



# 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](http://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
- ✦ Shares Outstanding: 164.8 million, 3% insiders (as of Jan 6/17)
- ✦ Monthly Dividend: \$0.11/share
- ✦ Current Production: 0.6 BCFe/d
- ✦ YE 2016 2P Reserves: 3.9 TCFe (655 mmboes)
- ✦ YE 2016 Net Debt: **\$0.52 billion** (senior unsecured notes, 7-10 yr, 3.7-4.9% CAD)  
**\$0.61 billion** (revolving bank debt, \$1.0B unsecured facility + \$0.3B Acc.)  
**\$1.13 billion**
- ✦ Bank Lines: \$1.52B total capacity
- ✦ Enterprise Value: \$6.0 billion (\$30/share)
- ✦ Full Time Employees: 54

# The Peyto Strategy

## What We Believe

"We believe in partnering with shareholders to make a profit, not by trying to make your money, our money."

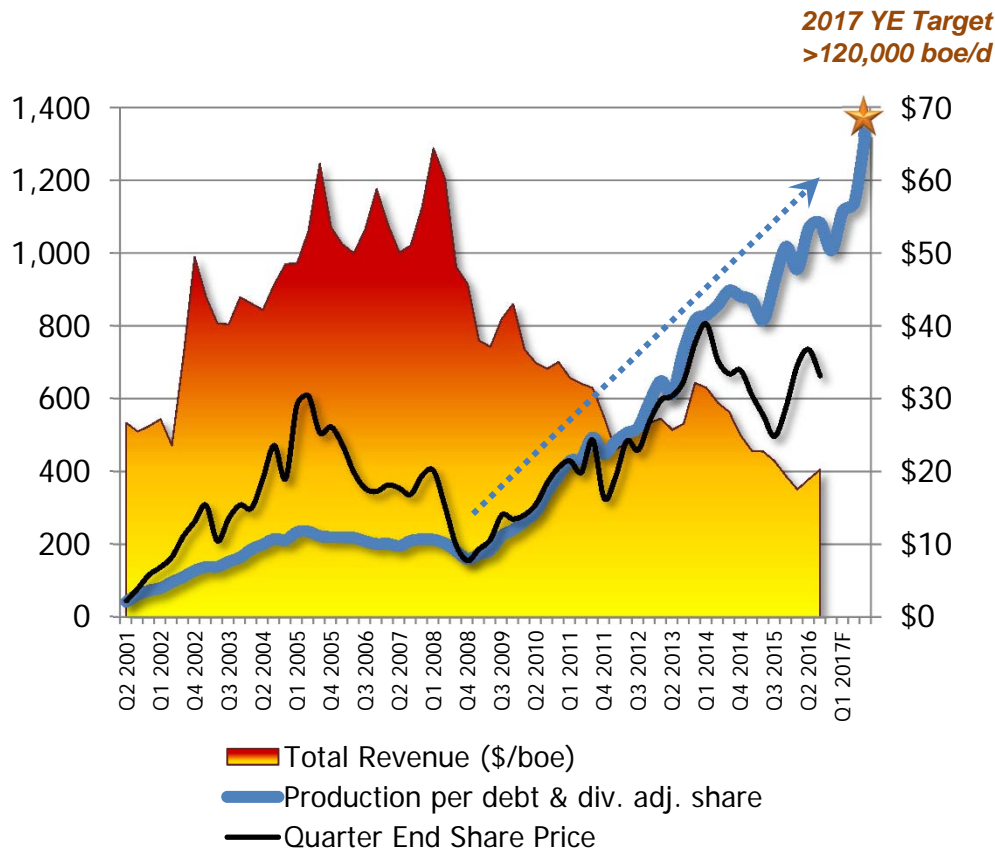
### *We believe that:*

- ✱ *“Nature’s gas is the fuel for the future.”*
- ✱ *“Our focus should be on maximizing the return on invested capital – your capital.”*
- ✱ *“By selectively and efficiently investing capital at periods in the cycle when costs are at their lowest will yield a superior return.”*
- ✱ *“By maintaining low cash costs over the entire production life it ensures returns are maximized regardless of commodity price volatility.”*

# 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."



# 25%

Growth rate in prod.  
/debt & div. adj. share  
(last 8 yrs)

Historical Per Unit (share) and Units (shares) Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split  
Debt & dividend adjusted assumes shares issued to reduce debt and dividends used to buy back shares at quarter end share price.  
BOE factor - 6 mcf = 1 bbl of oil equivalent

# The Peyto Strategy

More Profit Per Dollar Of Capital

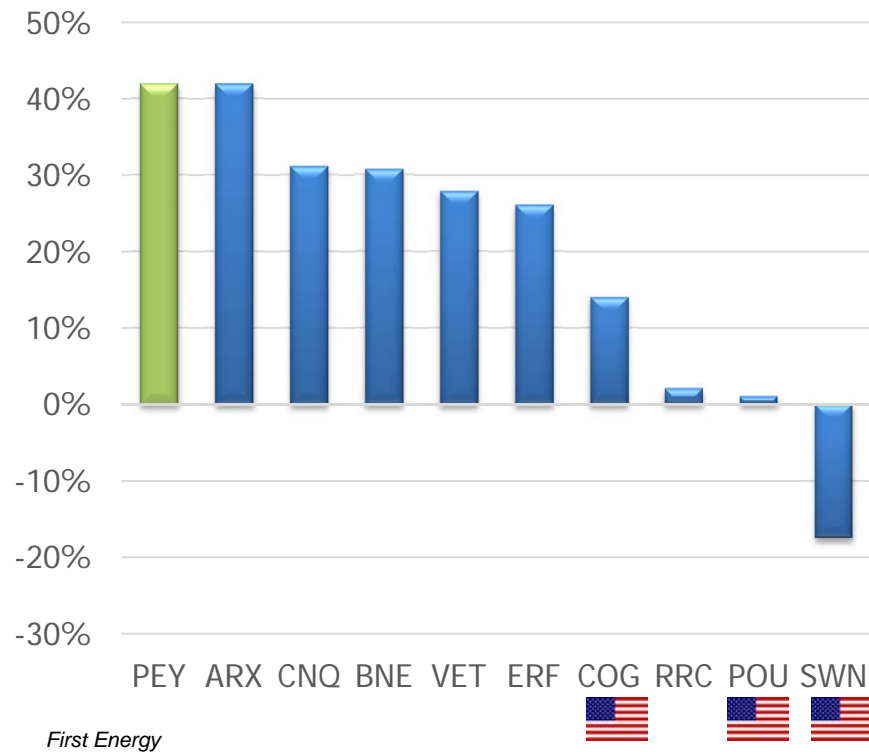
"Peyto has delivered the most profit per dollar of capital invested over the last 15 years."



# 42%

CTD Earnings/Capital  
2001-2016

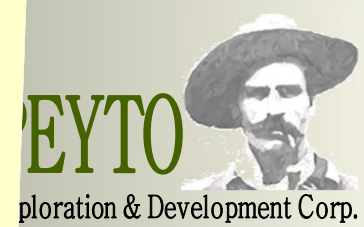
Earnings/Capital 2001-2016



# The Peyto Strategy

## 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."



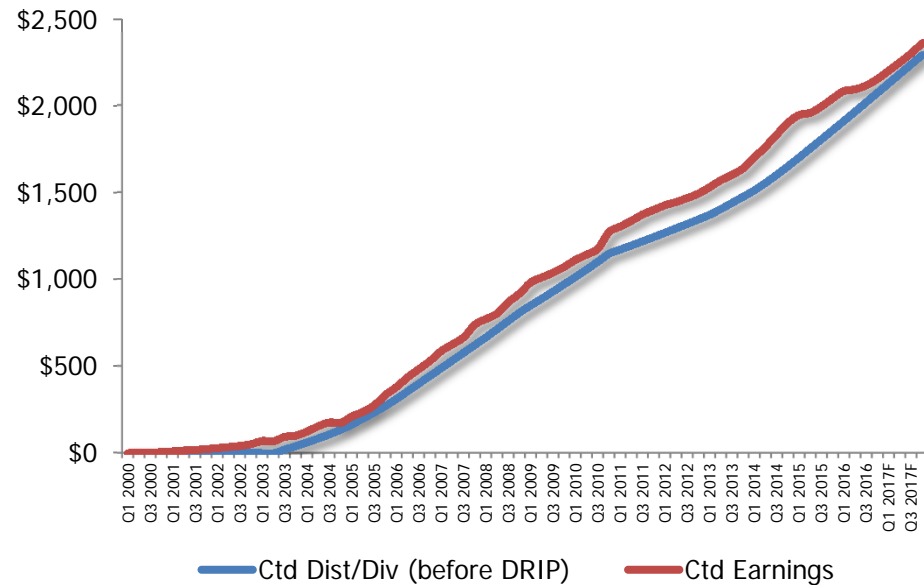
**\$2.1B**

Peyto Ctd. Earnings  
Q4/16

**\$2.1B**

Peyto Ctd. Dist/Div.  
Q4/16

**Peyto Dividend Sustainability**

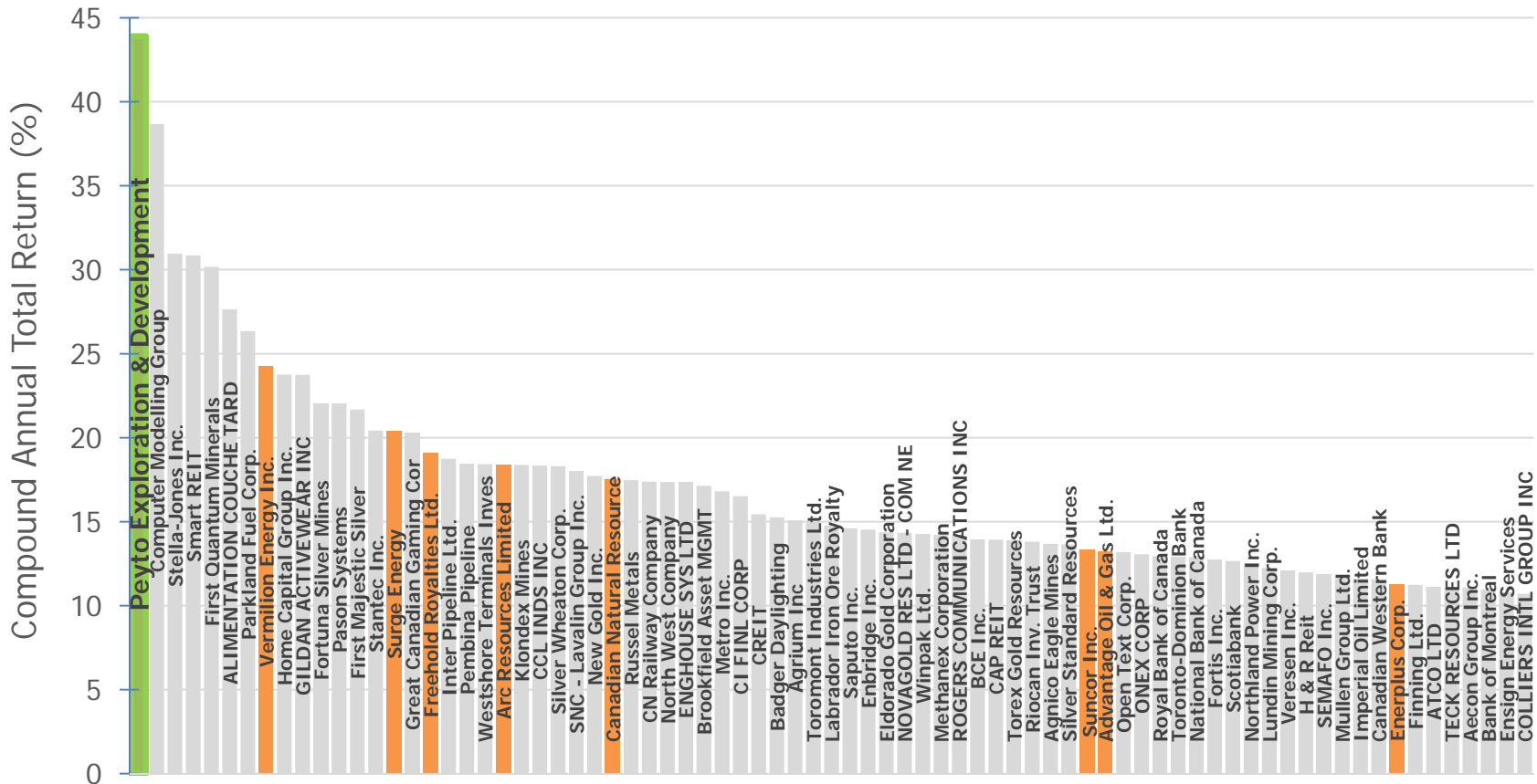


# The Peyto Strategy

## Highest Total Return On TSX

"The Peyto strategy has not only delivered the highest total return of any E&P on the TSX over the same 18 years, it was the highest of any company, in any industry!"

### TSX Total Return December 1998 - 2016



Source: BMO, Total return includes dividends



# Peyto's Profitable Business



# Peyto's Profitable Business

"Build it for less than we sell it"

"Peyto's full cycle supply costs are consistently low, ensuring new reserves are always generating a profit (earnings)."

	<u>PEY 2014</u>	<u>PEY 2015</u>	<u>PEY 2016</u>
<b>PDP FD&amp;A</b> \$/mcfe	<b>(\$2.25)</b>	<b>(\$1.64)</b>	<b>(\$1.44)</b>
<b>Cash Costs</b> \$/mcfe	<b>(\$1.08)</b>	<b>(\$0.81)</b>	<b>(\$0.76)</b>
<b>Sales Price</b> \$/mcfe	<b><u>\$5.04</u></b>	<b><u>\$3.83</u></b>	<b><u>\$3.18</u></b>
<b>Profit</b> \$/mcfe	<b>\$1.71</b>	<b>\$1.38</b>	<b>\$0.98</b>
<b>Dividend</b> \$/mcfe	34% <b>\$1.05</b>	36% <b>\$1.11</b>	31% <b>\$1.01</b>

Land/Acq/Disp  
Seismic  
Drilling  
Compl.  
Wellsite  
Facilities  
~\$469MM  
  
54.4 mmoes  
ΔPDP Reserves (before Prod.) – 121 net wells

Royalties (\$0.13)  
Opex (\$0.25)  
Transport (\$0.16)  
G&A (\$0.04)  
Interest (\$0.18)  
**Total Costs (\$0.76/mcfe)**

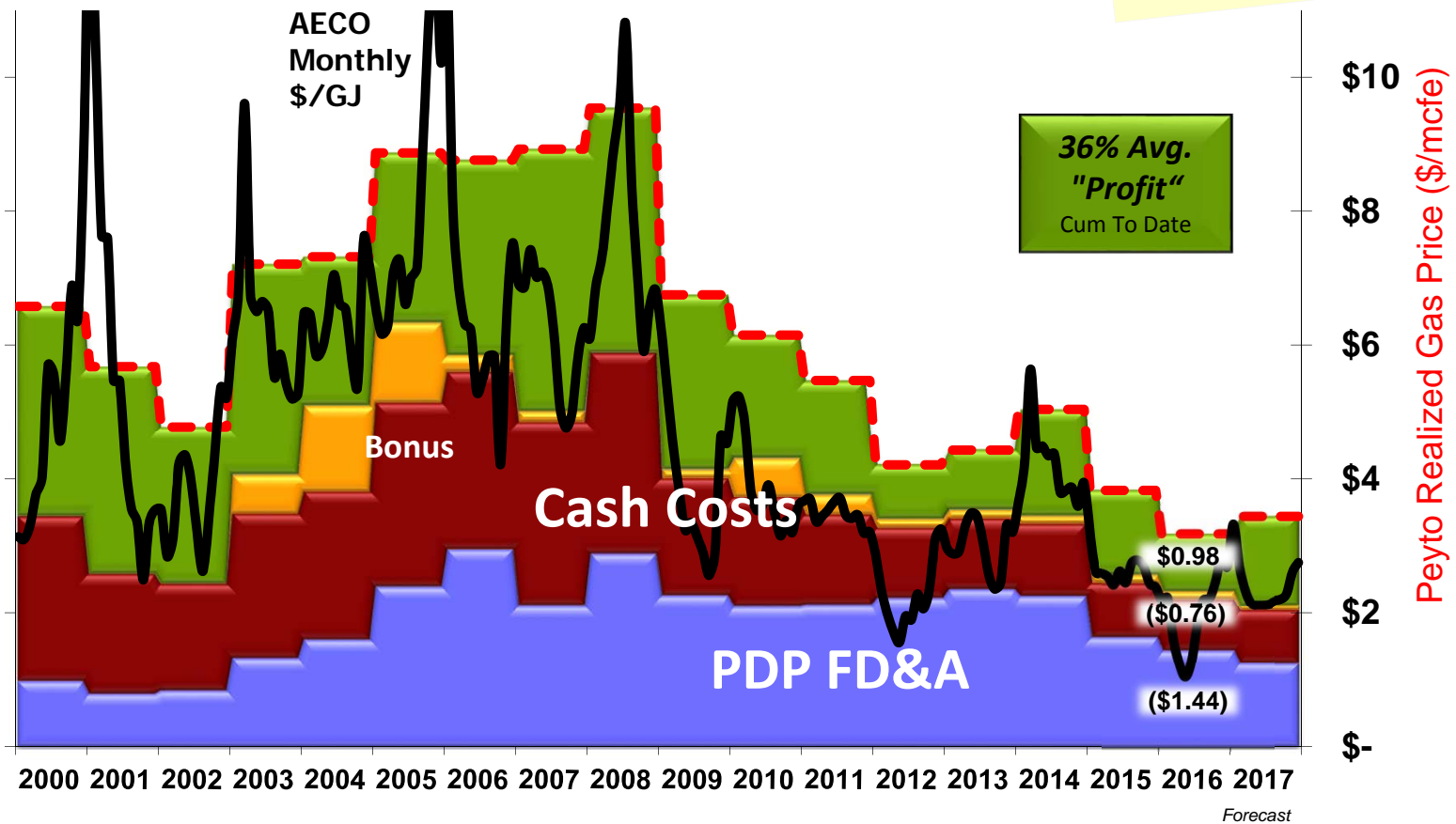
\$1.82/GJ AECO daily/monthly  
X 145% (heat content+LPG)  
\$2.63/mcfe  
\$0.56/mcfe hedging  
**\$3.19/mcfe Realized**

BOE factor - 6 mcfe = 1 bbl of oil equivalent

# 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

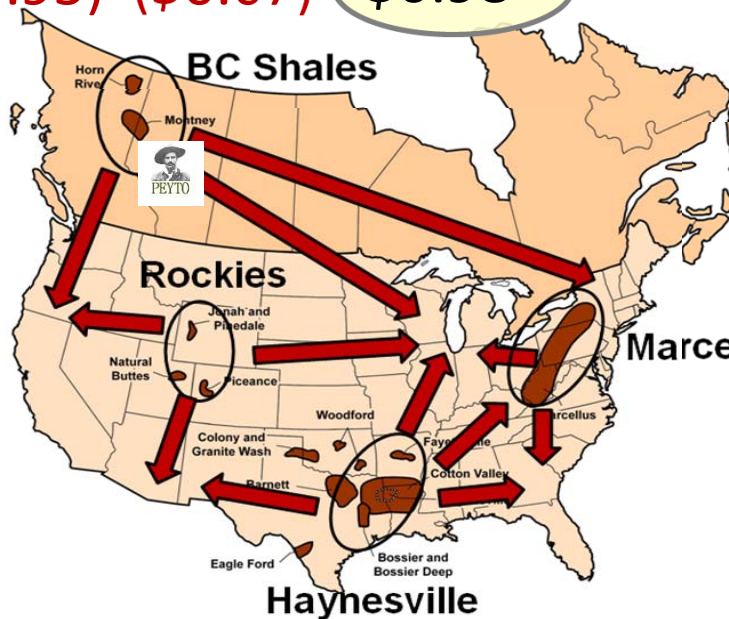
# Peyto's Profitable Business

## Competitive In The North American Marketplace

"We have to be competitive not only in Canada but across North America. Peyto's margins clearly stand above the rest."

	<u>100% Montney</u> VII 2016	<u>65% DB/35% Mont.</u> TOU 2016	<u>100% Deep Basin</u> PEY 2016
PDP FD&A \$/mcf	(\$3.75)	(\$2.45)	(\$1.44)
Cash Costs \$/mcf	<u>(\$2.39)</u>	<u>(\$1.26)</u>	<u>(\$0.76)</u>
<b>Supply Cost</b>	<b>(\$6.14)</b>	<b>(\$3.71)</b>	<b>(\$2.20)</b>
Sales Price \$/mcf	<u>\$5.18</u>	<u>\$3.04</u>	<u>\$3.18</u>
Profit/(Loss)	(\$0.95)	(\$0.67)	<b>\$0.98</b>

<u>100% Rockies</u> Ultra 2015
(\$1.42)
<u>(\$1.89)</u>
<b>(\$3.31)</b>
<u>\$3.40</u>
\$0.09



<u>93% Marcellus</u> Cabot 2016	<u>90% Marcellus</u> Cabot 2015	<u>Cabot 2014</u>
(\$0.28)	(\$0.86)	(\$0.97)
<u>(\$1.16)</u>	<u>(\$1.28)</u>	<u>(\$1.27)</u>
<b>(\$1.44)</b>	<b>(\$2.14)</b>	<b>(\$2.24)</b>
<u>\$1.88</u>	<u>\$2.46</u>	<u>\$3.51</u>
\$0.44	\$0.32	\$1.27

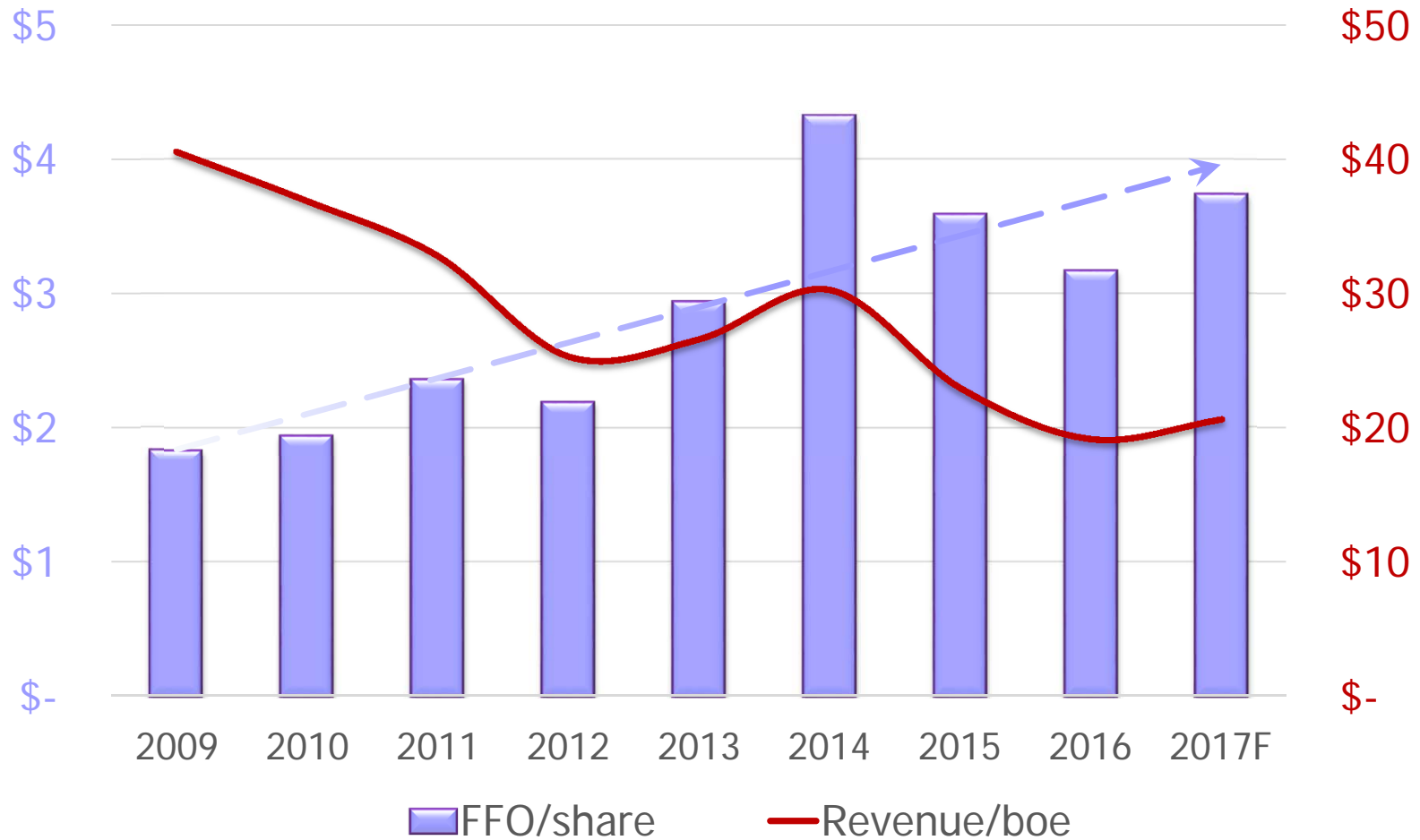
Source: IHS CERA

Average Revenue, PD FD&A or PDP FD&A and cash costs (LOE, Transp., gathering, processing, Royalty or Ad Valorem, G&A and interest) per mcf from 10k and annual reports. Costs and revenues left in US\$ or CAD\$ as applicable to show relative margin

# Peyto's Profitable Business

## Growing Cashflow With Falling Commodity Price

"Peyto's ability to drive down costs during the lows of the commodity cycle means we can continue to grow cashflow even through the lows."



2017 forecast based on \$2.50/GJ AECO and \$50/bbl liquid prices.

# Peyto's Unique Assets



# Peyto's Assets

*Geographically Focused Core Areas*

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

**PEYTO**



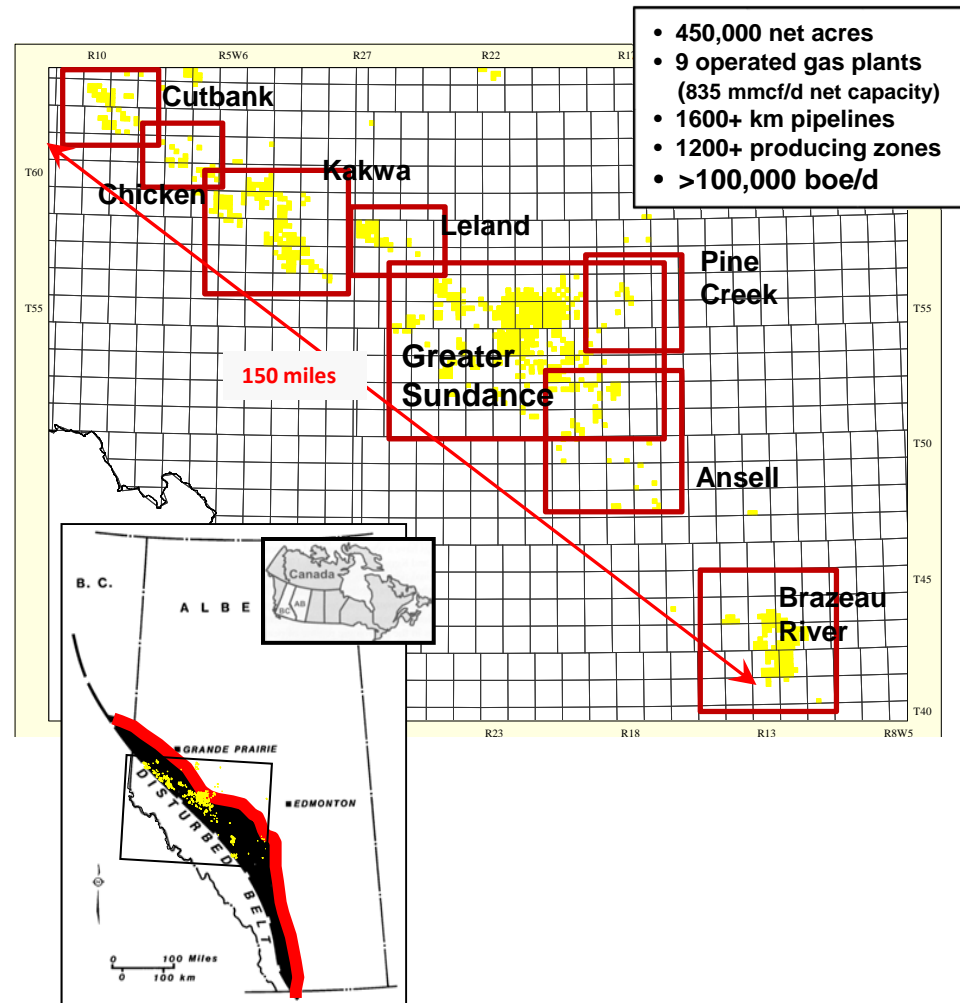
Corporation & Development Corp.

# 99%

Of Production:  
Processed by Peyto  
Operated by Peyto

# 99%

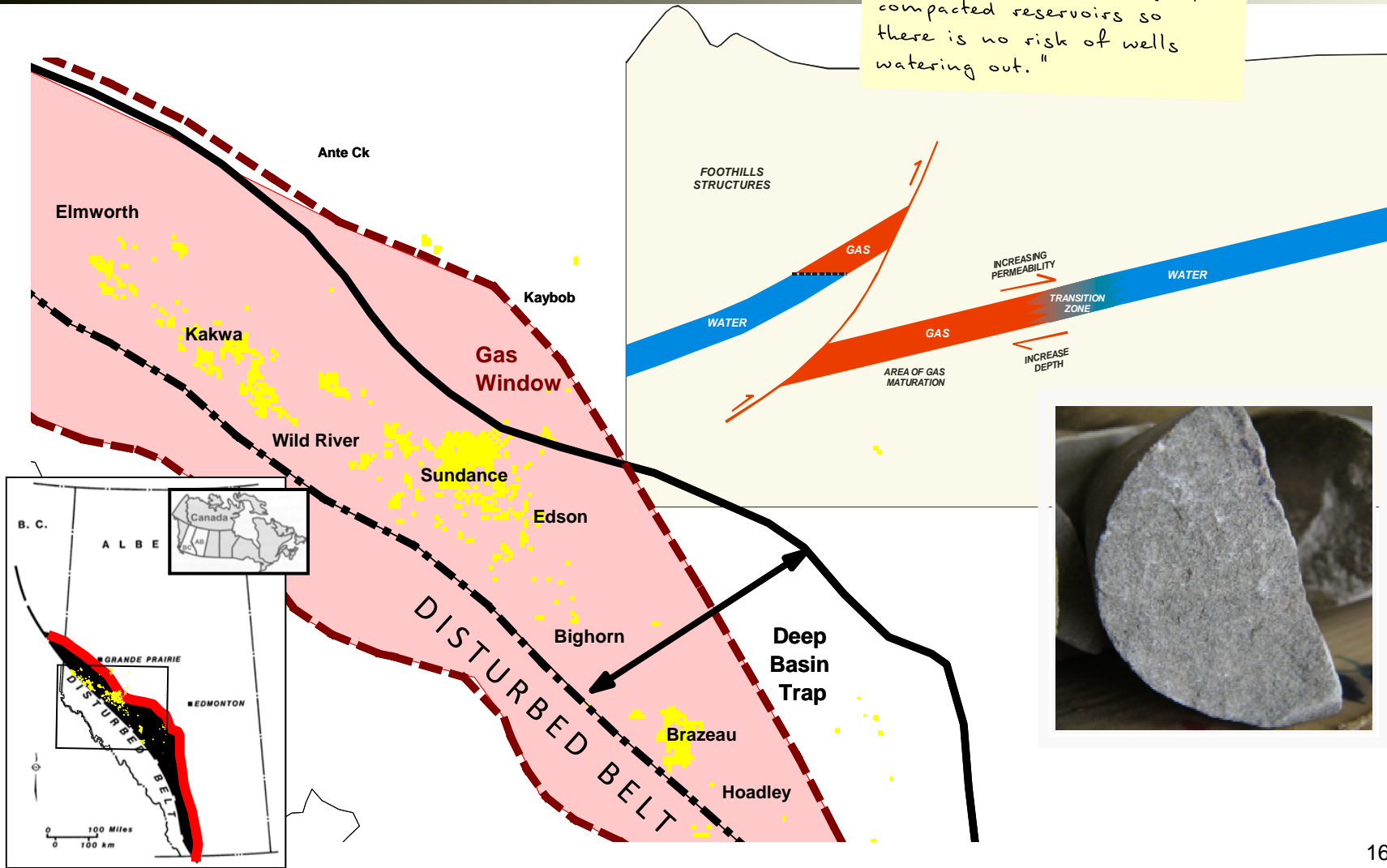
Working Interest in 9  
Processing Facilities



# 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."

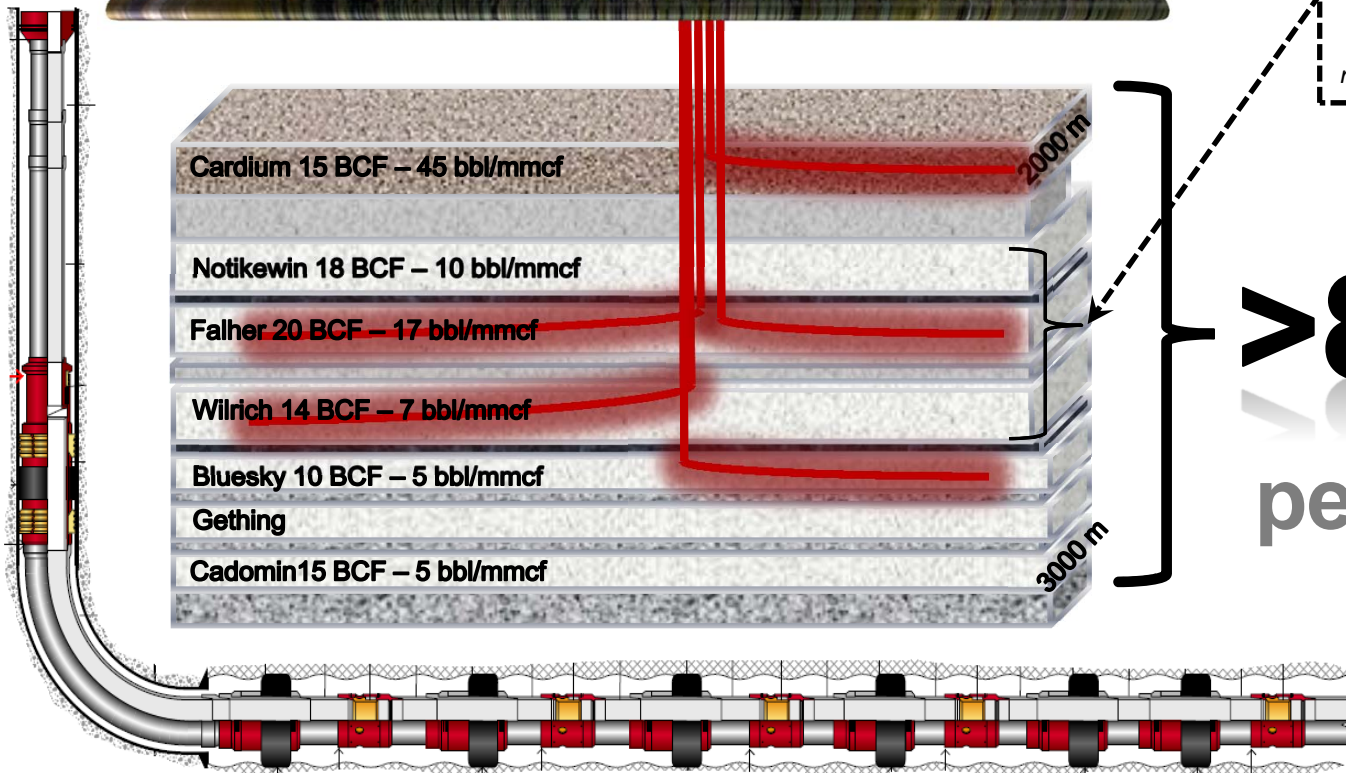
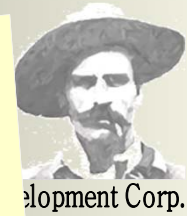




# Peyto's Assets

## 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\*

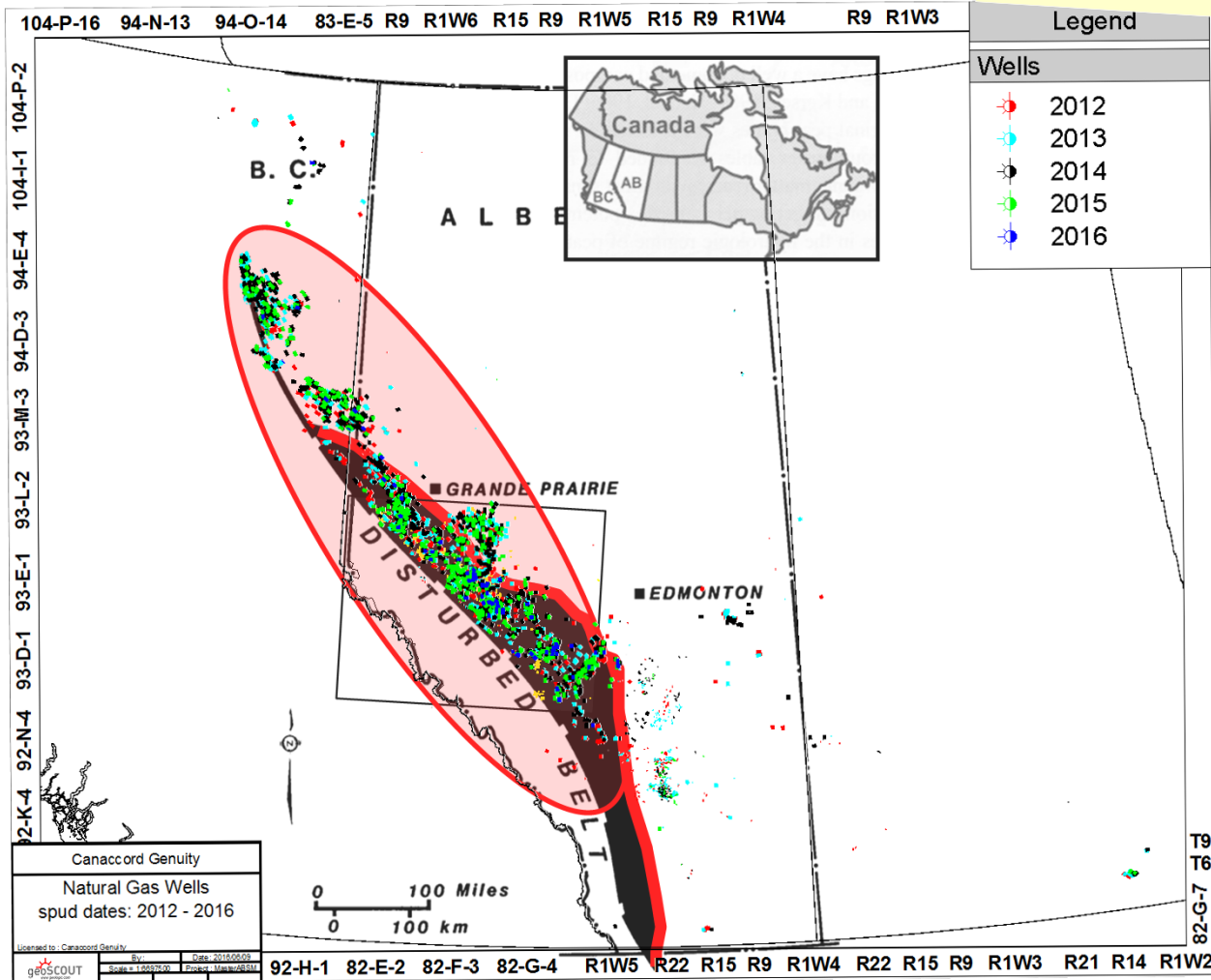
\*NGL recoveries can increase by 15+ bbl/mmcft with deeper cutting processing facilities  
Reserves are 2P recoverable in a section at 85% RF

# Peyto's Assets

The Most Profitable Part Of The Basin

"The natural gas drilling in the basin has all been concentrated in the same area over the last few years. Evidence this is the lowest cost, most profitable gas in the WCSB."

Corp.



# Peyto's Assets

*Deep Basin Lands Go A Long Way*

"Peyto's land in the Deep Basin is more potent due to the stacked drilling islands which more than quadruples the drillable acreage. We add to our three dimensional land base each year."



# 703

Net Peyto Sections

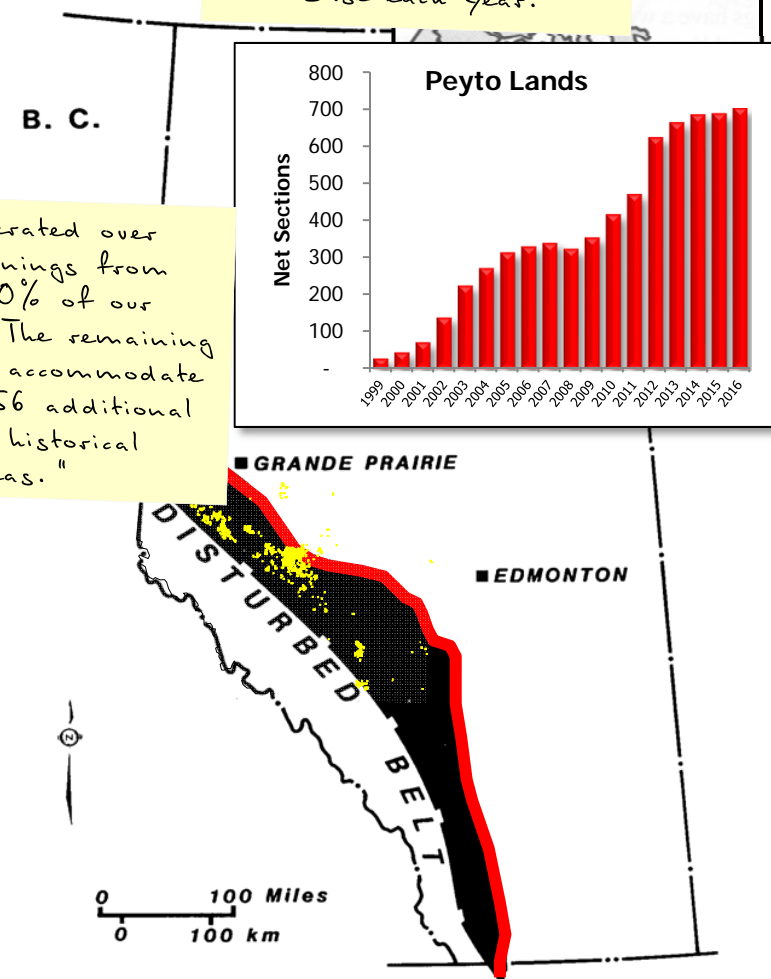
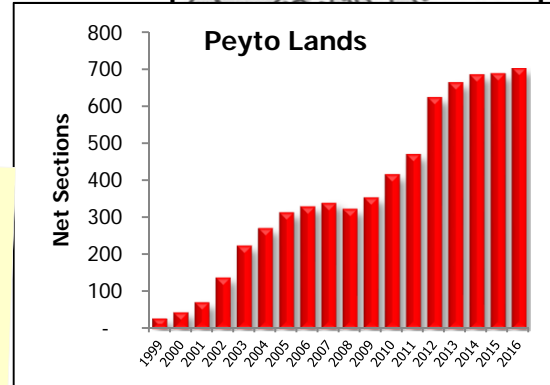
# 2,987

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

# 248

Net Sections – Developed Area of All Reserves Found and Developed Since Peyto Began (3.1 TCF<sub>e</sub> EUR)\*

"We've generated over \$2B in earnings from less than 10% of our land base. The remaining lands could accommodate up to 10,956 additional locations at historical drainage areas."



TCFe of PD EUR – Trillion Cubic Feet equivalent of Proven Developed Estimated Ultimate Recoverable  
 \*Based on InSite Petroleum Consultants Dec 31, 2016 Reserve Report.  
 Lands at Dec 31, 2016

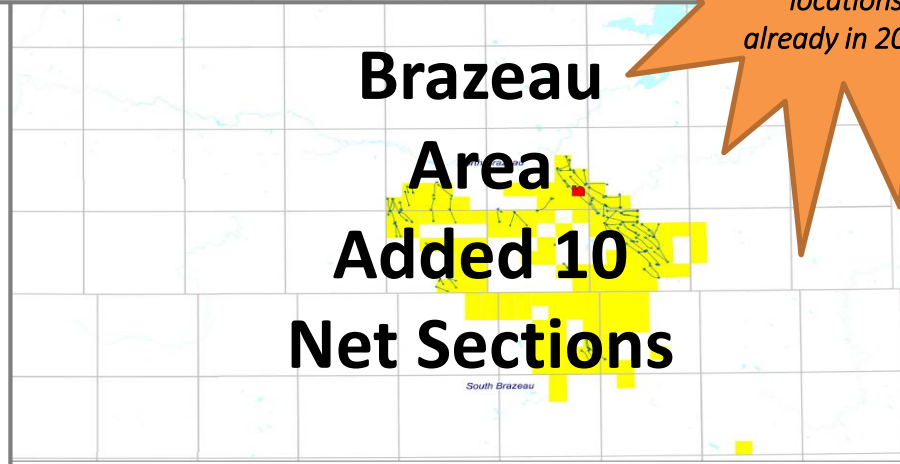
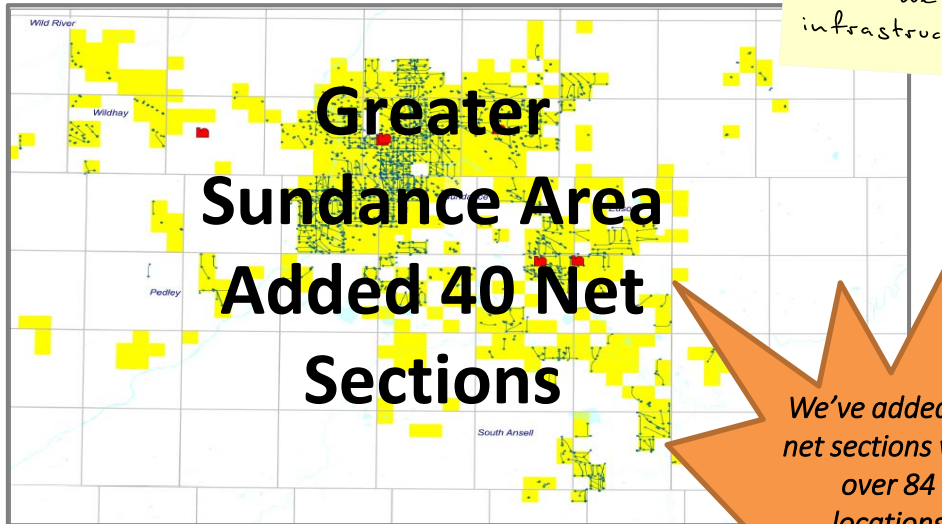
# Peyto's Assets

Adding To Our Drilling Islands

"Peyto only acquires lands with pre-identified drilling locations so land carrying costs are minimized. This gives us stacked and concentrated drilling islands where we can focus our infrastructure."

PEYTO

Exploration & Development Corp.



*We've added 56 net sections with over 84 locations already in 2017!*

**50**

Net Sections of Land Added in 2016\*

**117**

Locations Identified on New Lands\*

- Number of locations are Peyto's internal assessment
- There were 79.25 gross (49.78 net) sections acquired in 2016

# Peyto's Assets

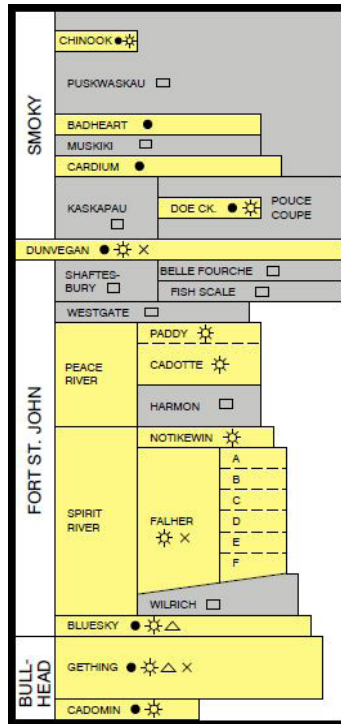
## Large Hz MSF Inventory

"Peyto has developed 3.1 TCFe using vertical and now horizontal wells. But there is a lot more to do. Almost 15 years worth of drilling inventory at current pace."



Done<sup>1</sup>

To Do



	<u>Total Vertical Wells</u>	<u>Total Hz Wells</u>	<u>Total Hz(Vt) Locations Booked*</u>	<u>Total Hz Locations Unbooked</u>
SMOKY	1	72	(3)	11
	434		(6)	409
			176(14)	
DUNVEGAN	5	1	5	8
SHAPTES-BURY				
WESTGATE	1		2(2)	16
PEACE RIVER				5
SPIRIT RIVER	90	125	169(2)	84
	7	68	32	17
		101	135	258
	14	314	2	21
			336	132
BLUESKY	4	38	50	54
BULL-HEAD	12	2		
	87	2	16	160
	655	723	947	1175

>2100 locations

21

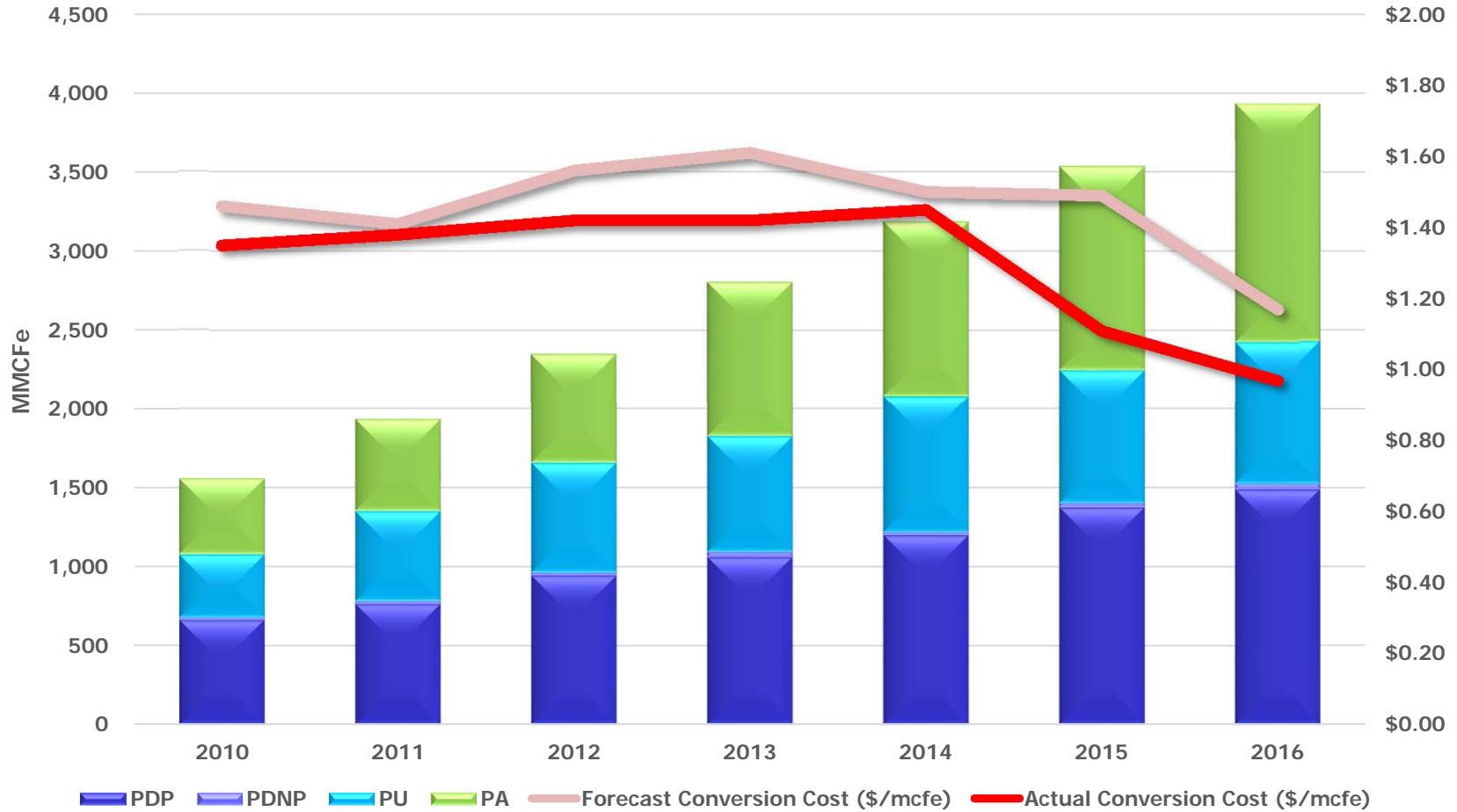
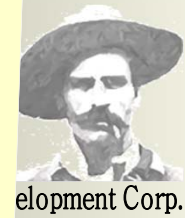
1. Drilling to Dec 31, 2016

\*As recognized in the IPC independent reserve report dated Dec. 31, 2016

# Peyto's Assets

## Reserve Growth Validates Future Locations

"Peyto consistently converts future booked inventory into producing reserves, usually at better efficiency than we're forecasting."



# Peyto's Assets

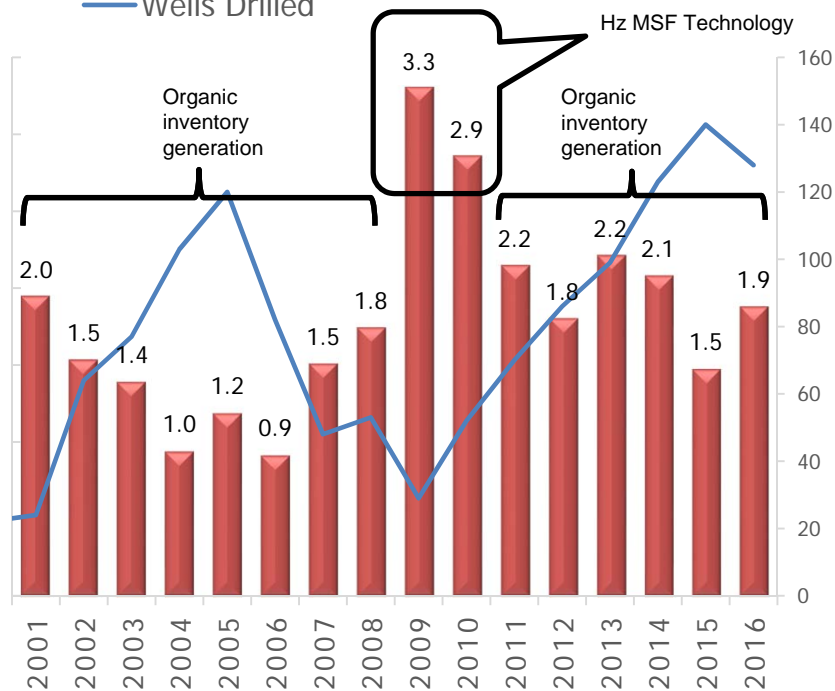
## Constantly Growing Inventory

"Peyto has continued to grow a booked inventory of locations, at a rate that's approx. twice as fast as we're harvesting those locations. Meaning our future inventory is continually expanding."



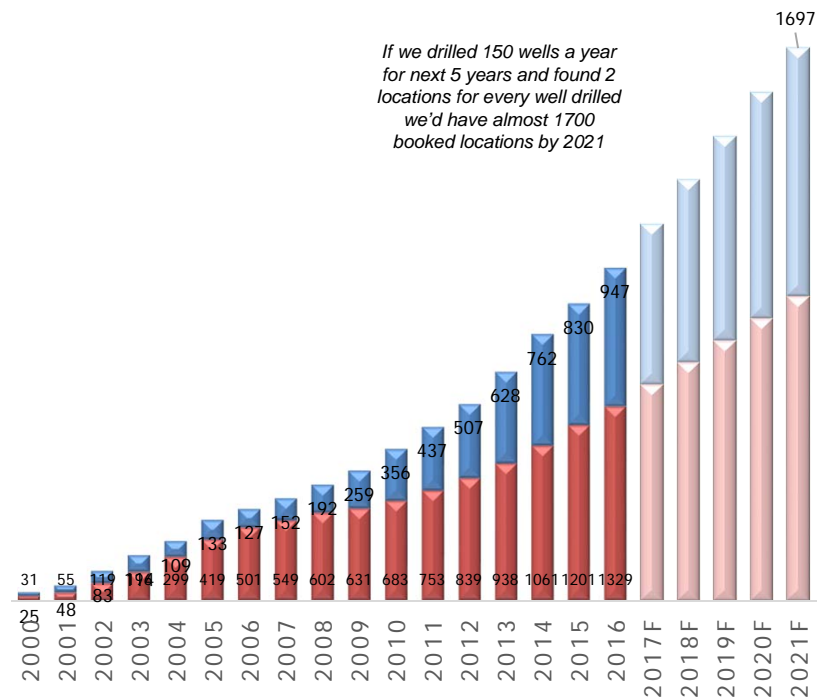
### PEYTO INVENTORY GENERATION RATE

■ Ratio of Locations Added/Total Wells Drilled  
 — Wells Drilled



### PEYTO LOCATION INVENTORY

■ Cumulative Wells Drilled ■ Booked Locations



# Peyto's Assets

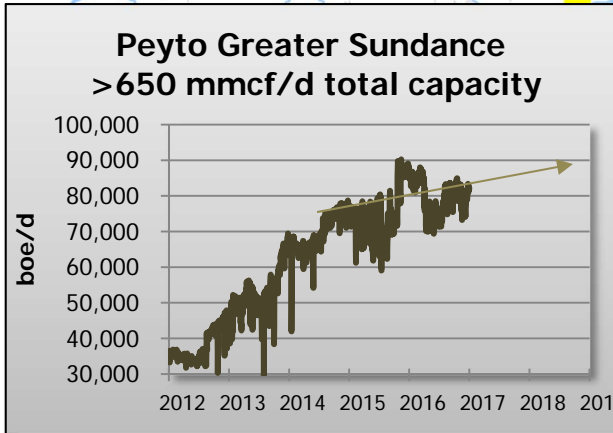
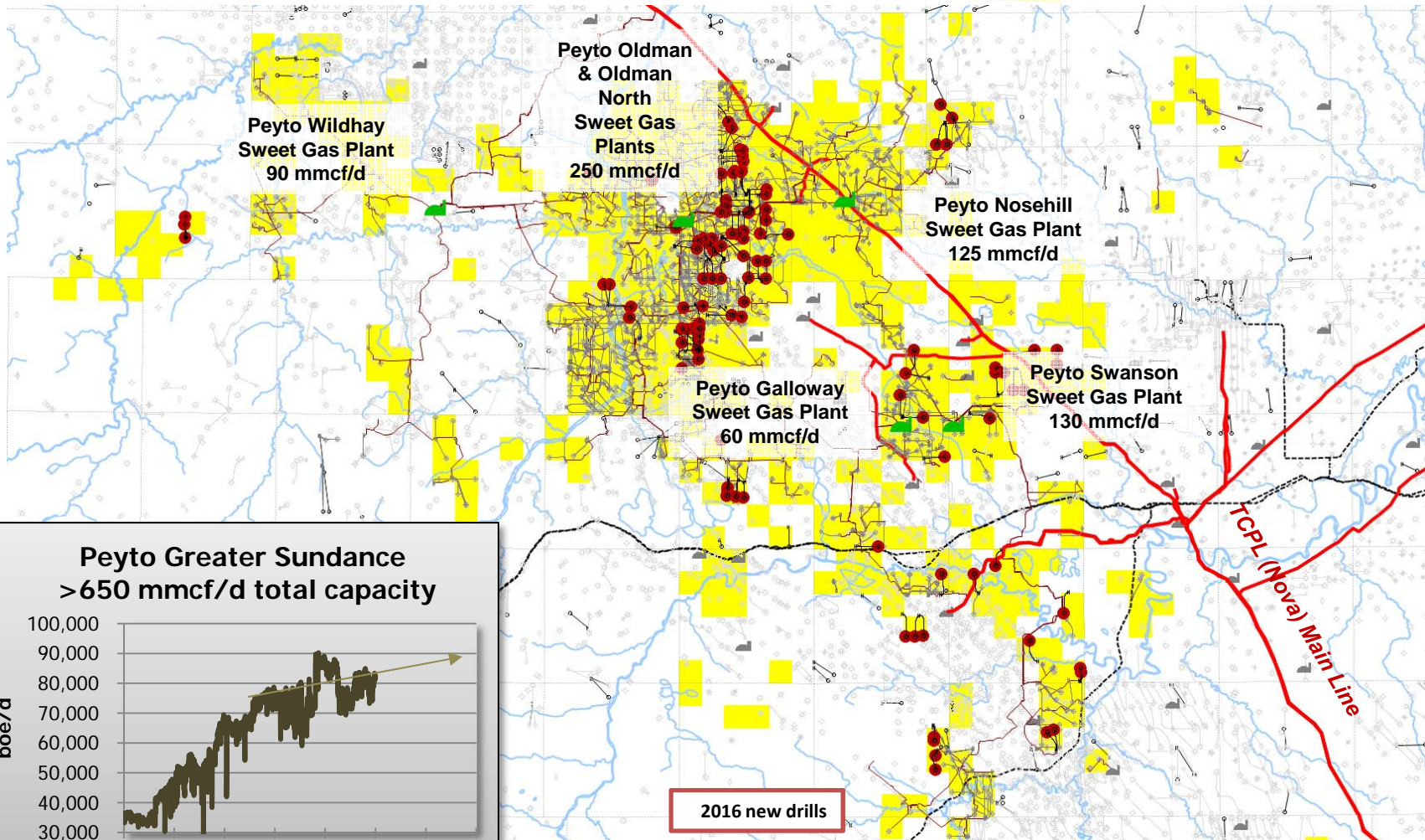
## Greater Sundance Area

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

**PEYTO**



Exploration & Development Corp.

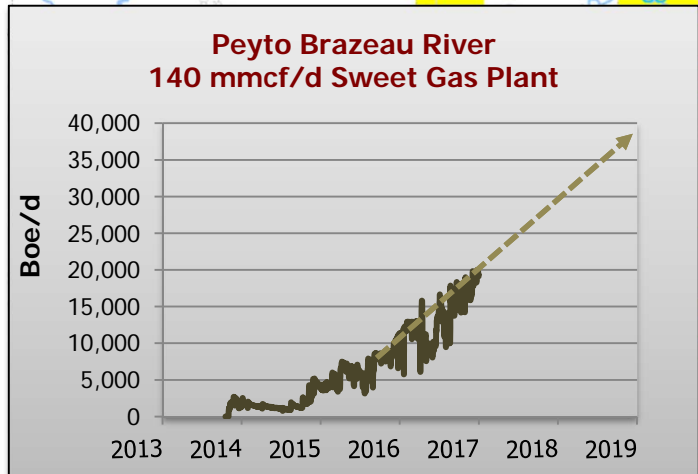
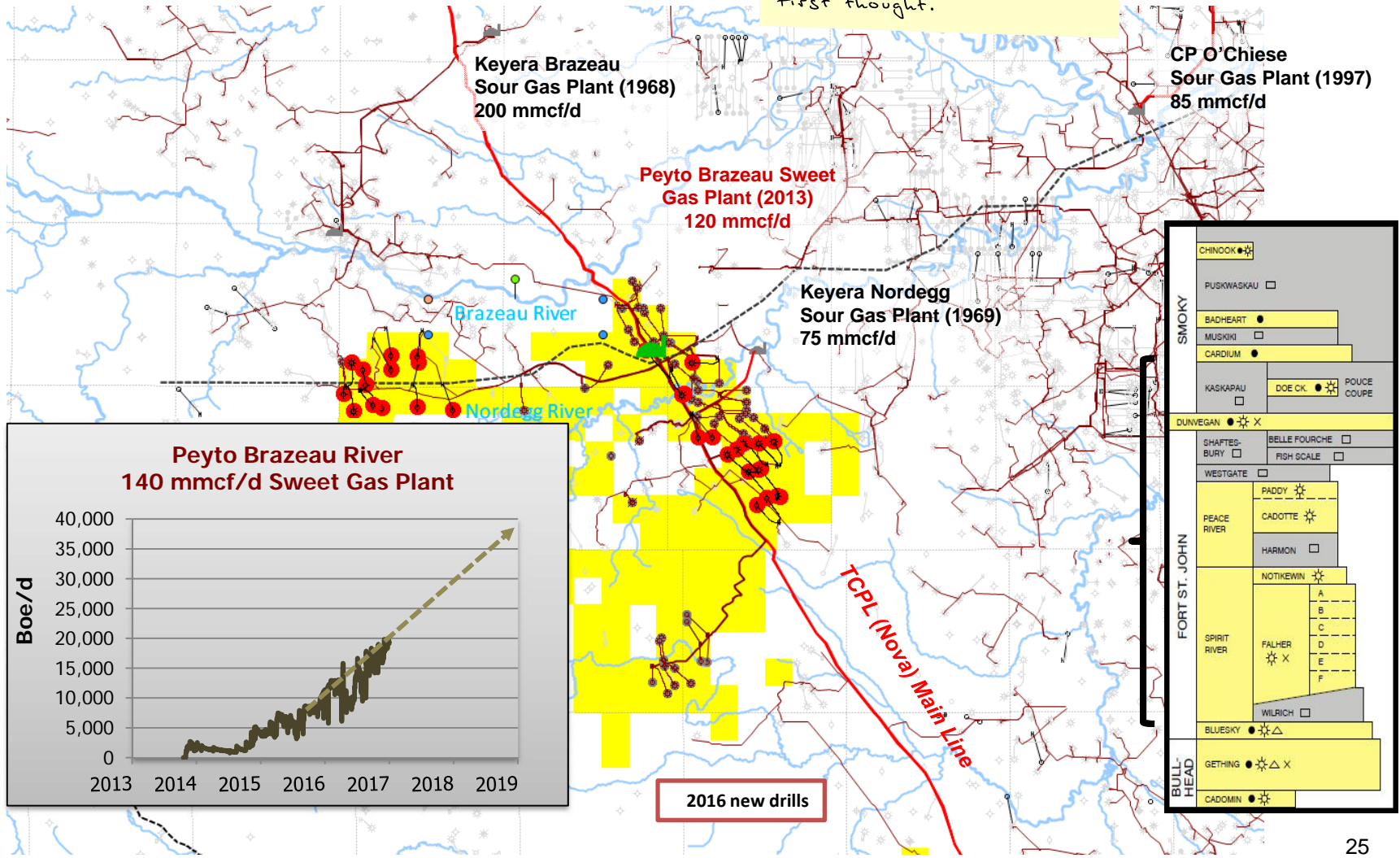
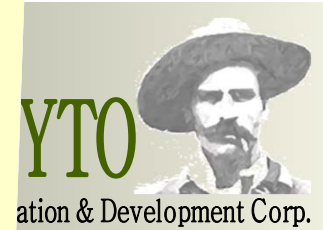




# Peyto's Assets

## Brazeau River Area

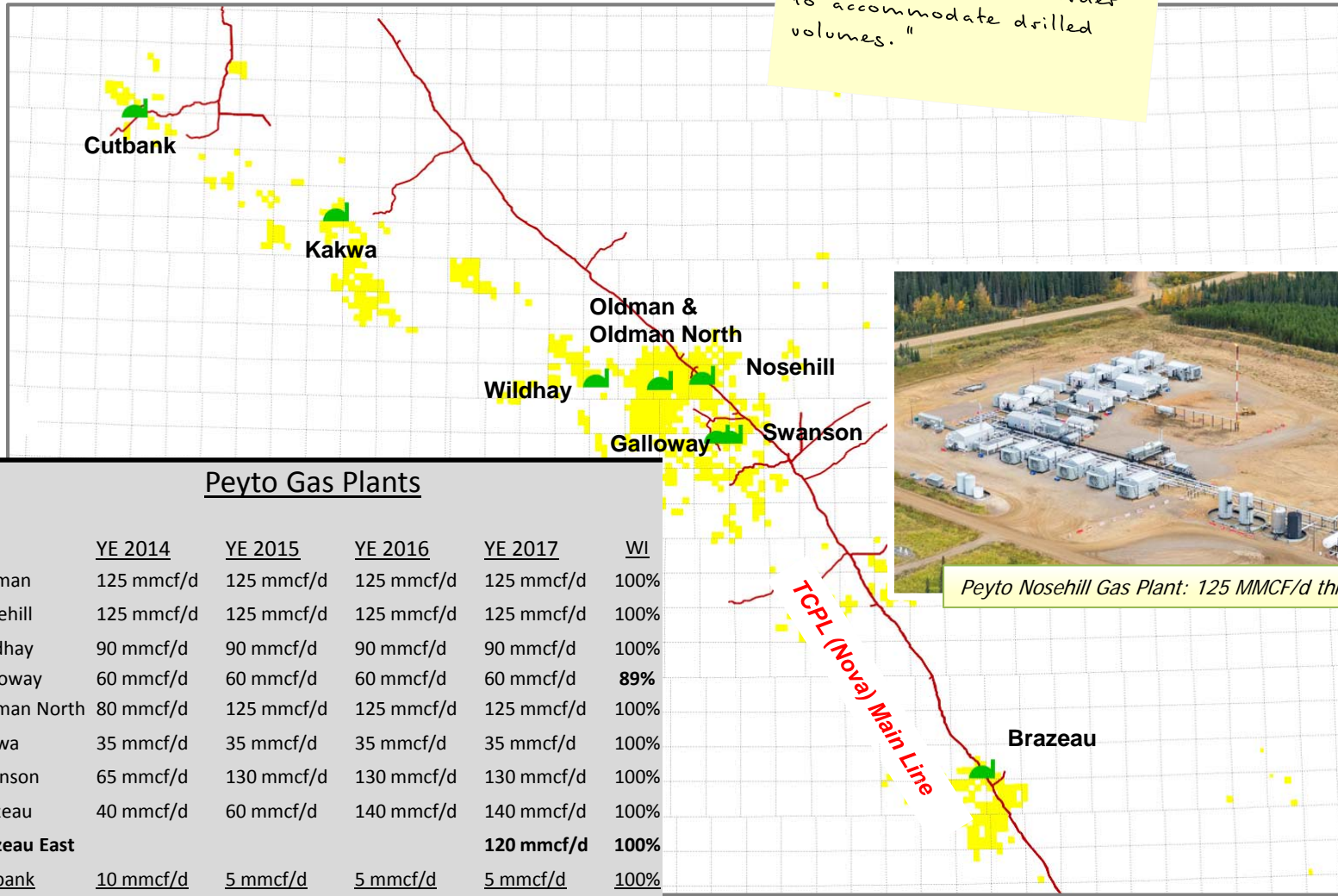
"The new Brazeau area had some of the best returns last year. Our plant has been expanded and a 3D seismic shoot from last winter shows much more inventory than first thought."



# Peyto's Assets

## Facility Ownership And Control

"2017 budget includes a new 120 mmcf/d gas plant at Brazeau East to be built in two phases throughout 2017 in order to accommodate drilled volumes."



Peyto Nosehill Gas Plant: 125 MMCF/d throughput

### Peyto Gas Plants

	<u>YE 2014</u>	<u>YE 2015</u>	<u>YE 2016</u>	<u>YE 2017</u>	<u>WI</u>
1 Oldman	125 mmcf/d	125 mmcf/d	125 mmcf/d	125 mmcf/d	100%
2 Nosehill	125 mmcf/d	125 mmcf/d	125 mmcf/d	125 mmcf/d	100%
3 Wildhay	90 mmcf/d	90 mmcf/d	90 mmcf/d	90 mmcf/d	100%
4 Galloway	60 mmcf/d	60 mmcf/d	60 mmcf/d	60 mmcf/d	89%
5 Oldman North	80 mmcf/d	125 mmcf/d	125 mmcf/d	125 mmcf/d	100%
6 Kakwa	35 mmcf/d	35 mmcf/d	35 mmcf/d	35 mmcf/d	100%
7 Swanson	65 mmcf/d	130 mmcf/d	130 mmcf/d	130 mmcf/d	100%
8 Brazeau	40 mmcf/d	60 mmcf/d	140 mmcf/d	140 mmcf/d	100%
9 Brazeau East				120 mmcf/d	100%
10 Cutbank	10 mmcf/d	5 mmcf/d	5 mmcf/d	5 mmcf/d	100%
<b>Total</b>	630 mmcf/d	755 mmcf/d	835 mmcf/d	955 mmcf/d	99%

# Peyto's Assets

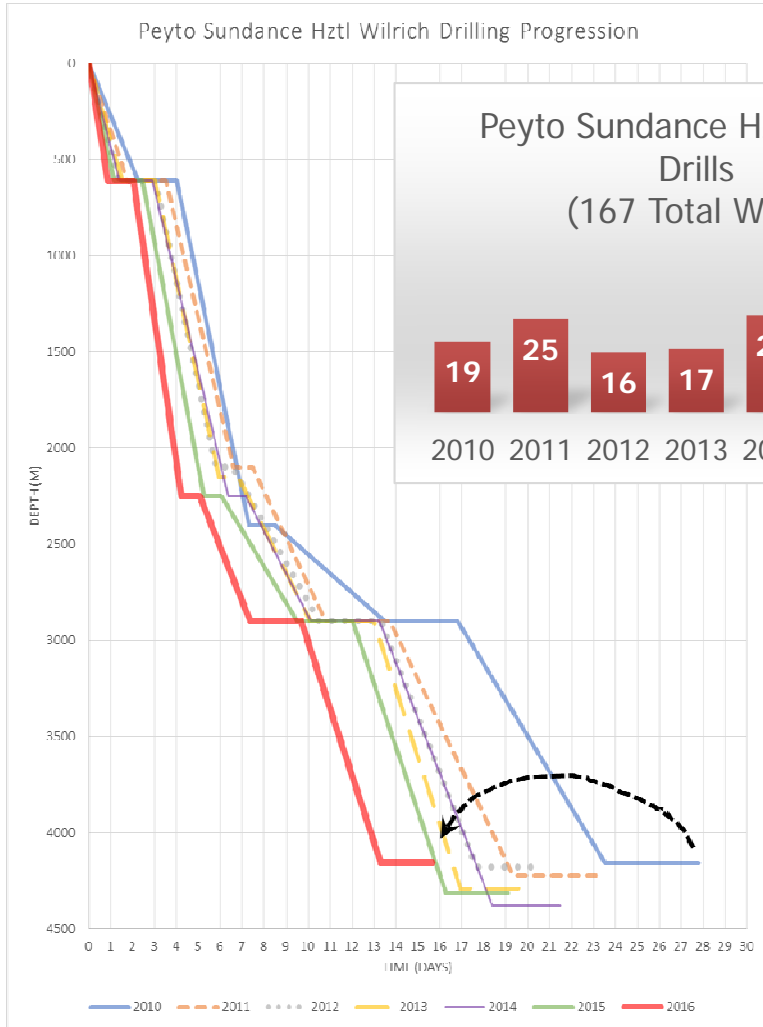
## Drilling Performance Improvement

"Every year we get faster with increased experience, optimized directional drilling assemblies, improved bit and mud systems, and program refinements. It all saves cost and time."

PEYTO



Energy Services & Development Corp.



# 43%

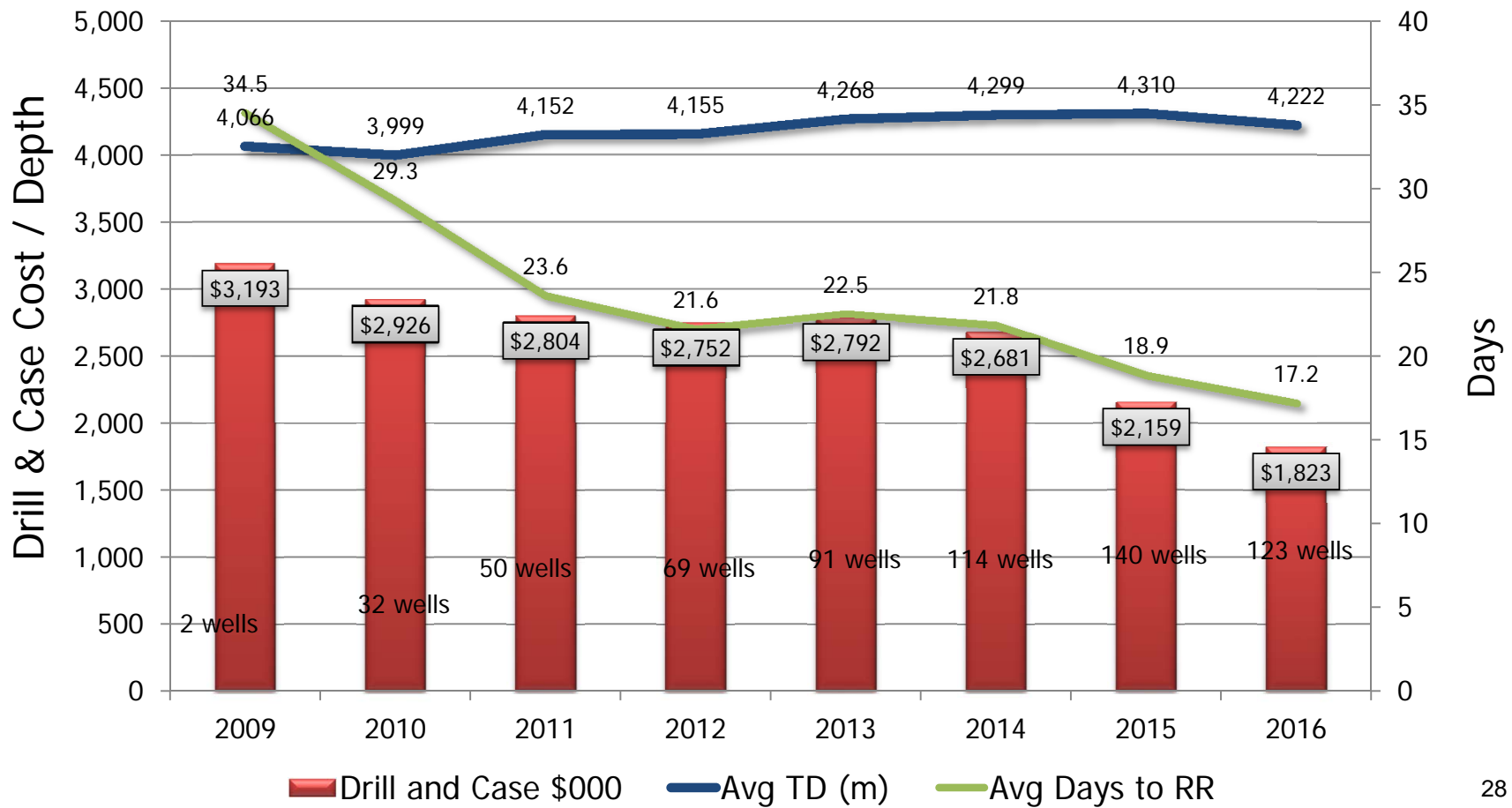
Decrease in Drilling Time (spud – RR)

# Peyto's Assets

## Drilling Cost Performance


"Looking specifically at the SR wells, the avg. drilling costs reduction of 25-30% in 2015, was mostly due to service rates and pad drilling with some additional improvement in execution. 2016 is cheaper again by another 15%."

### Hz Spirit River

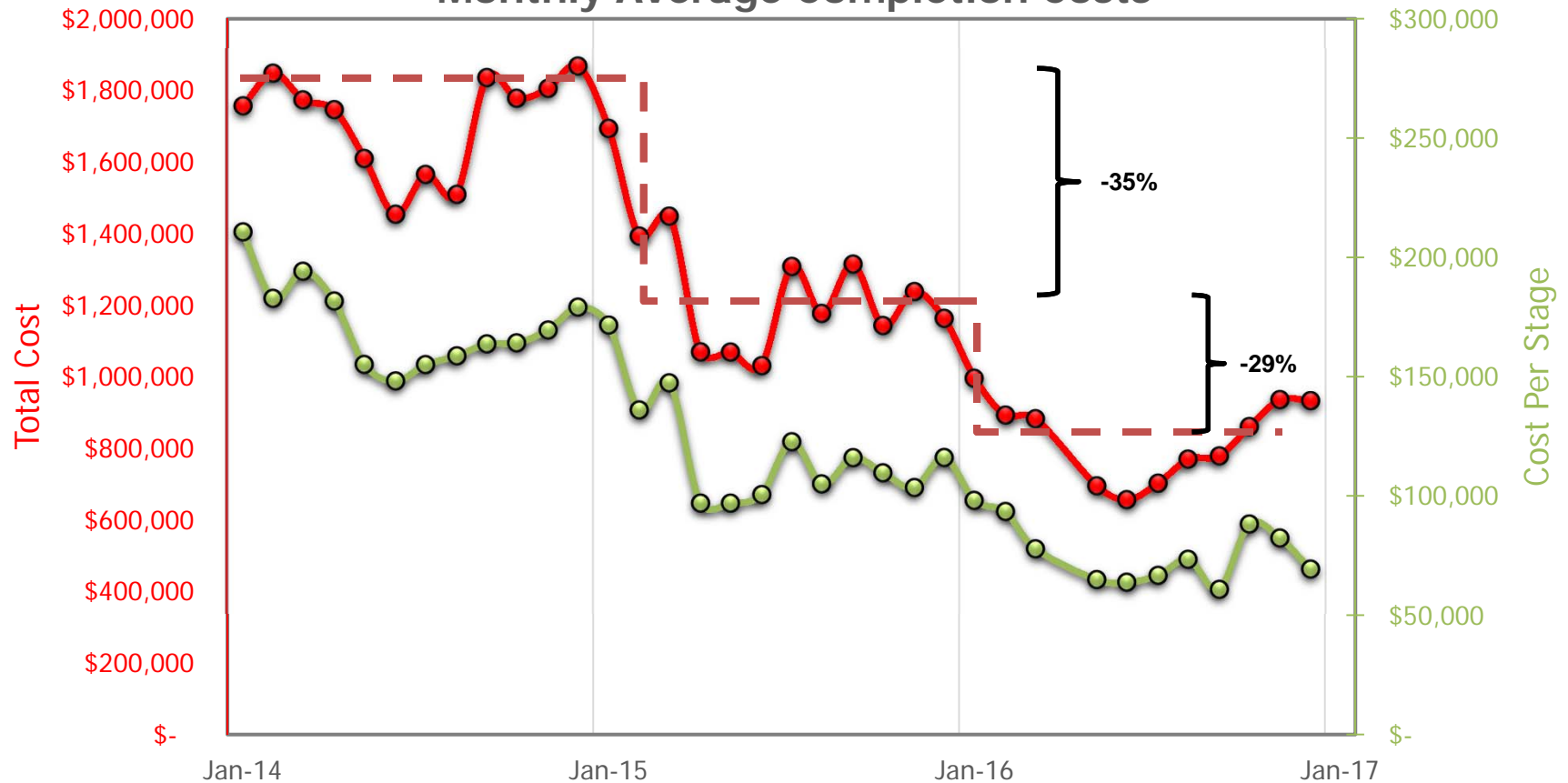


# Peyto's Assets

## Completion Cost Performance

"Completion costs are down this YoY even more than drilling. Service cost reductions and changes in design, including cheaper sand means 2016 will be lower than 2015."  ment Corp.

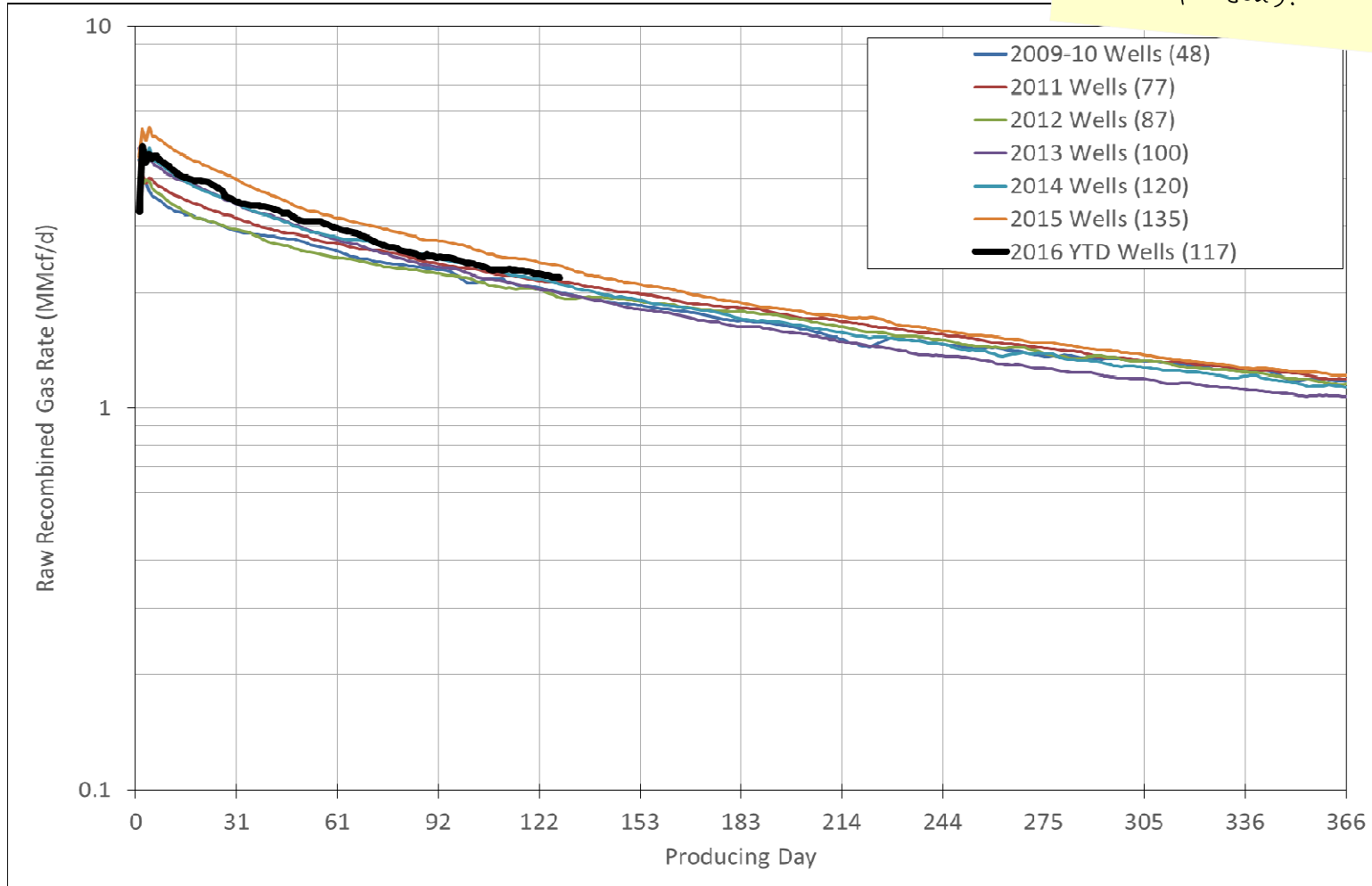
### Monthly Average Completion Costs



# Peyto's Assets

*Predictable and Repeatable*

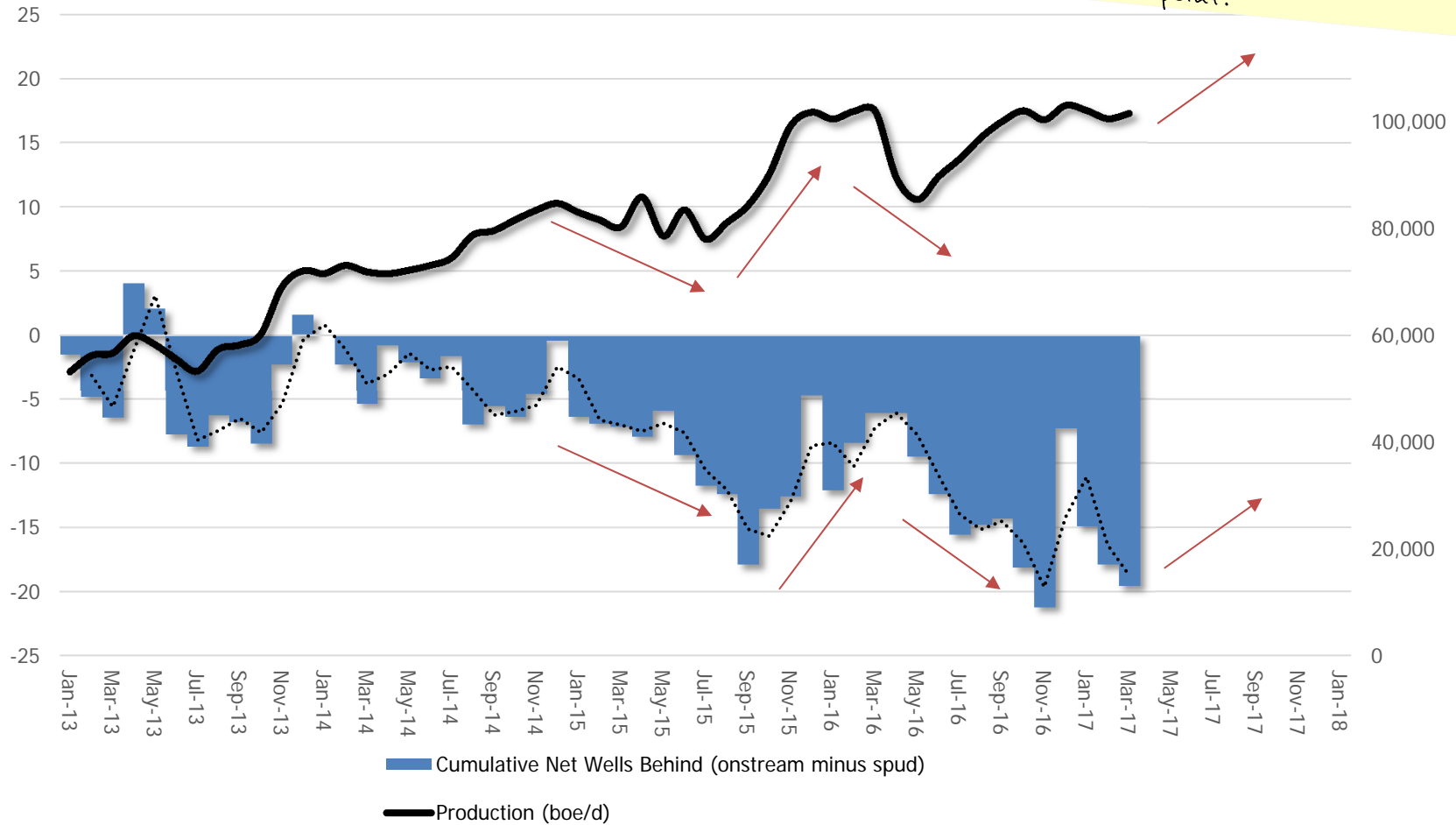
"We've now drilled over 700 hz wells. The 2016 wells are impacted by TCPL outages so operated day is different from calendar day (operated or producing day shown here for comparison)."



# Peyto's Assets

## Lumpy Production From Pads and New Areas

"Pad drilling and step outs into new areas mean wells are waiting to come on longer than they used to. It translates into "lumpier" production adds but makes sense from a cost and return standpoint."



# Peyto's Incredible Returns



A.J. SIMMONS  
PHOTOGRAPHY  
ajsimmonsphoto.com

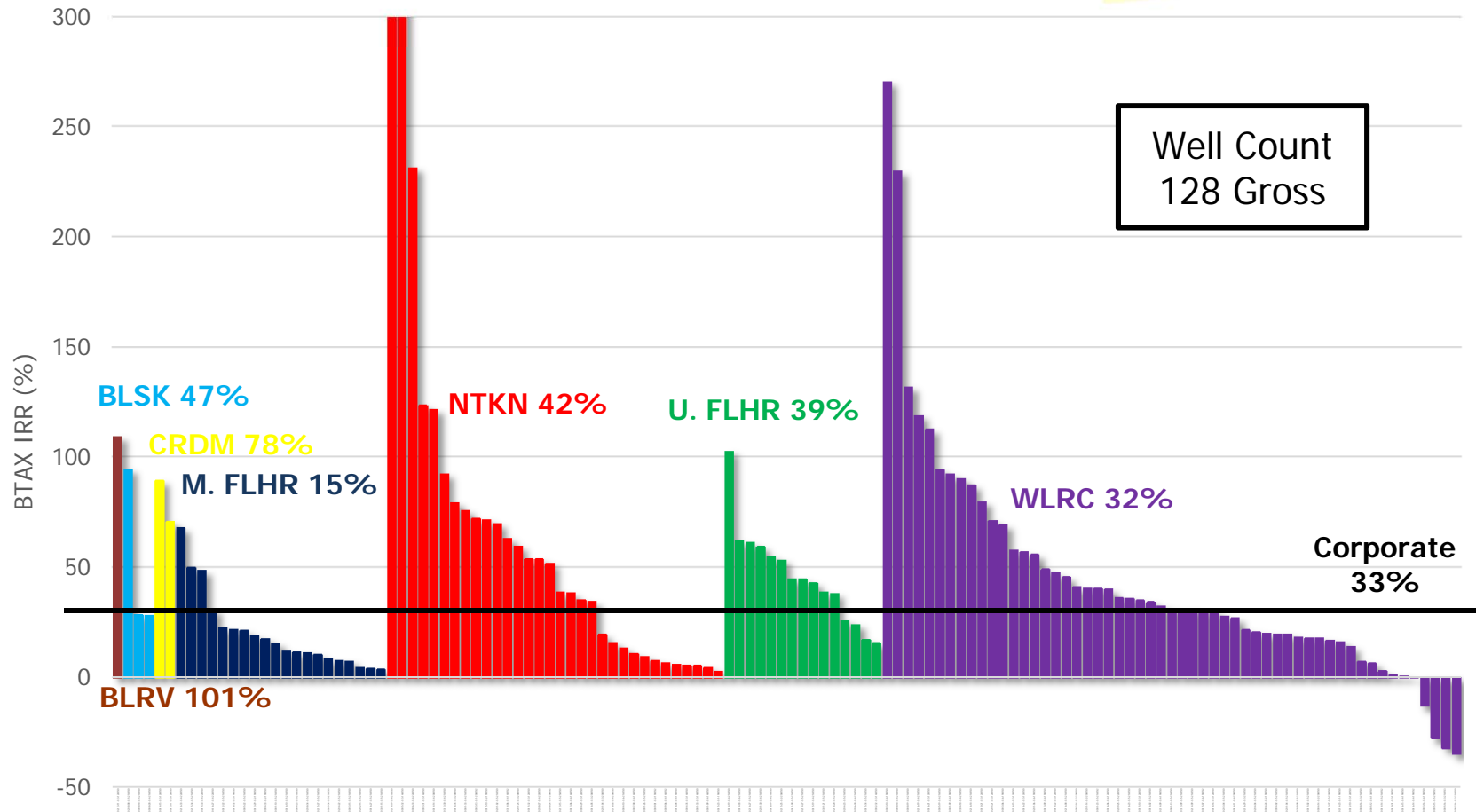
4/10/2017



# Peyto's Returns

## 2016 Full Cycle Real Returns

"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."

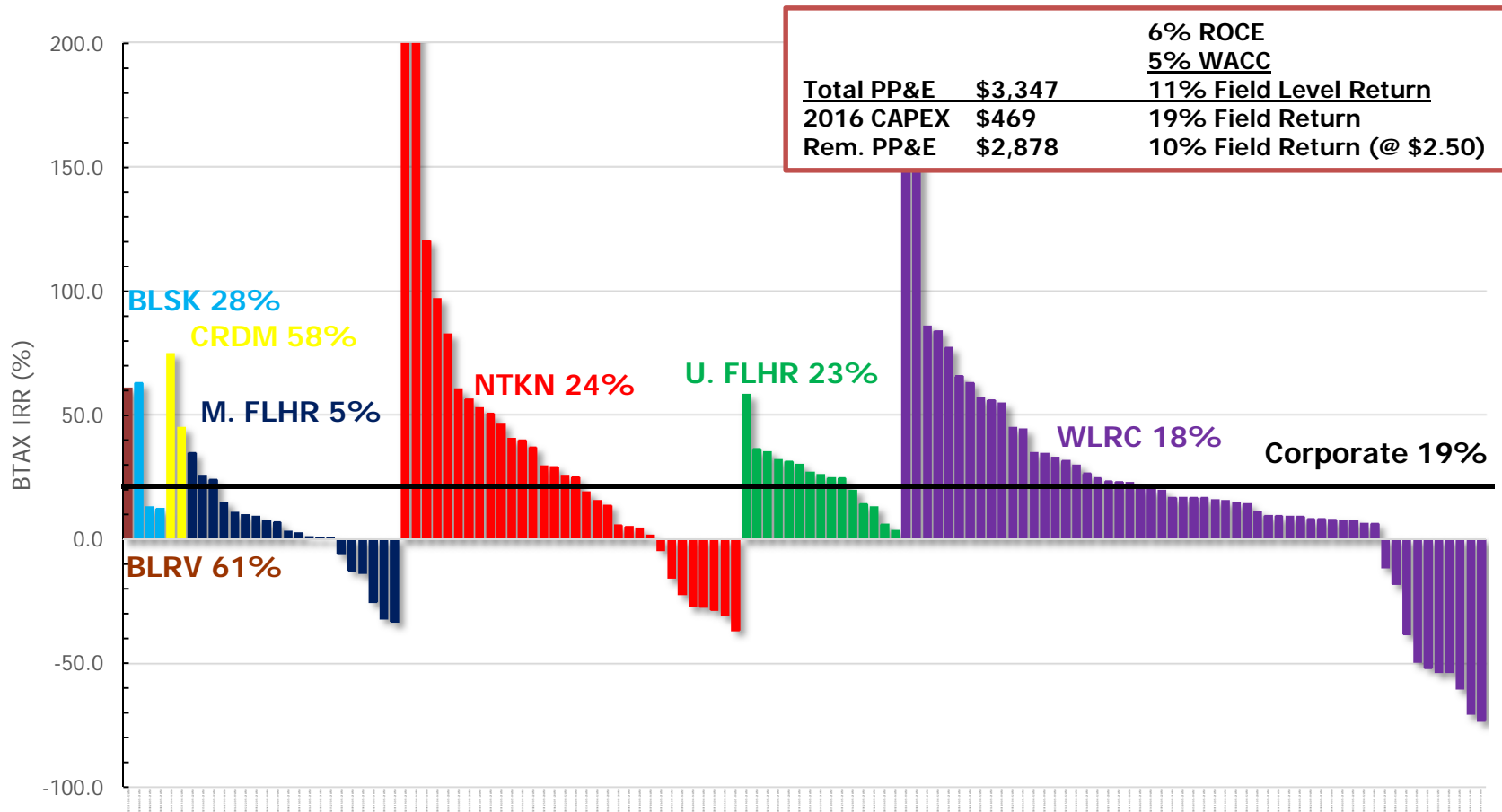


Includes provision of \$575k per well for Facilities, Land and Seismic  
 Peyto's internal Full Cycle actual IRR on 128 Wells by Species using actual costs and prices realized in 2016 and Insite Dec 31/16 price forecast

# Peyto's Returns

2016 Full Cycle Returns (Constant Dollar, \$2.50 flat)

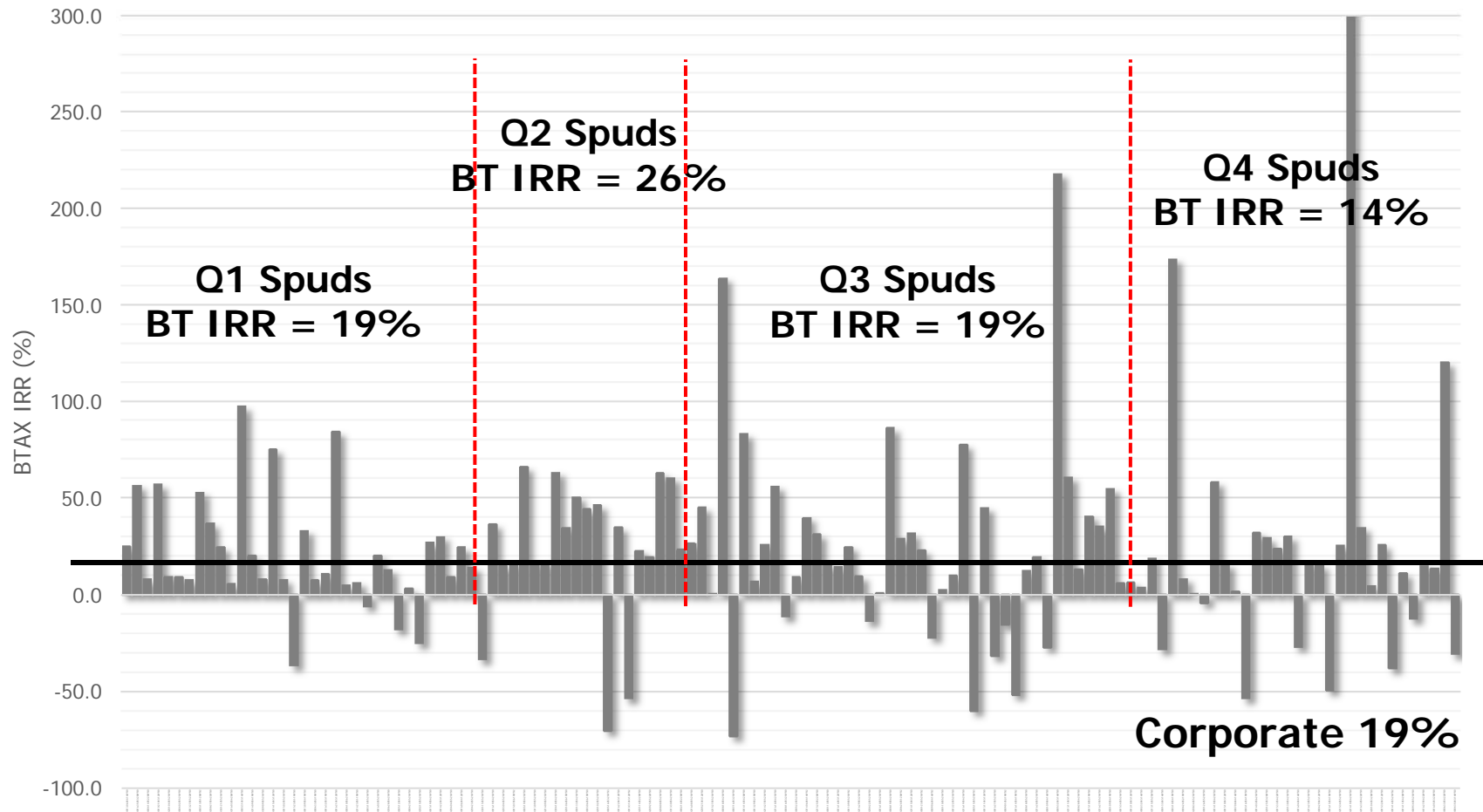
"Even at \$2.50/GJ flat  
Peyto is generating an  
above average return."



Includes provision of \$575k per well for Facilities, Land and Seismic  
Peyto's internal Full Cycle actual IRR on 128 Wells by Species using actual costs and prices realized in 2016 and flat \$2.50/GJ, \$65/bbl CAD held flat

# Peyto's Returns

2016 Full Cycle Returns by spud date (Constant Dollar, \$2.50 flat)



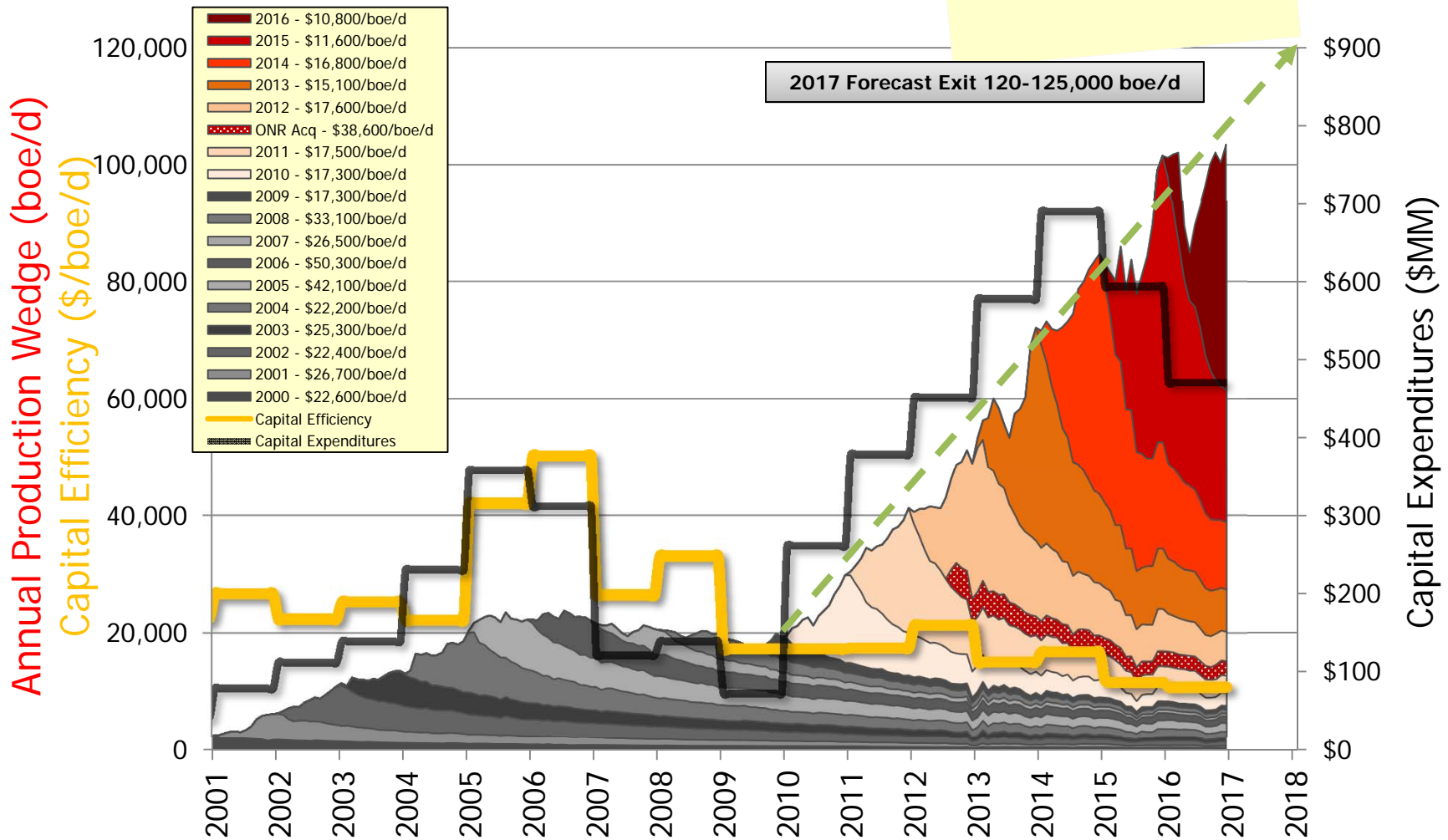
Includes provision of \$575k per well for Facilities, Land and Seismic

Peyto's internal Full Cycle actual IRR on 128 Wells by Species using actual costs and prices realized in 2016 and \$2.50/GJ, \$65/bbl CAD for 2017 and beyond

# 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

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."



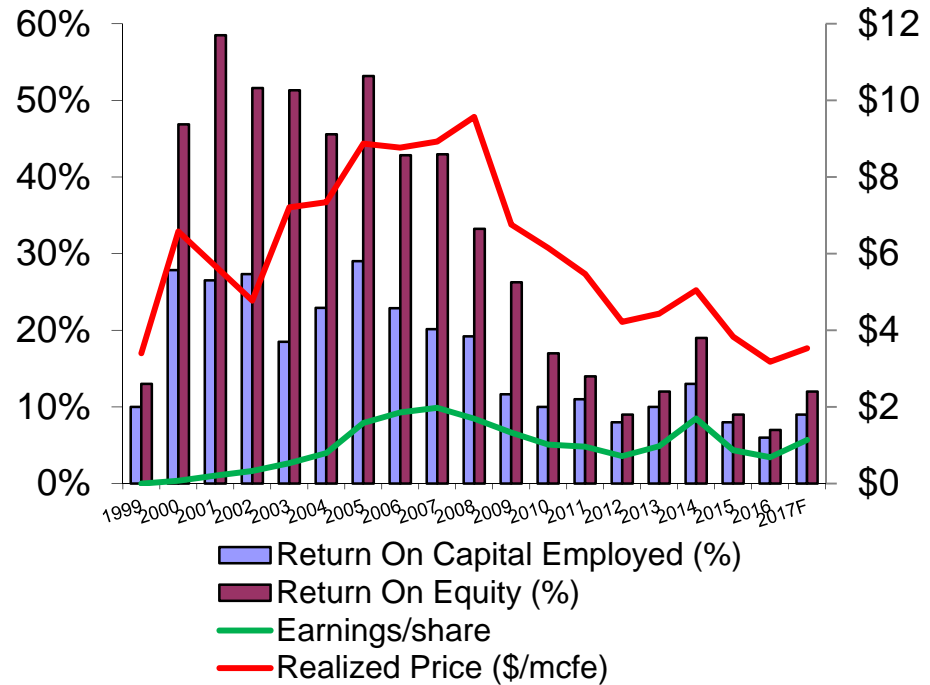
Development Corp.

# 31%

18 yr Avg ROE to 2016

# 17%

18 yr Avg ROCE to 2016



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 (18 yrs 1999-2016)

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

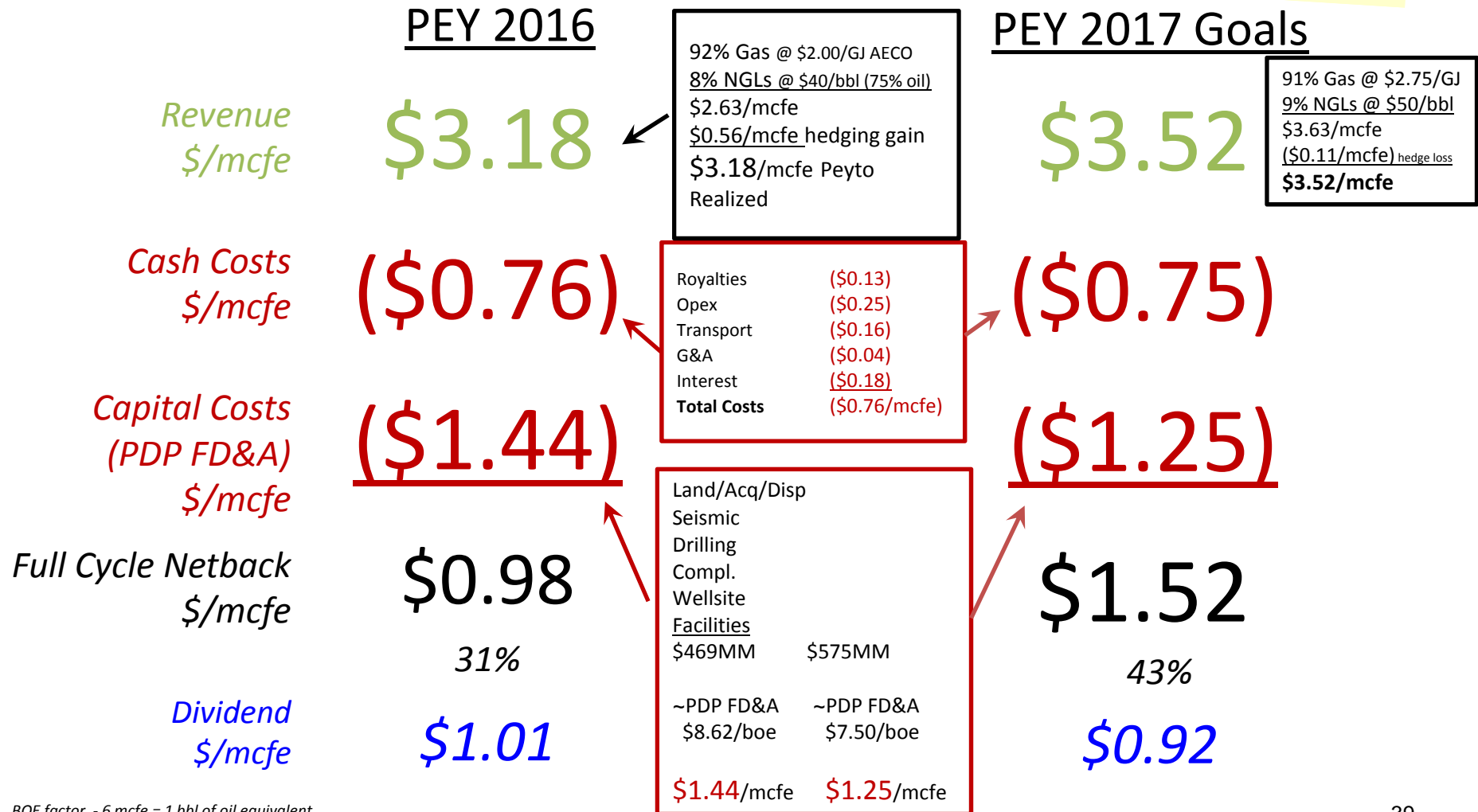
# Peyto's Future



# Peyto's Future

"Build it for less than we sell it"

"For 2017 our goal is to continue to build it and produce it for less than we sell it by grinding on the F&D costs."



BOE factor - 6 mcfe = 1 bbl of oil equivalent

# 2017 Outlook

*Over 20% Larger Capex Program*

"2017 looks to be another busy year of all organic activity with hopefully even better returns than 2016."

**PEYTO**

Exploration & Development Corp.



**\$550M-**  
**\$600M**

2017 Capital Program

- ✓ **Drill ~145-160Hz Wells**  
(Liquids Rich Natural Gas) vs 129 in 2016
- ✓ **Expand & Extract**  
Increase Processing Capacity & NGL Yield  
~120 mmcf/d With Brazeau East GP
- ✓ **Increase**  
Undeveloped Land Base
- ✓ **Shoot**  
Seismic
- ✓ **Acquire**  
Additional Opportunities and Partner Interests



# Peyto's Future

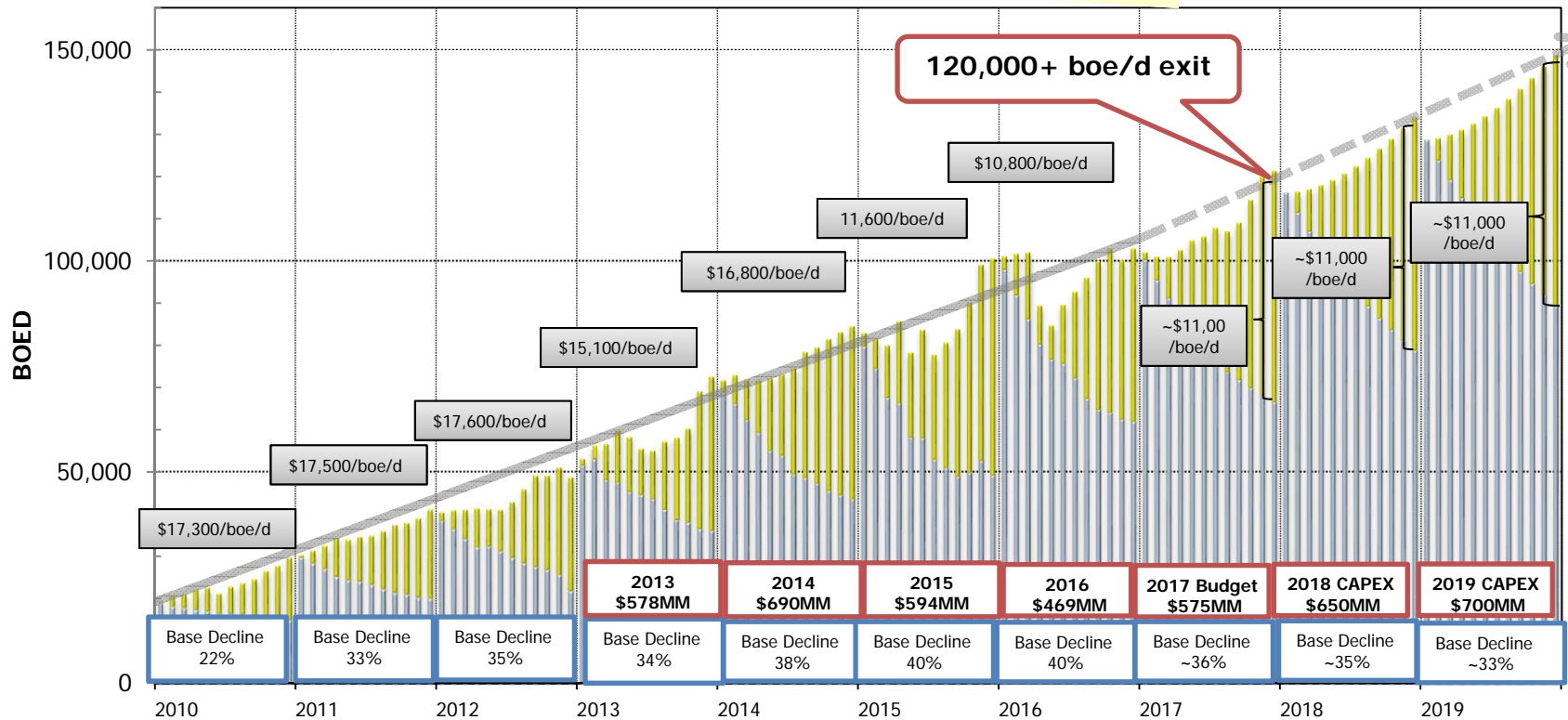
## Where To From Here?

"There's no reason that at today's commodity prices, Peyto can't continue to keep doing what it's been doing for the last 6 years - making money."

# PEYTO



Exploration & Development Corp.



\$18/boe netback using \$3.00/GJ AECO, \$50/bbl CND blended liquid price

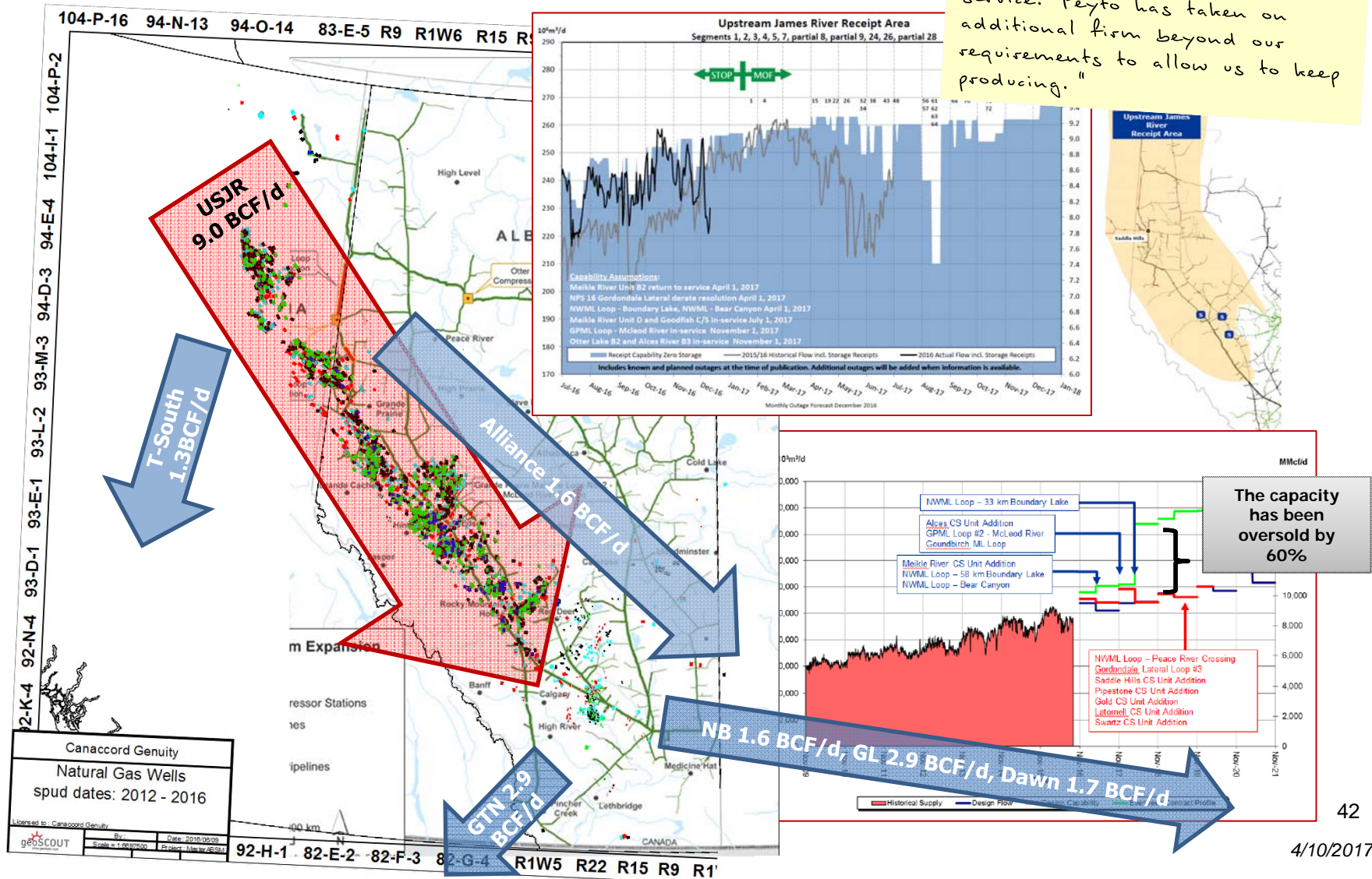
Year	CAPEX (\$MM)	Annual Prod.	Netback	FFO (\$MM)	Earnings (\$MM)	DIV (\$MM)	YE Net Debt (\$B)	YE Debt to FFO	# locations
2014	\$ 690	76,372	\$ 23.78	\$ 663	\$ 262	\$ 175	\$ 1.0	1.5	123
2015	\$ 594	85,700	\$ 18.08	\$ 565	\$ 138	\$ 208	\$ 1.1	2.0	140
2016	\$ 469	96,975	\$ 14.52	\$ 514	\$ 113	\$ 215	\$ 1.1	2.2	131
2017	\$ 575	108,000	\$ 16.00	\$ 631	\$ 210	\$ 217	\$ 1.3	2.0	150
2018	\$ 650	121,000	\$ 18.00	\$ 795	\$ 262	\$ 217	\$ 1.4	1.7	162
2019	\$ 700	136,000	\$ 18.00	\$ 894	\$ 295	\$ 217	\$ 1.4	1.5	175
	\$ 3,678			\$ 4,061	\$ 1,280	\$ 1,249			618

\* 2017 and beyond provided for illustration only. Budgets and forecasts beyond 2017 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's Future

## Working Around The Takeaway Constraints

"The major pipelines out of the active part of the WCSB are full and not expanding fast enough to accommodate the growing production. As a result competition for space will mean continued cutbacks to firm service. Peyto has taken on additional firm beyond our requirements to allow us to keep producing."



# Appendix



- ☀ Quarterly Track Record
- ☀ Tax Pools
- ☀ Payout
- ☀ Hedging Strategy
- ☀ Gas Marketing
- ☀ FAQ

# Quarterly Track Record



	2016					2015					2014				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
<b>Operations</b>															
<u>Production</u>															
Oil & NGLs (bbl/d)	7,457	8,938	7,247	6,621	7,008	6,643	6,943	5,352	6,843	7,456	7,632	8,077	7,502	7,568	7,375
Natural gas (mcf/d)	537,111	556,975	534,710	489,337	567,230	474,182	540,512	455,137	455,443	444,794	412,441	451,044	420,538	388,407	389,002
Barrels of oil equivalent (boe/d)	96,975	101,767	96,365	88,177	101,546	85,673	97,028	81,208	82,750	81,588	76,372	83,251	77,592	72,302	72,209
Year over Year % Growth	13%	5%	19%	7%	24%	12%	17%	5%	14%	13%	29%	24%	38%	24%	30%
<u>Average Product Prices</u>															
Oil & NGLs (\$/bbl)	40.30	45.09	39.76	41.46	33.60	40.40	39.88	41.69	43.54	37.03	70.68	55.47	71.01	77.30	80.49
Natural gas (\$/mcf)	2.89	2.98	2.88	2.60	3.06	3.58	3.34	3.57	3.50	3.97	4.30	4.22	4.18	4.37	4.45
Operating expenses (\$/mcf)	0.41	0.42	0.41	0.43	0.39	0.45	0.41	0.44	0.46	0.47	0.48	0.44	0.46	0.49	0.52
Field Netback (\$/mcf)	2.64	2.78	2.63	2.39	2.72	3.24	3.04	3.21	3.22	3.52	4.19	4.02	4.12	4.32	4.39
<b>Financial (\$000)</b>															
Revenue (net of royalties)	650,058	179,862	161,813	136,017	172,366	690,817	184,943	163,727	166,327	175,820	780,773	205,125	196,062	189,830	191,457
Funds from Operations <sup>1</sup>	514,593	144,593	127,915	102,178	139,907	565,473	151,123	134,513	135,195	144,643	662,787	173,437	166,988	161,577	160,785
Net earnings (loss)	111,729	37,870	22,814	9,102	41,943	137,561	43,406	37,347	12,295	44,513	261,778	68,597	68,893	62,159	62,129
Capital expenditures	469,375	129,407	113,571	50,634	175,763	593,780	162,442	176,618	116,643	138,077	690,389	179,697	180,024	151,290	179,378
Net Debt <sup>2</sup>	1,132,302	1,132,302	1,060,355	1,018,796	1,181,963	1,104,602	1,104,602	1,021,105	934,262	1,064,491	1,009,508	1,009,508	937,611	880,386	838,495
Common shares outstanding (000)	164,777	164,777	164,630	164,630	159,240	159,107	159,107	158,958	158,985	153,921	153,860	153,860	153,691	153,691	153,691
Weighted average shares	162,574	164,630	164,630	161,846	159,143	157,492	158,958	158,958	158,118	153,853	153,231	153,231	153,691	153,691	151,826
<b>Per share data (\$/share)</b>															
Funds from operations	3.17	0.88	0.78	0.63	0.88	3.59	0.95	0.85	0.86	0.94	4.33	1.13	1.09	1.05	1.06
Earnings (loss)	0.69	0.23	0.14	0.06	0.26	0.87	0.27	0.23	0.08	0.29	1.71	0.45	0.45	0.40	0.41
Dividends (Distributions)	1.32	0.33	0.33	0.33	0.33	1.32	0.33	0.33	0.33	0.33	1.14	0.33	0.30	0.28	0.24

<sup>1</sup> 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.

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

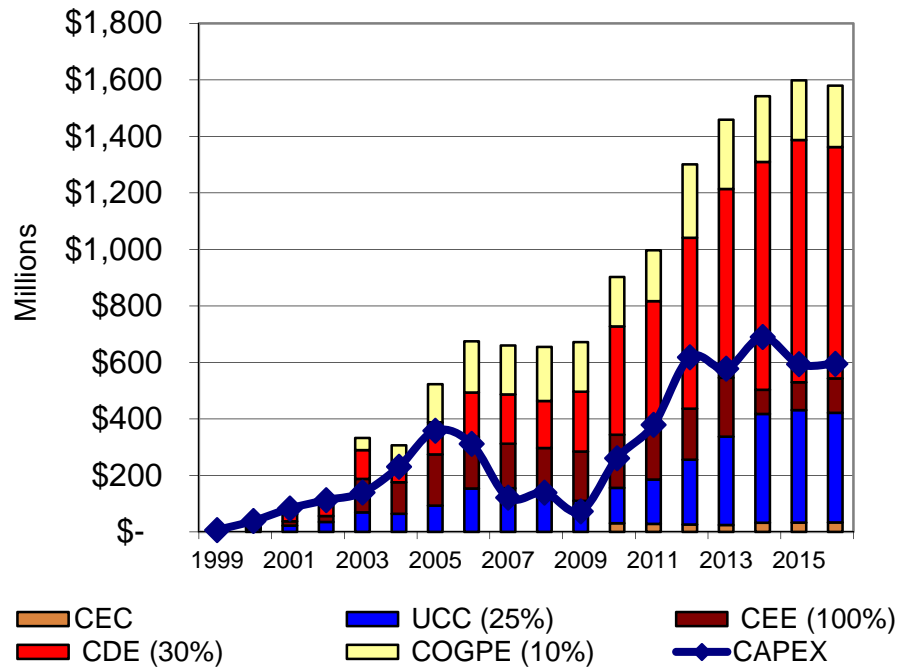
# Organic Business Model

## Peyto's Tax Pools

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



Development Corp.



**\$1.6B**

Federal Tax Pools  
Q4/16

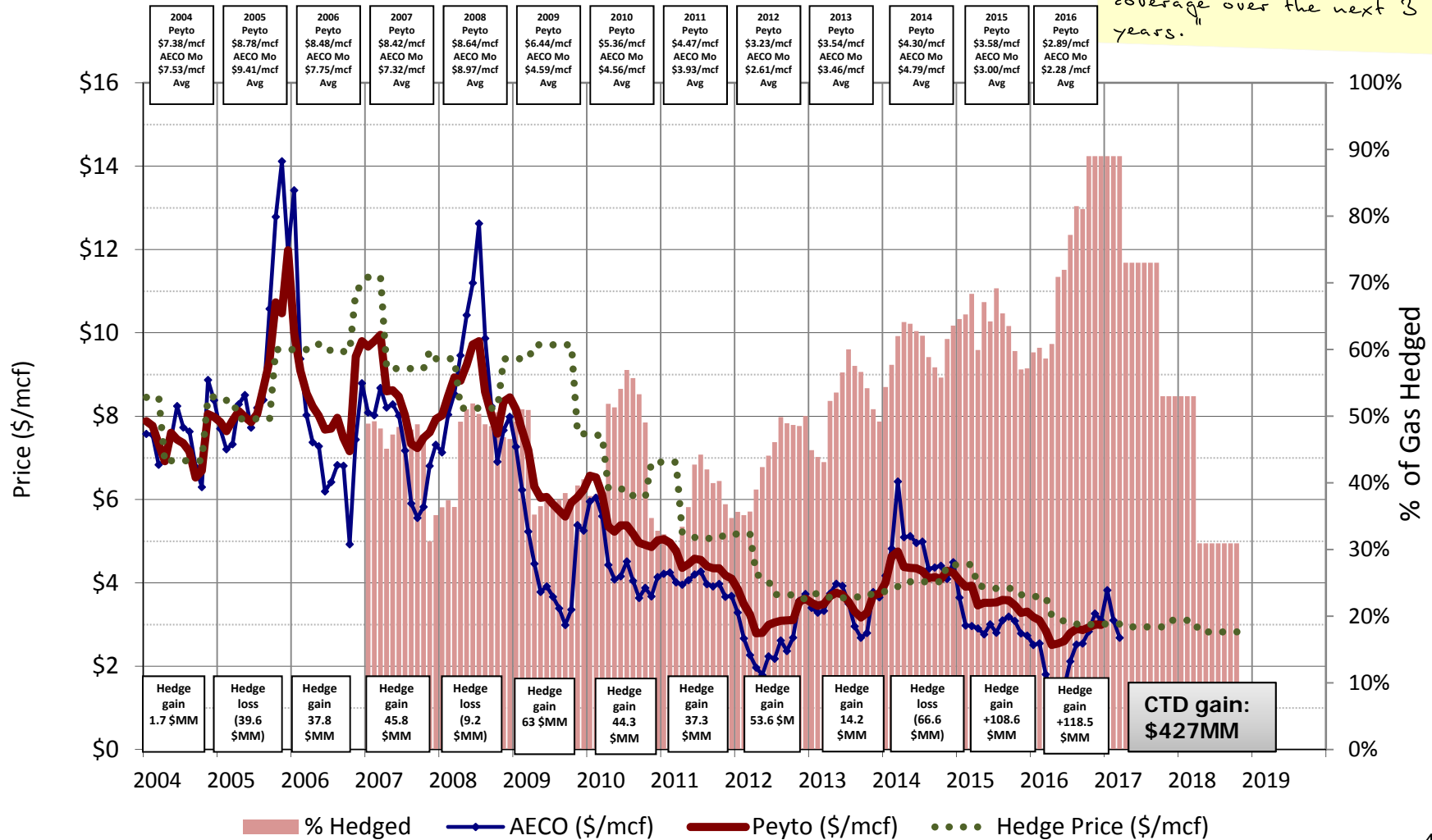
**\$5.2B**

Peyto CTD. CapEx  
Q4/16

# 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 target a progressive stepping-down schedule of coverage over the next 3 years."



# Gas Marketing

## Future Sales (1 of 3)

"Diversifying to other markets requires fixed transportation commitments with no guarantee that you'll offset it with a higher price. Basic AECO swaps keep transport costs low and fix the price, eliminating risk and cost."



	GJ/d	Pricing (\$/GJ)	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
21-Jul-15	5000	\$3.01																
28-Jul-15	5000	\$3.01																
30-Jul-15	5000	\$2.95																
5-Aug-15	5000	\$3.00																
5-Aug-15	5000	\$2.95																
12-Aug-15	5000	\$2.98																
12-Aug-15	5000	\$3.06																
20-Aug-15	5000	\$2.94																
20-Aug-15	5000	\$3.92																
26-Aug-15	5000	\$2.88																
26-Aug-15	5000	\$2.74																
28-Aug-15	5000	\$2.91																
8-Sep-15	5000	\$2.88																
8-Sep-15	5000	\$2.80																
10-Sep-15	5000	\$2.85																
11-Sep-15	5000	\$2.93																
14-Sep-15	5000	\$2.95																
28-Sep-15	5000	\$3.84																
28-Sep-15	5000	\$2.95																
6-Oct-15	5000	\$2.85																
6-Oct-15	5000	\$2.70																
8-Oct-15	5000	\$2.84																
14-Oct-15	5000	\$2.63																
14-Oct-15	5000	\$2.70																
14-Oct-15	5000	\$2.85																
19-Oct-15	5000	\$2.62																
22-Oct-15	5000	\$2.64																
22-Oct-15	5000	\$2.87																
27-Oct-15	5000	\$2.53																
27-Oct-15	5000	\$2.64																
27-Oct-15	5000	\$3.88																
4-Nov-15	5000	\$2.58																
4-Nov-15	5000	\$2.83																
5-Nov-15	5000	\$2.83																
11-Nov-15	5000	\$2.67																
13-Nov-15	5000	\$2.55																
16-Nov-15	5000	\$2.71																
25-Nov-15	5000	\$2.62																
4-Dec-15	5000	\$2.50																
8-Dec-15	5000	\$2.52																
9-Dec-15	5000	\$2.59																
16-Dec-15	5000	\$2.54																
17-Dec-15	5000	\$2.60																
21-Dec-15	5000	\$3.54																
22-Dec-15	5000	\$2.51																
28-Dec-15	5000	\$2.59																
4-Jan-16	5000	\$2.68																
7-Jan-16	5000	\$2.45																
7-Jan-16	5000	\$2.75																
13-Jan-16	5000	\$2.50																
13-Jan-16	5000	\$2.50																
19-Jan-16	5000	\$2.61																
21-Jan-16	5000	\$2.40																
21-Jan-16	5000	\$2.40																
28-Jan-16	5000	\$2.50																
4-Feb-16	5000	\$2.45																
11-Feb-16	5000	\$2.42																
18-Feb-16	5000	\$2.51																
25-Feb-16	5000	\$2.10																
1-Mar-16	5000	\$2.18																
8-Mar-16	5000	\$2.29																
9-Mar-16	5000	\$2.20																
11-Mar-16	5000	\$2.30																
16-Mar-16	5000	\$2.35																
22-Mar-16	5000	\$2.30																
24-Mar-16	5000	\$2.15																
29-Mar-16	5000	\$2.22																
31-Mar-16	5000	\$2.11																
4-Apr-16	5000	\$2.31																
4-Apr-16	5000	\$2.50																
4-Apr-16	5000	\$2.40																
5-Apr-16	5000	\$2.51																
6-Apr-16	5000	\$2.22																
6-Apr-16	5000	\$2.45																
7-Apr-16	5000	\$2.45																
7-Apr-16	5000	\$2.51																
12-Apr-16	5000	\$2.32																
14-Apr-16	5000	\$2.34																
14-Apr-16	5000	\$2.23																
18-Apr-16	5000	\$2.28																

Hedges by year (averaged)				
Year	Vol. GJ/d	Price/GJ	Vol. mcf/d	Price/mcf
2016	460,656	2.77	400,915	3.18
2017	504,603	2.60	439,163	2.99
2018	249,877	2.55	217,471	2.93
2019	26,027	2.50	22,652	2.87
2020	10,000	2.47	8,703	2.84

•Assuming an Average Heating Value of 1.15 GJ/mcf for Peyto's gas

# Gas Marketing

## Future Sales (2 of 3)



	GJ/d	Pricing (\$/GJ)	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18			
19-Apr-16	5000	\$2.37																																							
19-Apr-16	5000	\$2.25																																							
20-Apr-16	5000	\$1.52																																							
20-Apr-16	5000	\$1.56																																							
20-Apr-16	5000	\$2.43																																							
21-Apr-16	5000	\$1.57																																							
21-Apr-16	5000	\$2.44																																							
22-Apr-16	5000	\$1.63																																							
22-Apr-16	5000	\$2.50																																							
26-Apr-16	5000	\$2.39																																							
26-Apr-16	5000	\$2.50																																							
27-Apr-16	5000	\$2.53																																							
29-Apr-16	5000	\$2.51																																							
3-May-16	5000	\$2.42																																							
3-May-16	5000	\$2.50																																							
4-May-16	5000	\$2.55																																							
6-May-16	5000	\$2.56																																							
9-May-16	5000	\$2.45																																							
10-May-16	5000	\$2.54																																							
11-May-16	5000	\$1.73																																							
11-May-16	5000	\$2.40																																							
12-May-16	5000	\$2.30																																							
17-May-16	5000	\$2.37																																							
17-May-16	5000	\$2.41																																							
18-May-16	5000	\$2.37																																							
18-May-16	5000	\$2.29																																							
19-May-16	5000	\$2.44																																							
19-May-16	5000	\$2.25																																							
20-May-16	5000	\$2.51																																							
24-May-16	5000	\$2.45																																							
24-May-16	5000	\$2.50																																							
25-May-16	5000	\$2.30																																							
26-May-16	5000	\$2.55																																							
26-May-16	5000	\$2.45																																							
31-May-16	5000	\$2.55																																							
31-May-16	5000	\$2.38																																							
1-Jun-16	5000	\$2.38																																							
3-Jun-16	5000	\$2.30																																							
6-Jun-16	5000	\$2.30																																							
9-Jun-16	5000	\$2.72																																							
10-Jun-16	5000	\$2.79																																							
14-Jun-16	5000	\$2.76																																							
14-Jun-16	5000	\$2.50																																							
15-Jun-16	5000	\$2.75																																							
15-Jun-16	5000	\$2.59																																							
20-Jun-16	5000	\$2.82																																							
20-Jun-16	5000	\$2.53																																							
22-Jun-16	5000	\$2.88																																							
22-Jun-16	5000	\$2.58																																							
23-Jun-16	5000	\$2.81																																							
27-Jun-16	5000	\$2.90																																							
27-Jun-16	5000	\$2.61																																							
28-Jun-16	5000	\$2.96																																							
30-Jun-16	5000	\$3.00																																							
30-Jun-16	5000	\$2.64																																							
6-Jul-16	5000	\$2.89																																							
7-Jul-16	5000	\$2.67																																							
8-Jul-16	5000	\$2.70																																							
14-Jul-16	5000	\$2.67																																							
21-Jul-16	5000	\$2.60																																							
22-Jul-16	5000	\$2.65																																							
27-Jul-16	5000	\$2.75																																							
3-Aug-16	5000	\$2.62																																							
12-Aug-16	5000	\$2.65																																							



