



www.Peyto.com

Annual General Meeting

May 9, 2019

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.”

PEY.TO

Another Milestone

PEYTO

Exploration & Development Corp.



20th

1998-2018



PEY.TO

20 Years Later – Who's Left?

"Surviving 20 years in this industry is accomplishment enough, but thriving the way Peyto has is truly unique."



TSE Oil & Gas Index 1998: 51 Companies

Imperial Oil
Petro-Canada*
Shell Canada A
Suncor
Total Petroleum N.A.

Abacan Resources
Alberta Energy
Amber Energy
Anderson Exploration*
Baytex Energy Ltd
Berkley Petroleum
Blue Range Resource
Bonavista Petroleum Ltd
Cabre Exploration
Canadian 88 Energy
Canadian Natural Resources
Canadian Occidental
Chauvco Resources
Chieftan International
Cimarron Petroleum
Crestar Energy
CS Resources
Dorset Exploration
ELAN Energy
Encal Energy
Grad&Walker
Gulf Canada Resources
Gulfstream Resources
Jordan Petroleum
Morrison Petroleum
Newport Petroleum

Norcen Energy
Northrock Resources
Numac Energy
Ocelot Energy
Pacalta Resources
PanCanadian Petroleum
Pan East Petroleum
Penn West Petroleum
Pinnacle Resources
Poco Petroleum
Ranger Oil
Renaissance Energy*
Rigel Energy
Rio Alto Exploration*
Stampeder Exploration
Talisman Energy
Tarragon Oil & Gas
Tril Link Resources
Ulster Petroleum
Wascana Energy

Peyto Exploration & Development Corp. began Oct 1998*

Today: 6 Left

Imperial Oil
Petro-Canada
Shell Canada A
Suncor
Total Petroleum N.A.

~~Abacan Resources~~
~~Alberta Energy~~
~~Amber Energy~~
~~Anderson Exploration~~
Baytex Energy Corp.
~~Berkley Petroleum~~
~~Blue Range Resource~~
Bonavista Energy Corp.
~~Cabre Exploration~~
~~Canadian 88 Energy~~
Canadian Natural Resources
~~Canadian Occidental~~
~~Chauvco Resources~~
~~Chieftan International~~
~~Cimarron Petroleum~~
~~Crestar Energy~~
~~CS Resources~~
~~Dorset Exploration~~
~~ELAN Energy~~
~~Encal Energy~~
~~Grad&Walker~~
~~Gulf Canada Resources~~
~~Gulfstream Resources~~
~~Jordan Petroleum~~
~~Morrison Petroleum~~
~~Newport Petroleum~~

~~Norcen Energy~~
~~Northrock Resources~~
~~Numac Energy~~
~~Ocelot Energy~~
~~Pacalta Resources~~
~~PanCanadian Petroleum~~
~~Pan East Petroleum~~
~~Penn West Petroleum~~
~~Pinnacle Resources~~
~~Poco Petroleum~~
~~Ranger Oil~~
~~Renaissance Energy~~
~~Rigel Energy~~
~~Rio Alto Exploration~~
~~Stampeder Exploration~~
~~Talisman Energy~~
~~Tarragon Oil & Gas~~
~~Tril Link Resources~~
~~Ulster Petroleum~~
~~Wascana Energy~~

Peyto Exploration & Development Corp.

S&P/TSX Capped Energy Index Total Number of Constituents: 32 Data as of May 2019

Imperial Oil Limited
Suncor Energy Inc.

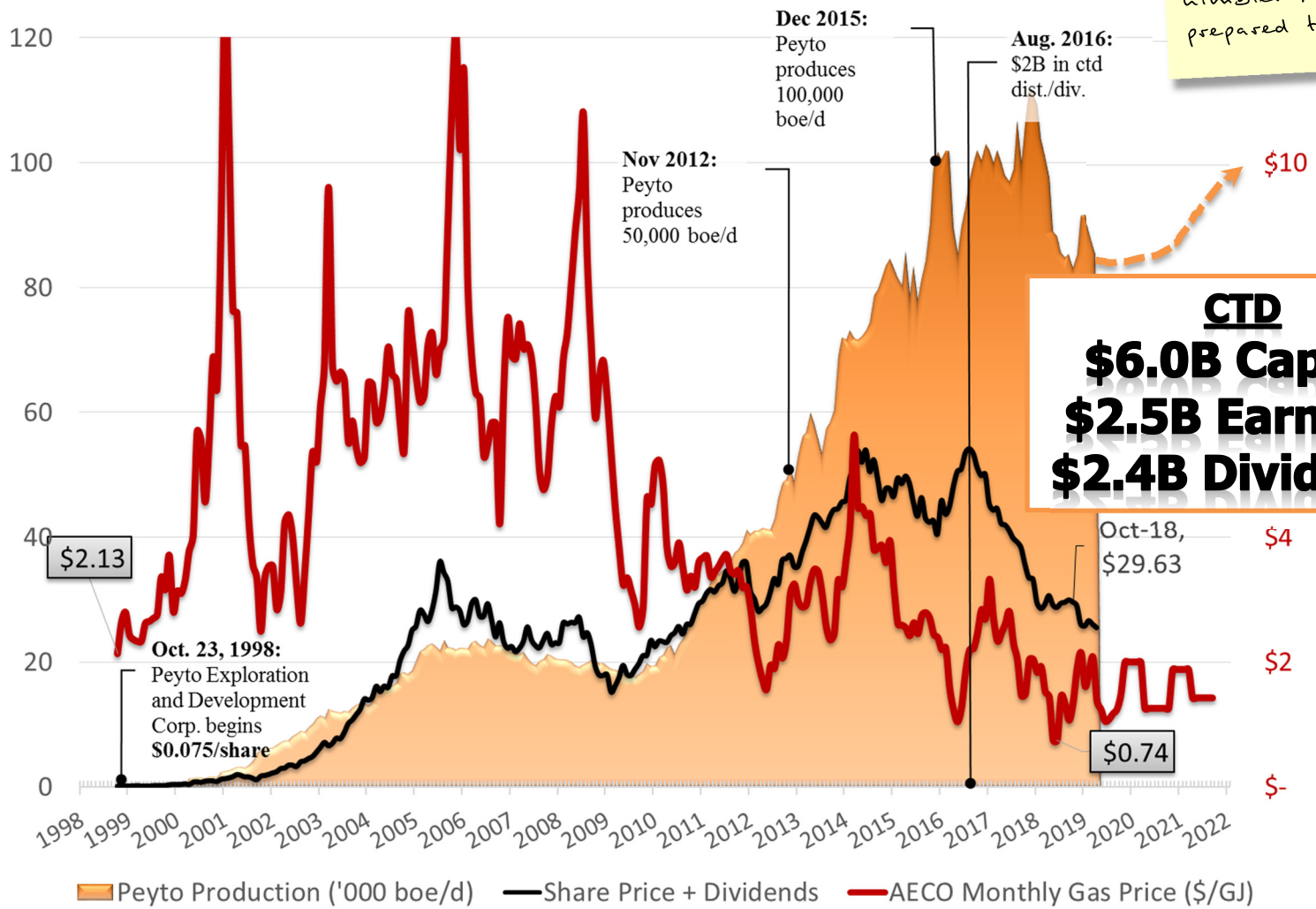
~~ARC Resources Ltd.~~
~~Baytex Energy Corp.~~
~~Birchcliff Energy Ltd.~~
~~Canadian Natural Resources Limited~~
~~Cenovus Energy Inc.~~
~~Crescent Point Energy Corp.~~
~~Encana Corporation~~
~~Enerplus Corporation~~
~~Freehold Royalties Ltd.~~
~~Gran Tierra Energy Inc.~~
~~Husky Energy Inc.~~
~~Kelt Exploration Ltd.~~
~~MEG Energy Corp.~~
~~NuVista Energy Ltd.~~
~~Parex Resources Inc.~~
Peyto Exploration & Development Corp.
~~PrairieSky Royalty Ltd.~~
~~Seven Generations Energy Ltd~~
~~TORC Oil & Gas Ltd.~~
~~Tourmaline Oil Corp.~~
~~Vermilion Energy Inc.~~
~~Whitecap Resources Inc.~~

* companies I worked for

PEY.TO

A Dynamic History of Growth (and a Solid Plan Forward)

"The only constant has been change. That's why we stayed small, efficient and nimble. Always prepared to adapt."



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

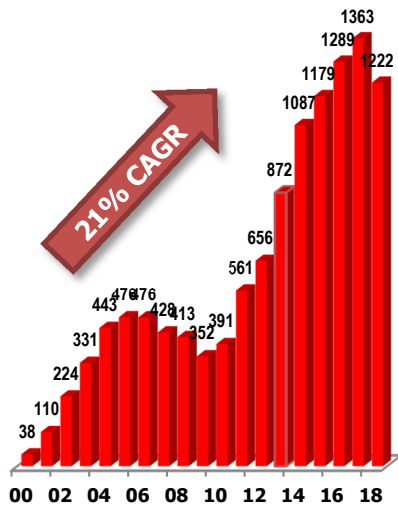
PEY.TO

Growth Per Share

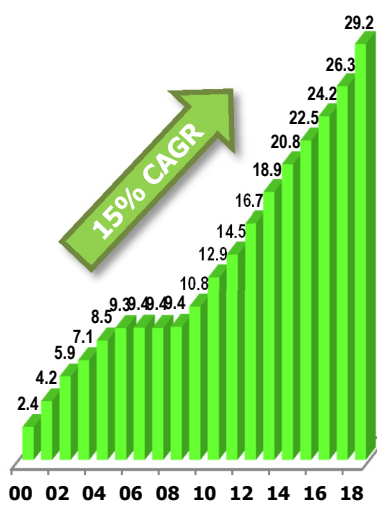
"Over time, the Peyto model is designed to deliver a superior total return with growth in value, income and assets."



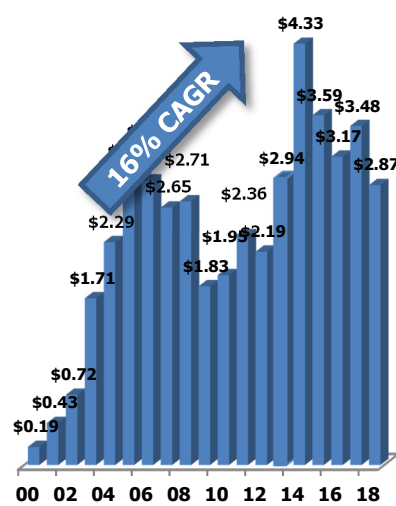
Production/share (MMcfe/d/mm sh)



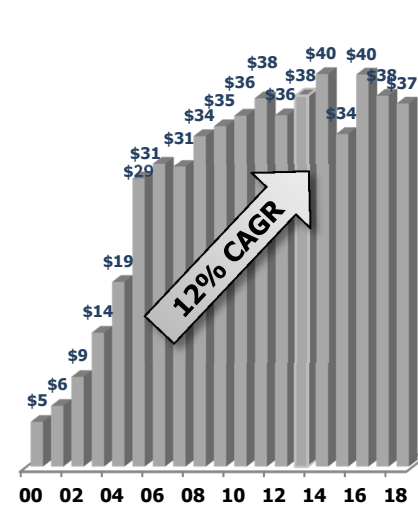
Reserves/share (2P Bcfe/mm sh)



FFO/share (\$/sh)



2P NPV₅/debt adj. share (\$/sh)



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

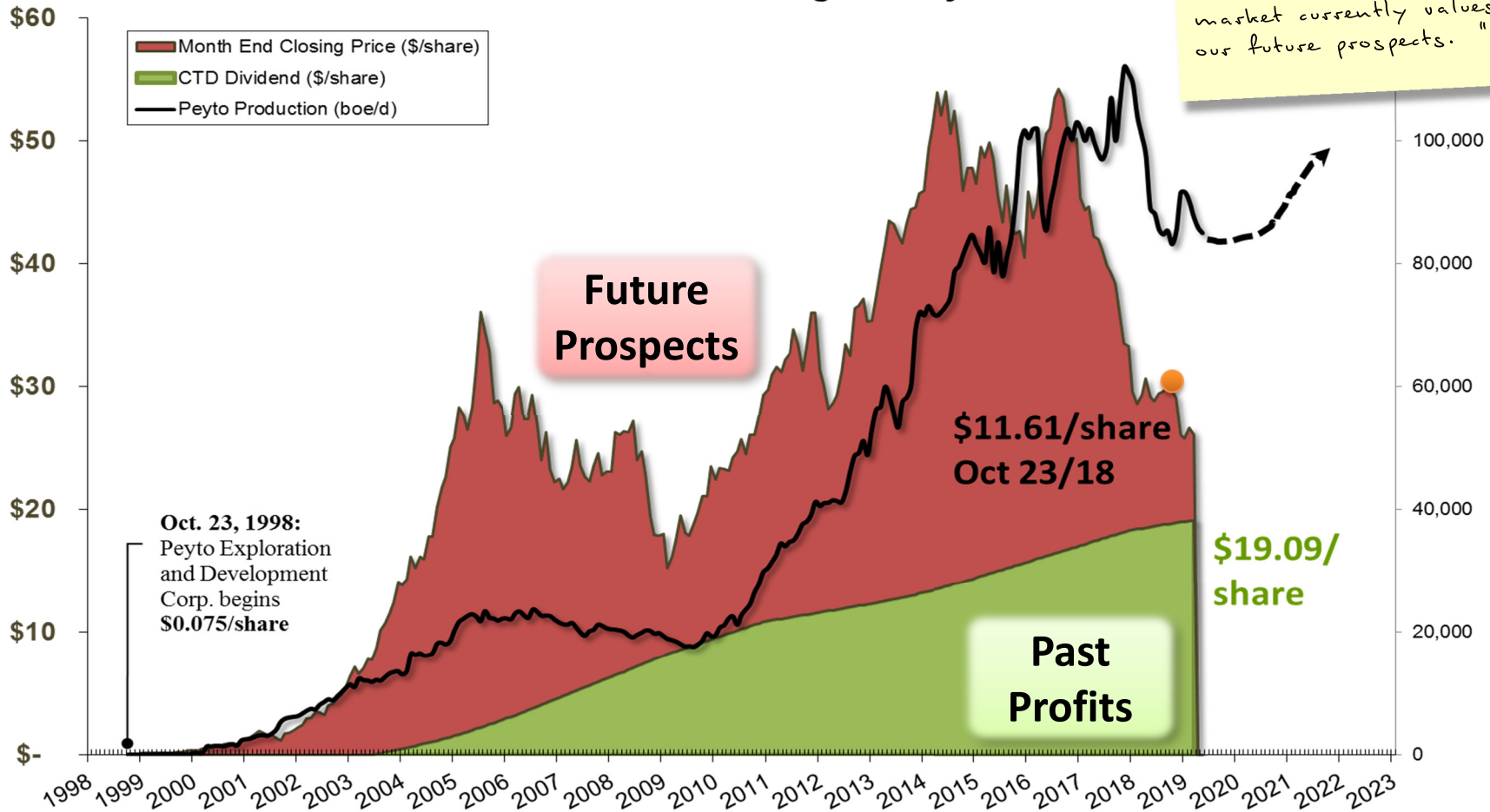
PEY.TO

Total Shareholder Return Model

20th
1998-2018

"Our track record of success is defined by our past profits. Our plan is to continue this trend, despite how the market currently values our future prospects."

Peyto Exploration and Development Corp. 20 Year Trading History



The Big Picture

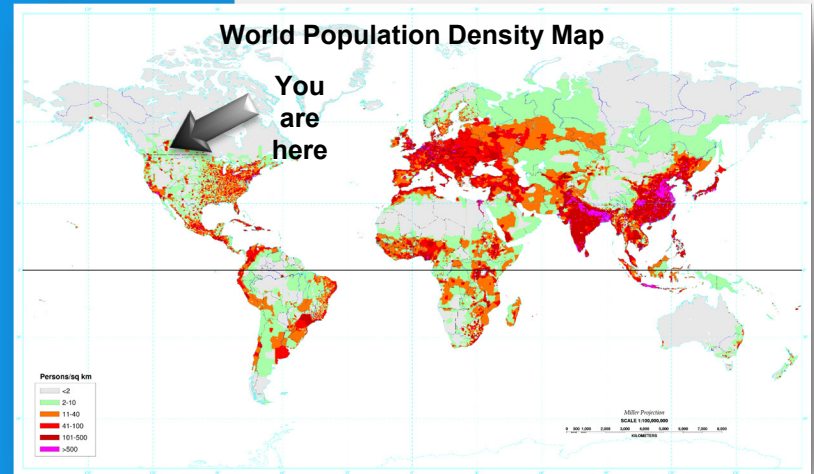
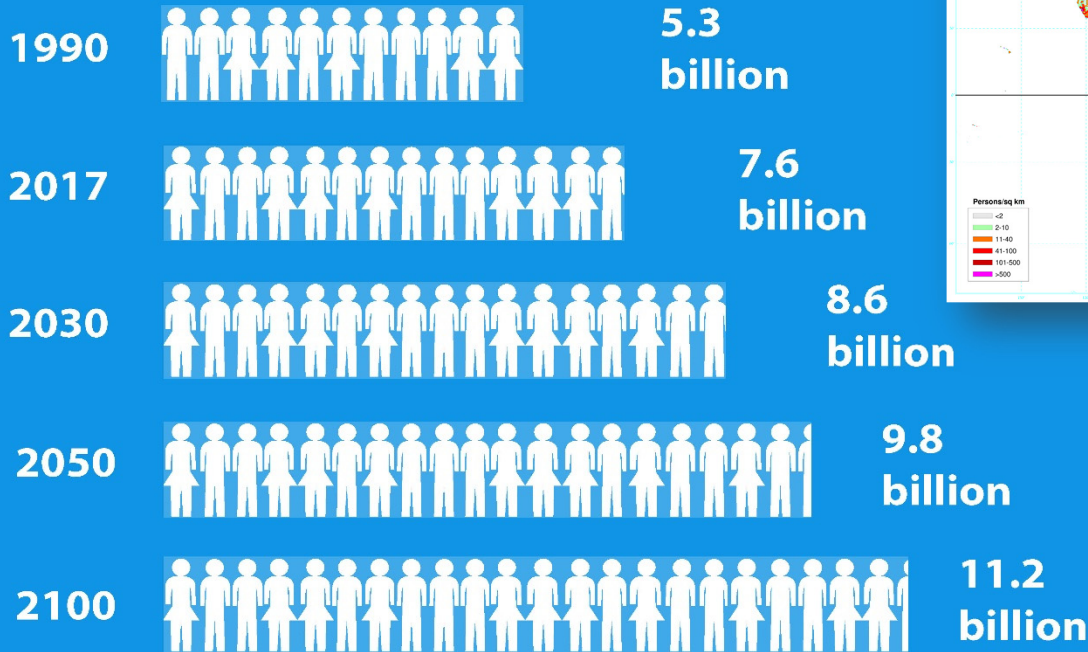
World Population is Increasing

"Over the next 13 years, global population is expected to grow by 1 Billion people. They all need energy to survive."



World Population

Projected world population until 2100



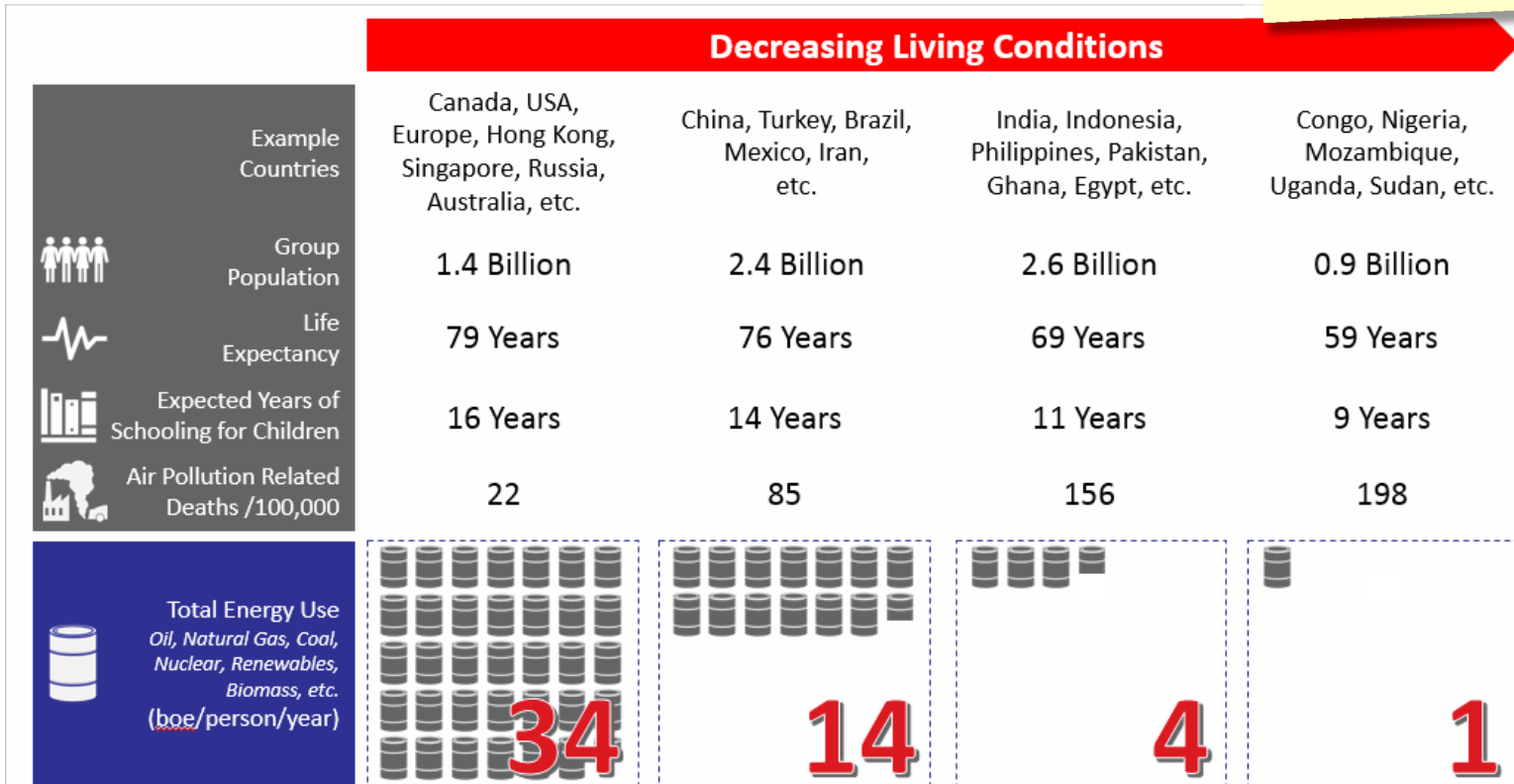
Source: United Nations Department of Economic and Social Affairs, Population Division, *World Population Prospects: The 2017 Revision*
Produced by: United Nations Department of Public Information



The Big Picture

The Rest of the World Deserves Our Quality of Life

"Just to bring the bottom 3.5 billion people up to Chinese levels of life expectancy would take another 100 mmbones/d!"



Energy and/or Efficiency is Required to Improve Global Living Conditions

1

Source: United Nations Human Development Index, World Health Organization and EIA

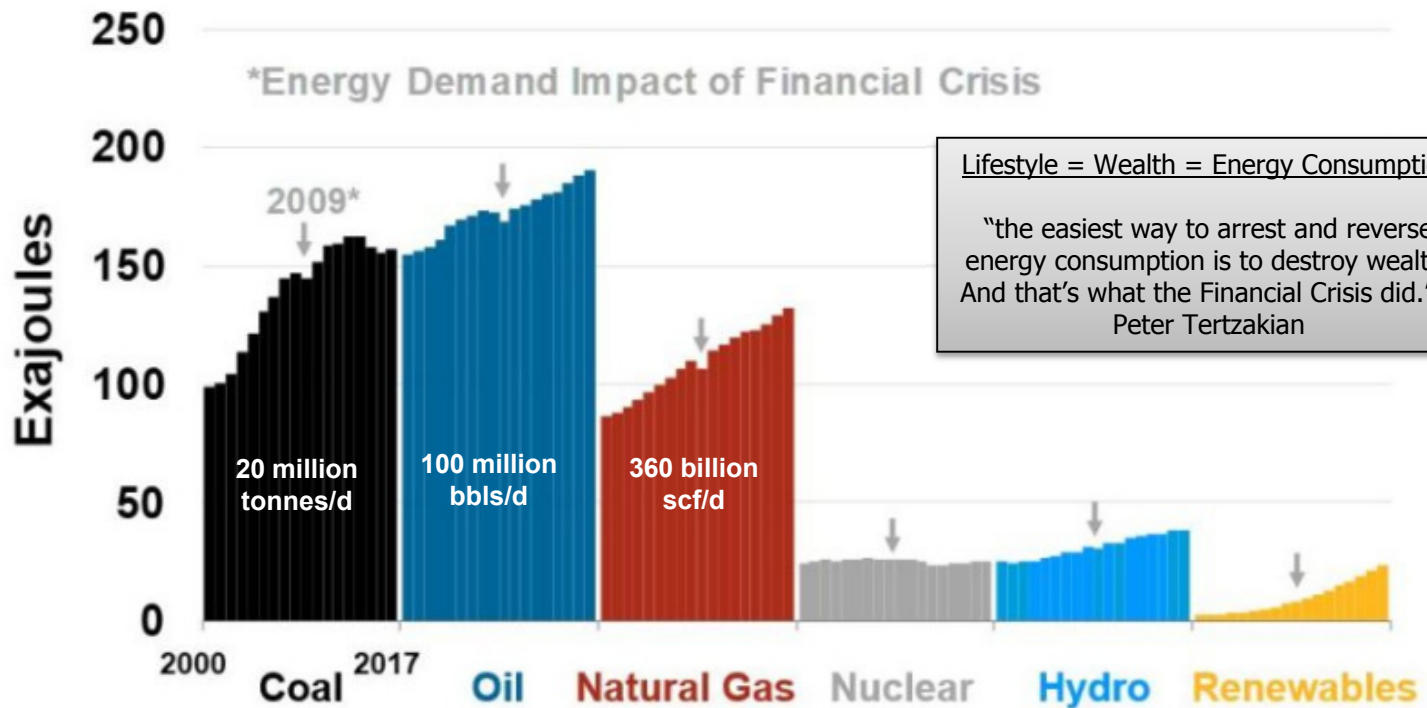
The Big Picture

Quality of Life/Wealth Drives Energy Consumption

"No one fuel type can satisfy the World's energy demand. We need more of everything!"

Figure 1: World Energy Consumption by Fuel

Annual; 2000 to 2017



Source: BP Statistical Review, ARC Energy Research Institute

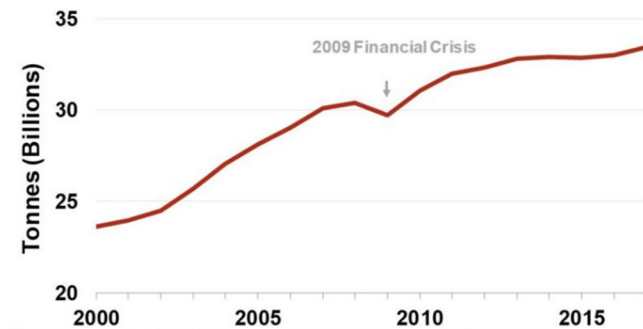
The Big Picture

More Energy Consumption = More Pollution

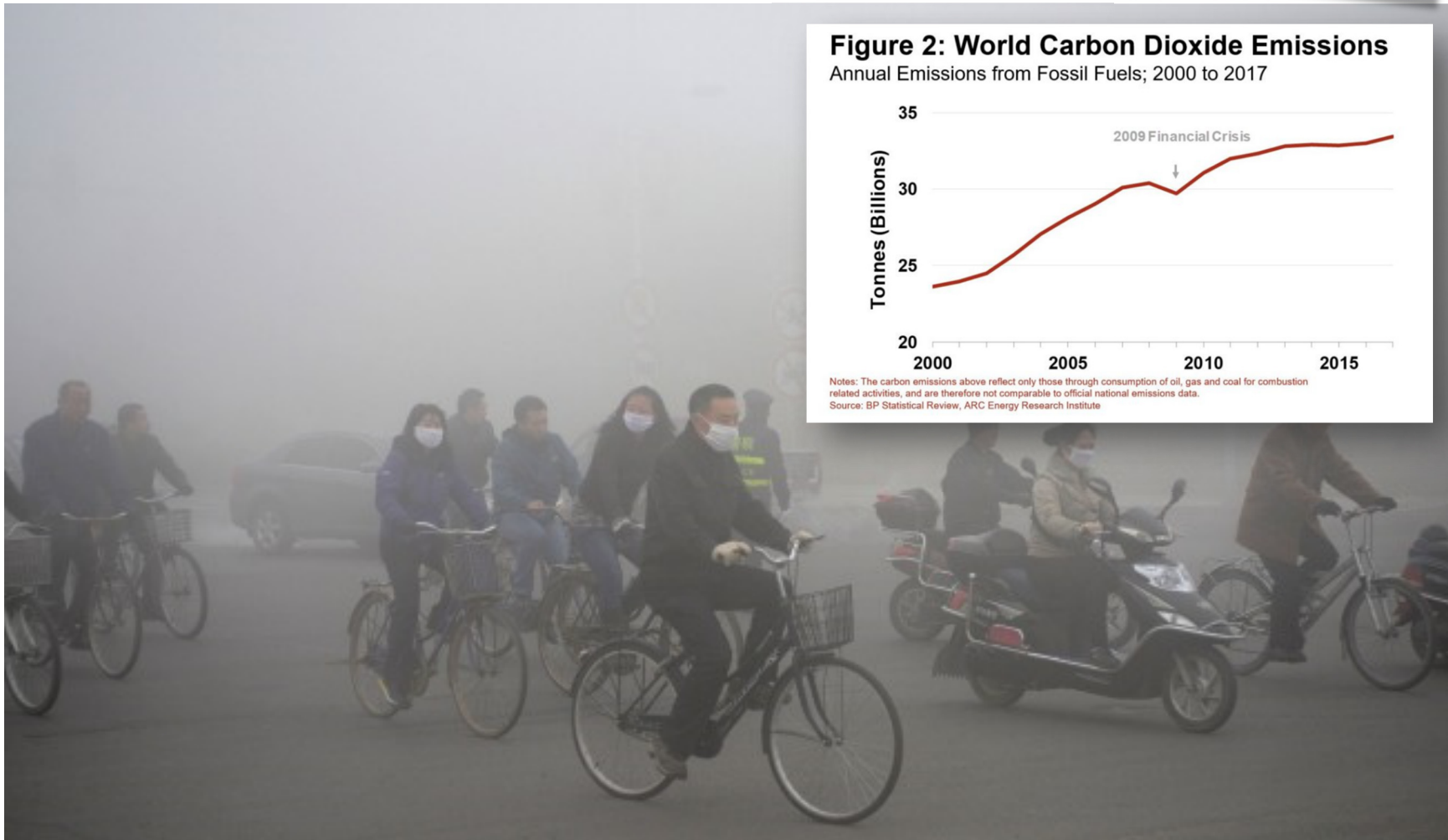
"The challenge becomes providing the world with energy while curbing emissions."

Figure 2: World Carbon Dioxide Emissions

Annual Emissions from Fossil Fuels; 2000 to 2017



Notes: The carbon emissions above reflect only those through consumption of oil, gas and coal for combustion related activities, and are therefore not comparable to official national emissions data.
Source: BP Statistical Review, ARC Energy Research Institute



The Big Picture

A Collision is Coming



Energy Abundance



Energy Scarcity



Who wins?

Less Energy = Better Climate **vs** More Energy = Better Life

The Big Picture

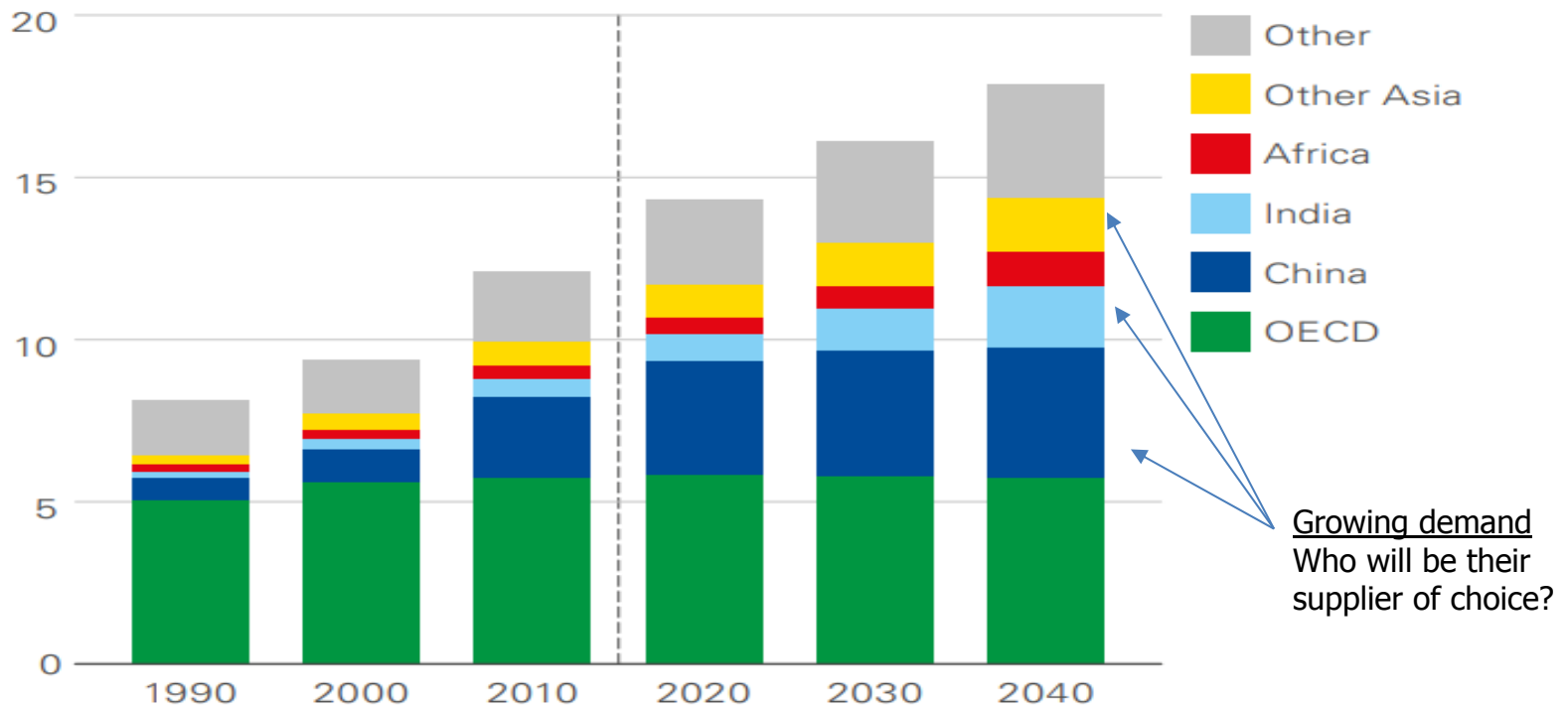
More, Better Energy Required – For the World

2.0th
2018

"The global energy system faces a dual challenge: the need for more energy and less pollution."

Primary energy consumption by region

Billion toe



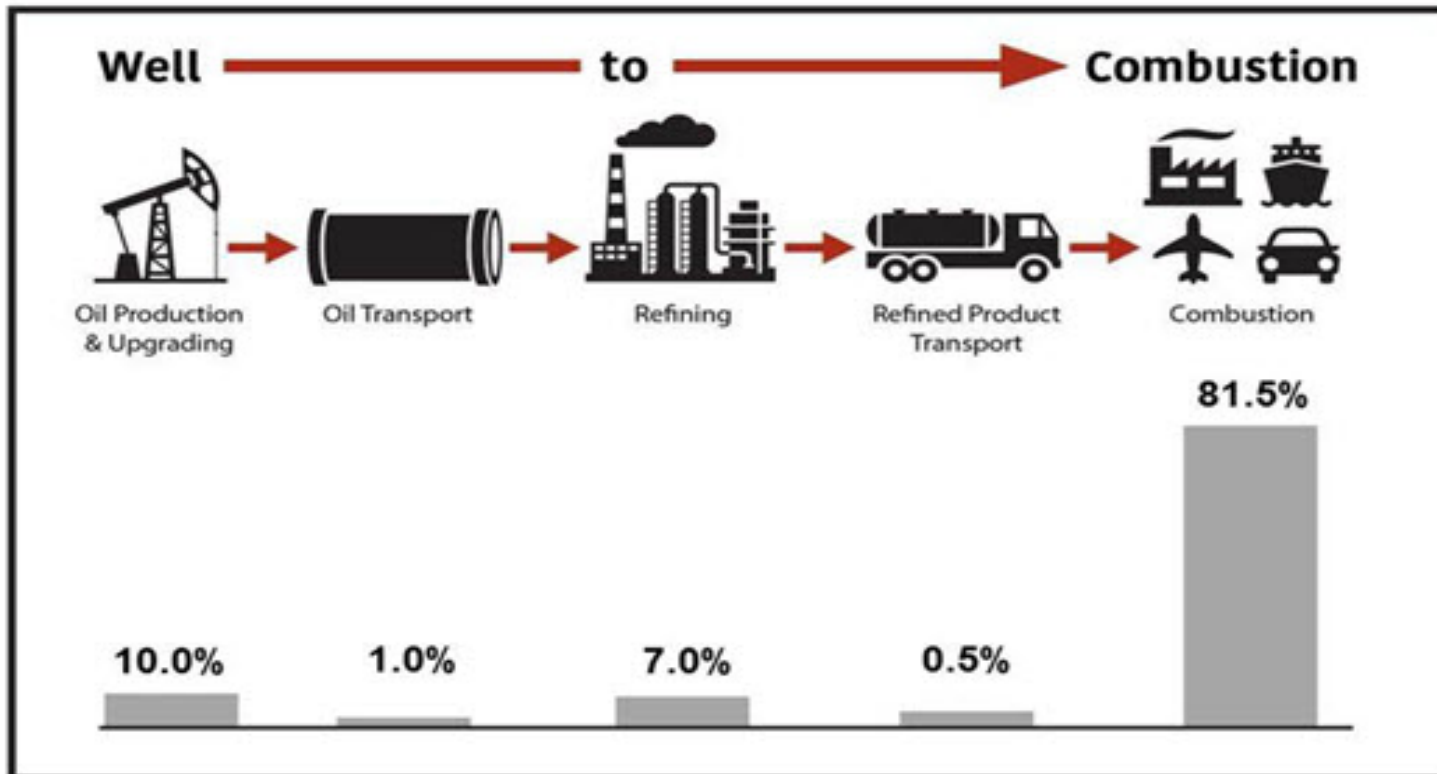
Growing demand
Who will be their supplier of choice?

The Big Picture

Let's Get the Right Fuels to the Right People

"Remember it's the consumption that generates all the emissions and pollution, not the production."

Figure 1: Well to Combustion Lifecycle GHG Emissions from Crude Oil*



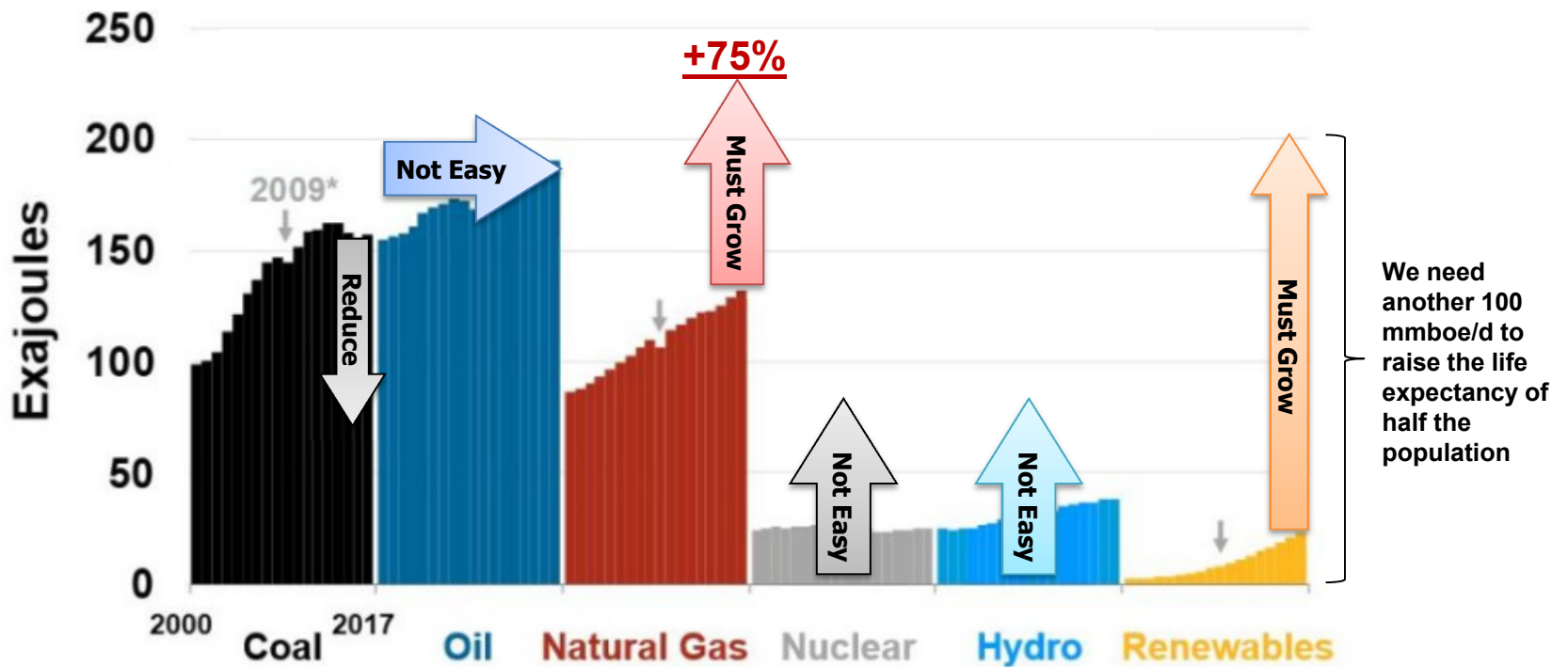
The Big Picture

Natural Gas Production/Consumption Must Grow

"If we want to reduce emissions and grow global energy supply to advance the 3rd world, we need less coal, more gas and WAY more renewables (backed by gas)."

Figure 1: World Energy Consumption by Fuel

Annual; 2000 to 2017



Source: BP Statistical Review, ARC Energy Research Institute

The Big Picture

Who Should Supply That Energy?

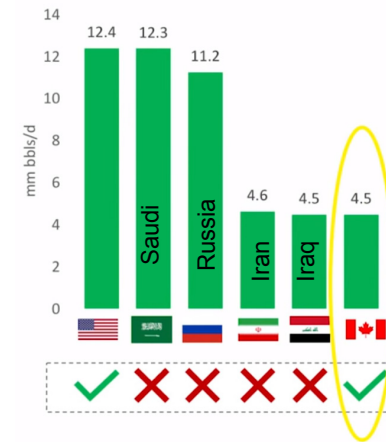
"Canada is the logical supplier of choice for the world's energy needs. But, we will need to fight for market share and the right to provide that energy to the world."



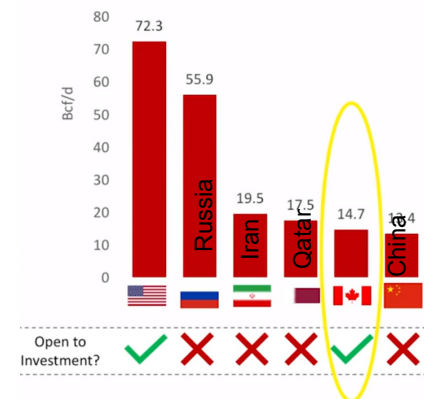
- ✓ Environmental Regulations
- ✓ Worker Safety
- ✓ Human Rights
- ✓ Ethical Standards
- ✓ Gender Equality
- ✓ Indigenous Consultation

✓ **CANADA**

Top Global Oil & NGL Producers - 2016



Top Global Gas Producers - 2016



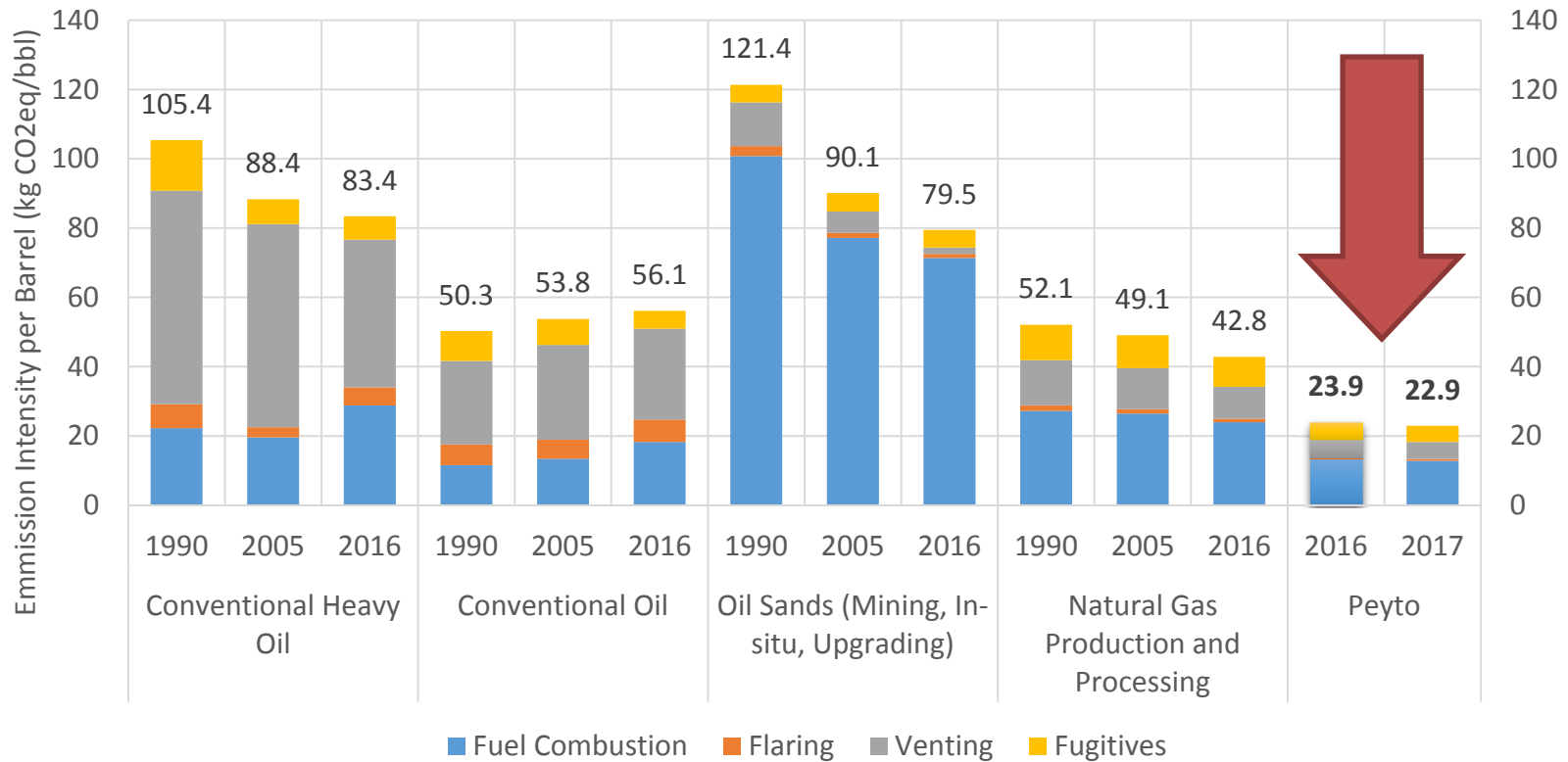
The Big Picture

Peyto Does It Better

"Peyto provides energy for the world for far less environmental impact than even the rest of the Canadian industry."



Emission Intensity by Source Type for Canadian Oil and Gas (1990, 2005, 2016)



Notes:

Intensities are based on total subsector emissions and relevant production amounts. They represent overall averages, not facility intensities.

*Calculated on a barrel of oil equivalent (boe) basis by converting production volumes to energy basis and then dividing by energy content of light crude oil.

1 barrel (bbl) = 0.159 m3

Production data from Statistics Canada 1991-2017 and AER (2017)

*Original chart can be found at: <https://www.canada.ca/content/dam/eccc/documents/pdf/climate-change/emissions-inventories-reporting/nir-executive-summary/National%20Inventory%20Report%20Executive%20Summary%202018.pdf>

The Big Picture

Continuously Improving Environmental Performance

"We are continuously improving our environmental performance, lowering emissions every year!"

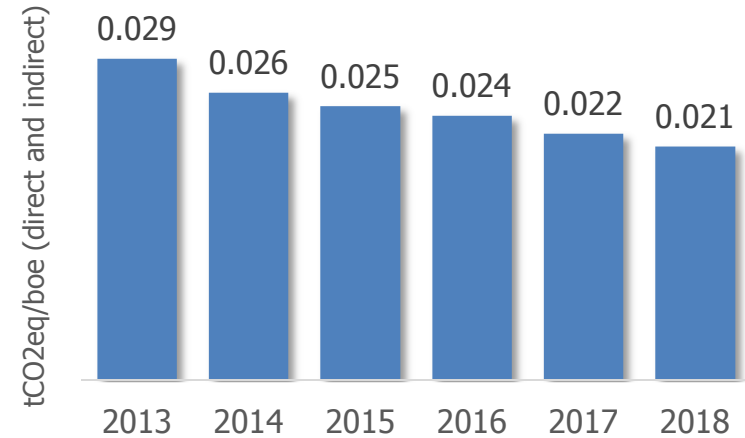
-27%

in GHG Emissions Intensity

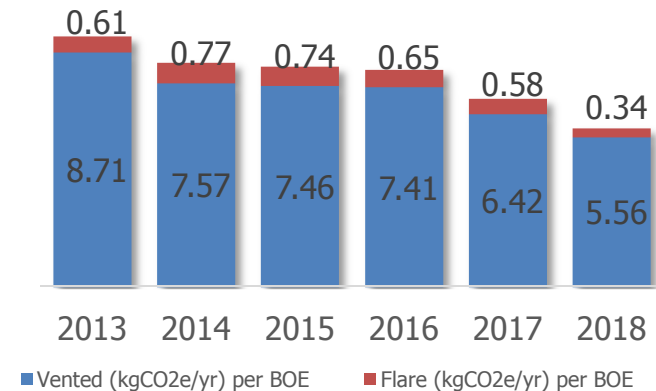
-37%

In Flared/Vented Methane

Peyto GHG Emissions Intensity



Peyto Flaring and Venting of Methane



The Big Picture

So What Does All This Mean?

"We must fight to
be a part of the
solution!"



- ✓ ***Canada has energy abundance.***
- ✓ ***Canada has a moral obligation to provide the rest of the world with our clean, responsibly developed energy to improve lives and preserve the environment.***
- ✓ ***Peyto can continue to be an industry leader by providing this energy more efficiently.***

The Peyto Strategy



Peyto's Strategy

What We Continue To Believe

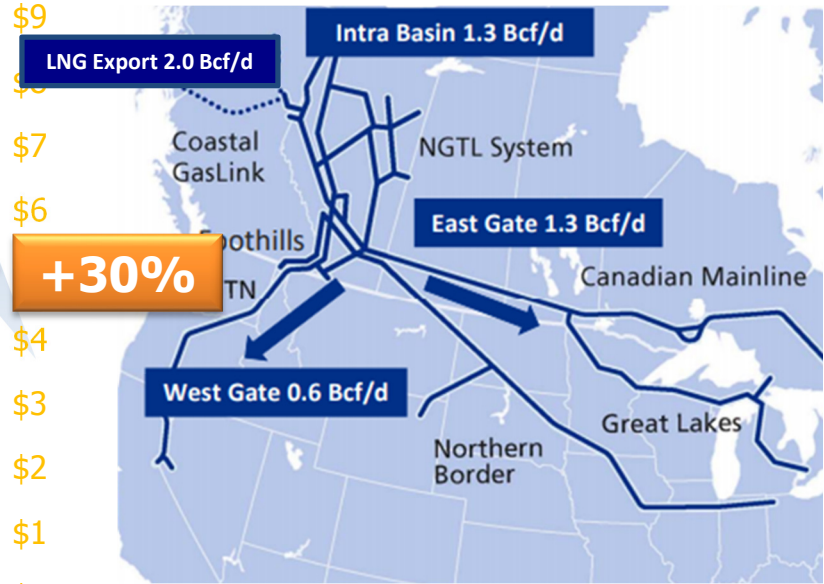
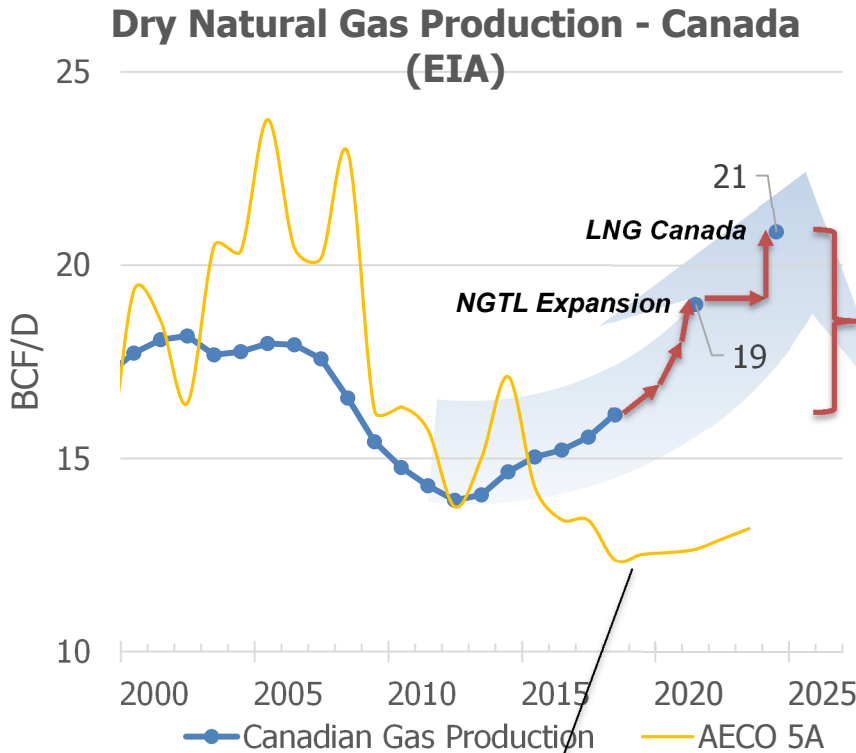
"We believe in the future of natural gas and in partnering with shareholders to make a profit, not by trying to make your money, our money."

- ✱ *“Nature’s gas is the fuel for the future.”*
- ✱ *“Our gas and NGLs are made from all natural, decomposed, organic materials.”*
- ✱ *“Our business focus is on maximizing the return on invested capital – your capital.”*
- ✱ *“By maintaining low cash costs over the entire production life it ensures returns are maximized regardless of commodity price volatility.”*

Peyto's Strategy

Canadian Gas Egress Is Expanding

"There is substantial growth planned for the basin with export pipelines & LNG. Peyto is planning its future around this timing."



3.2 Bcf/d NGTL Expansion – 2019 to 2021
1.9 Bcf/d LNG Canada (trains 1&2) – 2024
5.1 Bcf/d Additional Market Access

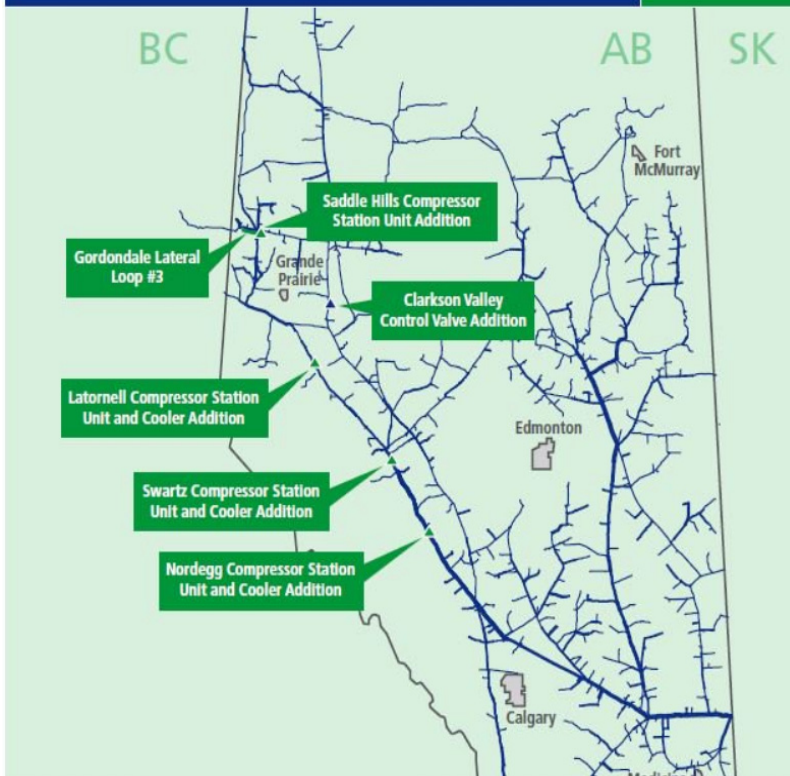
Are forecast gas prices enough to encourage the 5.1 BCF/d of growth we'll need?

Peyto's Strategy

2019 NGTL Expansion Adds Capacity

"You can't invest \$2.8 billion in infrastructure and see no incremental capacity. More access to market is coming this year and next."

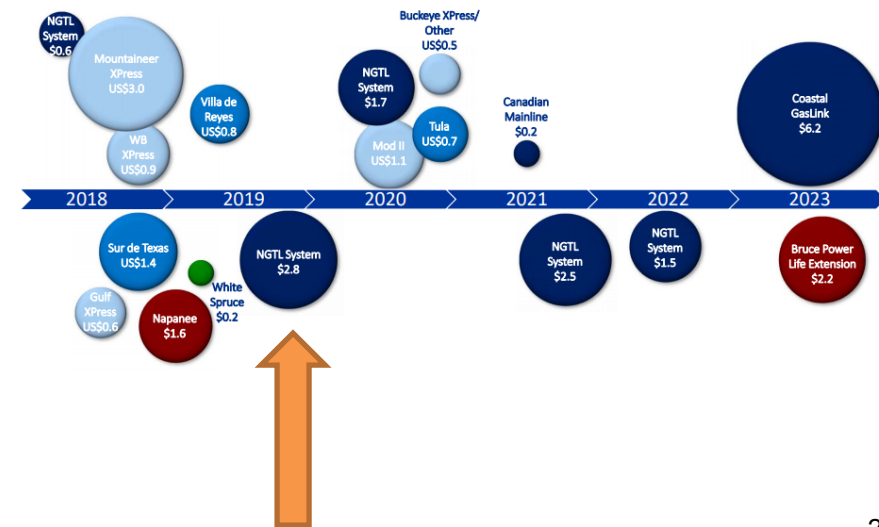
Proposed Project: Saddle West Expansion



Canadian Natural Gas Pipelines Secured Capital Program

Project	Estimated Capital Cost	Expected In-Service
Canadian Mainline	0.2	2018-2021
NGTL System	0.6	2018
	2.8	2019
	1.7	2020
	2.5	2021
	1.5	2022
Recoverable Maintenance Capital	1.8	2019-2021
Coastal GasLink	6.2	2023
Total (\$Billions)	17.3	

- \$9.1 billion expansion of NGTL system to 2022
- \$6.2 billion Coastal GasLink pipeline
- \$200 million Eastern Mainline expansion; further expansion from open season being finalized
- Maintenance capital expected to approximate \$600 million per year; immediately reflected in rates and earns return of and on capital

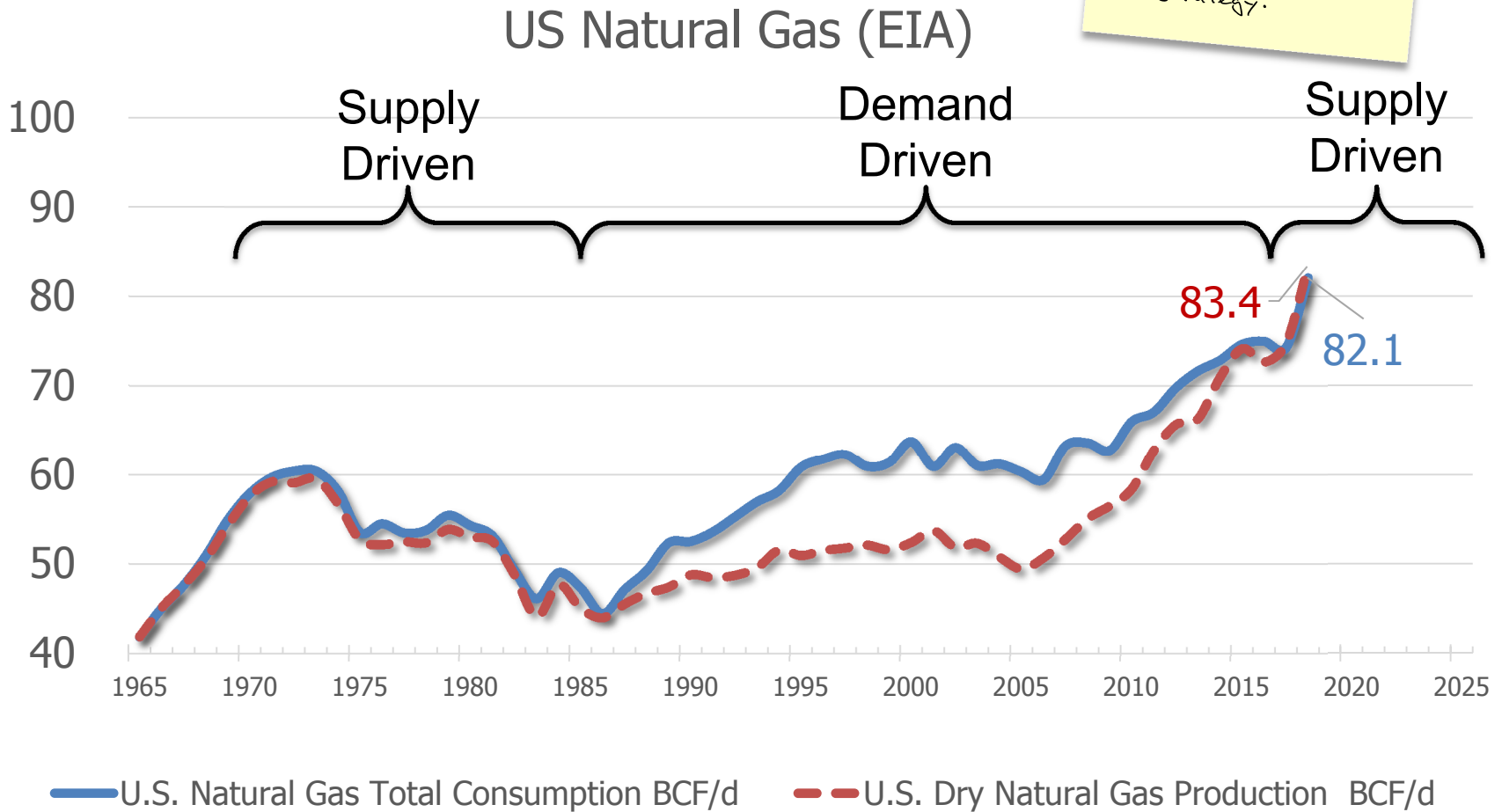


Peyto's Strategy

Changing Market Requires Changing Strategy

20th
1998-2018

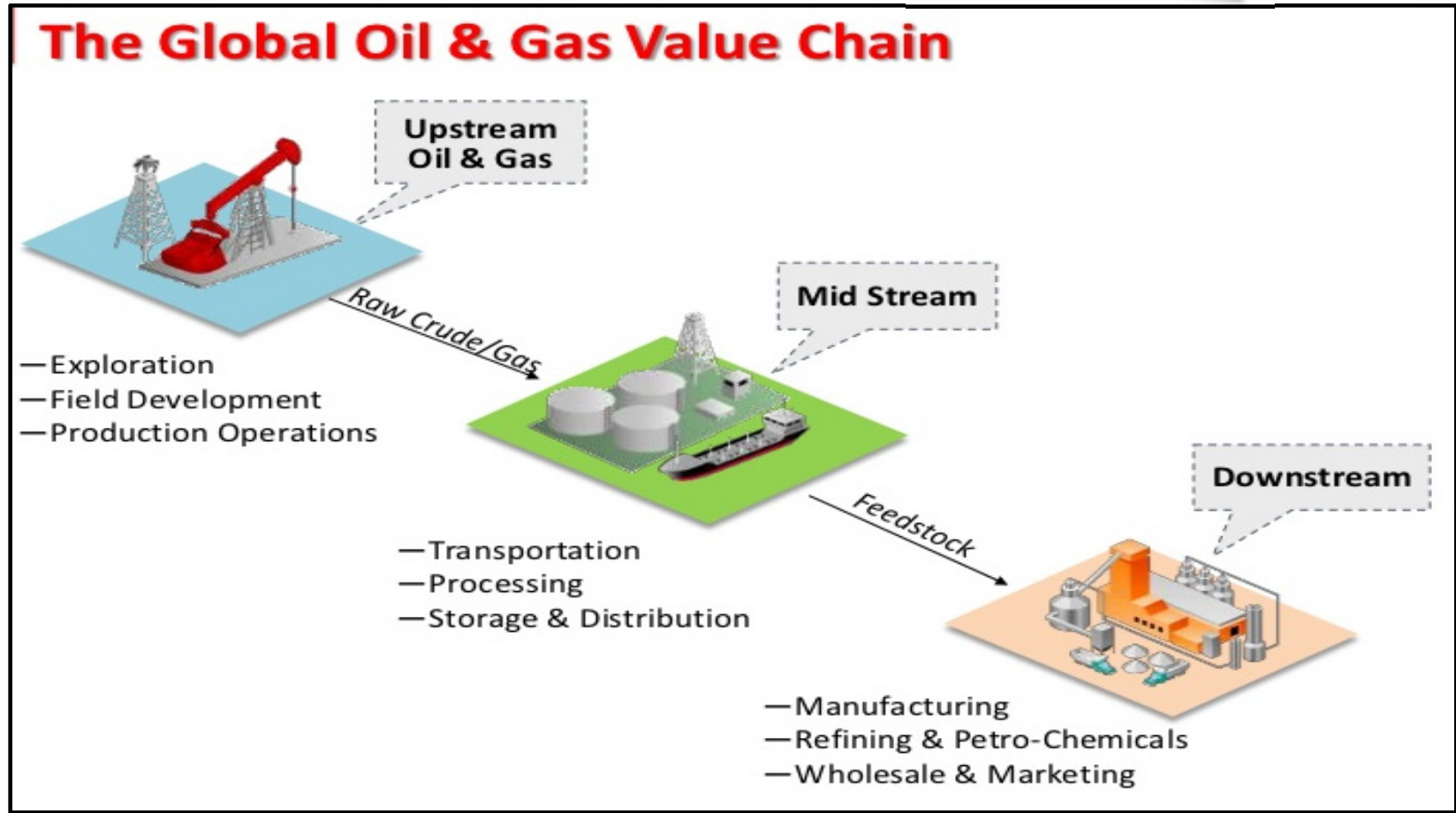
"We have shifted back to a supply driven market in North America, requiring us to alter our strategy."



Peyto's Strategy

Integrate the Entire Oil & Gas Value Chain

"In a supply driven market we need to own more of the value chain to retain the economic rent in the commodity."



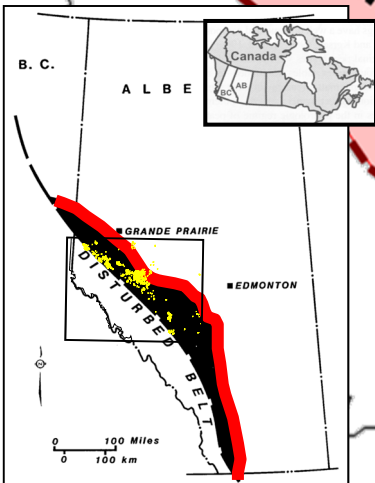
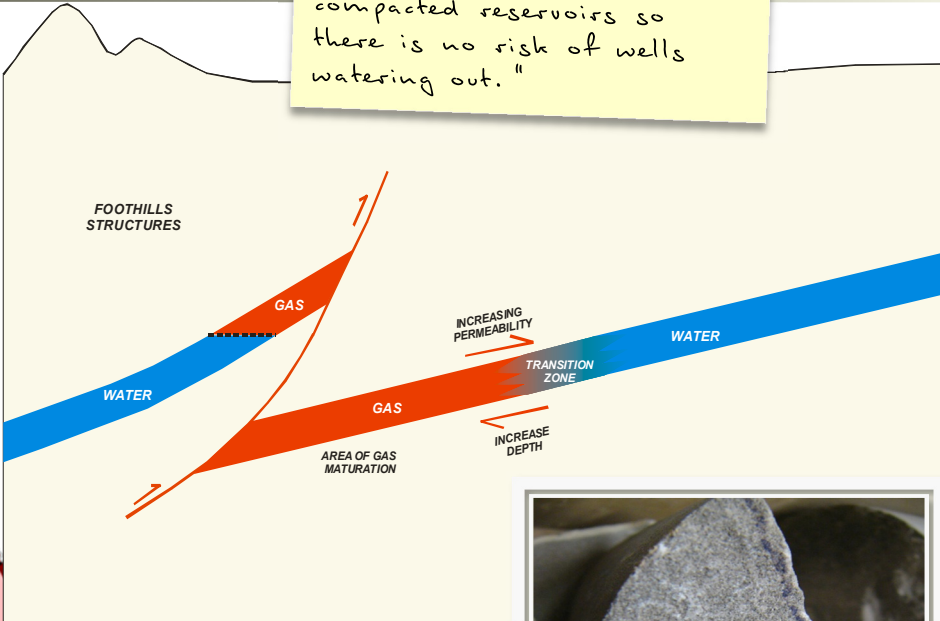
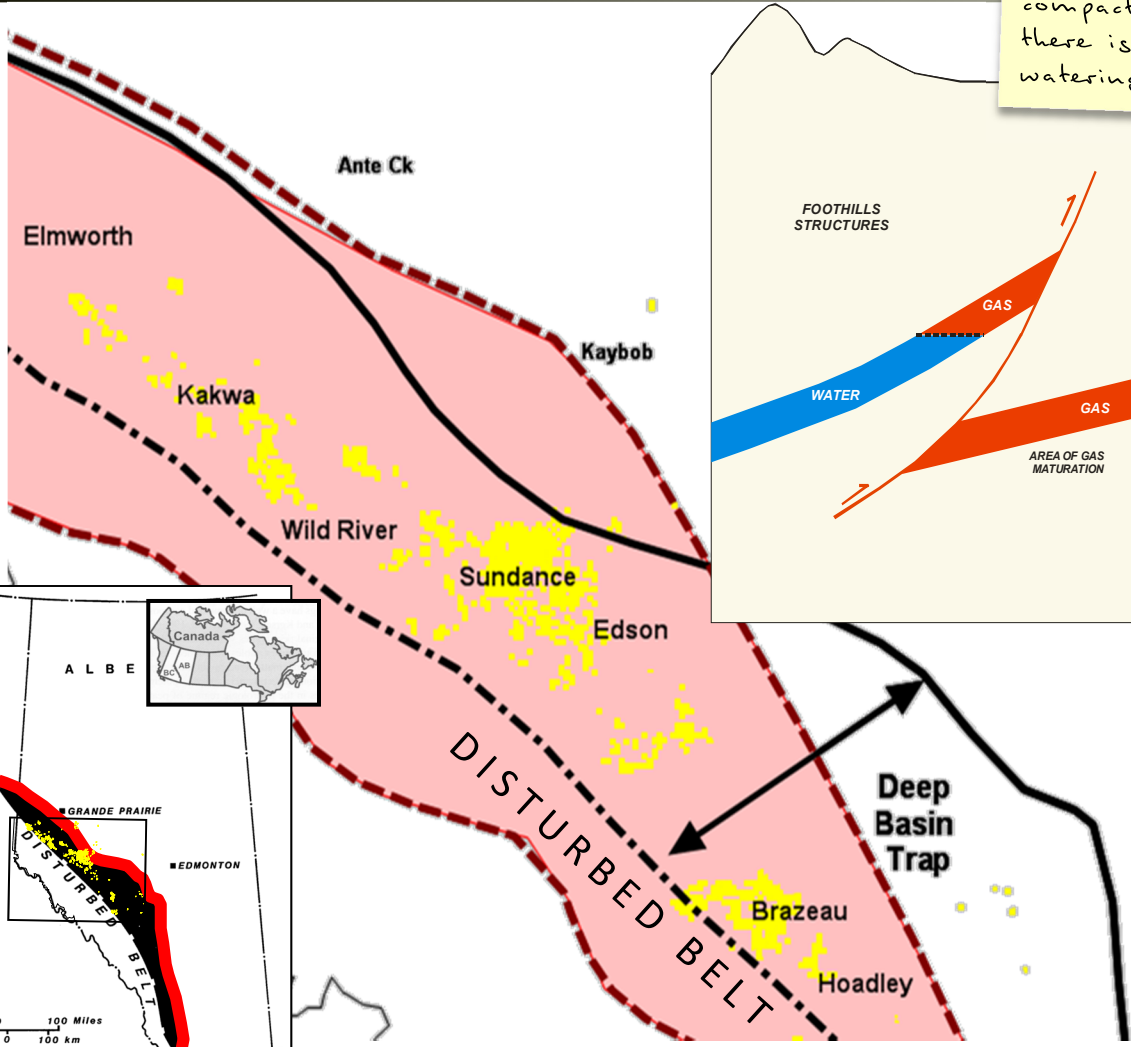
Exploration & Development



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

Large Hz MSF Inventory

"Peyto has developed 3.8 TCFe using vertical and now horizontal wells. But there is a lot more to do. Over 50 years worth of drilling inventory at current pace."

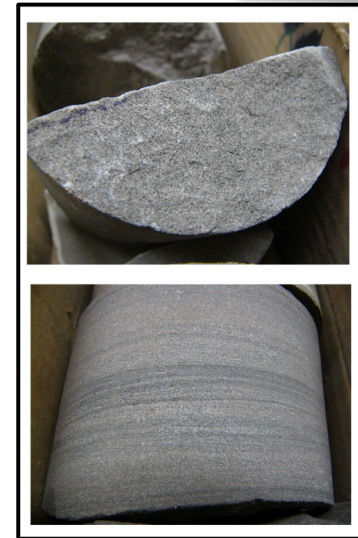
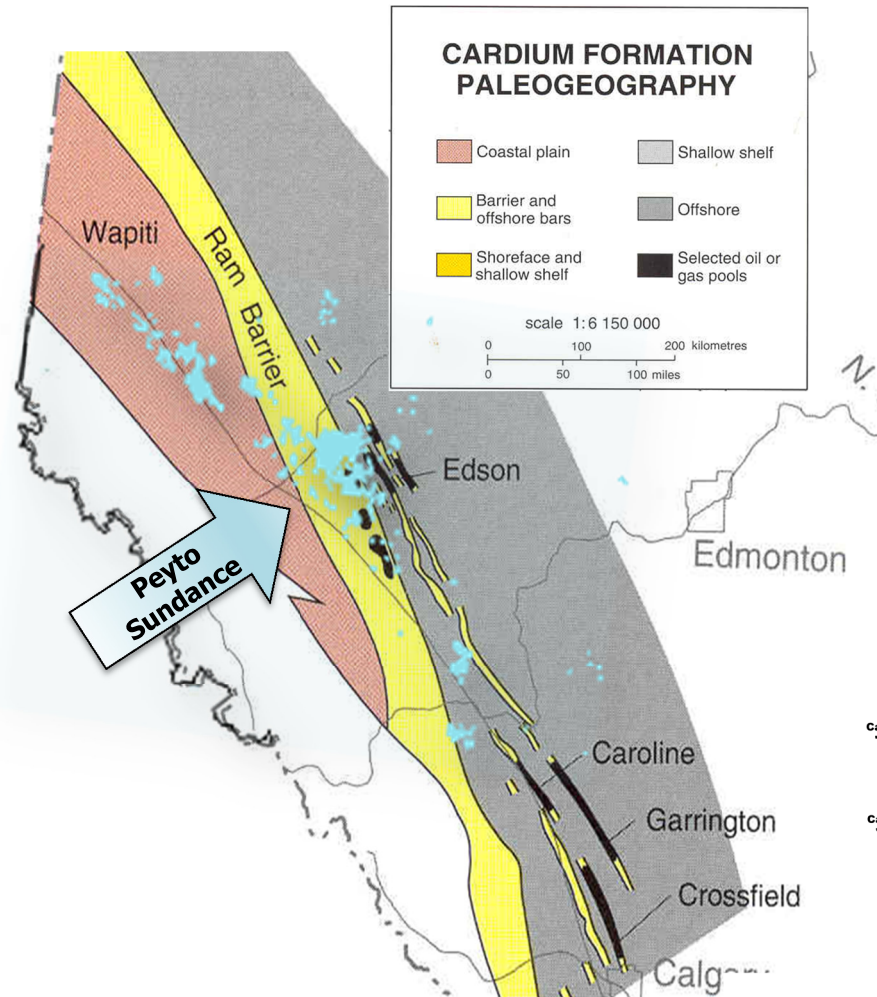
	<u>Done</u> ¹		<u>To Do</u>	
	<u>Total Vertical Wells</u>	<u>Total Hz Wells</u>	<u>Total Hz(Vt) Locations Booked*</u>	<u>Total Hz Locations Unbooked</u>
SMOKY	2		(2)	
CHINOOK ●*				
PUSKWASKAU □				
BADHEART ●				
MUSKIKI □				
CARDIUM ●	440	113	363(12)	384
KASKAPAU □				
DOE CR ●				
POLICE COUPE				
DUNVEGAN ●* X	5	1	5	7
SHAPTES-BURY □				
BELLE FOURCHE □				
FISH SCALE □				
WESTGATE □	1		2(2)	18
PADDY *				
PEACE RIVER				
CADOTTE *				
HARMON □				
FORT ST. JOHN	90	176	165(2)	61
NOTIKEWIN *				
A	7	74	40	8
B				
C				
D				
E				
F				
SPIRIT RIVER		111	166	303
FALHER * X			2	20
WILRICH □	14	385	370	153
BLUESKY ●* △	4	40	54	44
BULL-HEAD	12	2	18	205
GETHING ●* △ X				
CADOMIN ●*	87	2		
Montney		1	0	120
	662	902	1,185(16)	1,323
			1,201	>2,500 locations

1. Drilling to Dec 31, 2018
 *As recognized in the IPC independent reserve report dated Dec. 31, 2018

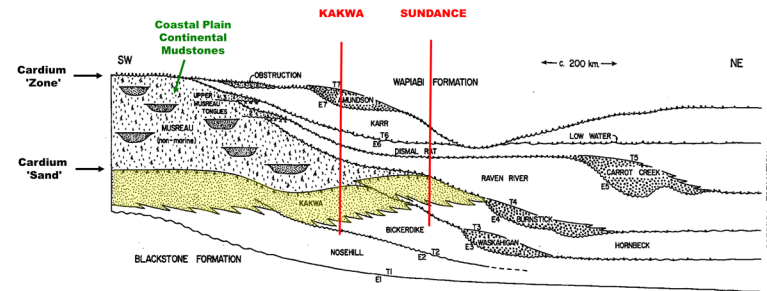
Peyto's Assets

The "New" Cardium Play – High Grade Land Base

"Peyto's Sundance Cardium lands are strategically positioned on the updip edge of the Ram Barrier offering the best reservoir quality."



Very Fine Grained Cardium Sand
Typical of Ram Barrier

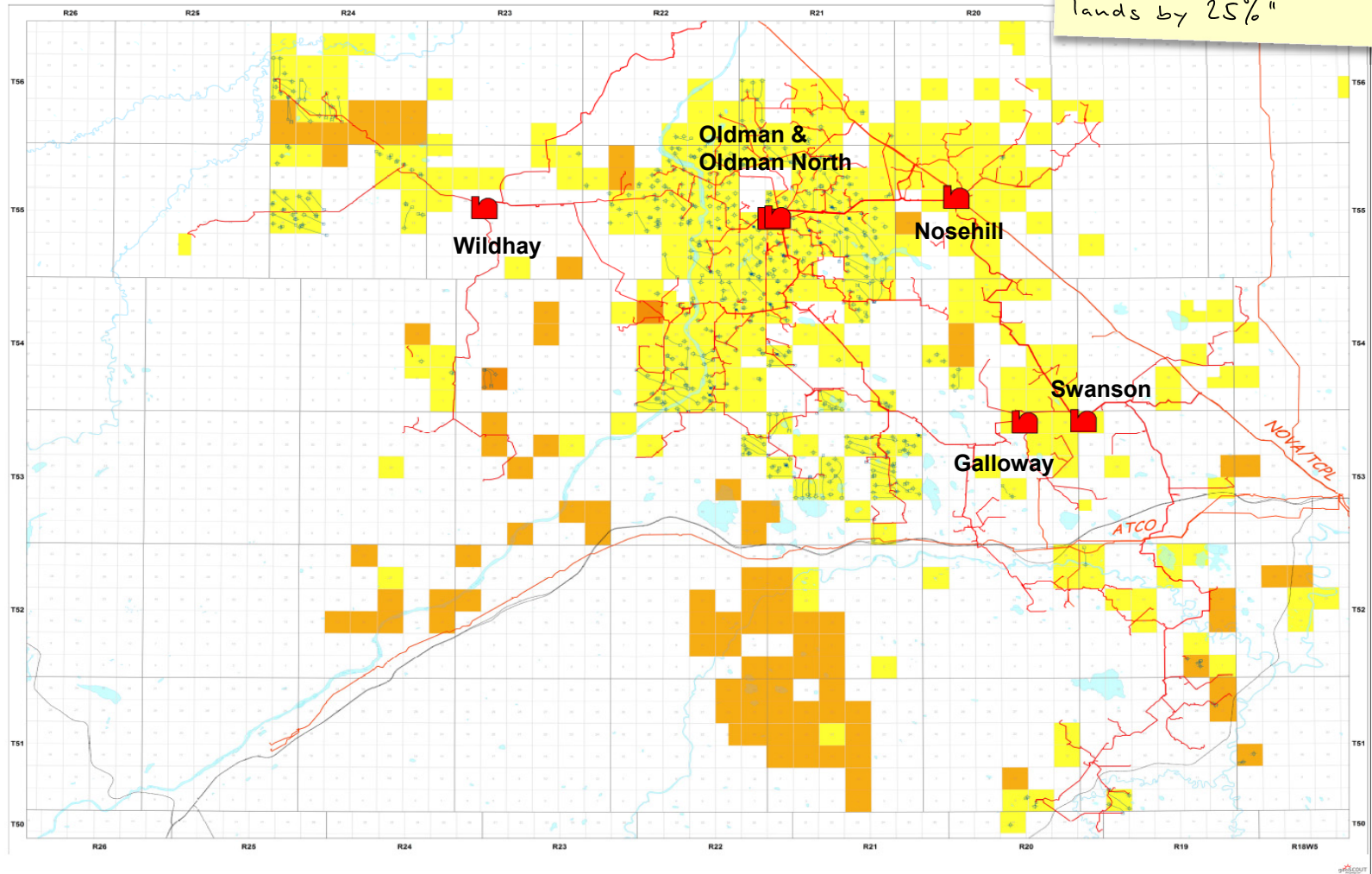


DEEP BASIN PROGRADING RAM BARRIER CARDIUM

Peyto's Assets

The "New" Cardium Play – Abundant Opportunities

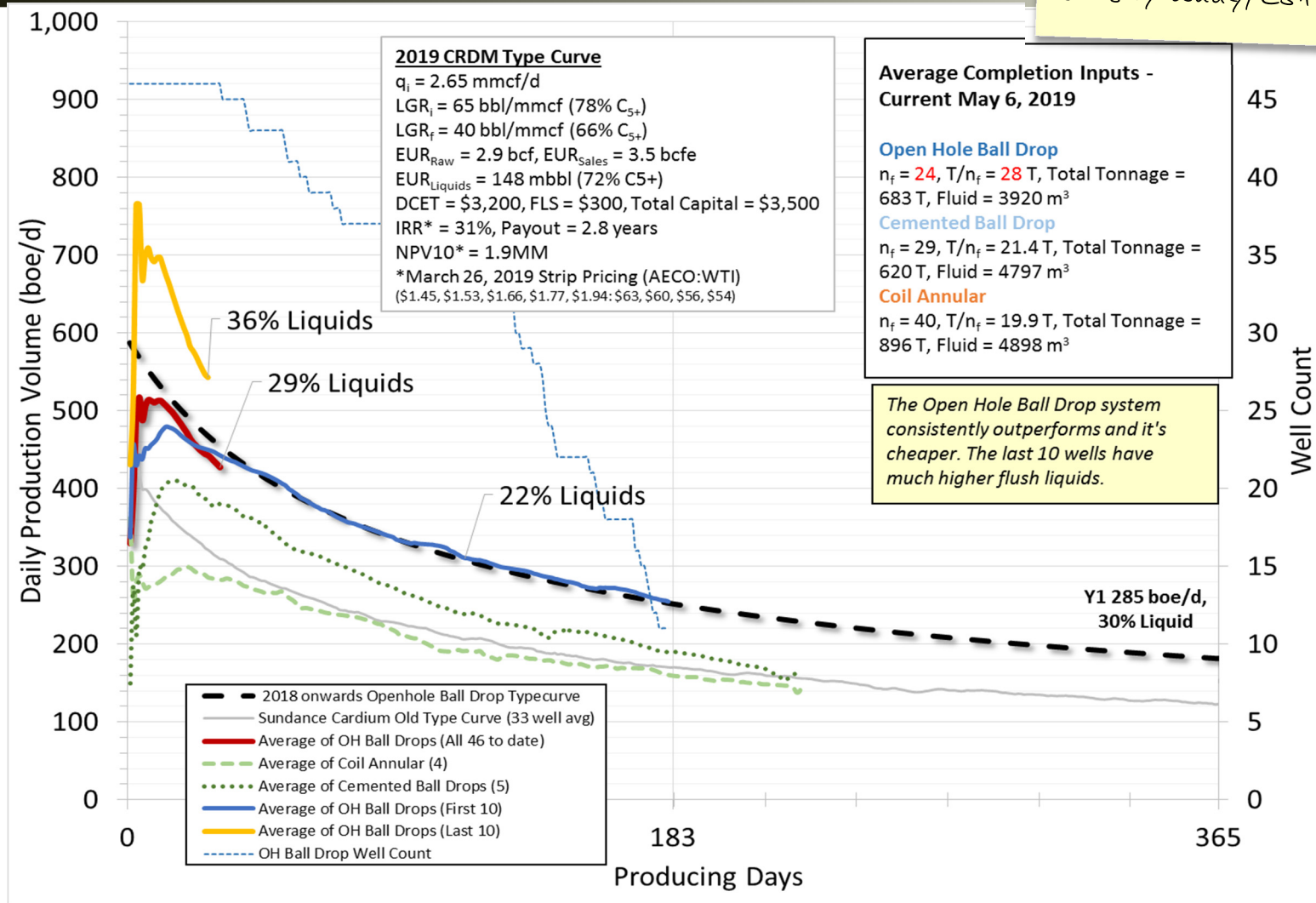
"Peyto has added 157.5 sections of Cardium lands since 2017, 92.5 in the Greater Sundance Area, increasing our Cardium lands by 25%"



Peyto's Assets

The "New" Cardium Play – Proving the Type Curve

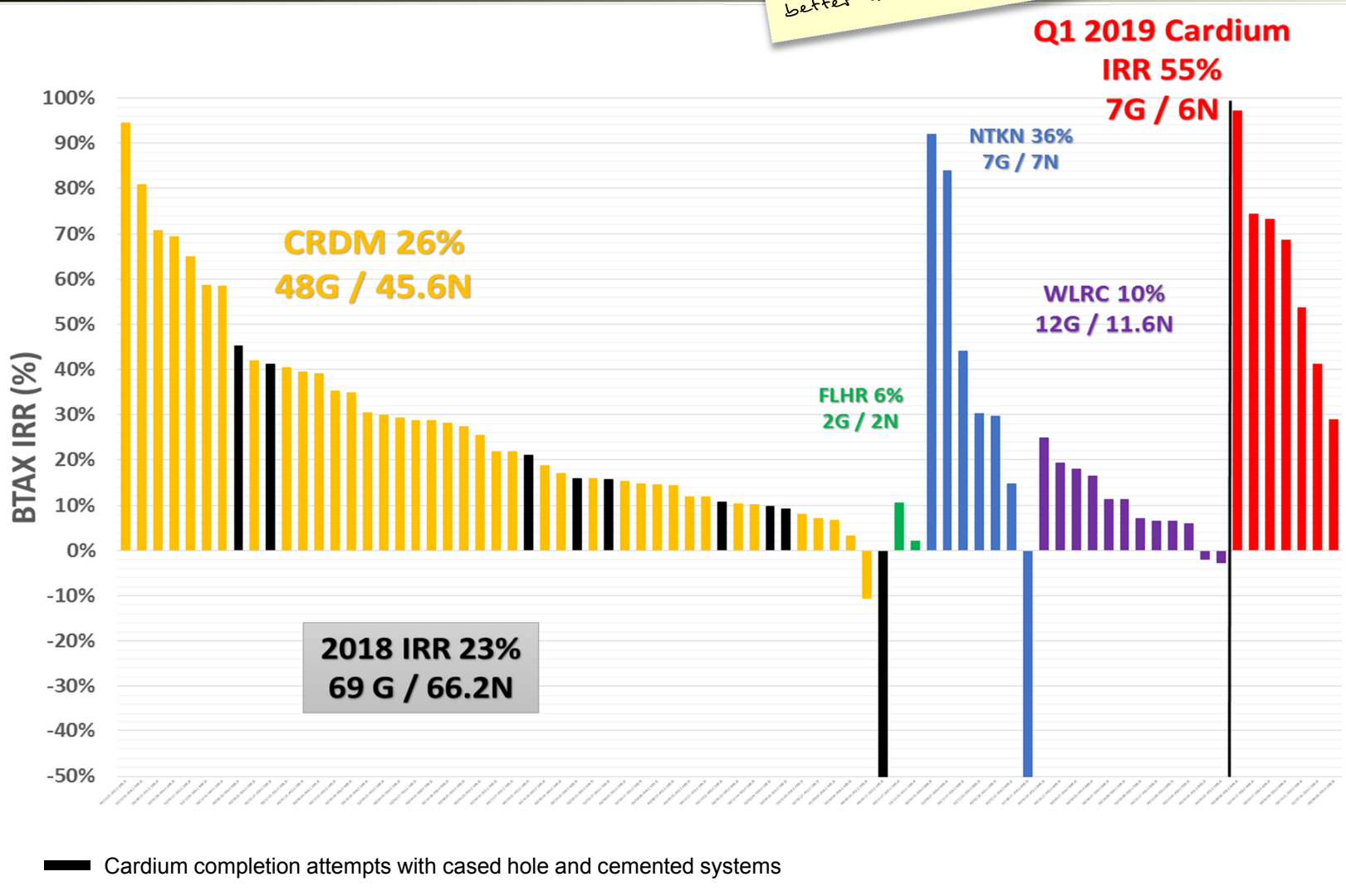
"The new Cardium type curve continues to evolve as more and more wells are brought on. The latest wells are realizing even greater liquids (mostly condy/C5+)."



Peyto's Assets

2018 Post Mortem Returns Analysis

"Our attempt to target more liquids rich Wilrich and Falher came up short in 2018, but our Cardium program is getting better and better."

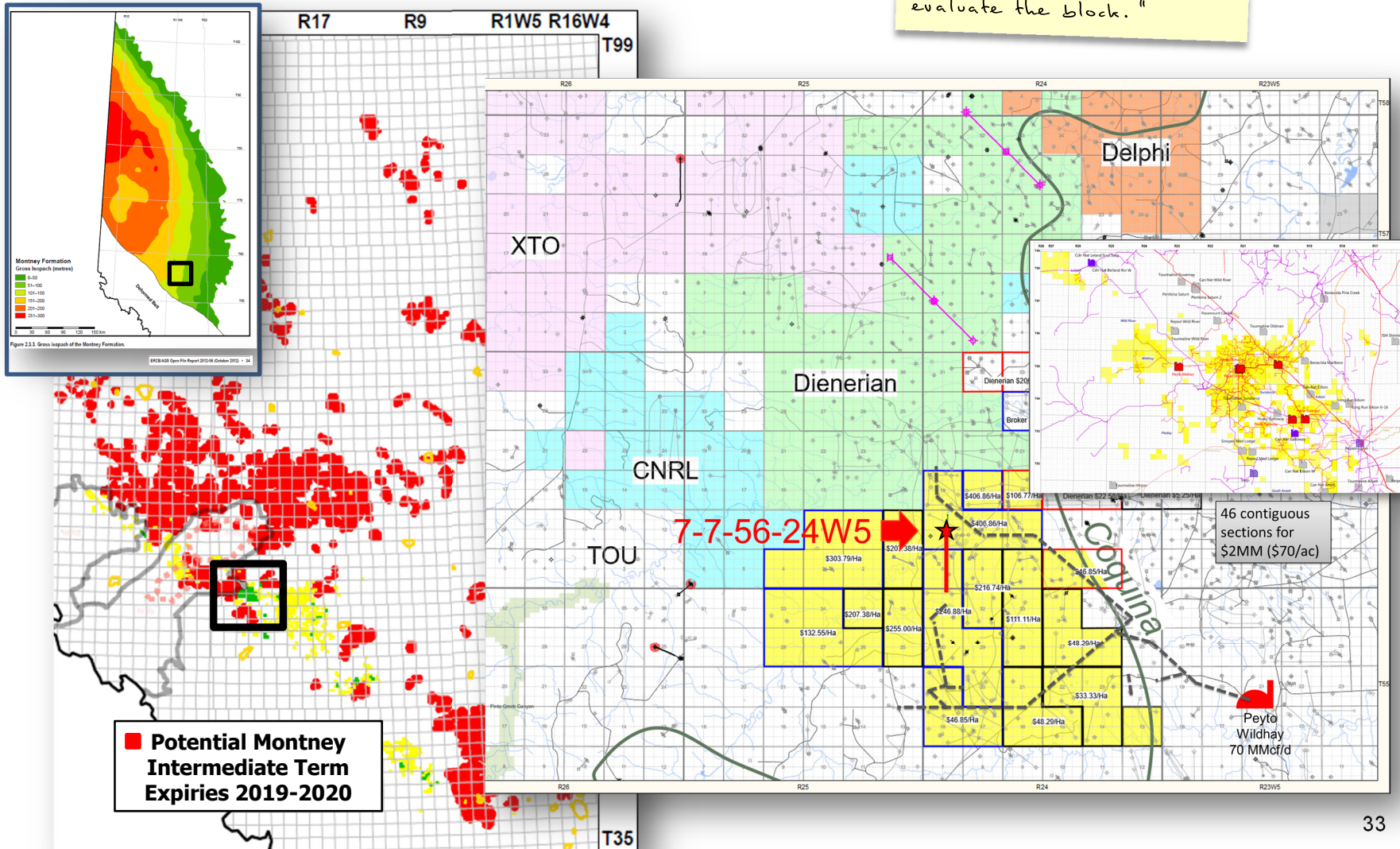


Full cycle IRR is determined using actual capital spent on each well, including a \$365k provision for land, seismic, and facilities. Economics are run using actual 2018 prices realized plus the Insite Petroleum Consultants commodity forecast as at Dec 31/18.

Peyto's Assets

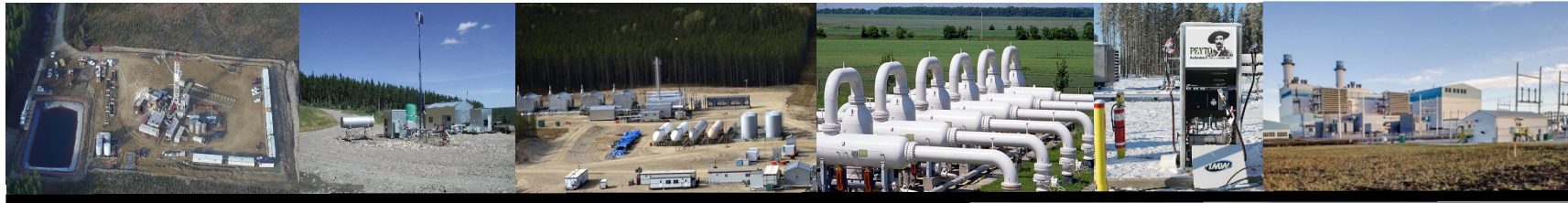
New Montney Play and Potential Expiries

"In the second half of 2018 Peyto accumulated a large block of Montney rights in our West Wildhay area. One well has been drilled to date and awaits completion to evaluate the block."



Peyto's Strategy

Fast Becoming an Integrated Energy Business



Exploration and Development

- 647 Lands Purchased (YE '18)
- 1,512 Wells Drilled (YE '18)
- 6.5 TCFe Reserves Discovered (2P+ Produced)
- 58% Reserves Developed
- 1.7 TCFe Reserves Recovered (YE '18)

Average Development Cost
\$1.57/Mcfe (YE '18)

Average Field Netback
\$3.83/Mcfe (YE '18)

Production and Processing

- 1,475 producing wells
- 9 gas plants/1 deep cut (-80C)
- 1,800 km gathering pipelines
- 100% operated/99% ownership
- 845 mmcf/d processing capacity/80 mmcf/d deep cut

Production
475 mmcf/d natural gas
12,000 bbl/d NGL



Swanson 125 mmcf/d deep cut (-80C)

Storage and Marketing

North American market diversification (40/40/20)

Member LNG Consortium



“Big Sunny” underground gas storage scheme

- 60-80 BCF working gas capacity
- 2-3 hztl producers/injectors
- 15-20 BCF, 150 mmcf/d initial target capability

Midstream and Power Generation

300+ mmcf/d midstream 3rd party processing capacity

Industry leading cost

Low CO2 emissions

Proximal to NGTL & Alliance pipelines

60,000 GJ/d, 15 yr commitment tied to power gen. starts late 2022

Option to participate in capital ownership?

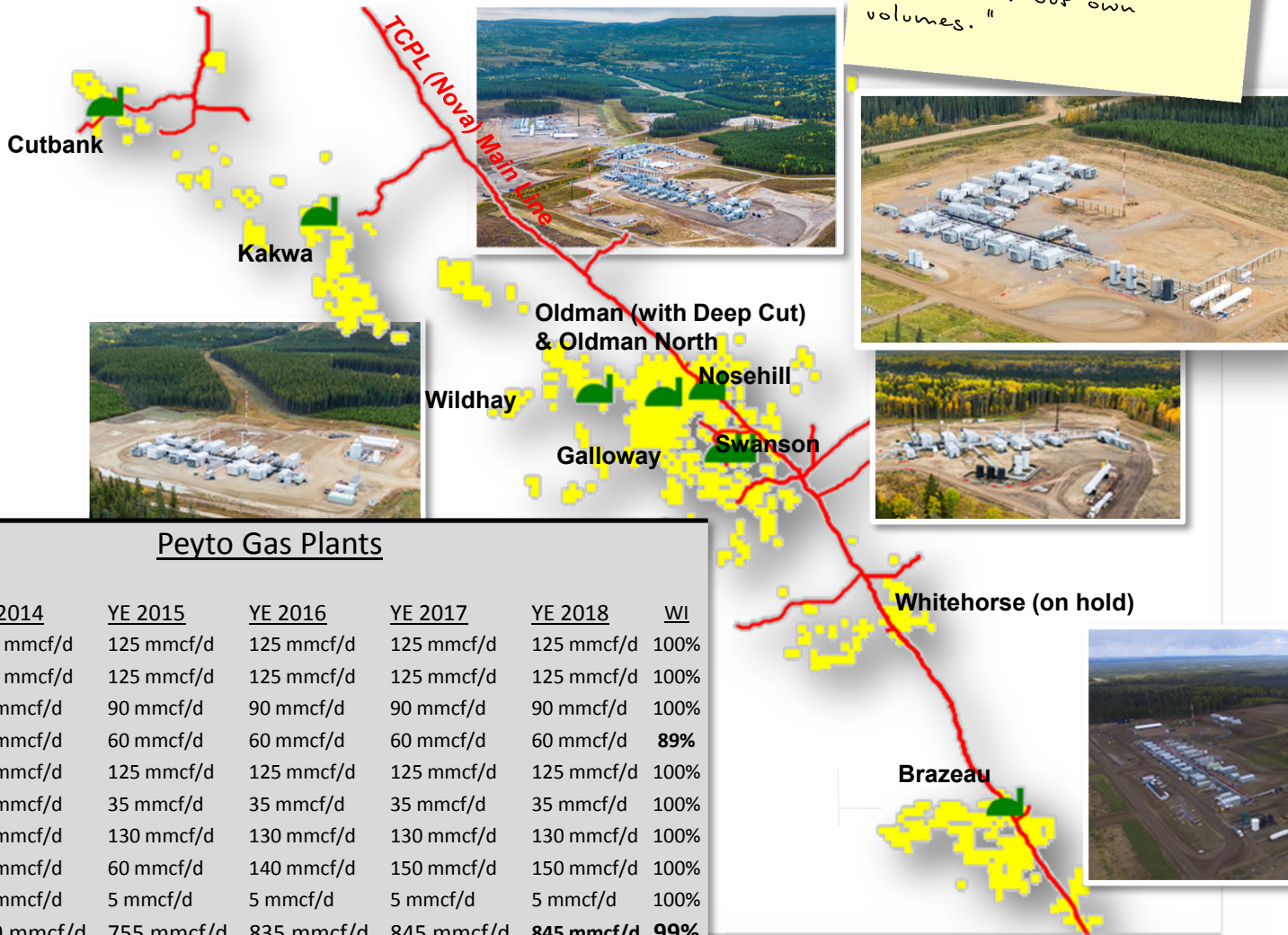
CTD: \$6.0B Capital Invested \$2.5B Profits/Earnings Generated \$2.4B Dividends Paid

Peyto's Assets

Facility Ownership And Control

"Peyto has excess capacity in its 845 mmcf/d of operated plant capacity that can be used to generate third party processing income until we need it for our own volumes."

th
1998-2018
ersar



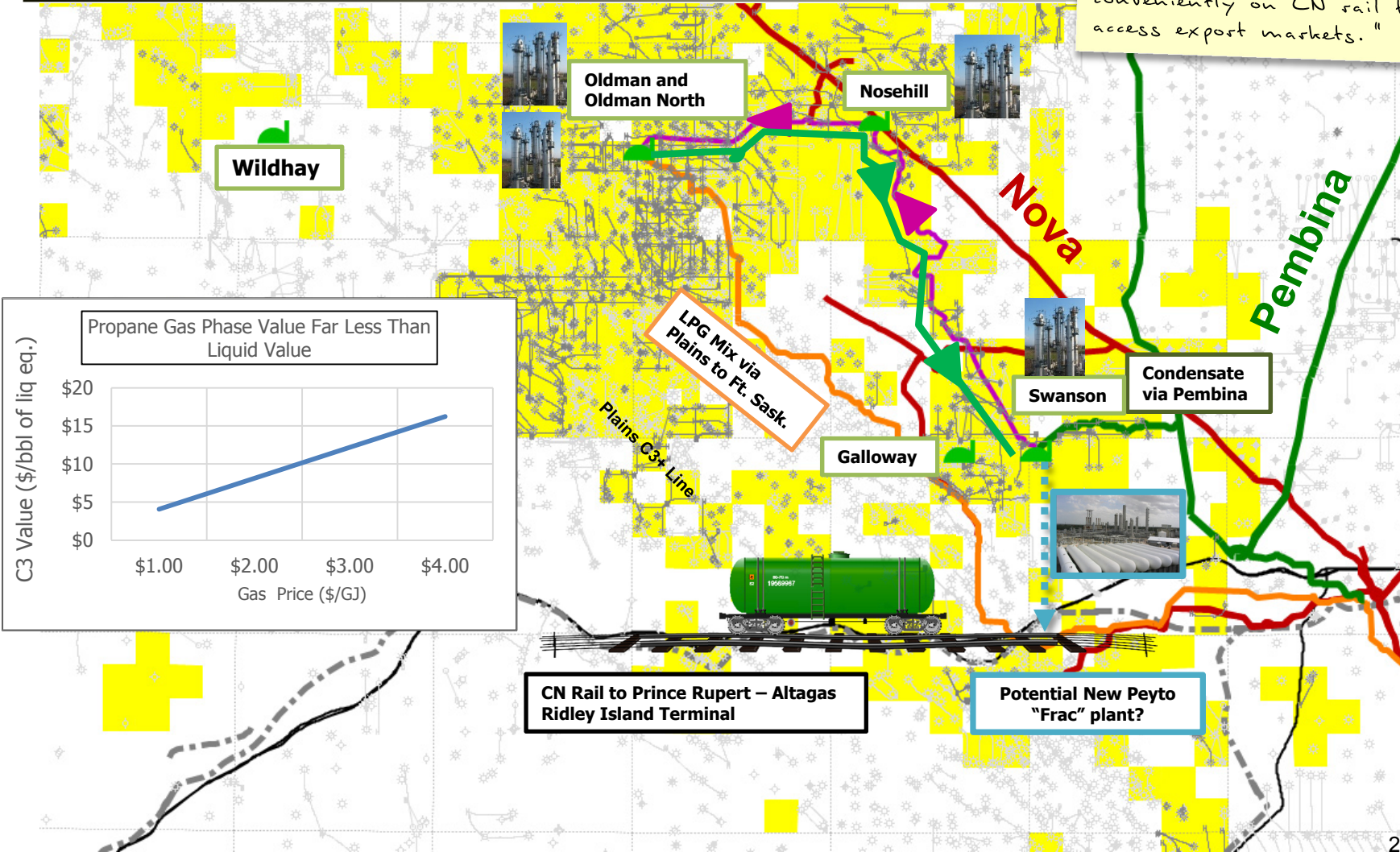
Peyto Gas Plants

	<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%
Total	630 mmcf/d	755 mmcf/d	835 mmcf/d	845 mmcf/d	845 mmcf/d	99%

Peyto's Assets

Potential For Additional Liquids Extraction

"Peyto's plants are interconnected with liquids sales lines that would allow for deep cut installations and potential fractionation and marketing of pure products. We're also conveniently on CN rail to access export markets."



Peyto's Strategy

Fast Becoming an Integrated Energy Business



Exploration and Development

- 647 Lands Purchased (YE '18)
- 1,512 Wells Drilled (YE '18)
- 6.5 TCFe Reserves (YE '18) Discovered (2P+ Produced)
- 58% Reserves Developed
- 1.7 TCFe Reserves Recovered (YE '18)

Average Development Cost
\$1.57/Mcfe (YE '18)

Average Field Netback
\$3.83/Mcfe (YE '18)

Production and Processing

- 1,475 producing wells
- 9 gas plants/1 deep cut (-80C)
- 1,800 km gathering pipelines
- 100% operated/99% ownership
- 845 mmcf/d processing capacity/500 mmcf/d deep cut

Production
475 mmcf/d natural gas
12,000 bbl/d NGL



Swanson 125 mmcf/d deep cut (-80C)

Storage and Marketing

North American market diversification (40/40/20)

Member LNG Consortium



"Big Sunny" underground gas storage scheme

60-80 BCF working gas capacity

2-3 hztl producers/injectors

15-20 BCF, 150 mmcf/d initial target capability

Midstream and Power Generation

300+ mmcf/d midstream 3rd party processing capacity

Industry leading cost

Low CO2 emissions

Proximal to NGTL & Alliance pipelines

60,000 GJ/d, 15 yr commitment tied to power gen. starts late 2022

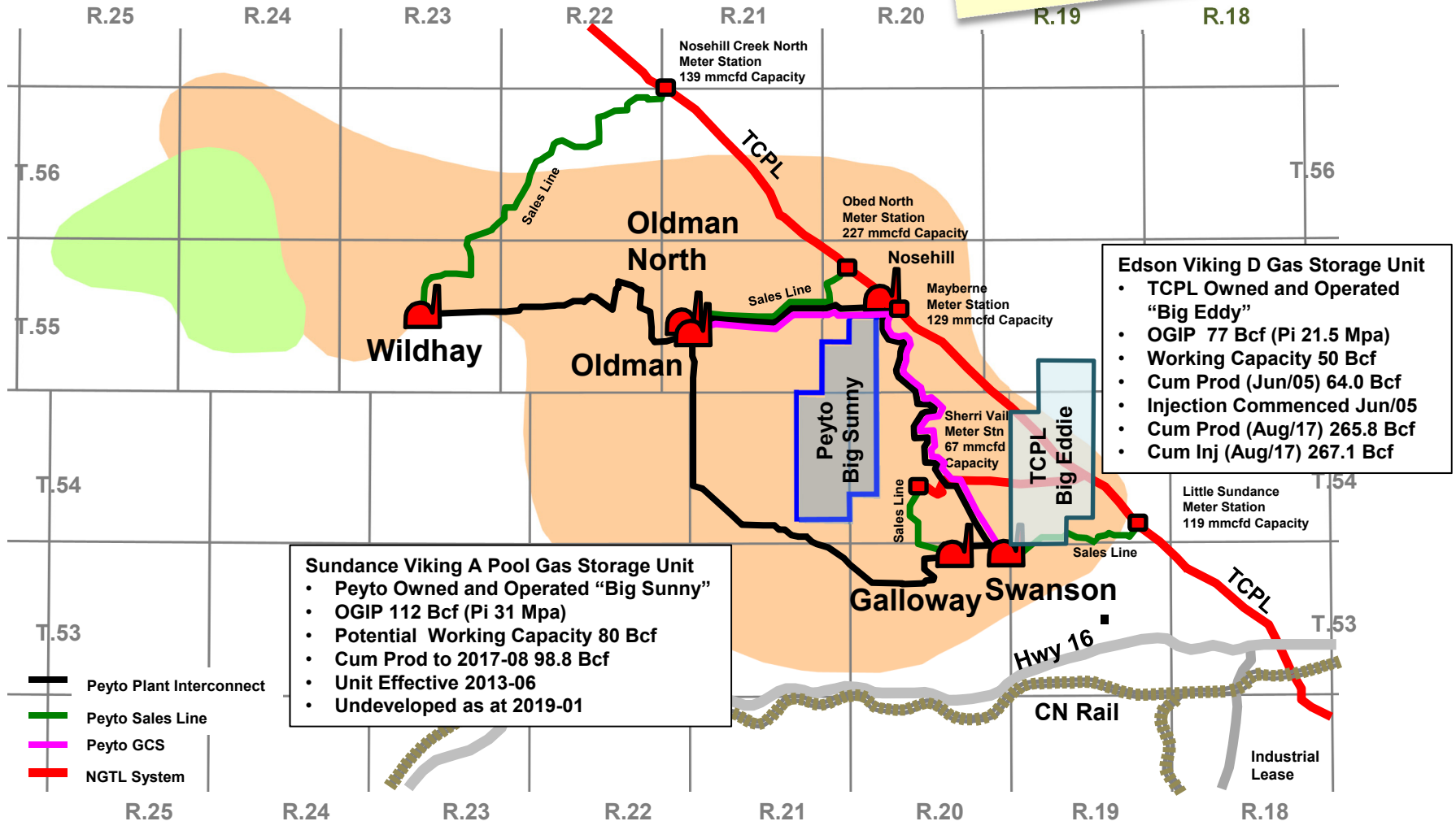
Option to participate in capital ownership?

CTD: \$6.0B Capital Invested \$2.5B Profits/Earnings Generated \$2.4B Dividends Paid

Peyto's Assets

"Big Sunny" Natural Gas Storage Scheme

"Peyto's Big Sunny storage scheme would be perfect for injecting low priced summer gas and withdrawing into a higher priced winter market."

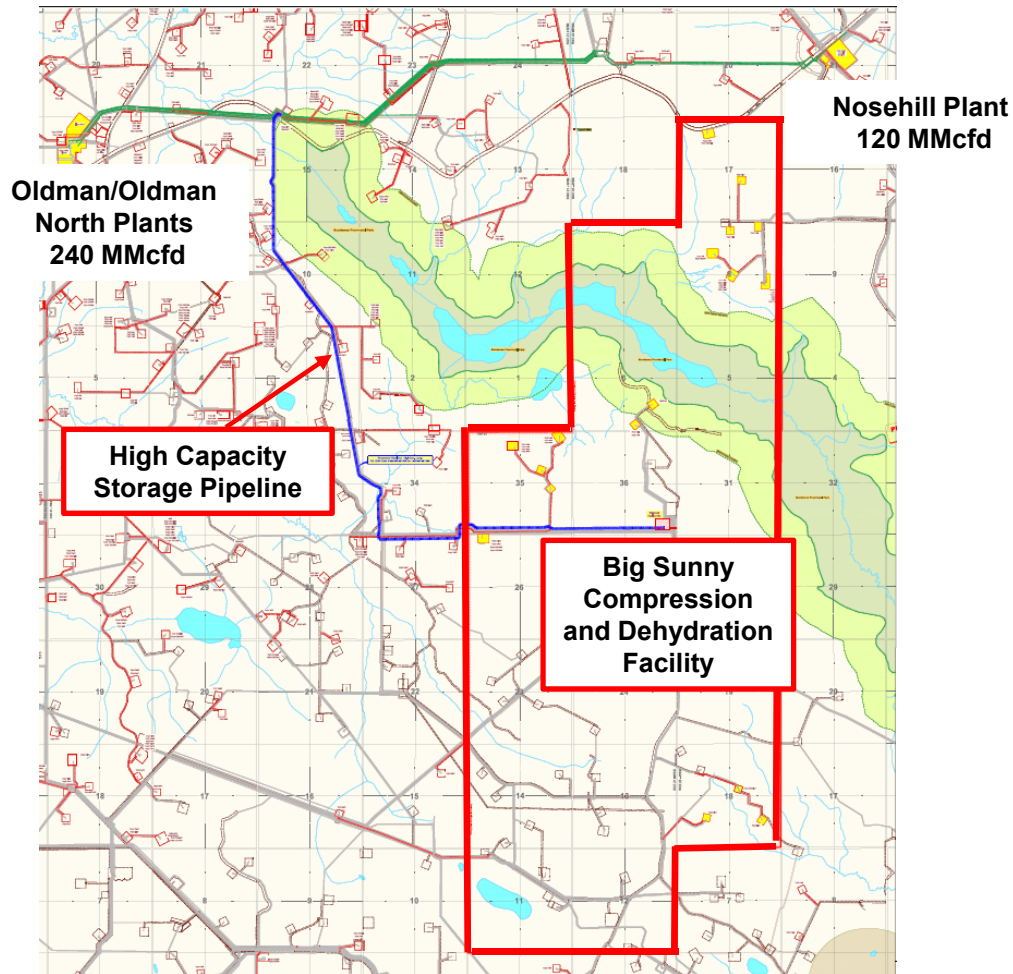


- Peyto Plant Interconnect
- Peyto Sales Line
- Peyto GCS
- NGTL System

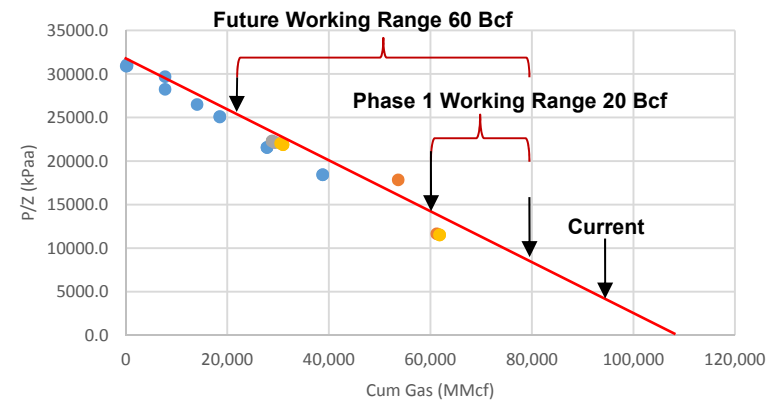
Peyto's Assets

"Big Sunny" Proprietary Natural Gas Storage Scheme

"The plan is to start with a pilot project to test the reservoir, then move into a larger full scale project."



- Preliminary engineering underway
- Phased facility and injector/producer well development approach
- Anticipated 3 to 6 month injection, 100 to 200 MMcfd injection (18 Bcf)
- Anticipated 3 to 6 month production, 100 to 200 MMcfd

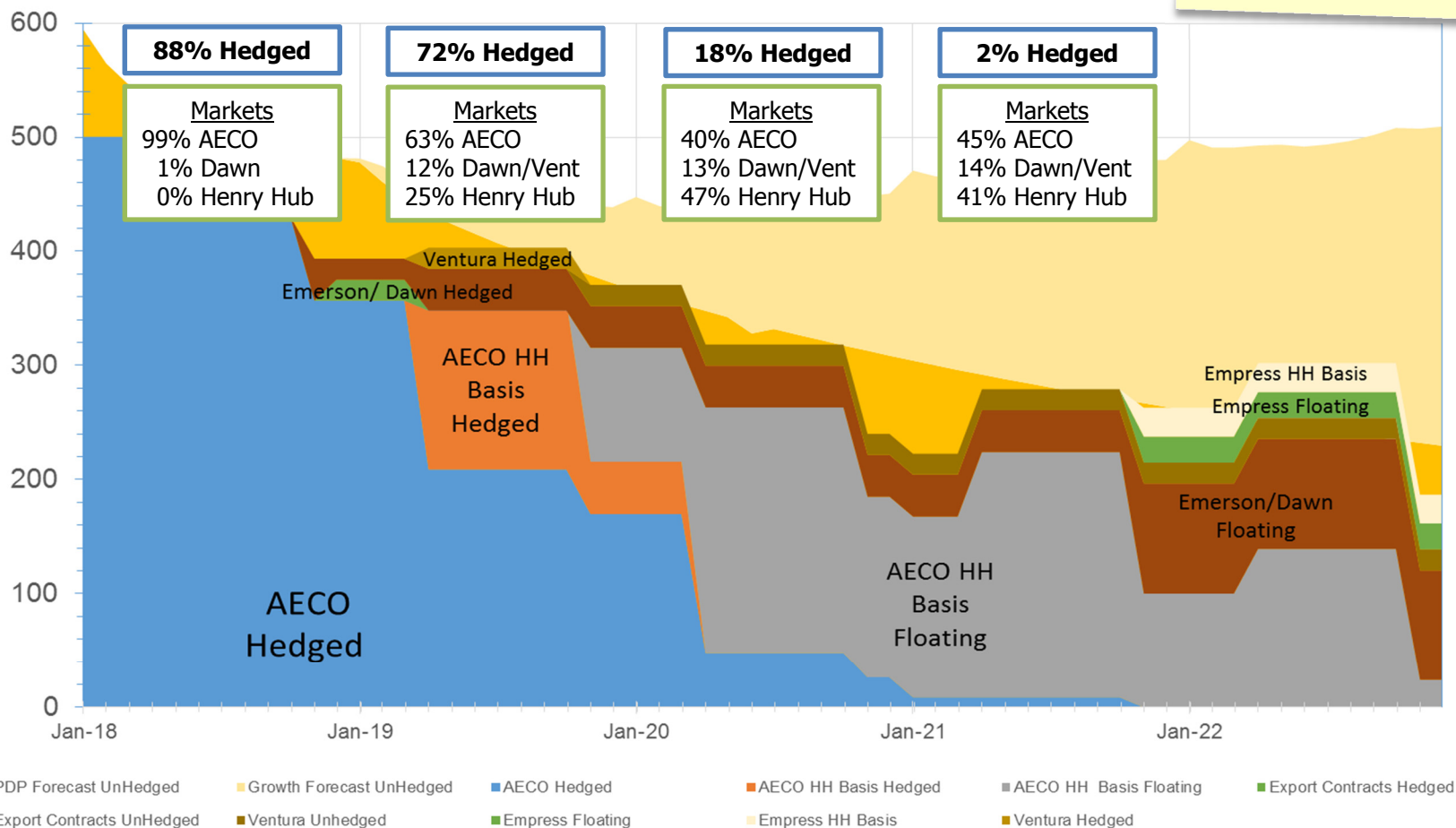


Gas Marketing

Future Market Diversification and Gas Price Protection

"Peyto has diversified its gas markets away from AECO in the short term until the LNG exports create a competing market with other North American trading hubs."

Peyto Gas Hedge Volumes vs Forecast



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

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

* 2019 and beyond provided for illustration only. Budgets and forecasts beyond 2019 have not been finalized and are subject to change due to a variety of factors including but not limited to prior year's results.

Gas Marketing

LNG Consortium and Export Potential

"Peyto is part of a 10 company consortium looking at potential LNG export options. We are not big enough to go it alone but combined we are."

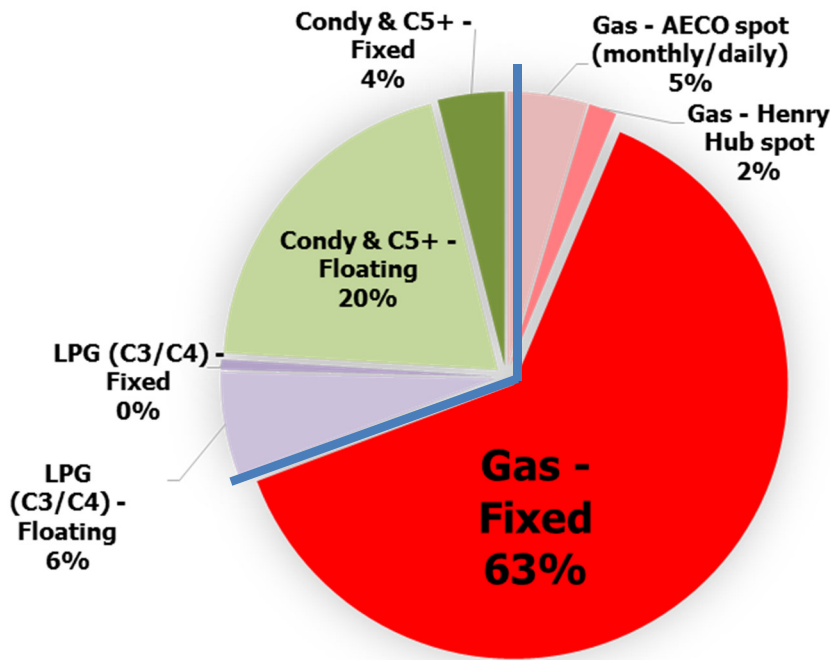


Gas Marketing

Minimized AECO Spot Market Exposure

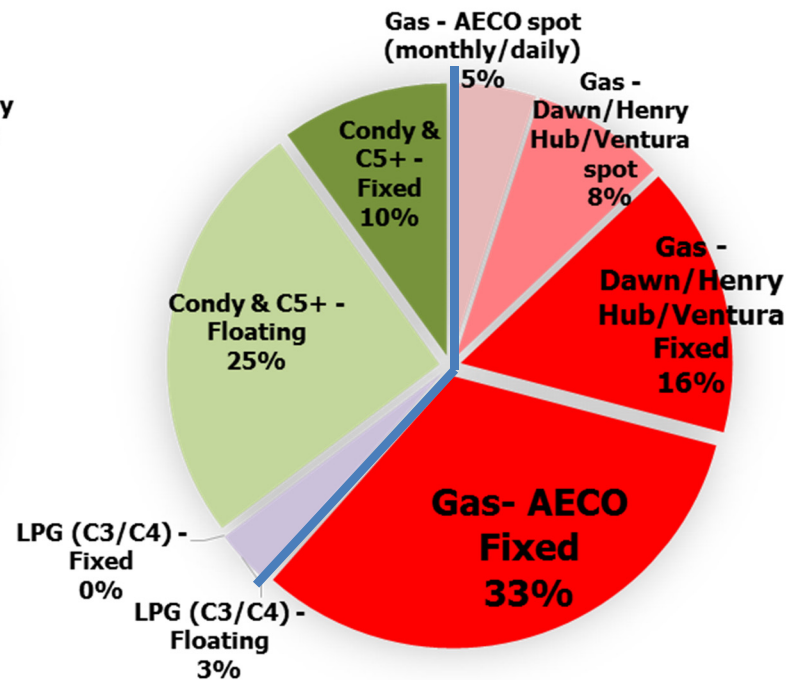
"As we transition to more Cardium production our revenue stream becomes more balanced between gas and liquids."

2018 Actuals



**31%
Liquids
Revenue**

2019 Forecast Revenue



**38%
Liquids
Revenue**

* 2019 and beyond provided for illustration only. Budgets and forecasts beyond 2019 have not been finalized and are subject to change due to a variety of factors including but not limited to prior year's results. For a real time summary of Peyto's future hedges see: <http://www.peyto.com/Files/Marketing/hedges.pdf>

Peyto's Strategy

Fast Becoming an Integrated Energy Business



Exploration and Development

- 647 Lands Purchased (YE '18)
- 1,512 Wells Drilled (YE '18)
- 6.5 TCFe Reserves (YE '18) Discovered (2P+ Produced)
- 58% Reserves Developed
- 1.7 TCFe Reserves Recovered (YE '18)

Average Development Cost
\$1.57/Mcfe (YE '18)

Average Field Netback
\$3.83/Mcfe (YE '18)

Production and Processing

- 1,475 producing wells
- 9 gas plants/1 deep cut (-80C)
- 1,800 km gathering pipelines
- 100% operated/90% ownership
- 845 mmcf/d processing capacity/100 mmcf/d deep cut

Production
475 mmcf/d natural gas
12,000 bbl/d NGL



Swanson 125 mmcf/d deep cut (-80C)

Storage and Marketing

North American market diversification (40/40/20)

Member LNG Consortium



"Big Supply" underground gas storage scheme

60-80 BCF working gas capacity

2-3 hztl producers/injectors

15-20 BCF, 150 mmcf/d initial target capability

Midstream and Power Generation

300+ mmcf/d midstream 3rd party processing capacity

Industry leading cost

Low CO2 emissions

Proximal to NGTL & Alliance pipelines

60,000 GJ/d, 15 yr commitment tied to power gen. starts late 2022

Option to participate in capital ownership?

CTD: \$6.0B Capital Invested \$2.5B Profits/Earnings Generated \$2.4B Dividends Paid

Midstream & Power Generation



5/10/2019

Peyto's Future



Peyto's Future

2019 Outlook

"2019 will continue to be a flexible year depending on the natural gas price outlook and seasonal dynamics regarding summer prices."



\$150M-
\$200M

2019 Capital Program

- ✓ **Drill ~50Hz Wells**
(Liquids Rich Natural Gas) vs 70 in 2018
- ✓ **Market 3rd Party Capacity**
Offer Excess Capacity to Other Operators
- ✓ **Increase Opportunities**
Undeveloped Land Base
- ✓ **Diversify Markets**
Evaluate New Pipe Options
- ✓ **Improve Balance Sheet**
Debt Reduction with Free Cashflow

Peyto's Profitable Business

"Build it for less than we sell it"

"Peyto has driven total supply cost down 36% in the last five years, mostly through capital cost improvements, which has preserved our ~35% profit margin."

	<u>PEY 2014</u>	<u>PEY 2015</u>	<u>PEY 2016</u>	<u>PEY 2017</u>	<u>PEY 2018</u>
PDP FD&A \$/mcf	(\$2.25)	(\$1.64)	(\$1.44)	(\$1.36)	(\$1.18)
Cash Costs \$/mcf	(\$1.08)	(\$0.81)	(\$0.76)	(\$0.83)	(\$0.92)
Supply Cost	(\$3.26)	(\$2.45)	(\$2.20)	(\$2.19)	(\$2.10)
Sales Price \$/mcf	<u>\$5.04</u>	<u>\$3.83</u>	<u>\$3.18</u>	<u>\$3.38</u>	<u>\$3.27</u>
Profit \$/mcf	\$1.71	\$1.38	\$0.98	\$1.19	\$1.17
Profit Margin	34%	36%	31%	35%	36%
Dividend \$/mcf	\$1.05	\$1.11	\$1.01	\$0.97	\$0.59

2018
Land/Acq/Disp
Seismic
Drilling
Compl.
Wellsite
Facilities
\$232MM
ΔPDP (33 BCFe)

2018 FD&A
\$1.18/mcfe

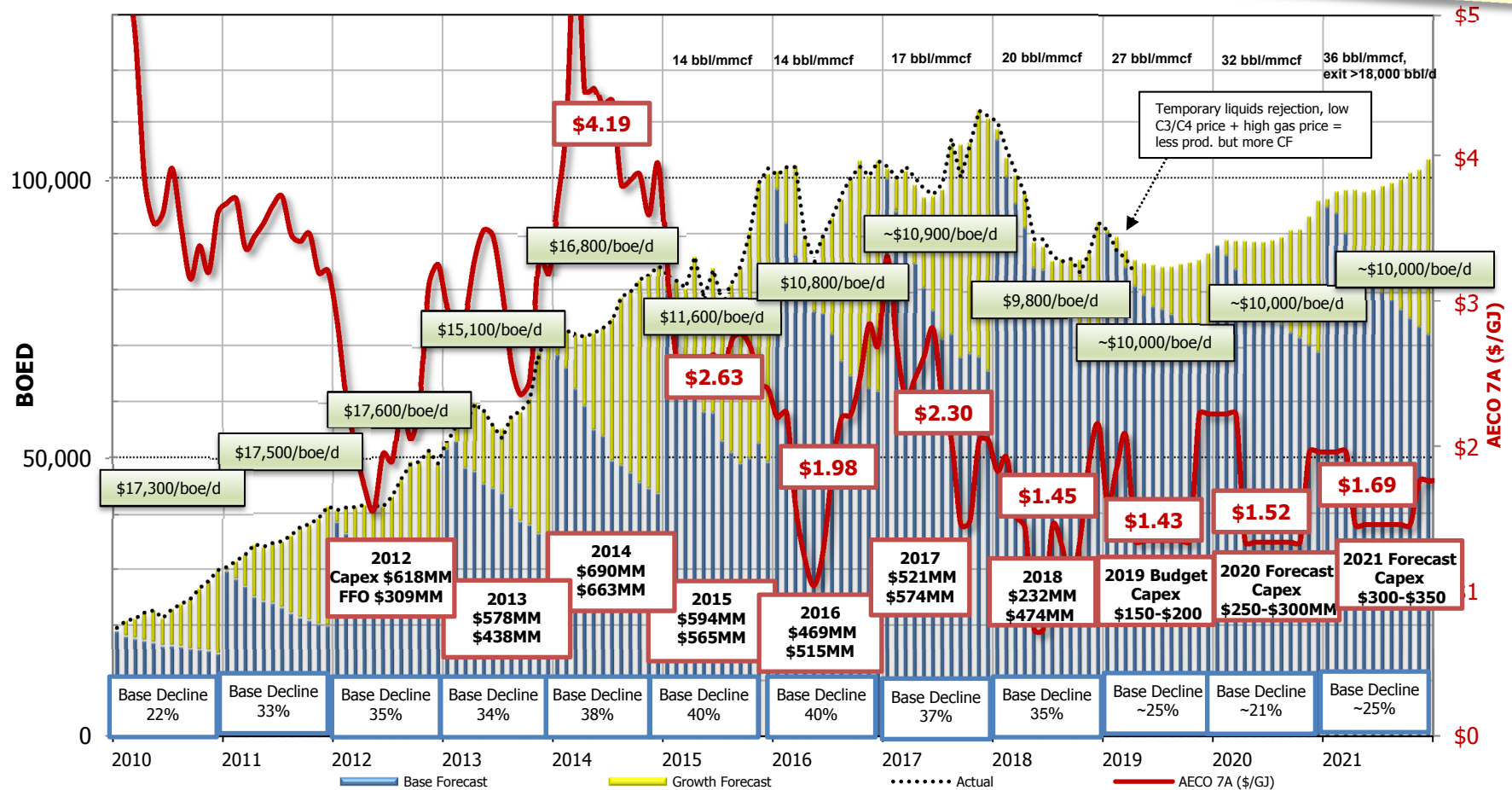
Royalties	(\$0.13)
Opex	(\$0.31)
Transport	(\$0.17)
G&A	(\$0.05)
Interest	(\$0.26)
Total Costs	(\$0.92)

\$1.42/GJ AECO daily
X 175% (heat content+LPG)
\$2.49/mcfe
\$0.78/mcfe hedging
\$3.27/mcfe Realized

Peyto's Future

Gas Price Stability Before Returning to Growth

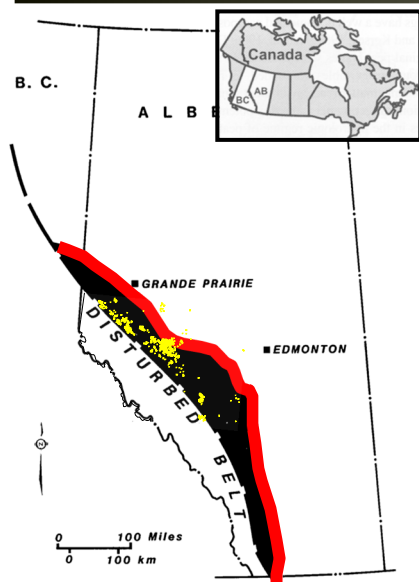
"The outlook for production and capital is very fluid, contingent on the futures curve for AECO gas prices which is changing rapidly. Peyto is nimble and can respond quickly with ramped up Cardium drilling or production shut-ins/deferrals."



* 2019 and beyond provided for illustration only. Budgets and forecasts beyond 2019 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.

PEY.TO

Who We Are



- ☀ 6th Largest Natural Gas Producer in Canada
- ☀ Pure Play Alberta Deep Basin – ~85,000-90,000 boe/d Gas & NGLs
- ☀ Returns Focused Strategy – Avg ROCE 16%, ROE 29% over last 20 yrs, among highest in industry
- ☀ Long Reserve Life Asset - 9 yrs PDP, 25 yrs 2P, sweet gas, no mobile water
- ☀ Lowest Cost Producer - \$0.92/mcfe (\$5.51/boe) 2018 total cash costs*
- ☀ Own and Control - Operate 99% of production, Own/operate gas plants

Monthly Dividend:	\$0.02/share (CTD YE18 \$18.96/share)
Shares O/S:	164.9 million (3% insider ownership)
Q1/19 Long Term Debt:	\$620 million (senior unsecured notes, 3.7-4.9% CND) \$570 million (\$1.3B unsecured bank facility) \$1.190B (\$1.92B total capacity)
Enterprise Value:	\$2.2 billion (\$6/share)
Full Time Employees:	53

*Cash costs are royalties, operating costs, transportation, G&A and interest
BOE factor - 6 mcf = 1 bbl of oil equivalent

Questions?

