



www.Peyto.com

***Peter's & Co.
Energy Conference***

September 2015

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.

Oil and Gas Corporate Strategies

"All of these strategies could qualify as an investment, however, only one of them is designed to last over time."

P
Exp

1. Pump And Dump it (PAD-it)
 - Acquire lands in the hottest play trend.
 - Promote on the dream of future returns.
 - Sell before any execution is required.
2. Growth At All Costs (GAAC)
 - The market rewards growth so chase it.
 - Use all means to deliver it regardless if it creates or destroys value.
 - Premium valuation which allows for accretive per share deals is helpful.
3. The Chronic Acquirer (BEES)
 - Buy Everyone Else's Stuff.
 - Convince investors "The whole is worth more than sum of the parts."
 - Premium valuation which allows for accretive per share deals is helpful.
4. Profit And Return (PAR)
 - Invest shareholders capital for maximum full cycle return.
 - Tendency towards organic development – create something from nothing.
 - Develop expertise to deliver repeatable, low risk results.

Our Profit and Returns Strategy

What We Believe

"If we are successful, we believe we can make more money for our shareholders and ourselves."

- ✱ *“We believe nature’s gas is the fuel for the future.”*
- ✱ *“We believe we can make a real profit by being the lowest cost, most efficient producer in the industry.”*
- ✱ *“We believe in partnering with shareholders to make that profit, not by trying to make your money our money.”*

The Peyto Strategy

How We Do It

"Basically, we strive to be the smartest (both with ideas and execution), build the best, and make the most for our stakeholders."

PEYTO



Exploration & Development Corp.

- Invest in our own ideas
- Build it ourselves
- Operate it ourselves
- Focus on maximum return
- Stay concentrated, lean & efficient

The Peyto Strategy

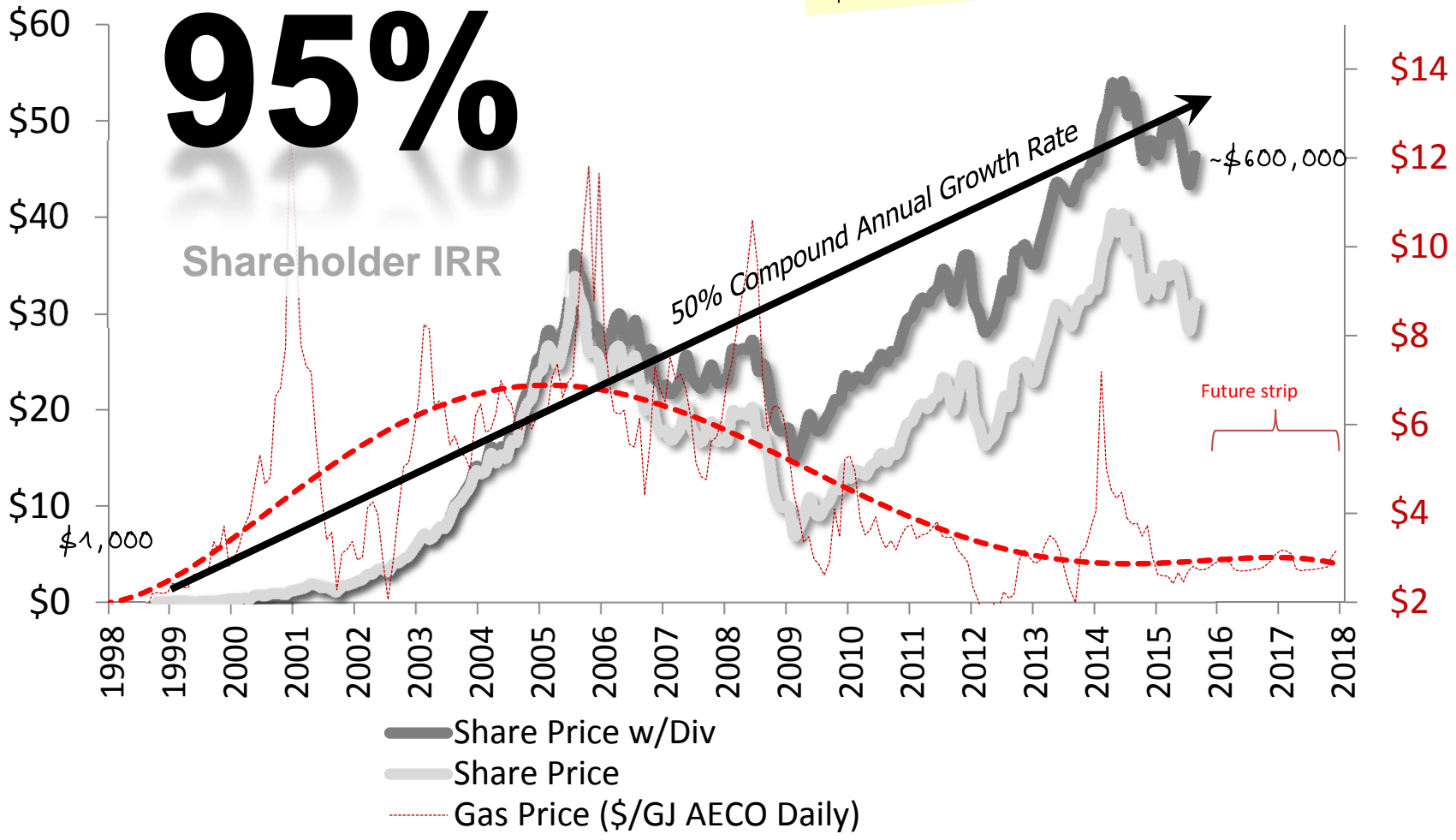
Superior Shareholder Returns

"In simple terms, \$1k invested into Peyto 16 yrs ago, would be worth approx. \$600k today! That's a shareholder IRR of 95% and not surprisingly, done counter-cyclical to the gas price."

PEYTO



Corporation & Development Corp.



Historical Per Unit and Units Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split
 Oct 23, 1998 price of \$0.075/share, Dec 31/14 price of \$33.47/share, Cum Dist./Div. to Dec 31/2013 \$14.33

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."

	<u>PEY 2015 H1</u>	<u>PEY 2014</u>
PDP FD&A \$/mcfe	(~\$1.80)*	(\$2.25)
Cash Costs \$/mcfe	(\$0.86)	(\$1.08)
Sales Price \$/mcfe	<u>\$3.99</u>	<u>\$5.04</u>
Profit \$/mcfe	\$1.33	\$1.71
	33%	34%
Dividend \$/mcfe	\$1.17	\$1.05

Land/Acq	\$13MM
Seismic	\$8MM
Drilling	\$312MM
Compl.	\$183MM
Wellsite	\$54MM
Facilities	<u>\$120MM</u>
	\$690MM
ΔPDP Reserves (before Prod.) 51.0 mmboes	
PDP FD&A	\$13.52/boe
	\$2.25/mcfe

Royalties	(\$0.37)
Opex	(\$0.34)
Transport	(\$0.13)
G&A	(\$0.03)
Interest	(\$0.21)
Total Costs	(\$1.08/mcfe)

\$4.27/GJ AECO daily
X 127% ¹
\$5.44/mcfe
(\$0.40)/mcfe hedging
\$5.04/mcfe Peyto Realized

BOE factor - 6 mcfe = 1 bbl of oil equivalent

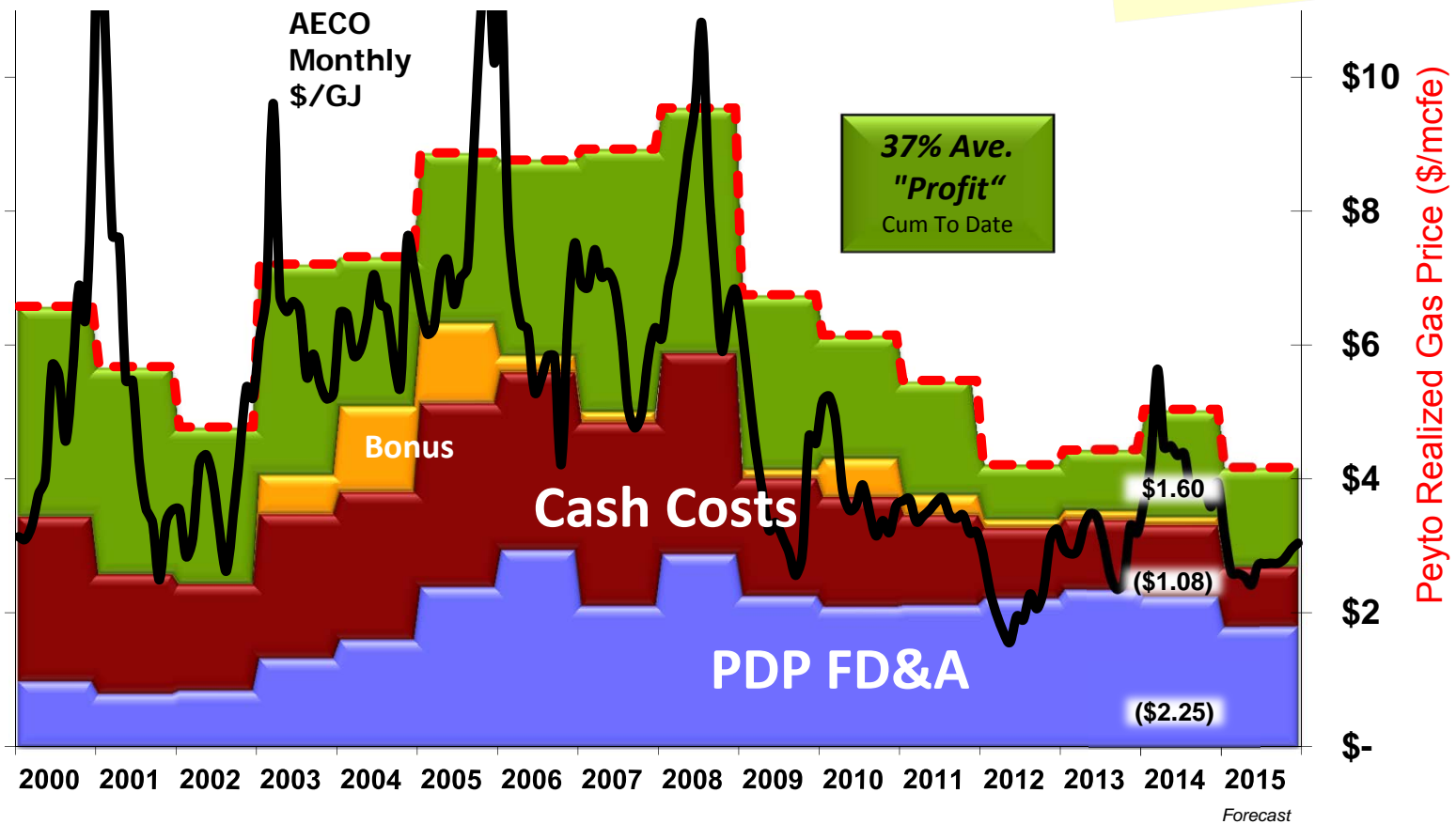
¹ 2014 uplift for NGLs and heat content from average Alberta daily natural gas price (\$/GJ)

* 2015 PDP FD&A is estimated using 2014 less 20% cost reduction

Peyto's Profitable Business

Profitable Even Through The Lows

"Peyto has always built it and produced it for less than we sell it, despite where we are in the commodity price cycle. That's the power of the low cost producer."



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

Peyto's Profitable Business

Profitability Challenges for the Canadian Gas Industry

"Even if Canadian gas producers can get their PDP FD&A down 20%, many are still running a loss in H1 2015."

	<u>2015 H1</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010¹</u>
PDP FD&A \$/mcf	(~\$2.47)	(\$3.09)	(\$2.93)	(\$3.43)	(\$3.68)	(\$3.11)
Cash Costs \$/mcf	<u>(\$2.54)</u>	<u>(\$3.12)</u>	<u>(\$3.13)</u>	<u>(\$2.98)</u>	<u>(\$3.31)</u>	<u>(\$3.19)</u>
Supply Cost	(\$5.01)	(\$6.21)	(\$6.06)	(\$6.41)	(\$6.99)	(\$6.30)
Sales Price \$/mcf	<u>\$4.81</u>	<u>\$7.03</u>	<u>\$6.56</u>	<u>\$5.91</u>	<u>\$6.95</u>	<u>\$6.56</u>
Profit/(Loss)	(\$0.20)	\$0.82	\$0.50	(\$0.50)	(\$0.05)	\$0.27

Includes avg. of
\$0.53/mcfe
hedge gain

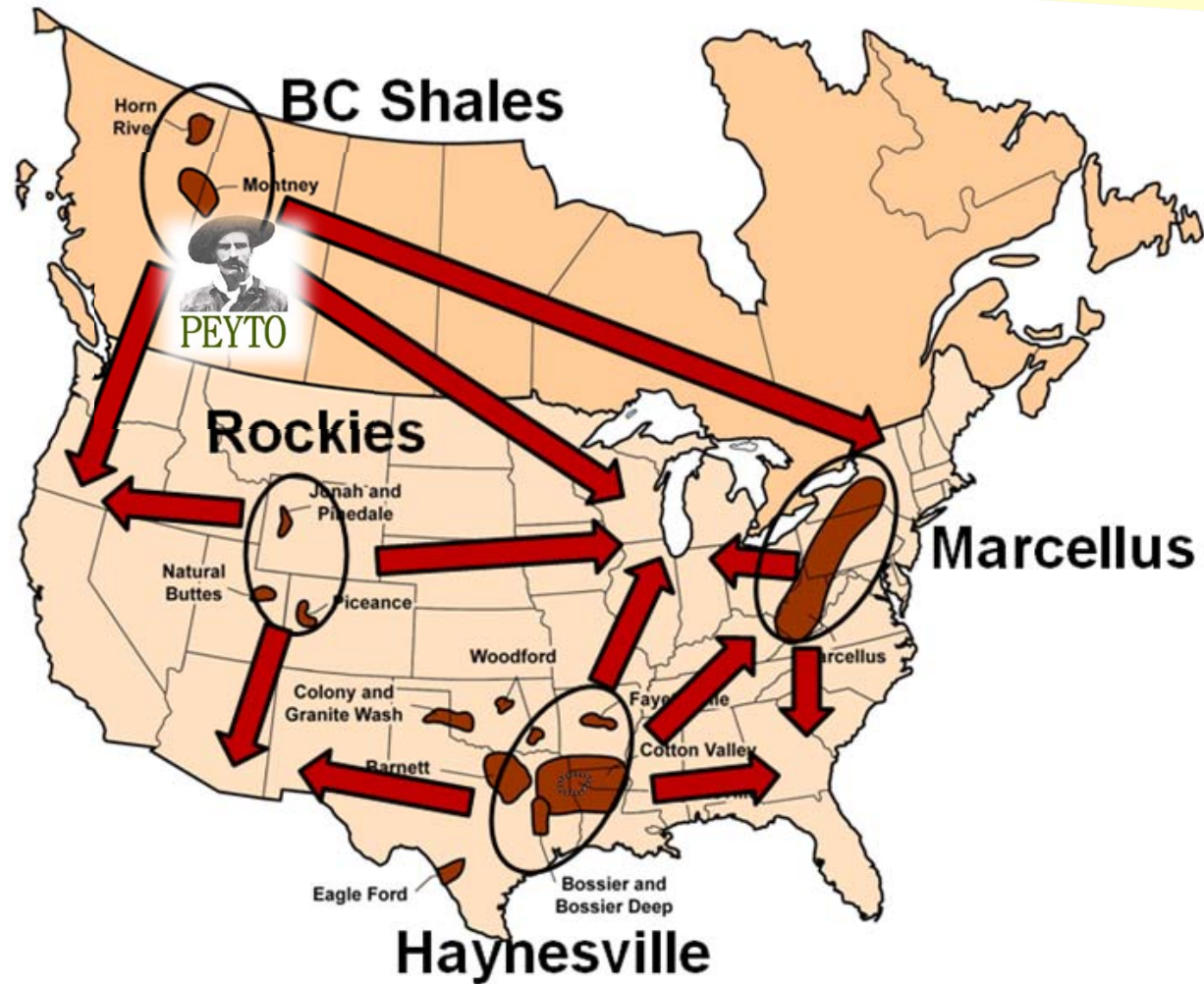
*Includes: ARX,BIR,BNP,BXE,ERF,TET,TOU (>20,000 boe/d, >55% gas, >\$1B Market Cap)

1. ERF 2010 N/A

Peyto's Profitable Business

Competitive In The North American Marketplace

"We have to be competitive not only in Canada but across North America."



Source: IHS CERA

Peyto's Profitable Business

Profitability By Basin - 2014

"Regardless of the basin, the right operator can still generate good returns if they are cost conscious."

100% Deep Basin – PEY 2014

80% Marcellus – Cabot 2014*

64% Fay/36% Mar – SWN 2014**

orp.

PD FD&A \$/mcfe	(\$2.25)	(\$0.97)	(\$2.91)
Cash Costs \$/mcfe	(\$1.08)	(\$1.27)	(\$2.32)
Supply Cost	(\$3.33)	(\$2.24)	(\$5.23)
Sales Price \$/mcfe	<u>\$5.04</u>	<u>\$3.51</u>	<u>\$5.26</u>
Profit/(Loss)	\$1.71	\$1.27	\$0.03

*Average Revenue, PD FD&A and cash costs (LOE, Transp., gathering, processing, Royalty or Ad Valorem, G&A and interest) per mcfe from 10k reports.

**SWN in 2014 made a large acquisition in the Marcellus

Peyto's Incredible Returns

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Peyto's Returns

Stress Testing Low Commodity Prices

"At \$3.00/qJ AECO and CND \$50/bbl WTI, some of the returns start to get thinner, even with a significant (20%) reduction in full cycle costs from 2014."



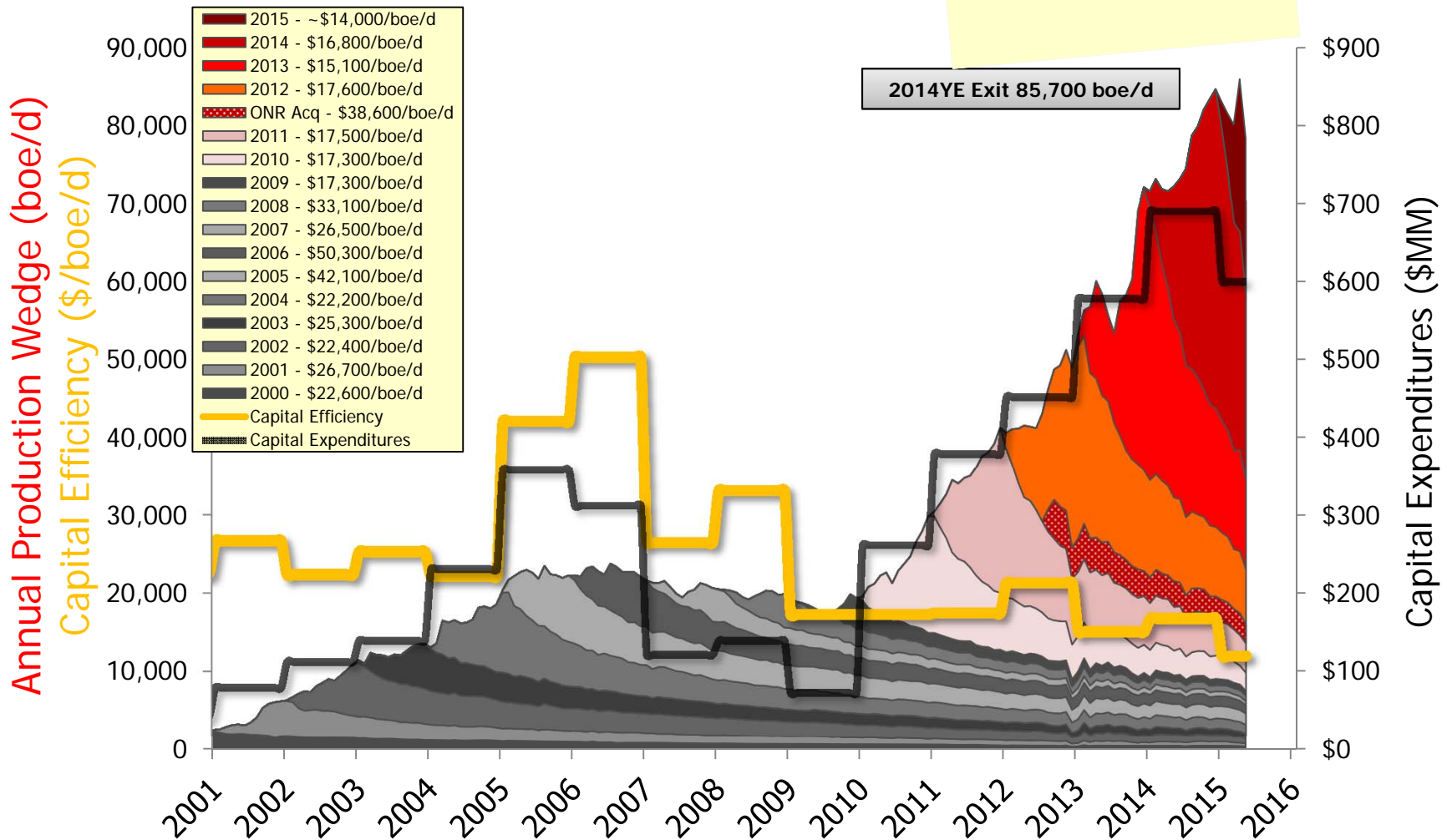
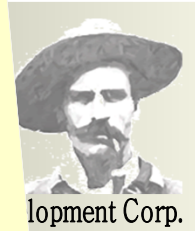
Species		Sundance Cardium	Obed/Pedley/ Nosehill Notikewin	Sundance Upper Falher	Sundance/ Ansell Middle Falher	Sundance/ Edson Wilrich	Sundance Bluesky	Brazeau Wilrich
Full Cycle Well Costs D/C/E/T/F/L/S (\$M)	(\$M)	\$3,800	\$4,600	\$4,400	\$4,600	\$4,500	\$4,800	\$5,300
Reserves	BCFe	2.1	3.4	3.7	4.3	3.1	3.6	3.3
IP30	Mcf/d	1,900	6,600	5,000	6,900	4,200	5,000	4,800
GLR	Bbl/mmcft	45	11	31	18	9	15	12
IRR (Full cycle)	%	14%	30%	24%	53%	22%	32%	16%

"Full Cycle Costs" include drilling, completion, wellsite equipment, tie-in, facilities, land, and seismic
For Peyto, that's an additional \$500,000 to \$1,000,000 depending on facility requirements.

Peyto's Returns

Focus on Returns Drives Capital Discipline

"Rapidly growing capital programs and total production is not unique. Doing it profitably, is what sets Peyto apart from the rest."

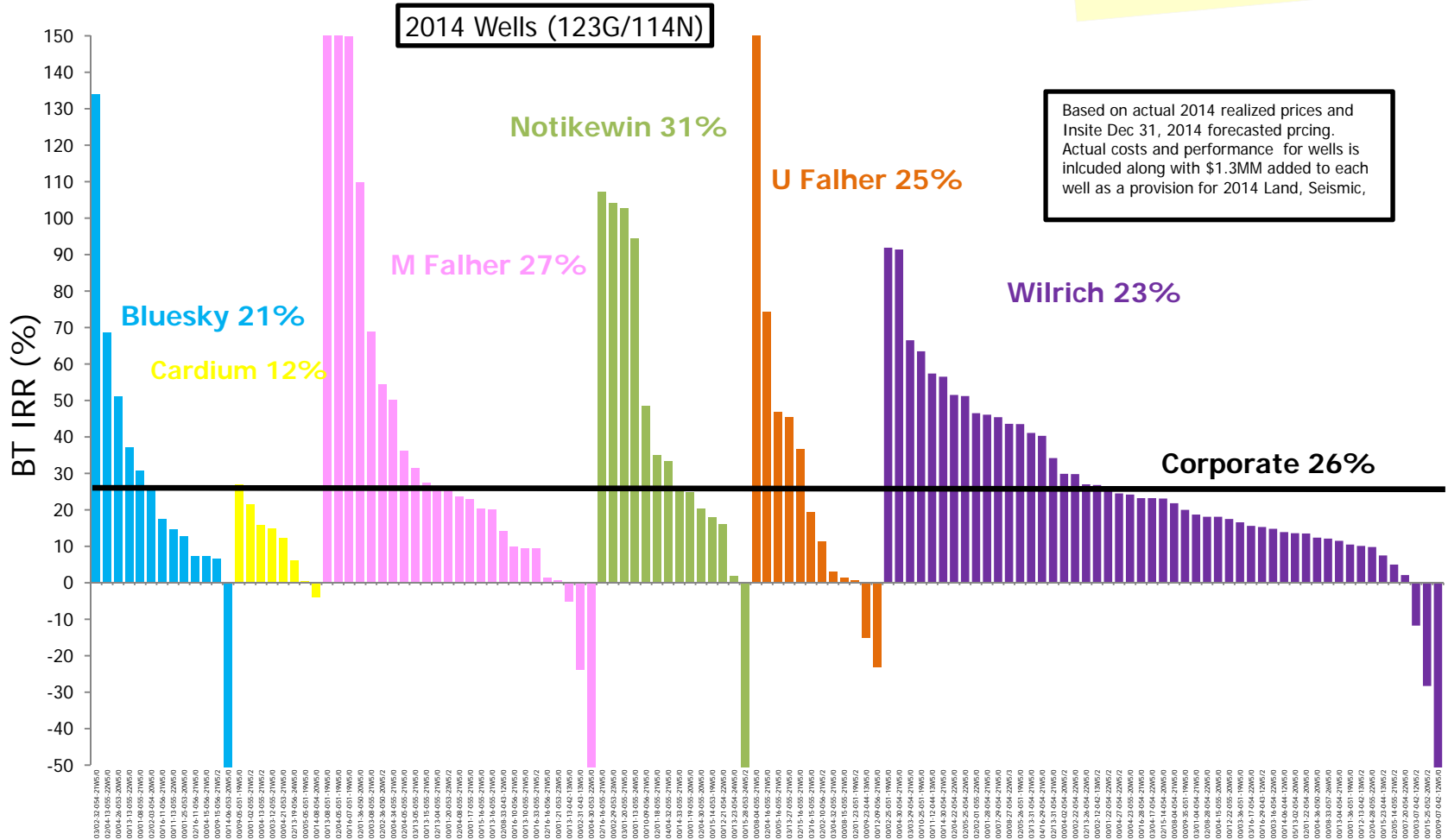


* Capital Efficiency is the cost to add new production measured at Dec 31 each year. Example: In 2010, Peyto invested \$261MM to build 15,100 boe/d for a capital efficiency of \$17,300/boe/d.

Peyto's Returns

2014 Full Cycle Real Returns (NOT Hypothetical)

"Peyto reports the actual capital spent, full cycle, and actual result achieved, including the ones that don't work out, so investors understand the real returns we are delivering."



Includes provision of \$1.3MM per well for Facilities, Land and Seismic
 Peyto's internal Full Cycle actual IRR on 123 Wells by Species using Insite Dec 31/14 Prices

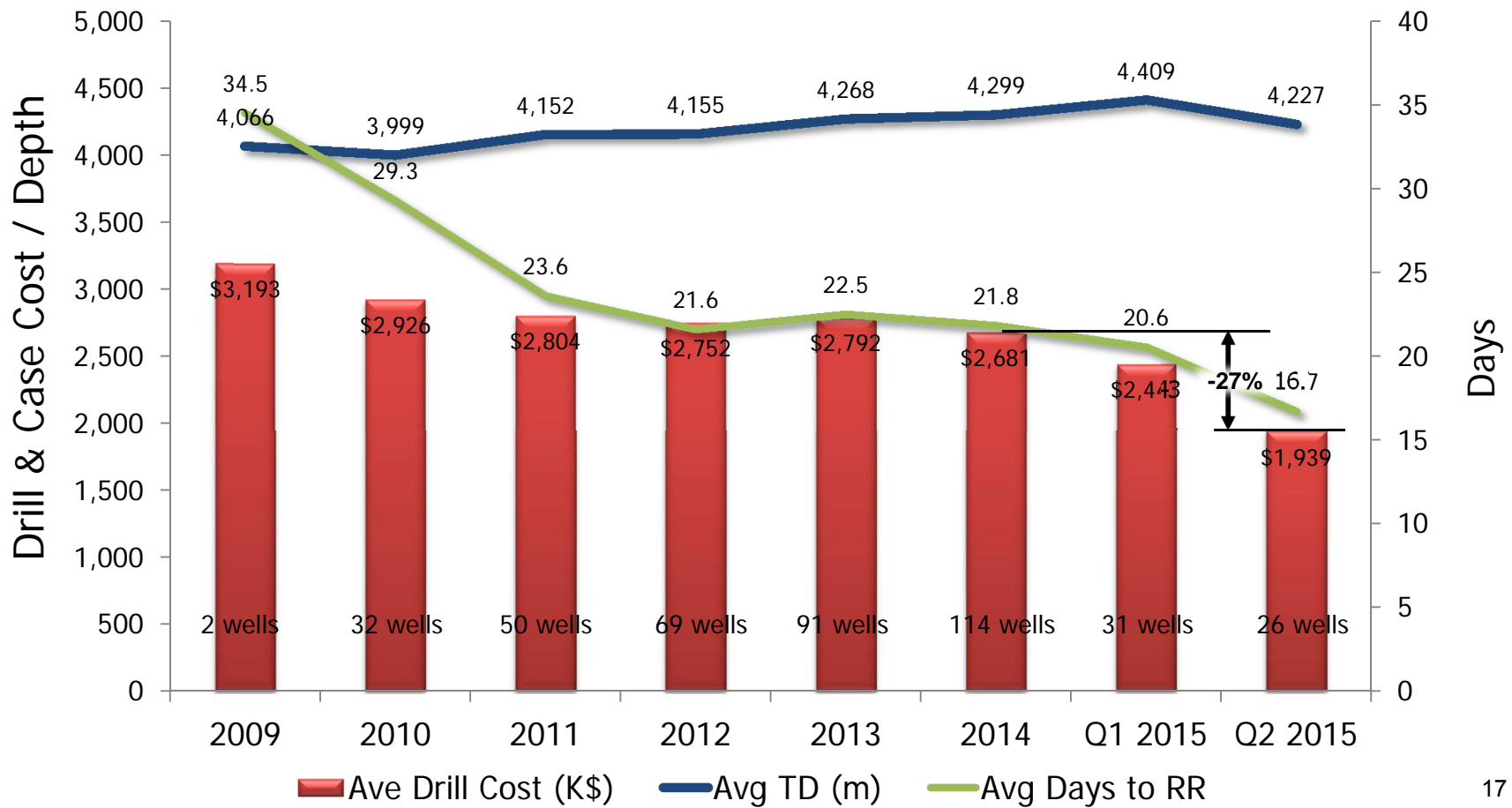
Peyto's Returns

Drilling Cost Performance

"Looking specifically at a the Sundance SR wells, the avg. drilling costs reduction of 27% is mostly due to service rates and pad drilling with some additional improvement in execution."



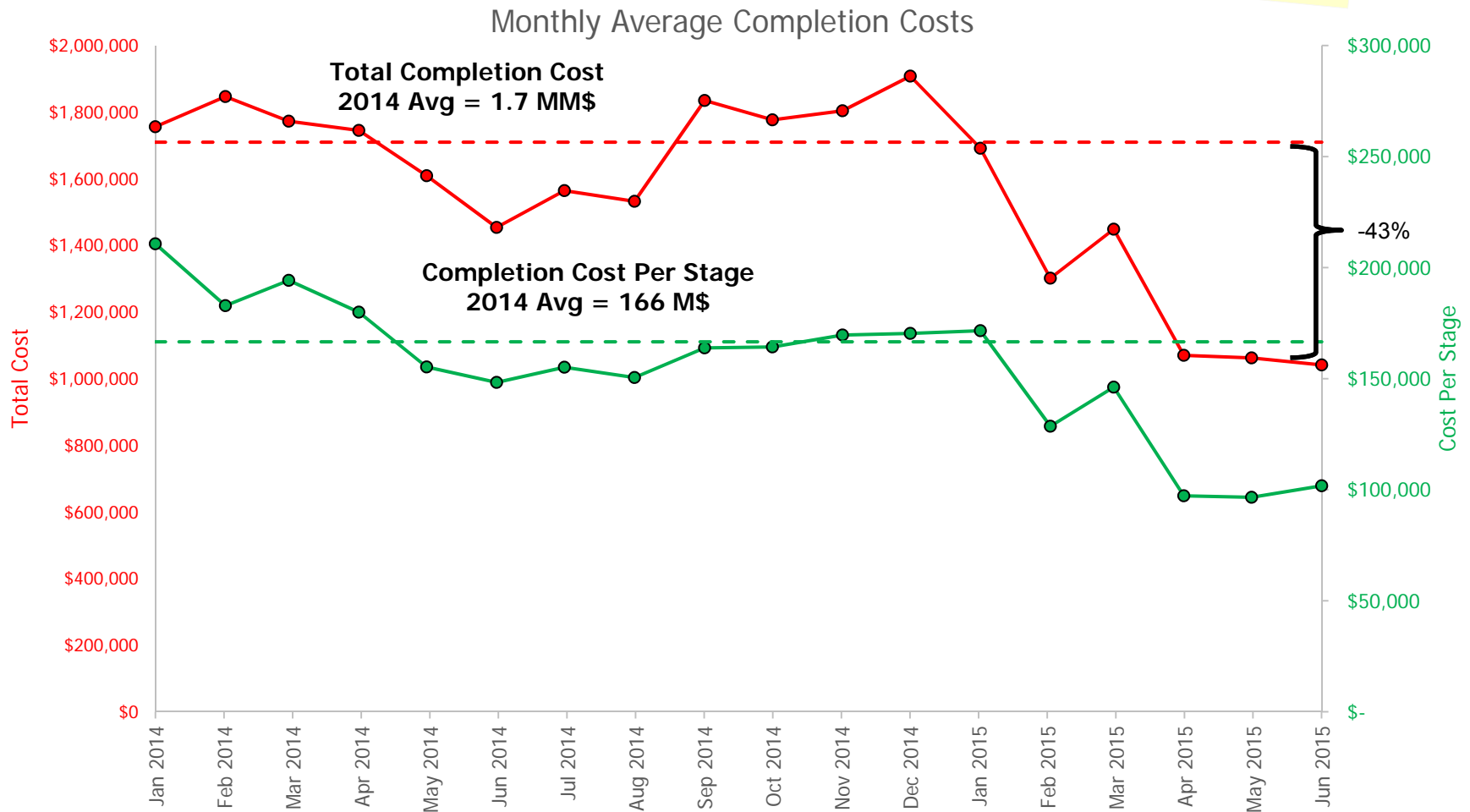
Greater Sundance Hz Spirit River



Peyto's Returns

Completion Cost Performance

"Completion costs are down this year even more than drilling. 33% due to service cost reductions, and another 10% due to changes in design, including cheaper sand."



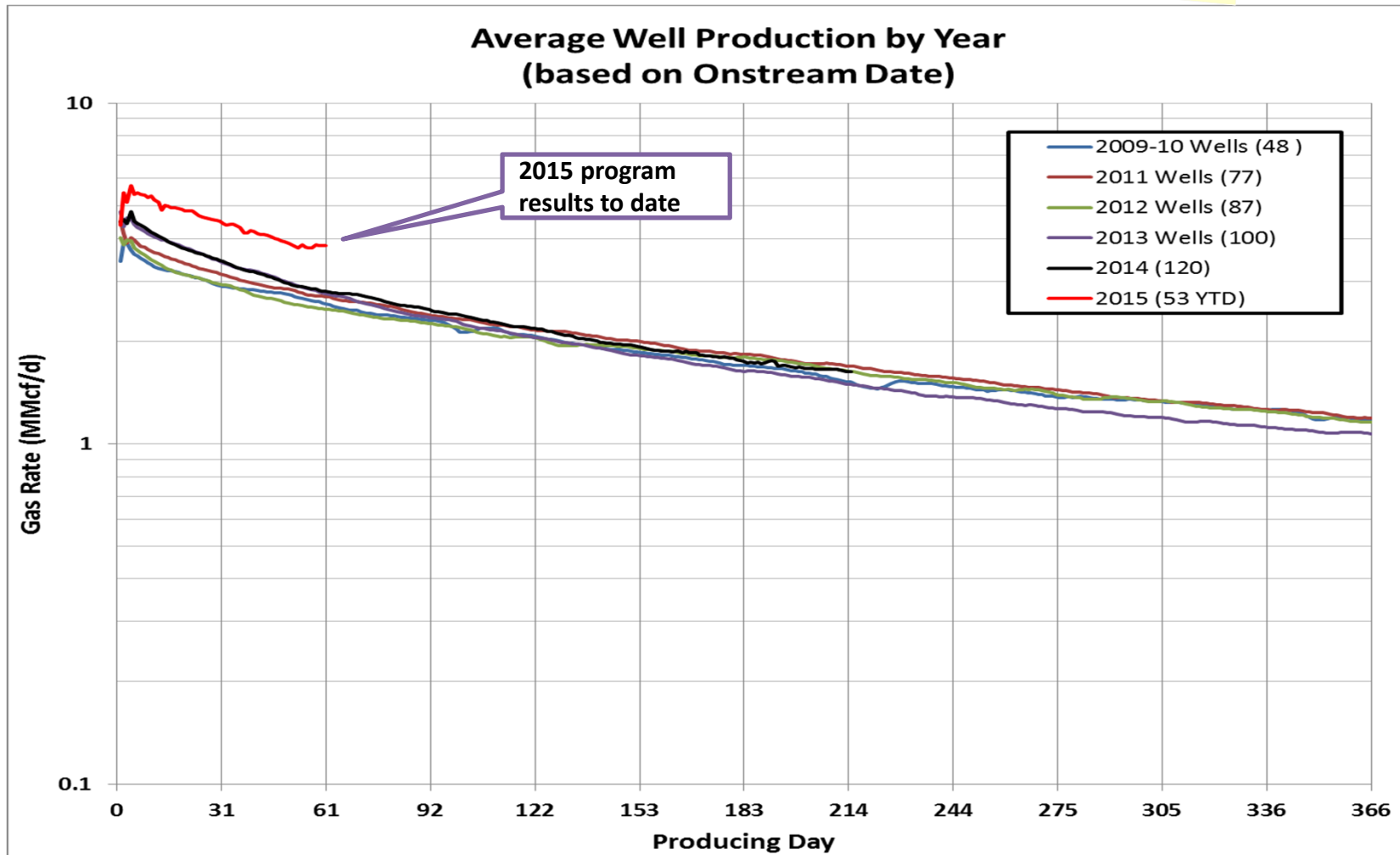
Peyto's Returns

2015 – Above average production

"Costs are down and well results are up. A great start so far to 2015."



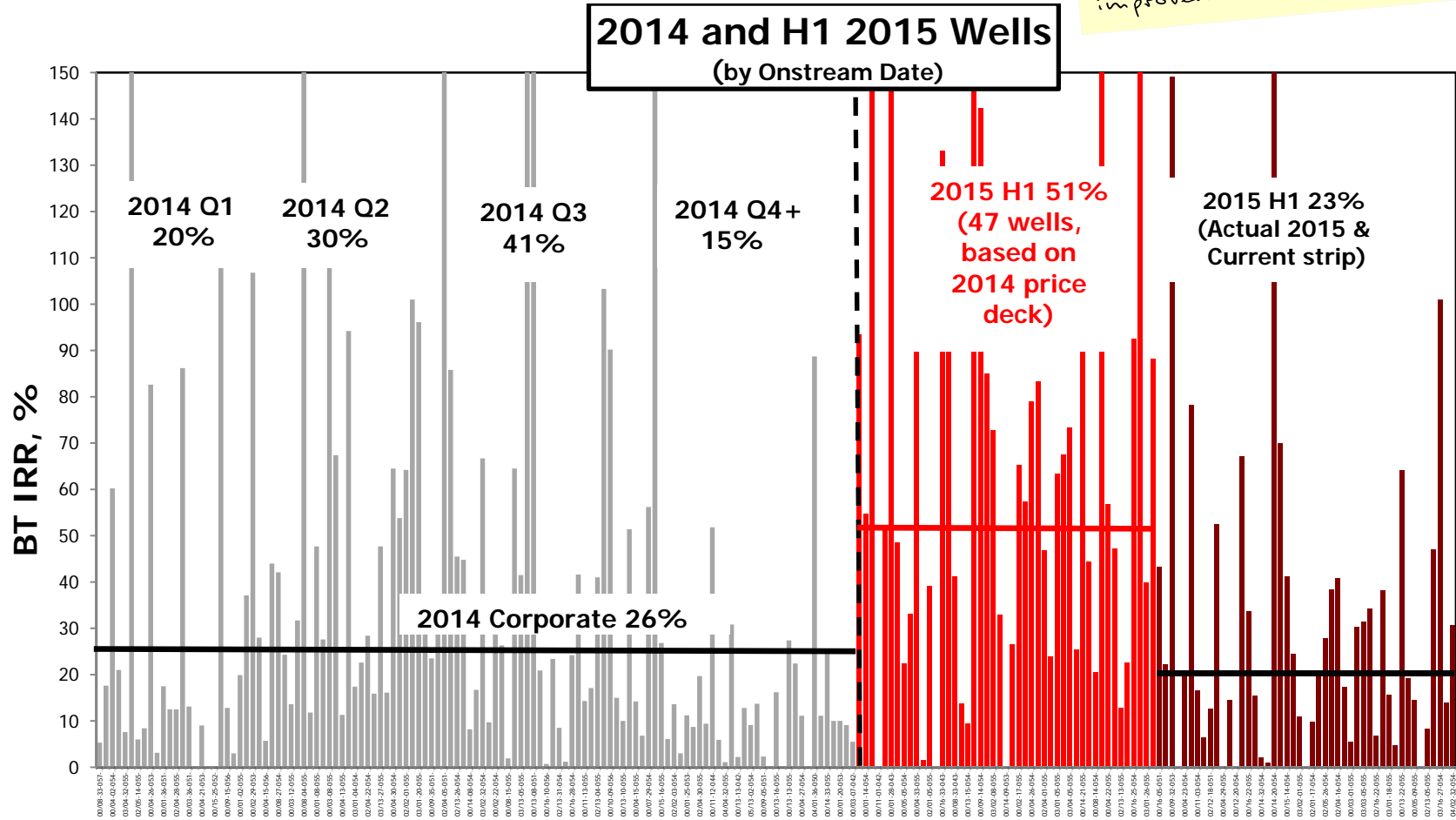
Development Corp.



Peyto's Returns

YTD2015 Full Cycle Real Returns

"So far, 2015 returns are looking good. They'd be really good with last year's prices, but even with this year's prices, returns are good due to cost savings and productivity improvements."



2014 IRRs based on actual 2014 realized prices and Insite Dec 31, 2014 forecasted pricing. Actual costs and Peyto internal view of reserves for wells. \$1.3MM is added to each well as a provision for 2014 Land, Seismic, Major Facilities and Pipelines
 2015 IRRs based on actual 2015 realized prices and strip prices as of Sept 1, 2015. Actual costs and Peyto's internal view of reserves for all wells. \$0.7MM is added to each well as a provision for 2015 Land, Seismic, Major Facilities and Pipelines

Peyto's Returns

High Returns On Your Capital And Equity

"Investors rarely get to participate in the wells themselves, making those economics somewhat meaningless. ROE and ROCE are the returns investors get, after deducting corporate costs."

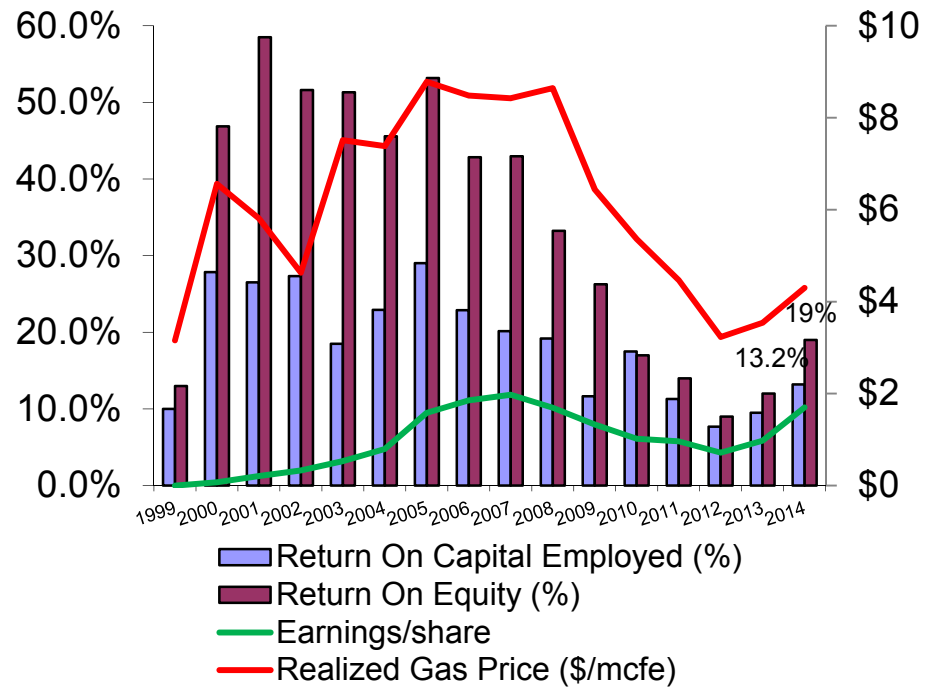


34%

16 yr Average ROE

18%

16 yr Average ROCE



Return on Equity (ROE) is earnings for the period divided by average shareholders equity – reveals how much profit a company generates with the money shareholders have invested (15 yrs 1999-2013)

Return on Capital Employed (ROCE) is earnings before interest and tax for the period divided by total assets less current liabilities - indicates the efficiency and profitability of a company's capital investments

Peyto's Future



2015 Outlook

More for less

"We expect to do a record amount of activity in 2015 but now with low oil prices driving lower service costs, expect we can accomplish it for up to 20% less than previous years."

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\$575M-
\$625M

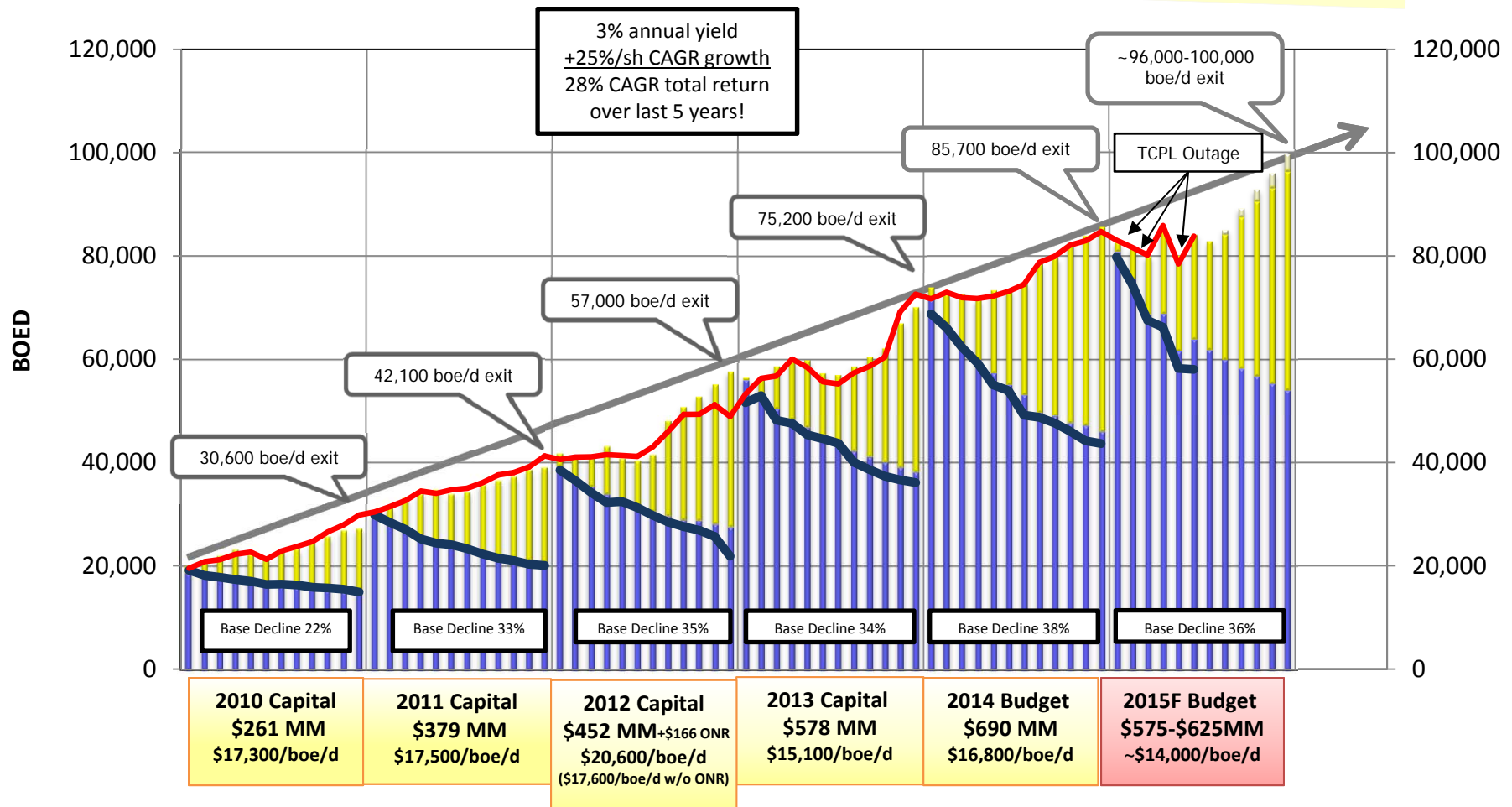
2015 Capital Program

- ✓ **Drill ~140 Gross Hz Wells**
(100% Hz-MSF, Liquids Rich Natural Gas)
- ✓ **Expand & Extract**
Increase Processing Capacity by ~120 mmcf/d
- ✓ **Increase**
Undeveloped Land Base
- ✓ **Shoot**
Seismic
- ✓ **Acquire**
Additional Opportunities and Partner Interests

2015 Outlook

Drill Our Way To 100,000 BOE/D!

"Our 2015 budget is the largest so far and assumes we will drill 142 gross (129 net) wells that add ~45,000 boe/d of new production."



2015 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."

2015 Goals*

PDP FD&A
\$/mcfe

~(\$1.80) —

Cash Costs
\$/mcfe

~(\$0.85)

Sales Price
\$/mcfe

\$4.10

35% Profit

~\$1.45

Dividend
\$/mcfe

\$1.10

- 20% service cost reduction
- Drilling off season
- Longer laterals, more stages
- Continuous operations
- Natural gas heated water
- Slow down facility pre-builds

- Chemical optimization
- Improving runtime
- Water handling/disposal
- Pad wellsite/automation
- Lock low interest rates

- Optimize liquids extraction
- Hedging
- AECO \$3/GJ & \$60/bbl CND

BOE factor - 6 mcfe = 1 bbl of oil equivalent

* 2015 goals are not budgeted expectations

Peyto's Future

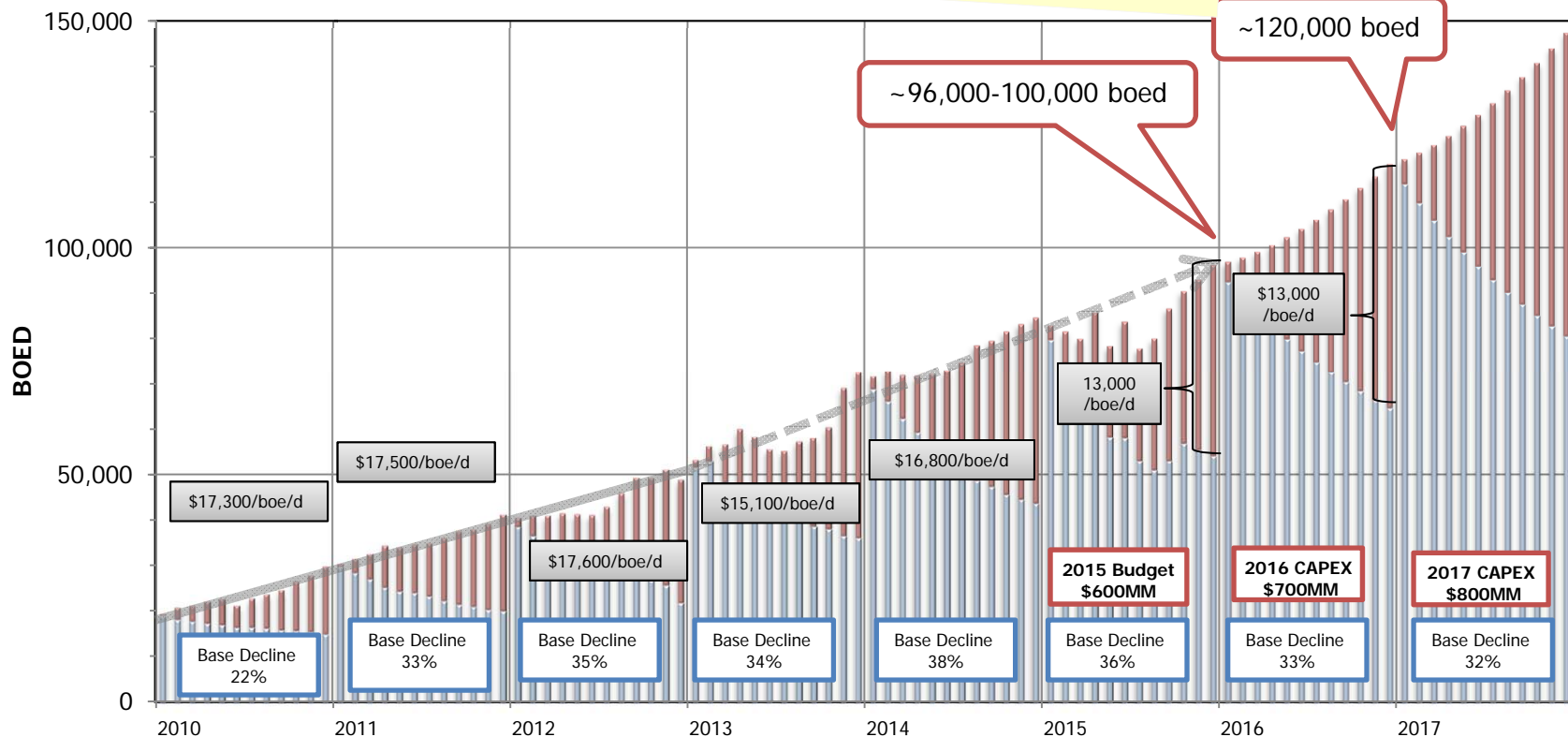
Where to from here?

"It's rather astonishing to think that a company of ~50 employees could drill their way from 20,000 to 150,000 boes/d, deploying over \$5B!"

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@\$20/boe netback using \$3/GJ AECO, \$50/bbl CND

Year	Annual Prod.	FFO	CAPEX	Dividend	Net Debt	Debt to FFO	# locations
2014	76,372 \$	663 \$	690 \$	175 \$	1,009	1.5	123
2015	84,817 \$	619 \$	600 \$	208 \$	1,033	1.7	130
2016	106,199 \$	775 \$	700 \$	208 \$	1,166	1.5	140
2017	131,643 \$	961 \$	800 \$	208 \$	1,213	1.3	160
		3,018 \$	2,790 \$	799			553

*Out of 1,984 currently

* 2015 and beyond provided for illustration only. Budgets and forecasts beyond 2015 have not been finalized and are subject to change due to a variety of factors including but not limited to prior year's results. FFO – Funds from Operations, see definition in Financial Reports. Future illustration derived from historical well performance and cost assumptions.

Peyto Profile



- ✦ TSX Listing: PEY
- ✦ Shares Outstanding: 159 million, 4% insiders (as of Feb. 5/14)
- ✦ Monthly Dividend: \$0.11/share (incr. from \$0.10 effective Nov/14)
- ✦ Current Production: 0.54 BCFe/d (90,000 boe/d)
- ✦ YE 2014 2P Reserves: 3.2 TCFe (531 mmboes)
- ✦ Q2 2015 Net Debt: \$0.420 billion (senior unsecured notes, 7-10 yr, 3.79-4.88% CAD)
\$0.514 billion (revolving bank debt, \$1.0B unsecured facility)
\$0.934 billion
- ✦ Bank Lines: \$1.42B total capacity
- ✦ Enterprise Value: \$5.7 billion (\$30/share)
- ✦ Full Time Employees: 49

Appendix



- ☀️ Peyto's Assets
- ☀️ Quarterly Track Record
- ☀️ Tax Pools
- ☀️ Payout
- ☀️ Hedging Strategy
- ☀️ Gas Marketing
- ☀️ FAQ

Peyto's Assets

Geographically Focused Core Areas

"Peyto operates 99% of its production and processes 97% of that production through its nine owned and operated gas plants. Concentration and control are how you achieve low costs."

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Corporation & Development Corp.

97%

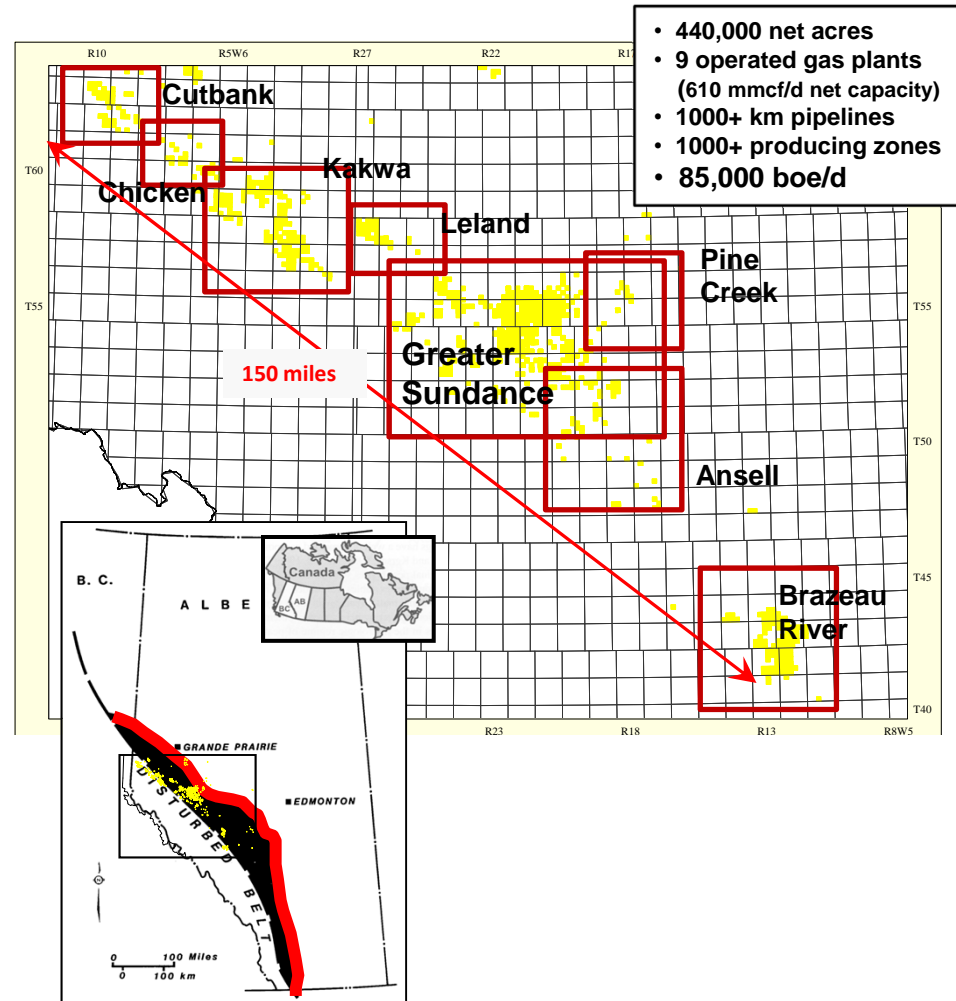
Processed by Peyto

99%

Operated by Peyto

97%

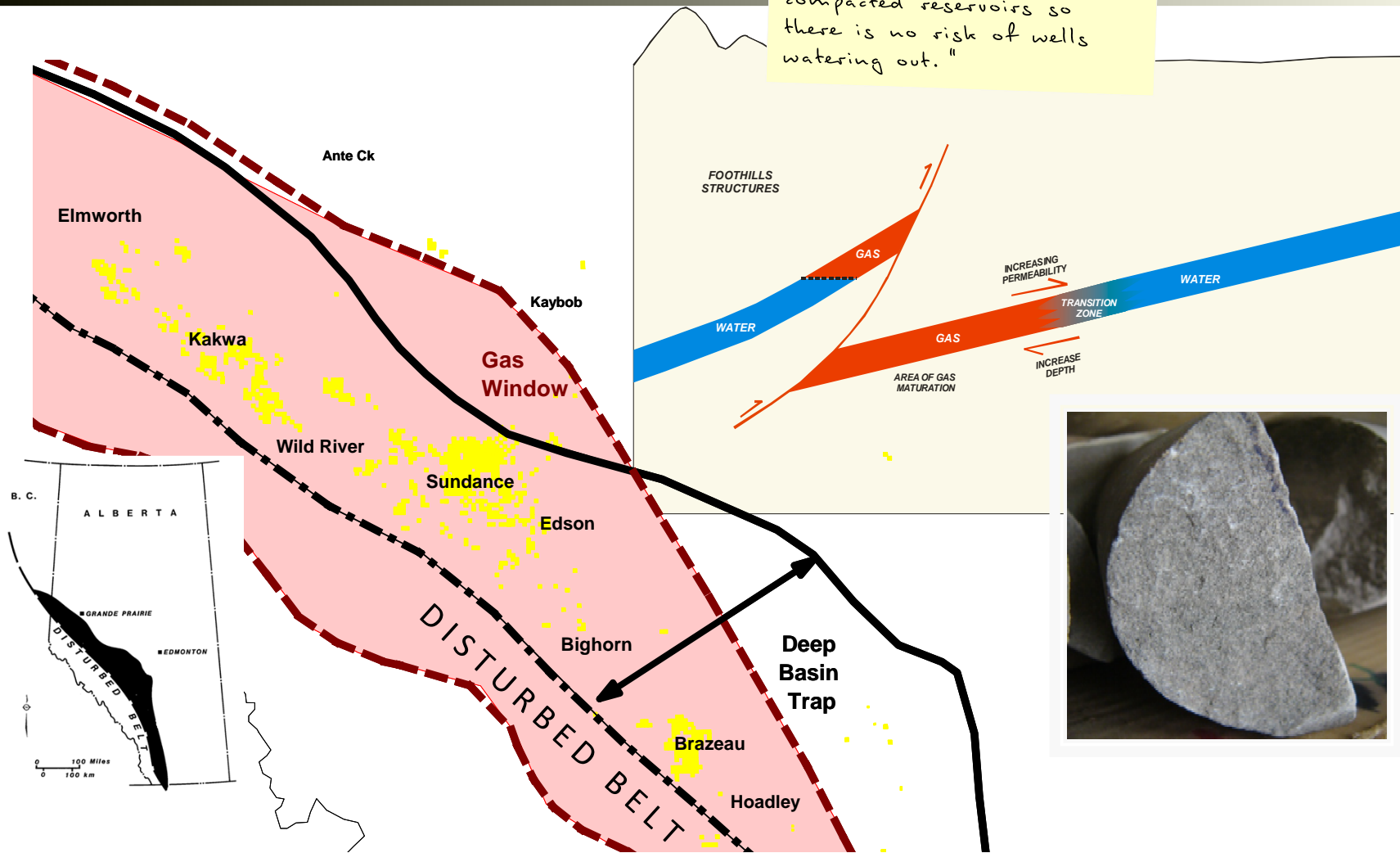
Interest in 9 Processing Facilities



Peyto's Assets

Deep Basin Permeability Segregation

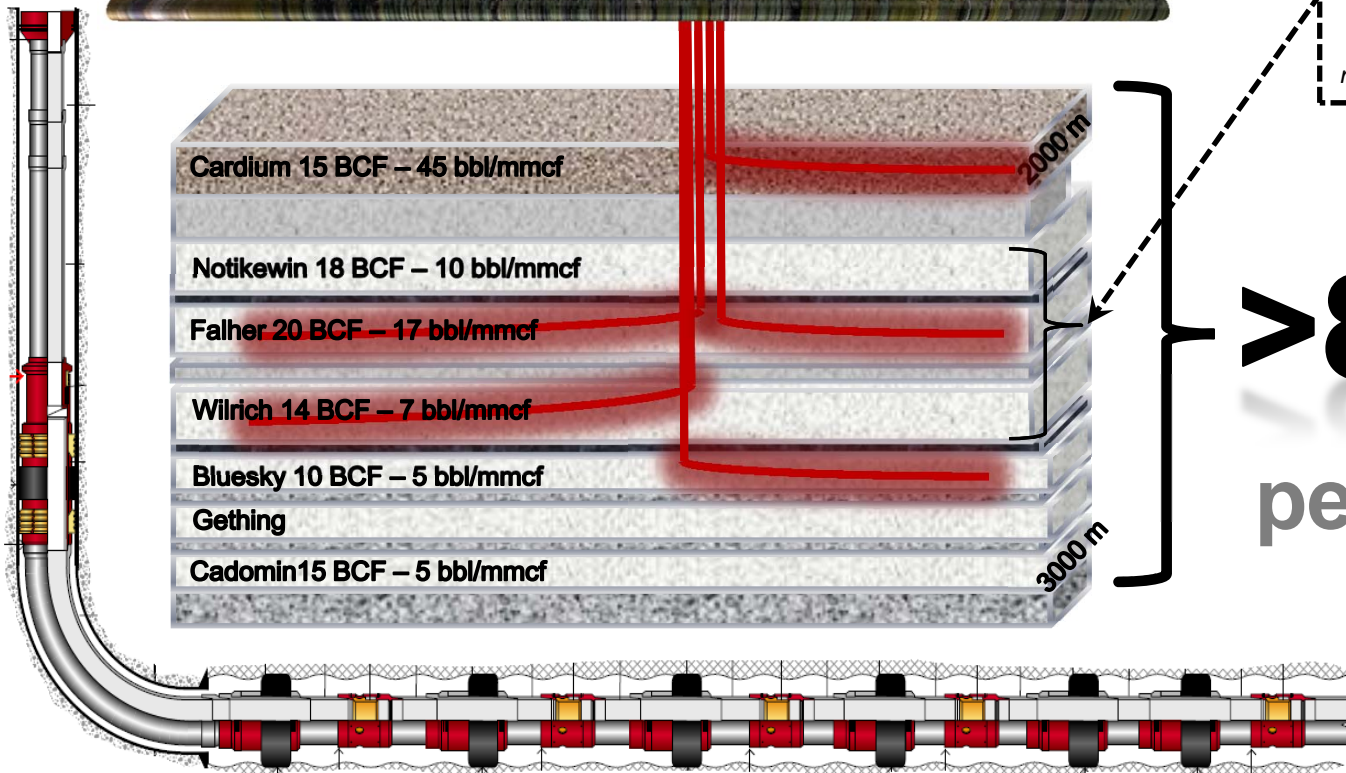
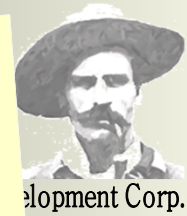
"The Deep Basin is a permeability trap, because the fluids in the updip position can't travel through these fine grained, tightly compacted reservoirs so there is no risk of wells watering out."



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."



Detailed Petrophysical work on the Spirit River sands revealed >30% more reserves per section

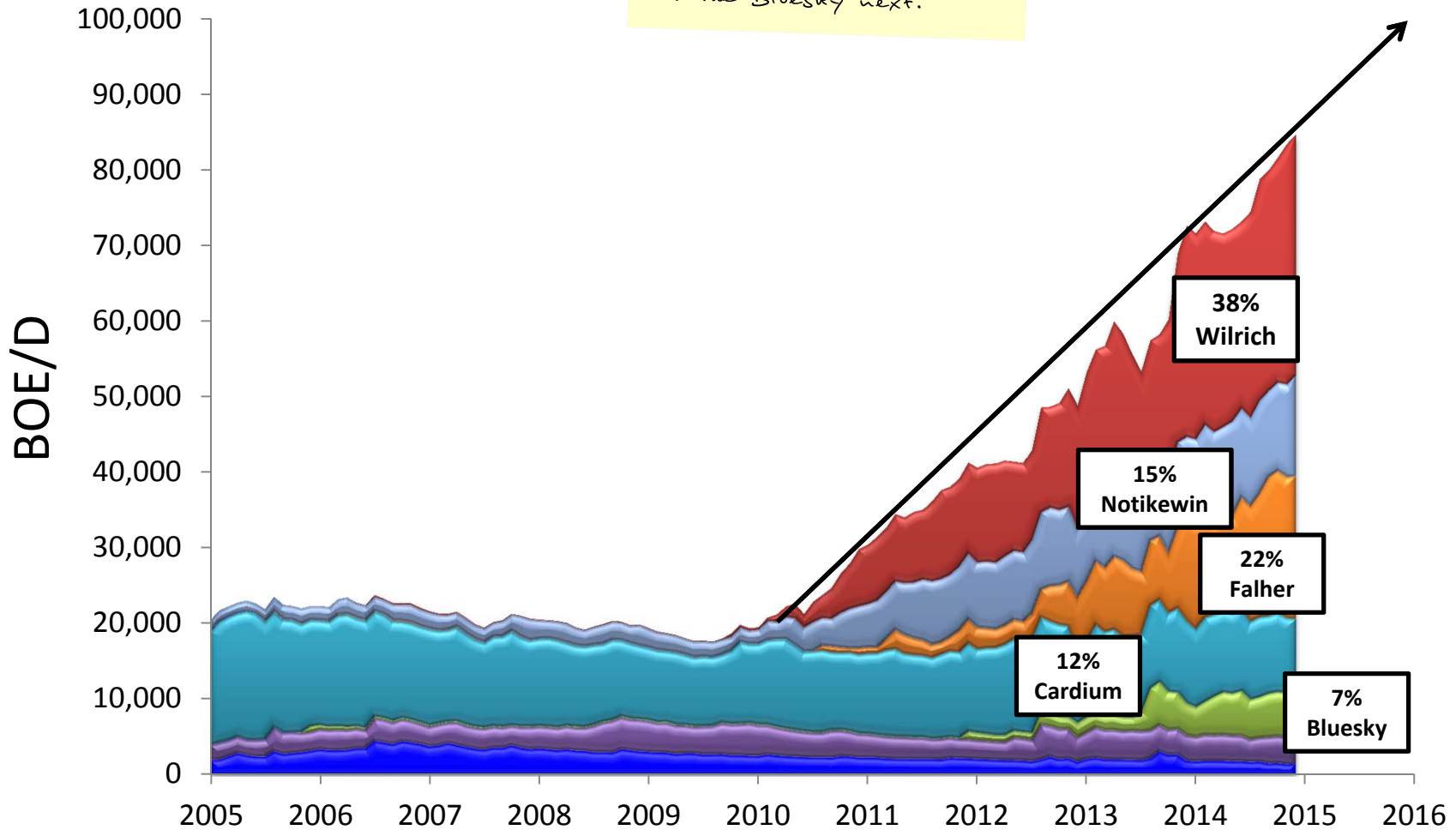
Up to **> 80 BCF** per section*

*NGL recoveries can increase by 15+ bbl/mmcft with deeper cutting processing facilities
Reserves are 2P recoverable in a section at 85% RF

Peyto's Assets

Production By Formation

"The Wilrich, Notikewin and Falher sands of the Spirit River Group have provided the majority of our growth since the implementation of horizontal MSF wells. Look for the Bluesky next."



Peyto's Assets

Deep Basin Lands Go A Long Way

"Peyto's land in the Deep Basin is more potent due to the multiple stack formations which more than triples the drillable acreage. We add to that land each year through crown land sales."

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Exploration & Development Corp.



685

Net Peyto Sections

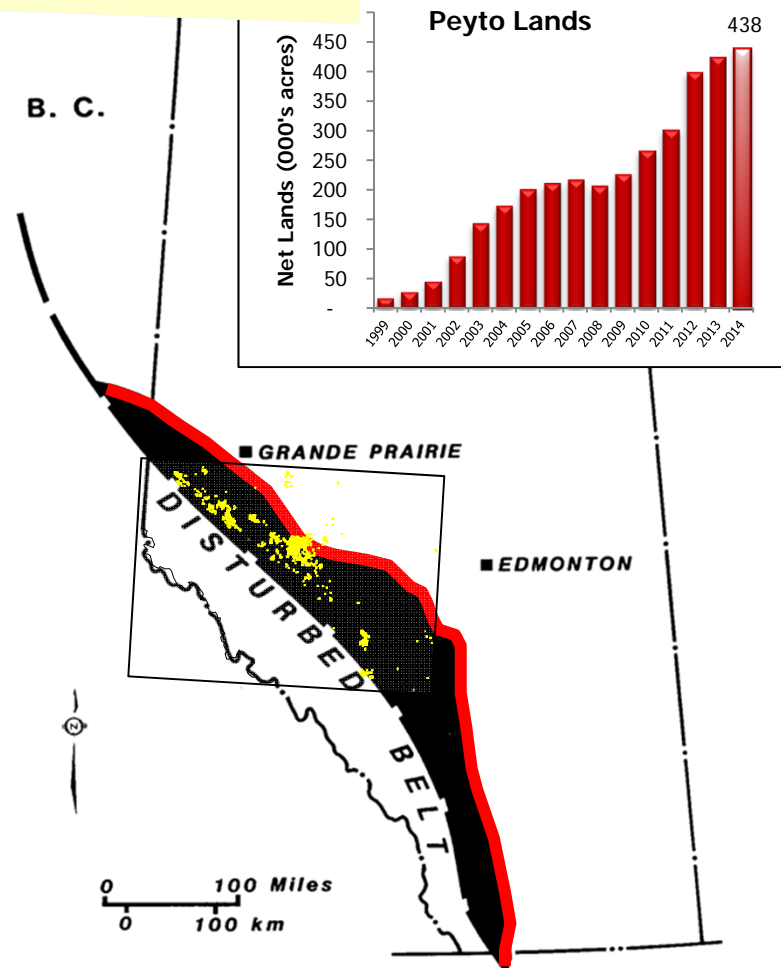
2,637

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

180

Net Sections for 2.0 TCF_e of PD EUR*

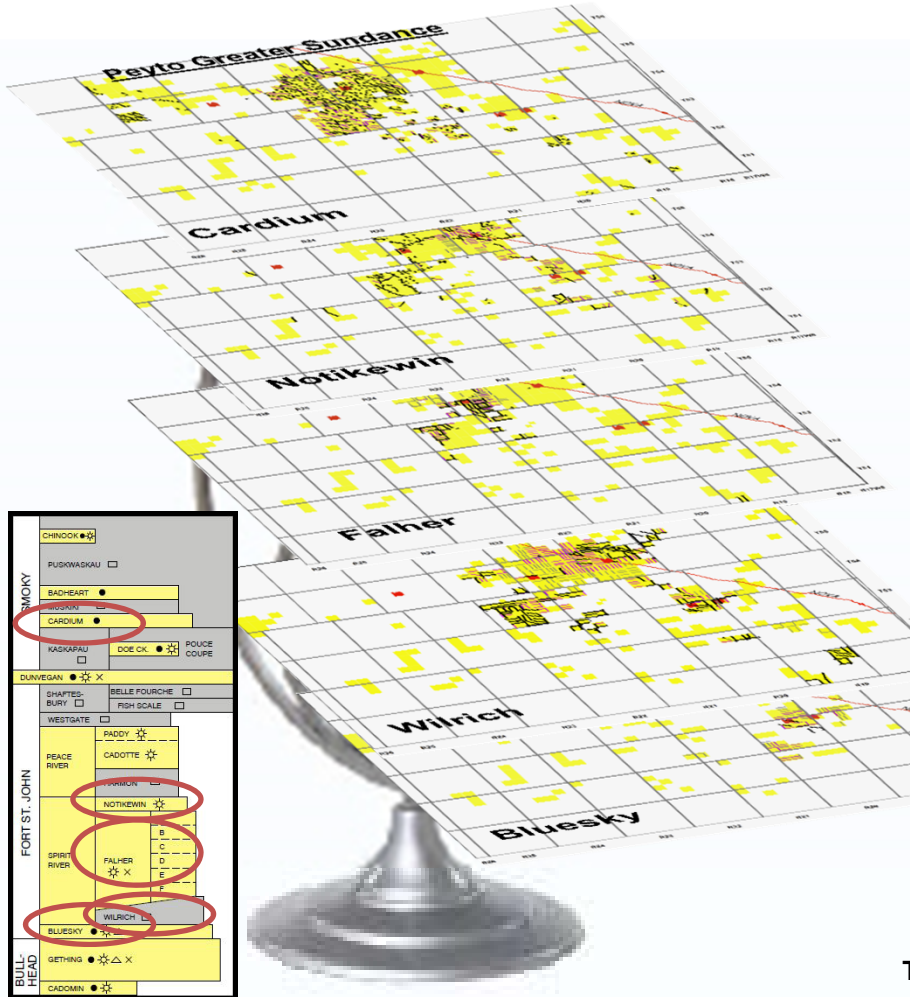
TCF_e of PD EUR – Trillion Cubic Feet equivalent of Proven Developed Estimated Ultimate Recoverable
*Based on InSite Petroleum Consultants Dec 31, 2014 Reserve Report.
Lands at Dec 31, 2014



Peyto's Assets

3-Dimensional Land Base Holds Large Potential

"Over 87% of Peyto's land base remains unbooked and undeveloped and that's even after the next 747 locations are drilled. We are really just scratching the surface of our potential."



Cardium (357,618 net acres)
 9.5% of land developed in 466 Vt/HZ producers (70 acres/well)
 4.4% of land booked in 176 Hz locations (90 acres/well)
 86% of land remains potential (307,859 net acres)

Notikewin (244,435 net acres)
 7.2% of land developed in 189 Vt/HZ producers (95 acres/well)
 5.1% of land booked in 118 Hz locations (100 acres/well)
 88% of land remains potential (214,361 net acres)

Upper Falher (240,933 net acres)
 2.2% of land developed in 49 Vt/HZ producers (100 acres/well)
 1.6% of land booked in 41 Hz locations (90 acres/well)
 96% of land remains potential (231,739 net acres)

Middle Falher (240,933 net acres)
 1.7% of land developed in 53 Hz producers (80 acres/well)
 2.8% of land booked to 90 Hz locations (75 acres/well)
 96% of land remains potential (230,300 net acres)

Wilrich (239,973 net acres)
 13.3% of land developed in 194 Hz producers (165 acres/well)
 16.9% of land booked in 256 Hz locations (160 acres/well)
 70.0% of land remain potential (167,282 net acres)

Bluesky (184,078 net acres)
 4.6% of land developed in 47 Vt/HZ producers (180 acres/well)
 4.6% of land booked to 45 Hz locations (190 acres/well)
 91% of land remains potential (167,160 net acres)

Total of 6 zones: 1,507,970 net acres – 2,356 net sections
(101,394) net acres developed (6.7%)
(87,946) net acres booked as PU or PA (5.8%) 34
1,318,630 net acres remaining (87.5%)

*Based on InSite Petroleum Consultants Dec 31, 2014 Reserve Report.
 Total Peyto Lands at December 31, 2014

Peyto's Assets

Large Hz MSF Inventory

"Peyto has developed 2.3 TCFe using vertical and now horizontal wells. But there is a lot more to do. More than 15 years worth of drilling inventory."



	<u>Done¹</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 ●✱				
PUSKAWASKAU □				
BADHEART ●				
MUSKIKI □				
CARDIUM ●				
KASKAPAU □				
DOE CK ●✱				
POLICE COUPE				
DUNVEGAN ●✱ X	5	1	5	13
SHAPTES-BURY □				
BELLE FOURCHE □				
FISH SCALE □				
WESTGATE □				
PADDY ✱	1			20
CADOTTE ✱				14
HARMON □				
PEACE RIVER				
NOTIKEWIN ✱	90	71	118	62
A	7	39	41	20
B				
C				
D				
E				
F				
SPIRIT RIVER			90	292
FALHER ✱ X				16
WILRICH □	14	183	256	155
BLUESKY ●✱△	4	28	45	58
BULL-HEAD				
GETHING ●✱△ X	12	2		
CADOMIN ●✱	87	2	16	216
TOTAL	652	449	747	1,237

1. Drilling to Dec 31, 2014

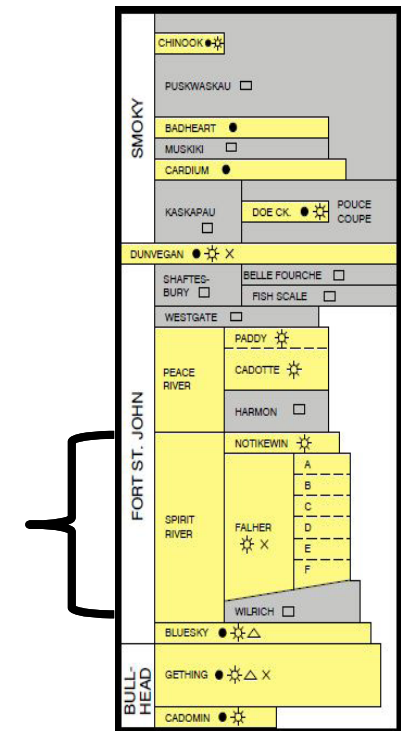
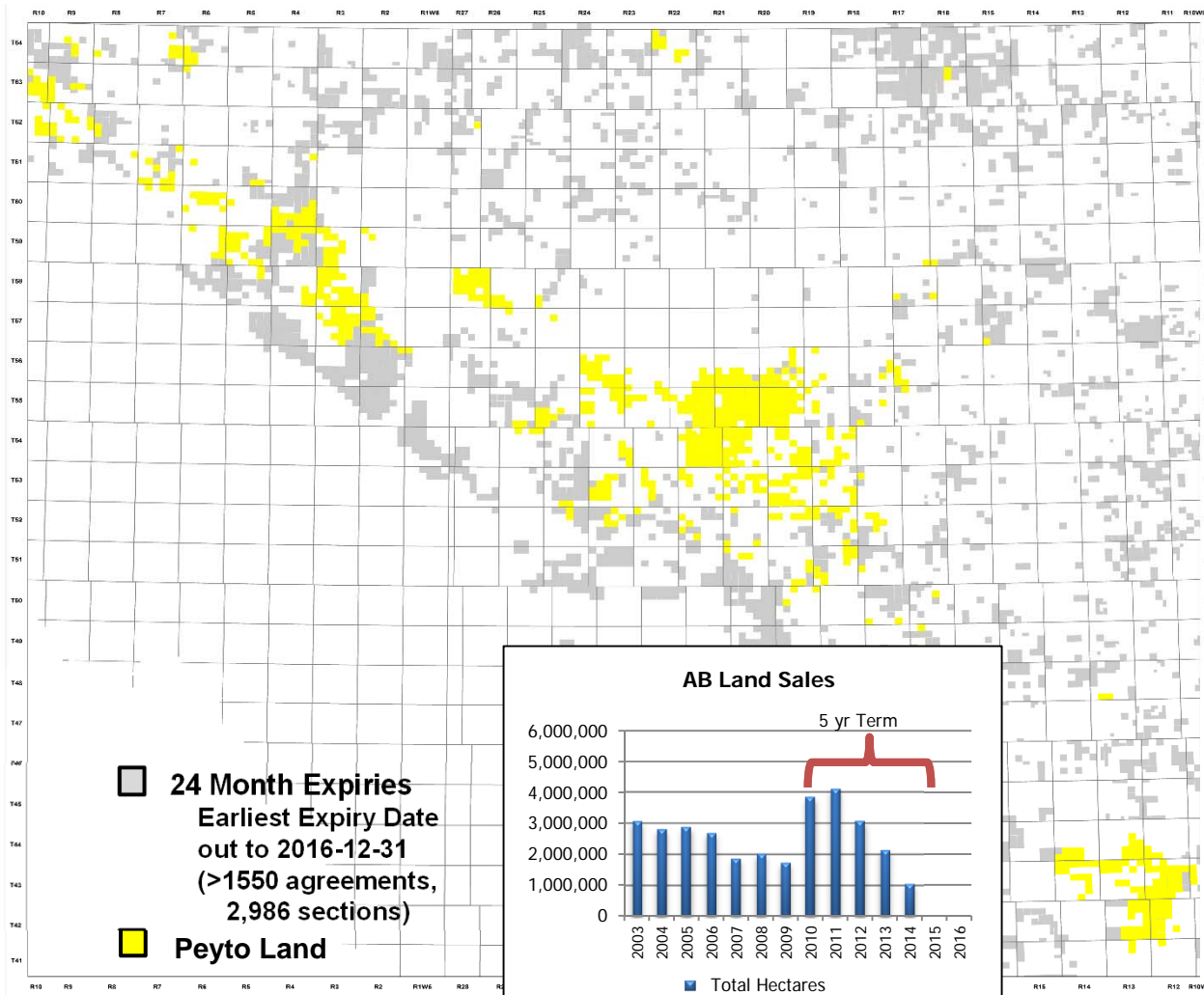
*As recognized in the IPC independent reserve report dated Dec. 31, 2014

Over 1,984 locations

Peyto's Assets

Spirit River Group Potential Land Expiries

"2010/11 were big land sale years in Alberta. Now, 5 yrs later those lands are potentially coming up for expiry. That translates into opportunity for Peyto."



Peyto's Assets

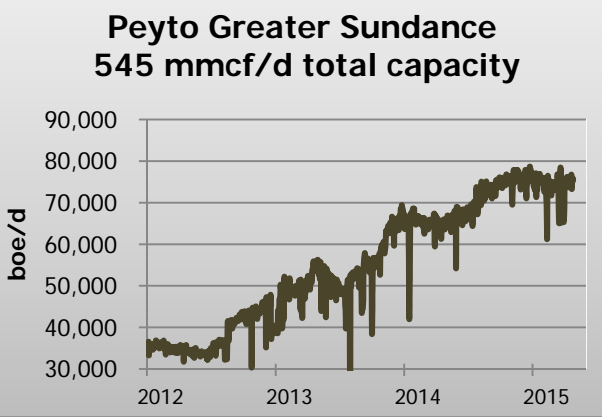
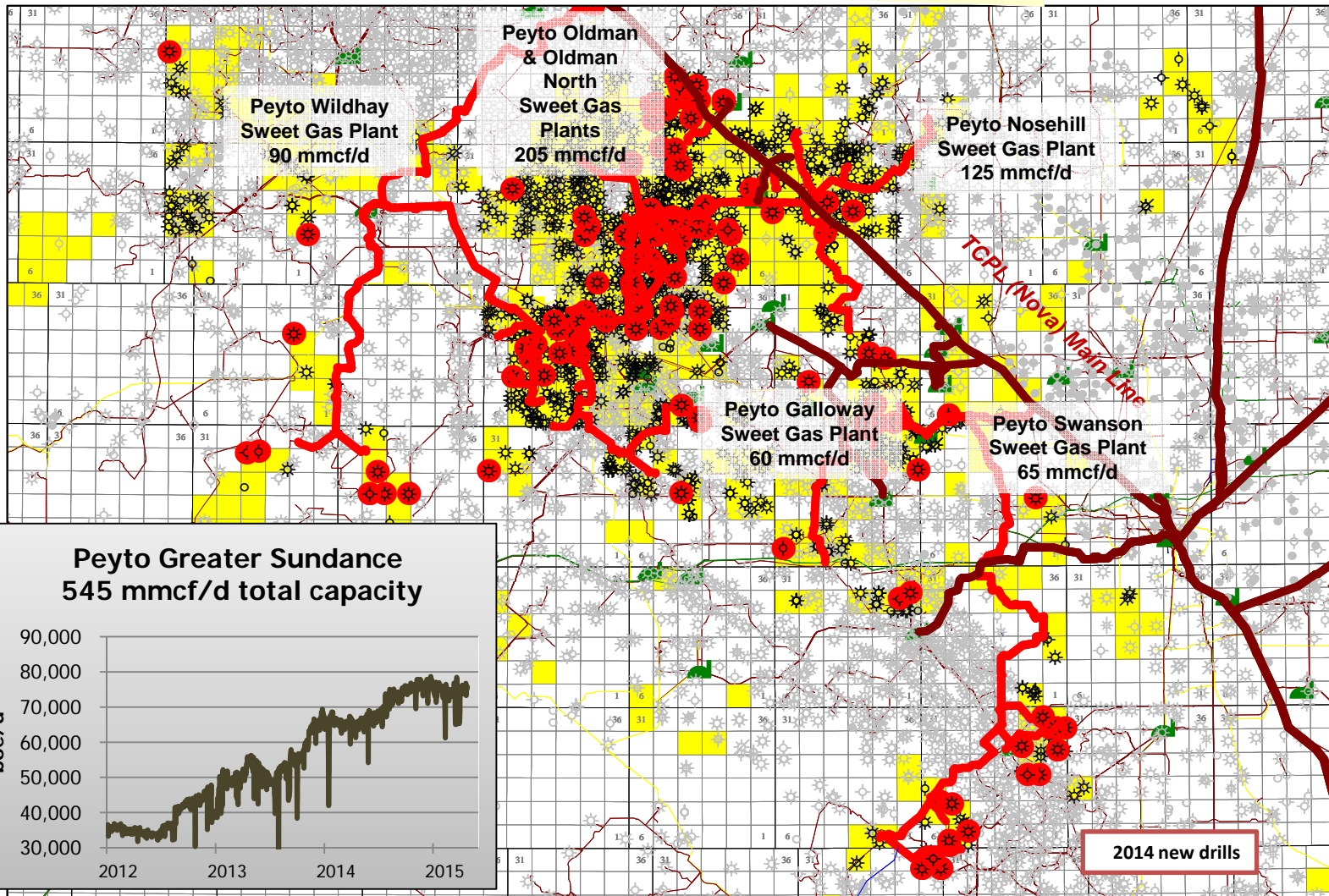
Greater Sundance Area

"The Greater Sundance Area continues to grow, much like a city with new subdivisions and infrastructure."

PEYTO



Exploration & Development Corp.



Peyto's Assets

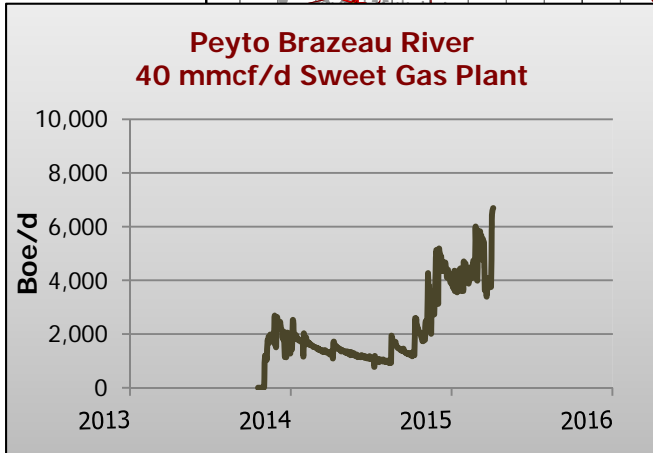
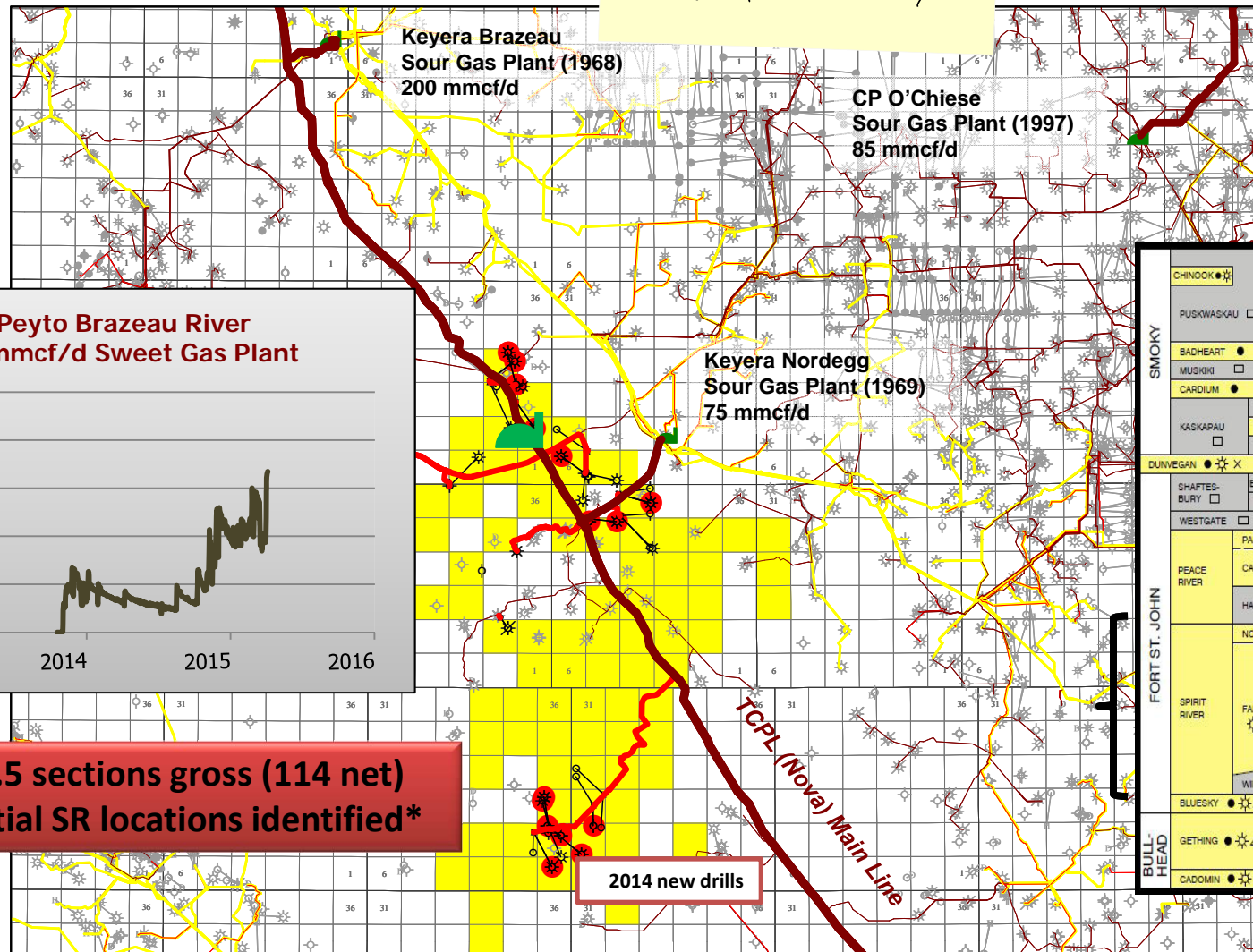
Brazeau River Area

"The new Brazeau area is well positioned on the TCPL system and existing roadways. Peyto's new sweet facility is a much cheaper solution than old, sour gas plants nearby."

PEYTO



Exploration & Development Corp.



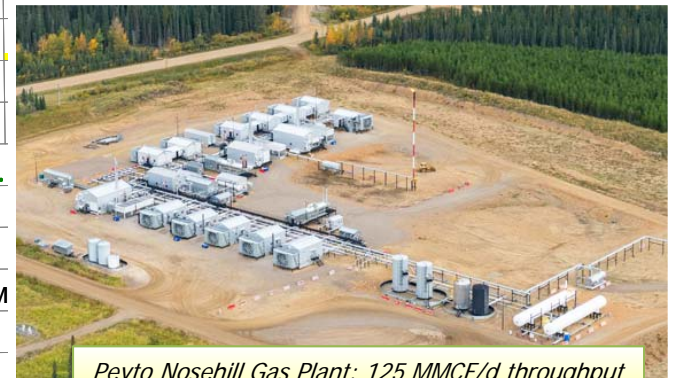
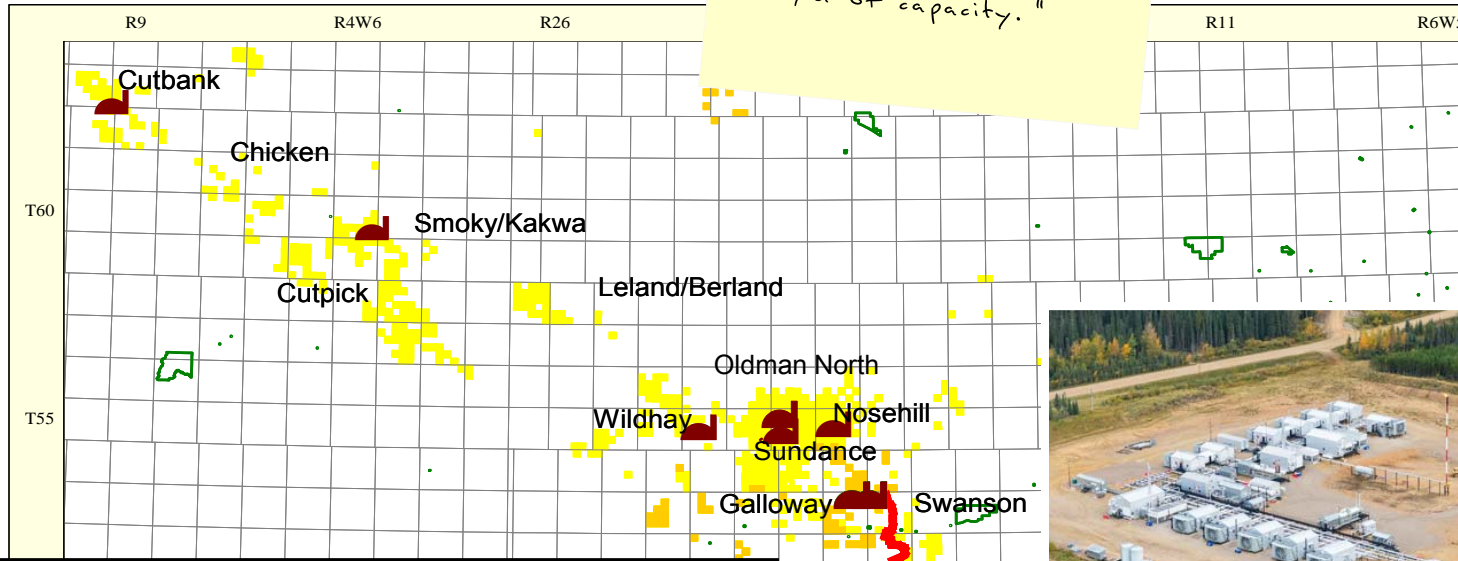
**Land: 115.5 sections gross (114 net)
>275 potential SR locations identified***

* Locations are internally identified from Peyto's geological /geophysical mapping

Peyto's Assets

Facility Ownership and Control

"2015 budget includes expansion work at 3 of Peyto's gas plants. In total, that will be 9 plants with over 0.75 BCF/d of capacity."



Peyto Nosehill Gas Plant: 125 MMCF/d throughput

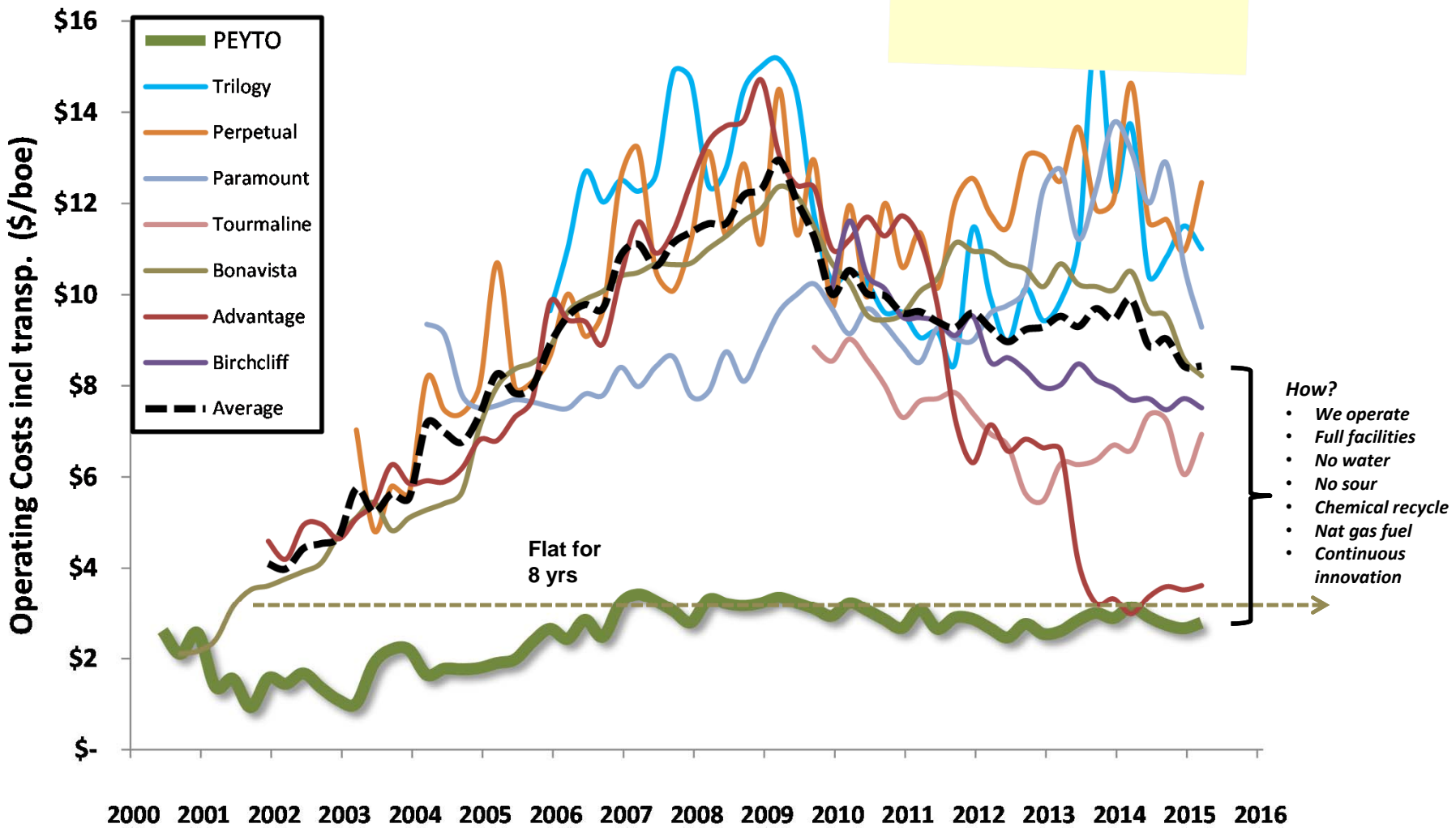
Peyto Gas Plants

	<u>YE 2013</u>	<u>YE 2014</u>	<u>YE 2015</u>	<u>WI</u>
1 Oldman	125 mmcf/d	125 mmcf/d	125 mmcf/d	100%
2 Nosehill	125 mmcf/d	125 mmcf/d	125 mmcf/d	100%
3 Wildhay	70 mmcf/d	90 mmcf/d	110 mmcf/d	100%
4 Galloway	60 mmcf/d	60 mmcf/d	60 mmcf/d	69%
5 Oldman North	30 mmcf/d	80 mmcf/d	100 mmcf/d	100%
6 Kakwa	35 mmcf/d	35 mmcf/d	35 mmcf/d	100%
7 Swanson	50 mmcf/d	65 mmcf/d	105 mmcf/d	100%
8 Brazeau	20 mmcf/d	40 mmcf/d	80 mmcf/d	100%
9 Cutbank	10 mmcf/d	10 mmcf/d	10 mmcf/d	100%
Total	525 mmcf/d	630 mmcf/d	750 mmcf/d	98%

Peyto's Assets

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!"



- How?
- We operate Full facilities
 - No water
 - No sour
 - Chemical recycle
 - Nat gas fuel
 - Continuous innovation

BOE factor - 6 mcf = 1 bbl of oil equivalent
 Operating costs include transportation. (Advantage op costs include \$0.25/mcf reported transportation costs)

Quarterly Track Record



	2015		2014					2013					2012				
	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Operations																	
<u>Production</u>																	
Oil & NGLs (bbl/d)	6,843	7,456	7,632	8,077	7,502	7,568	7,375	6,376	6,984	6,295	6,374	5,840	4,778	5,286	5,236	4,480	4,101
Natural gas (mcf/d)	455,443	444,794	412,441	451,044	420,538	388,407	389,002	317,622	361,870	300,286	310,621	297,191	238,490	266,808	244,794	221,176	220,811
Barrels of oil equivalent (boe/d)	82,750	81,588	76,372	83,251	77,592	72,302	72,209	59,313	67,296	56,343	58,144	55,372	44,526	49,754	46,035	41,343	40,903
Year over Year % Growth	14%	13%	29%	24%	38%	24%	30%	33%	35%	22%	41%	35%	26%	26%	27%	20%	30%
<u>Average Product Prices</u>																	
Oil & NGLs (\$/bbl)	43.54	37.03	70.68	55.47	71.01	77.30	80.49	70.97	69.84	70.91	67.82	75.88	73.92	73.01	68.62	71.27	84.83
Natural gas (\$/mcf)	3.50	3.97	4.30	4.22	4.18	4.37	4.45	3.54	3.59	3.35	3.72	3.49	3.23	3.45	3.06	2.86	3.53
Operating expenses (\$/mcf)	0.46	0.47	0.48	0.44	0.46	0.49	0.52	0.47	0.48	0.49	0.47	0.43	0.44	0.42	0.46	0.41	0.45
Field Netback (\$/mcf)	3.22	3.52	4.19	4.02	4.12	4.32	4.39	3.65	3.67	3.49	3.77	3.67	3.46	3.62	3.29	3.16	3.75
Financial (\$000)																	
Revenue (net of royalties)	166,327	175,820	780,773	205,125	196,062	189,830	191,457	535,394	154,167	123,851	134,765	122,612	380,646	111,105	95,410	80,471	93,661
Funds from Operations ¹	135,195	144,643	662,787	173,437	166,988	161,577	160,785	437,737	125,164	99,736	109,987	102,612	308,865	90,078	76,918	64,732	77,645
Net earnings (loss)	12,295	44,513	261,778	68,597	68,893	62,159	62,129	142,627	37,989	30,461	37,773	36,405	93,951	25,823	23,058	18,201	26,868
Capital expenditures	116,643	138,077	690,389	179,697	180,024	151,290	179,378	578,003	154,295	180,801	73,809	169,099	617,985	156,847	317,089	45,924	98,632
Net Debt ²	934,262	1,064,491	1,009,508	1,009,508	937,611	880,386	838,495	946,542	946,542	862,864	746,094	749,546	662,461	662,461	683,540	519,328	512,627
Common shares outstanding (000)	158,985	153,921	153,860	153,860	153,691	153,691	153,691	148,949	148,949	148,759	148,759	148,759	148,519	148,519	143,886	138,486	138,312
Weighted average shares	158,118	153,853	153,231	153,231	153,691	153,691	151,826	148,738	148,759	148,759	148,759	148,673	141,094	145,450	142,069	138,399	138,312
Per share data (\$/share)																	
Funds from operations	0.86	0.94	4.33	1.13	1.09	1.05	1.06	2.94	0.84	0.67	0.74	0.69	2.19	0.62	0.54	0.47	0.56
Earnings (loss)	0.08	0.29	1.71	0.45	0.45	0.40	0.41	0.96	0.26	0.21	0.25	0.25	0.67	0.18	0.16	0.13	0.19
Dividends (Distributions)	0.33	0.33	1.14	0.33	0.30	0.28	0.24	0.88	0.24	0.24	0.22	0.18	0.72	0.18	0.18	0.18	0.18

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.

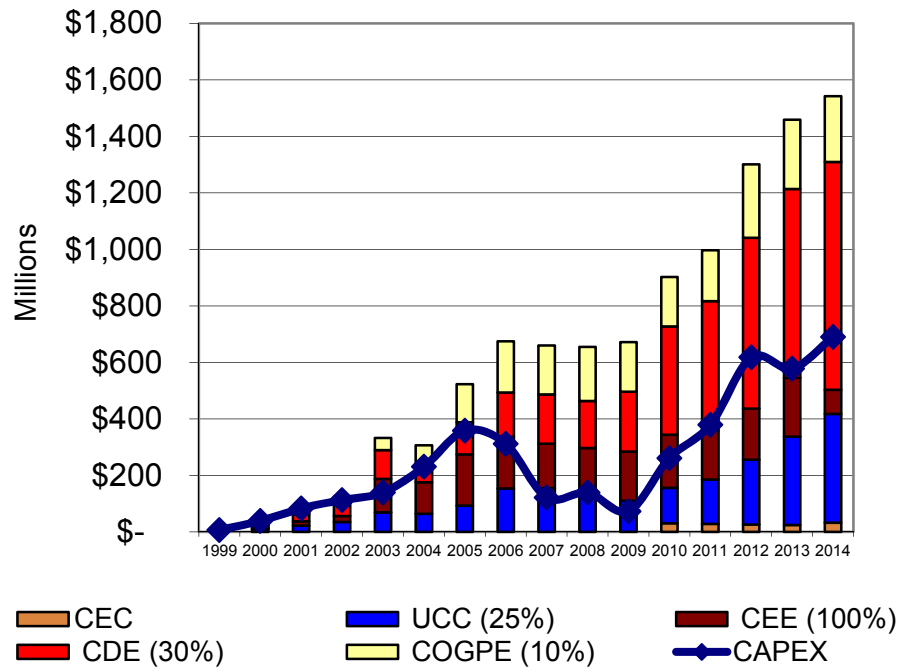
Organic Business Model

Peyto's Tax Pools

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



Development Corp.



\$1.5B

Federal Tax Pools
Q4/14

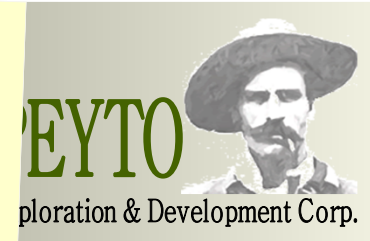
\$4.1B

Peyto Cum. CapEx
Q4/14

Peyto's Payout

Dividend Sustainability

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



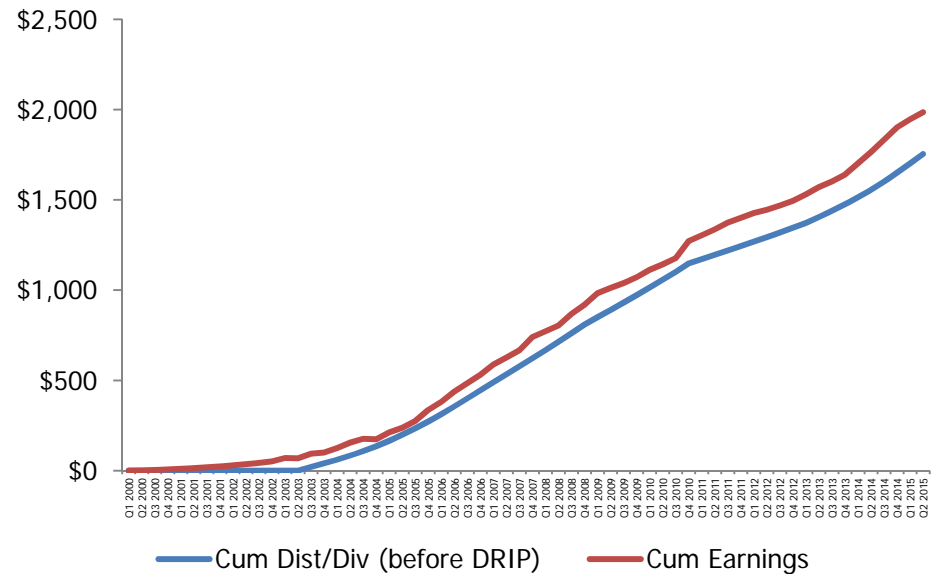
\$2.0B

Peyto Cum. Earnings
Q2/15

\$1.8B

Peyto Cum. Dist/Div.
Q2/15

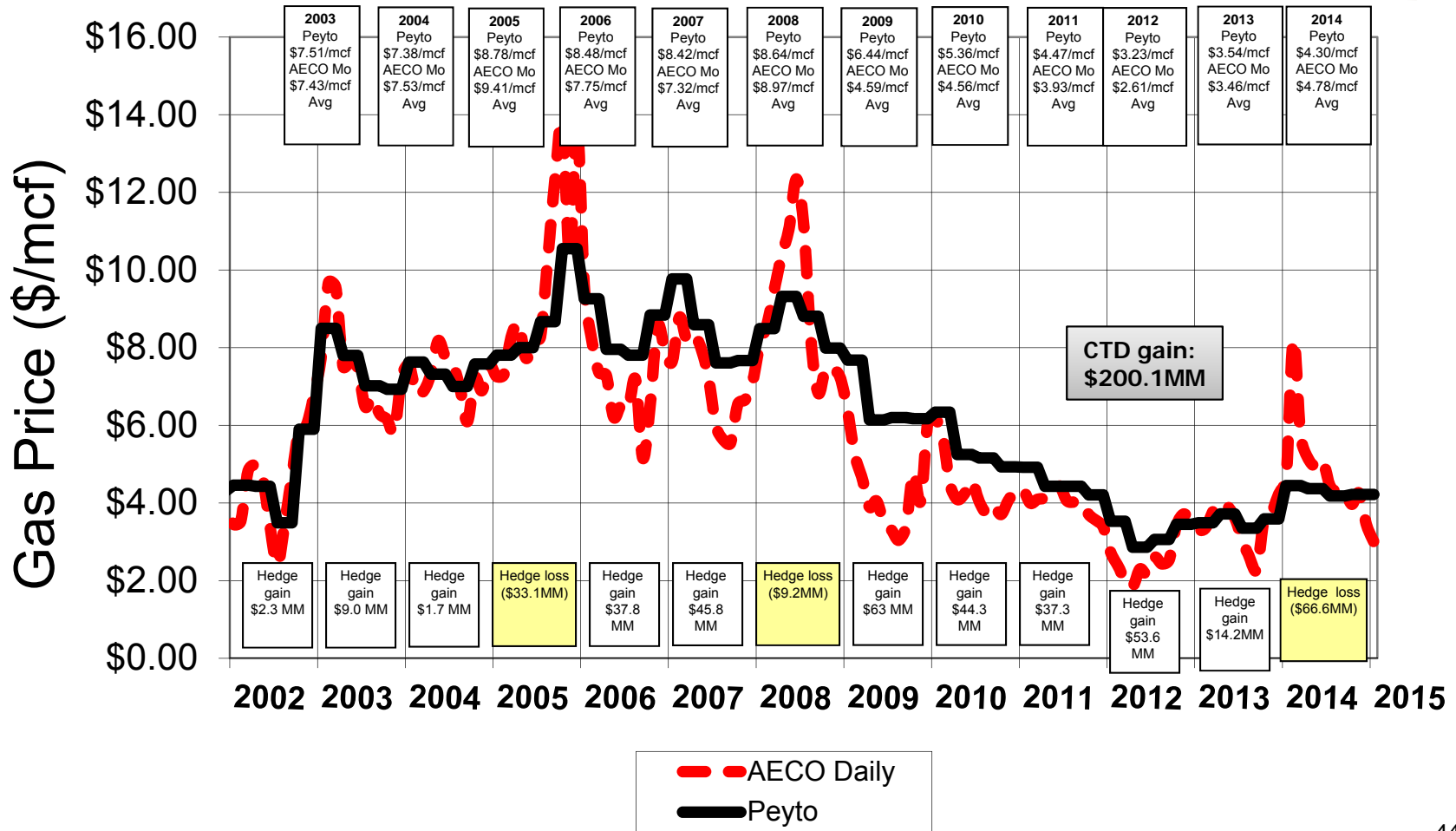
Peyto Dividend Sustainability



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 65% of gross production over a 24 month period."



FAQ

Frequently Asked Questions



1. Peyto has had some spectacular growth over the last five 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 four 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. Every day 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 16 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.