



The Peyto Story

A President's Perspective



The Peyto Story

17 Years Of Unmatched Success

"Peyto, and its shareholders, have enjoyed 17 years of unmatched success in the energy industry, making Peyto a very unique story in Canadian business history."

Corp.



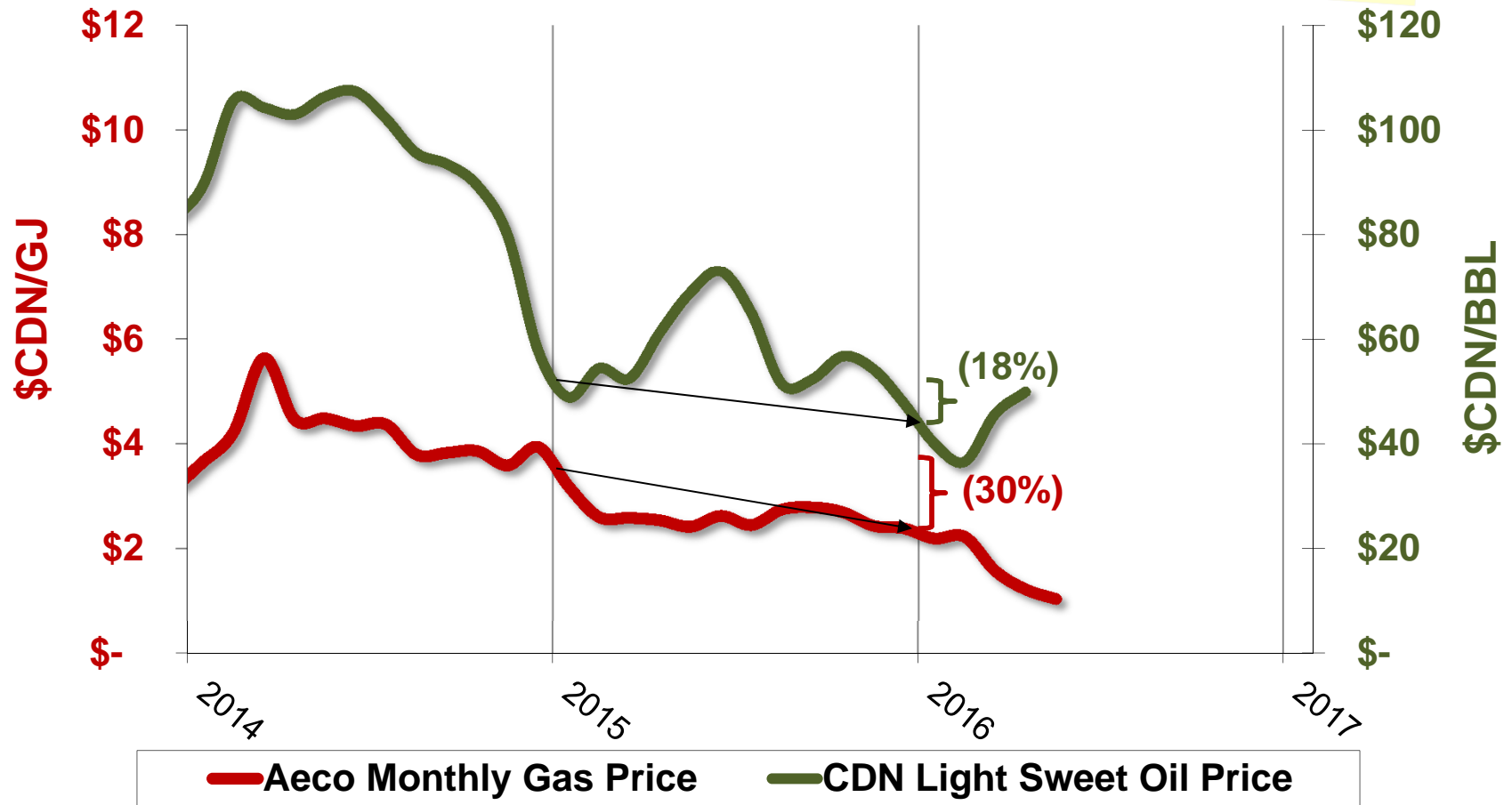
1998-2015

The Peyto Story

2015 Commodity Drop

"Both gas and oil prices continued their fall in 2015 making for a difficult year for the industry."


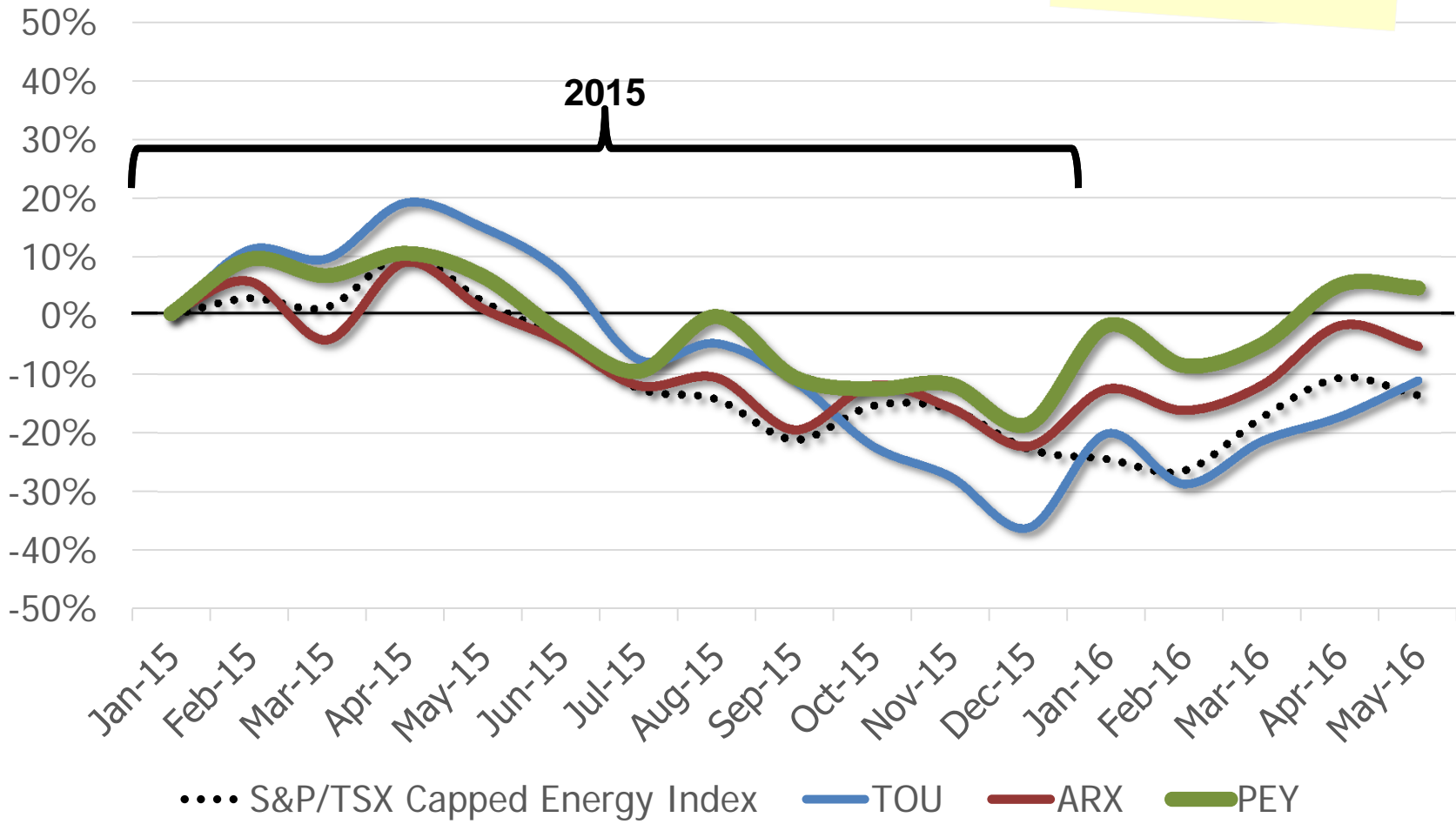
at Corp.



The Peyto Story

2015 Stock Markets

"Peyto fared better than most in the energy index over 2015."

Share performance includes dividends as applicable.

The Peyto Story

100,000 boe/d Milestone

PEYTO



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100,000

The Peyto Story

100,000 boe/d

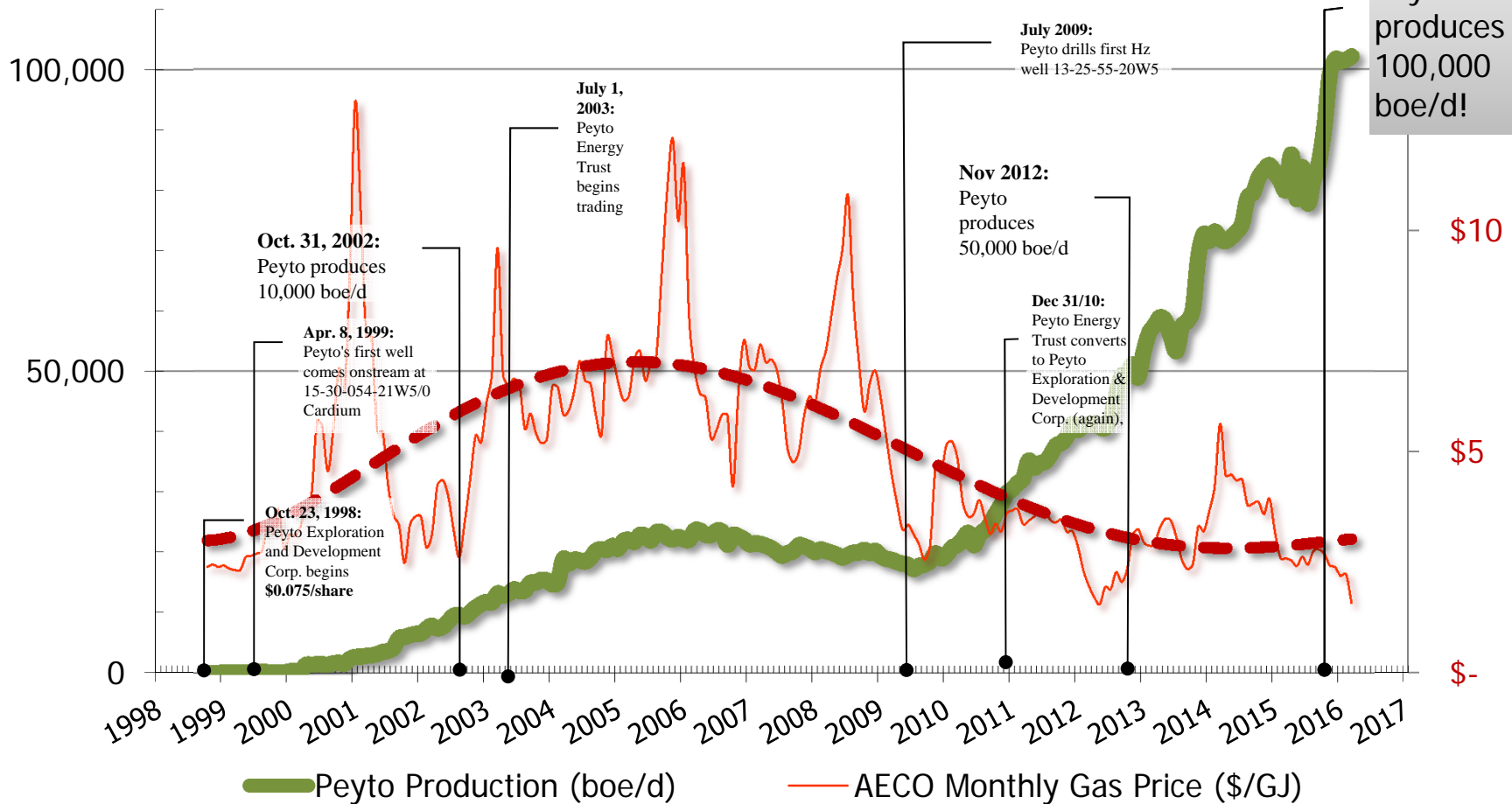
"Since year end 2013 production has doubled, cracking the 100,000 boe/d barrier in November of 2015."

PEYTO



Exploration & Development Corp.

Nov/15:
Peyto produces 100,000 boe/d!



The Peyto Story

\$2B Earnings Milestone



\$2,000,000,000

The Peyto Story

\$2B Earnings

"Peyto topped \$2B in cumulative earnings in 2015, the profits to date on \$4.7B of cumulative capital investment."

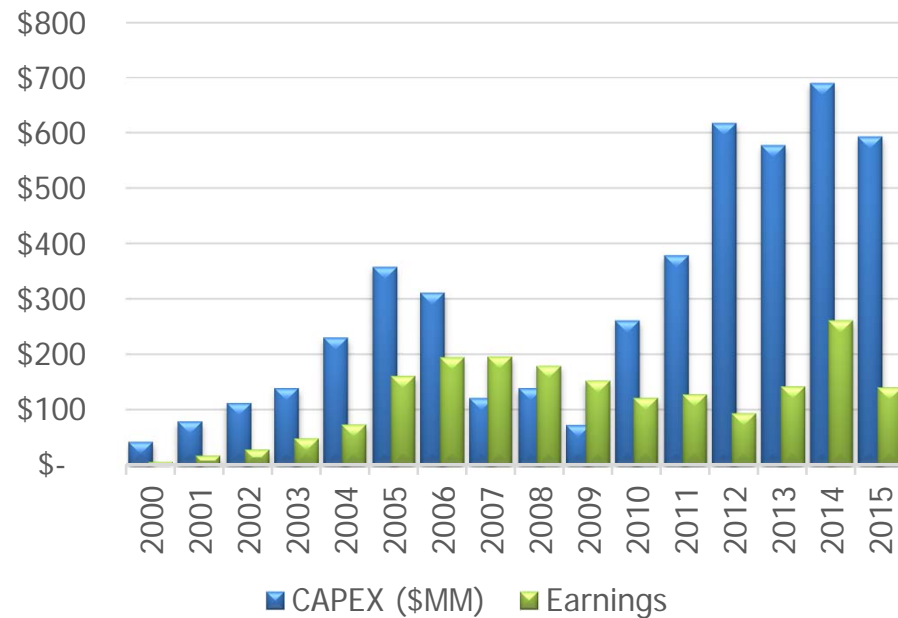


\$2.0B

Peyto Cum. Earnings
Q4/15

\$4.7B

Peyto Cum. Capital
Q4/15



The Peyto Story

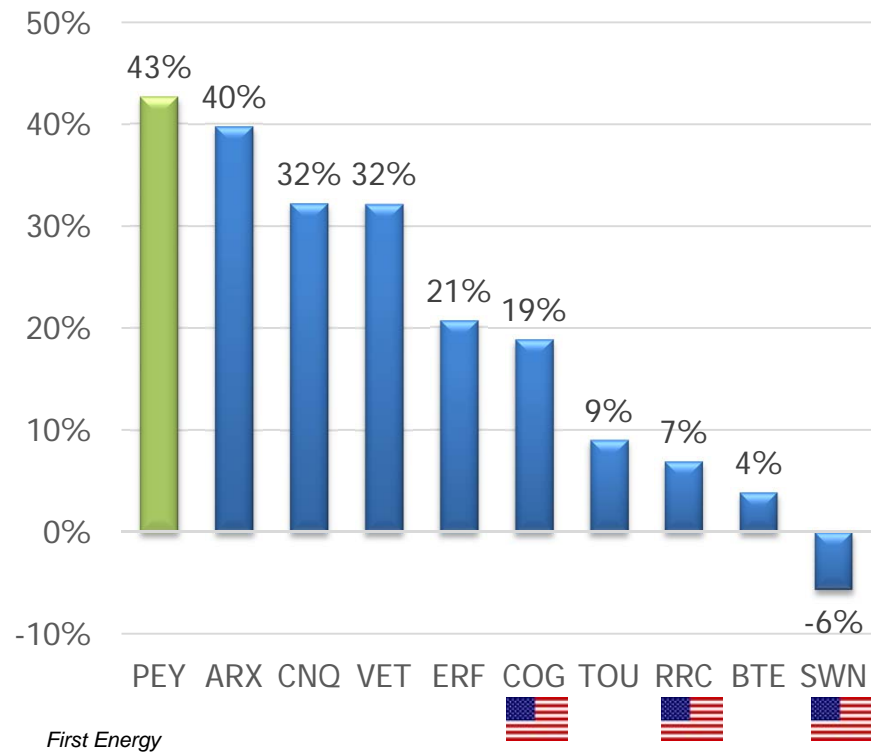
More Profit Per Dollar Of Capital

"Peyto has delivered the most profit per dollar of capital invested over the last 15 years."



43%

CTD Earnings/Capital
2000-2015



The Peyto Story

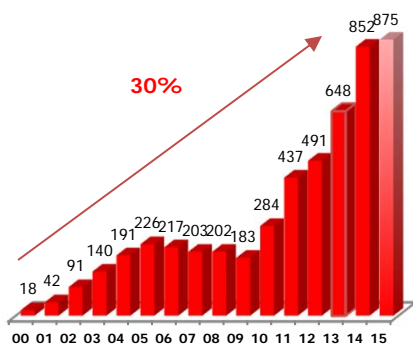
Profitably Grow Our Assets Per Share D&DA

"Our goal is to profitably grow our assets for shareholders. We ensure the growth is profitable by controlling our costs - all the costs to build it and produce it."

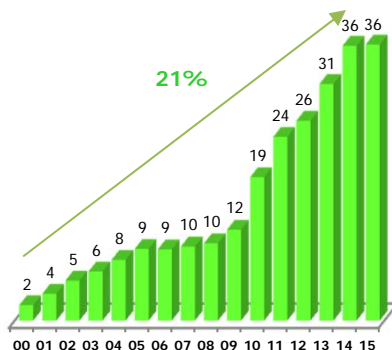


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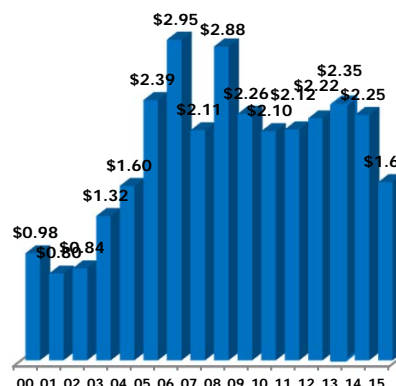
Production Growth
(boe/d/mm D&DA shares)



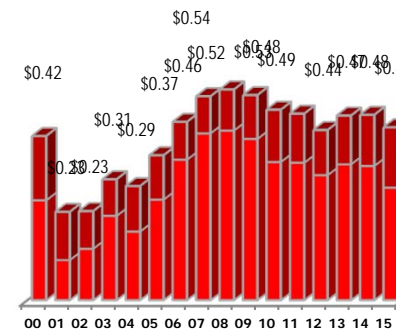
Reserves Growth
(2P Bcfe/mm D&DA shares)



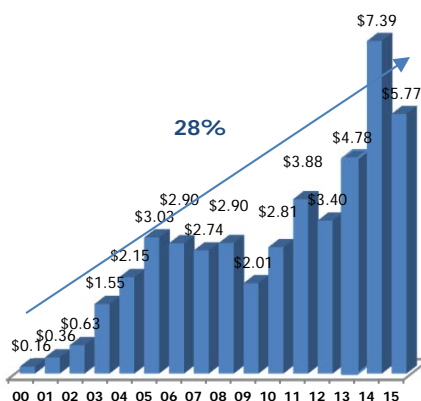
PDP FD&A
(\$/Mcf)



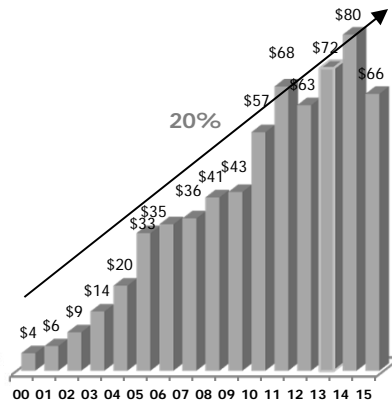
Operating Costs w/transportation
(\$/Mcf)



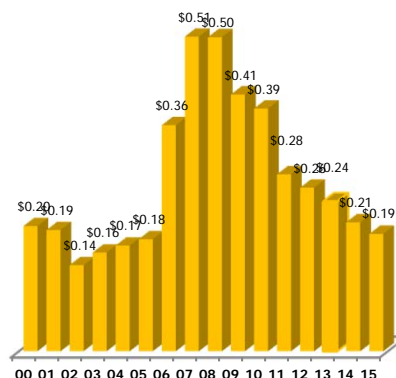
Funds from Operations
(\$/D&DA share)



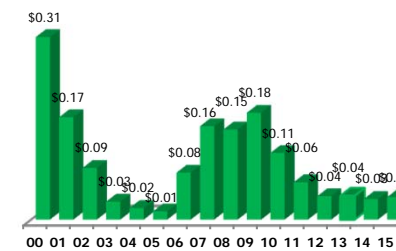
2P NPV₅
(\$/D&DA share)



Interest Cost
(\$/Mcf)



G&A
(\$/Mcf)



BOE factor - 6 mcf = 1 bbl of oil equivalent

Reserve and production volumes are before royalty deductions

Debt and Dividend adjusted assumes shares were sold or bought at the quarter end share price

The Peyto Strategy

What We Believe

"We believe natural gas offers an opportunity to create real value for our shareholders."

PEYTO

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- * *"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

Low Costs, High Margins

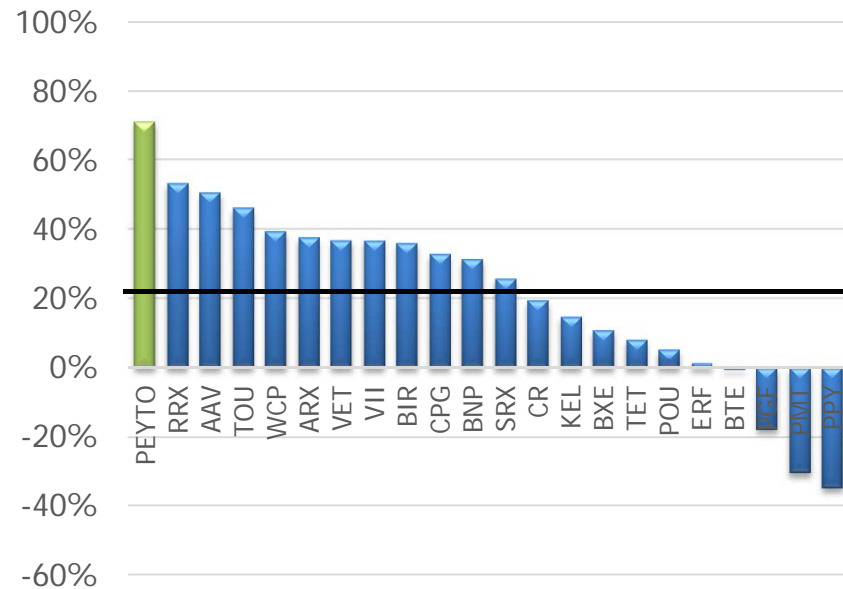
"Peyto's constant focus on costs translates into industry leading margins."

nt Corp.

71%

Unhedged FFO/Revenue
Q1 2016

Q1/16 Unhedged Operating Margin



Unhedged Operating Margin is defined as unhedged funds from operations ("FFO") divided by unhedged revenue adjusting both for realized commodity gains or losses

The Peyto Strategy

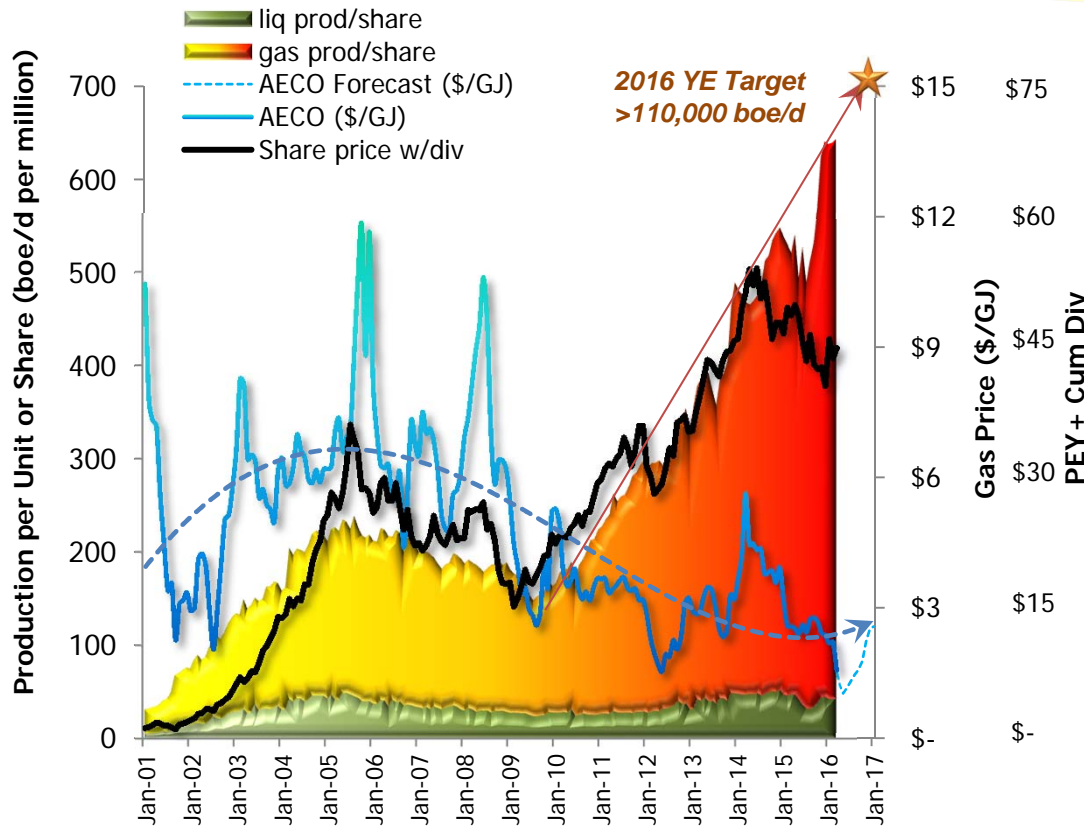
Counter Cyclical Growth Per Share

"Peyto invests aggressively when industry activity is slow and the costs are low (usually when the commodity prices are also low) to deliver superior returns. The result is more profitable growth."

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25%

6 Yr Prod/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

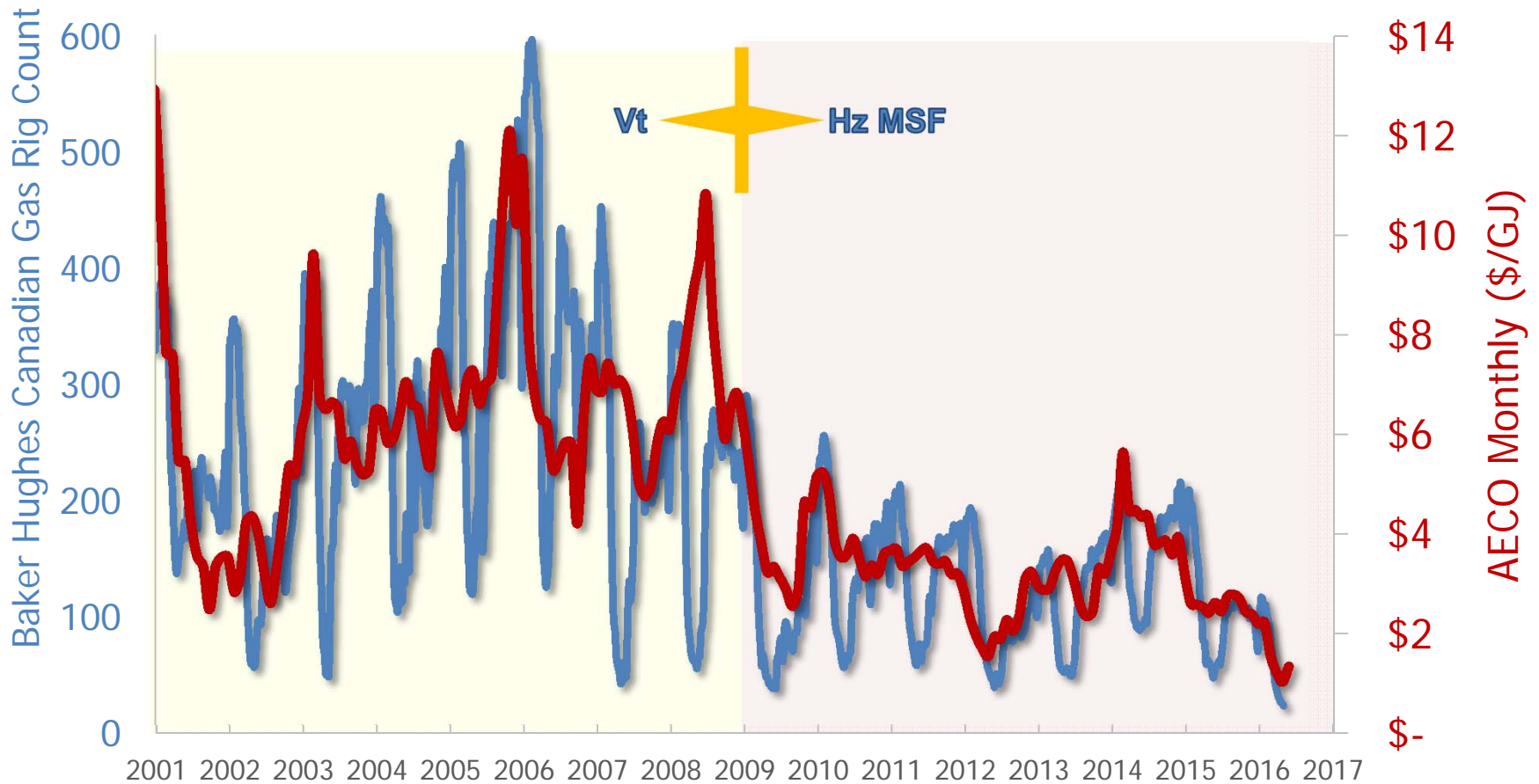
The Peyto Strategy

Canadian Gas Rig Count vs Gas Price

"Generally, the strong correlation between industry activity and commodity price remains today, even though most of the drilling is with new technology."



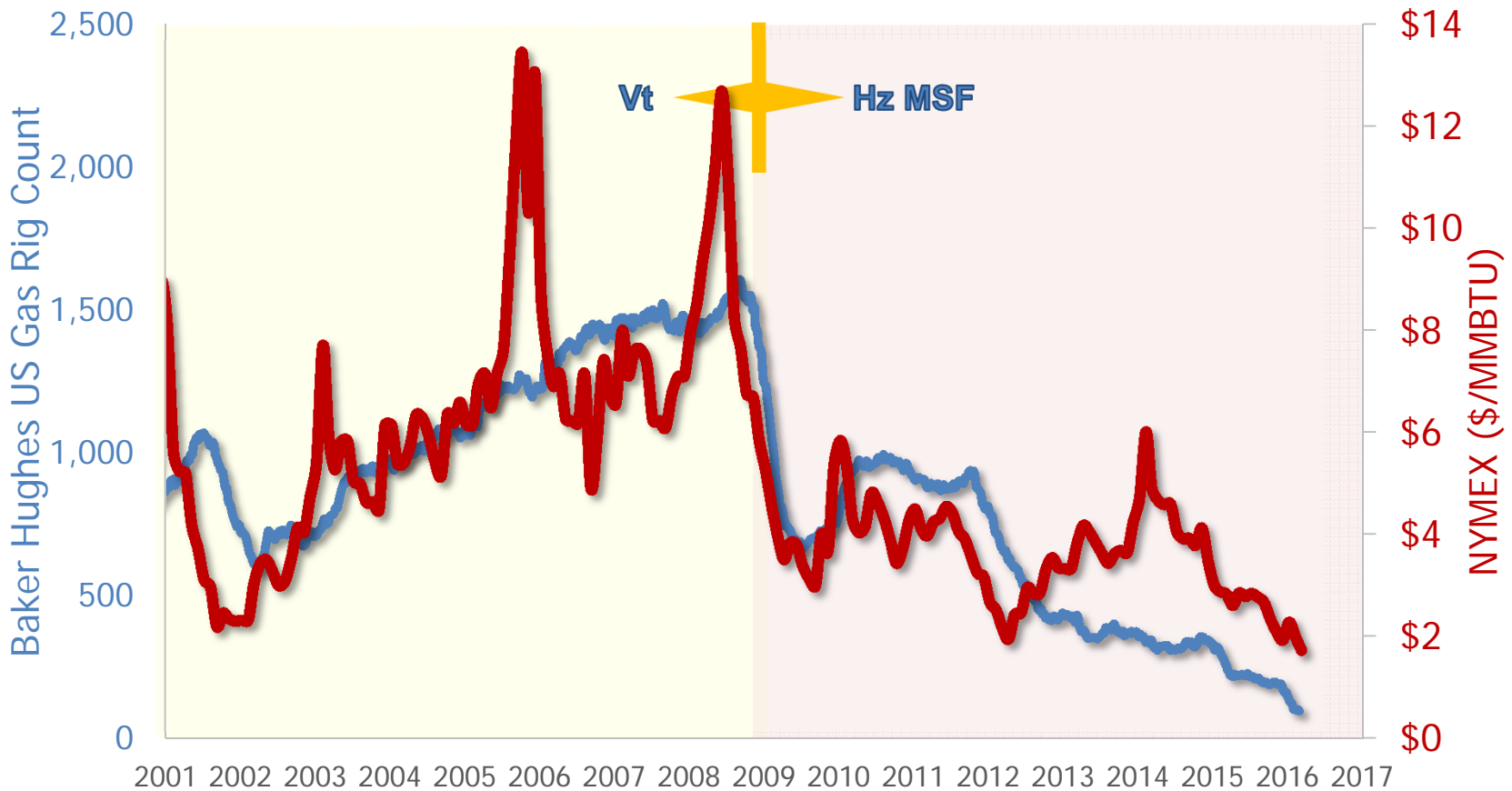
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The Peyto Strategy

US Gas Rig Count vs Gas Price

"The same correlation exists in the US as in Canada, although this last gas price rally didn't stimulate as much activity."



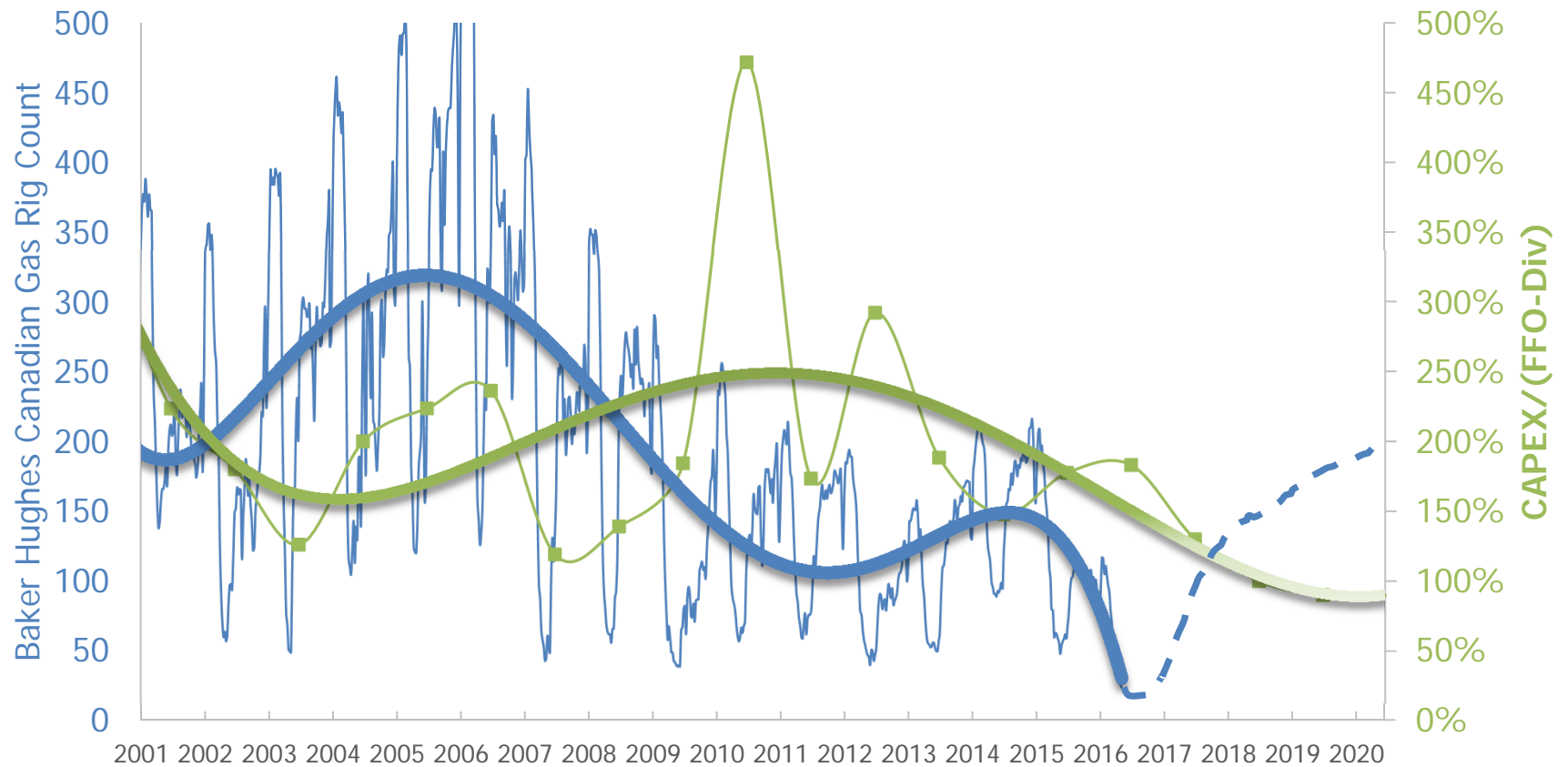
The Peyto Strategy

Counter Cyclical Growth Per Share

"If activity was to trend upwards, due to stronger commodity prices, our degree of overspend would trend downwards. A returns driven, counter cyclical approach."



Canadian Gas Rig Count vs Peyto % Overspend



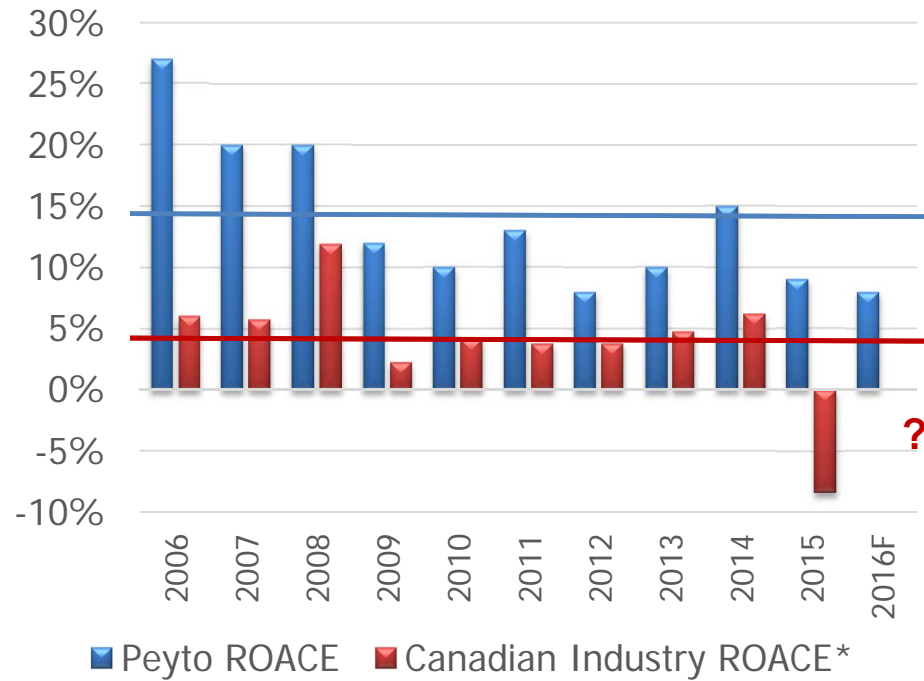
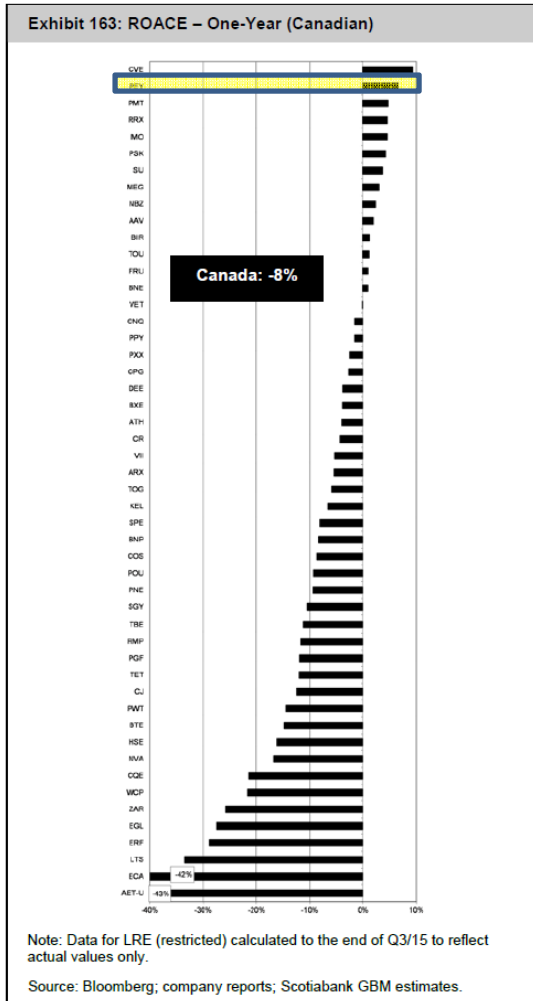
The Peyto Strategy

High Returns On Your Capital And Equity

"This counter cyclical strategy has delivered much better Return on Average Capital Employed than the rest of the Canadian industry."



2015 ROACE



*Scotiabank

Peyto's Ideas

Where To Invest The Next \$5B

"At the heart of Peyto's success has been the constant flow of organic investment ideas that ultimately generate returns for shareholders."



Peyto's Ideas

The Next 100,000 boe/d?



Peyto's First 100,000 boe/d

Starting With Nothing



Peyto's First 100,000 boe/d Sundance Core Area

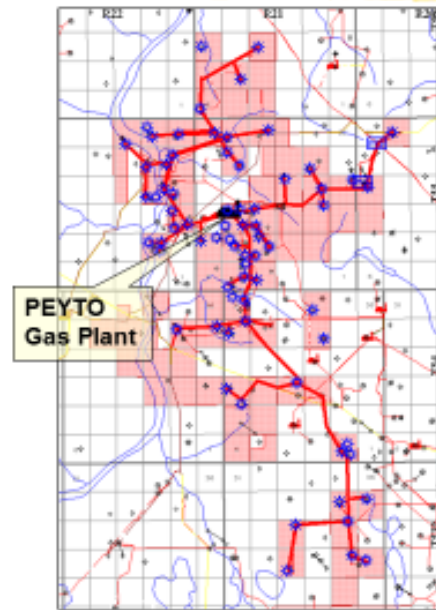
"Peyto's first 100,000 boe/d began with our Sundance core area where we carefully developed production and reserves organically."



By YE 2002

- 44,985 net acres of land (70 sections)
- 101 net wells drilled
- 120 net zones on production

Gas Plant & Gathering System



PEYTO 11-17-55-21W5 Gas Plant

- 85 mmcf/d Compression, 100 mmcf/d Refrigeration
- Constructed & Installed April 2000
 - expanded four times over two years
- 100% PEYTO Owned & Operated
- Direct, Firm Access to NOVA
- Third Party Processing Revenue

2003 Outlook

- Add another 12 mmcf/d Compression (Q3 2003)

PEYTO Gas Gathering System

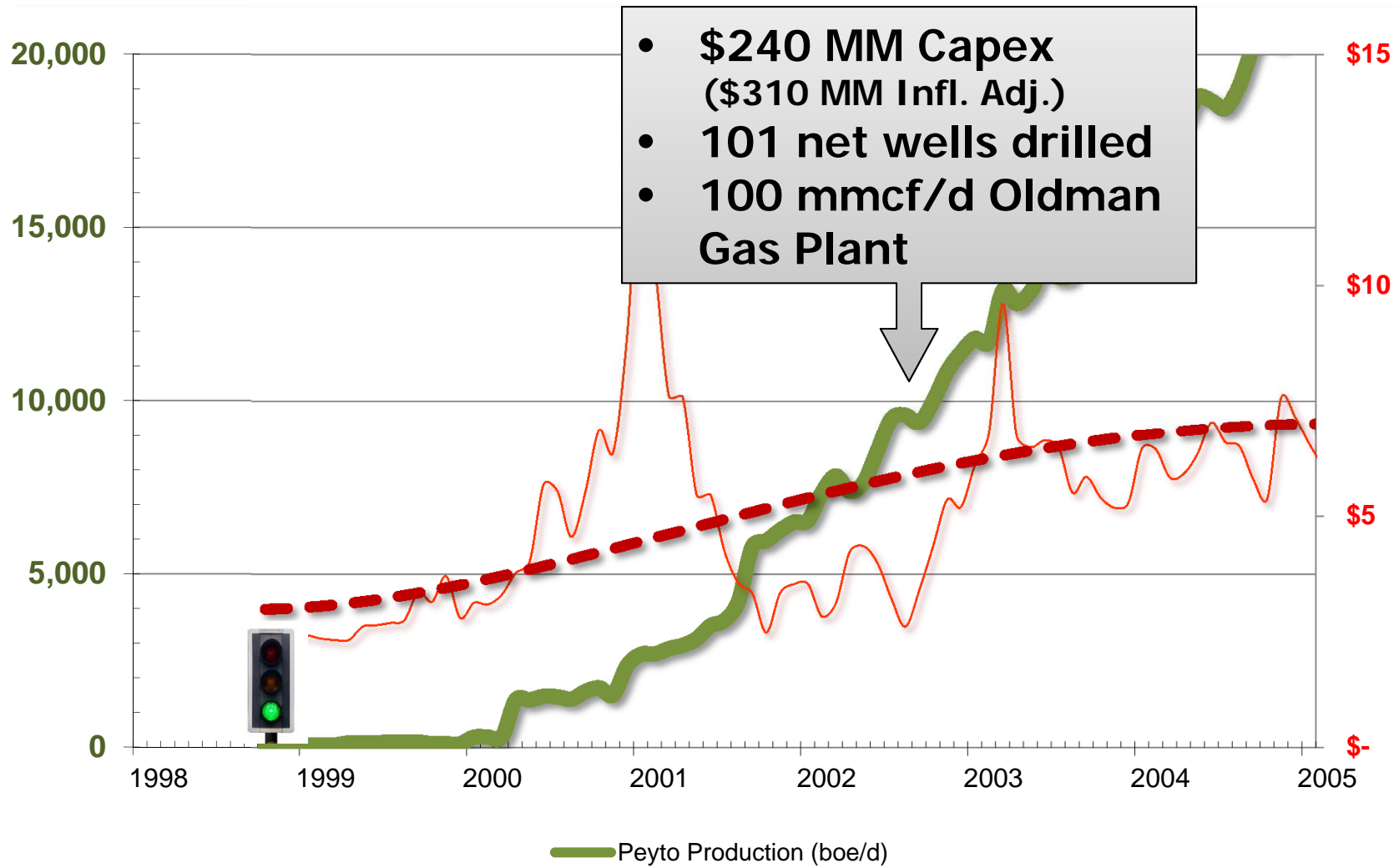
- Over 100 kilometers of Gathering System

5/11/2015

15

Peyto's First 100,000 boe/d

Sundance at ~10,000 boe/d



Peyto's First 100,000 boe/d

Early Field Trips

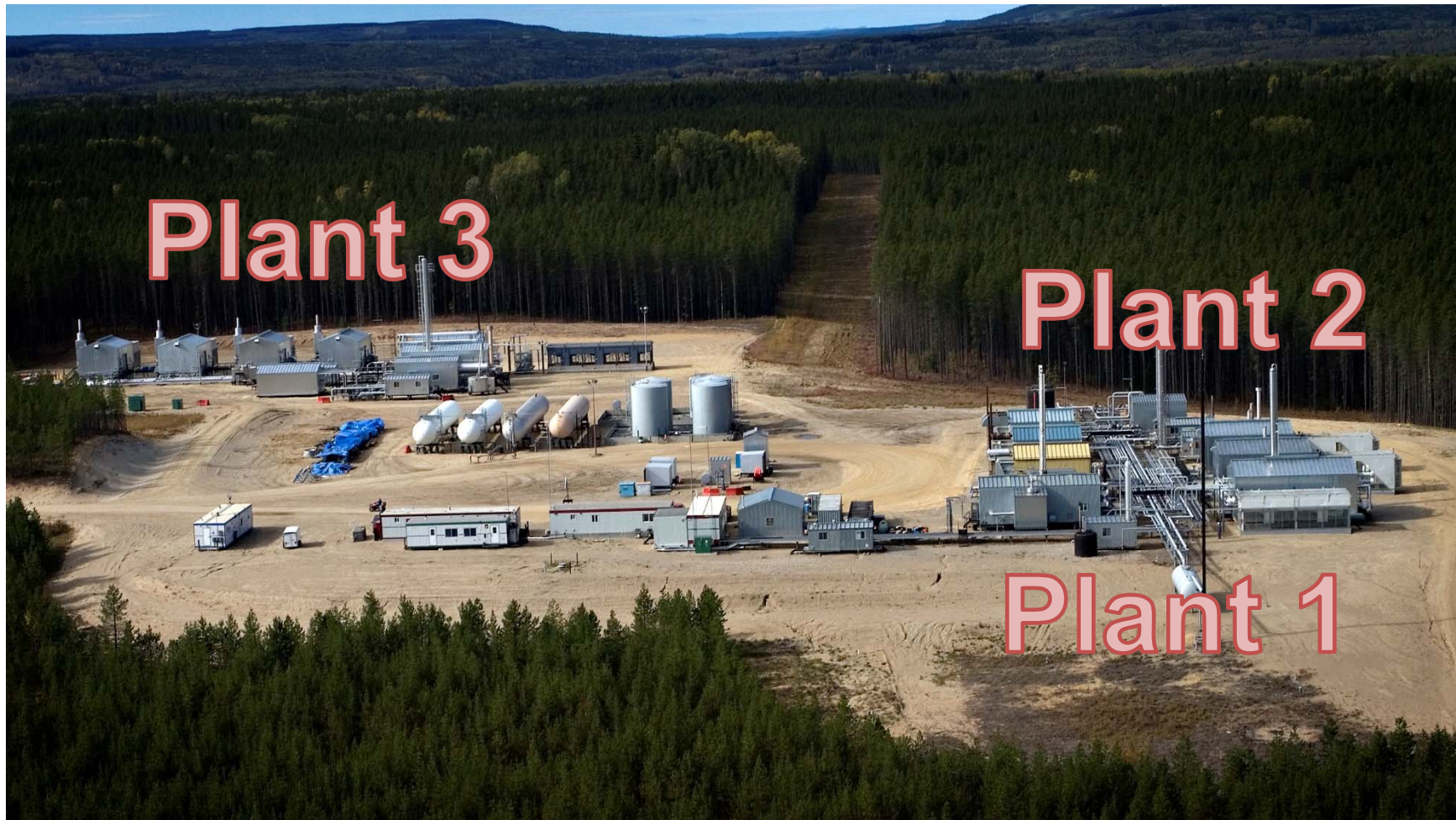


Peyto's First 100,000 boe/d

The 100 mmcf/d Oldman Gas Plant

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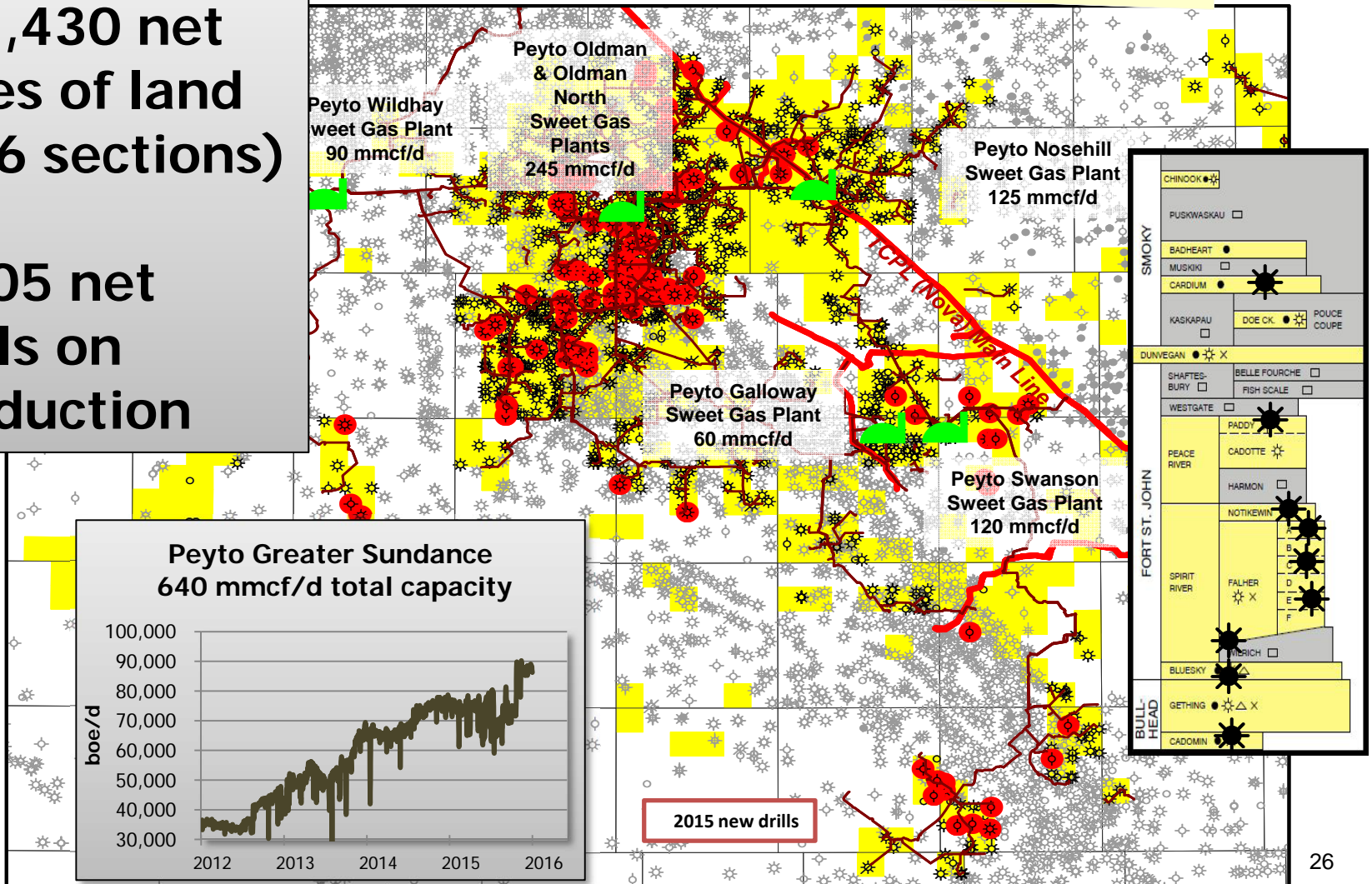
Peyto's First 100,000 boe/d

Greater Sundance Area Today

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



- 202,430 net acres of land (316 sections)
- 1,005 net wells on production



Peyto's Next 100,000 boe/d?



Peyto's Next 100,000 boe/d

Brazeau Core Area

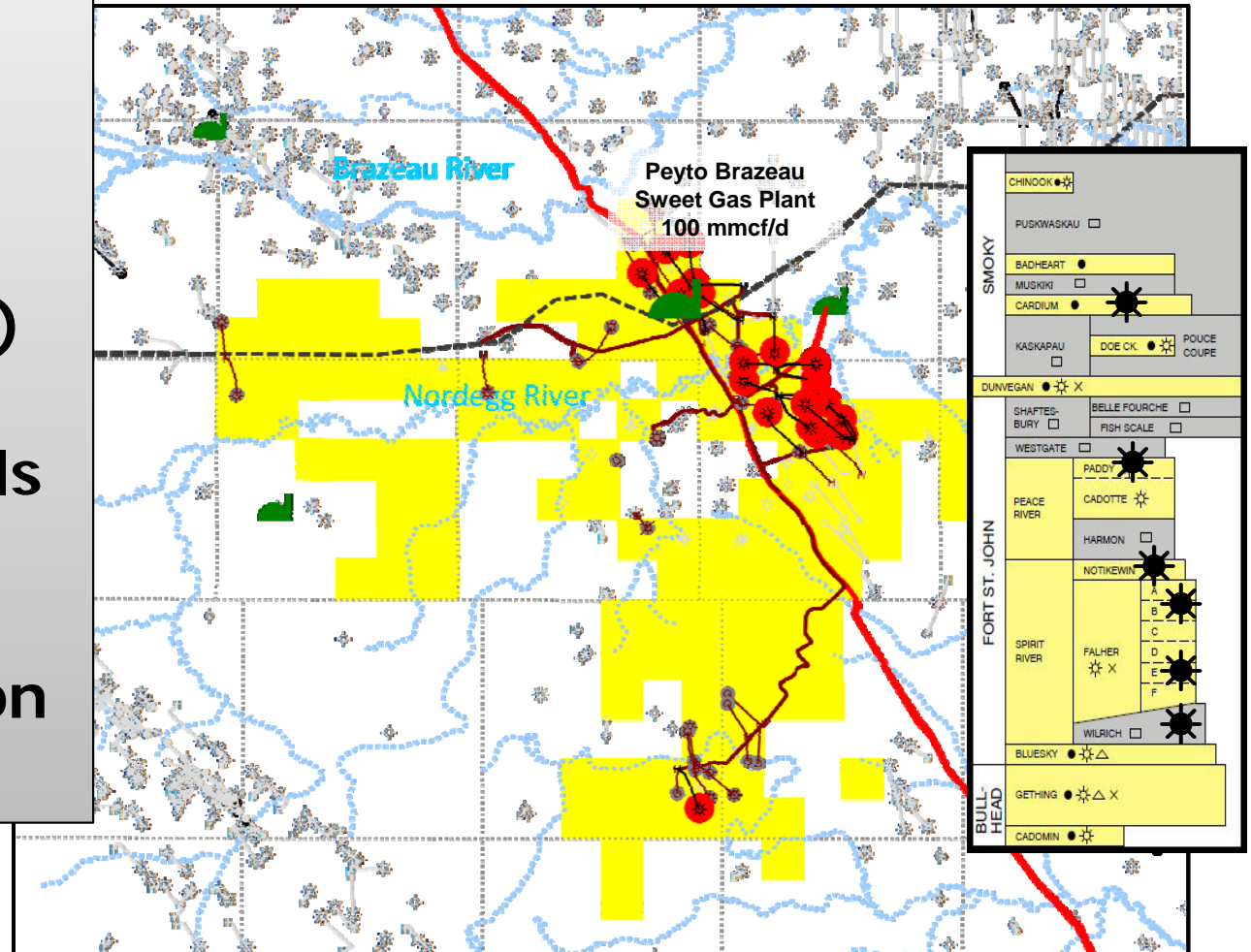
"The Brazeau area has many similarities to the Sundance area including the multiple stacked horizons."



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By YE 2015

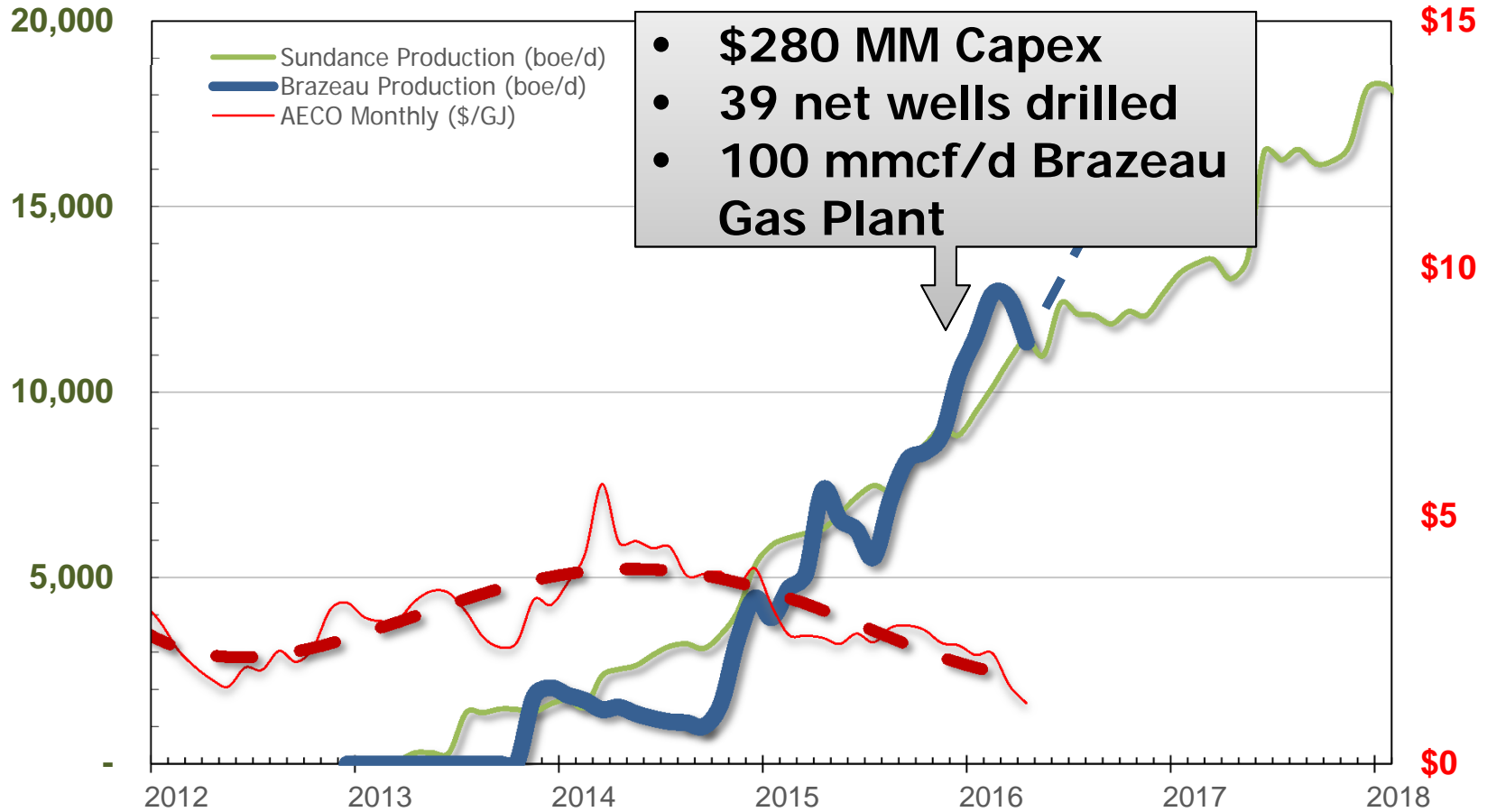
- 75,772 net acres of land (118 sections)
- 39 net hz wells drilled
- 37 net wells on production



Peyto's Next 100,000 boe/d

Brazeau At ~10,000 boe/d

"Production has grown in Brazeau at a remarkably similar pace to the early days at Sundance."



BOE factor - 6 mcf = 1 bbl of oil equivalent

Peyto's Next 100,000 boe/d

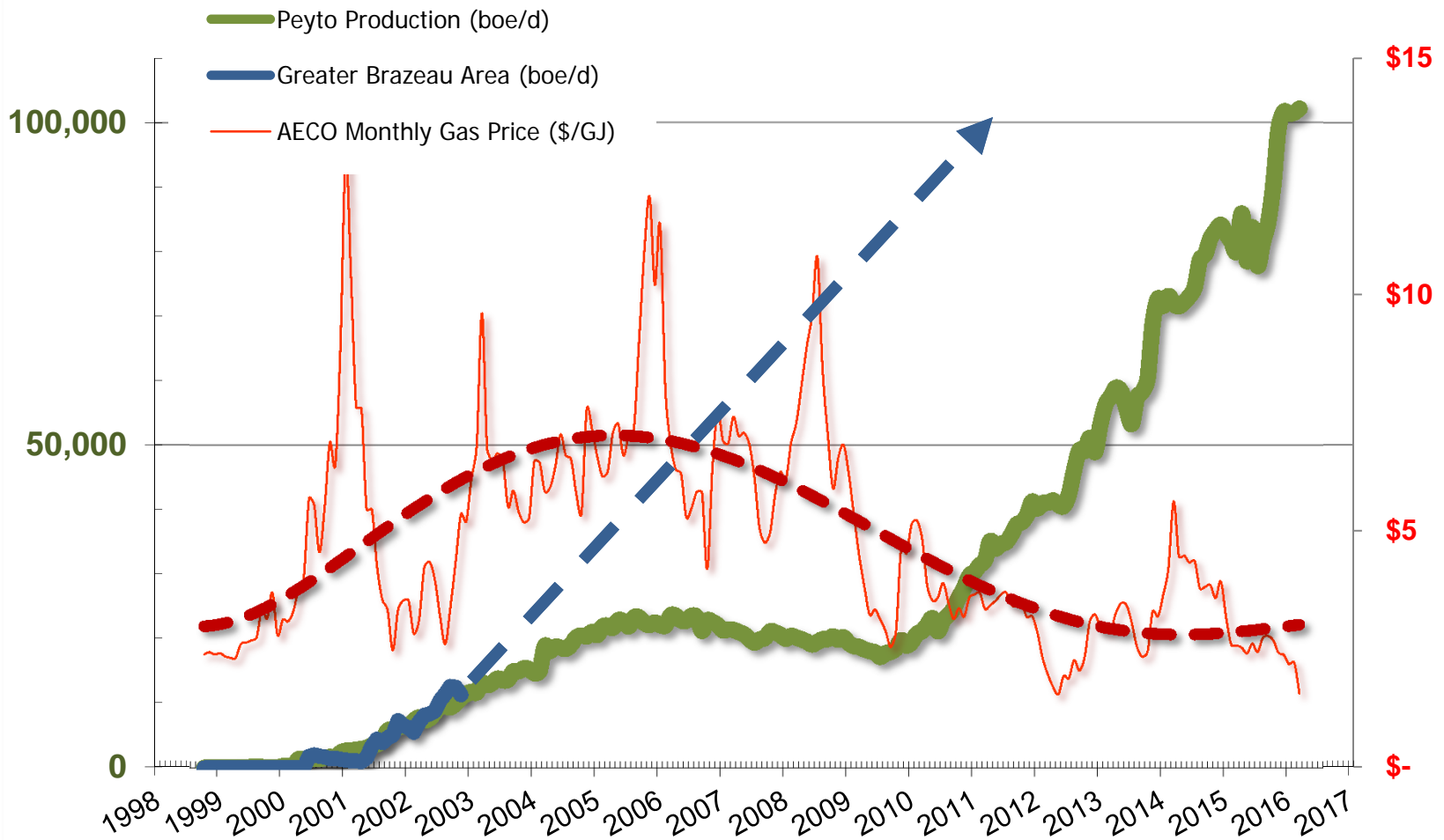
The 100 mmcf/d Brazeau Gas Plant



Peyto's Next 100,000 boe/d

How Long?

"Nobody can predict how long it will take us to invest \$5B in capital at Brazeau but we suspect it will be faster than the first time."



Peyto's Next 100,000 boe/d

2016 Outlook

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

2016 Goals*

PDP FD&A
\$/mcfe

~(\$1.50)

Cash Costs
\$/mcfe

~(\$0.70)

Sales Price
\$/mcfe

~\$3.10

29% Profit

~\$0.90

Dividend
\$/mcfe

~\$0.98

- 10% 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 \$1.70/GJ & \$40/bbl NGLs

BOE factor - 6 mcfe = 1 bbl of oil equivalent

* 2016 goals are not budgeted expectations

Peyto's Next 100,000 boe/d

A Simple Strategy

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

Corp.

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

2016 Outlook

Focus On Returns

"Considering the recent changes in the AECO future strip, it makes sense to take advantage of current low capital costs and delay production to the fall until gas prices recover."

Corp.

Species	IP mmcf	NGLs bbl/mmcf	EUR BCFE	D/C/E/T /L/S/F \$MM	IRR @ Feb 22/16 Strip	IRR @ Feb 22/16 Strip (10% less capex)	IRR @ Apr 1/16 Strip	IRR @ Apr 1/16 Strip (delay prod. to Nov 1/16)	IRR @ 2.50/GJ Flat	Number of 2016 Locations
Sundance Wilrich	5	6	3.1	4.1	12%	15%	13%	15%	15%	35
Edson Wilrich	4	28	2.6	3.6	27%	31%	29%	30%	37%	10
Brazeau Wilrich	7.5	4	4.7	4.7	28%	32%	30%	36%	38%	20
Sundance Notikewin	6	9	3.4	4.0	27%	31%	29%	33%	38%	20
Sundance U Falher	7	18	2.9	4.1	22%	28%	23%	28%	38%	12
Ansell Falher	7.5	15	3.5	4.2	26%	31%	27%	31%	37%	13
Sundance M Falher	5	20	2.8	4.2	14%	17%	15%	17%	18%	15
Sundance Bluesky	5	15	3.2	4.7	18%	21%	20%	23%	25%	5



Beat these!

Defer to increase these!

"Full Cycle Costs" include recent (2015) drilling, completion, wellsite equipment, tie-in, facilities, land, and seismic. For Peyto, that's an additional \$700,000/well added to the well specific capital.
 Feb 22/16 strip: \$1.78/GJ, \$2.33/GJ, \$2.48/GJ in years 1,2,3, April 1/16 strip: \$1.73/GJ, \$2.48/GJ, \$2.64/GJ

2016 Outlook

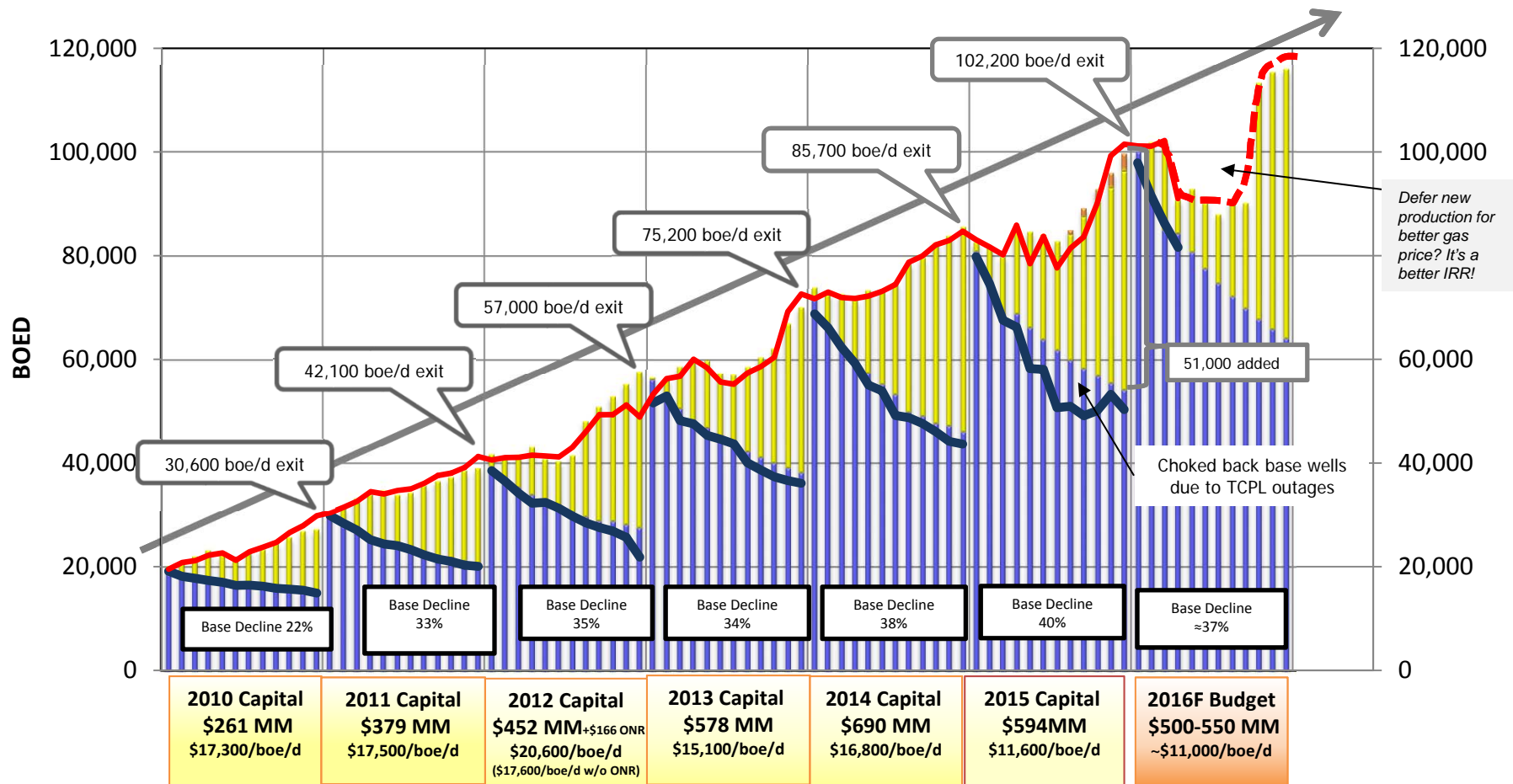
Summer Production Strategy

"Our 2016 budget is basically a repeat of 2015. It assumes we will drill 135 gross (128 net) wells that add ~50,000 boe/d of new production. For even better capital efficiency!"

PEYTO



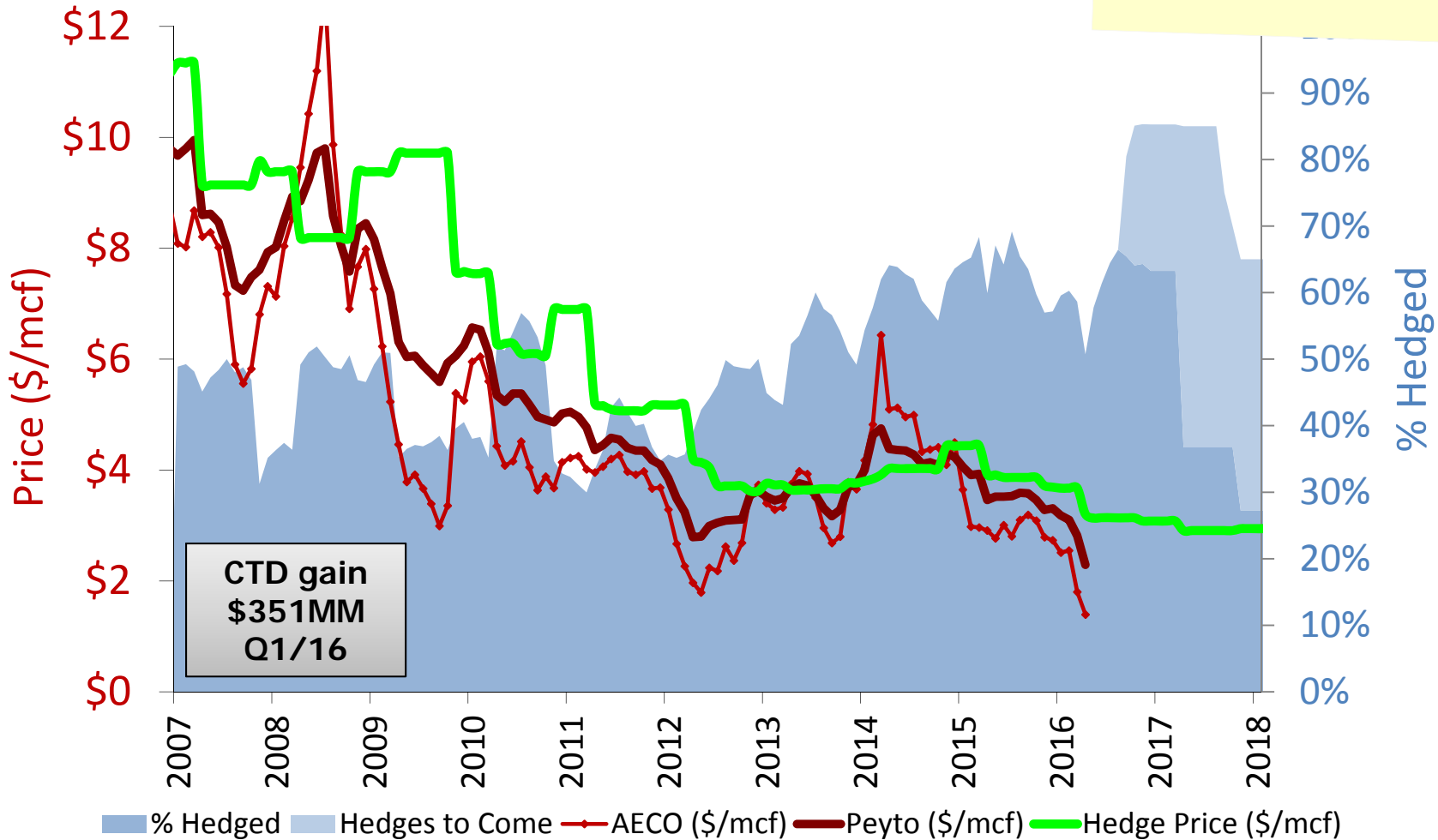
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2016 Outlook

Complimentary Winter Hedging Strategy

"The summer production strategy to defer new flush wells is paired with a hedging strategy that locks in the winter price for when those volumes do come on."



2016 Outlook

The Next Step



200,000 BOE/D
\$4.0B Earnings



Questions?



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.