



Advisory

Regarding Forward-Looking Statements



This presentation contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this presentation contains forward looking statements and information concerning Peyto Energy Trust ("Peyto") production; reserves, resources and gas in place; undeveloped land holdings; reserve life index; product mix; business strategy; future development and growth prospects, profile targets and rates; prospects; asset base; tax pools; drilling locations and inventory, down-spacing potential; exploration risk; access to capital; future cash flow, value, debt levels and debt to cash flow; capital investment and expenditure programs and the funding thereof; anticipated cash-on-cash yield; net asset value; credit facility; and statements with respect to levels of dividends to be paid to shareholders, dividend policy, and the timing of payment of such dividends.

The forward-looking statements and information are based on certain key expectations and assumptions made by Peyto, including expectations and assumptions concerning prevailing commodity prices and exchange rates, applicable royalty rates and tax laws; future well production rates; reserve and resource volumes; the performance of existing wells; the success obtained in drilling new wells; and the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of labour and services. Although Peyto believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward looking statements and information because Peyto can give no assurance that they will prove to be correct.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to reserves, resources, production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Peyto are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). The forward-looking statements and information contained in this presentation are made as of the date hereof and Peyto undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

The information contained in this presentation does not purport to be all-inclusive or to contain all information that a prospective investor may require. Prospective investors are encouraged to conduct their own analyses and reviews of Peyto and of the information contained in this presentation. Without limitation, prospective investors should consider the advice of their financial, legal, accounting, tax and other advisors and such other factors that they consider appropriate in investigating and analyzing Peyto.

Reserves

The recovery and reserve estimates of Peyto's crude oil, natural gas liquids and natural gas reserves provided in the presentation are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas liquids and natural gas reserves may be greater than or less than the estimates provided herein. Reserve and production volumes are quoted before royalty deductions.

Barrels of Oil Equivalent

"Boe" means barrel of oil equivalent on the basis of 1 boe to 6,000 cubic feet of natural gas. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 1 boe for 6,000 cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Original Gas in Place

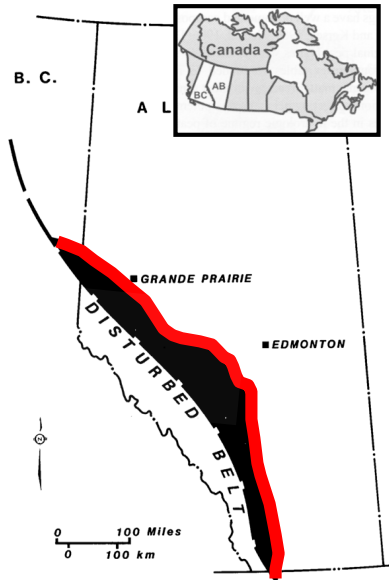
Original gas in place includes both discovered and undiscovered resources, and there is no certainty that any portion of the undiscovered resources will be discovered and, if discovered, that any volumes will be economically viable or technically feasible to recover or produce. Original gas in place also includes volumes that have already been produced from such accumulations. Readers should not unduly rely upon estimates of original gas in place in terms of assessing the combined company's reserves or recoverable resources.

Prices

All dollar values are quoted in Canadian currency unless otherwise noted.

PEY.TO

Who We Are



- ☀ Pure Play Alberta Deep Basin — *~410 mmcf/d Gas, 13,000 boe/d NGLs*
- ☀ Returns Focused Strategy — *Avg ROCE 16%, ROE 29% over last 20 yrs, among highest in industry*
- ☀ Long Reserve Life Asset — *YE 2018: 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 9 gas plants with 850 mmcf/d processing capacity*

Monthly Dividend:	\$0.02/share (CTD YE19 \$19.25/share)
Shares O/S:	164.9 million (3% insider ownership)
Q3/19 Long Term Debt:	\$500 million (senior unsecured notes, 3.7-4.9% <small>CND</small>)
	<u>\$634 million</u> (\$1.3B unsecured bank facility)
	\$1.134B (\$1.8B total capacity)
Enterprise Value:	\$1.7 billion (\$3.50/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

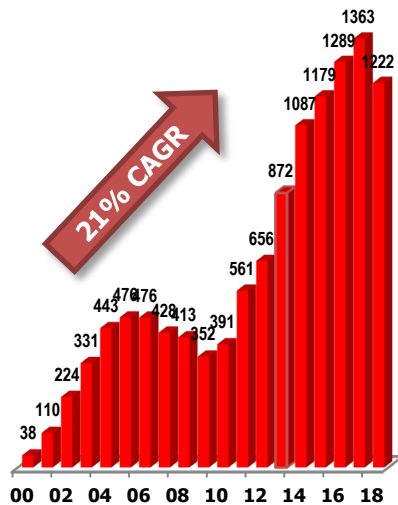
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Growth Per Share

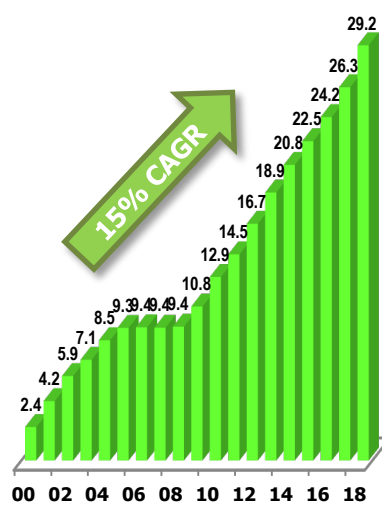
"Over time, the Peyto model is designed to deliver a superior total return with growth in value, income and assets."



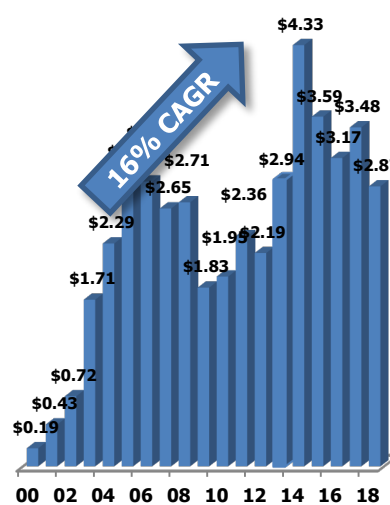
**Production/share
(MMcfe/d/mm sh)**



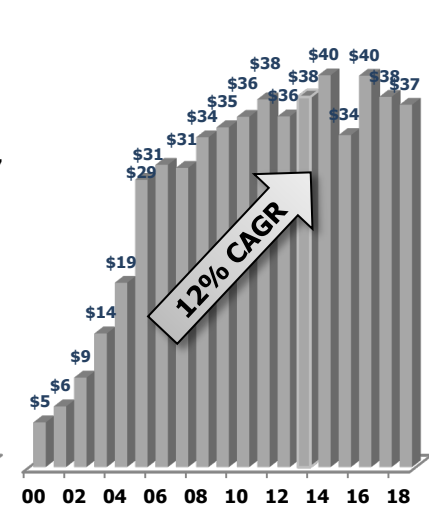
**Reserves/share
(2P Bcfe/mm sh)**



**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

BOE factor - 6 mcf = 1 bbl of oil equivalent

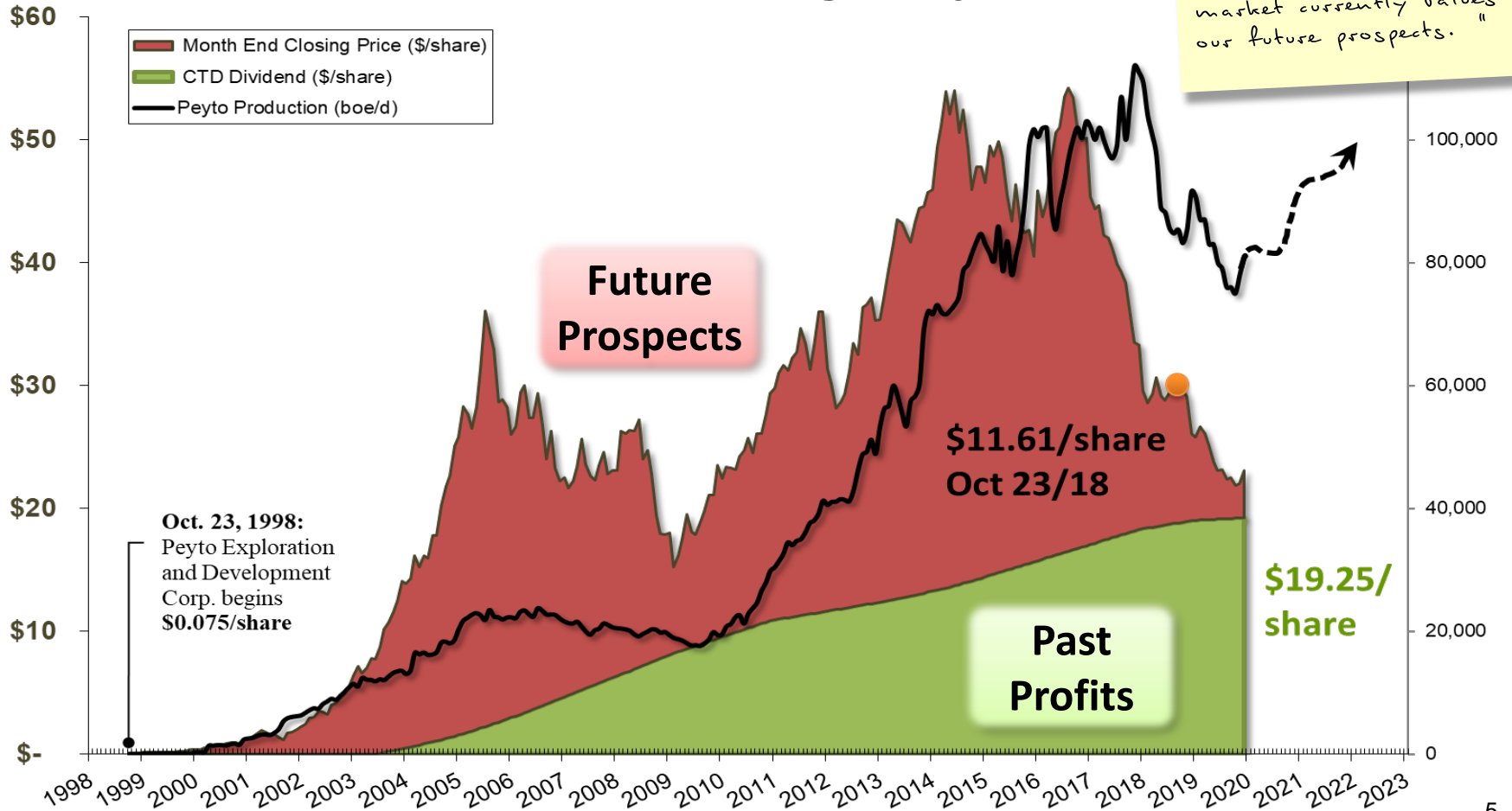
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Total Shareholder Return Model



"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



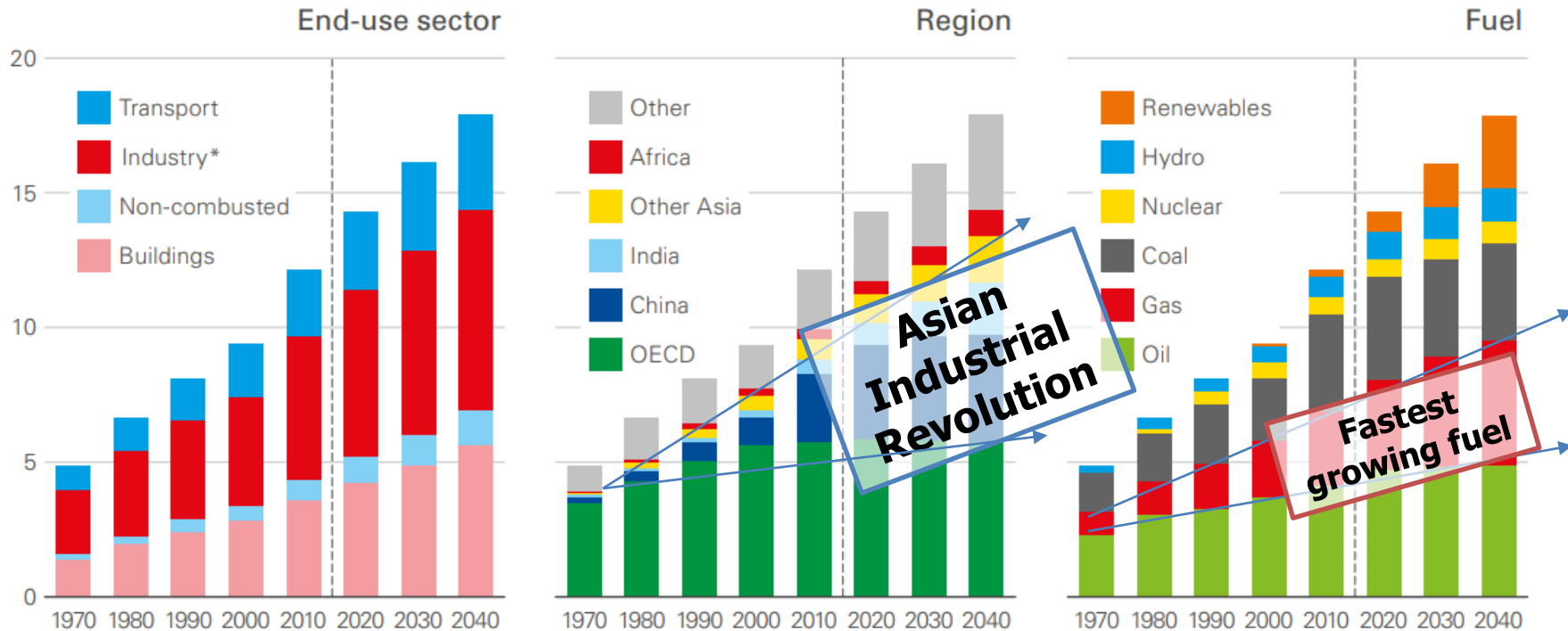
The Big Picture

They Want More Energy – We Won't Change That

"Nothing Canada does can change the demand for energy. We can, however, be part of the solution when it comes to responsible supply."

Primary energy demand

Billion toe



*Industry excludes non-combusted use of fuels

The Big Picture

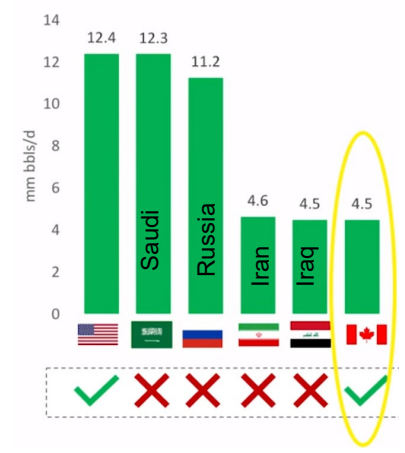
The World Needs More Canadian Energy

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

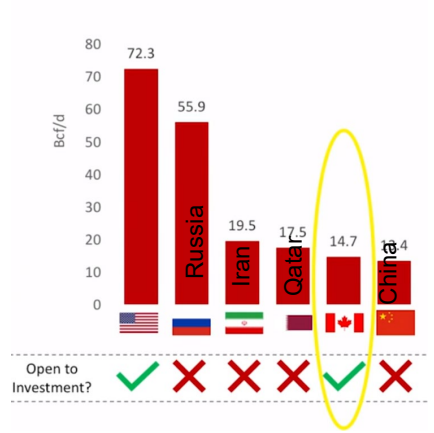
- ✓ Environmental Regulations
- ✓ Worker Safety
- ✓ Human Rights
- ✓ Ethical Standards
- ✓ Gender Equality
- ✓ Indigenous Consultation

✓ **CANADA**

Top Global Oil & NGL Producers - 2016



Top Global Gas Producers - 2016



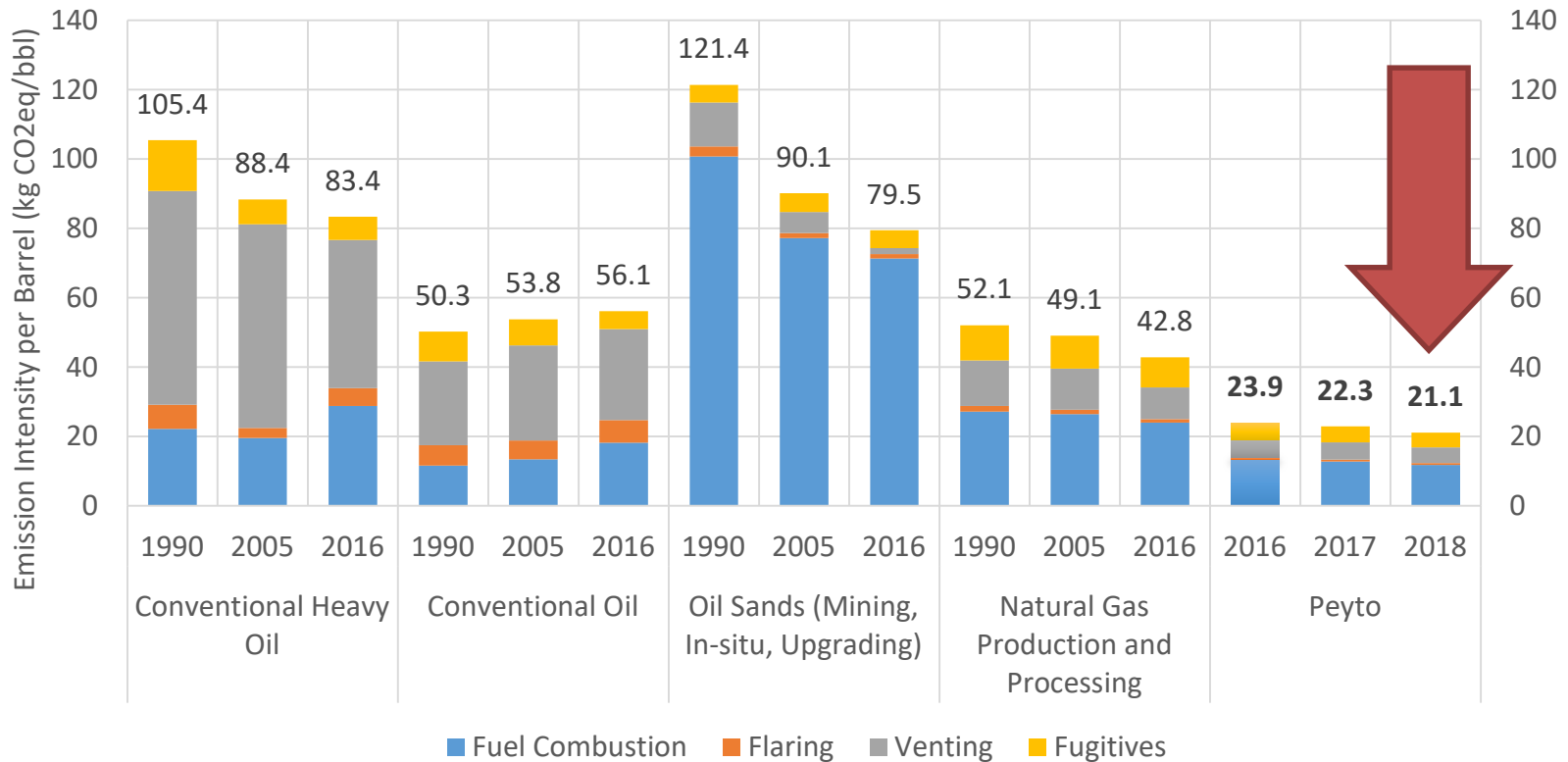
The Big Picture

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!"

Corp.

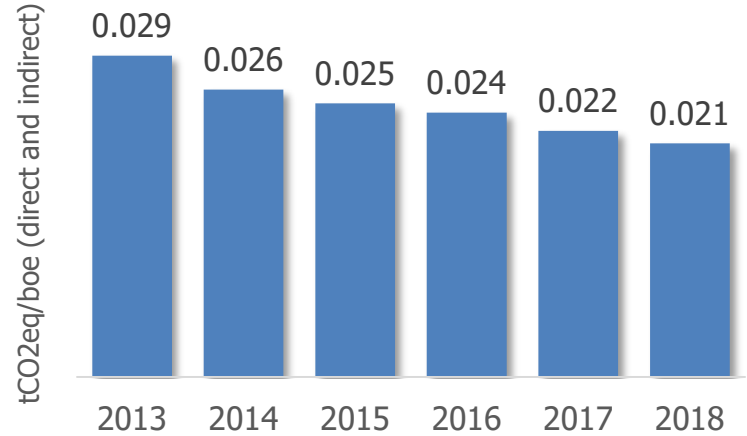
-27%

in GHG Emissions Intensity

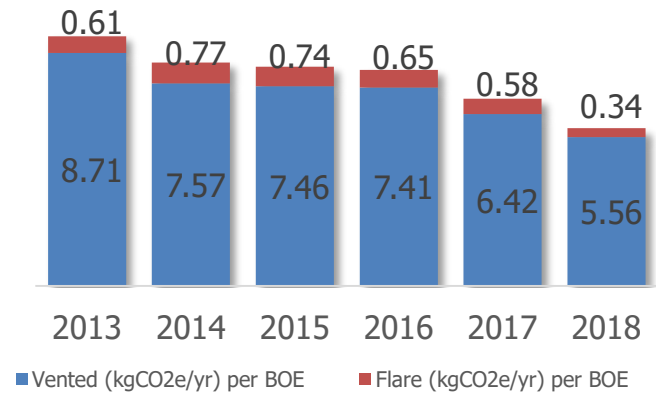
-37%

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!"

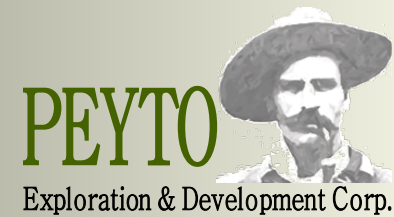
PEYTO

Exploration & Development Corp.



- ✓ ***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."

PEYTO



Exploration & Development Corp.

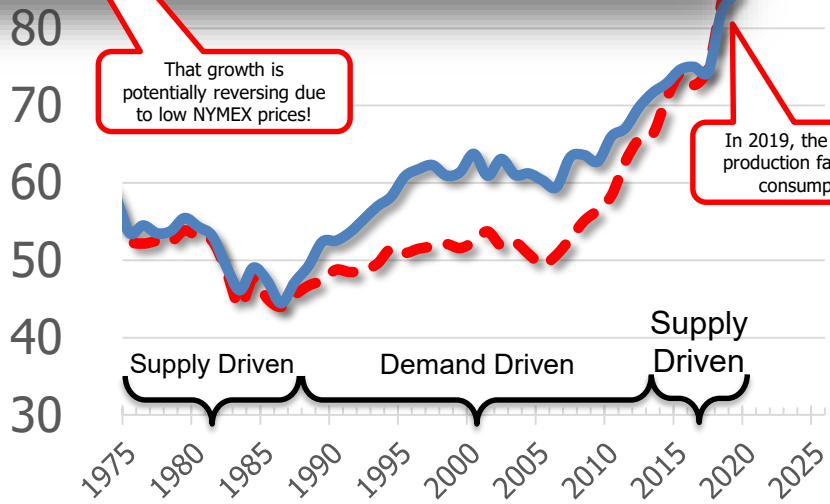
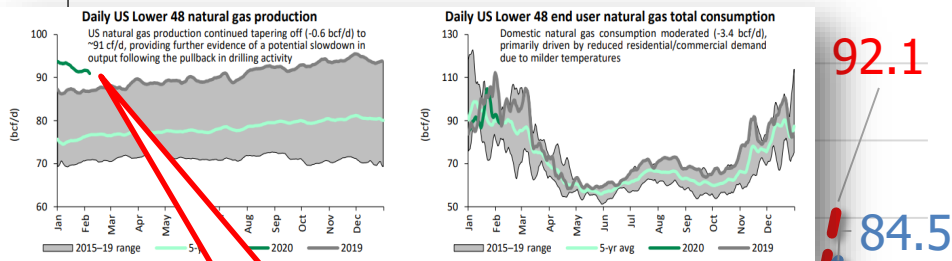
- ✱ *“Nature’s gas is the fuel for the future.”*
- ✱ *“Our gas and NGLs have some of the lowest emissions of any hydrocarbons produced in Canada.”*
- ✱ *“Our business focus is to maximizing the return on invested capital – your capital.”*
- ✱ *“By maintaining low cash costs over the entire production life it ensures returns are maximized regardless of commodity price volatility.”*

Peyto's Strategy

Changing Gas Market Requires Changing Strategy

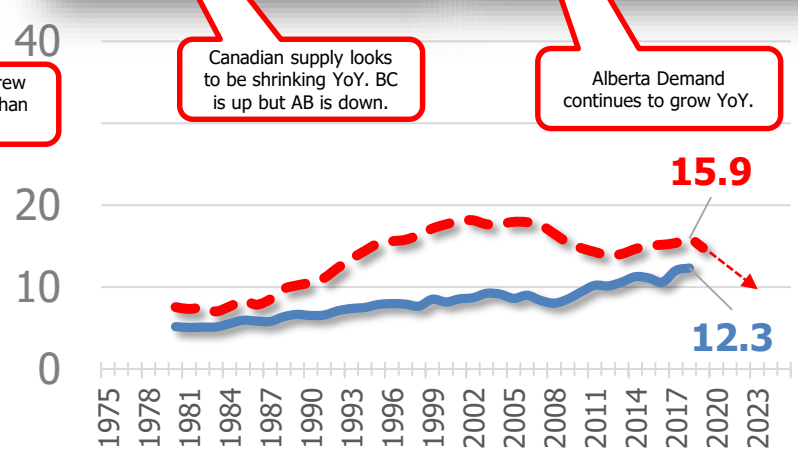
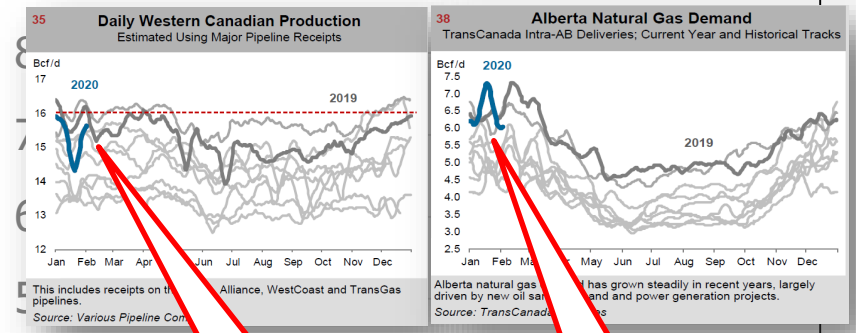
"The US is firmly in a supply driven market, but for how long will Canada remain supply driven? Current CND supply is shrinking fast while demand keeps growing."

US Natural Gas (EIA)



--- U.S. Dry Natural Gas Production BCF/d
— U.S. Natural Gas Total Consumption BCF/d

Canadian Natural Gas (EIA)

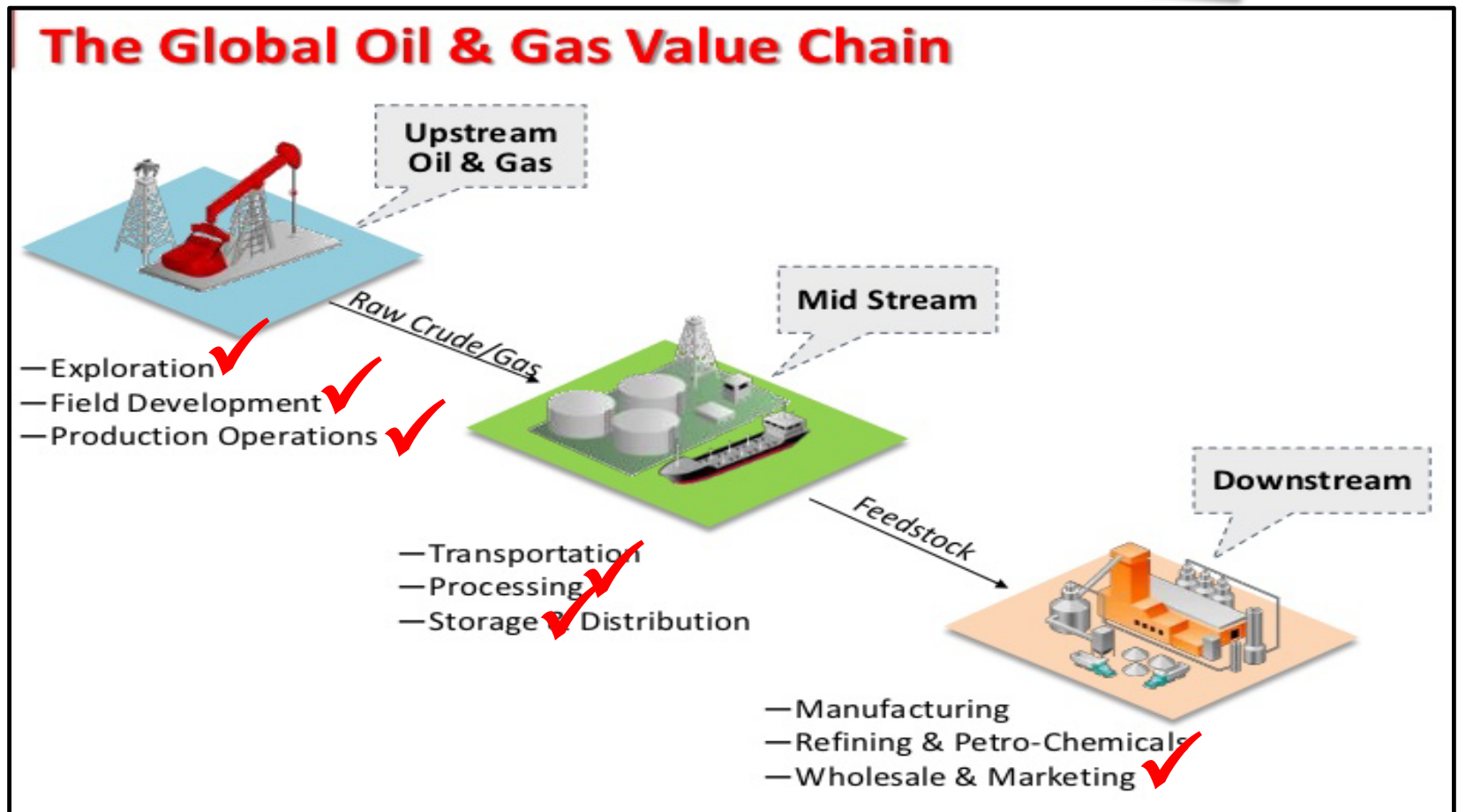


— CND Natural Gas Total Consumption BCF/d
--- CND Dry Natural Gas Production BCF/d

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."



Peyto's Strategy

Fast Becoming an Integrated Energy Business

PEYTO

Exploration & Development Corp.



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/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

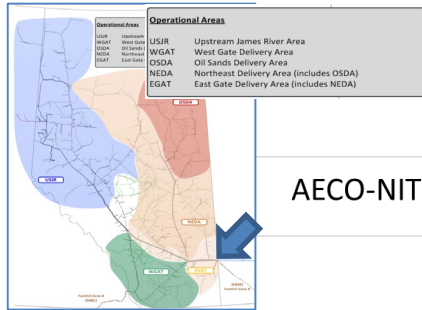
Option to participate in capital
ownership?

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

Peyto's Strategy

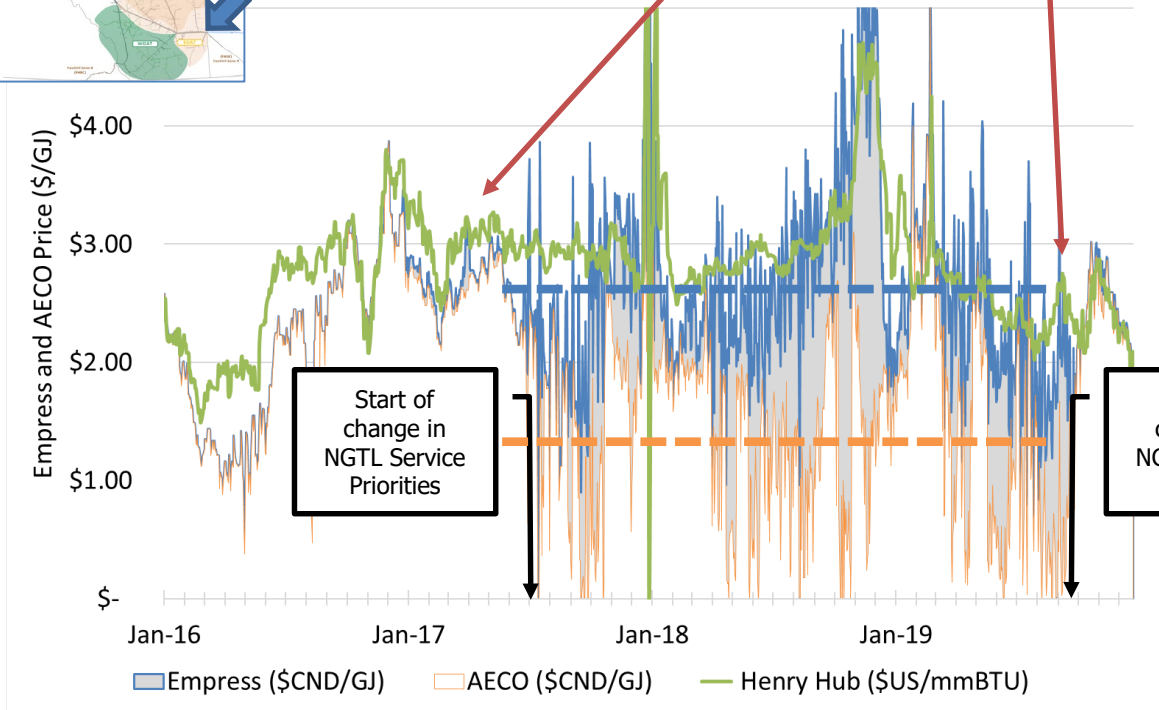
Alberta Egress Challenge

"Since Oct 5/19, or the start of the TSP, AECO has been reconnected with the rest of North American gas markets."



Do we revert back to a ~\$0.20 difference off NYMEX?

AECO-NIT Index Price and Emprress Index Price



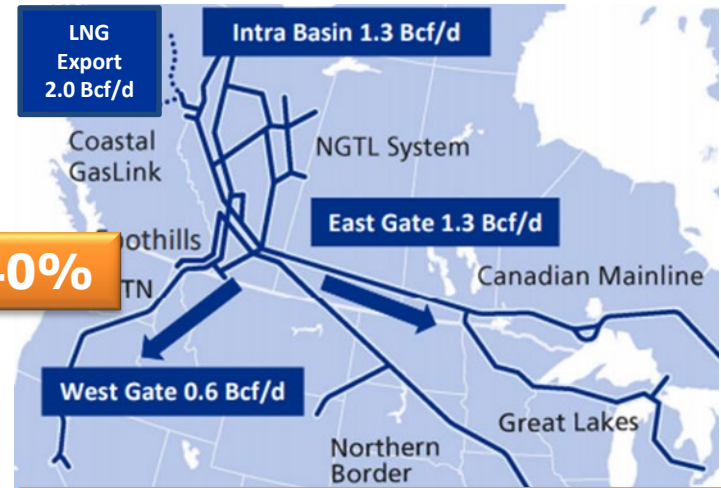
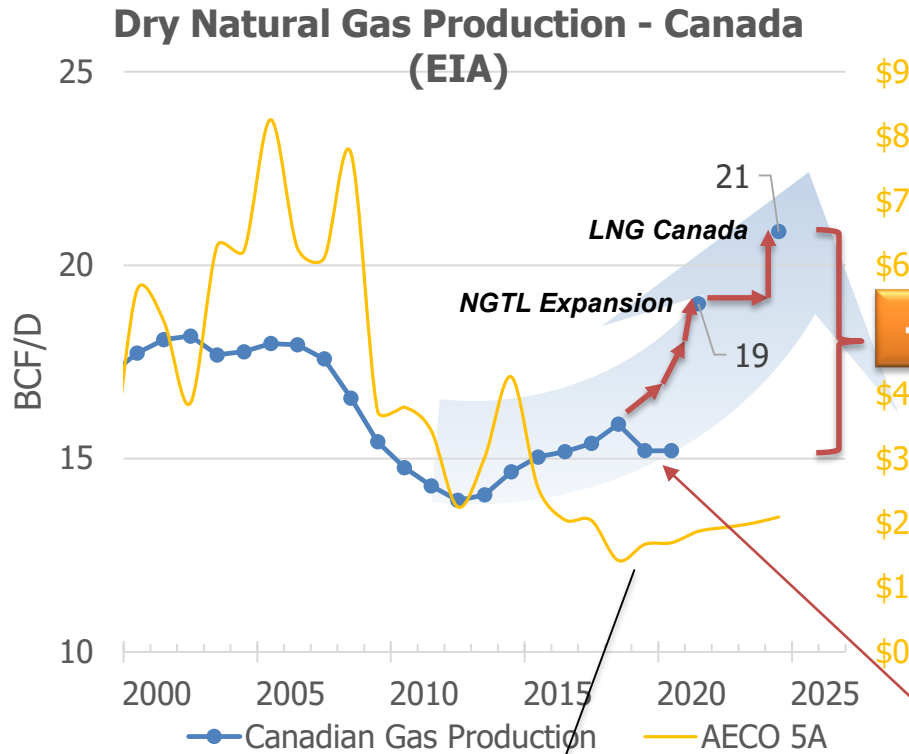
- **New Alberta government has made solving AECO market disconnection a priority**
- **New Ministry of Natural Gas was created to address this issue**
- **Associate Minister Dale Nally and staff have been appointed**

"He will work to ensure Albertans receive the full value for their natural resources, and fight for more market access for Canada's LNG to displace carbon intense sources of energy around the world."
 – Government of Alberta

Peyto's Strategy

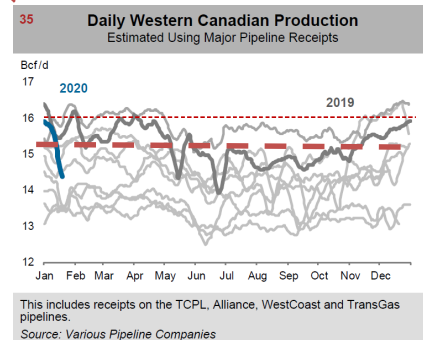
Canadian Gas Egress Is Expanding

"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 6 BCF/d of growth we'll need?



The Peyto Strategy

Fund Growth From Cashflow

"Over the last 20 yrs, Peyto has invested \$6.1 billion in capital to fund organic resource development that has produced \$6.2 billion in funds from operations."

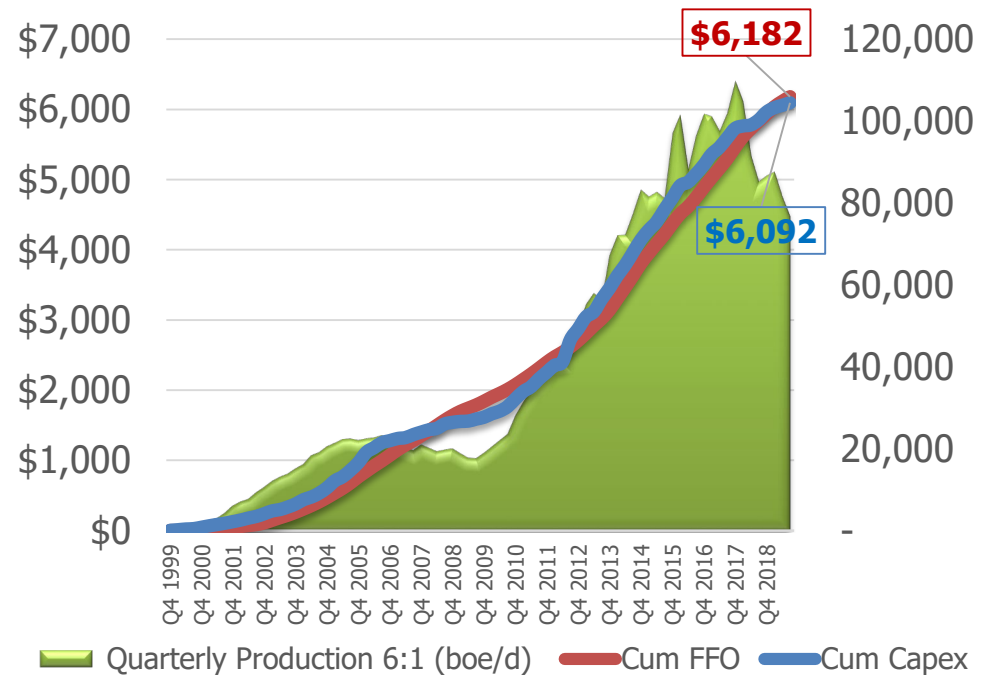


\$6.2B

Peyto FFO
CTD Q3/19

\$6.1B

Peyto Capital
CTD Q3/19



The Peyto Strategy

Invest For Profit Not Growth

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

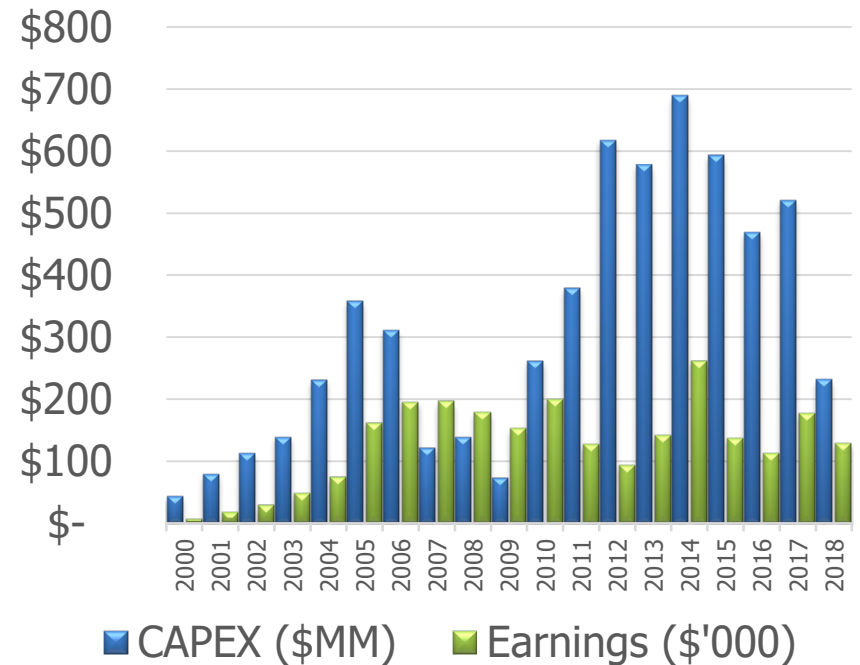
Corp.

\$6.1B

Peyto Capital
CTD Q3/19

\$2.6B

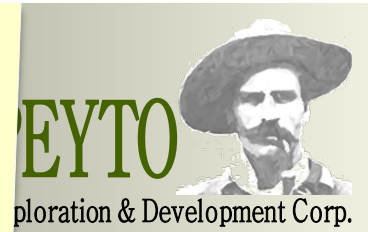
Peyto Earnings
CTD Q3/19



The Peyto Strategy

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."

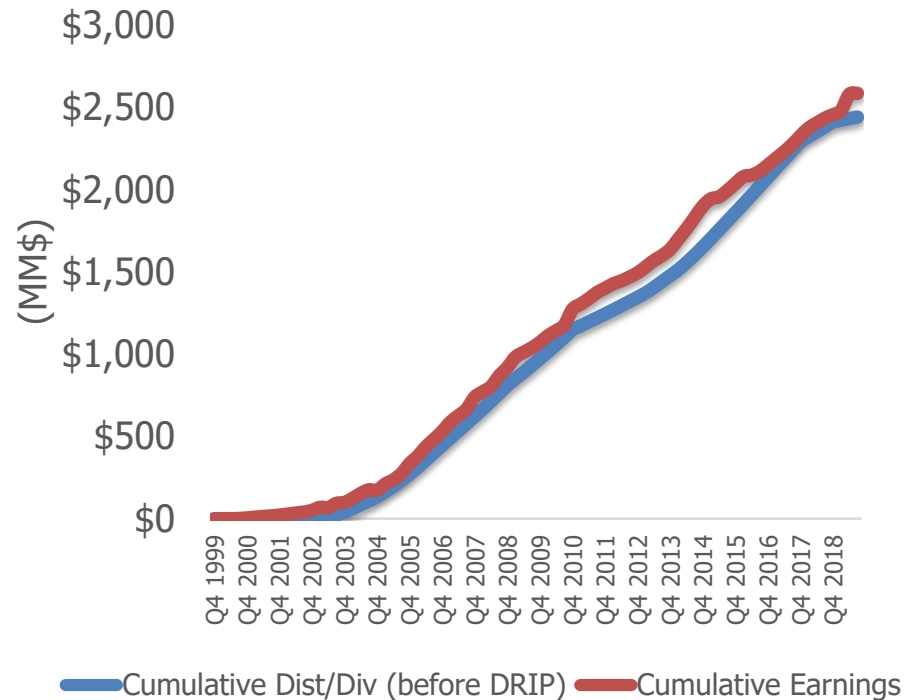


\$2.6B

Peyto Ctd. Earnings
Q3/19

\$2.4B

Peyto Ctd. Dist/Div.
Q3/19



Peyto's Profitable Business



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	<u>(\$1.08)</u>	<u>(\$0.81)</u>	<u>(\$0.76)</u>	<u>(\$0.83)</u>	<u>(\$0.92)</u>
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 mmboes)

2018 FD&A
\$1.18/mcfe

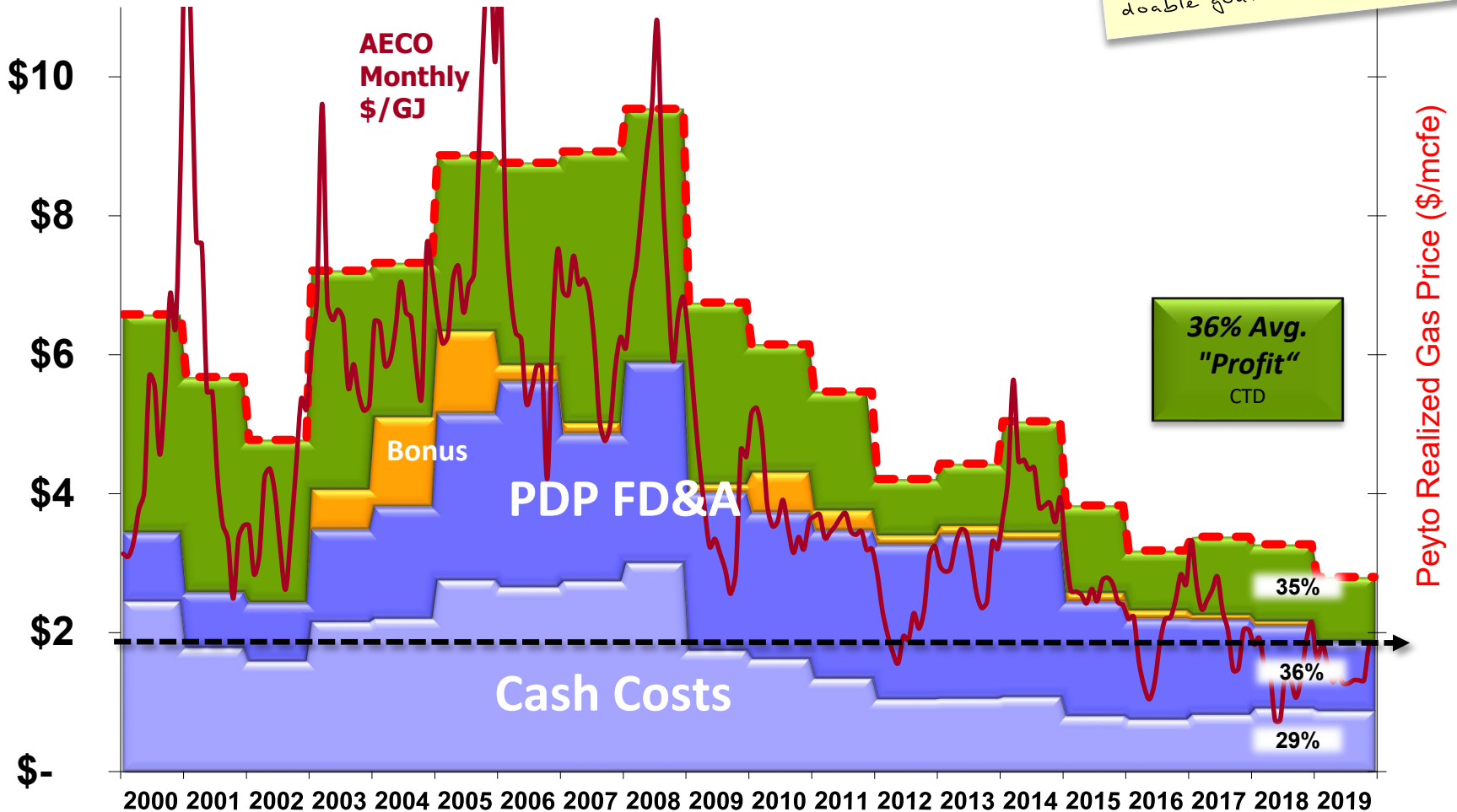
Royalties (\$0.13)
Opex (\$0.31)
Transport (\$0.17)
G&A (\$0.05)
Interest (\$0.26)
Total Costs (\$0.92)

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

Peyto's Profitable Business

The Price Bar Is Now Very Low, We Must Go 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

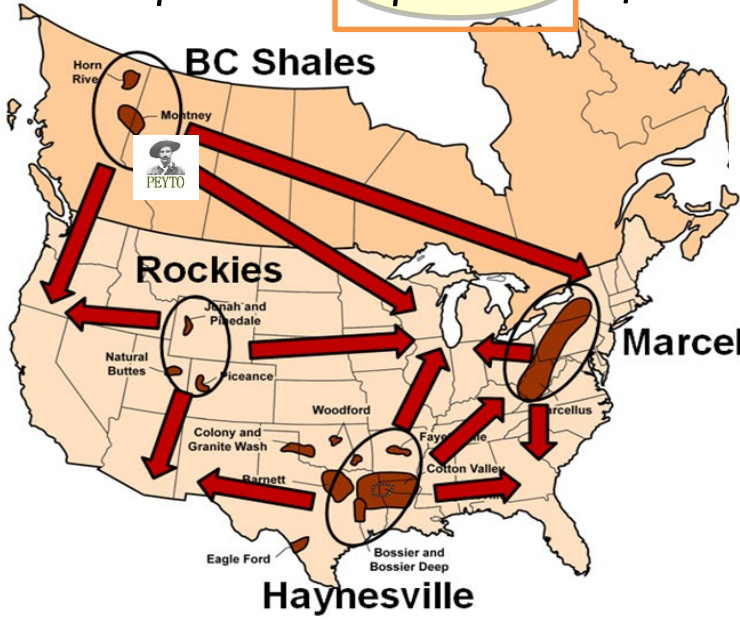
Peyto's Profitable Business

Competitive In The North American Marketplace

"2018 was a good year for most, Peyto included, but can the industry generate repeatable profit every year? Peyto has for 19 years straight."

PI
Exp

	<u>100% Montney VII 2018*</u>	<u>60% DB/40% Mont. TOU 2018*</u>	<u>100% Deep Basin PEY 2018</u>	<u>100% Montney AAV 2018*</u>	<u>10% DB/90% Mont. ARX 2017*</u>		<u>Permian PXD 2018*</u>	<u>Permian FANG 2018*</u>		<u>Marcellus Cabot 2018*</u>	<u>Marcellus/Utica RRC 2018*</u>	<u>Marcellus/Utica AR 2018*</u>
PDP FD&A \$/mcf	(\$2.67)	(\$1.52)	(\$1.18)	(\$1.51)	(\$1.28)							
Cash Costs \$/mcf	(\$2.81)	(\$1.45)	(\$0.92)	(\$1.11)	(\$2.16)							
Supply Cost	(\$5.11)	(\$2.97)	(\$2.10)	(\$2.62)	(\$3.44)							
Sales Price \$/mcf	<u>\$6.42</u>	<u>\$3.69</u>	<u>\$3.27</u>	<u>\$2.75</u>	<u>\$5.09</u>							
Profit/(Loss)	\$1.31	\$0.72	\$1.17	\$0.13	\$1.65							



*Source: BMO from Company Financials
Costs and revenues left in US\$ or CAD\$ as applicable to show relative margin

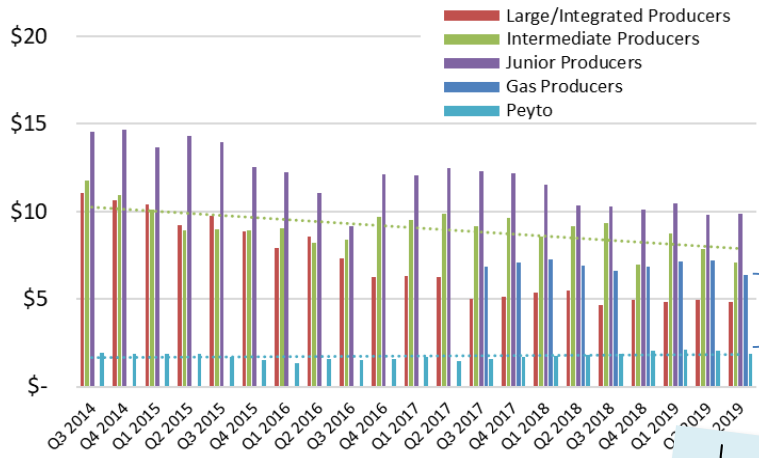
Peyto's Profitable Business

Results in a Low-Cost Advantage

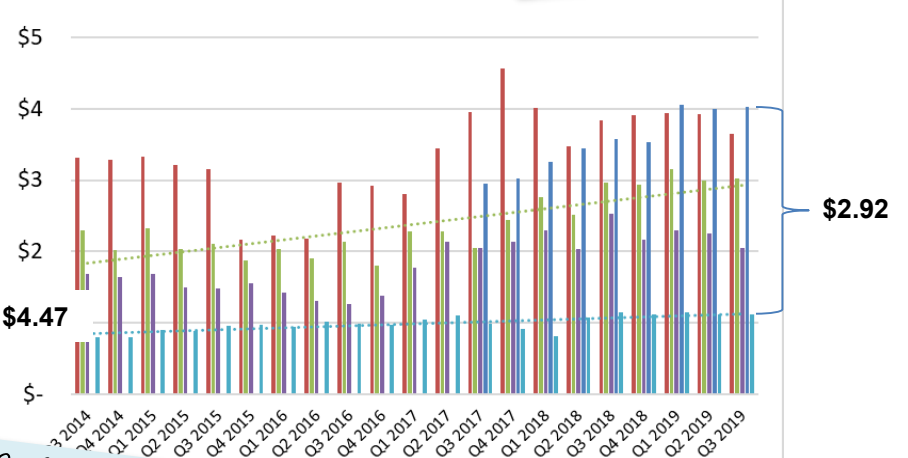
"We have a huge head start over the rest of the industry, including other Canadian gas producers, from a cash cost perspective."

PEX

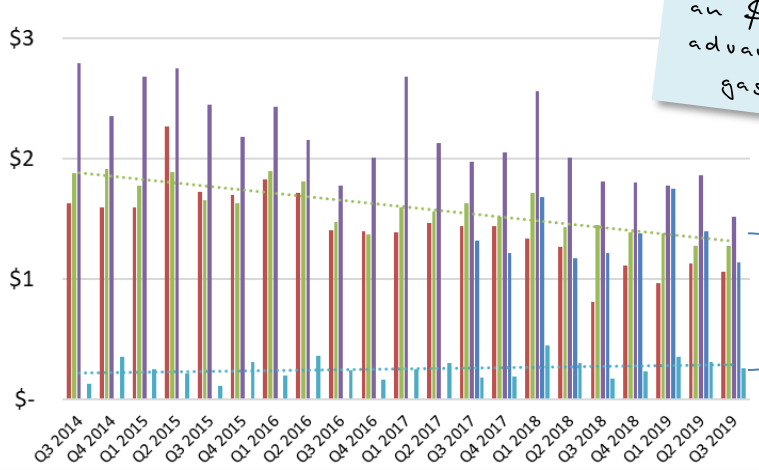
Operating Costs



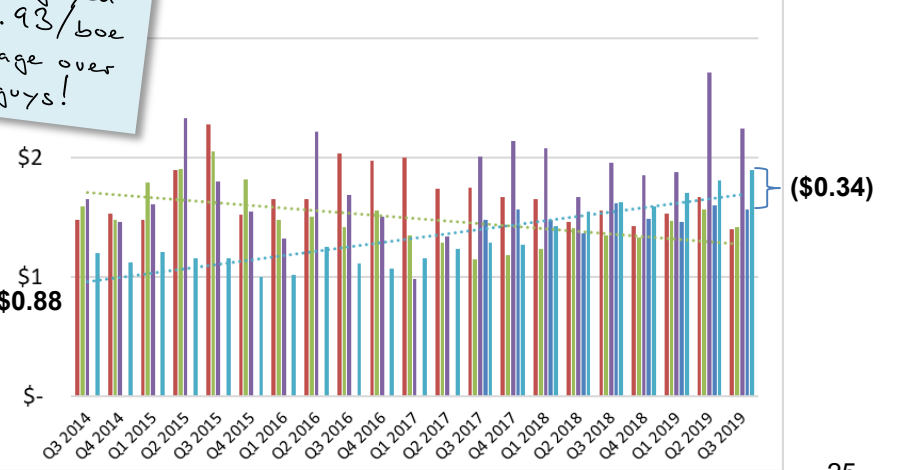
Transportation Costs



G&A Costs



Interest Costs



In Q3 2019
Peyto enjoyed
an \$7.93/boe
advantage over
gas guys!

BOE factor - 6 mcf = 1 bbl of oil equivalent

Data from Peter's & Co.

Gas producers include: AAV,PNE,CKE,CQE,TOU,SRX,BIR,BXE,CR,ARX,BNP,POU,DEE,KEL,ECA,VII

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.

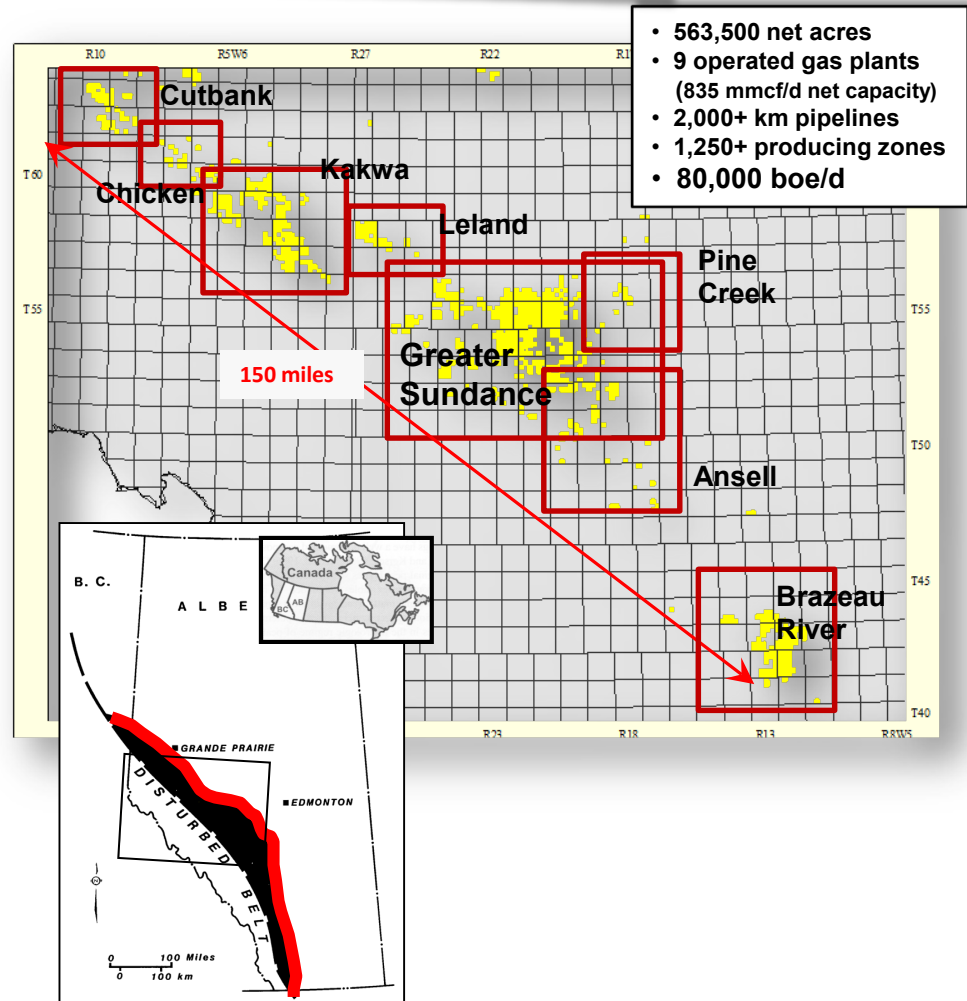


99%

Of Production:
Processed by Peyto
Operated by Peyto

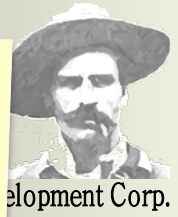
99%

Working Interest in 9
Processing Facilities



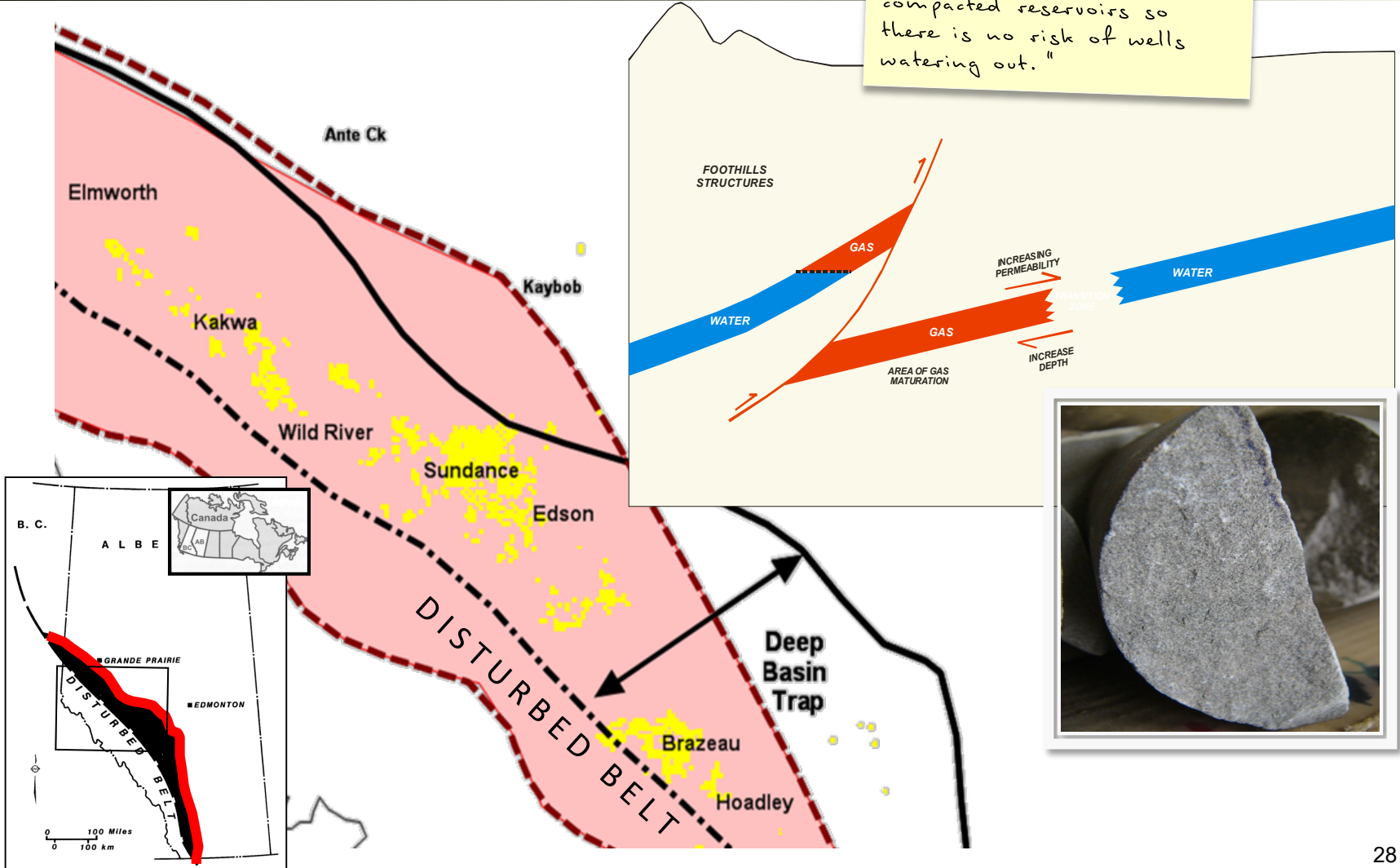
Peyto's Assets

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."

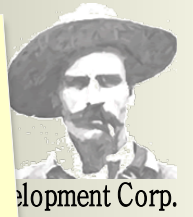
Development Corp.



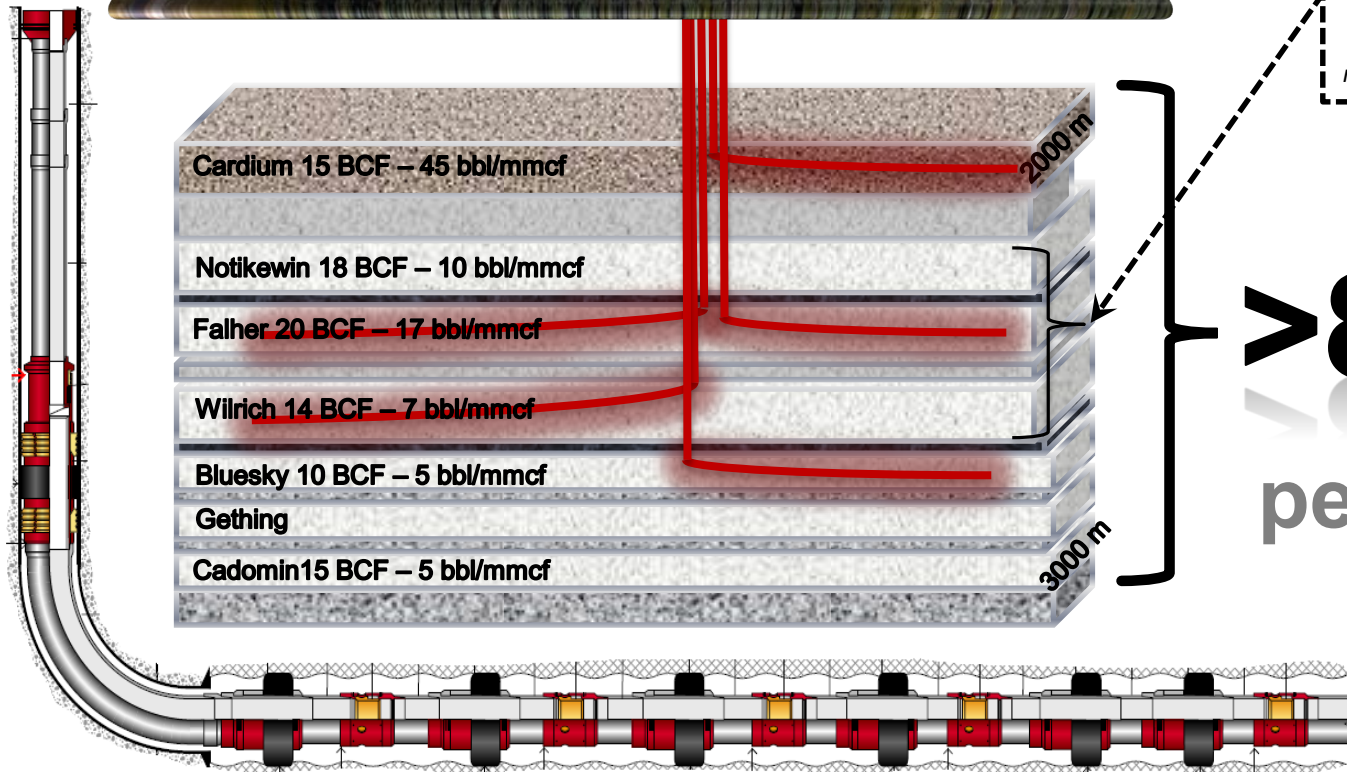
Peyto's Assets

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."



Development Corp.



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 3.8 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	CHINOOK				
	PUSKWASKAU				
	BADHEART				
	MUSKIE				
	CARDIUM				
	KASKAPAU				
	DOE CR.				
	POLICE COUPE				
	DUNVEGAN				
	SHAFTESBURY				
BELLE FOURCHE					
FISH SCALE					
WESTGATE					
PADDY					
CADOTTE					
HARMON					
NOTIKEWIN					
A					
B					
C					
D					
E					
F					
SPIRIT RIVER					
FALHER					
WILRICH					
BLUESKY					
GETHING					
CADOMIN					
BULL-HEAD					
Montney					
		662	902	1,185(16) 1,201	1,323 >2,500 locations

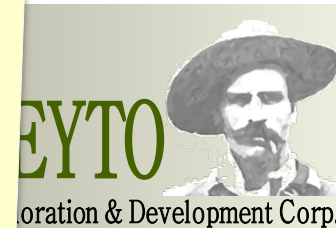
1. Drilling to Dec 31, 2018

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

Peyto's Assets

Deep Basin Lands Go A Long Way

"We purchased 108 sections of new land in 2019 at \$37/acre. With less than 10% of our lands developed, the undeveloped acreage could potentially accommodate well over 10,000 more locations."



881

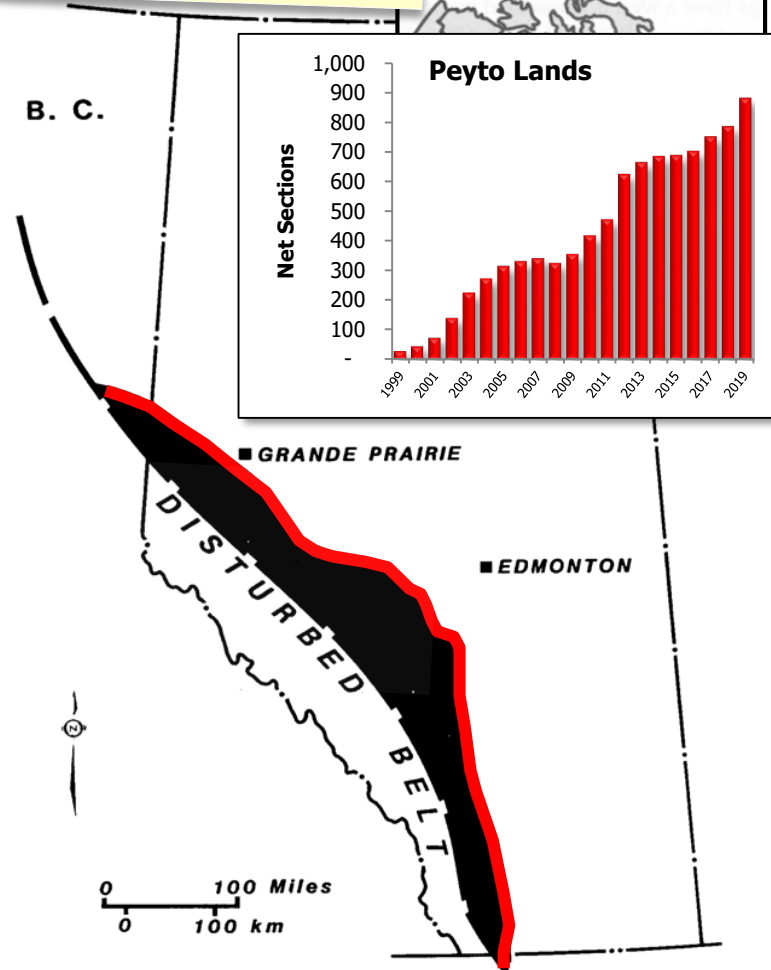
Net Peyto Sections

3,247

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

285

Net Sections – Developed Area of All Reserves Found and Developed Since Peyto Began (3.8 TCFe EUR)*



TCFe of PD EUR – Trillion Cubic Feet equivalent of Proven Developed Estimated Ultimate Recoverable
*Based on InSite Petroleum Consultants Dec 31, 2018 Reserve Report.
Lands at Dec 31, 2019

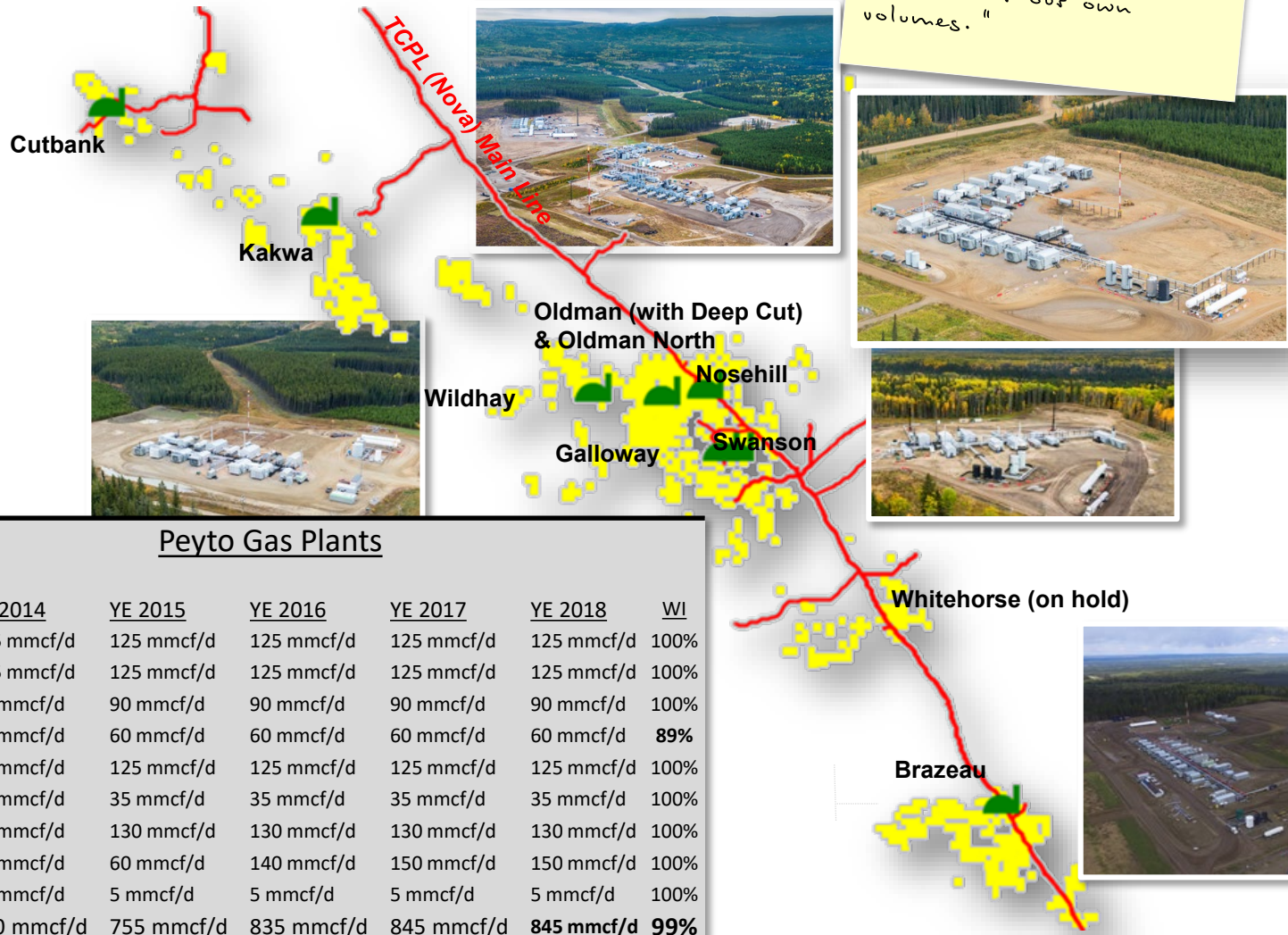
Peyto's Assets

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."



Development Corp.



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%

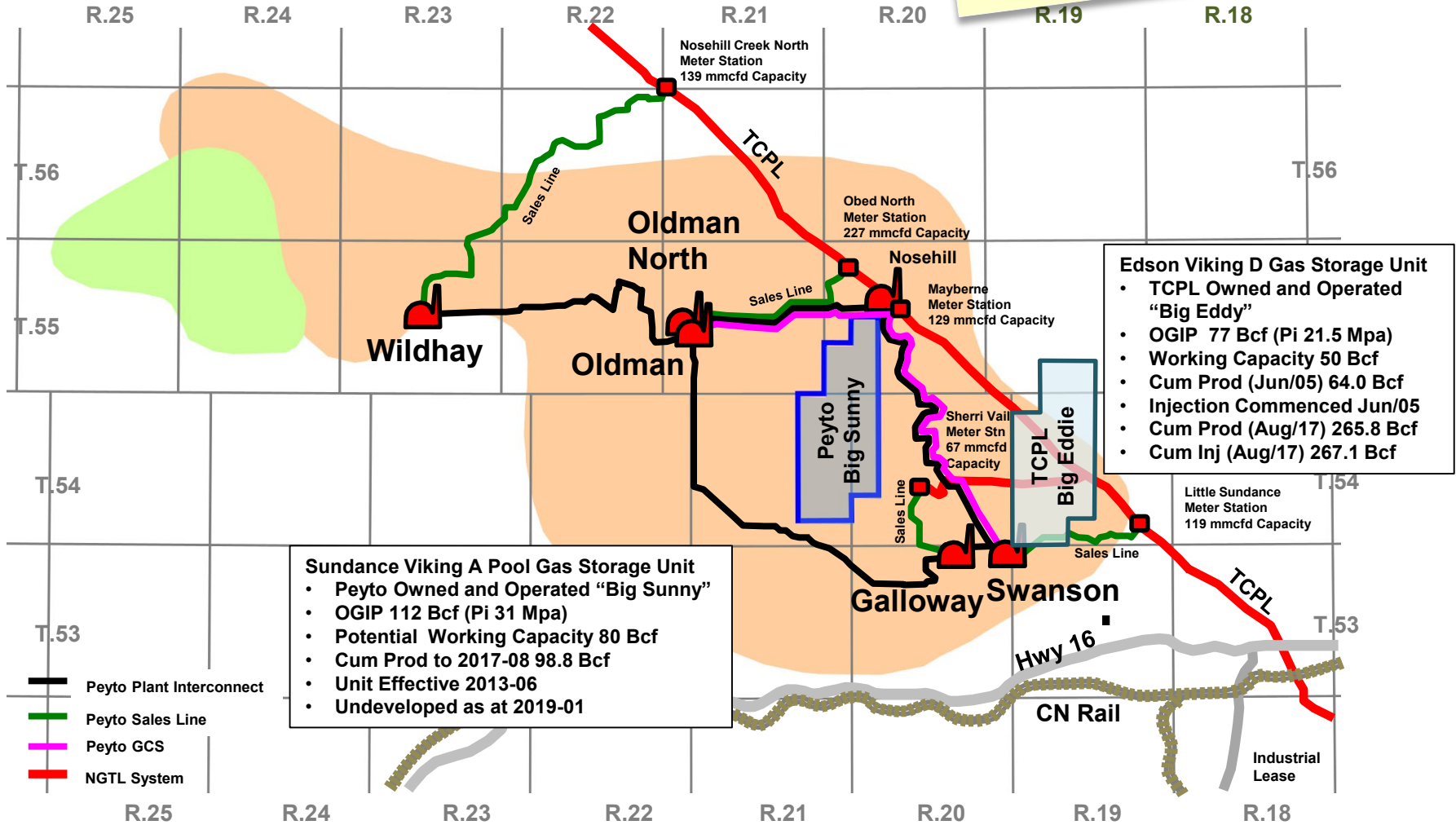
Peyto's Assets

"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."



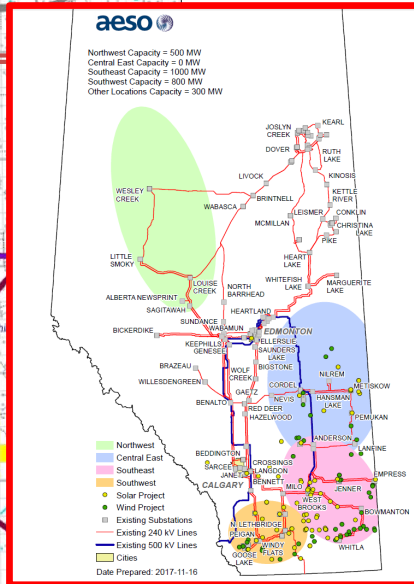
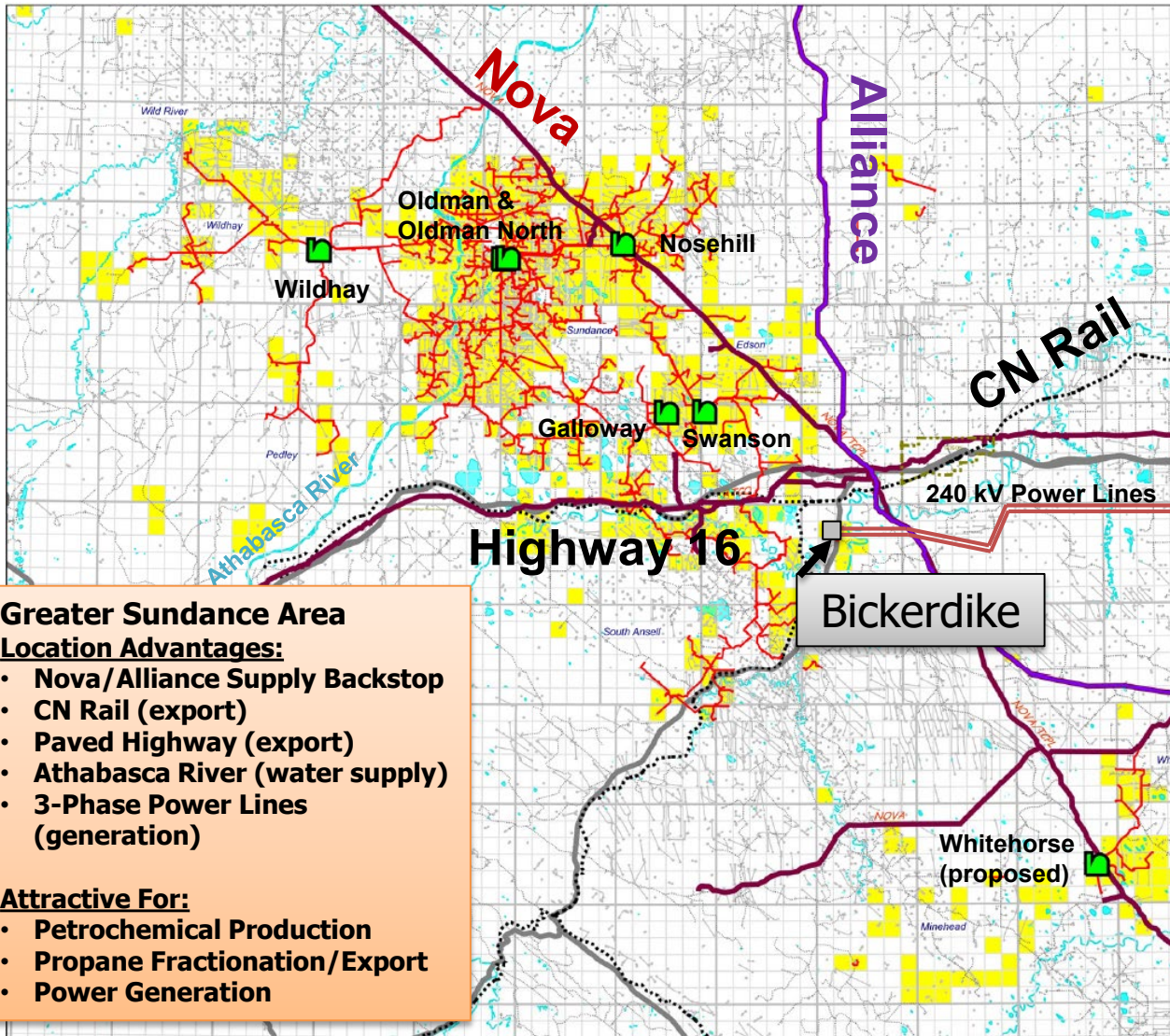
ment Corp.



Peyto's Assets

Unique Infrastructure Location

"Peyto's Greater Sundance Area plant/gathering/resource sits on Nova, on a 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)

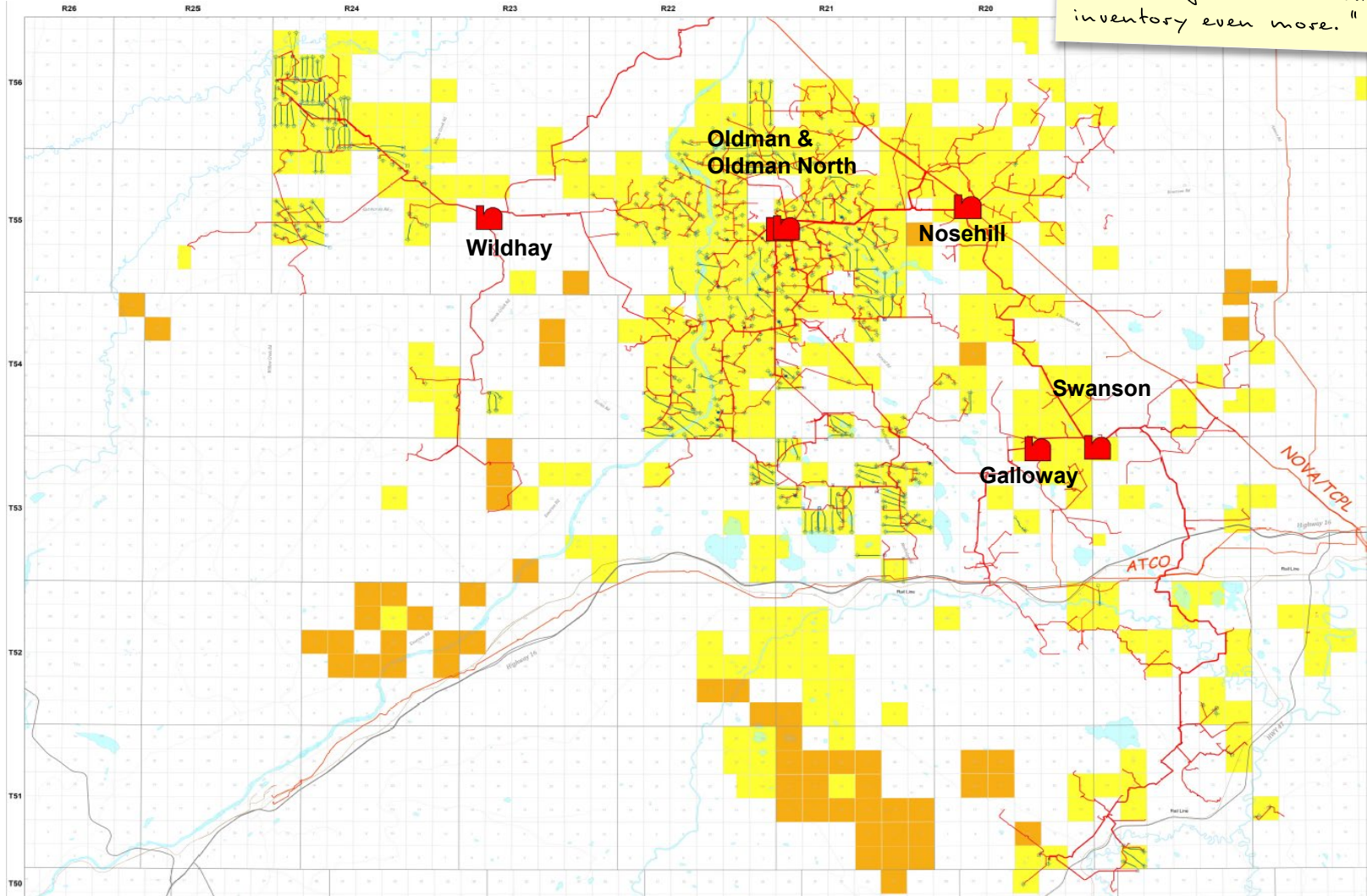
Attractive For:

- Petrochemical Production
- Propane Fractionation/Export
- Power Generation

Peyto's Assets

The "New" Cardium Play – Abundant Opportunities

"Peyto has added another 58 sections of Cardium lands in 2019 (\$43/ac) in the Greater Sundance Area, increasing our Cardium inventory even more."

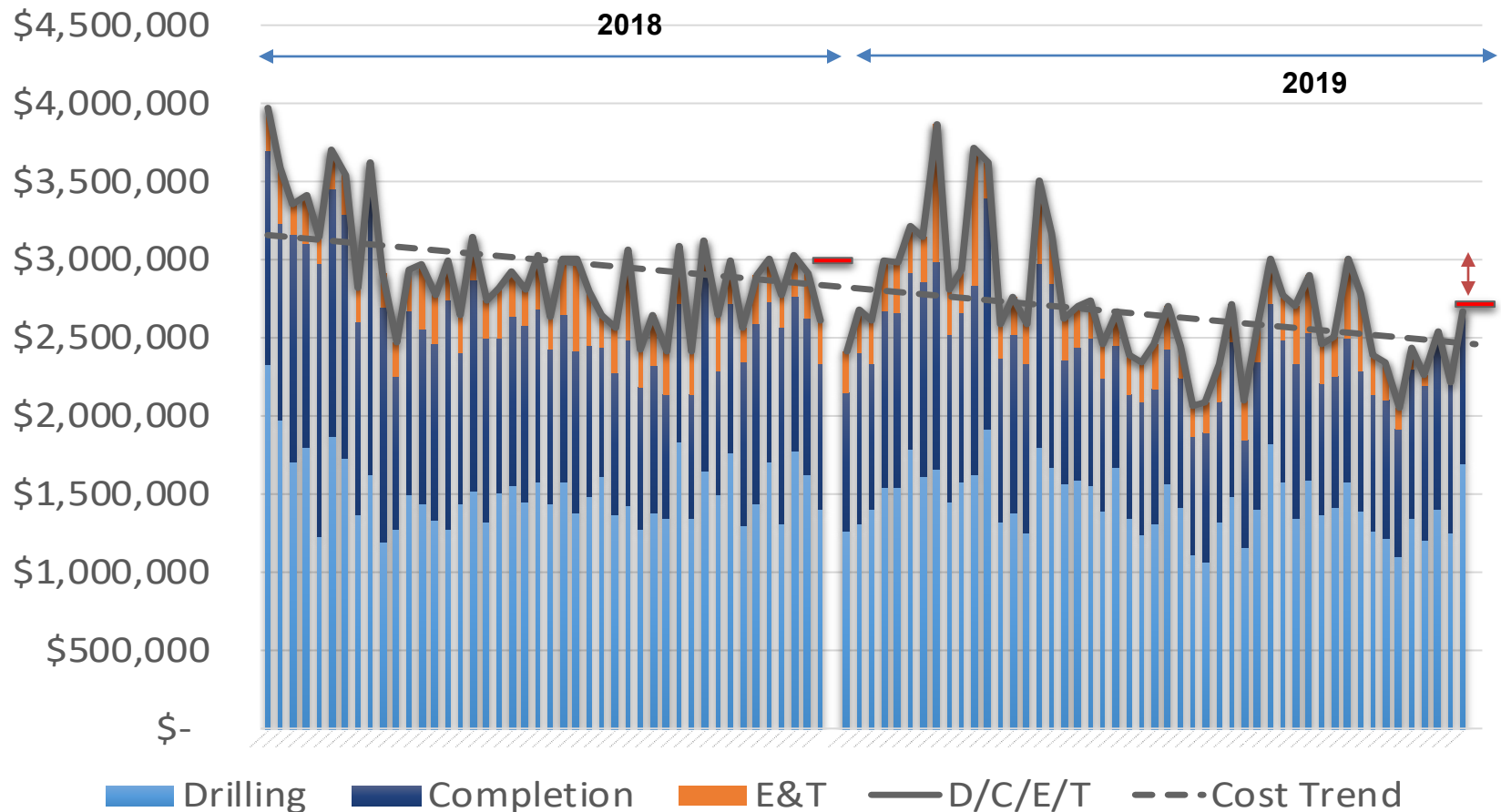


Peyto's Assets

The "New" Cardium Play – Improving Execution

"The Cardium program continues to improve from an execution standpoint. Drilling and completion costs are down another 10% in 2019."

Peyto Cardium D/C/E/T Capital Costs

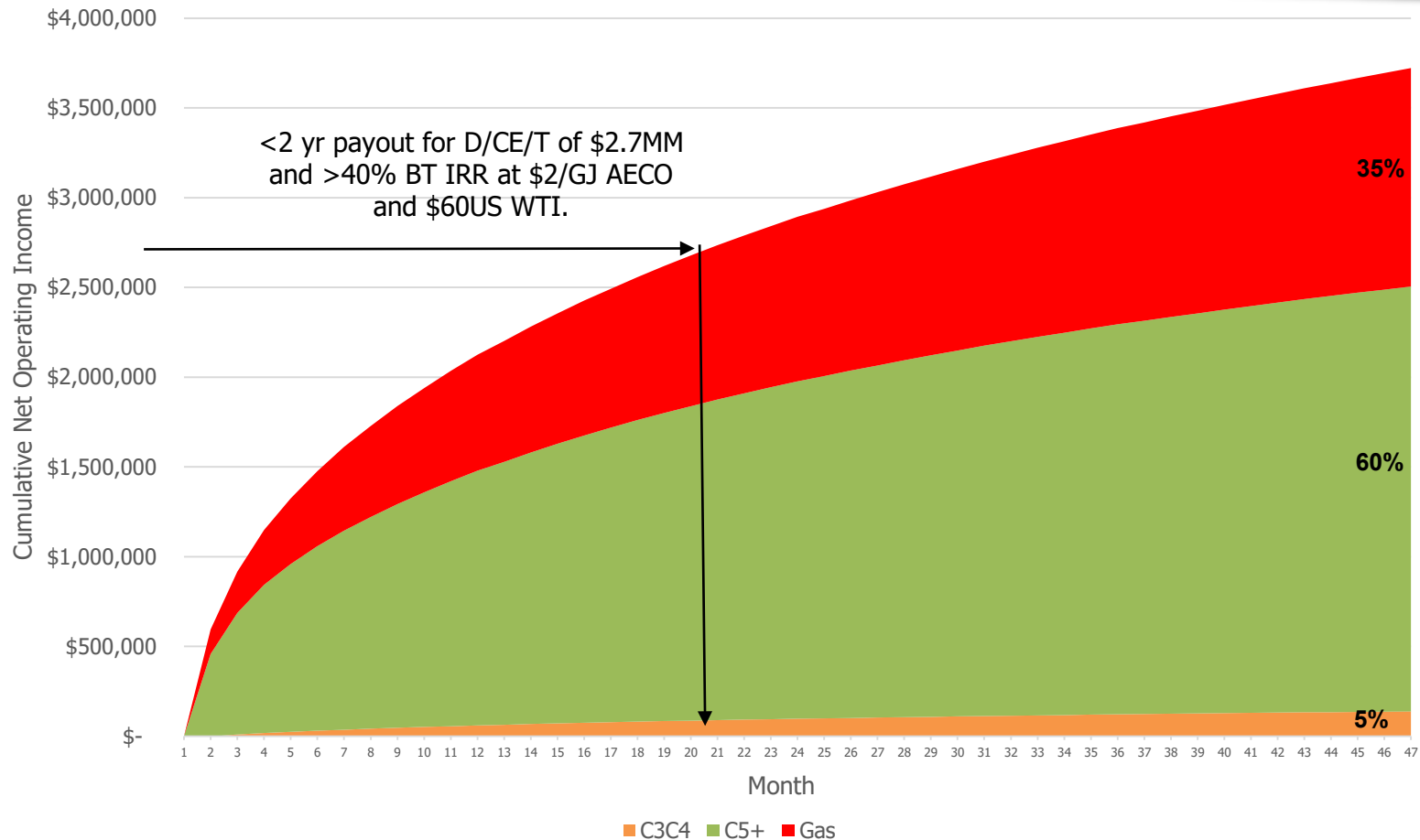


Peyto's Assets

The "New" Cardium Play – Liquids Rich Revenue

"The bulk of the Net Operating Income (revenue minus opex, transp, roy) for a typical Cardium well in West Wildhay, for example, is from the liquids. This is the big driver of the returns."

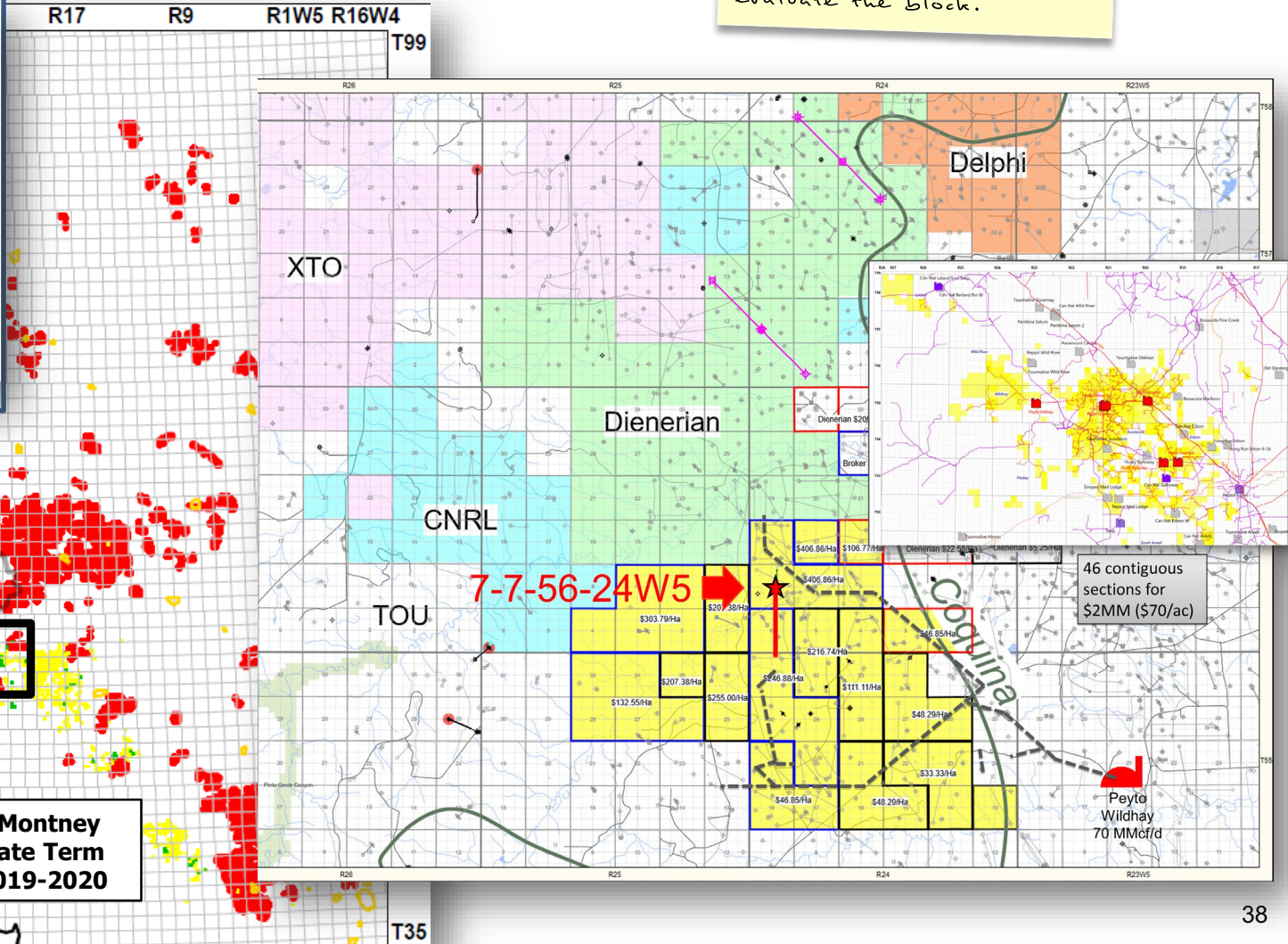
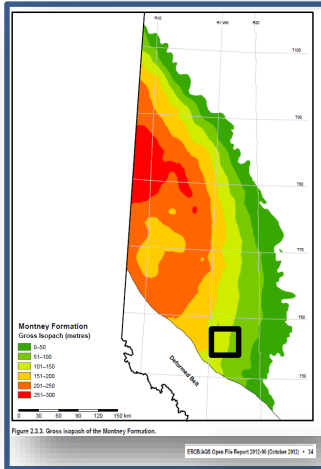
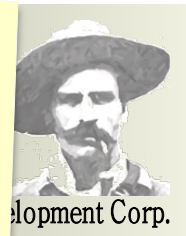
Wildhay Cardium NOI by Component



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 Assets

What Shareholders Currently Own



Tangible Infrastructure (Replacement Value as at Dec 31, 2019)

80 Compressors (\$3.25MM each)	\$259 MM
17 Inlets (\$1.8MM each)	\$31 MM
20 Refrigeration plants (\$5.4MM each)	\$108 MM
12 Power Generation Sets (\$1.6M each)	\$19 MM
23 LPG Bullets (\$0.8MM each)	\$19 MM
14 Condensate Stabilizers (\$0.8MM each)	\$11 MM
18 Tanks, flares, MCC, Sales, VRU, etc (\$6.8MM per)	\$96 MM
1,405 Wellsite Separator Packages (net to Peyto)	\$351 MM
2,105 km of gathering pipelines (4"-10" pipe)	\$495 MM

\$1,389 MM

\$8.42/share

Reserves (as at Dec 31, 2018)*

	<u>Volume</u>	<u>NPV₅/share</u>	<u>NPV₁₀/share</u>
Proven Developed Reserves – Currently generating cashflow (PDP+PDNP+PA)	344.8 mmoes	\$23.43	\$16.01
Proven Undeveloped Reserves – Yet to be drilled (PU+PA)	287.9 mmoes	\$14.14	\$7.54
Probable Additional Reserves (PA)	<u>170.1 mmoes</u>	<u>\$6.98</u>	<u>\$3.52</u>
Total P+P Reserves	802.8 mmoes	\$44.55/share	\$27.07/share

Total Debt (as at Sept 30, 2019)

Revolving Debt	(\$634 MM)	
Term Debt	(\$500 MM)	
Total Debt	(\$1,134 MM)	\$6.88/share

*See Peyto's Annual Information Form for reserves disclosure <http://www.peyto.com/Files/AIF/2019/2018AIF.pdf>
 Historical Per Unit (share) and Units (shares) Outstanding numbers have been adjusted to reflect the May 27, 2005 2:1 stock split
 BOE factor - 6 mcf = 1 bbl of oil equivalent

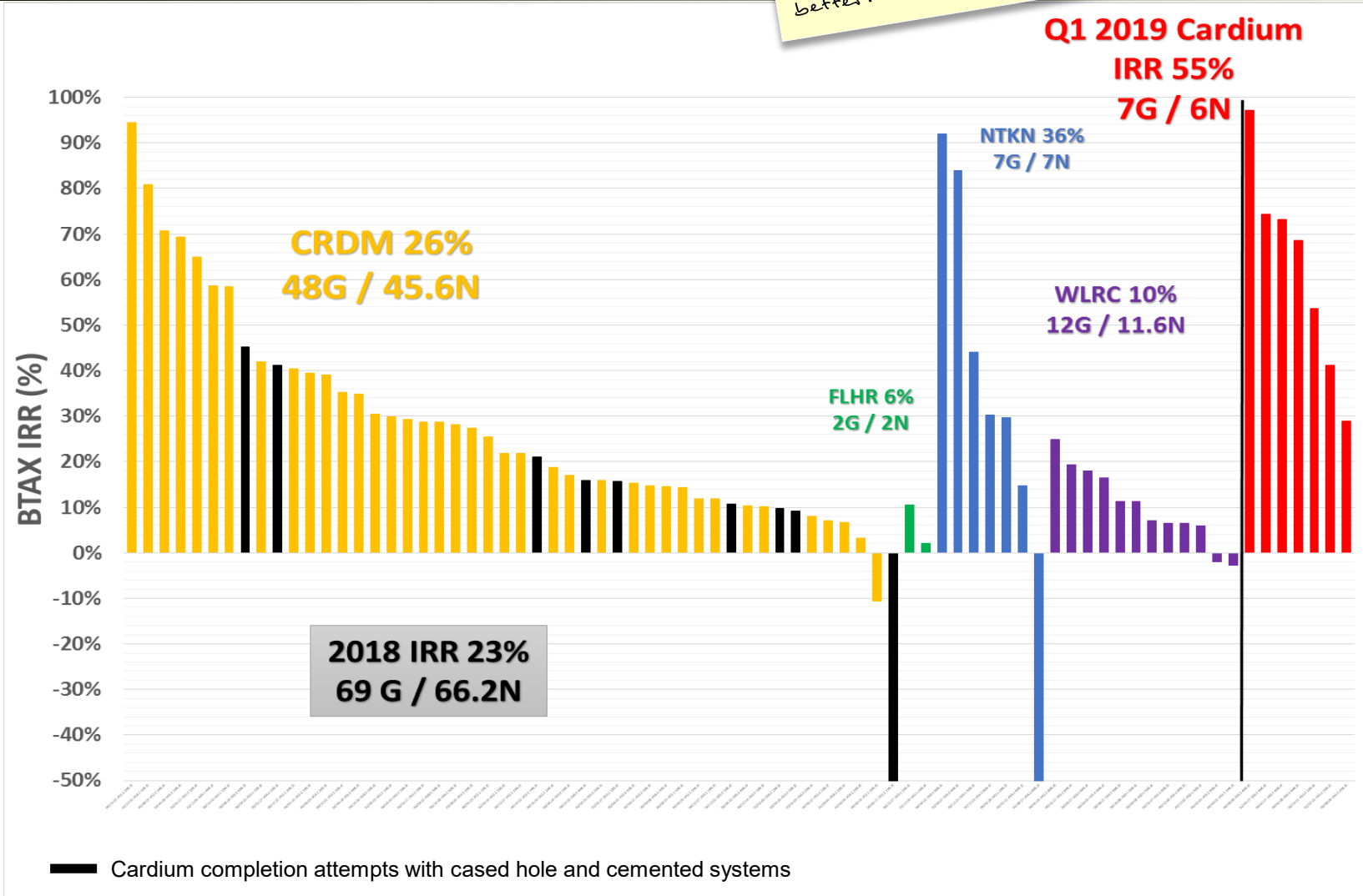
Peyto's Incredible Returns



Peyto's Returns

2018 Postmortem Returns Analysis

"Our attempt to target liquids rich Wilrich and Father 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 Returns

High Returns On Your Capital And Equity

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

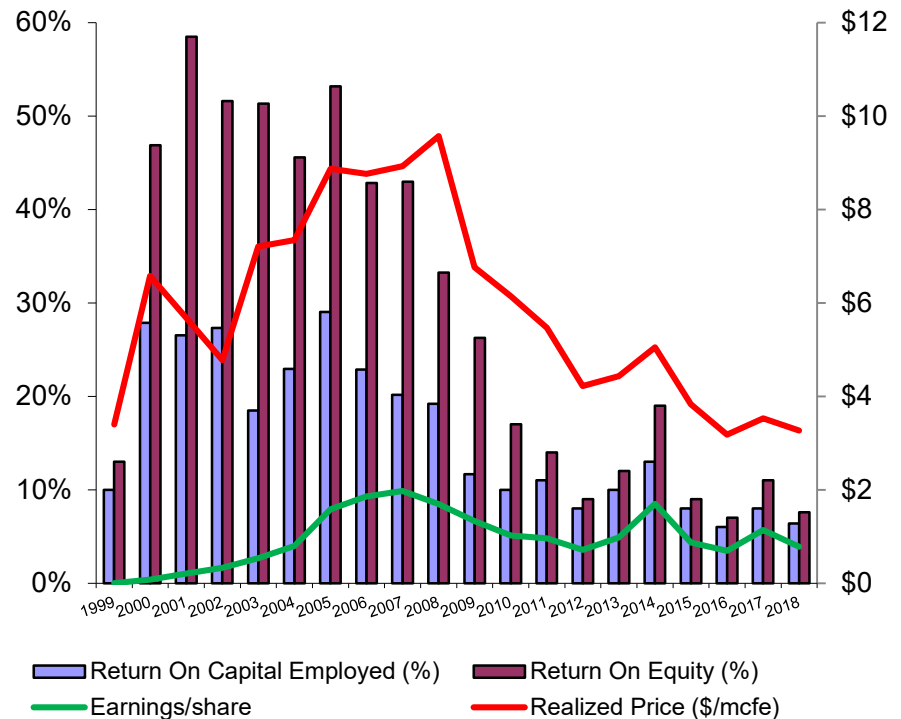


29%

20 yr Avg ROE to 2018

16%

20 yr Avg ROCE to 2018



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 (20 yrs 1999-2018)

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

2020 Outlook

"2020 will continue to be a flexible year depending on the natural gas price outlook and seasonal dynamics regarding summer prices."



\$250M-
\$300M

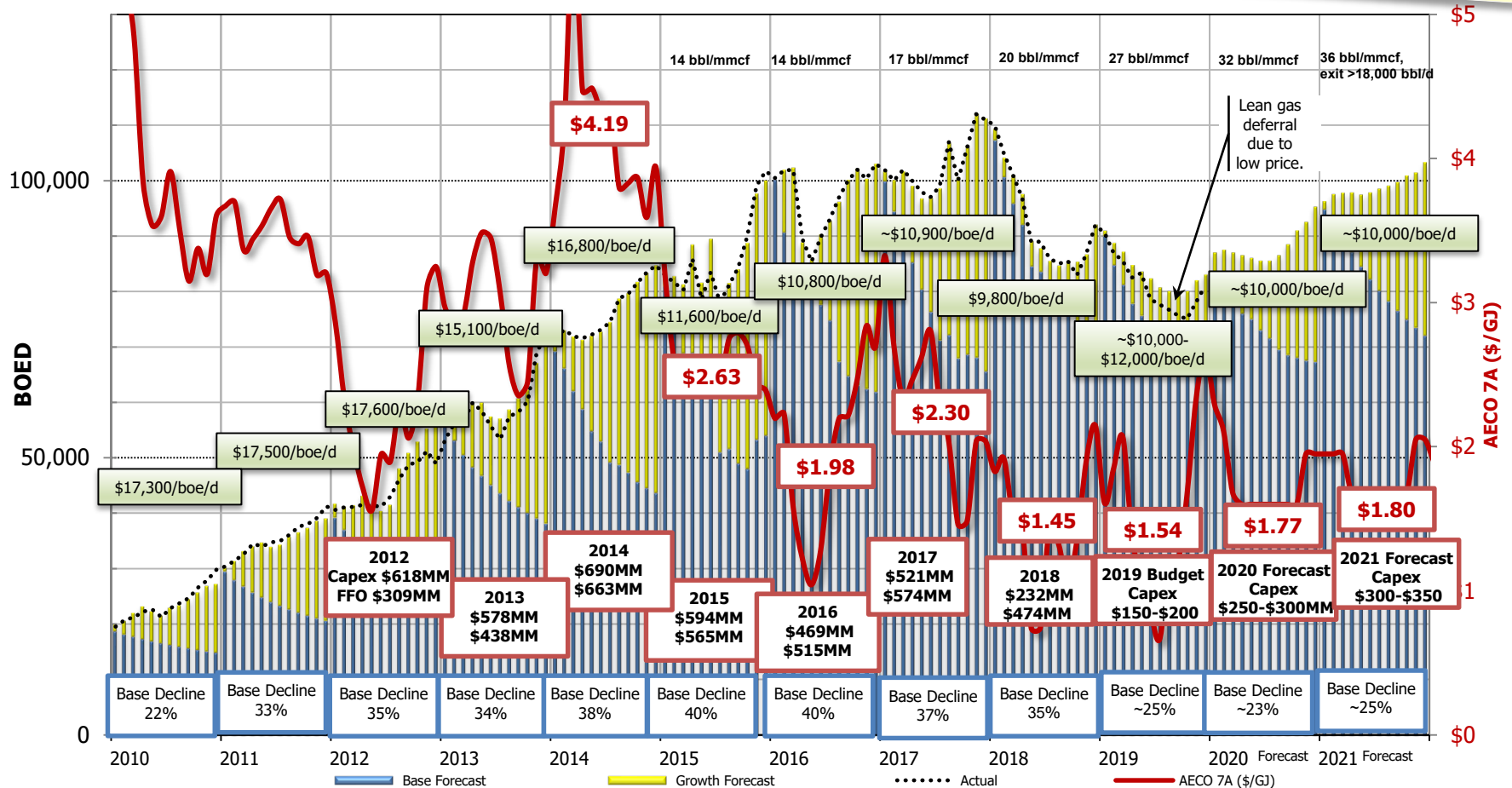
2020 Capital Program

- ✓ **Drill ~80Hz Wells**
(Liquids Rich Natural Gas) vs 50 in 2019
- ✓ **Market 3rd Party Capacity**
Offer Excess Capacity to Other Operators
- ✓ **Increase Opportunities**
Undeveloped Land Base
- ✓ **Diversify Markets**
Evaluate New Pipe Options
- ✓ **Improve Balance Sheet**
Fund capital program entirely from free cashflow

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.

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."

PE
Ex

PEY 2017

PEY 2018

PEY 2019 Goals

Revenue
\$/mcf

\$3.38

91% Gas @ \$2.30/GJ
AECO*115%
9% NGLs @ \$62/bbl (80% oil)
\$3.13/mcfe
\$0.25/mcfe hedging gain
\$3.38/mcfe Peyto Realized

\$3.27

89% Gas @ \$1.43/GJ*1.16
11% NGLs @ \$56/bbl=(80% of oil)
~\$2.50/mcfe
~\$0.75/mcfe hedging gain
~\$3.25/mcfe

\$2.80

86% Gas @ \$1.54/GJ*1.15
14% NGLs @ \$45/bbl=(60% of \$75oil)
~\$2.60/mcfe
~\$0.20/mcfe hedge
~\$2.80/mcfe

Cash Costs
\$/mcf

(\$0.83)

Royalties (\$0.15)
Opex (\$0.27)
Transport (\$0.17)
G&A (\$0.04)
Interest (\$0.20)
Total Costs (\$0.83)

(\$0.92)

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

~(\$0.90)

Capital Costs
(PDP FD&A)
\$/mcf

(\$1.36)

(\$1.18)

~(\$1.00)

Total Supply Cost
\$/mcf

\$2.19

2017 PDP FD&A

\$14.1 Land/Acq/Disp
\$6.0 Seismic
\$256.9 Drilling
\$133.7 Compl.
\$53.1 Wellsite
\$57.3 Facilities
\$521MM for 383 BCfe

\$2.10

2018 PDP FD&A

Land/Acq/Disp
Seismic
Drilling
Compl.
Wellsite
Facilities
\$232MM

PDP FD&A
\$7.05/boe or \$1.18/mcfe

~\$1.90

Full Cycle
Netback
\$/mcf

\$1.19

35%

\$1.17

36%

~\$0.90

32%

Dividend
\$/mcf

\$0.97

\$0.59

\$0.22

\$0.11/month

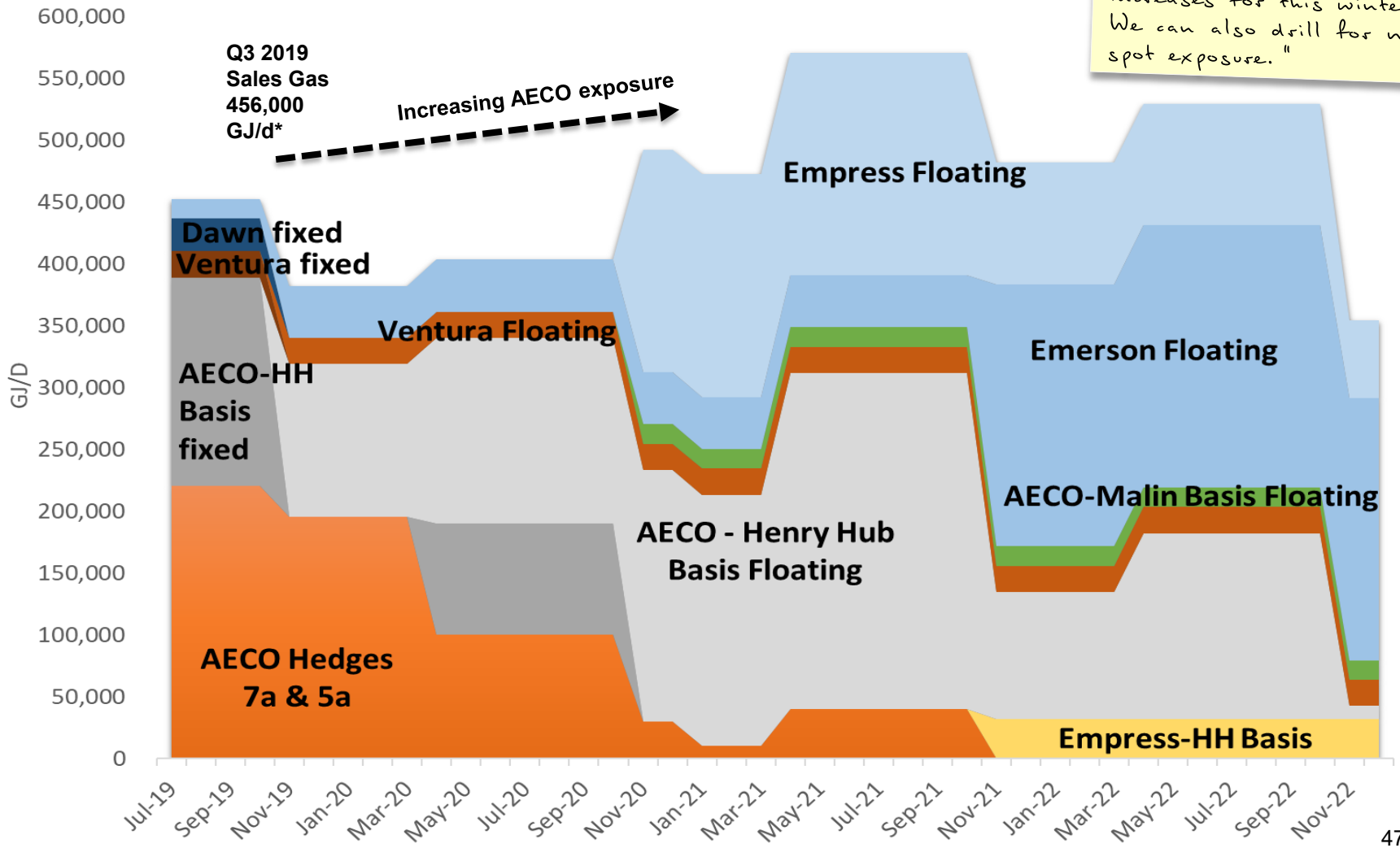
\$0.06/month

\$0.02/month

Gas Marketing

Future Market Diversification and Gas Price Protection

"Peyto's AECO exposure is any gas volume that is not represented on this graph. At current gas sales that represents very little exposure this summer but increases for this winter. We can also drill for more spot exposure."



Q3 2019
Sales Gas
456,000
GJ/d*

Increasing AECO exposure

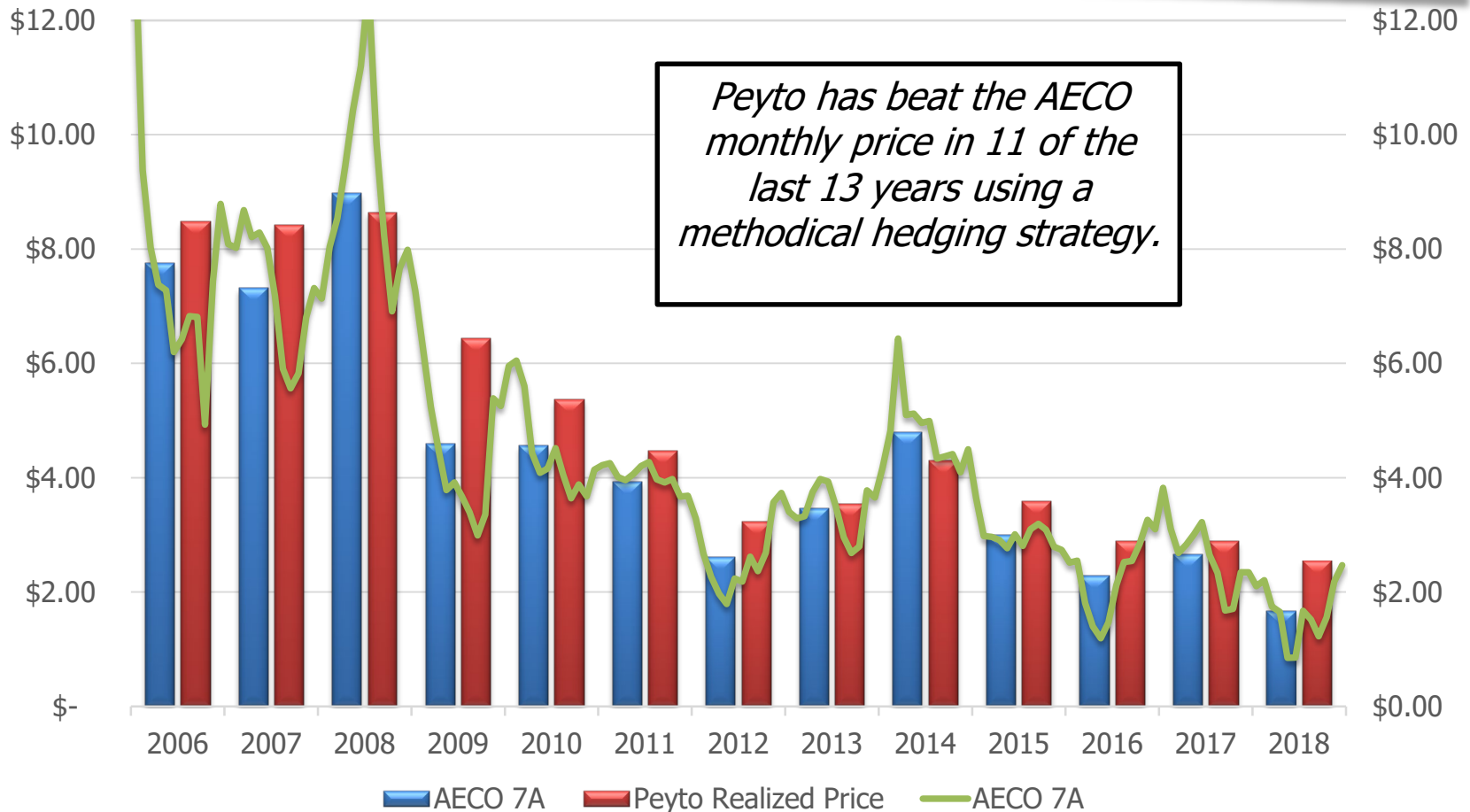
*Average Heating Value of approximately 1.15 GJ/mcf for Peyto's gas

Gas Marketing

Successful Hedging Strategy Smoothes Volatility

"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 Price (\$/mcf)



Gas Marketing

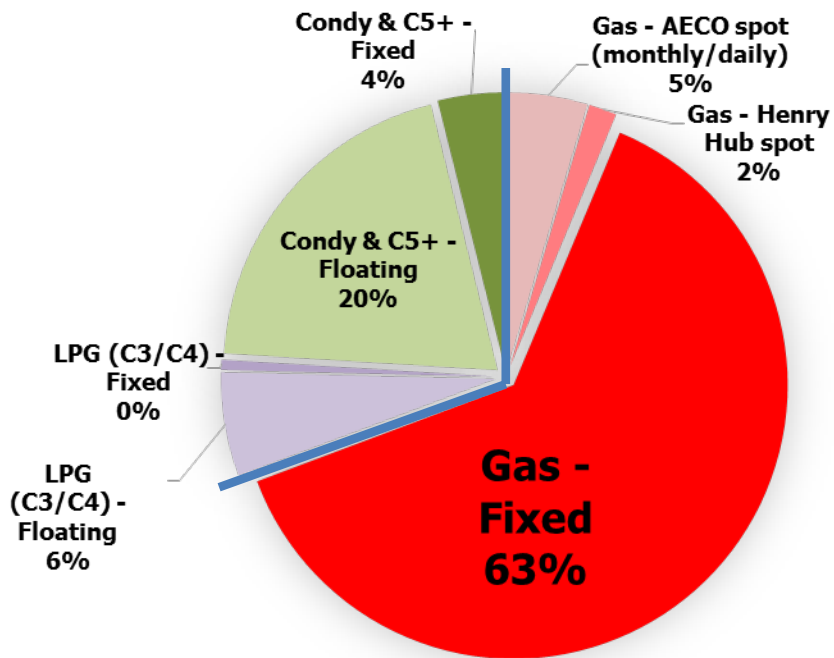
Balanced Revenue Stream

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



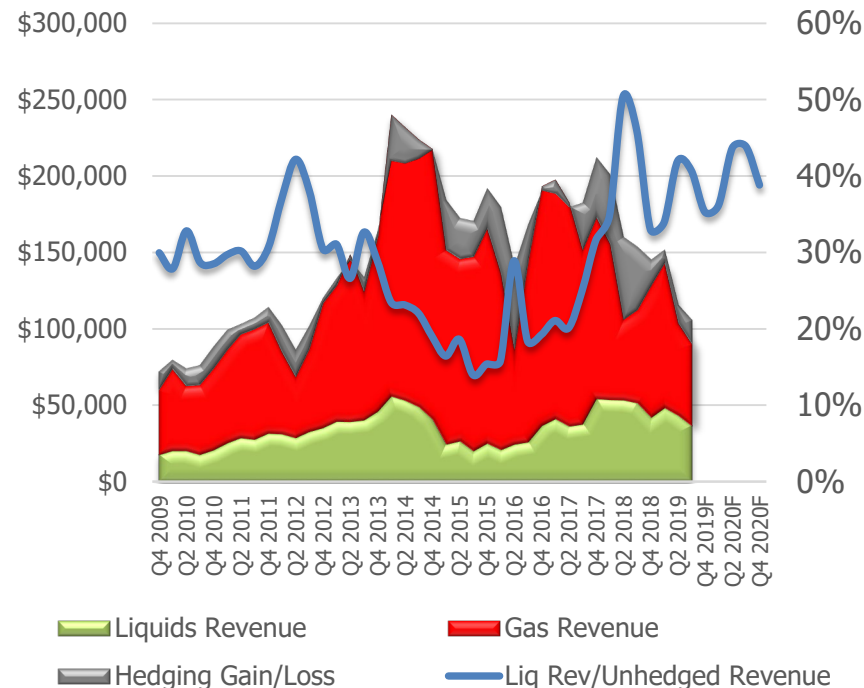
nt Corp.

2018 Actuals



31%
Liquids Revenue

Peyto Quarterly Revenue Breakdown

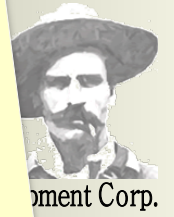


* 2020 and beyond provided for illustration only. Budgets and forecasts beyond 2020 have not been finalized and are subject to change due to a variety of factors including but not limited to prior year's results. For a real time summary of Peyto's future hedges see: <http://www.peyto.com/Files/Marketing/hedges.pdf>

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."



Appendix



- ☀ Quarterly Track Record
- ☀ Tax Pools
- ☀ Leverage
- ☀ Reserves Growth

Quarterly Track Record

PEYTO

Exploration & Development Corp.



	2019			Total	2018				Total	2017					Total	Q4
	Q3	Q2	Q1		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1			
Operations																
<u>Production</u>																
Oil & NGLs (bbl/d)	10,650	11,110	10,703	9,692	10,273	9,209	9,243	10,043	9,337	10,479	8,958	8,319	9,586	7,457	8,938	
Natural gas (mcf/d)	396,343	422,320	462,003	493,921	458,792	456,197	493,821	568,496	559,663	595,885	557,958	535,274	549,037	537,111	556,975	
Barrels of oil equivalent (boe/d)	76,707	81,497	87,704	92,012	86,738	85,242	91,547	104,792	102,614	109,793	101,951	97,531	101,092	96,975	101,767	
Year over Year % Growth	-10%	-11%	-16%	-10%	-21%	-16%	-6%	4%	6%	8%	6%	11%	0%	13%	5%	
<u>Average Product Prices</u>																
Oil & NGLs (\$/bbl)	39.65	44.70	50.37	56.98	44.83	61.04	63.64	59.67	50.02	56.52	45.92	48.33	48.14	40.30	45.09	
Natural gas (\$/mcf)	1.84	1.83	2.48	2.54	2.43	2.43	2.37	2.86	2.89	2.87	2.81	2.92	2.96	2.89	2.98	
Op+Tran expenses (\$/mcf)	0.50	0.53	0.54	0.48	0.52	0.50	0.48	0.42	0.43	0.44	0.43	0.42	0.46	0.41	0.42	
Field Netback (\$/mcf)	1.97	2.06	2.52	2.66	2.39	2.63	2.62	2.95	2.80	2.91	2.72	2.77	2.79	2.64	2.78	
Financial (\$000)																
Revenue (net of royalties)	104,504	115,289	144,987	632,284	139,309	147,190	154,932	190,853	726,852	202,567	177,061	169,911	177,214	650,058	179,862	
Funds from Operations ¹	68,106	75,971	103,078	473,741	99,635	109,549	115,571	148,986	573,721	161,672	139,257	133,487	139,305	514,593	144,593	
Net earnings (loss)	6,275	98,757	24,970	129,110	21,458	29,506	30,397	47,749	176,577	51,547	44,818	39,957	40,255	111,729	37,870	
Capital expenditures	36,574	34,112	62,394	232,363	112,215	69,716	14,978	35,454	521,210	134,411	135,187	97,738	153,874	469,375	129,407	
Net Debt ²	1,134	1,157	1,189	1,224,422	1,224,422	1,167,672	1,178,294	1,243,291	1,327,440	1,327,440	1,286,268	1,218,879	1,203,988	1,132,302	1,132,302	
Common shares outstanding (000)	164,874	164,874	164,874	164,874	164,874	164,874	164,874	164,874	164,874	164,874	164,849	164,874	164,874	164,777	164,777	
Weighted average shares	164,874	164,874	164,874	164,874	164,874	164,874	164,874	164,874	164,856	164,874	164,874	164,874	164,801	162,574	164,630	
Per share data (\$/share)																
Funds from operations	0.41	0.46	0.63	2.87	0.60	0.66	0.70	0.90	3.48	0.98	0.85	0.81	0.85	3.17	0.88	
Earnings (loss)	0.04	0.59	0.15	0.78	0.13	0.18	0.18	0.29	1.07	0.31	0.27	0.24	0.24	0.69	0.23	
Dividends (Distributions)	0.06	0.06	0.06	0.72	0.18	0.18	0.18	0.18	1.32	0.33	0.33	0.33	0.33	1.32	0.33	

¹ Management uses funds from operations to analyze operating performance. In order to facilitate comparative analysis funds from operations is defined throughout this report as earnings before performance based compensation, non-cash and non-recurring expenses. As presented, funds from operations does not have any standardized meaning prescribed by Canadian GAAP.

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

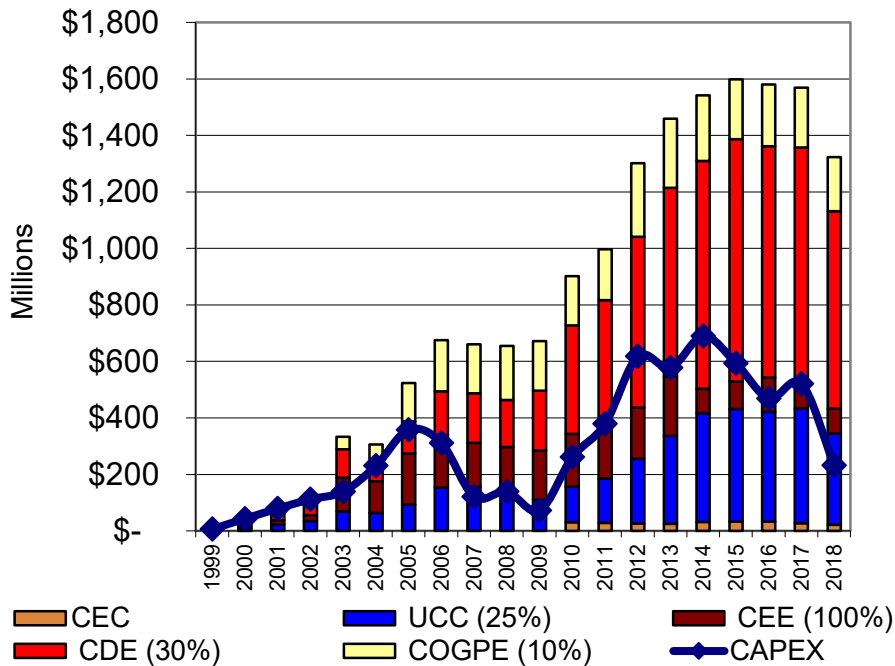
Organic Business Model

Peyto's Tax Pools

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



Development Corp.



\$1.3B

Federal Tax Pools
Q4/18

\$6.0B

Peyto CTD. CapEx
Q4/18

Peyto's Debt

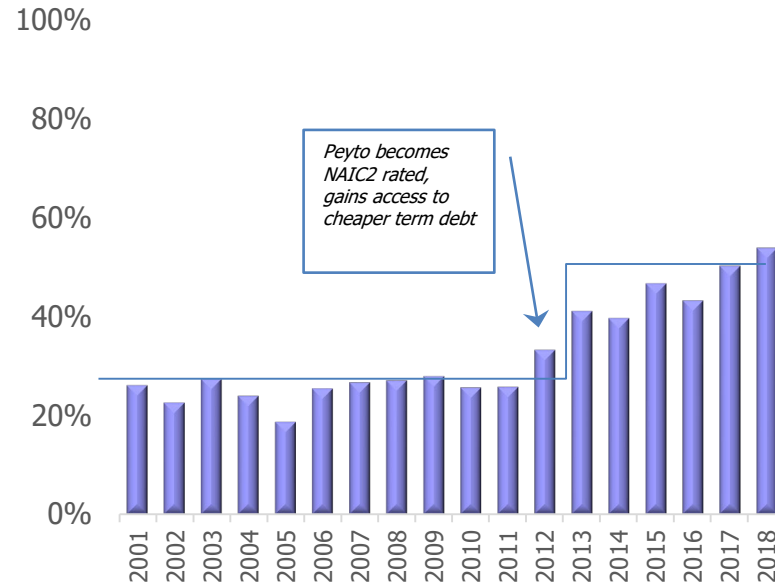
Careful Use Of Debt For Leveraged Returns

"Peyto has always been conservative with leverage, only recently using a bit more because long term debt is cheap." Corp.

50%

Debt/PDP NPV₁₀

Peyto Net Debt/PDP NPV₁₀



Peyto's Assets

Reserves Growth



6.5

TCFe of
Discovered Reserves

