



www.Peyto.com

Peter's & Co.
Low Cost and Large Scale Resource

March 2013

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 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

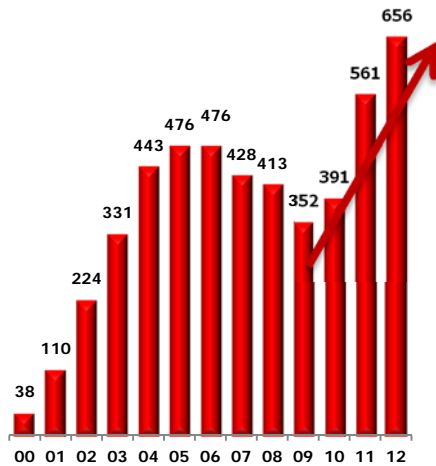
- ✱ TSX Listing: PEY
- ✱ Monthly Dividend: \$0.06/share
- ✱ Shares Outstanding: 148.7 million, 5% insiders
- ✱ Current Production: ~345 MMCFe/d (58,000 boe/d)
- ✱ YE 2012 2P Reserves: 2.35 TCFe (392 mmboes)
- ✱ Net Debt:
(Q4 2012)
 - \$100 million (senior secured notes, 7 yr, 4.39% coupon, Prudential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

The Peyto Strategy

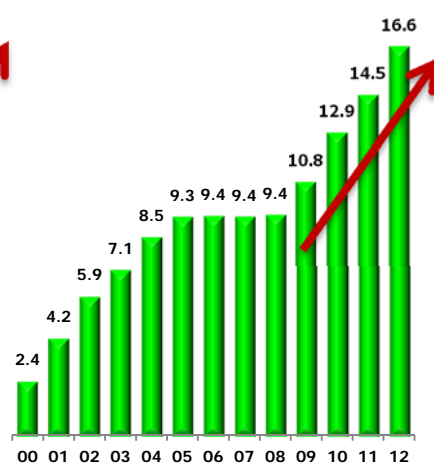
Grow Our Assets

"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."

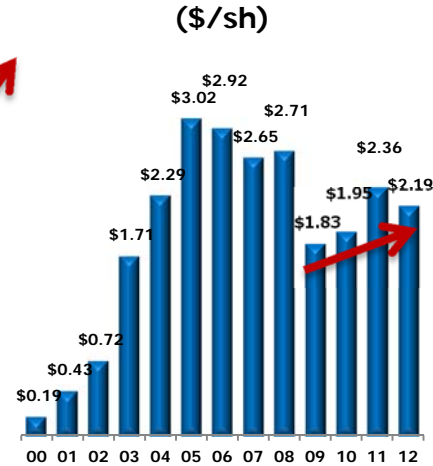
Production
(MMcfe/d/mm sh)



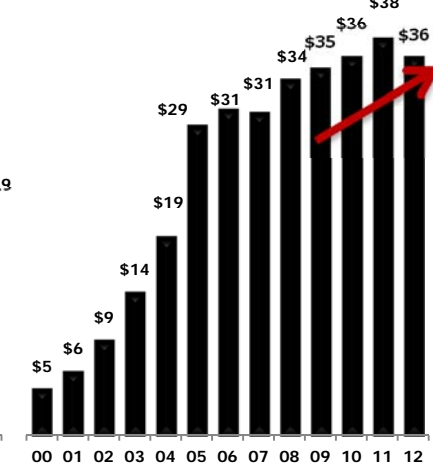
2P Reserves
(Bcfe/mm sh)



Funds from Operations
(\$/sh)



2P NPV₅ DA
(\$/sh)



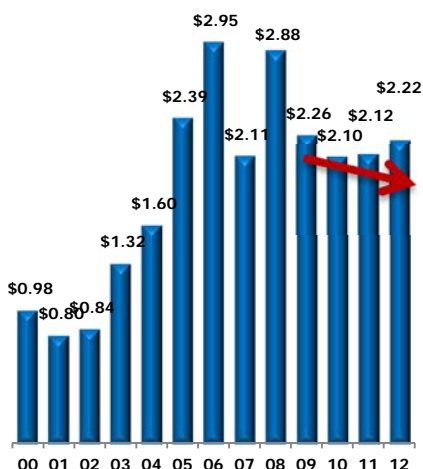
Historical annual average per share and shares outstanding numbers used above have been adjusted to reflect the May 27, 2005 2:1 stock split

The Peyto Strategy

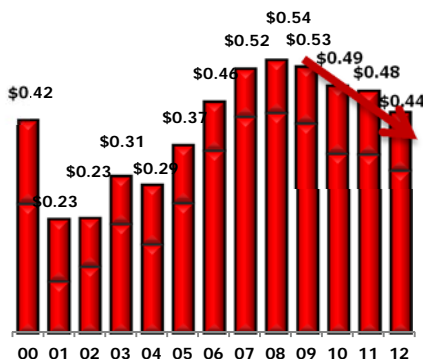
Control Our Costs

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

PDP FD&A
(\$/Mcf)



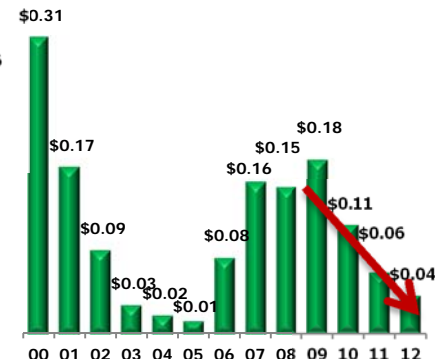
Operating Costs
w/transportation
(\$/Mcf)



Interest Cost
(\$/Mcf)



G&A
(\$/Mcf)



Peyto is Large Scale Resource



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%

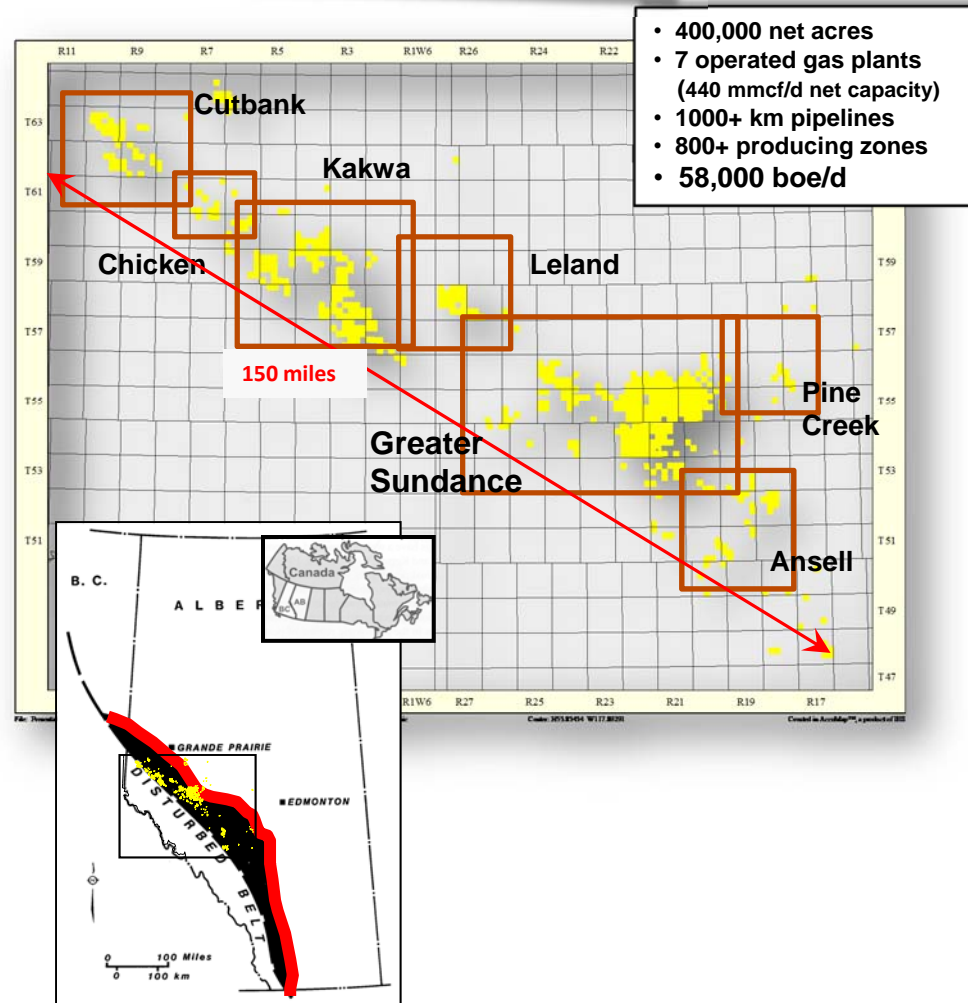
Processed by Peyto

99%

Operated by Peyto

96%

Interest in 7 Processing Facilities

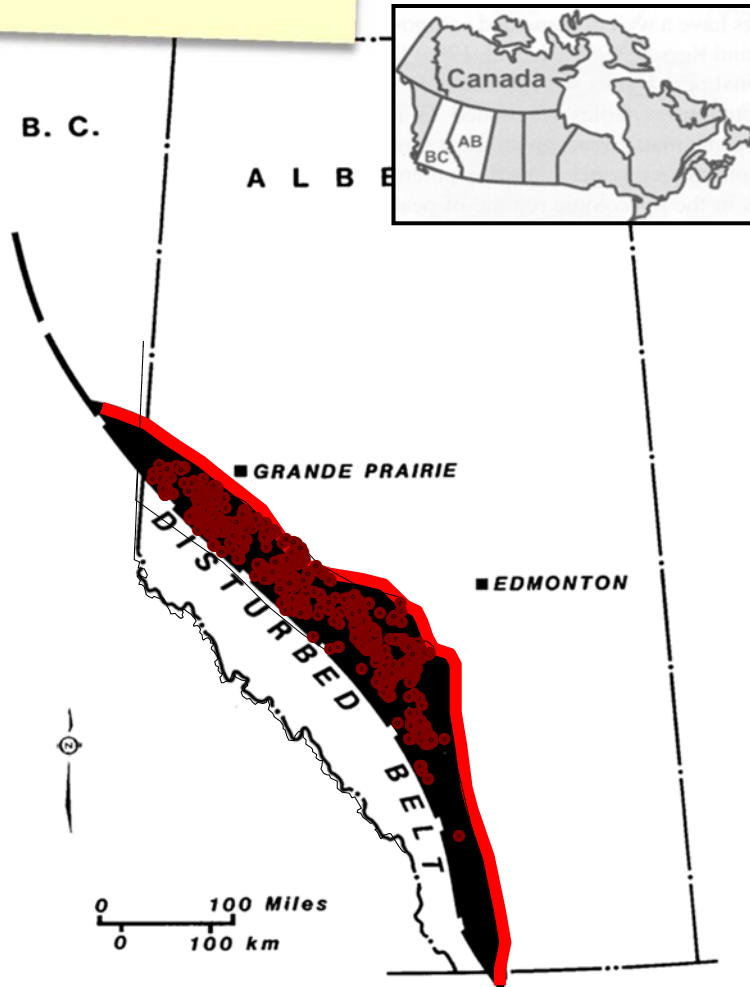
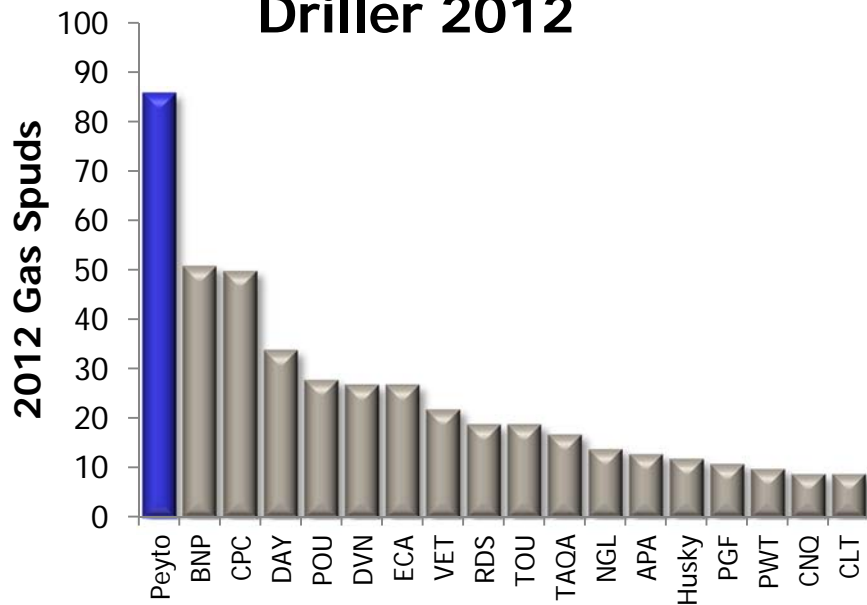


Peyto's Assets

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."

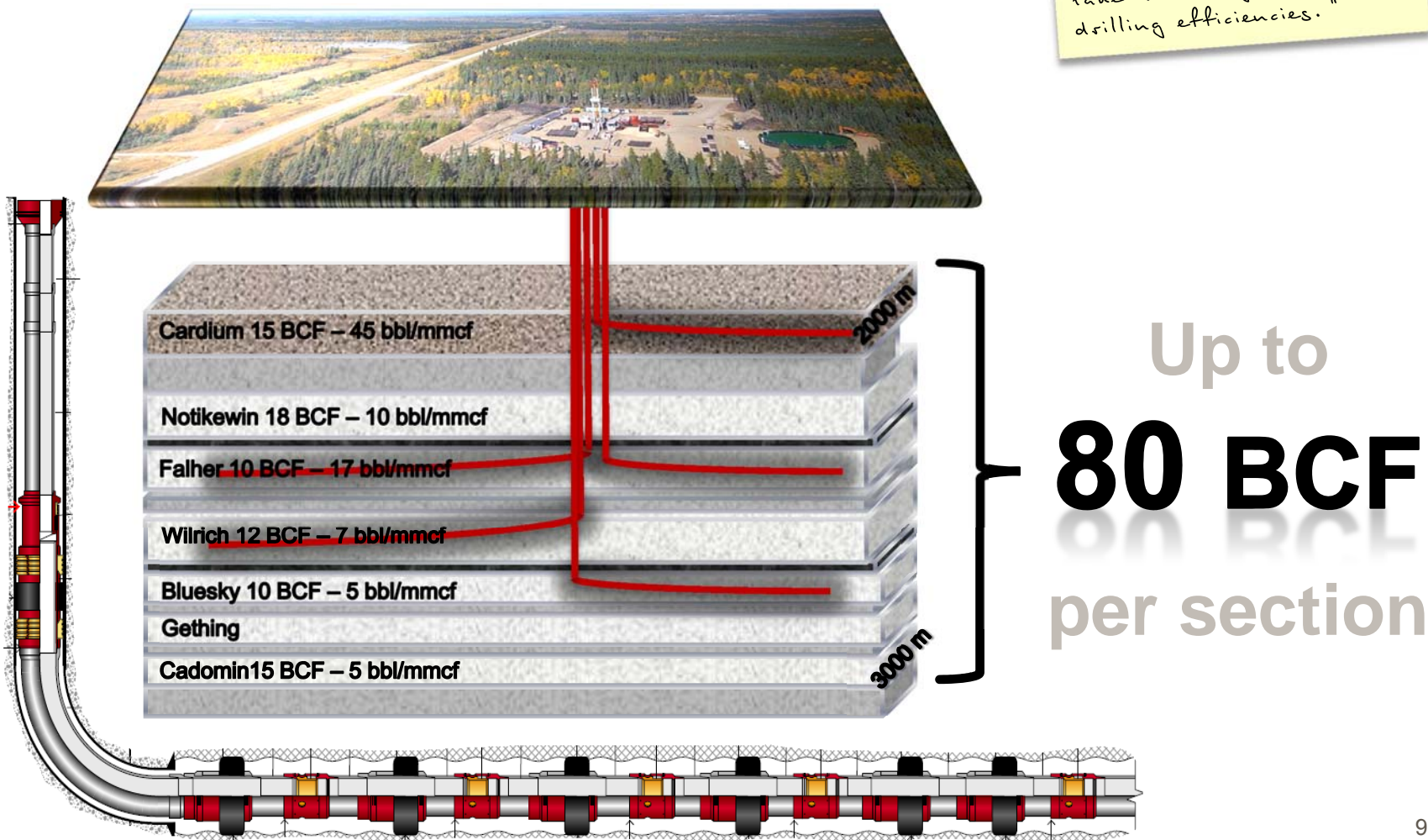
AB Hz Deep Basin Gas Driller 2012



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."



*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 grew 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

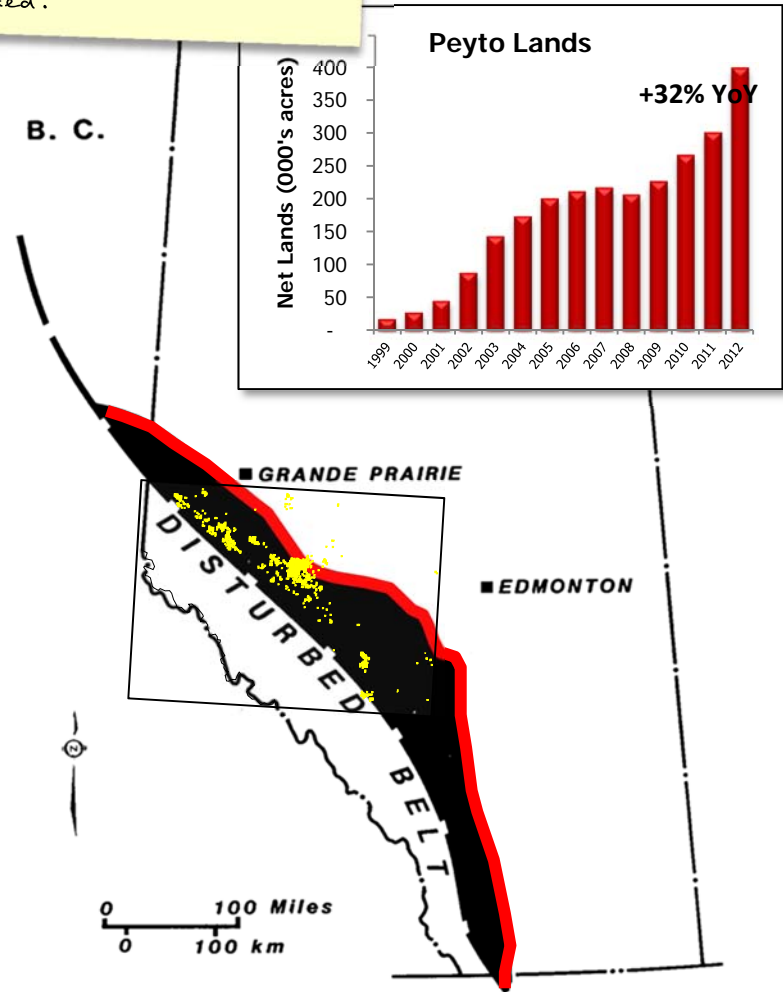
2,182

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

176

Net Sections for 1.9 TCFe of PD EUR*

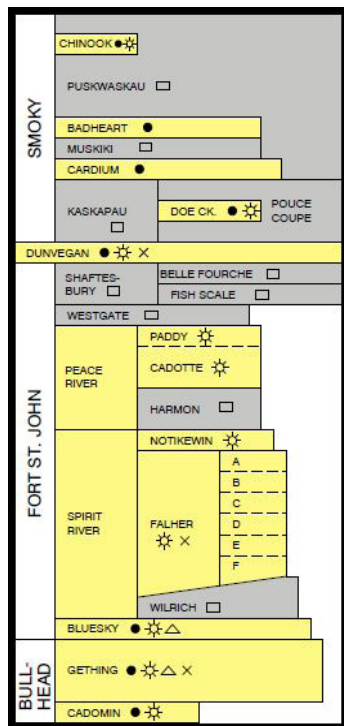
TCFe of PD EUR – Trillion Cubic Feet equivalent of Proven Developed Estimated Ultimate Recoverable
*Based on InSite Petroleum Consultants Dec 31, 2012 Reserve Report.
Lands at December 31, 2012



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."



<u>Done</u> ¹		<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>
432	52	191	56
5	1	5	29
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

2.9 TCFe

1. Drilling to Dec 31, 2012

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

Peyto's Assets

2012 Reserves and NPVs

"In addition to all the unbooked potential beyond what is officially recognized, there is a lot of value to be realized just in the passage of time."

NPV (millions\$ CDN, discounted at)

Category	Sales Gas (BCF)	Natural Gas Liquids & Oil (Mbbbl)	BOE	BCFe	0%	5%	8%	10%
Proved Producing	802	23,772	157,491	945	\$4,767	\$2,806	\$2,254	\$1,998
Proved Non-Producing	14	369	2,766	17	\$81	\$38	\$27	\$22
Proved Undeveloped	560	22,752	116,163	697	\$ 2,683	\$ 1,322	\$ 901	\$ 702
Total Proved	1,377	46,893	276,420	1,659	\$ 7,531	\$ 4,166	\$ 3,182	\$ 2,722
Probable Additional	596	16,376	79,977	480	\$ 3,492	\$ 1,566	\$ 1,073	\$ 858
Proved + Probable	1,973	63,269	392,095	2,353	\$ 11,023	\$ 5,732	\$ 4,254	\$ 3,580

InSite Petroleum Consultants February 2013 Reserve Report (effective: December 31, 2012)

Under historical discount rates \$3B or over \$18/share will be realized over time.

Peyto is Low Cost



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 mmoes	
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

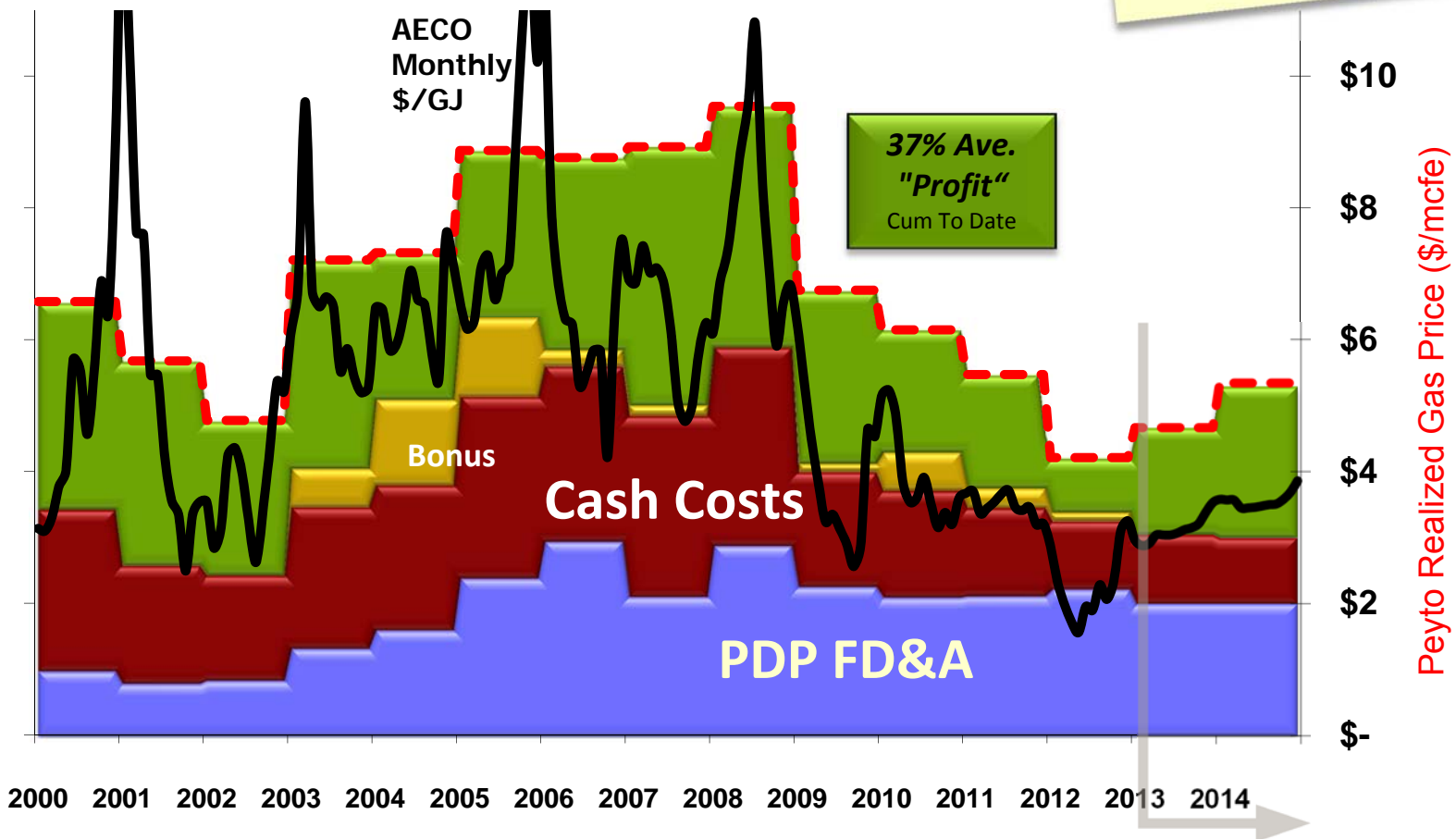
"We didn't generate quite enough profit in 2012 to cover our dividend but since we cut our payout back in 2010 we are much more sustainable."

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

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."



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

Forecast with
 AECO Strip
 Prices and
 Historical 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."

	<u>CND 2012**</u>	<u>CND 2011*</u>	<u>CND 2010*</u>
PDP FD&A \$/mcfe	(\$3.90)	(\$4.20)	(\$4.74)
Cash Costs \$/mcfe	(\$3.96)	(\$3.91)	(\$3.64)
Sales Price \$/mcfe	<u>\$7.37</u>	<u>\$7.89</u>	<u>\$7.60</u>
Profit/(Loss)	(\$0.49)	(\$0.22)	(\$0.78)

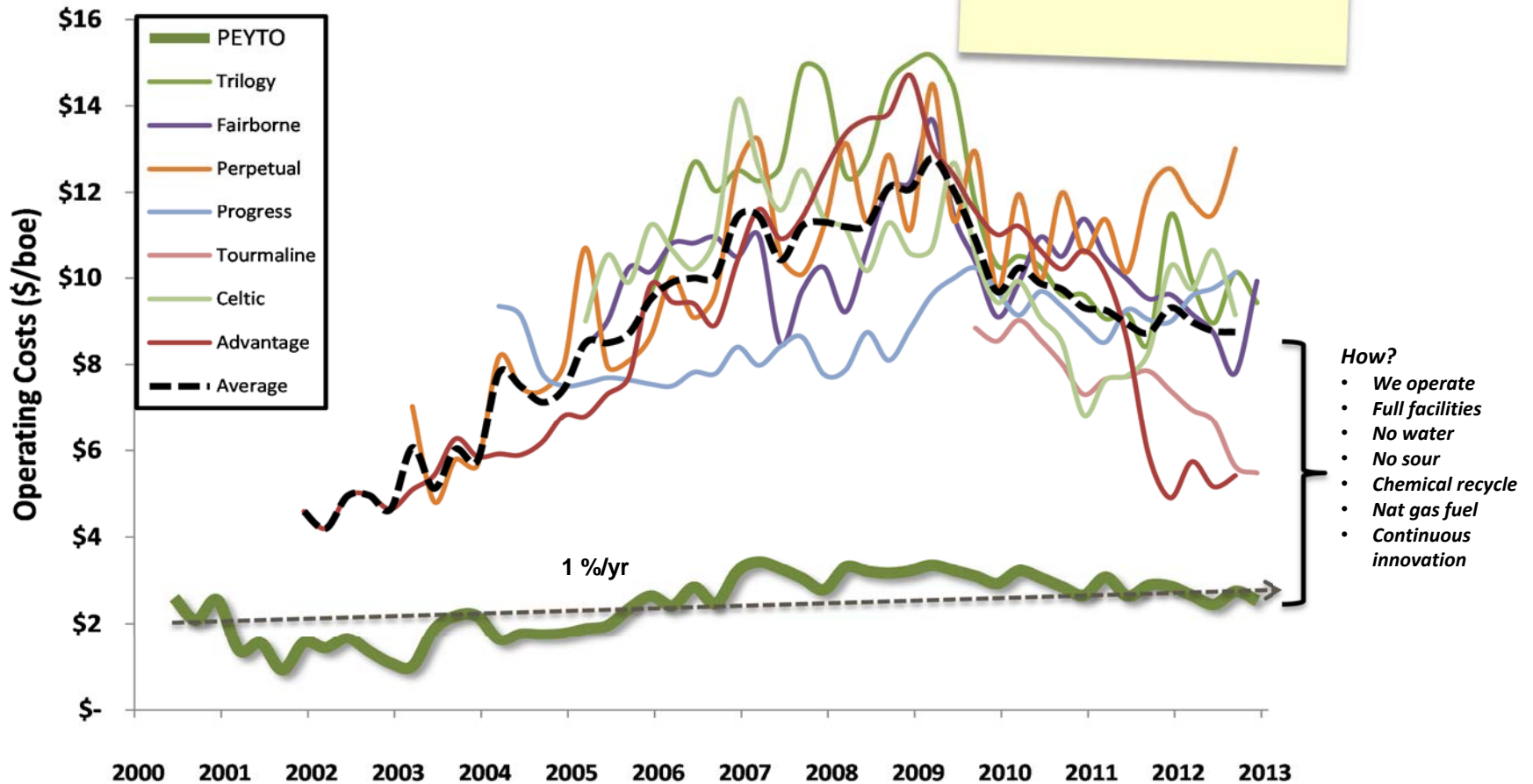
*Includes: AAV,ARX,BIR,BNP,BTE,CLT,CPG,CR,ERF,FEL,NAE,NGL,PBN,PGF,PMT,POU,PRQ,PWT,TET,TOU,VET,ZAR

**Includes: ARX,BIR,BNP,BTE,CPG,CR,ERF,FEL,PBN,PGF,PMT,PWT,TET, TOU,VET,ZAR

Peyto's Profitable Business

Lowest Operating Costs – Gas Producers

"If all we had was our op cost advantage that would be significant but our other cash costs are low too!"

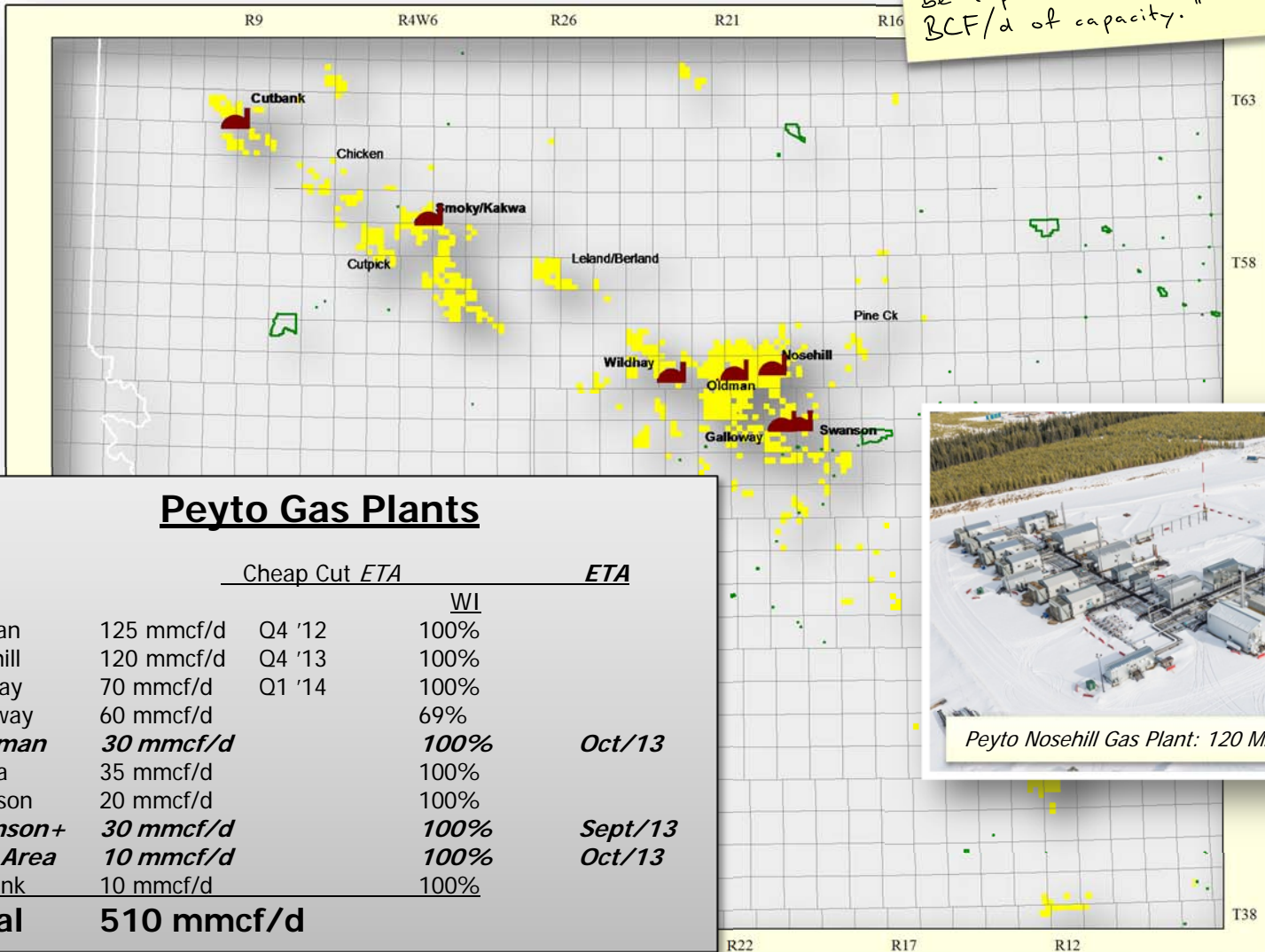


BOE factor - 6 mcf = 1 bbl of oil equivalent
 Operating costs include transportation

Peyto's Profitable Business

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 <i>ETA</i>	<u>WI</u>	<i>ETA</i>
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

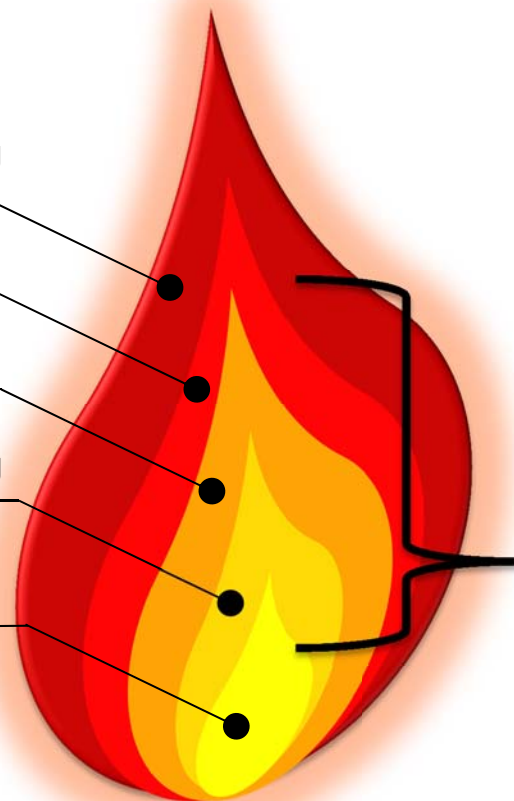
Peyto's Profitable Business

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 ₂ H ₆	\$7.80/bbl = \$2.66/GJ
Propane C ₃ H ₈	\$24/bbl = \$5.95/GJ
Butane C ₄ H ₁₀	\$64/bbl = \$14.30/GJ
Pentanes C ₅	\$99/bbl = \$18.85/GJ
Condensate C ₅ +	\$95/bbl



Liquid Conversion

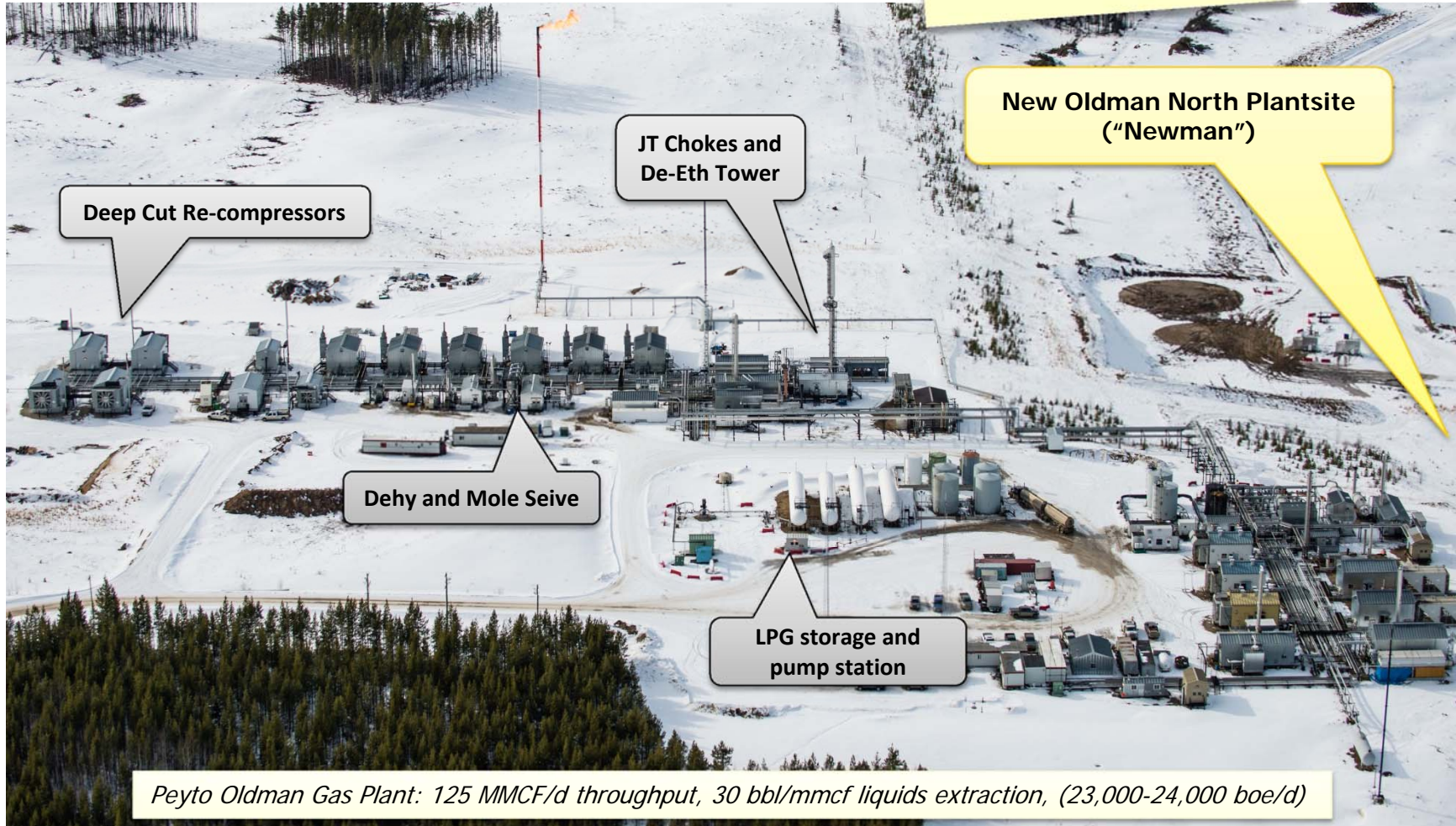
Existing Refrig. (-35C)	"Cheap" Cut (-80C)	Deep Cut (-110C)
1% C ₂	1% C ₂	40% C ₂
30% C ₃	90% C ₃	95% C ₃
50% C ₄	99% C ₄	99% C ₄
97% C ₅ +	99% C ₅ +	99% C ₅ +

*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 Profitable Business

Oldman Cheap Cut NGL Extraction

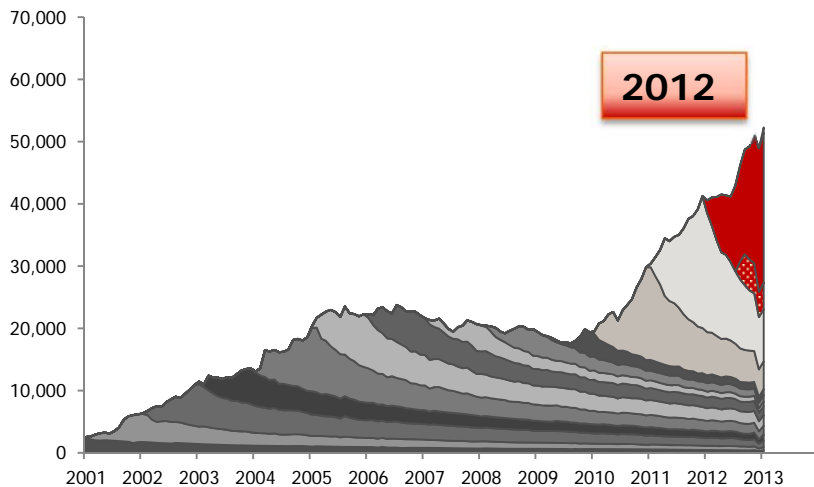
"In 2012 we installed a choke plant into our Oldman refig plant to drop the temperature and extract more propane and butane. In 2013, we're expanding again."



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 PVs (\$578M PV₁₀) based on the engineering evaluation."



\$373M → \$748M

Net Capital to PV₅

17%

Production/share growth*

13%

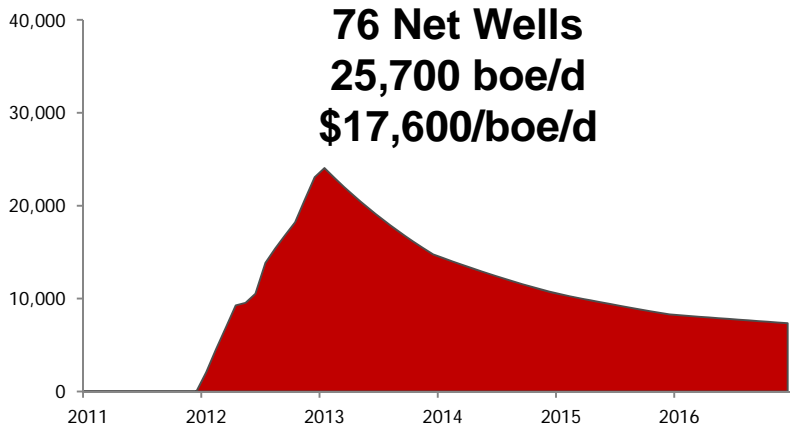
2P Reserves/share growth*

24%

IRR

2012 Capital Program

76 Net Wells
25,700 boe/d
\$17,600/boe/d



*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

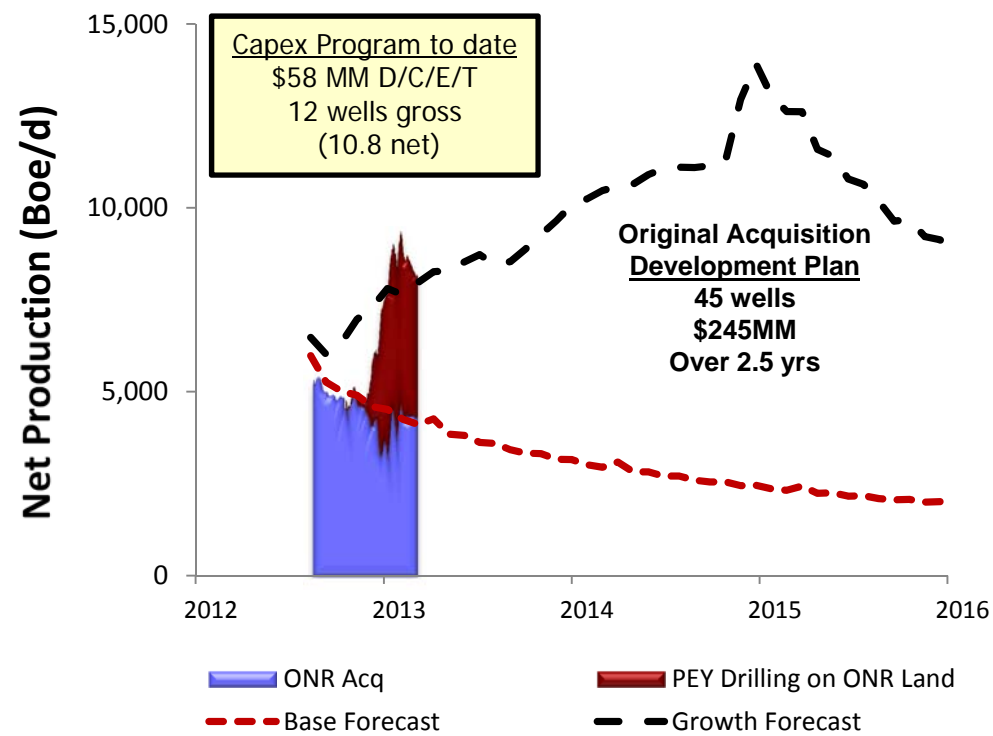
Peyto's Returns

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 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

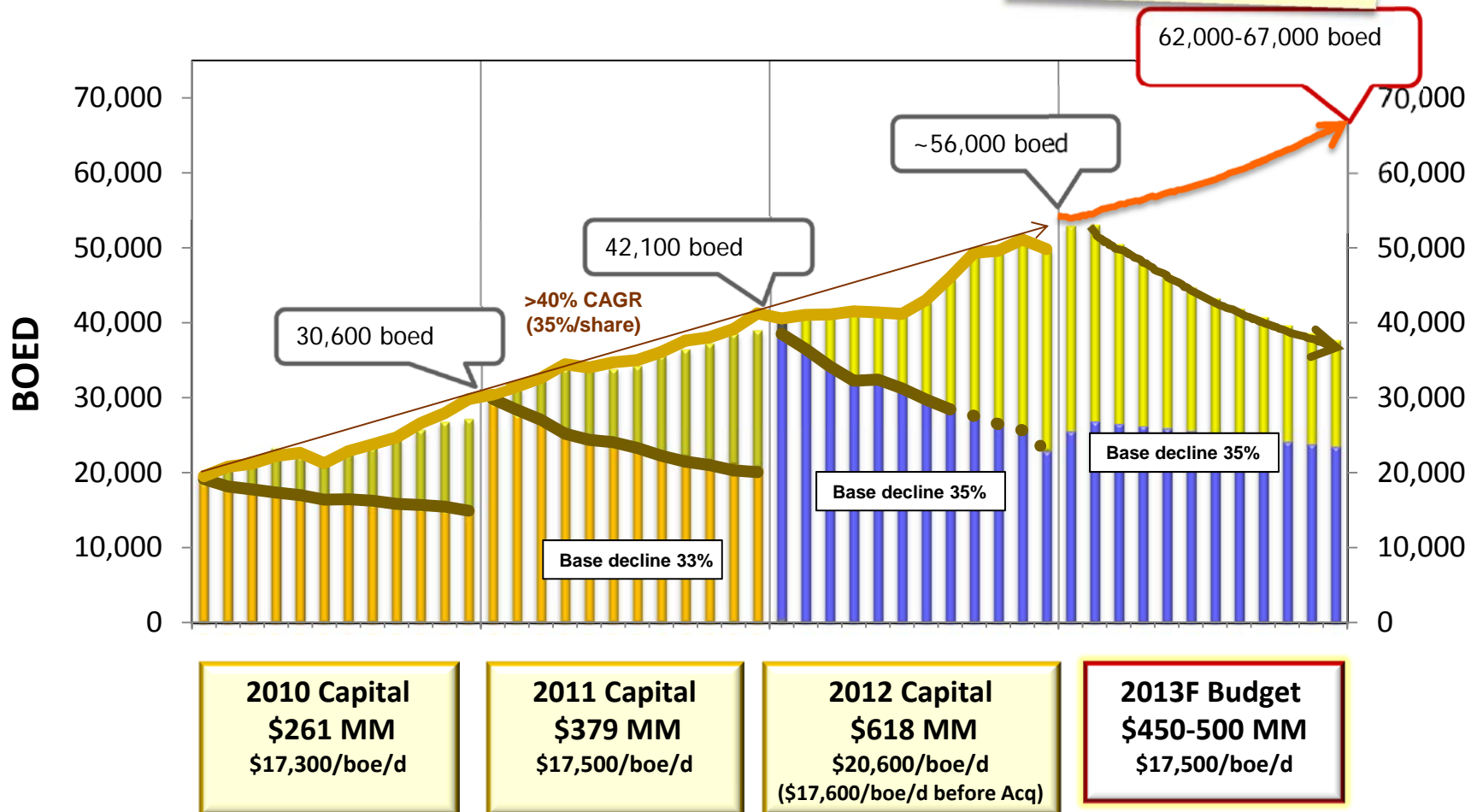
2013 Capital Program

- ✓ **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

Large Resource + Low Cost = Profitable 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."



2013 Outlook

Continuously Improve Profitability

"At Peyto, our cost advantage comes from constantly challenging the status quo on costs. We are always working on ways to improve our profitability."

2013 Goals*

PDP FD&A
\$/mcfe

(\$2.00)

- Pad drilling
- CNG powered rigs
- Well design improvements
- Water optimization
- Natural gas heated water
- Summer drilling

Cash Costs
\$/mcfe

(\$1.00)

- Natural gas fired power
- CNG trucks
- Facility utilization
- Pad wellsite/automation

Sales Price
\$/mcfe

\$5.00

- Cheap cut
- Liquids rich fms
- Hedging
- \$3.25/GJ*155%

40% Profit

\$2.00

BOE factor - 6 mcfe = 1 bbl of oil equivalent

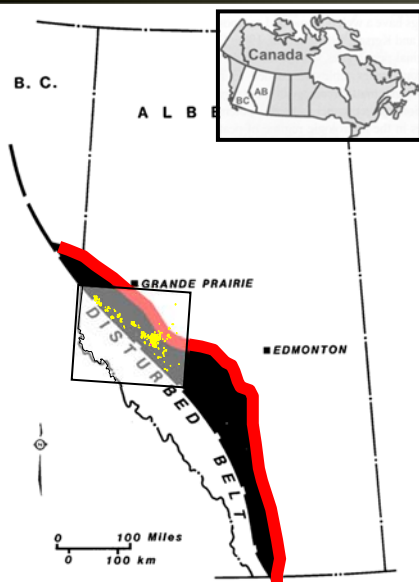
* 2013 goals are not budgeted expectations

PEY.TO

Corporate Fact Sheet

PEYTO

Exploration & Development Corp.



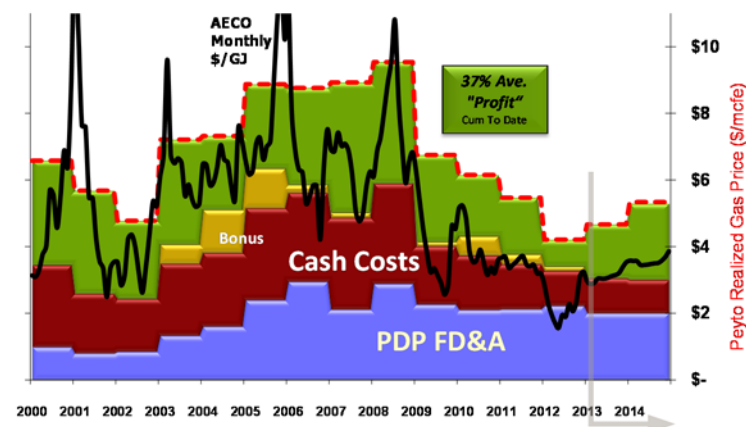
- ☀ Long Reserve Life Asset - 9 yrs PDP, 22 yrs P+P at YE 2012
- ☀ Lowest Cost Producer - \$1.05/mcfe (\$6.30/boe) cash costs* 2012
- ☀ Superior Shareholder Returns - Ave ROCE 20%, Ave ROE 38%
- ☀ Own and Control - Operate 99% of production, Own infrastructure
- ☀ Liquids Rich Gas - 58,000 boe/d Alberta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

*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.

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



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3/15/2013

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 (\$/mcf)	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 (\$/mcf)	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

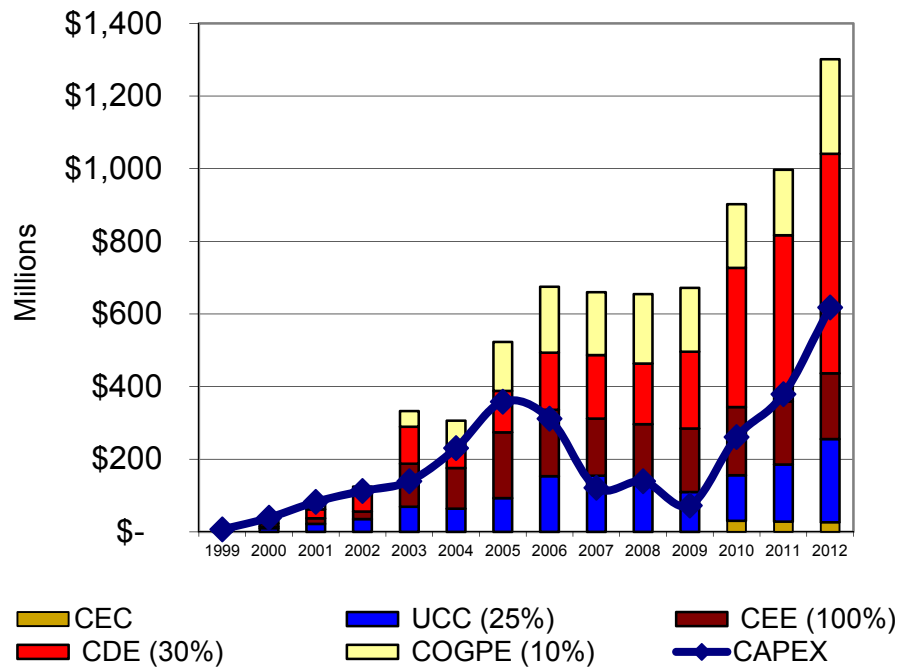
¹ Management uses funds from operations to analyze operating performance. In order to facilitate comparative analysis funds from operations is defined throughout this report as earnings before performance based compensation, non-cash and non-recurring expenses. As presented, funds from operations does 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.

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

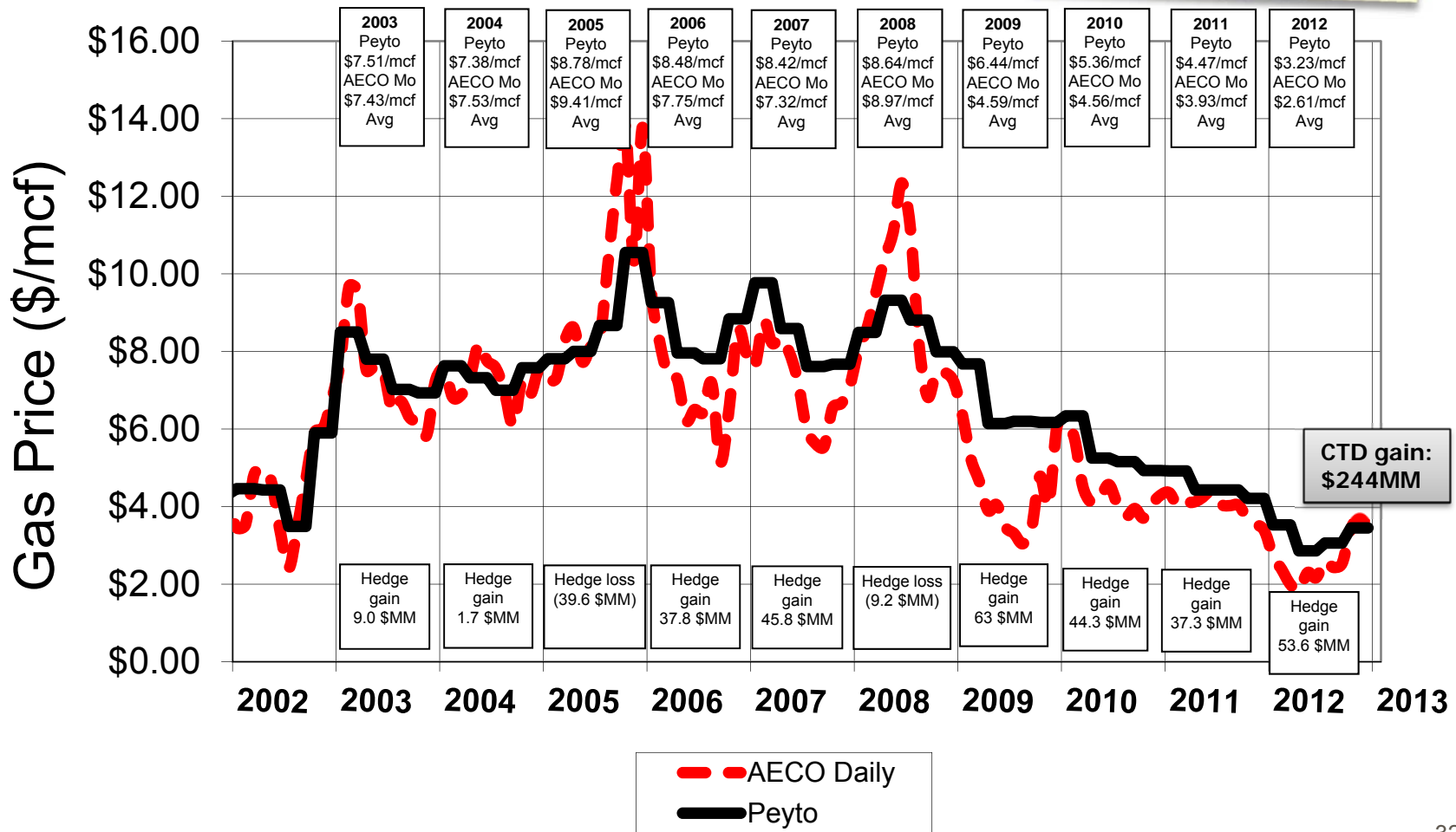
\$2.9B

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."



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

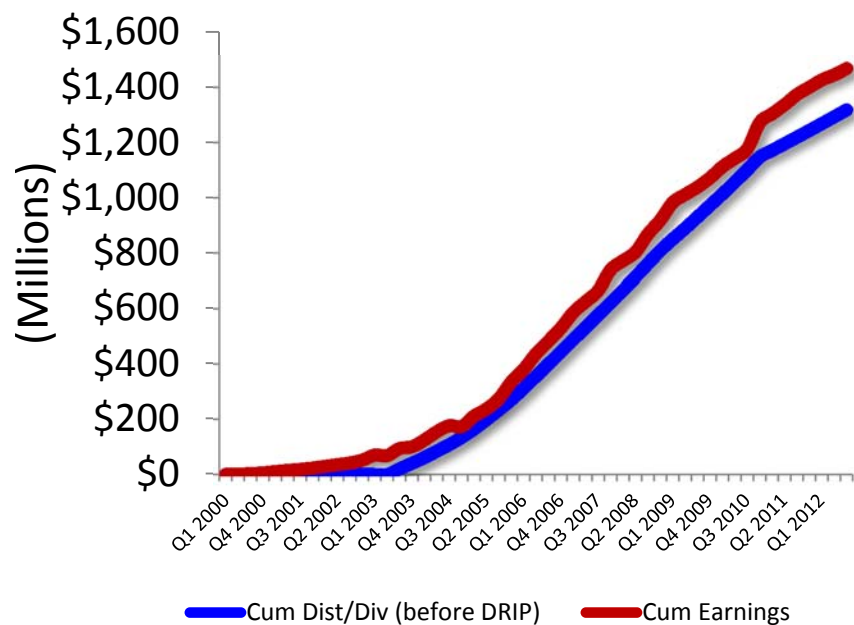
"The best way to ensure sustainable distributions (trust) and dividends (corp.) is to generate earnings. That's where they are supposed to come from and that's where Peyto's come from."

\$1.5B

Peyto Cum. Earnings
Q3/12

\$1.3B

Peyto Cum. Dist/Div.
Q3/12



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.