



www.Peyto.com

Annual General Meeting

May 10, 2018

Plain Language Advisory

Regarding Forward-Looking Statements



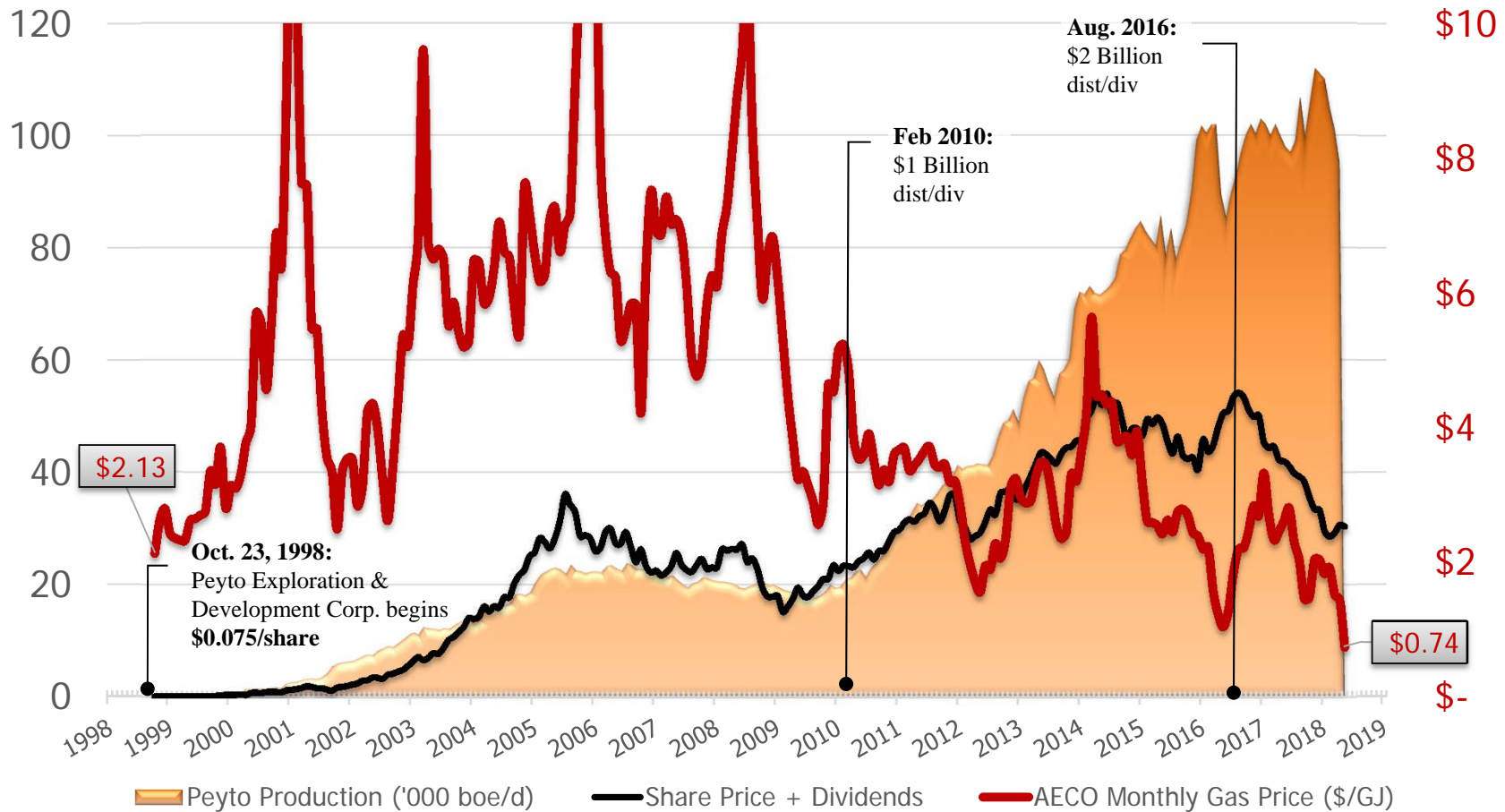
“I am going to tell you about my vision of Peyto’s future today. I will also tell you where I think commodity prices are going to go. These are called forward looking statements. I am being truthful and using everything I know about Peyto and the industry to predict the future but I will likely be wrong on both accounts, almost certainly the commodity price. Oil and gas exploration and production is a risky business. Do your homework before making any investment. Don’t blame me if it doesn’t work out.”

Peyto's History

Successful 19 Year Track Record

"A lot has happened over the past 19 years. Peyto has grown substantially from its humble beginnings. Too bad gas prices haven't followed suit."

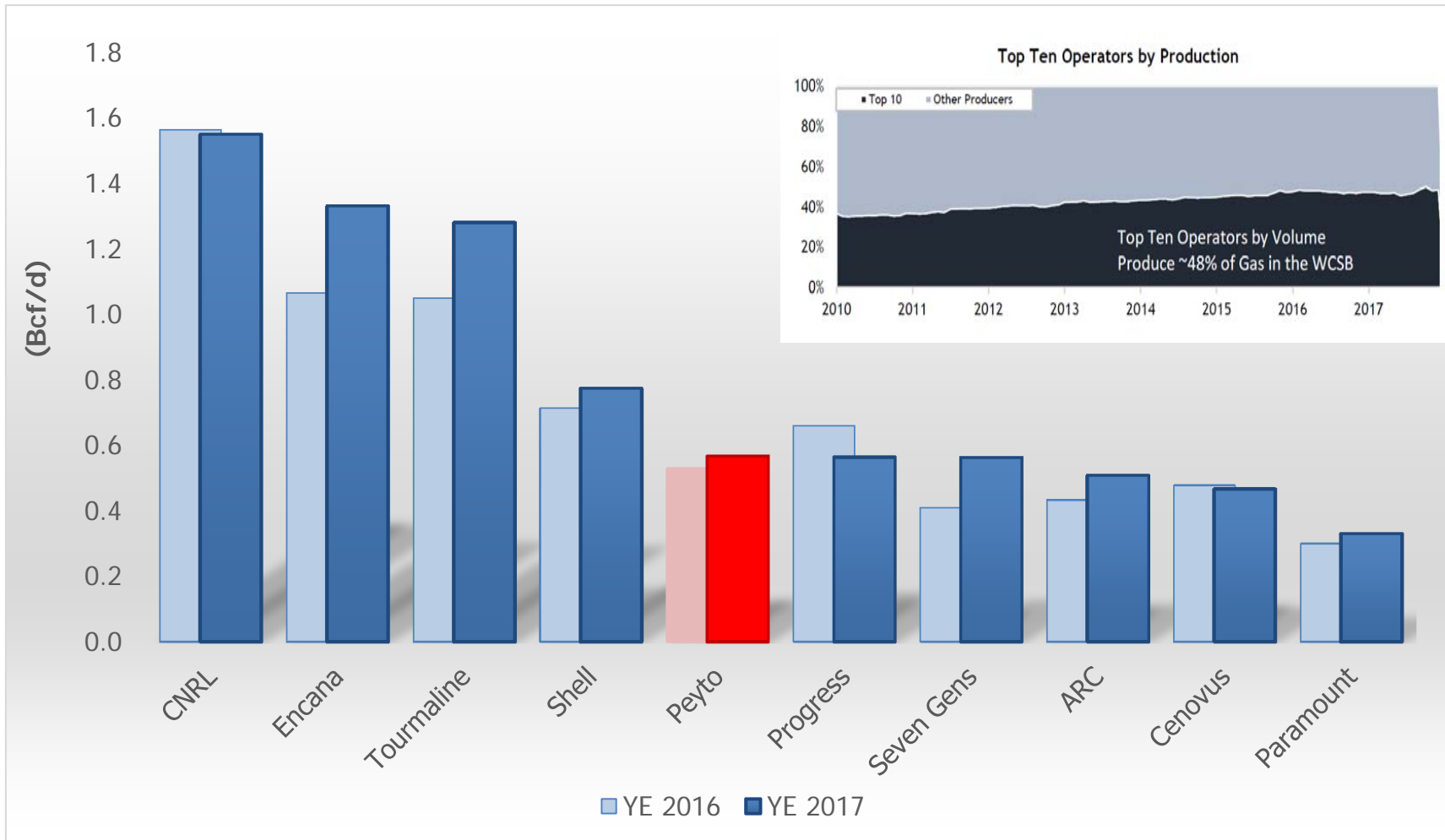
Corp.



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

Peyto's History

Peyto Is The 5th Largest Gas Producer In Canada



Source: NBF, geoSCOUT; assumes 15% gas shrink

Peyto's History

October 23, 2018 - Peyto Turns 20

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BANANAAAAA!



**(THAT'S MINION FOR
HAPPY BIRTHDAY)**

Peyto's History

Invest For Profit Not Growth

"Peyto's track record of generating \$0.40 of earnings for every dollar of capital invested is the highest in the industry."

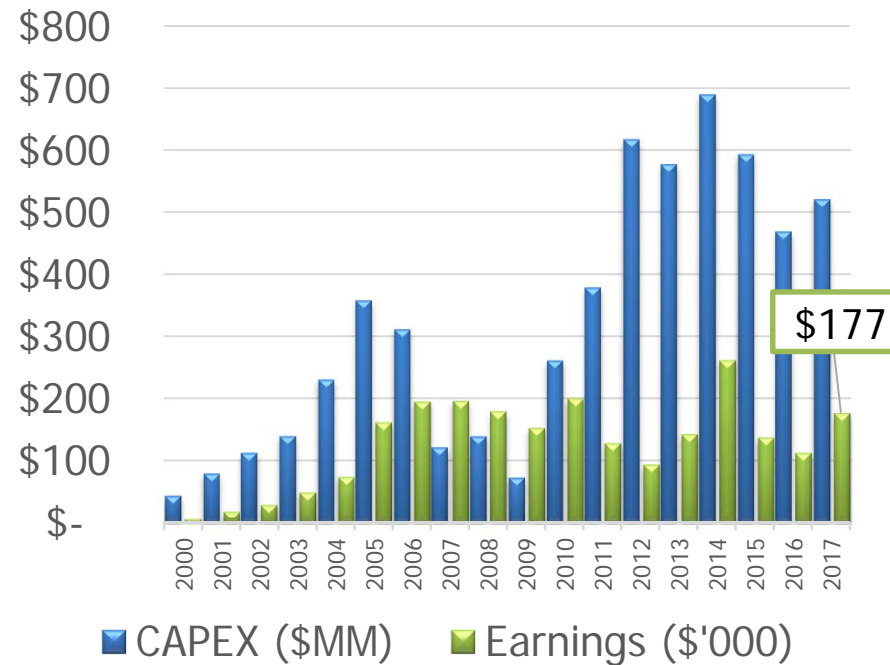


\$2.3B

Peyto Earnings
CTD Q4/17

\$5.7B

Peyto Capital
CTD Q4/17



Peyto's History

Dividend Sustainability

"The best way to ensure sustainable dividends is to generate earnings. By definition dividends come from profits and that's where Peyto's come from."

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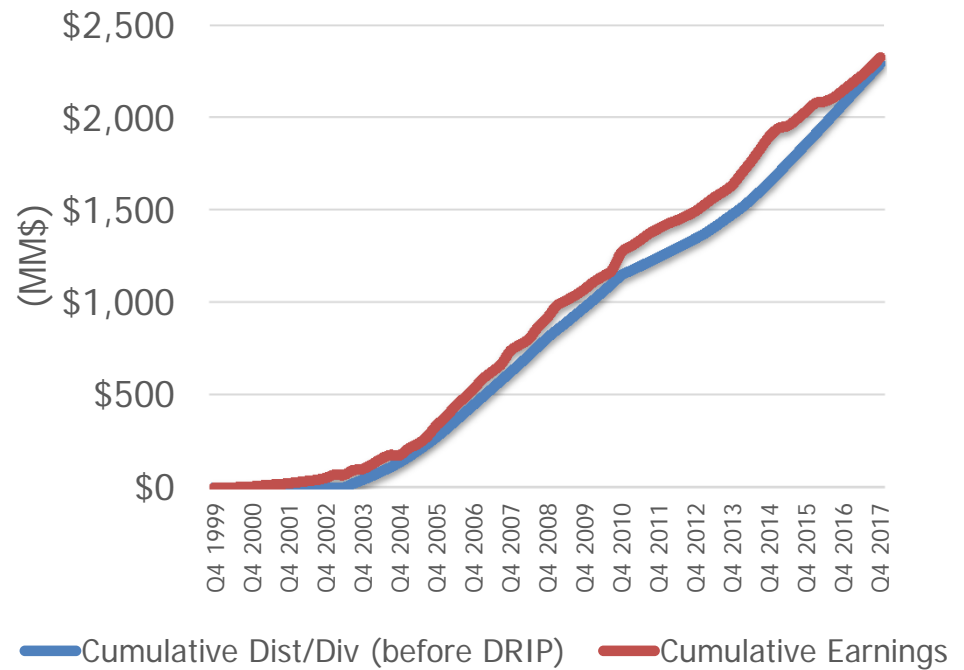
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\$2.3B

Peyto Ctd. Earnings
Q4/17

\$2.3B

Peyto Ctd. Dist/Div.
Q4/17



Peyto's History

"Build it for less than we sell it"

"Peyto has some of the lowest supply costs in North America which is why it consistently delivers some of the highest profit margins."

| | <u>PEY 2014</u> | <u>PEY 2015</u> | <u>PEY 2016</u> | <u>PEY 2017</u> |
|-----------------------|-----------------|-----------------|-----------------|-----------------|
| PDP FD&A \$/mcf | (\$2.25) | (\$1.64) | (\$1.44) | (\$1.36) |
| Cash Costs \$/mcf | (\$1.08) | (\$0.81) | (\$0.76) | (\$0.83) |
| Supply Cost | (\$3.26) | (\$2.45) | (\$2.20) | (\$2.19) |
| Sales Price \$/mcf | <u>\$5.04</u> | <u>\$3.83</u> | <u>\$3.18</u> | <u>\$3.38</u> |
| Profit \$/mcf | \$1.71 | \$1.38 | \$0.98 | \$1.19 |
| Dividend \$/mcf | 34% \$1.05 | 36% \$1.11 | 31% \$1.01 | 35% \$0.97 |

2017
Land/Acq/Disp
Seismic
Drilling
Compl.
Wellsite
Facilities
\$521MM
ΔPDP (383 BCFe)

2017 FD&A
\$1.36/mcfe

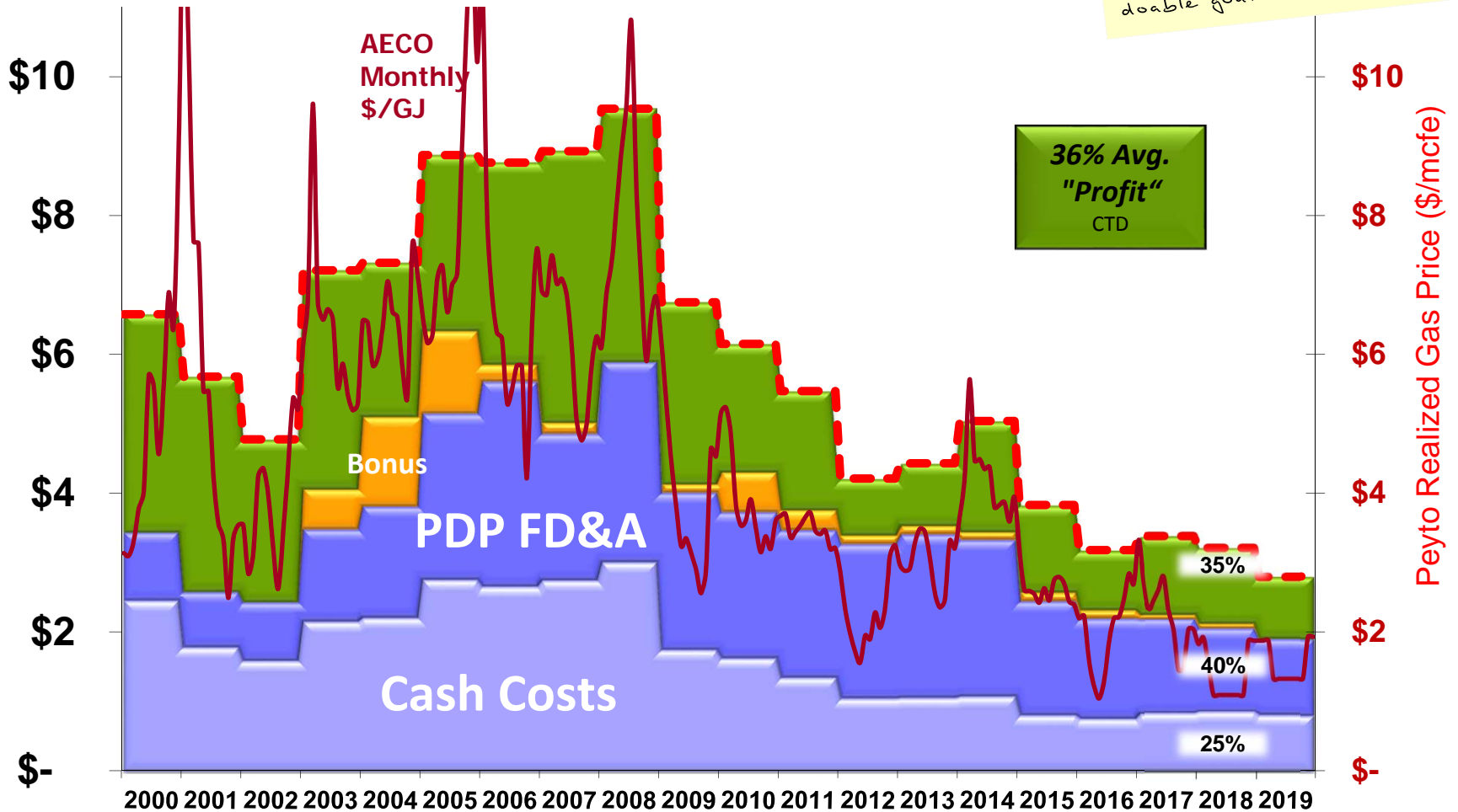
| | |
|--------------------|-----------------|
| Royalties | (\$0.15) |
| Opex | (\$0.27) |
| Transport | (\$0.16) |
| G&A | (\$0.04) |
| Interest | (\$0.21) |
| Total Costs | (\$0.83) |

\$2.30/GJ AECO
daily/monthly
X 145% (heat content+LPG)
\$3.13/mcfe
\$0.25/mcfe hedging
\$3.38/mcfe Realized

Peyto's History

The Price Bar Is Now Very Low, We Must Be Lower

"At \$1.50/GJ AECO Peyto generates around \$2.50/mcfe unhedged revenue (at current liquid yield) so we need to reduce costs by 20% by 2019 to preserve our 30% profit margin. A very doable goal."



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

Forecast 10

5/10/2018

Peyto's History

What We've Done Over 19 Years



- ☀ Goods and Services Purchased = \$5.7 Billion
- ☀ Land Purchased = 585 sections
- ☀ Wells Drilled = 1,471
- ☀ Reserves Discovered = 5.8 TCFe
- ☀ Production Recovered = 1.5 TCFe
- ☀ Royalties Paid = \$832 million
- ☀ Profits Generated = \$2.3 Billion

Peyto's Contribution

Society Is Asking



Peyto's Contribution

We Heat Your Homes



“Alberta Energy states that typical Alberta households use approximately 120 GJ of natural gas per year. As the 5th largest gas producer in Canada, in 2017, Peyto provided the natural gas to keep all the homes in AB and SK warm last year.”



Peyto's Contribution

We Heat and Power Your Hospitals

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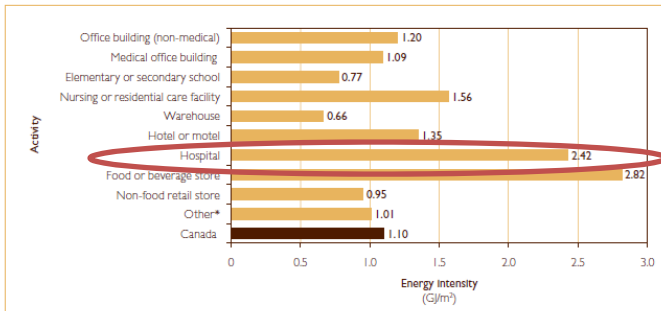


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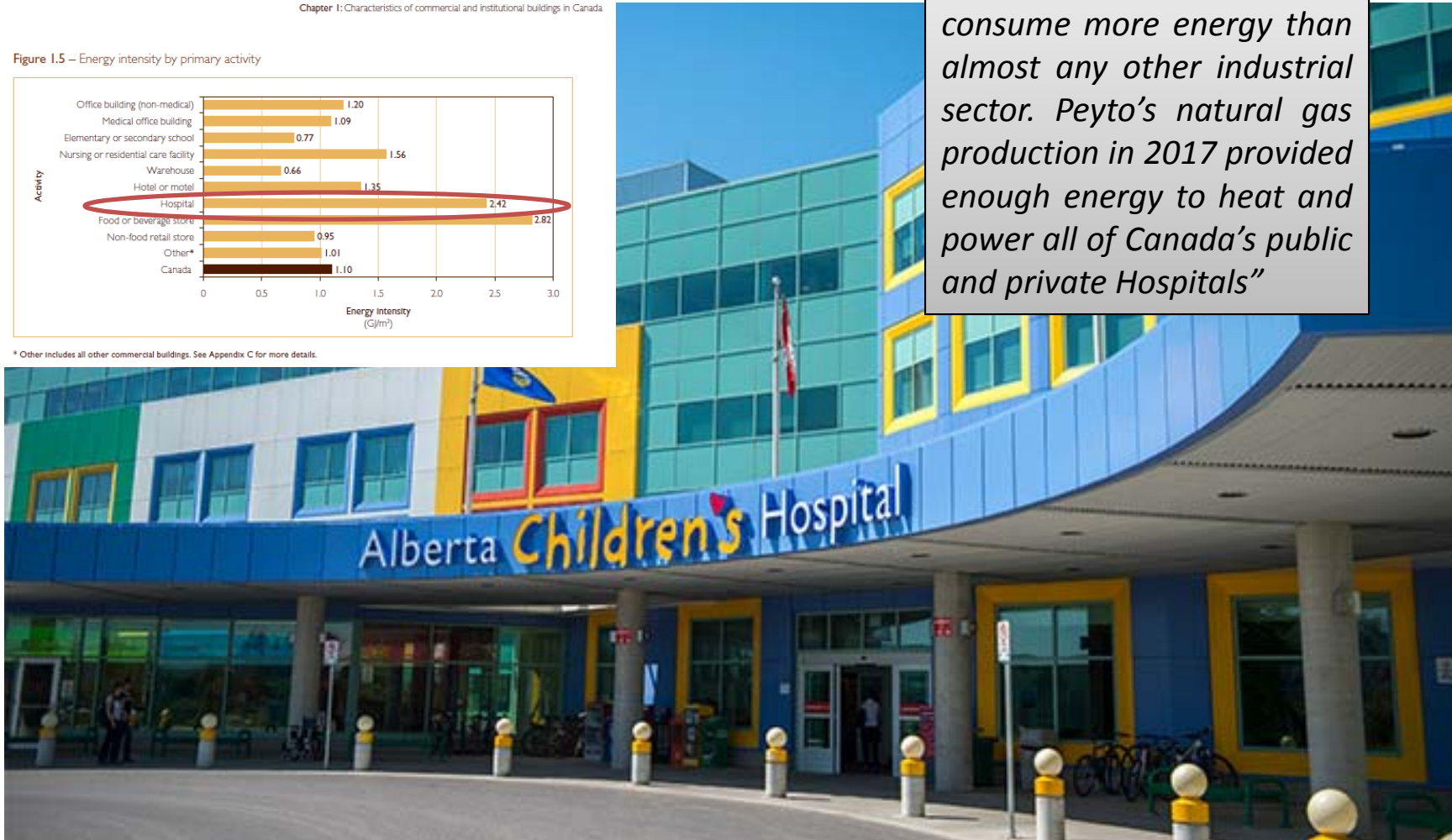
"Hospitals run 24/7 and consume more energy than almost any other industrial sector. Peyto's natural gas production in 2017 provided enough energy to heat and power all of Canada's public and private Hospitals"

Chapter 1: Characteristics of commercial and institutional buildings in Canada

Figure 1.5 – Energy intensity by primary activity



* Other includes all other commercial buildings. See Appendix C for more details.



- http://www.architectureweek.com/2007/0801/building_1-1.html
- <http://oee.nrcan.gc.ca/publications/statistics/scieuo9/scieuo9buildings.pdf>
- <https://www.eia.gov/consumption/commercial/reports/2007/large-hospital.php>

Peyto's Contribution

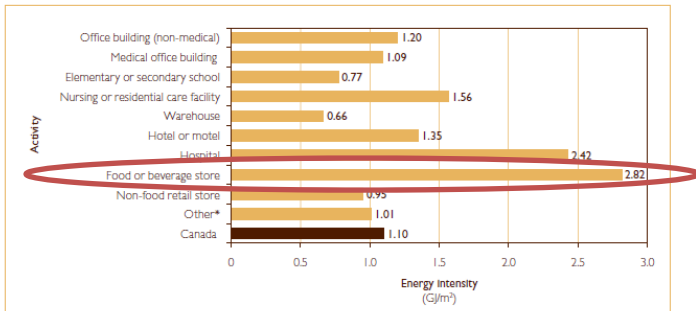
We Power Your Supermarkets

"Grocery stores are the largest commercial consumer of energy - to keep all that food refrigerated, shopping space warm/cool and bright lights on. Peyto's natural gas production in 2017 provided enough energy to run all the Walmart stores across North America."

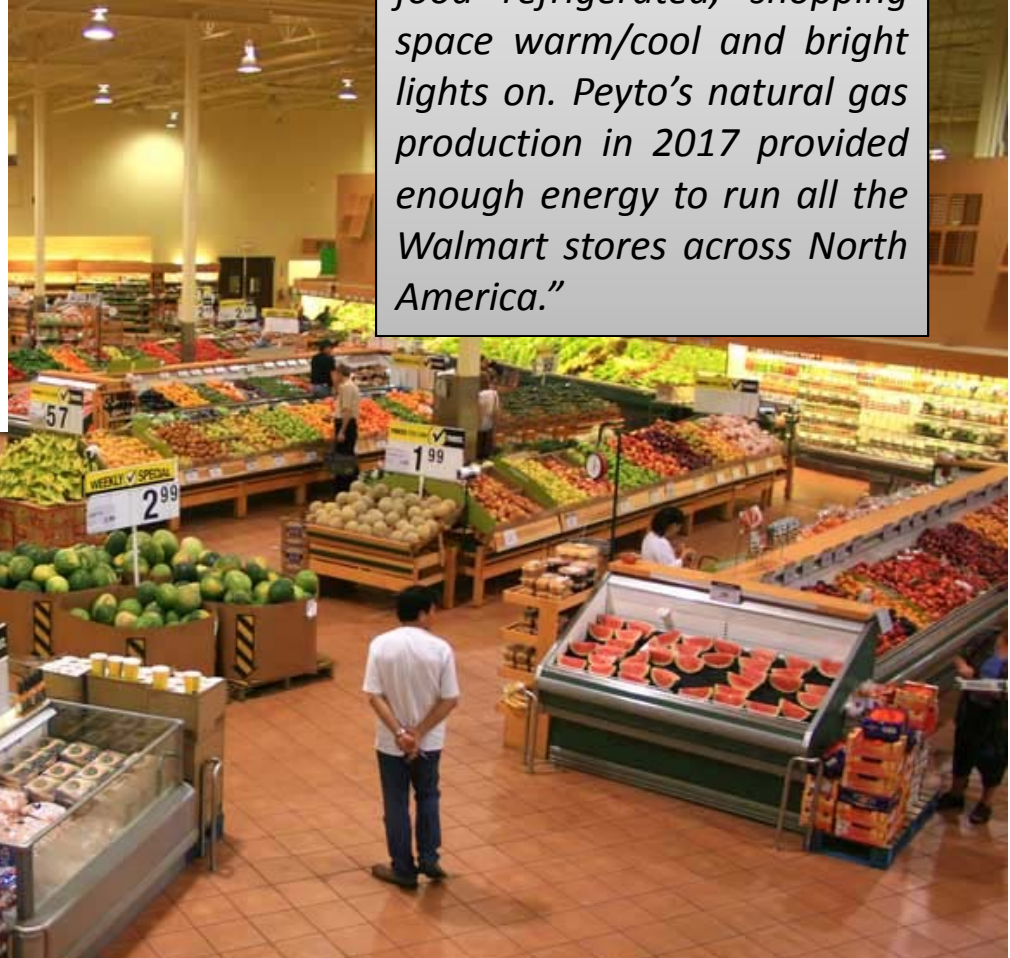
Corp.

Chapter 1: Characteristics of commercial and institutional buildings in Canada

Figure 1.5 – Energy intensity by primary activity



* Other includes all other commercial buildings. See Appendix C for more details.



Peyto's Contribution

We Support The Community

"With every operation Peyto conducts in the field we help fund emergency services that the whole community can use to make us all safer."

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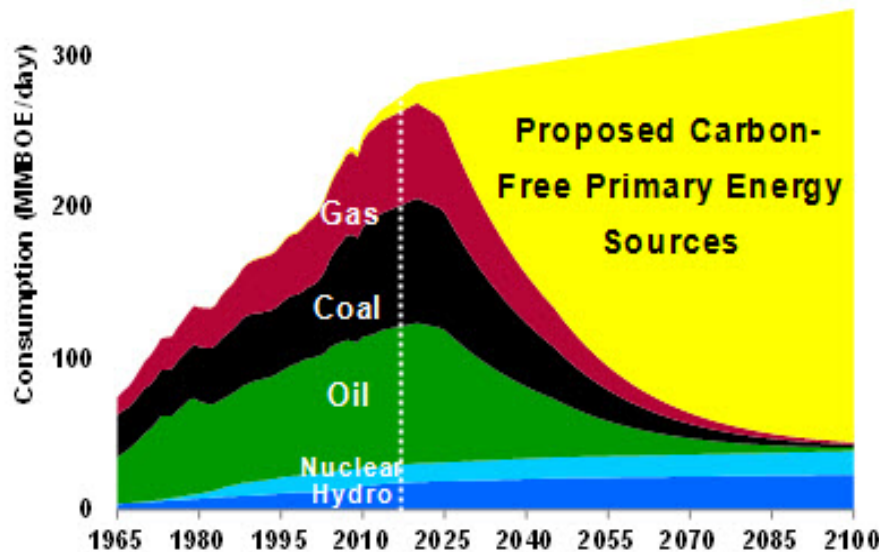
Peyto's Contribution

Peyto's Gas Is The Cleanest Choice Today

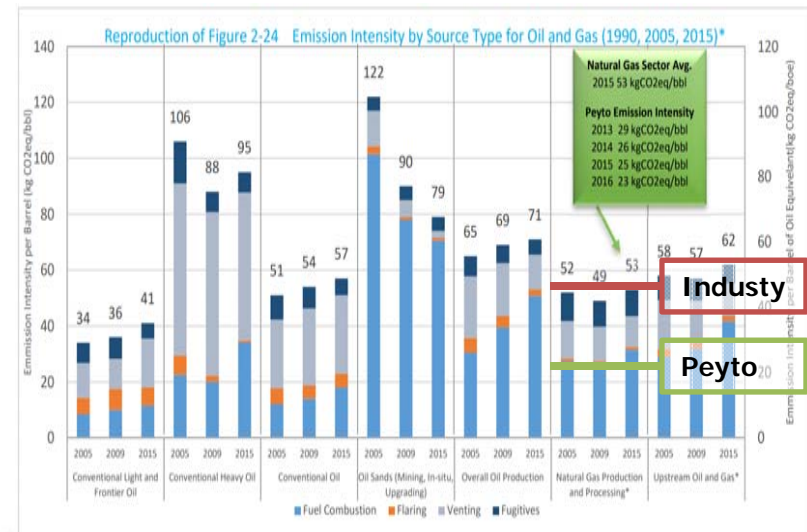


Figure 1: The G7 "Decarbonization" Challenge

A Notional Depiction of World Fossil Fuel Demand Substitution



Source: Historical; BP Statistical Review, Forecast; ARC Financial Research



What's Happened To CND Gas?

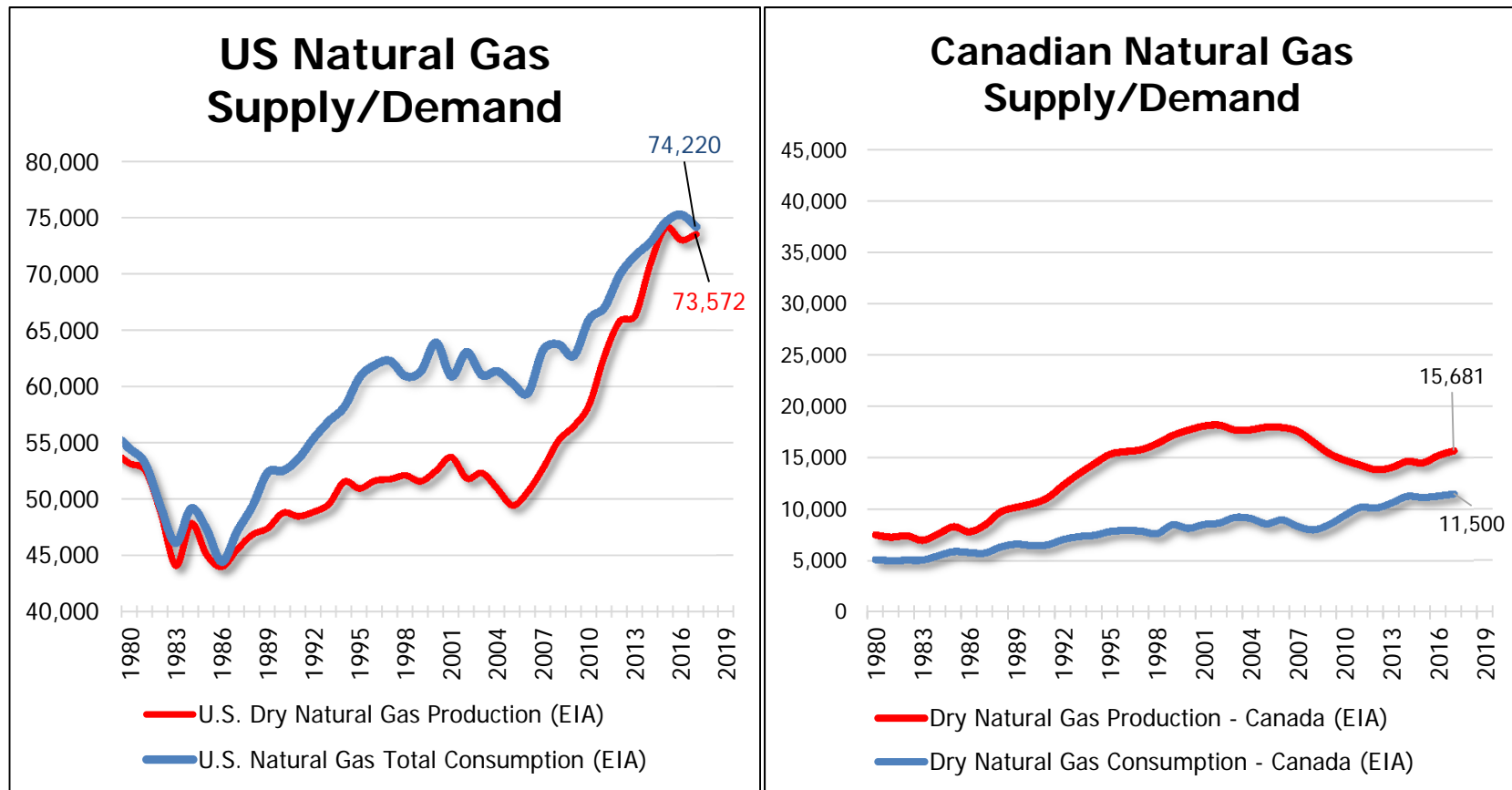
Gas Market For Canadian Exports Is Gone

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Room for Canadian gas exports in the US market has completely disappeared. Yet Canada still has close to 4 BCF/d of excess supply.



What's Happened To CND Gas?

Canadian Gas Prices Have Collapsed

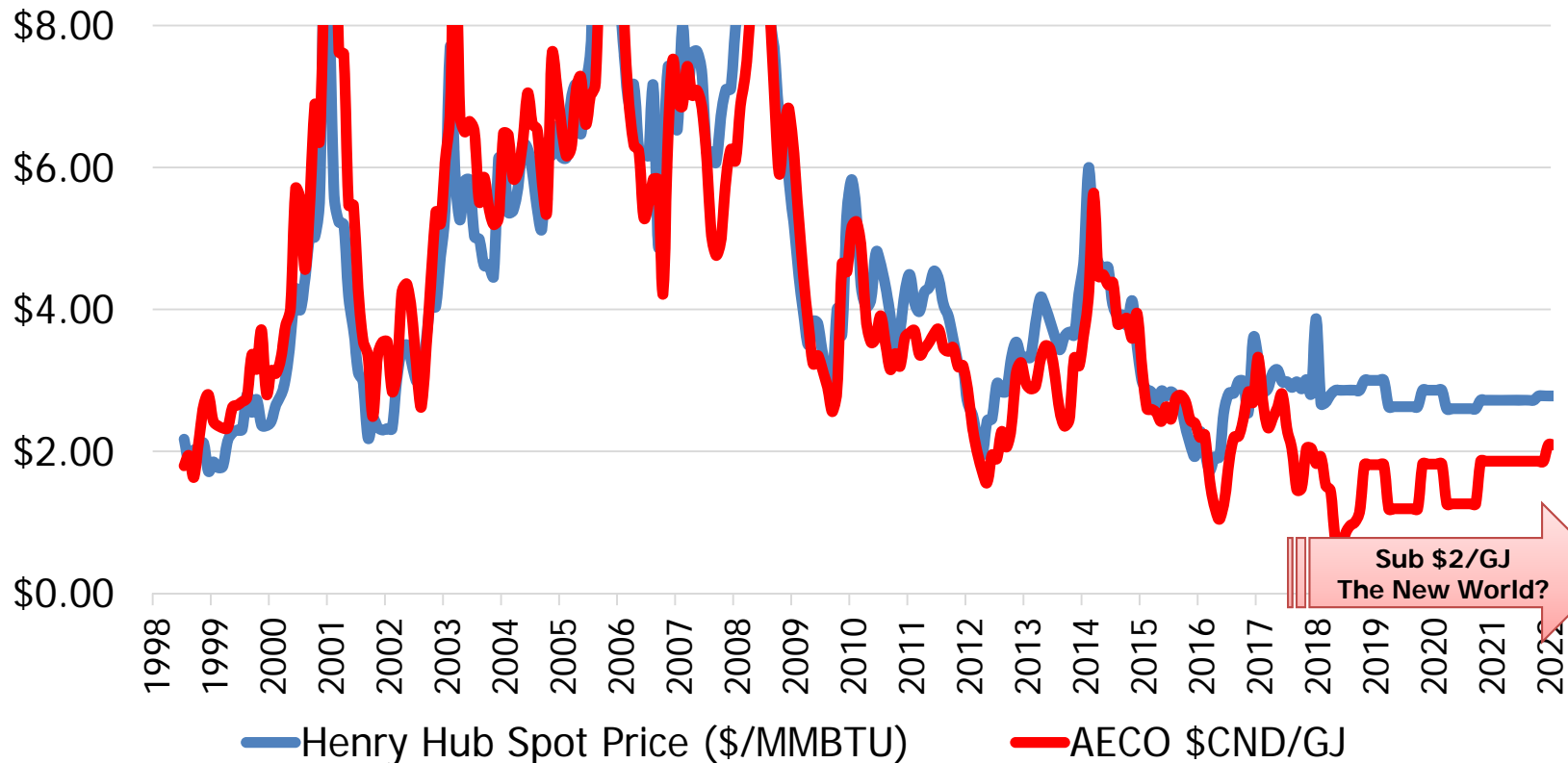
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Historically we could compete with the US gas producers because we received the same price. Now our price is severely discounted to theirs.

Relative North American Gas Prices

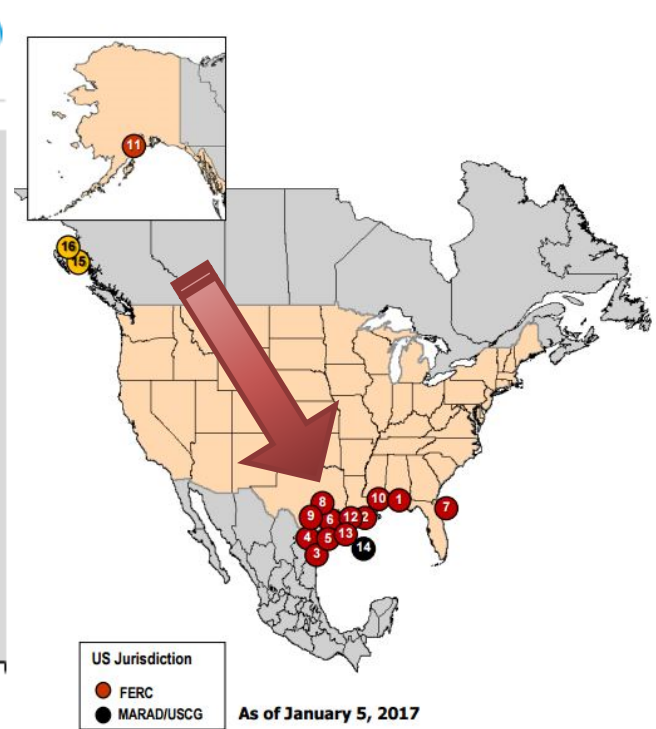
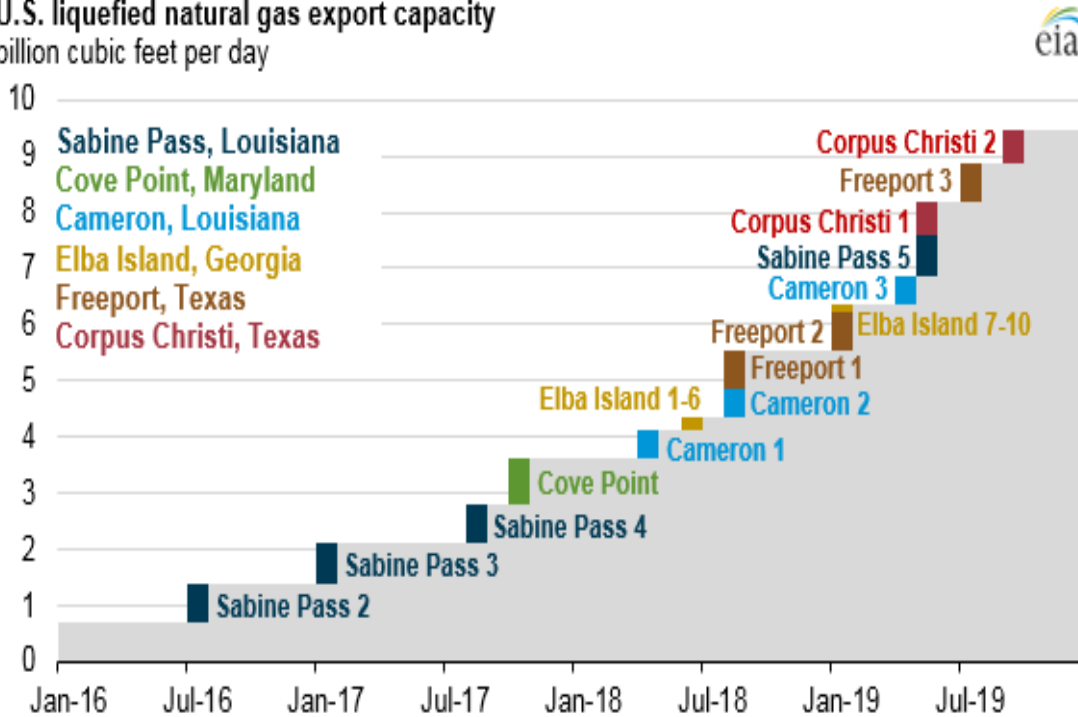


What's Happened To CND Gas?

US Is Ramping Up LNG Exports



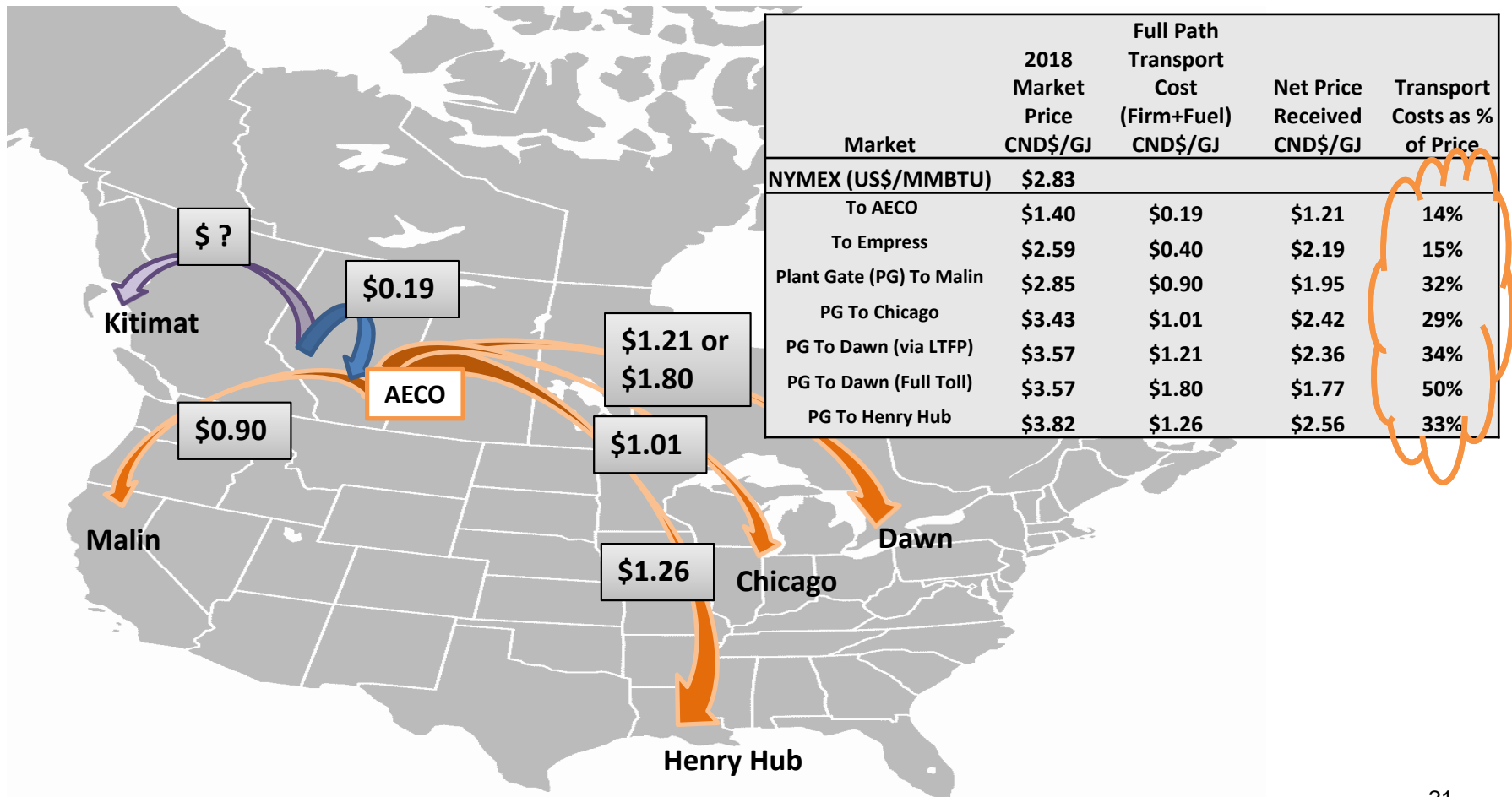
U.S. liquefied natural gas export capacity
billion cubic feet per day



<https://www.eia.gov/todayinenergy/detail.php?id=32412>

What's Happened to CND Gas?

Can Gas Producers Get A Better Price?



All prices in \$CND/GJ as at April 26, 2018
Source: TD, TCPL, BMO

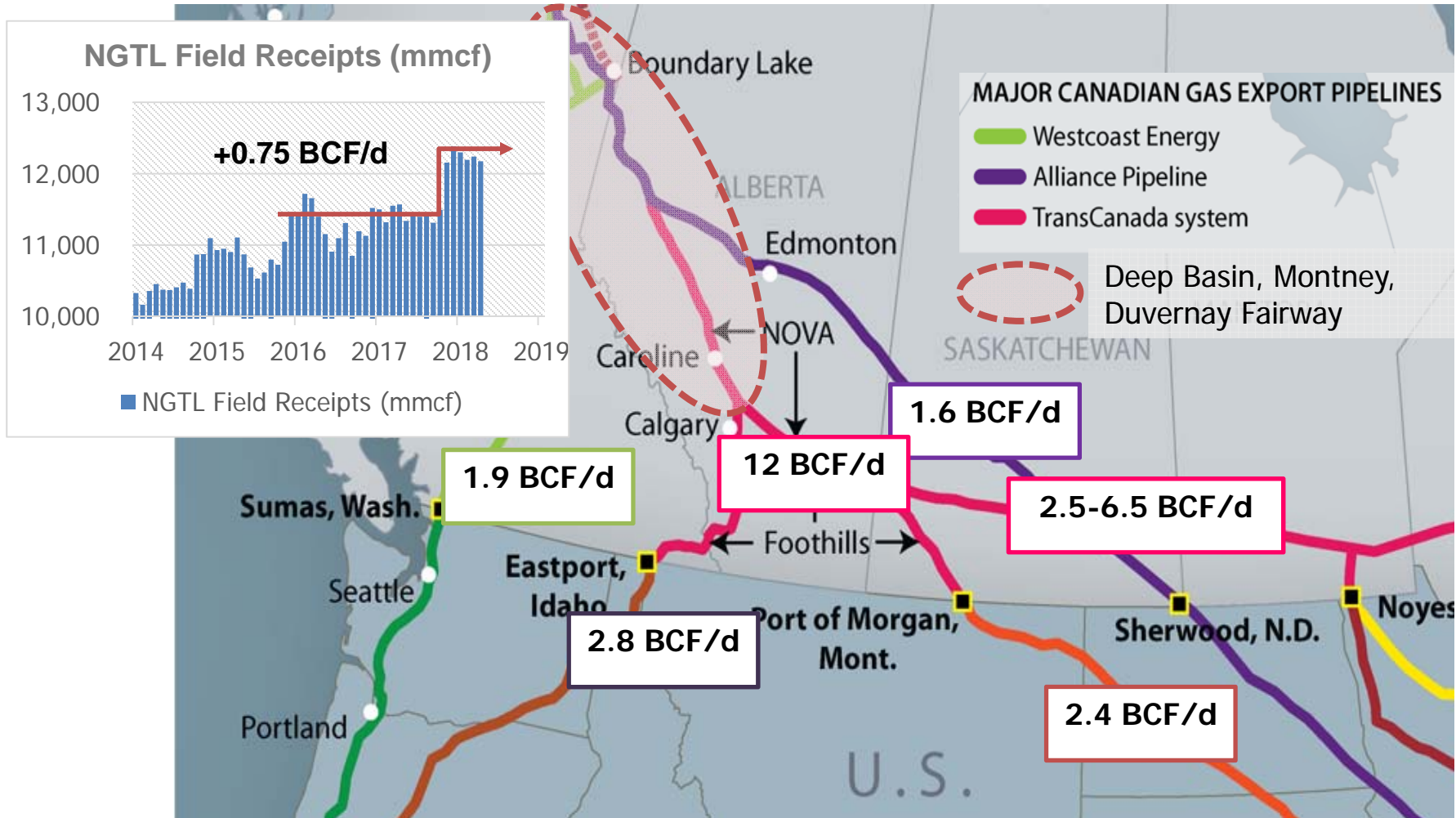
What's Happened To CND Gas?

Too Much Gas, Not Enough Pipe

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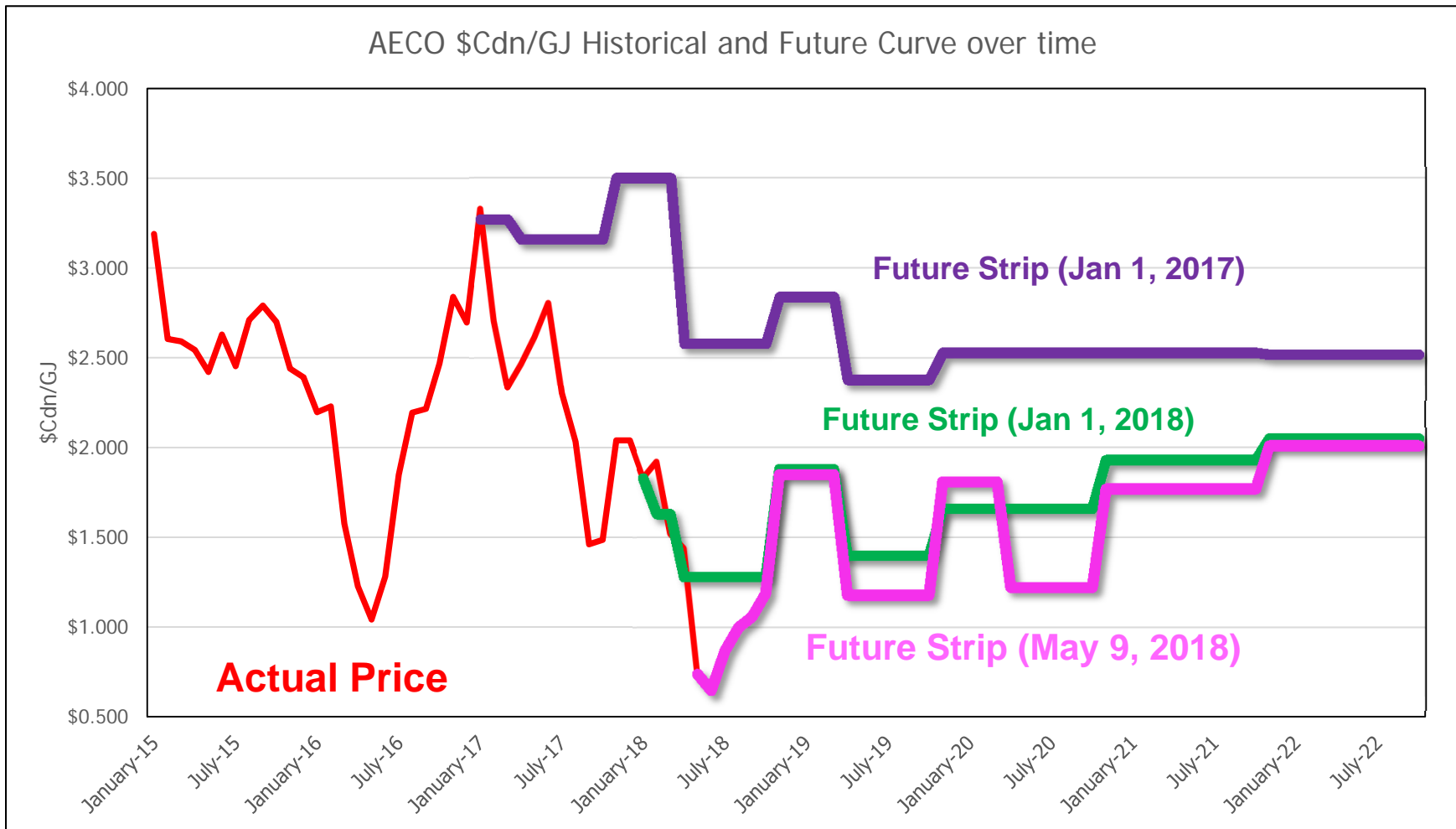


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What's Happened To CND Gas?

Future Strip Collapsed Last Fall



What's Happened To CND Gas?

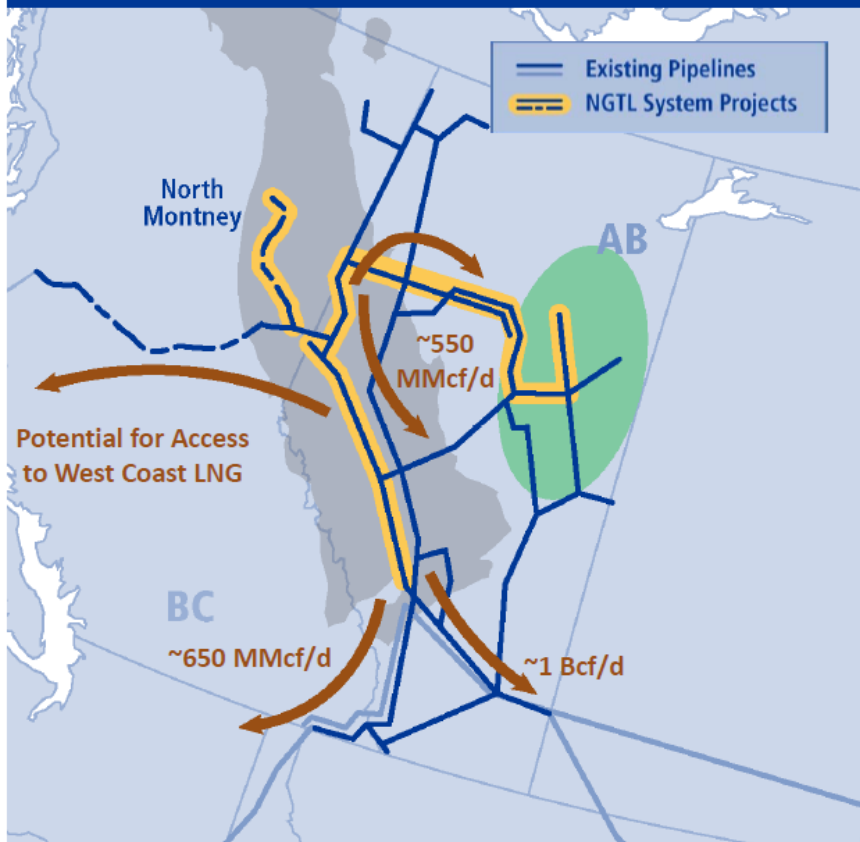
The Good News, Pipe Is Coming

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NGTL \$7.2 Billion Capital Program Adds 2.2 Bcf/d of Delivery Capacity by 2021



- **\$7.2 billion capital program supported by long-term firm receipt and delivery contracts**
- **Adds 2.2 Bcf/d of incremental delivery capacity to market**
 - Intra-Alberta delivery capacity to increase by 550 MMcf/d
 - Export capacity at Alberta / B.C. border (effectively GTN) to increase by 650 MMcf/d
 - Export capacity at Alberta / Saskatchewan border to increase by 1 Bcf/d
- **Continue to work with industry on further initiatives to connect growing supply to markets including**
 - Potential restoration of Canadian Mainline capacity
 - West coast LNG

Working with Industry to Facilitate Further Economic Access to Key Markets

12

What's Happened To CND Gas?

The Big Prize

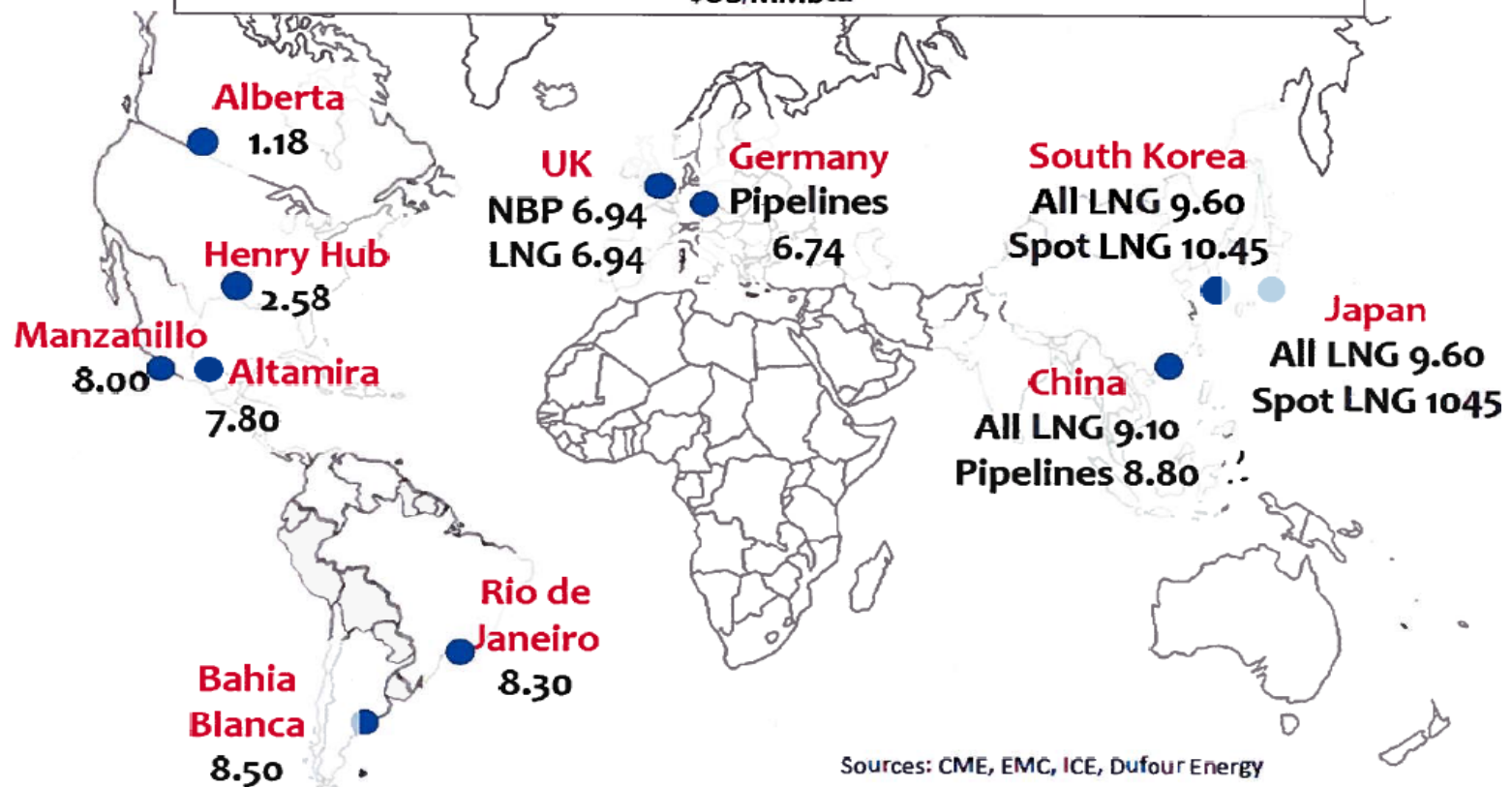
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Map 1- World LNG/Pipelines Prices - Est. March 2018

\$US/MMbtu



Late 2019, U.S. pricing may connect to the world market to a greater extent

What's Happened To CND Gas?

The Glass Is Half Full

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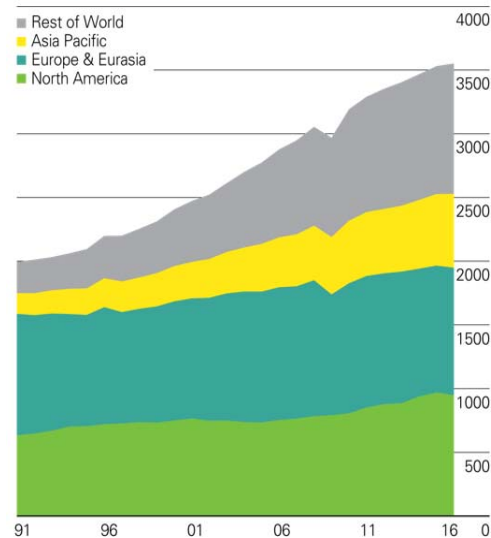


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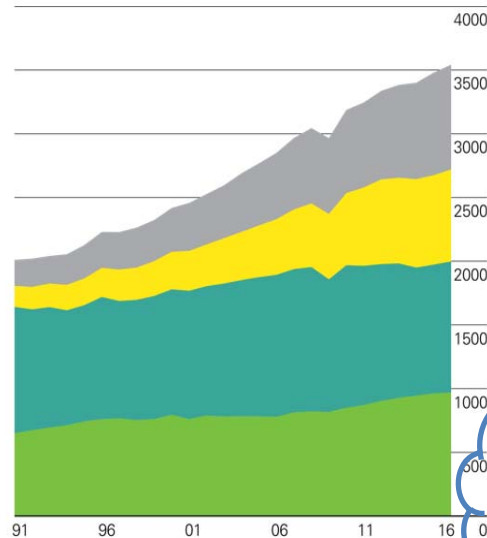
The sheer size of the North American market relative to its very short reserve life means any excess supply could be very short lived

Gas production/consumption by region
Billion cubic metres

Production by region



Consumption by region

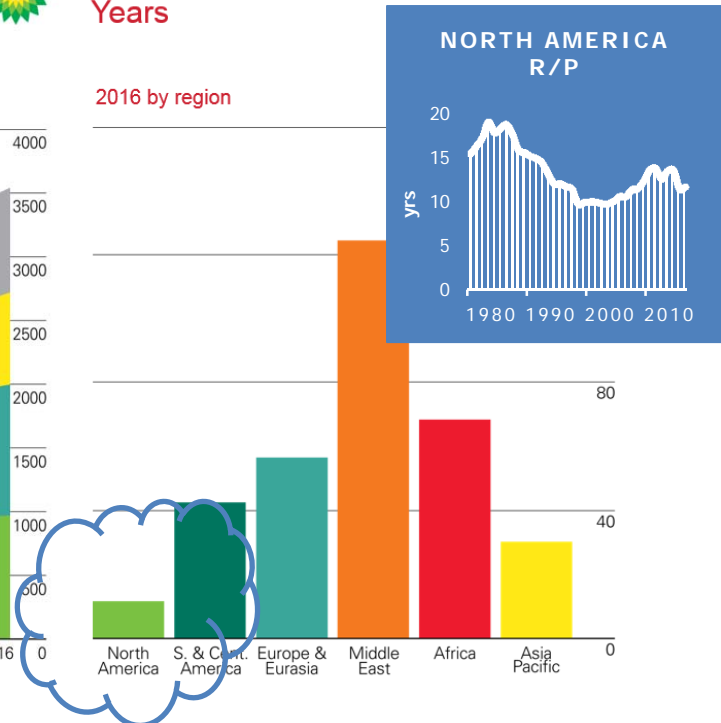


North America is one of the largest natural gas markets in the world at close to 100 BCF/d.



Gas reserves-to-production (R/P)
Years

2016 by region



North America has the shortest reserve life of any market in the world.

Peyto's Assets



Peyto's Returns

Template Economics At Strip

"Even at the current AECO strip of \$1.32/GJ the economics are all positive but all improve significantly just by waiting a year. The Cardium with it's liquids is the best."

| Species | IP MMcf | Avg. NGLs bbl/M M | EUR BCFE | D&C \$MM | IRR @ Jan 4 Strip | IRR @ Dec 7 Strip | IRR @ \$2.00 Flat | IRR @ \$2.50 Flat | IRR @ \$2.50 esc |
|--------------------------------------------|---------|-------------------|----------|----------|-------------------|-------------------|-------------------|-------------------|------------------|
| Sundance Wilrich | 5.3 | 10 | 2.6 | 2.8 | 4% | 4% | 6% | 15% | 18% |
| Nosehill Wilrich | 5.5 | 10 | 3.3 | 3.0 | 8% | 9% | 11% | 20% | 23% |
| Ansell/Edson Wilrich | 5.6 | 20 | 2.7 | 2.7 | 9% | 10% | 13% | 23% | 29% |
| Sundance Notikewin | 5.5 | 12 | 3.4 | 2.6 | 14% | 17% | 22% | 37% | 40% |
| Ansell/Edson Notikewin | 5.0 | 13 | 2.8 | 2.9 | 10% | 13% | 16% | 29% | 34% |
| Sundance Falher | 5.2 | 15 | 3.0 | 2.7 | 8% | 10% | 12% | 22% | 28% |
| Sundance Cardium (new frac design) | 2.7 | 47.5 | 3.8 | 3.1 | 44% | 44% | 53% | 69% | 89% |
| South Brazeau Wilrich | 5.6 | 6 | 3.0 | 3.1 | 4% | 7% | 9% | 21% | 24% |
| Brazeau Notikewin (east and west combined) | 7 | 19 | 3.9 | 3.2 | 12% | 14% | 17% | 30% | 37% |
| Whitehorse Wilrich | 6 | 22 | 3.8 | 2.8 | 19% | 22% | 26% | 40% | 48% |

\$500k is added to each well as a provision for 2018 Land, Seismic, Major Facilities and Pipelines, except for Sundance Cardium which include \$250k/well

Gas price fell, oil price rose. Same return.

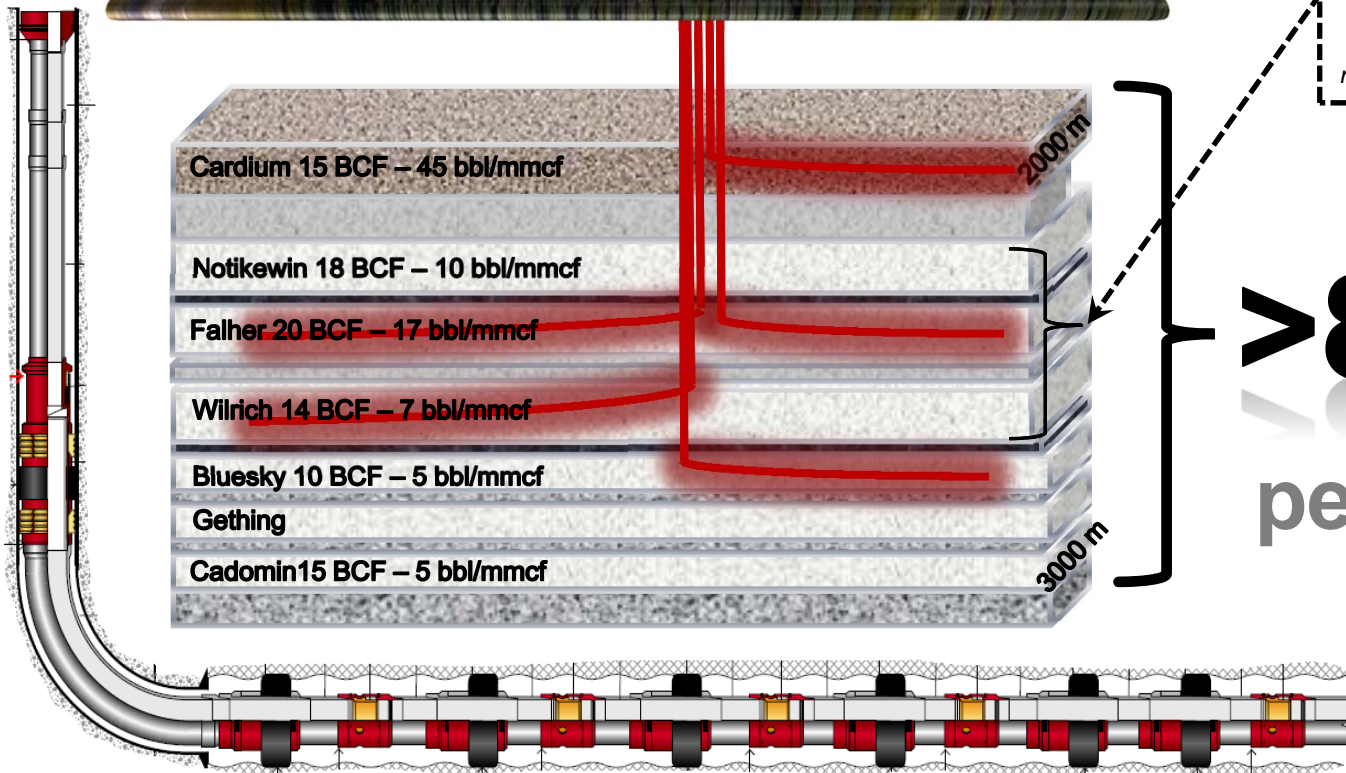
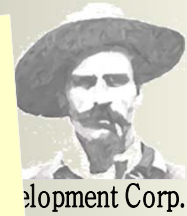
Jan 4 Strip (\$60 WTI)
 2018 - \$1.32/GJ
 2019 - \$1.53/GJ
 2020 - \$1.68/GJ
 2021 - \$1.93/GJ
 2022 - \$2.11/GJ

Dec 7 Strip (\$56 WTI)
 2018 - \$1.52/GJ
 2019 - \$1.75/GJ
 2020 - \$1.98/GJ
 2021 - \$2.19/GJ
 2022 - \$2.31/GJ

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

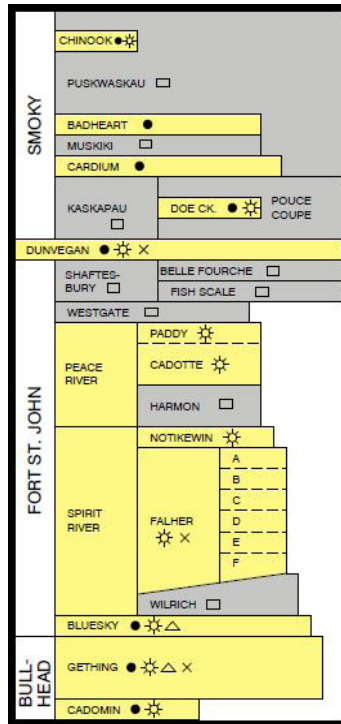
Large Hz MSF Inventory

"Peyto has developed 3.5 TCFe using vertical and now horizontal wells. But there is a lot more to do. Almost 40 years worth of drilling inventory at current pace."



Done¹

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 | 2 | 74 | (2) (3) 174(13) | 414 | 588 (13) * |
| DUNVEGAN | 5 | 1 | 5 | 8 | |
| FORT ST. JOHN | 1 | 174 | 2(2) | 20 | 229 (2) |
| | 90 | 74 | 160(2) | 69 | |
| | 7 | 111 | 40 | 8 | 550 |
| | 14 | 381 | 162 | 319 | |
| | 4 | 39 | 2 | 20 | 560 |
| BULL-HEAD | 12 | 2 | 378 | 182 | 102 |
| | 87 | 2 | 54 | 48 | |
| | 662 | 858 | 16 | 206 | 560 102 2000 locations |
| | | | 993(22) 1015 | 1294 | |

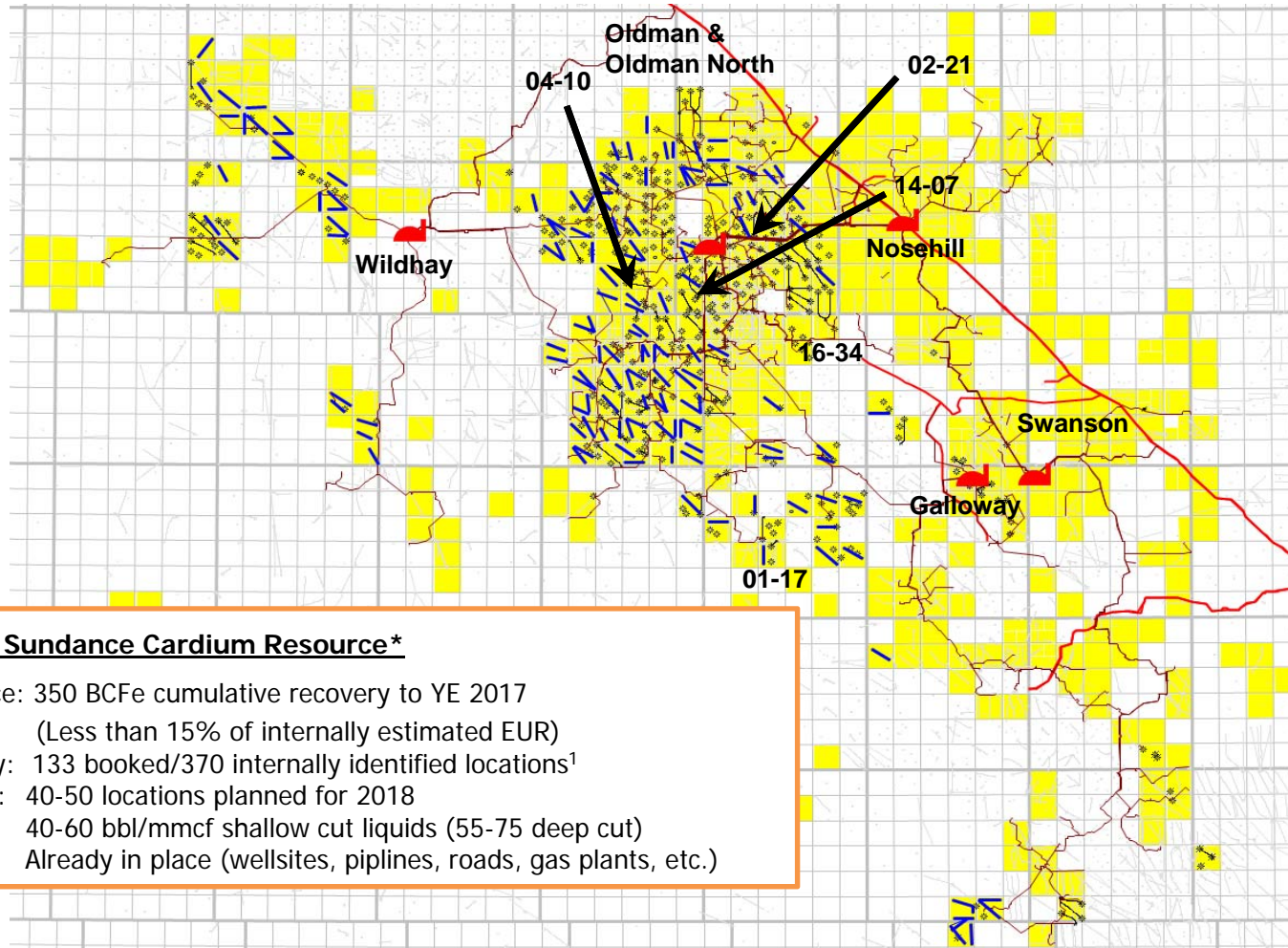
1. Drilling to Dec 31, 2017

*As recognized in the IPC independent reserve report dated Dec. 31, 2017

Peyto's Assets

The "New" Cardium Play – Abundant Opportunities

"The Cardium is a very proven resource. Now with more economic well design it can be efficiently developed using all the existing infrastructure."



Total Greater Sundance Cardium Resource*

Proven Resource: 350 BCFe cumulative recovery to YE 2017
(Less than 15% of internally estimated EUR)

Large Inventory: 133 booked/370 internally identified locations¹

Active Program: 40-50 locations planned for 2018

Liquids Rich: 40-60 bbl/mmcft shallow cut liquids (55-75 deep cut)

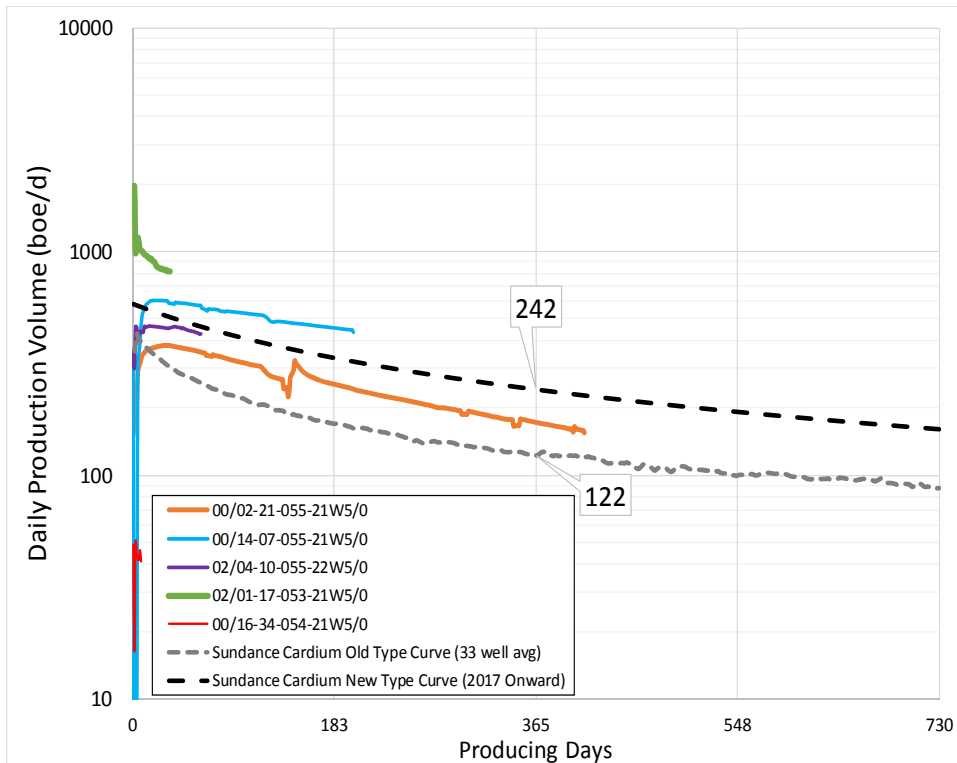
Infrastructure: Already in place (wellsites, pipelines, roads, gas plants, etc.)

• Cardium resource assessment is Peyto's internal estimate of ultimate recoverable under Peyto lands
1. Both internal and booked locations are for the greater Sundance area only. Peyto has additional Cardium lands in it's northern areas

Peyto's Assets

The "New" Cardium Play – A Double

"New completion design has almost doubled the Cardium Hz type curve and increased the IRR to 44% at sub-\$2/GJ gas prices."



Old Cardium Hz Well Design

EUR 2.75 BCFe
 IP₃₀ 1.8 mmcf/d raw gas
 C₅ 25 bbl/mmcf
 C₄ 10 bbl/mmcf
 C₃ 12.5 bbl/mmcf
 Capex \$4.2MM (DCETFLS)
 IRR 10% at Jan 4 strip

Jan 4 Strip (\$60 WTI)
 2018 - \$1.32/GJ
 2019 - \$1.53/GJ
 2020 - \$1.68/GJ
 2021 - \$1.93/GJ
 2022 - \$2.11/GJ

New Cardium Hz Well Design

EUR 3.75 BCFe
 IP₃₀ 2.7 mmcf/d raw gas
 C₅ 25 bbl/mmcf
 C₄ 10 bbl/mmcf
 C₃ 12.5 bbl/mmcf
 Capex \$3.7MM (DCETFLS)
IRR 44% at Jan 4 strip

- Full cycle capital includes drilling, completion, equip, tie-in, facilities, land and seismic

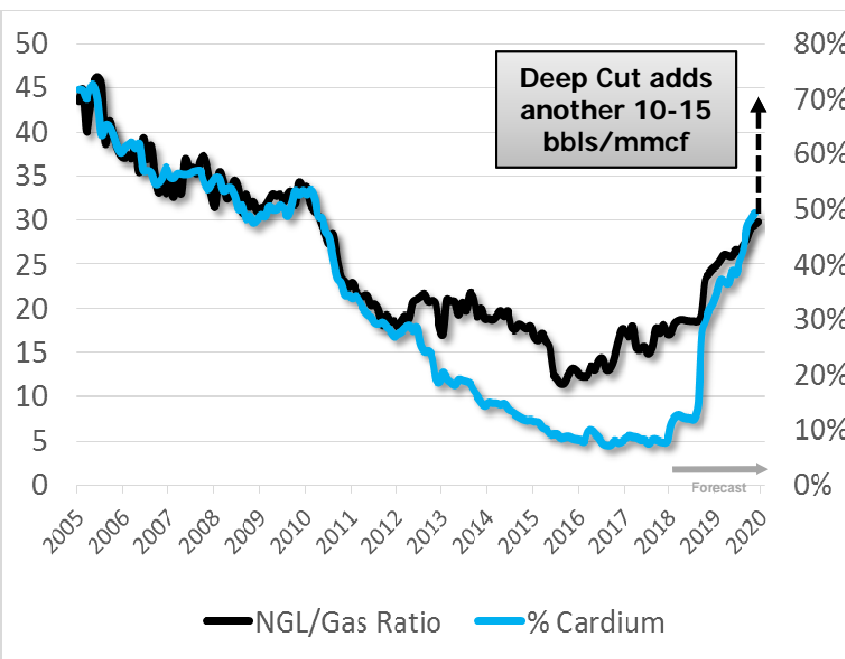
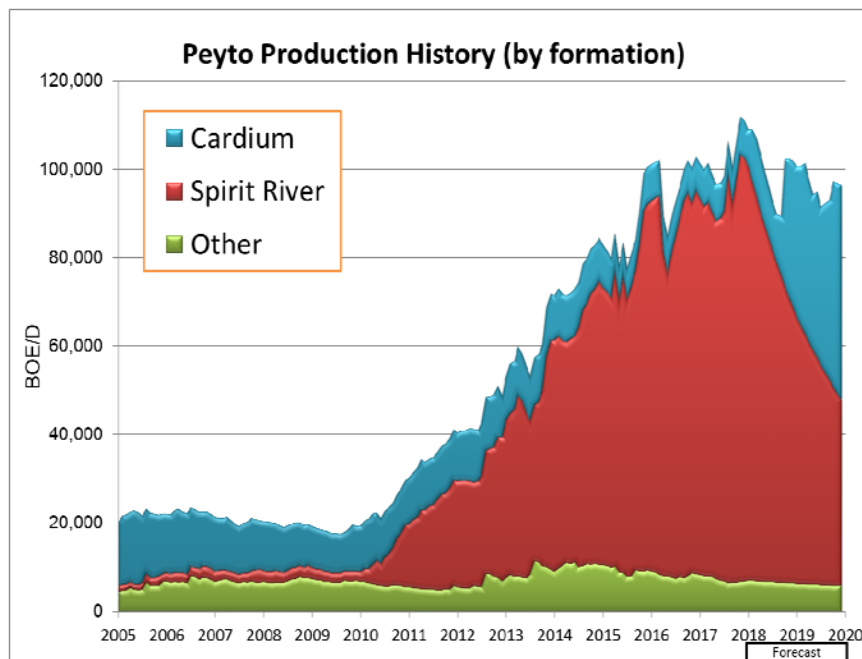
Peyto's Assets

Strategies to Increase LGR to 40 bbls/mmcf

"By focusing on the Cardium going forward we can increase our proportion of total liquids production from 10% to 15%. Deep Cut could get us to 20%."



Development Corp.



Q4 2017 NGL Split

| | |
|-------------------------------|-------------------------------------|
| Condensate (C ₅₊) | 6,489 bbls/d (62% of liq.) |
| Butane (C ₄) | 2,073 bbls/d (20% of liq.) |
| Propane (C ₃) | 1,917 bbls/d (18% of liq.) |
| Total | 10,479 bbls/d (10% of prod.) |
| Gas | 595.5 mmcf/d (99,250 boe/d) |
| NGL/Gas | 17.6 bbls/mmcf |

YE 2019 forecast NGL Split

| | |
|-------------------------------|-------------------------------------|
| Condensate (C ₅₊) | 10,000 bbls/d (67% of liq.) |
| Butane (C ₄) | 2,700 bbls/d (18% of liq.) |
| Propane (C ₃) | 2,300 bbls/d (15% of liq.) |
| Total | 15,000 bbls/d (15% of prod.) |
| Gas | 500 mmcf/d (83,333 boe/d) |
| NGL/Gas | 30 bbls/mmcf |

* 2018 and beyond provided for illustration only. Budgets and forecasts beyond 2018 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 liquid yields.

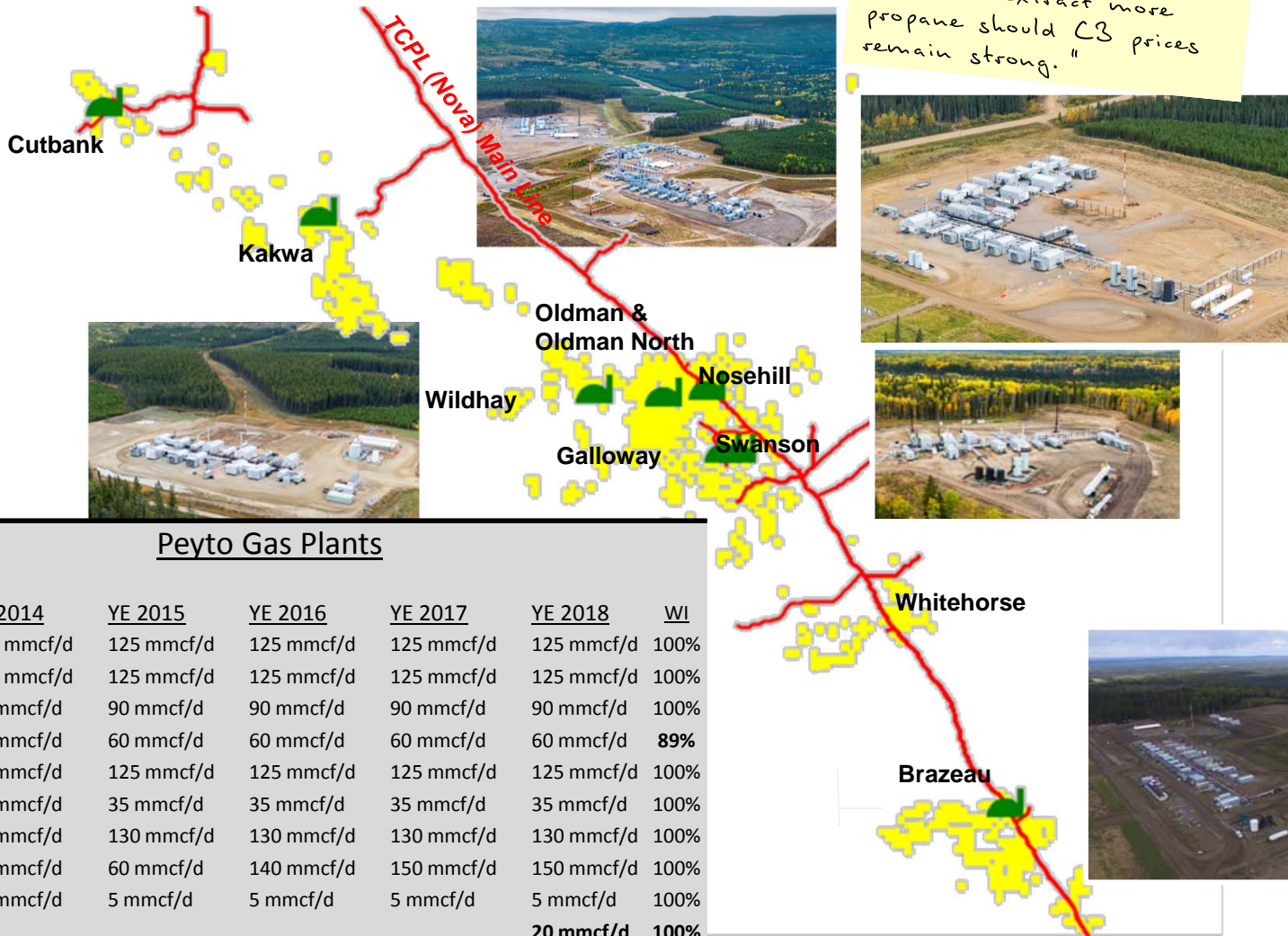
Peyto's New Ventures



Peyto's Assets

Facility Ownership And Control

"2018 budget includes a new 20 mmcf/d gas plant at Whitehorse. Peyto has the option to install deep cut facilities in at least 5 more of its gas plants to extract more propane should C3 prices remain strong."



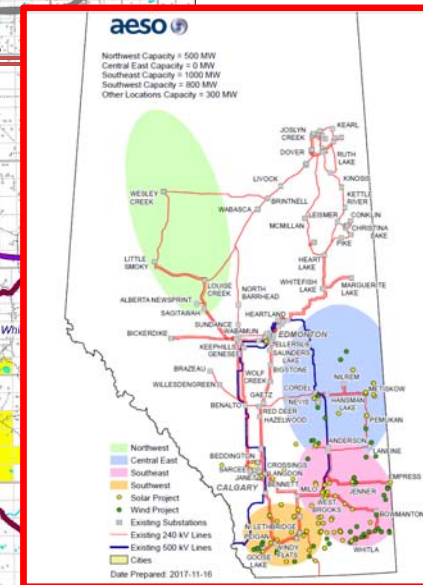
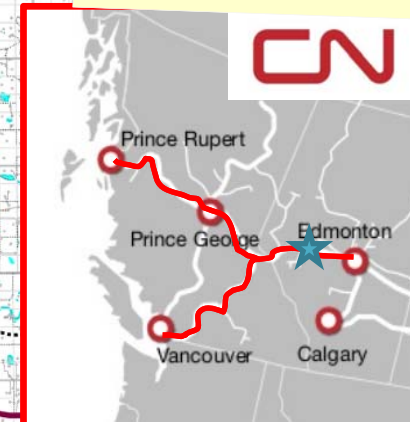
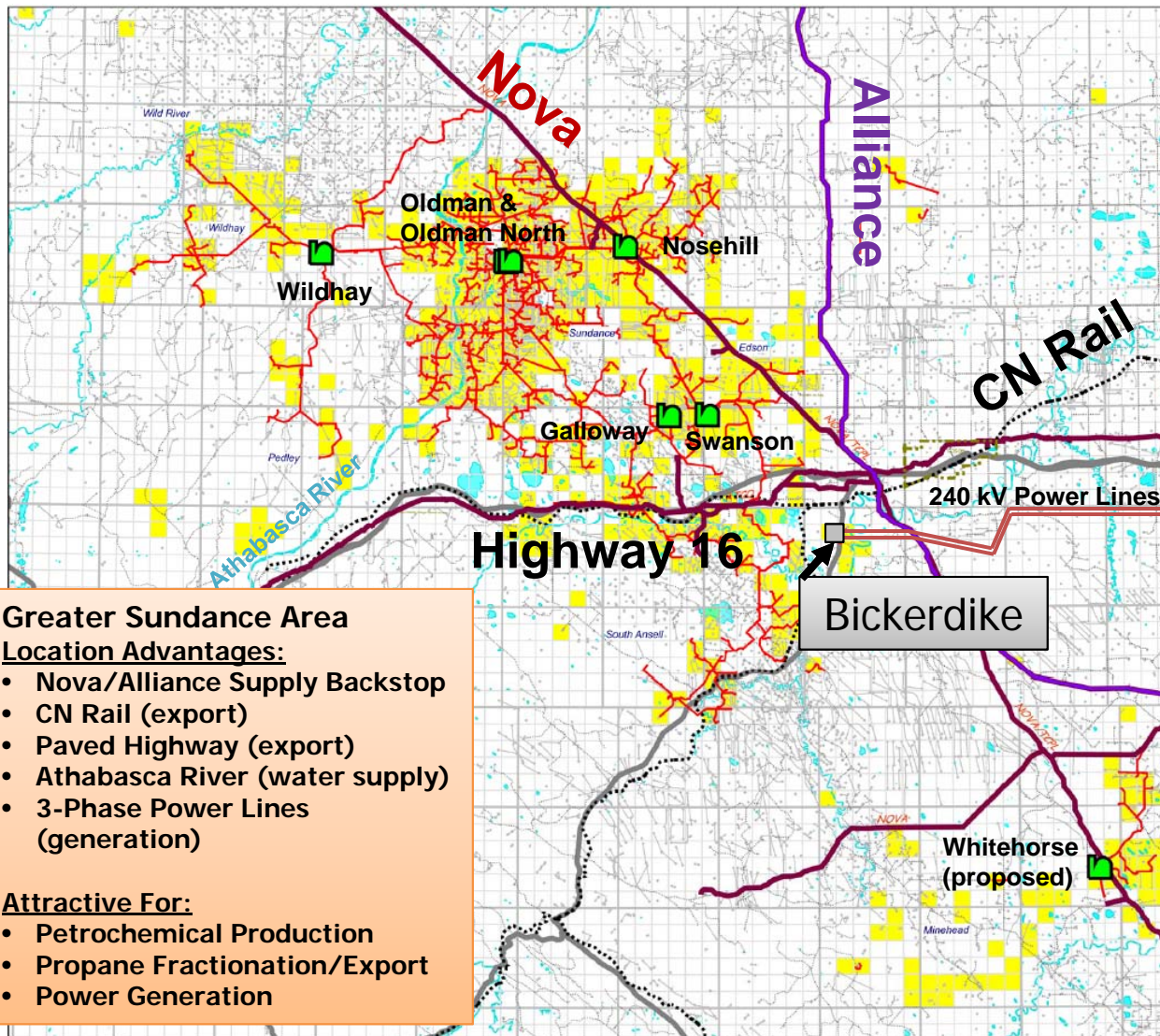
Peyto Gas Plants

| | <u>YE 2014</u> | <u>YE 2015</u> | <u>YE 2016</u> | <u>YE 2017</u> | <u>YE 2018</u> | <u>WI</u> |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| 1 Oldman | 125 mmcf/d | 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 | 125 mmcf/d | 100% |
| 3 Wildhay | 90 mmcf/d | 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 | 60 mmcf/d | 89% |
| 5 Oldman North | 80 mmcf/d | 125 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 | 35 mmcf/d | 100% |
| 7 Swanson | 65 mmcf/d | 130 mmcf/d | 130 mmcf/d | 130 mmcf/d | 130 mmcf/d | 100% |
| 8 Brazeau West | 40 mmcf/d | 60 mmcf/d | 140 mmcf/d | 150 mmcf/d | 150 mmcf/d | 100% |
| 9 Cutbank | 10 mmcf/d | 5 mmcf/d | 5 mmcf/d | 5 mmcf/d | 5 mmcf/d | 100% |
| 10 Whitehorse | | | | | 20 mmcf/d | 100% |
| Total | 630 mmcf/d | 755 mmcf/d | 835 mmcf/d | 845 mmcf/d | 865 mmcf/d | 99% |

Peyto's Assets

Unique Infrastructure Location

"Peyto's Greater Sundance Area plant/gathering/resource sits on Nova, on divided highway, on rail, and on the 3 phase power grid making it perfectly situated for Petchem and power generation infrastructure investments."



Greater Sundance Area Location Advantages:

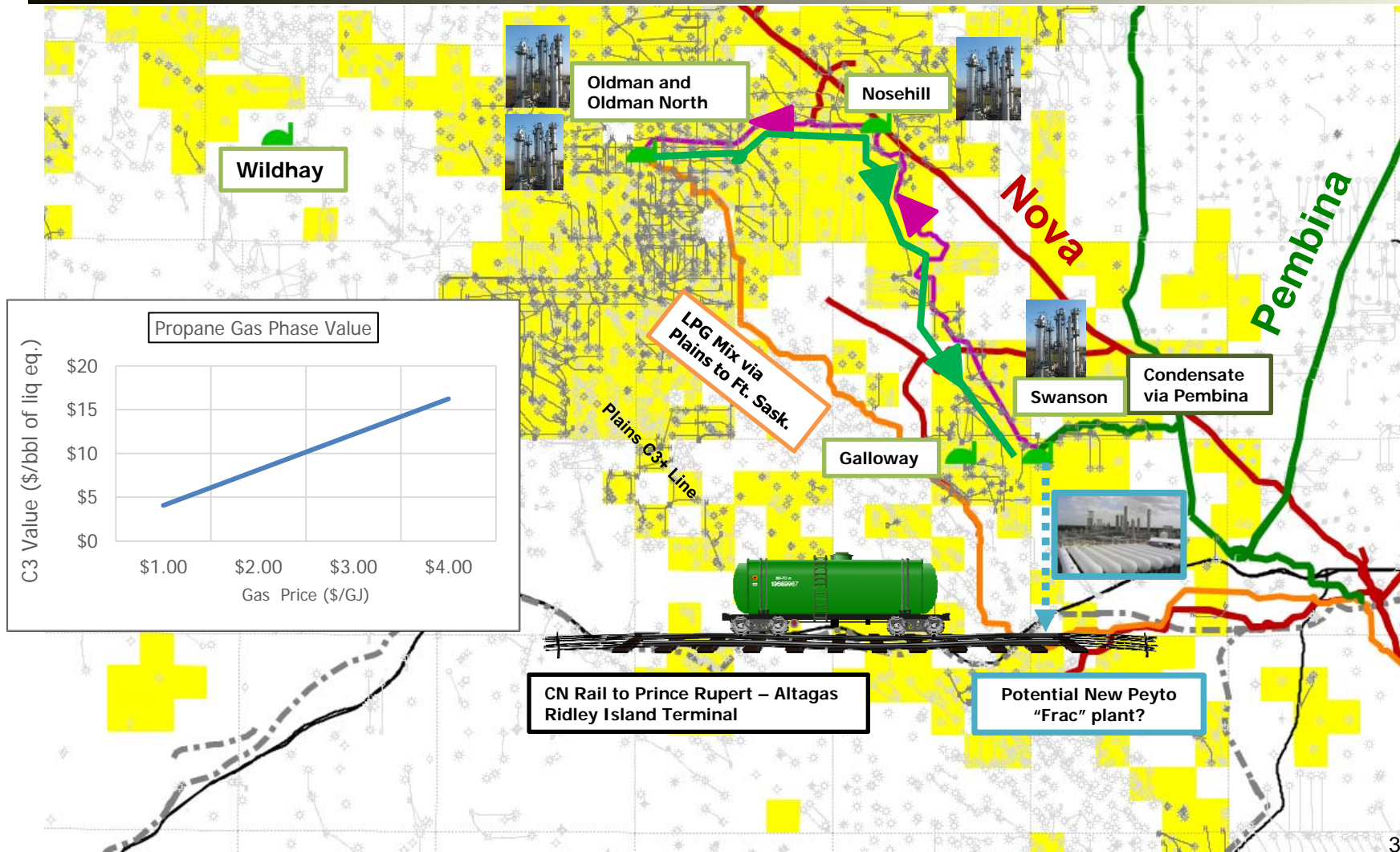
- Nova/Alliance Supply Backstop
- CN Rail (export)
- Paved Highway (export)
- Athabasca River (water supply)
- 3-Phase Power Lines (generation)

Attractive For:

- Petrochemical Production
- Propane Fractionation/Export
- Power Generation

Peyto's Assets

Potential For Additional Liquids Extraction



Peyto's Future



Peyto's Future

2018 Outlook

"2018 will be a flexible year depending on the natural gas price outlook and seasonal dynamics regarding summer prices."

PEYTO



Exploration & Development Corp.

\$200M-
\$250M

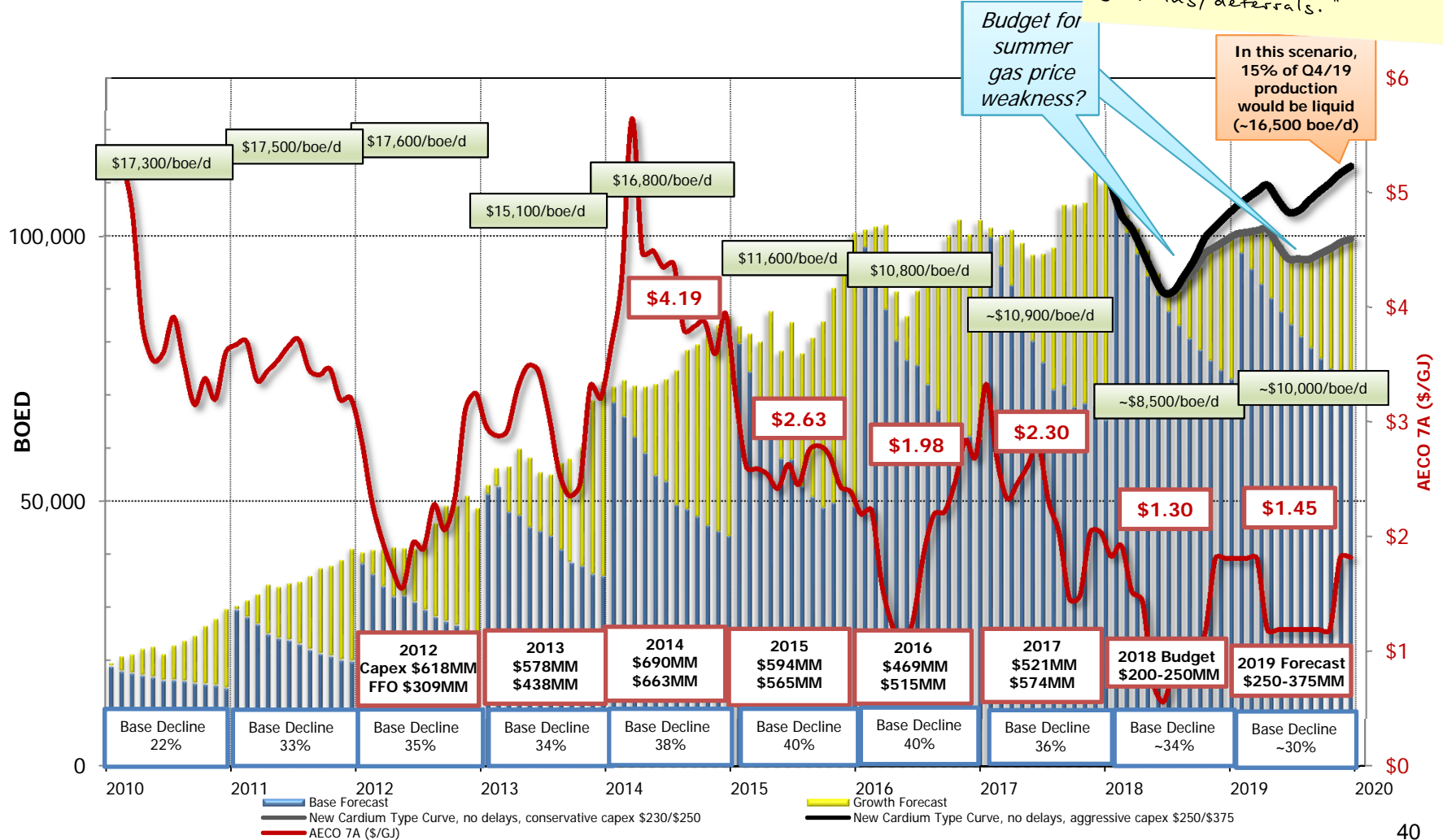
2018 Capital Program

- ✓ **Drill ~50-60Hz Wells**
(Liquids Rich Natural Gas) vs 142 in 2017
- ✓ **Expand & Extract**
Increase Processing Capacity & NGL Yield
- ✓ **Increase**
Undeveloped Land Base
- ✓ **Shoot**
Seismic
- ✓ **Acquire**
Additional Opportunities and Partner Interests

Peyto's Future

Lower Supply Cost Before Returning to Growth

"The outlook for production and capital is very fluid, contingent on the futures curve for AECO gas prices which is changing rapidly. Peyto is nimble and can respond quickly with ramped up Cardium drilling or production shut-ins/deferrals."



* 2018 and beyond provided for illustration only. Budgets and forecasts beyond 2018 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

Lower Costs and Increase Liquids to Preserve Profit

"We HAVE to drive down our costs further to protect against a prolonged low gas price. There are no guarantees it will ever go higher. Hope is not a strategy but cost control is."



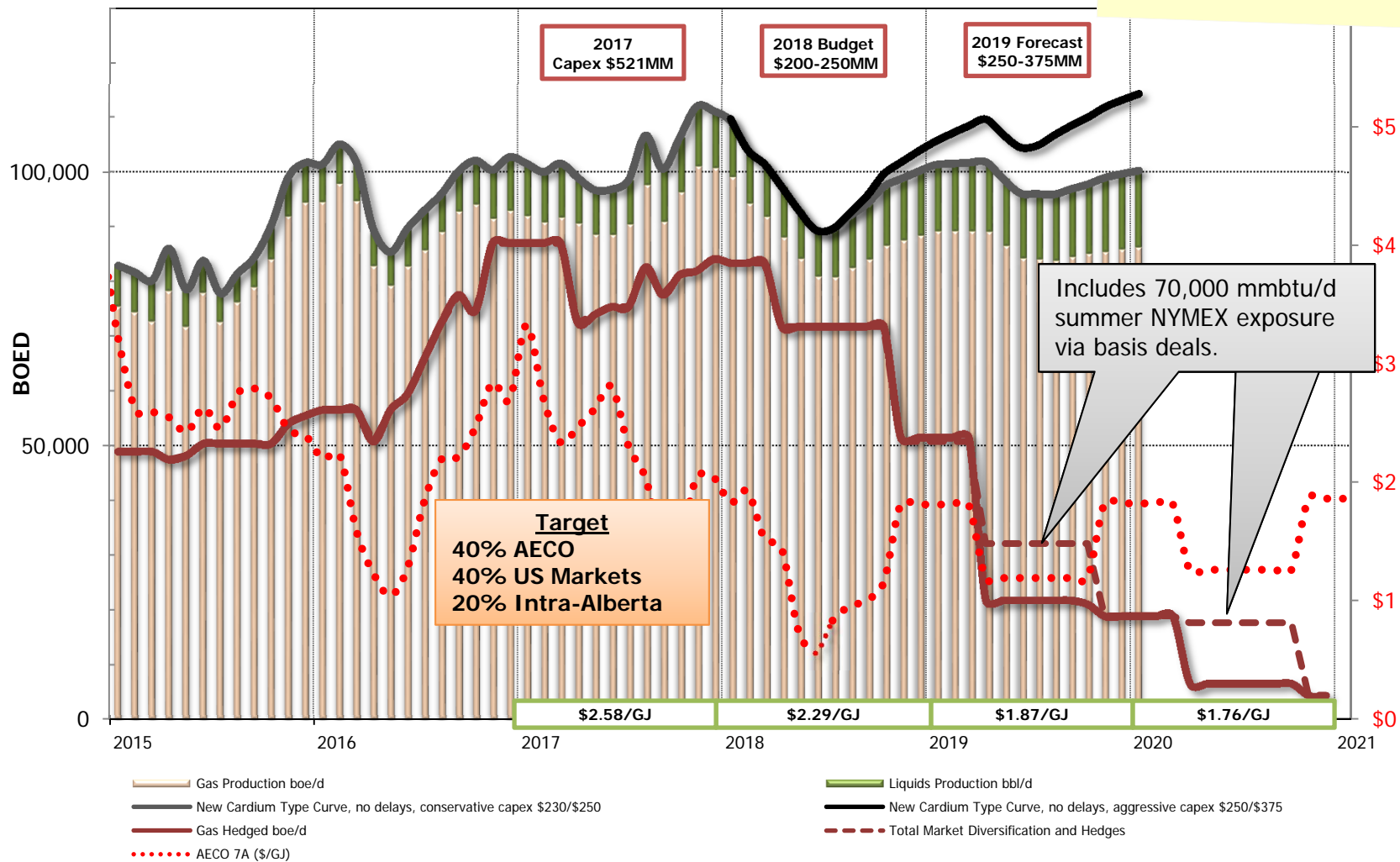
40 bbl/mmcft new adds in 2018/19 increases liq to 12%

BOE factor - 6 mcfe = 1 bbl of oil equivalent

Gas Marketing

Future Market Diversification and Price Protection

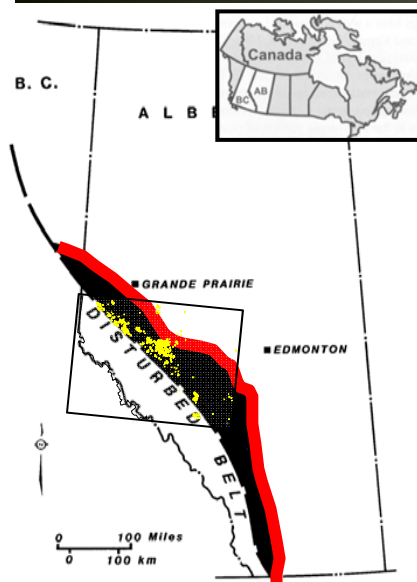
"Between hedges and liquid revenue, almost 90% of Peyto's revenue in 2018 is detached from AECO spot prices."



For a real time summary of Peyto's future hedges see: <http://www.peyto.com/Files/Marketing/hedges.pdf>

PEY.TO

Who We Are



- ☀ 5th Largest Natural Gas Producer in Canada
- ☀ Pure Play Alberta Deep Basin – 100-110,000 boe/d Gas & NGLs
- ☀ Returns Focused Strategy – Avg ROCE 16%, ROE 30% over last 19 yrs, among highest in industry
- ☀ Long Reserve Life Asset - 7 yrs PDP, 18 yrs 2P, sweet gas, no mobile water
- ☀ Lowest Cost Producer - \$0.83/mcfe (\$4.99/boe) 2017 total cash costs
- ☀ Own and Control - Operate 99% of production, Own/operate gas plants

| | |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Monthly Dividend: | \$0.06/share (CTD YE17 \$18.29/share) |
| Shares O/S: | 164.9 million (3% insider ownership) |
| Q118 Long Term Debt: | \$620 million (senior unsecured notes, 3.7-4.9% CND) \$623 million (\$1.3B unsecured bank facility) \$1.243B (\$1.92B total capacity) |
| Enterprise Value: | \$3 billion (\$11/share) |
| Full Time Employees: | 53 |

*subsequent to Q3 on Jan 2, 2018 Peyto issued \$CND100MM of senior unsecured notes which increased total capacity to \$1.92B and reduced revolving debt to \$670MM.
Cash costs are royalties, operating costs, transportation, G&A and interest
BOE factor - 6 mcfe = 1 bbl of oil equivalent

Questions?

