.74	$3.75	$3.84	$4.21	$0.00

Hedges by year (averaged)

Year	Vol. GJ/d	Price/GJ	Vol. mcf/d	Price/mcf
2011	81,370	4.73	69,547	5.54
2012	121,141	3.54	103,539	4.14
2013	175,336	3.21	149,860	3.76
2014	78,877	3.25	67,416	3.80

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

Liquids Marketing

Future Sales

"We've now started hedging NGLs like we do gas, in small layers to smooth out the price."

Financial Hedges - Propane

Term				2012									2013										2014		
From	To	bbl/d	Pricing ($/bbl)	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
01-Sep-12	31-Mar-13	66	$49.56						•	•	•	•	•	•	•												
01-Sep-12	31-Mar-13	66	$44.10						•	•	•	•	•	•	•												
01-Sep-12	31-Mar-13	66	$32.34						•	•	•	•	•	•	•												
01-Sep-12	31-Mar-13	66	$33.60						•	•	•	•	•	•	•												
01-Sep-12	31-Mar-13	66	$32.97						•	•	•	•	•	•	•												
01-Oct-12	31-Mar-13	66	$34.02							•	•	•	•	•	•												
01-Oct-12	31-Mar-13	66	$34.65							•	•	•	•	•	•												
01-Oct-12	31-Mar-13	66	$36.96							•	•	•	•	•	•												
01-Oct-12	31-Mar-13	132	$36.12										•	•	•												
01-Oct-12	31-Mar-13	132	$34.86													•	•	•									
01-Apr-13	31-Dec-13	132	$30.66													•	•	•	•	•	•	•	•	•			
01-Apr-13	31-Dec-13	132	$32.34													•	•	•	•	•	•	•	•	•			
01-Apr-13	31-Dec-13	132	$34.86													•	•	•	•	•	•	•	•	•			
01-Apr-13	31-Dec-13	132	$35.39													•	•	•	•	•	•	•	•	•			
01-Apr-13	31-Dec-13	132	$34.44													•	•	•	•	•	•	•	•	•			

Avg (propane)				
Avg bbl/d	123	607	716	267
Avg $ per bbl	$37.74	$37.13	$33.64	$33.54

Financial Hedges - Crude

Term				2012									2013										2014		
From	To	bbl/d	Pricing ($/bbl)	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
1-Aug-12	31-Dec-12	200	$90.00					•	•	•	•	•															

Avg (Crude)				
Avg bbl/d	86	81	0	0
Avg $ per bbl	$90.00	$90.00	N.A.	N.A.

Financial Hedges - Butane

Term				2012									2013										2014		
From	To	bbl/d	Pricing ($/bbl)	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
1-Sep-12	31-Mar-13	66	$80.64						•	•	•	•	•	•	•												
1-Sep-12	31-Mar-13	66	$58.38						•	•	•	•	•	•	•												
1-Sep-12	31-Mar-13	66	$60.06						•	•	•	•	•	•	•												
1-Sep-12	31-Mar-13	66	$60.06						•	•	•	•	•	•	•												
1-Oct-12	31-Mar-13	66	$66.36							•	•	•	•	•	•												

Avg (Butane)				
Avg bbl/d	85	330	0	0
Avg $ per bbl	$64.96	$65.10	N.A.	N.A.

Financial Hedges - Iso-Butane

Term				2012									2013										2014		
From	To	bbl/d	Pricing ($/bbl)	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
1-Sep-12	31-Mar-13	33	$82.32						•	•	•	•	•	•	•												
1-Sep-12	31-Mar-13	33	$60.48						•	•	•	•	•	•	•												
1-Sep-12	31-Mar-13	33	$62.58						•	•	•	•	•	•	•												
1-Sep-12	31-Mar-13	33	$62.58						•	•	•	•	•	•	•												
1-Oct-12	31-Mar-13	33	$69.30							•	•	•	•	•	•												

Avg (Iso-Butane)				
Avg bbl/d	42	165	0	0
Avg $ per bbl	$67.25	$67.45	N.A.	N.A.

Peyto's Payout

Dividend Sustainability

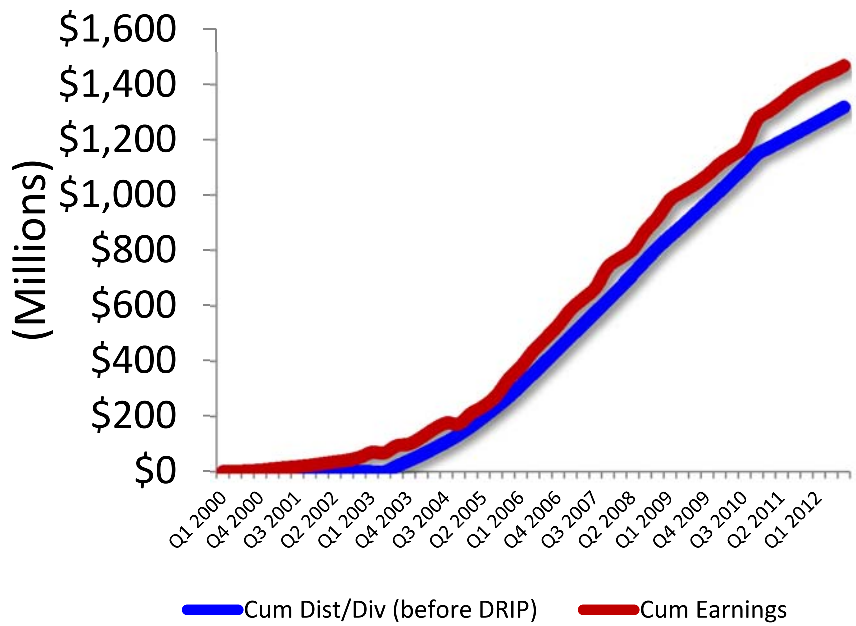
"The best way to ensure sustainable distributions (trust) and dividends (corp.) is to generate earnings. That's where they are supposed to come from and that's where Peyto's come from."

$1.5B

Peyto Cum. Earnings Q3/12

$1.3B

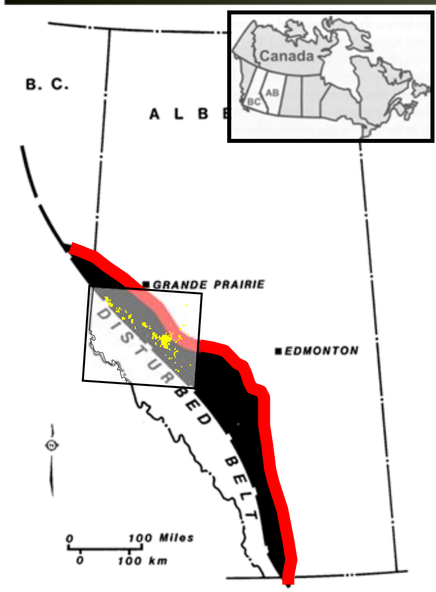
Peyto Cum. Dist/Div. Q3/12



PEY.TO

Corporate Fact Sheet

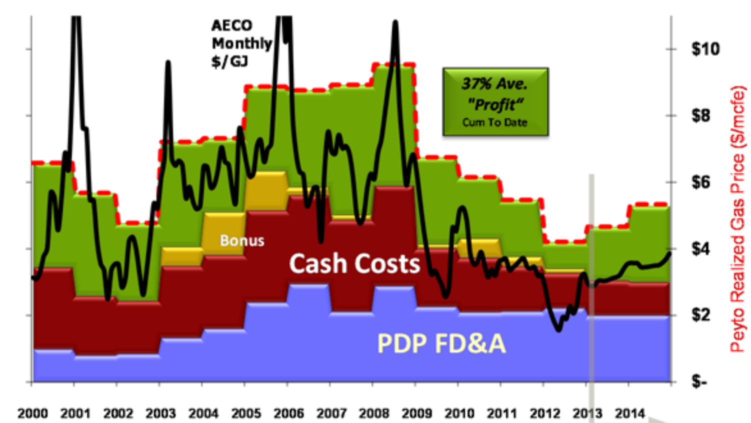
PEYTO
Exploration & Development Corp.



- Long Reserve Life Asset - *9 yrs PDP, 22 yrs P+P at YE 2012*
- Lowest Cost Producer - *$1.05/mcfe ($6.30/boe) cash costs* 2012*
- Superior Shareholder Returns - *Ave ROCE 20%, Ave ROE 38%*
- Own and Control - *Operate 99% of production, Own infrastructure*
- Liquids Rich Gas – *58,000 boe/d Alberta Deep Basin production*
- Exciting Growth Profile - *17% production/share growth in 2012*

Monthly Dividend:	$0.06/share
Shares O/S:	148.7 million (5% insider ownership)
2013 Capex Guidance:	$500 million
Q4 2012 Net Debt:	$150 million (senior secured notes, 7-10 yrs, 4.39-4.88%[1])
	$512 million (revolving bank debt)
	$662 million total net debt
Bank Lines:	$880 million total capacity ($730 revolving facility)
Enterprise Value:	$4.7 billion ($27/share)

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



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

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

3/8/2013

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.