



# 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.*

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

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

### **Reserves**

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

### **Barrels of Oil Equivalent**

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

### **Original Gas in Place**

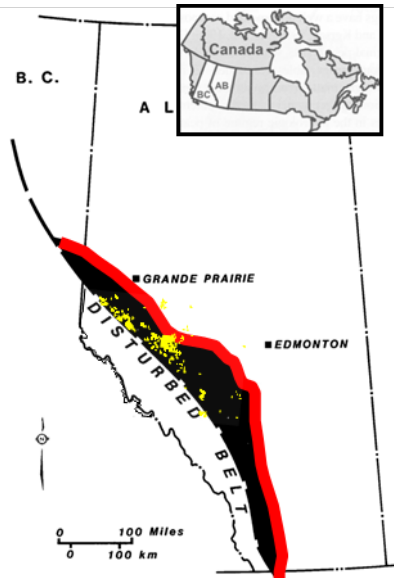
*Original gas in place includes both discovered and undiscovered resources, and there is no certainty that any portion of the undiscovered resources will be discovered and, if discovered, that any volumes will be economically viable or technically feasible to recover or produce. Original gas in place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

### **Prices**

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

# PEY.TO

## Who We Are



- ☀️ **Pure Play Alberta Deep Basin** – *~420 mmcf/d Gas, 11,000 boe/d NGLs*
- ☀️ **Returns Focused Strategy** – *Avg ROCE 15%, ROE 28% over last 21 yrs, among highest in industry*
- ☀️ **Long Reserve Life Asset** – *YE 2019: 9 yrs PDP, 29 yrs 2P, sweet gas, no mobile water*
- ☀️ **Lowest Cost Producer** - *\$0.95/mcfe (\$5.69/boe) 2019 total cash costs\**
- ☀️ **Own and Control** - *Operate 99% of production, Own/operate 9 gas plants with 850 mmcf/d processing capacity*

Quarterly Dividend:	\$0.01/share (CTD YE19 \$19.25/share)
Shares O/S:	164.9 million (3% insider ownership)
Q4/19 Net Debt:	\$415 million (senior unsecured notes, 3.7-4.9% CND) \$732 million (\$1.3B unsecured bank facility) \$1.147B (\$1.715B total capacity)
Enterprise Value:	\$1.7 billion (\$3.50/share)
Full Time Employees:	50

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

# PEY.TO

## COVID19 Preparedness

"Our operations are prepared for whatever COVID19 throws at us."

Corp.

### 1. Office Preparations

- All staff set up with remote desktop working capabilities (multiple communication tools: email, text, phone, conference, Webex, etc)
- Small, tight knit office staff with 50 full time employees, 12 consultants
- Flat organizational structure, self motivated, senior staff
- Tested protocols during 2013 Calgary floods

### 2. Field Preparations

- Already prepared for breakup with stockpiled materials (methanol, lube oil, glycol, air filters, spark plugs, etc.)
- Part of Energy Mutual Aid Co-Operative (EMAC) for last 10 yrs. O&G operators, local & prov. govt agencies, mutual aid during emergency situations, multiple ERPs in place, field "community" works together
- Full remote control and monitoring capability with SCADA, IT and Automation systems
- Operator Working Alone Policy well established and in place for many years



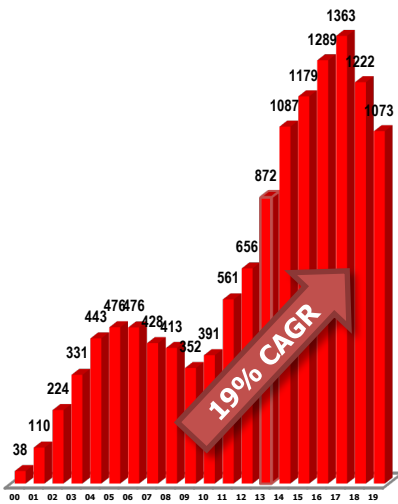
# PEY.TO

## Growth Per Share

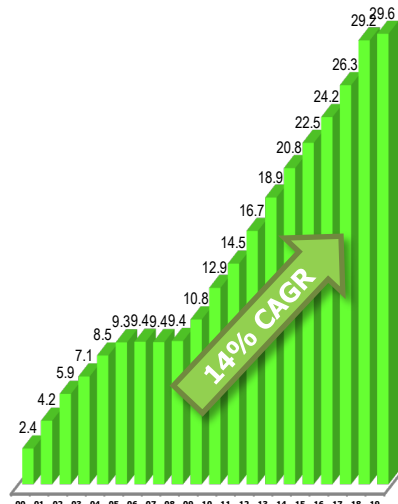
"Over time, the Peyto model is designed to deliver a superior total return with growth in value, income and assets."



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



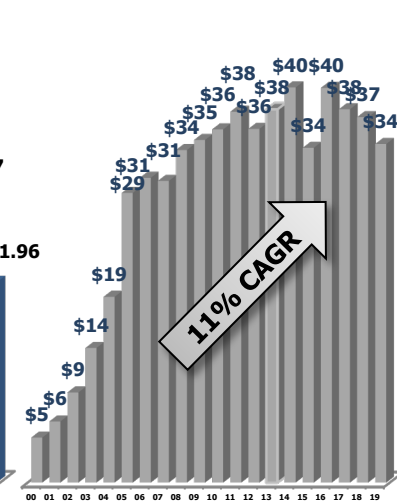
**Reserves/share**  
(2P Bcfe/mm sh)



**FFO/share**  
(\$/sh)



**2P NPV<sub>5</sub>/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

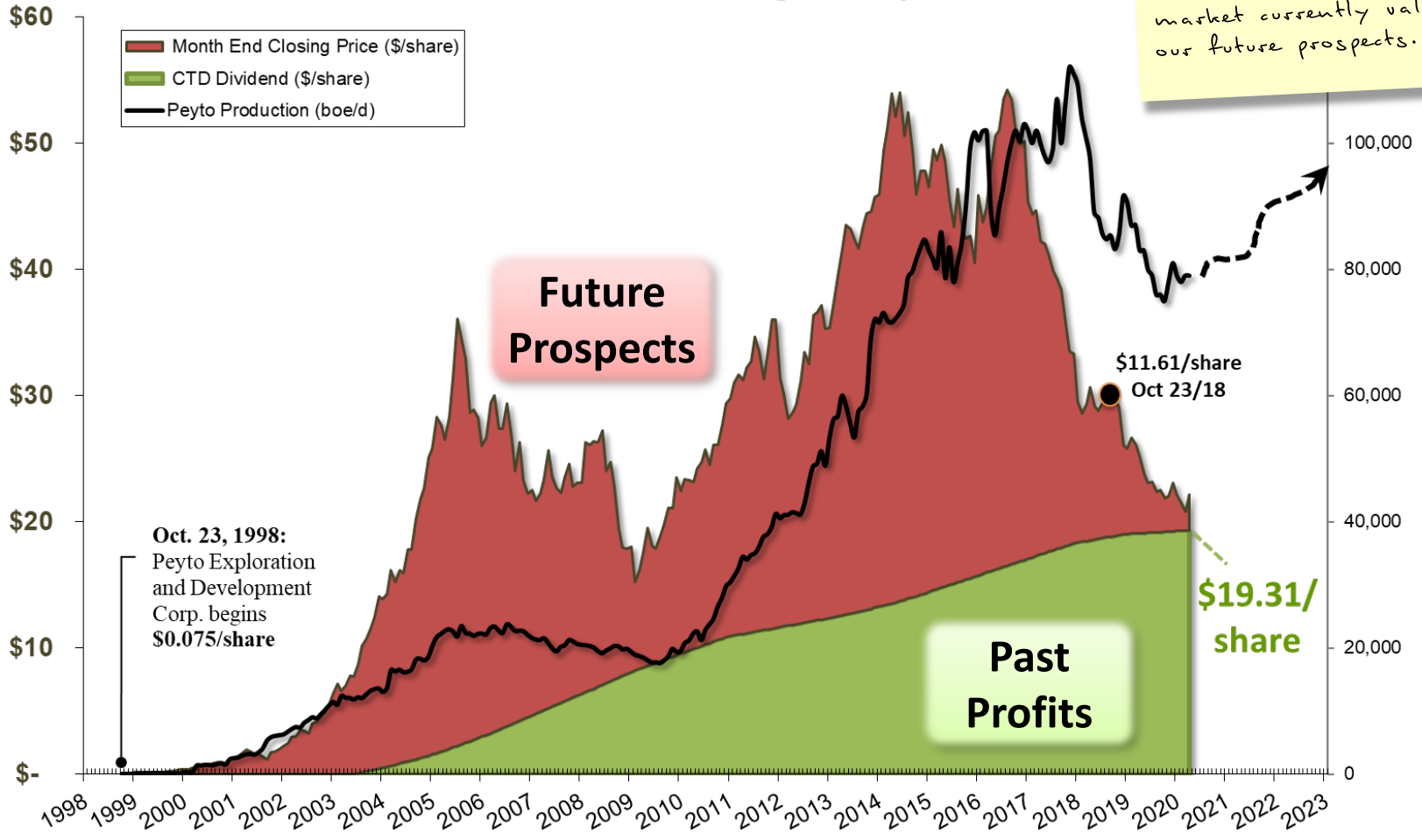
# PEY.TO

## 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. 21 Year Trading History



BOE factor - 6 mcf = 1 bbl of oil equivalent

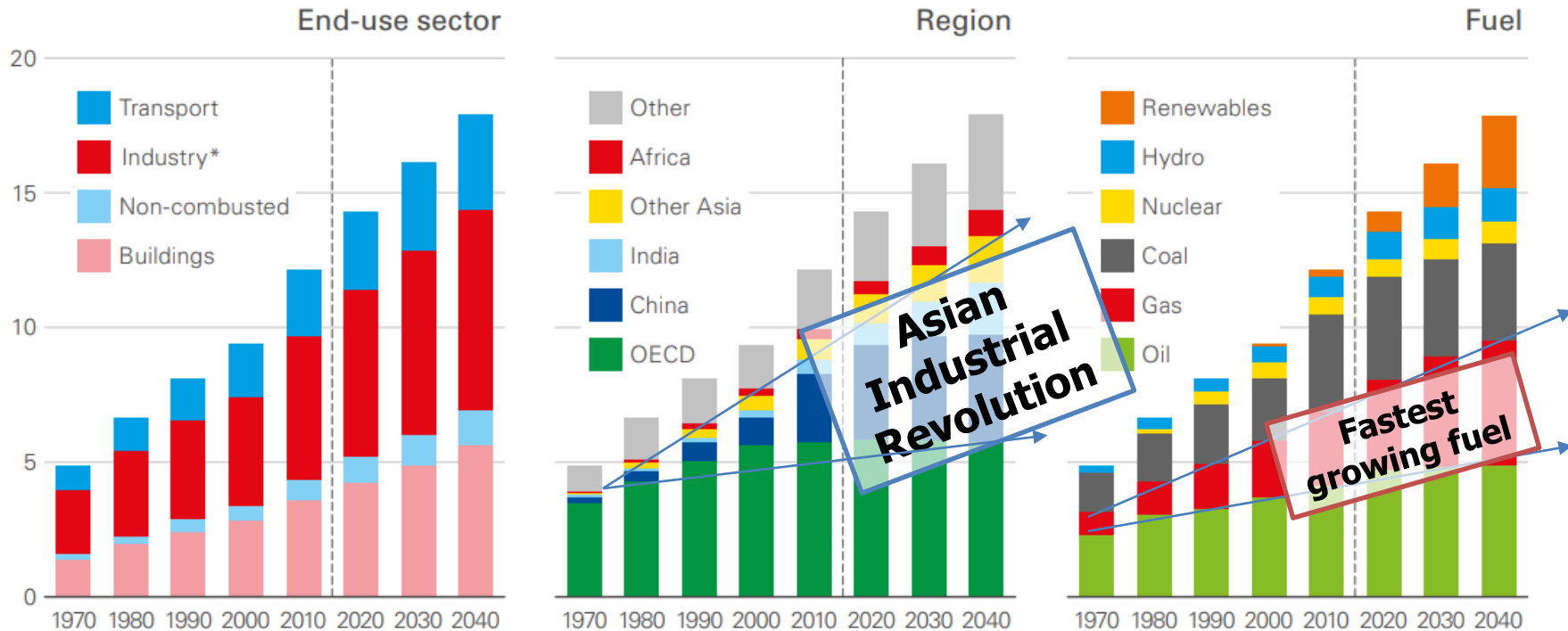
# The Big Picture

*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

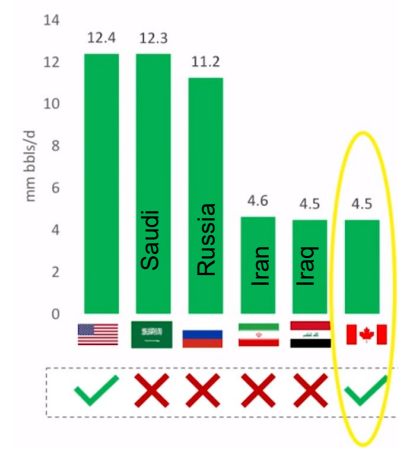
*The World Needs More Canadian Energy*

"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."

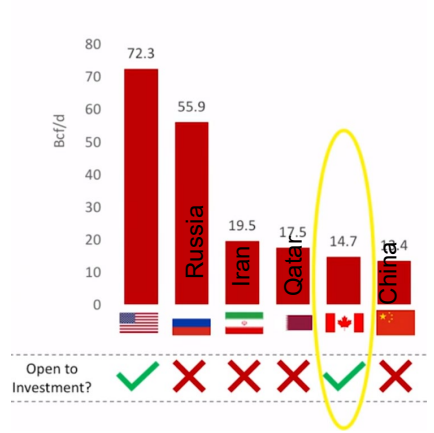
- ✓ Environmental Regulations
- ✓ Worker Safety
- ✓ Human Rights
- ✓ Ethical Standards
- ✓ Gender Equality
- ✓ Indigenous Consultation

✓ **CANADA**

Top Global Oil & NGL Producers - 2016



Top Global Gas Producers - 2016

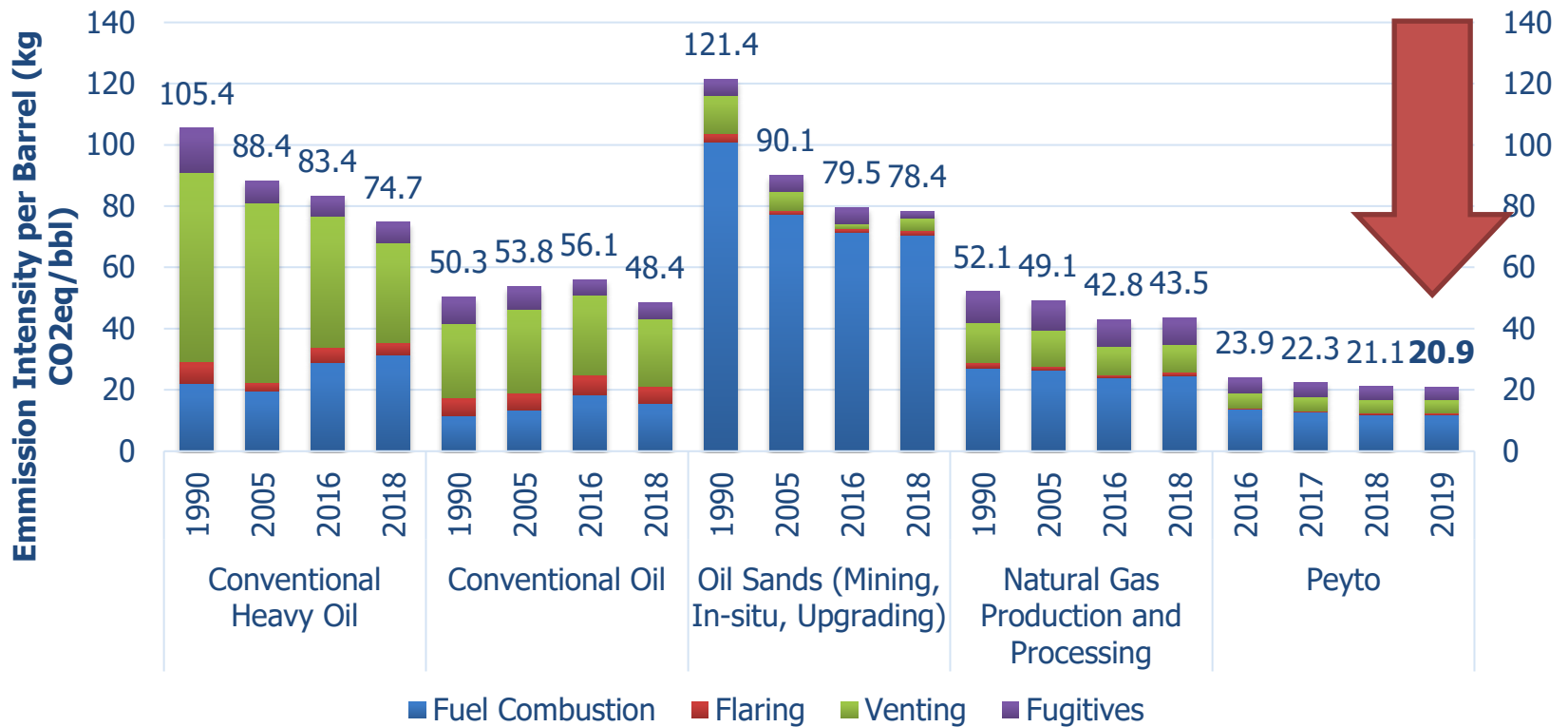


# The Big Picture

*Peyto Does It Better*

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

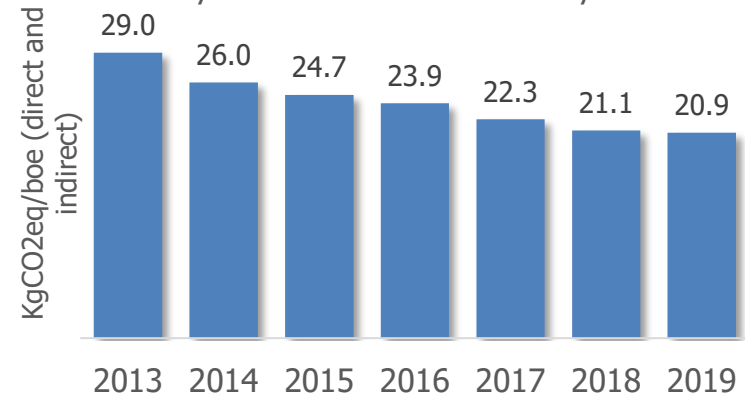
# -28%

in GHG Emissions Intensity\*

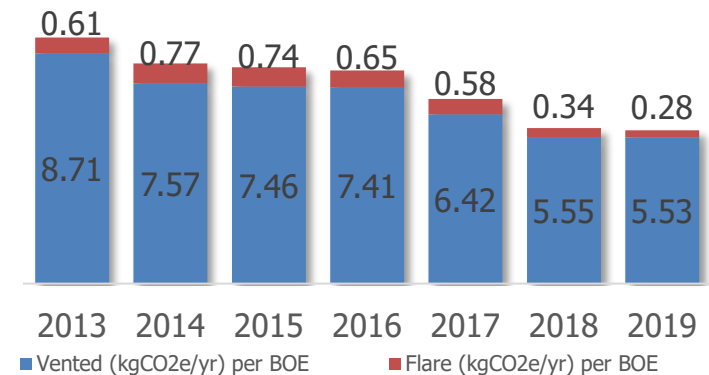
# -38%

In Flared/Vented Methane\*

Peyto GHG Emissions Intensity



Peyto Flaring and Venting of Methane



\*Peyto strives to maintain an accurate GHG emissions inventory from its operations. As such, we go above and beyond currently mandated quantification requirements of vented methane emissions. This proactive approach will facilitate us in mitigating variations in our GHG inventory when the AER implements updated D60 and D17 regulations. For comparative purposes, Peyto's total emissions and emissions intensity will be greater than other industry participants who are currently only reporting mandated quantification requirements. Historical emissions may change in future publications as new data becomes available and our greenhouse gas inventory is refined.

# 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.

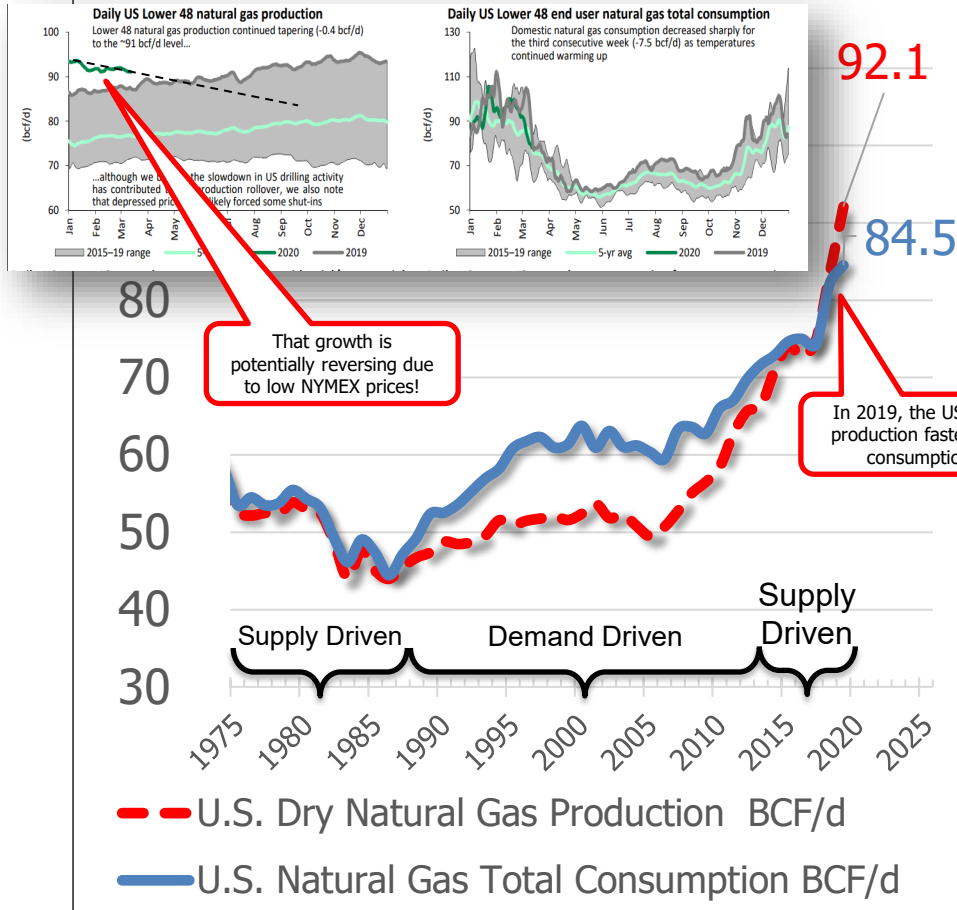
- \* *“Nature’s gas is the fuel for the future.”*
- \* *“Our gas and NGLs have some of the lowest emissions of any hydrocarbons produced in Canada.”*
- \* *“Our business focus is to maximize the return on invested capital – your capital.”*
- \* *“By maintaining low cash costs over the entire production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

# Peyto's Strategy

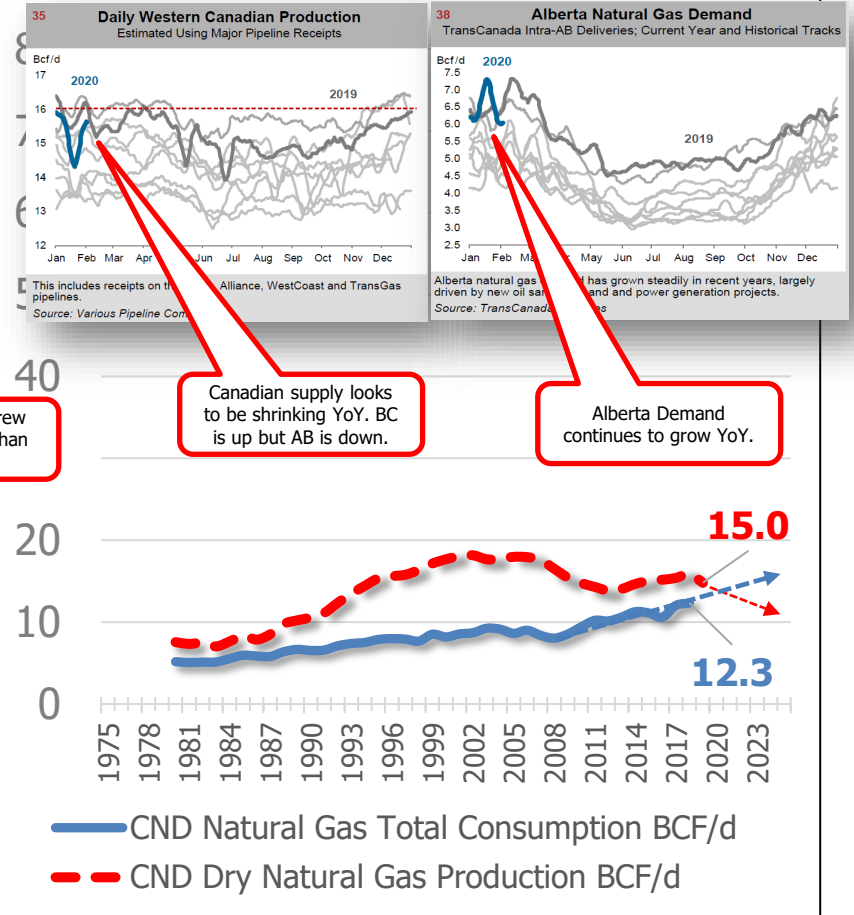
## Changing Gas Market Requires Changing Strategy

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

### US Natural Gas (EIA)



### Canadian Natural Gas (EIA)

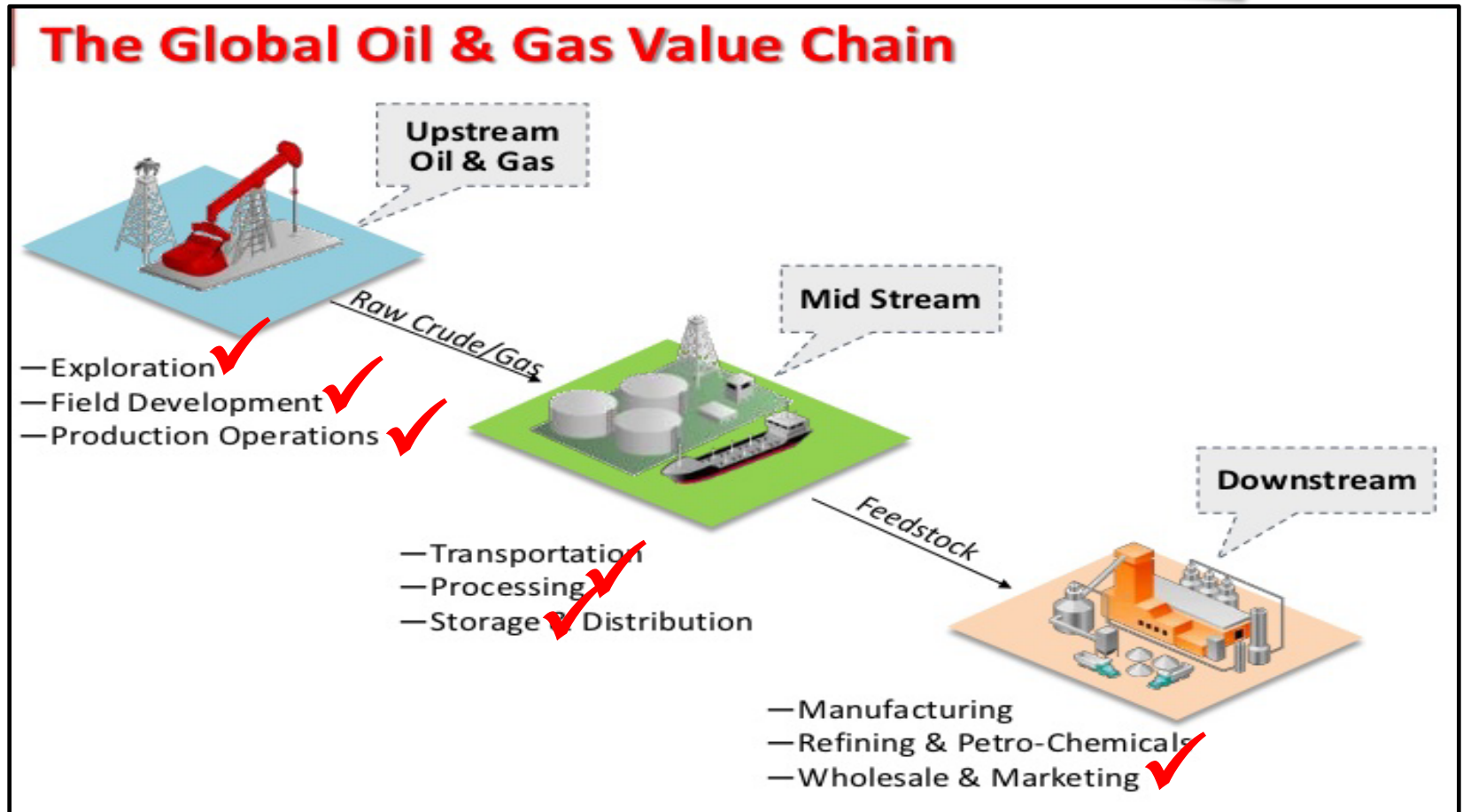




# Peyto's Strategy

*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*



## 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 3<sup>rd</sup>  
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

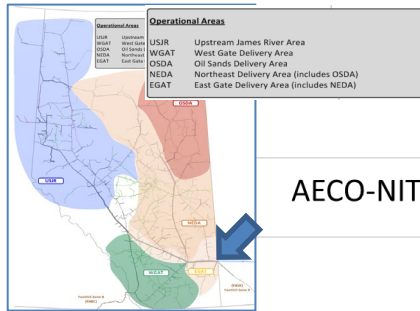
Option to participate in capital  
ownership?

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

# Peyto's Strategy

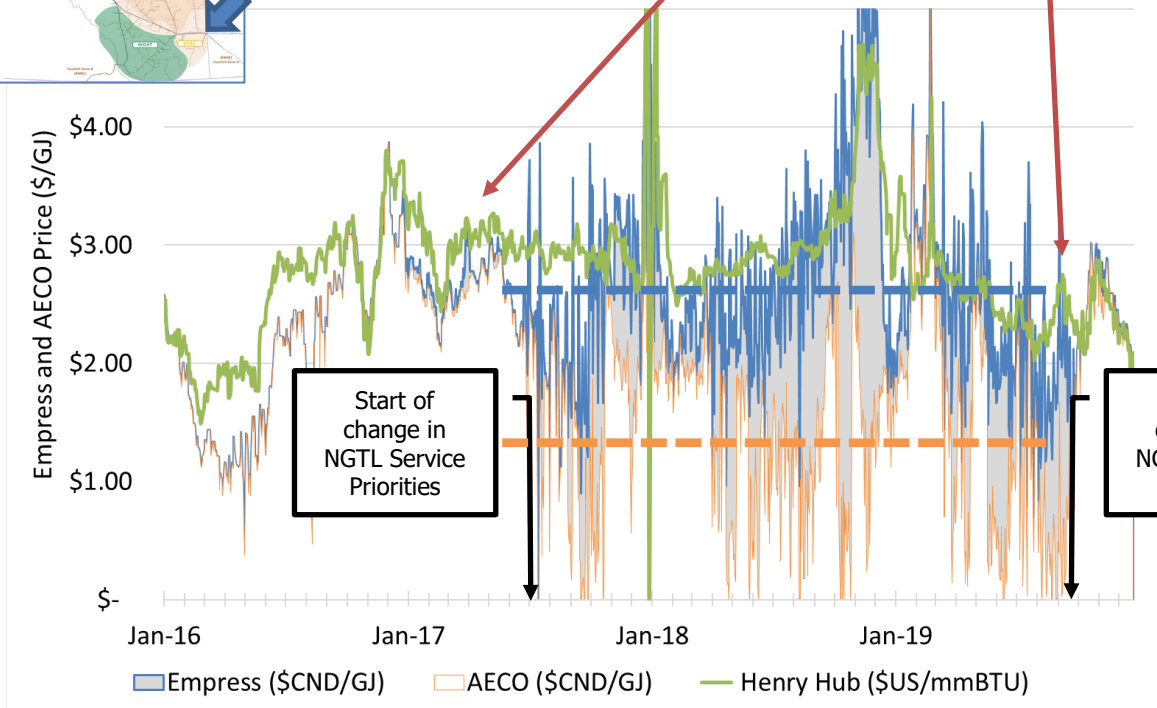
## Alberta Egress Challenge

"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



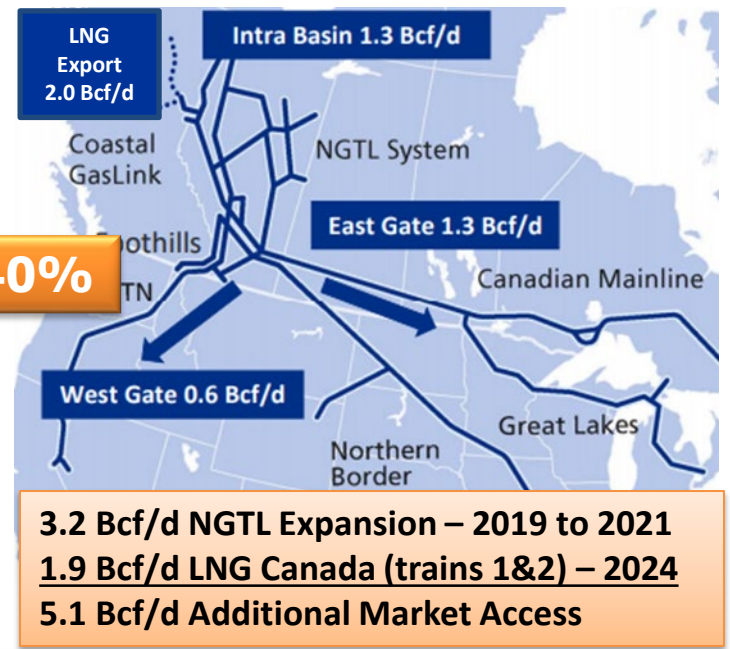
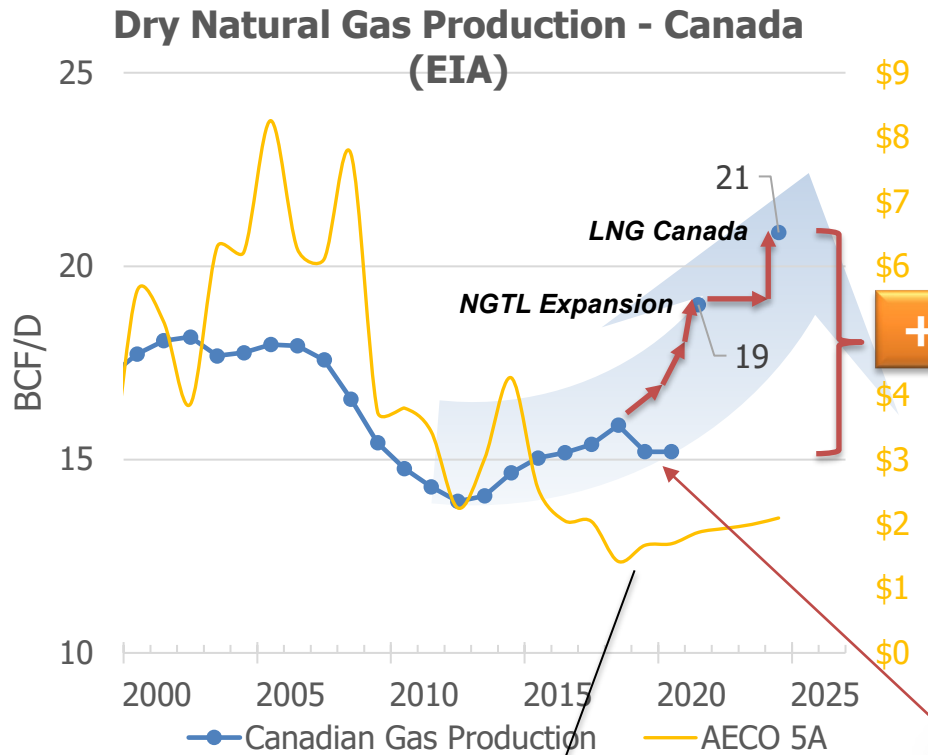
- **New Alberta government has made solving AECO market disconnection a priority**
- **New Ministry of Natural Gas was created to address this issue**
- **Associate Minister Dale Nally and staff have been appointed**

*"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

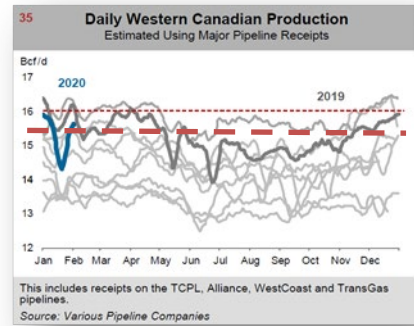
# Peyto's Strategy

## 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."



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 \$6.2 billion in capital to fund organic resource development that has produced \$6.3 billion in funds from operations."

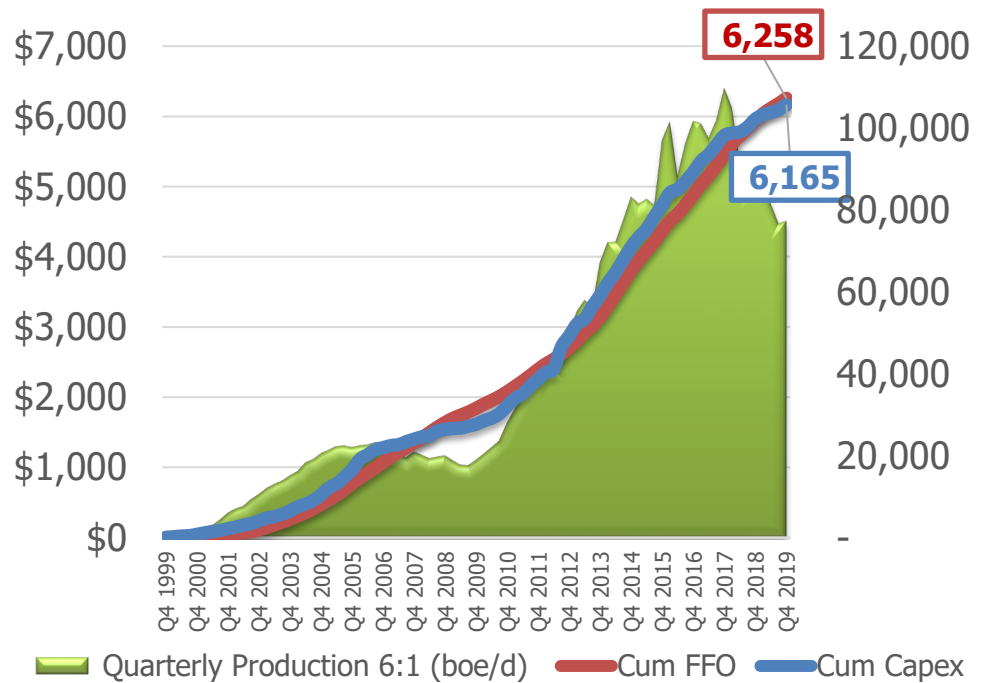


**\$6.3B**

Peyto FFO  
CTD Q4/19

**\$6.2B**

Peyto Capital  
CTD Q4/19





# 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."

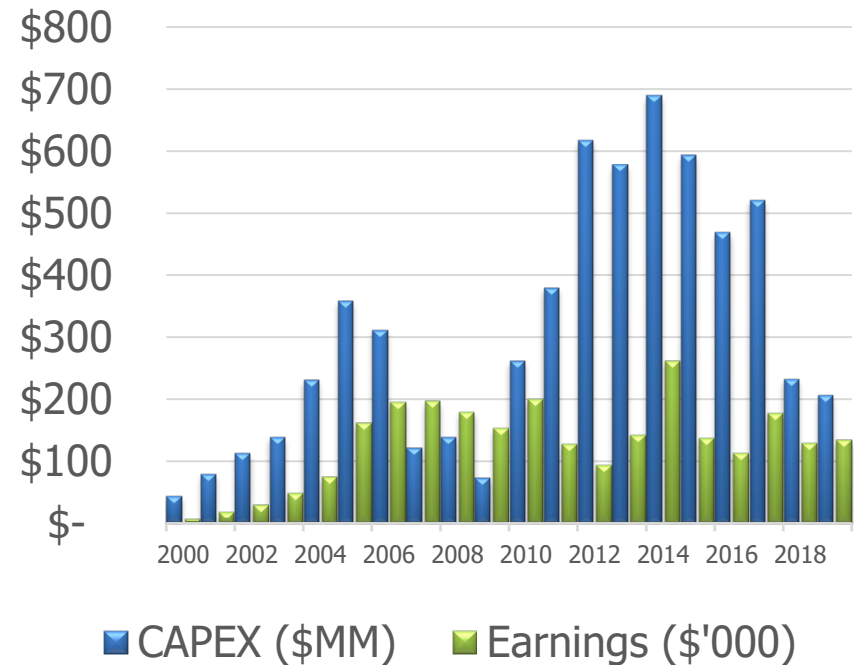
Corp.

# \$6.2B

Peyto Capital  
CTD Q4/19

# \$2.6B

Peyto Earnings  
CTD Q4/19



# 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."

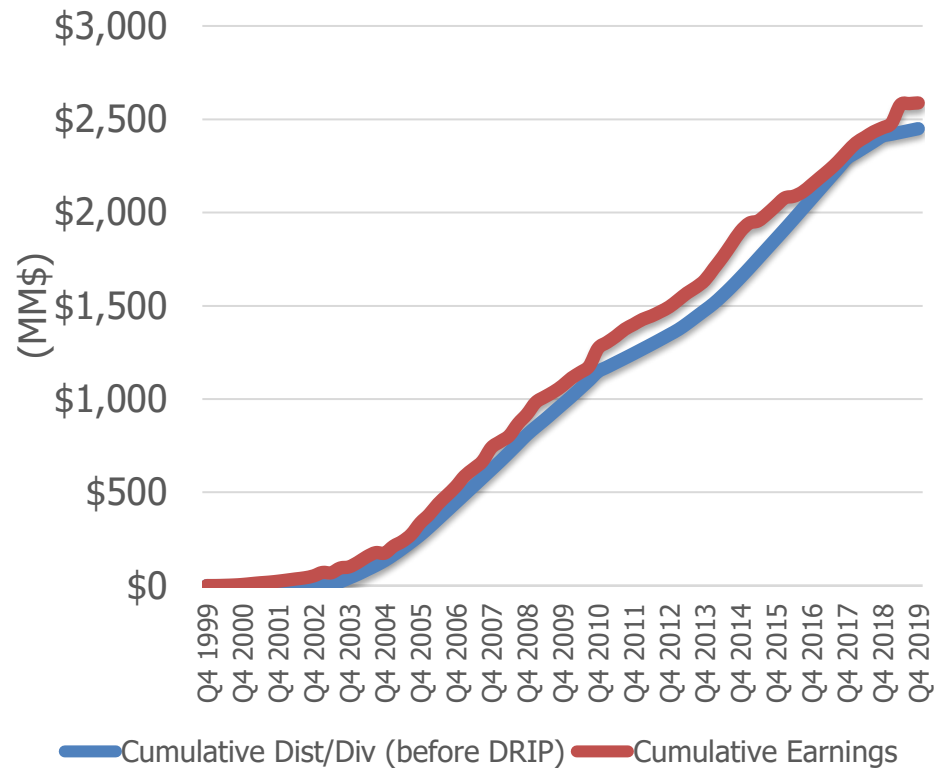


# \$2.6B

Peyto Ctd. Earnings  
Q4/19

# \$2.5B

Peyto Ctd. Dist/Div.  
Q4/19



# Peyto's Profitable Business





# Peyto's Profitable Business

"Build it for less than we sell it"

"2019 supply cost was up as Peyto targeted more liquids-rich Cardium production. Sales price for this new production was 70% higher than the 2019 average production."

	<u>PEY 2014</u>	<u>PEY 2015</u>	<u>PEY 2016</u>	<u>PEY 2017</u>	<u>PEY 2018</u>	<u>PEY 2019</u>
PDP FD&A \$/mcf	(\$2.25)	(\$1.64)	(\$1.44)	(\$1.36)	(\$1.18)	(\$1.55)
Cash Costs \$/mcf	(\$1.08)	(\$0.81)	(\$0.76)	(\$0.83)	(\$0.92)	(\$0.95)
Supply Cost	(\$3.26)	(\$2.45)	(\$2.20)	(\$2.19)	(\$2.10)	(\$2.50)
Sales Price \$/mcf	\$5.04	\$3.83	\$3.18	\$3.38	\$3.27	\$2.78
Profit \$/mcf	\$1.71	\$1.38	\$0.98	\$1.19	\$1.17	\$0.28
Profit Margin	34%	36%	31%	35%	36%	10%
Dividend \$/mcf	\$1.05	\$1.11	\$1.01	\$0.97	\$0.59	\$0.22

2019  
Land/Acq/Disp  
Seismic  
Drilling  
Compl.  
Wellsite  
Facilities  
**\$206MM**  
ΔPDP (22 mmboes)  
  
2019 FD&A  
\$1.55/mcfe

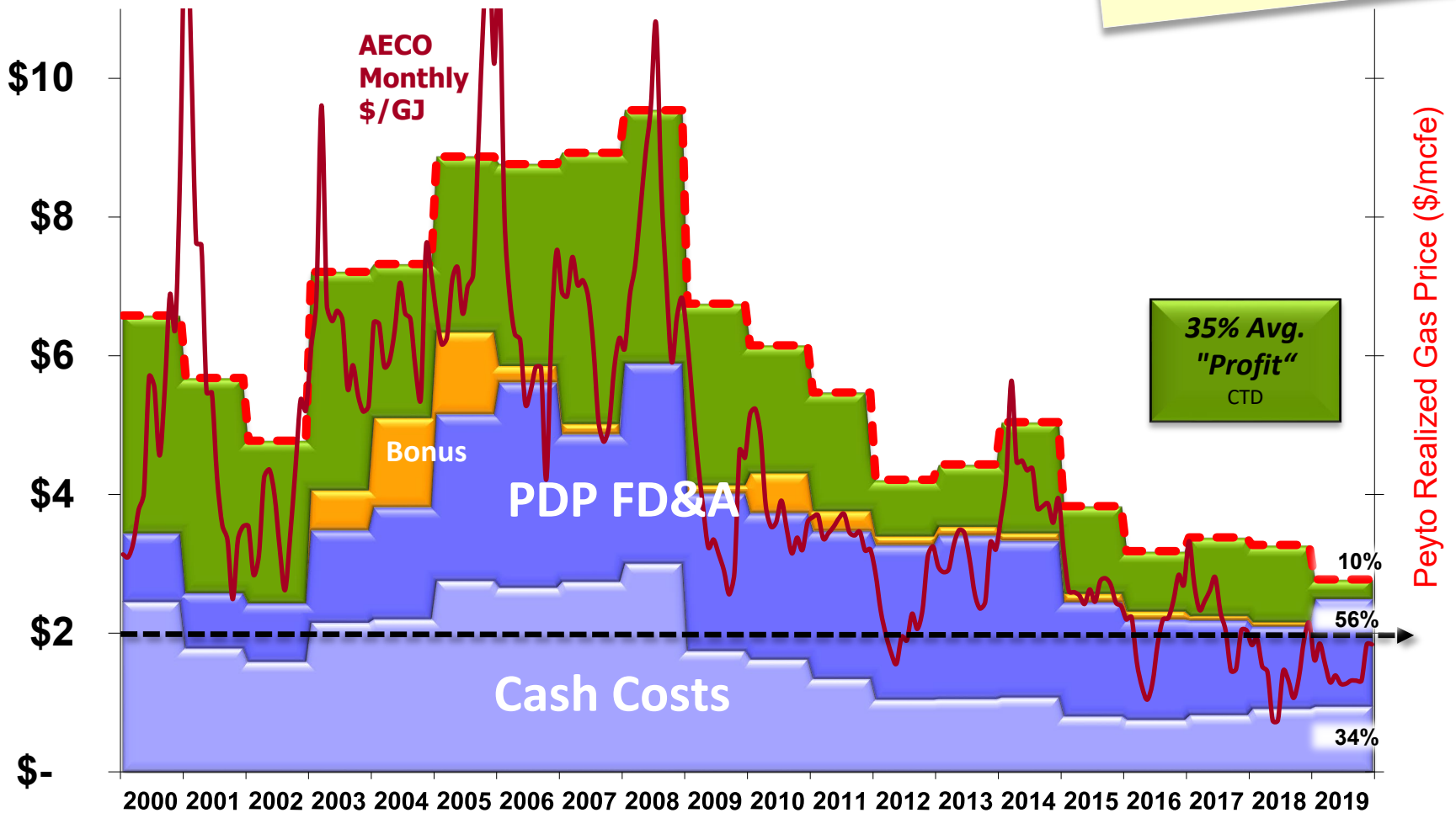
Royalties (\$0.08)  
Opex (\$0.34)  
Transport (\$0.19)  
G&A (\$0.04)  
Interest (\$0.30)  
Total Costs (\$0.95)

86% Gas @\$1.67/GJ\*1.15 HC  
14% NGLs@\$45/bbl=(60%of \$75oil)  
**\$2.62/mcfe**  
**\$0.16/mcfe hedge gain**  
**\$2.78/mcfe**

# Peyto's Profitable Business

*The Price Bar Is Now Very Low, We Must Go Lower*

"We need to continue to reduce costs, particularly FD&A costs so that total costs are less than \$2. That way we can preserve our historical 35% average profit margin."



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

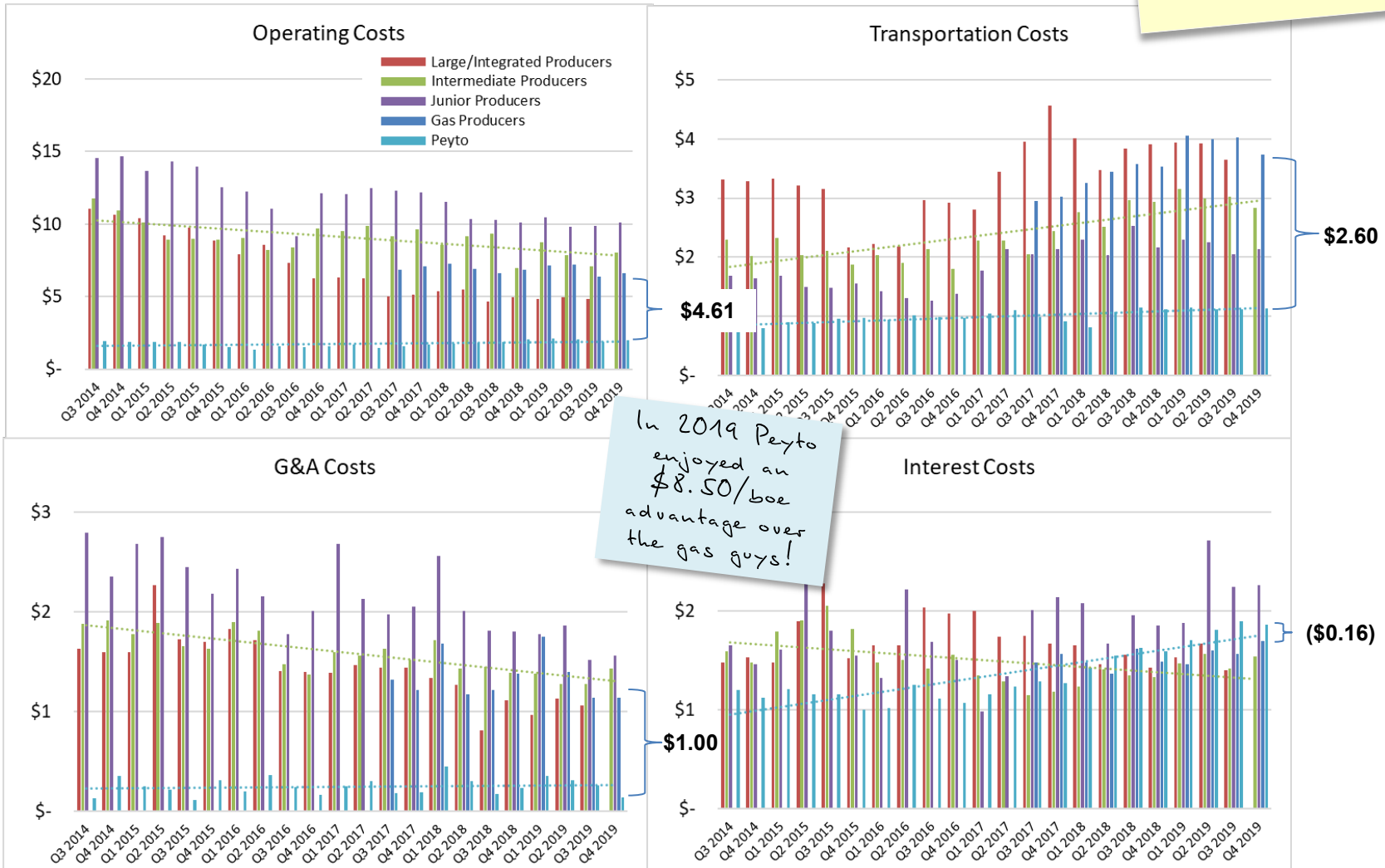


# Peyto's Profitable Business

## 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."

Exp



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.

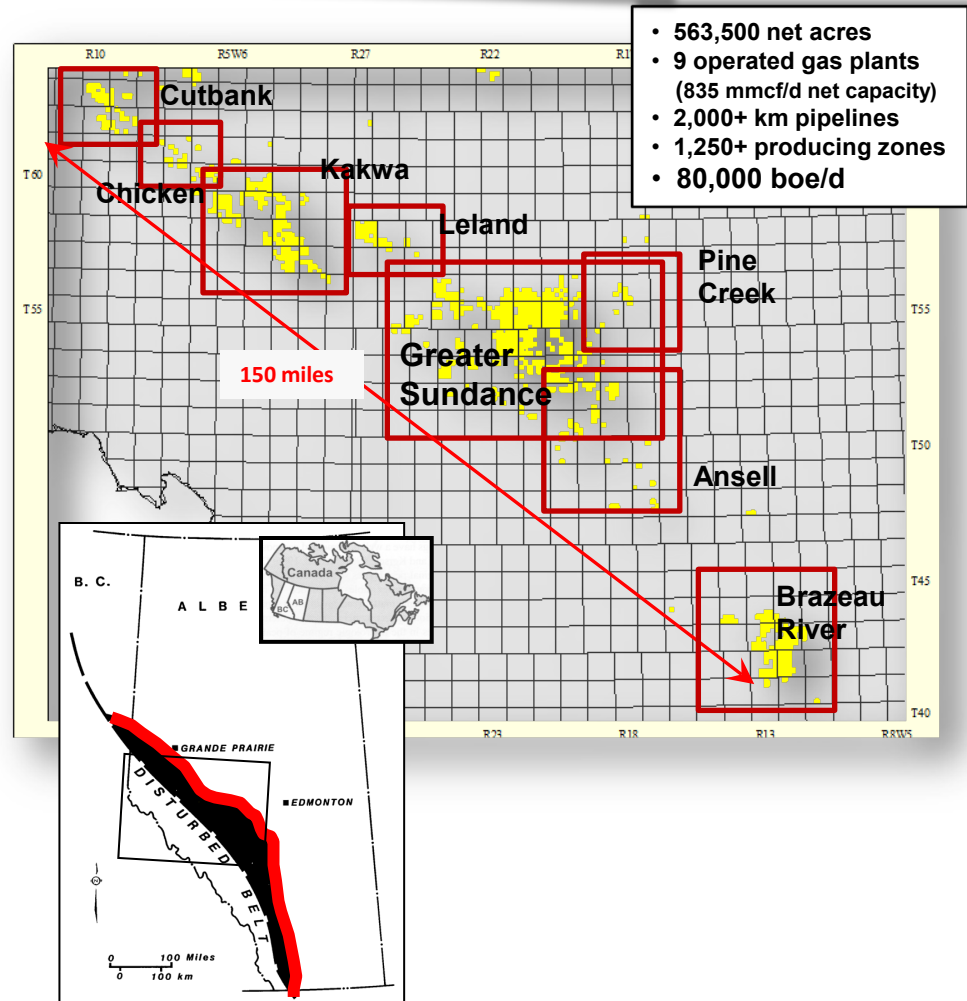


# 99%

Of Production:  
Processed by Peyto  
Operated by Peyto

# 99%

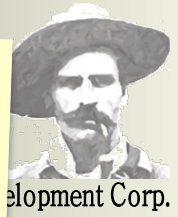
Working Interest in 9  
Processing Facilities



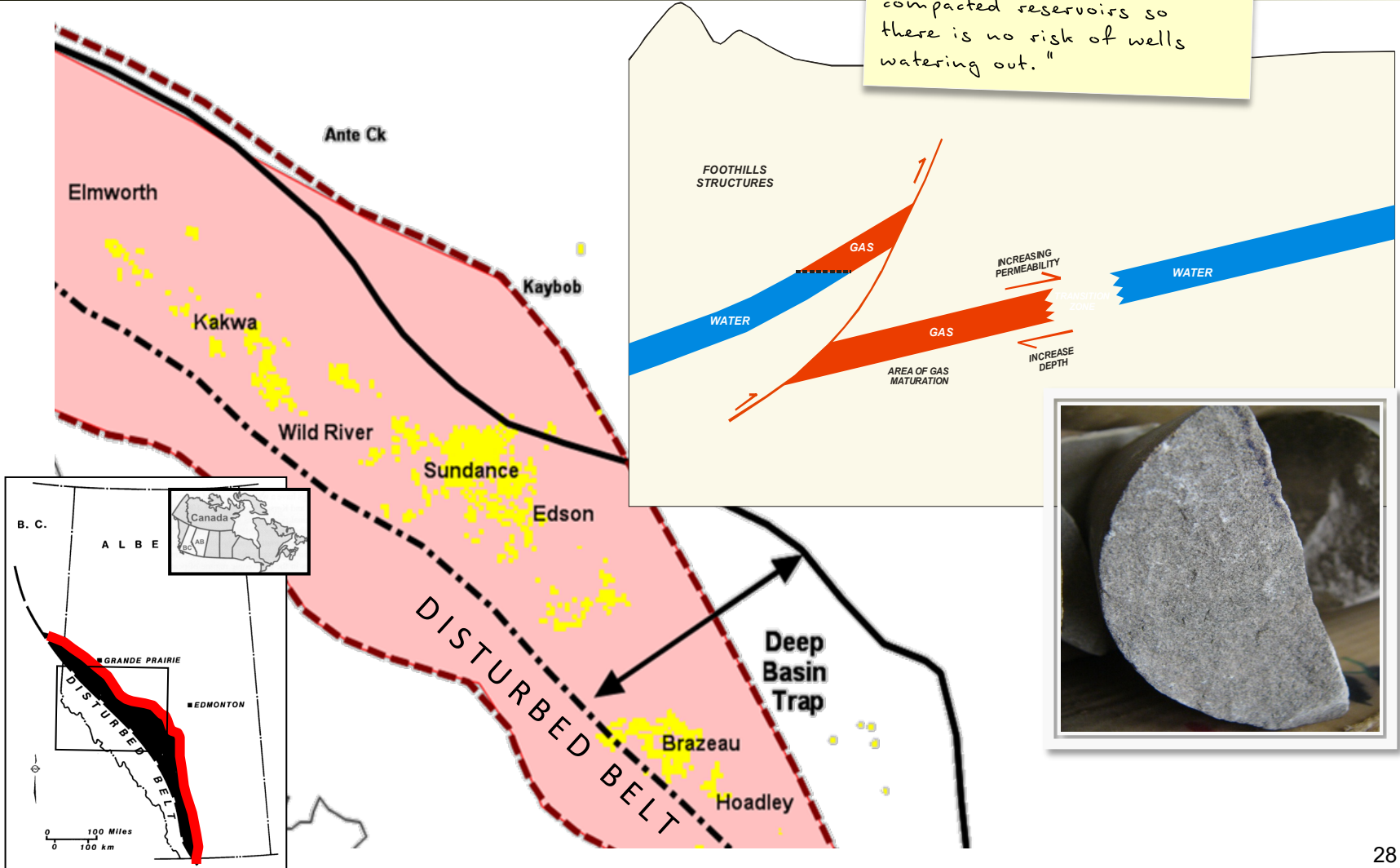


# Peyto's Assets

## Deep Basin Permeability Segregation



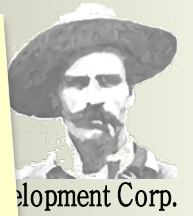
"The Deep Basin is a permeability trap, because the fluids in the updip position can't travel through these fine grained, tightly compacted reservoirs so there is no risk of wells watering out."



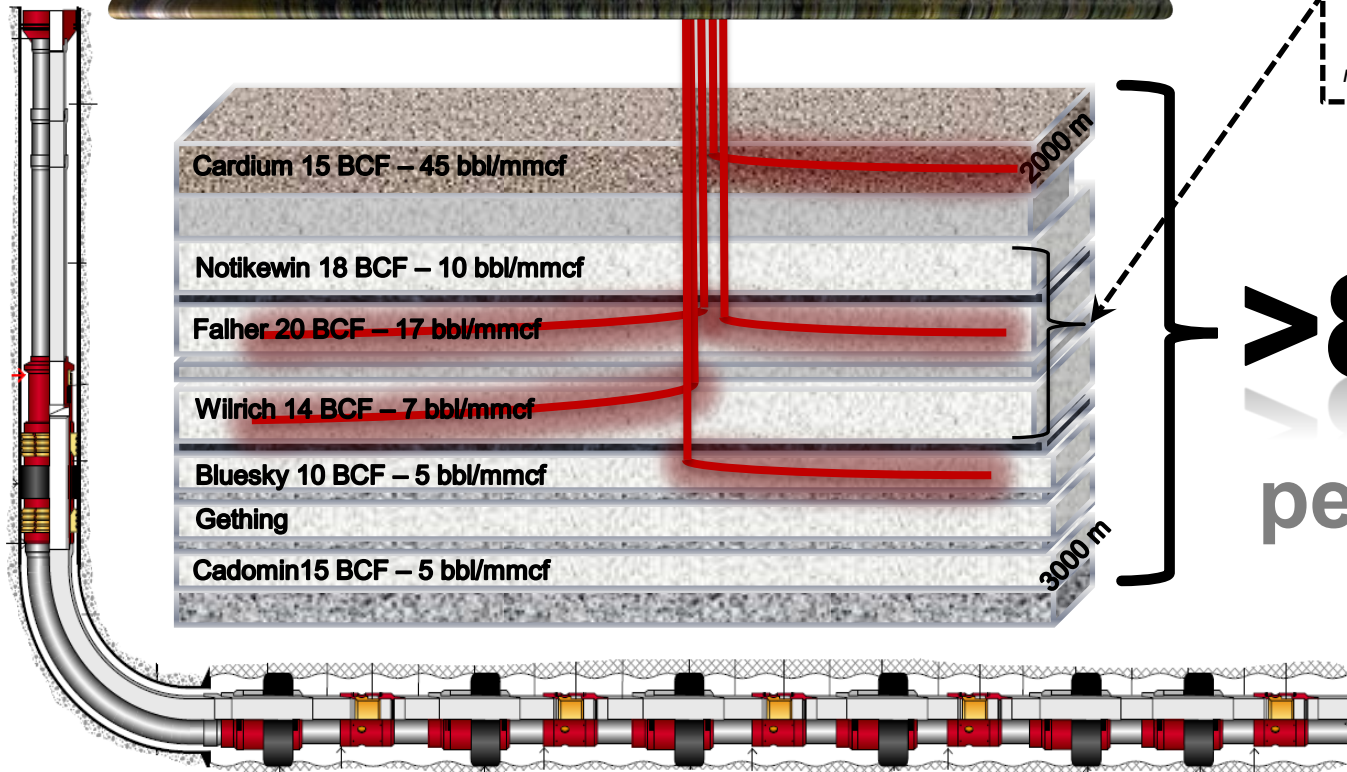
# Peyto's Assets

## 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 30+ years worth of drilling inventory at current pace."

	Done <sup>1</sup>		To Do	
	Total Vertical Wells	Total Hz Wells	Total Hz(Vt) Locations Booked <sup>2</sup>	Total Hz Locations Unbooked <sup>3</sup>
<b>SMOKY</b>				
CHINOOK ●✱				
PUSKWASKAU □				
BADHEART ●	2		(2)	
MUSKIKI □	440	163	430(12)	419
CARDIUM ●				
KASKAPAU □				
DOE CK ●✱				
POLUCE COUPE				
<b>DUNVEGAN</b> ●✱ X	5	1	2	4
SHAFTS-BURY □				
BELLE FOURCHE □				
FISH SCALE □				
WESTGATE □	1		2(2)	23
PADDY ✱				
CADOTTE ✱				
HARMON □				
<b>FORT ST. JOHN</b>				
NOTIKEWIN ✱	90	178	183(2)	75
A	7	74	40	17
B		113	169	218
C				
D				
E				
F				
SPIRIT RIVER	15	388	2	39
FALHER ✱ X			363	154
WILRICH □				
BLUESKY ●✱△	4	40	55	38
<b>BULL-HEAD</b>				
GETHING ●✱△ X	12	2	18	205
CADOMIN ●✱	87	2		
<b>Montney</b>		1	0	120
	663	962	1,264(16)	1,312
			1,280	<del>1,312</del>

1. Drilling to Dec 31, 2019  
 2. As recognized in the IPC independent reserve report dated Dec. 31, 2019  
 3. Unbooked internal location inventory based on Company net sand and 3D seismic mapping

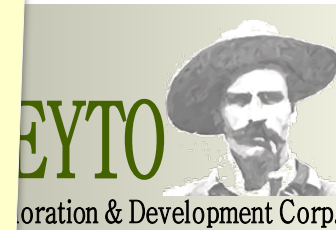
>2,500 locations



# Peyto's Assets

Deep Basin Lands Go A Long Way

"We purchased 130 sections of new land in 2019 at \$44/acre. With less than 11% of our lands developed, the undeveloped acreage could potentially accommodate well over 10,000 more locations."



# 881

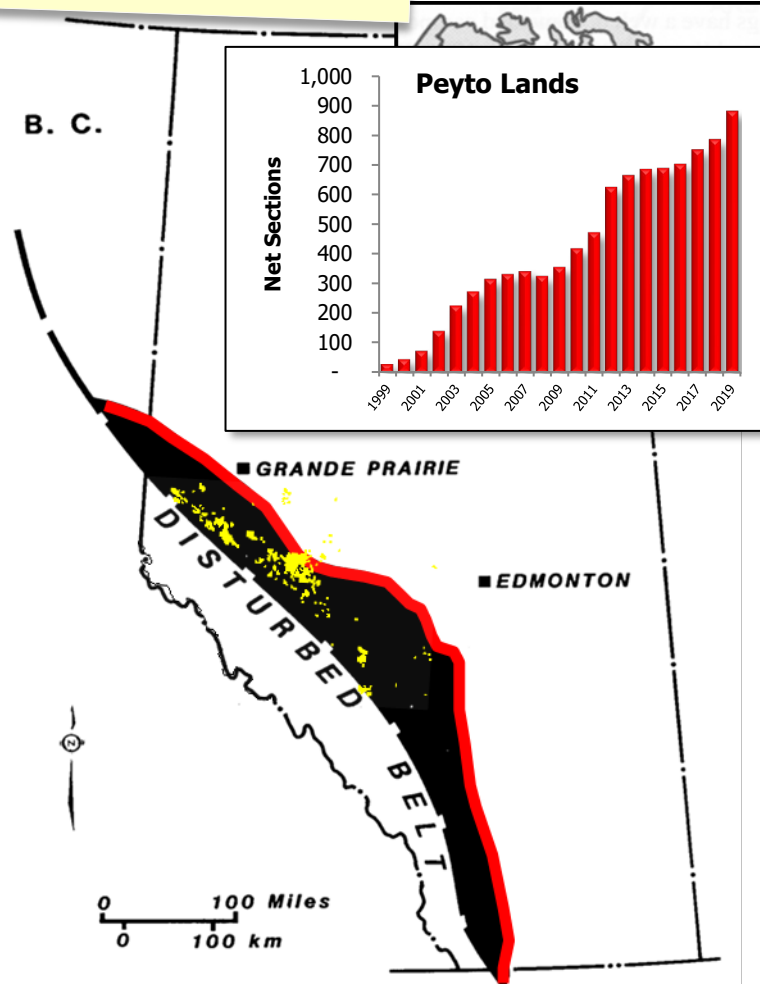
Net Peyto Sections

# 3,247

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

# 348

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

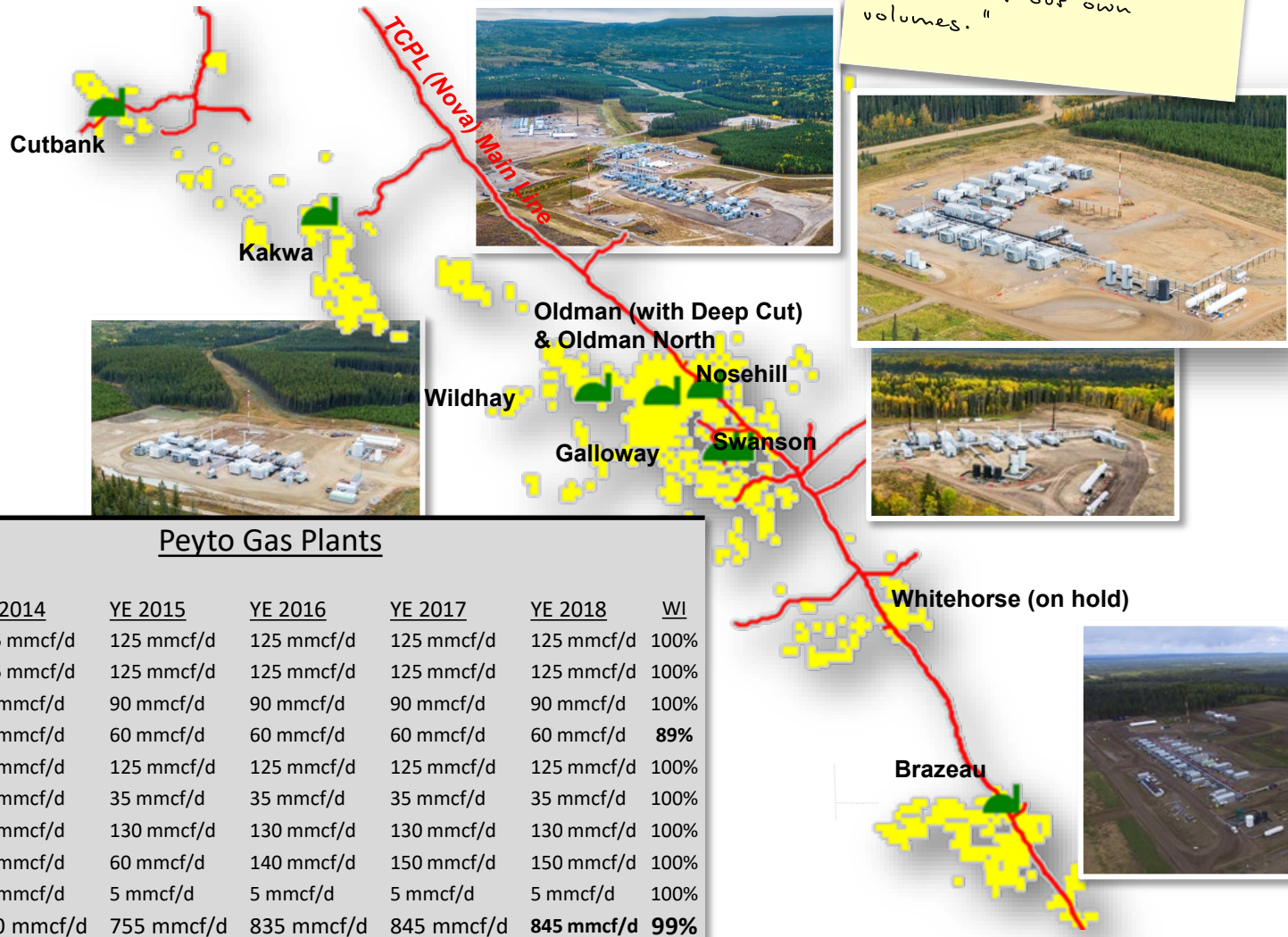


TCFe of PD EUR – Trillion Cubic Feet equivalent of Proven Developed Estimated Ultimate Recoverable  
\*Based on InSite Petroleum Consultants Dec 31, 2019 Reserve Report.  
Lands at Dec 31, 2019

# 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."



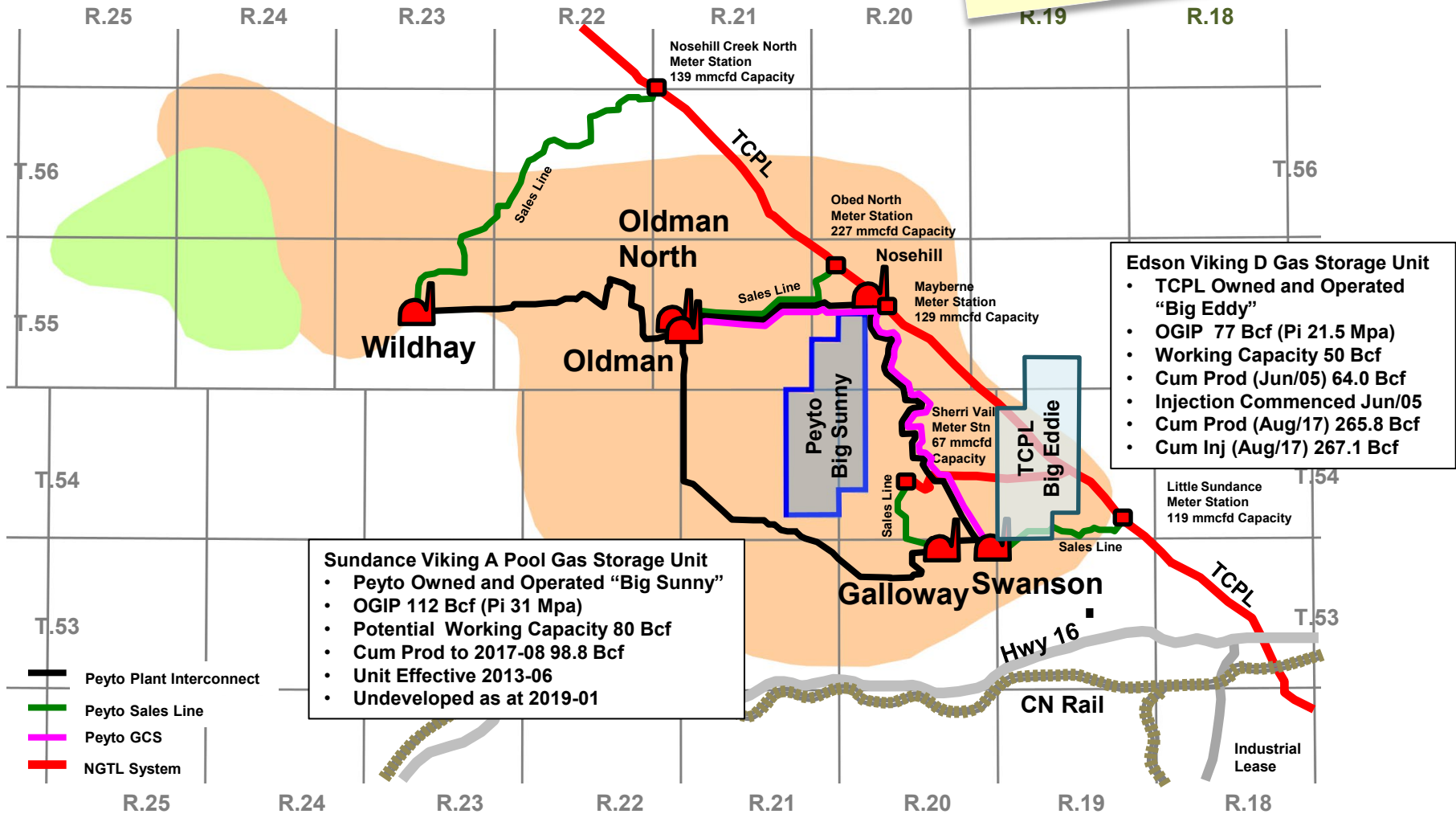
Peyto Gas Plants

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

# 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."

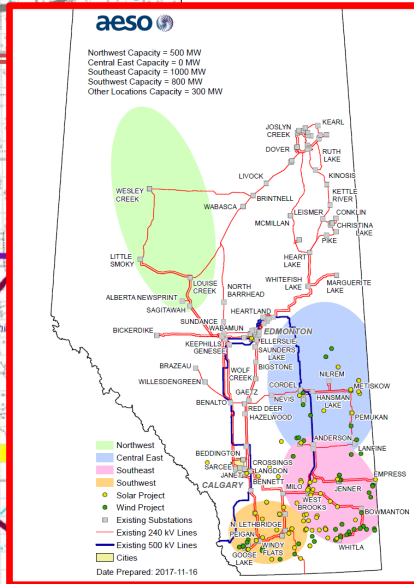
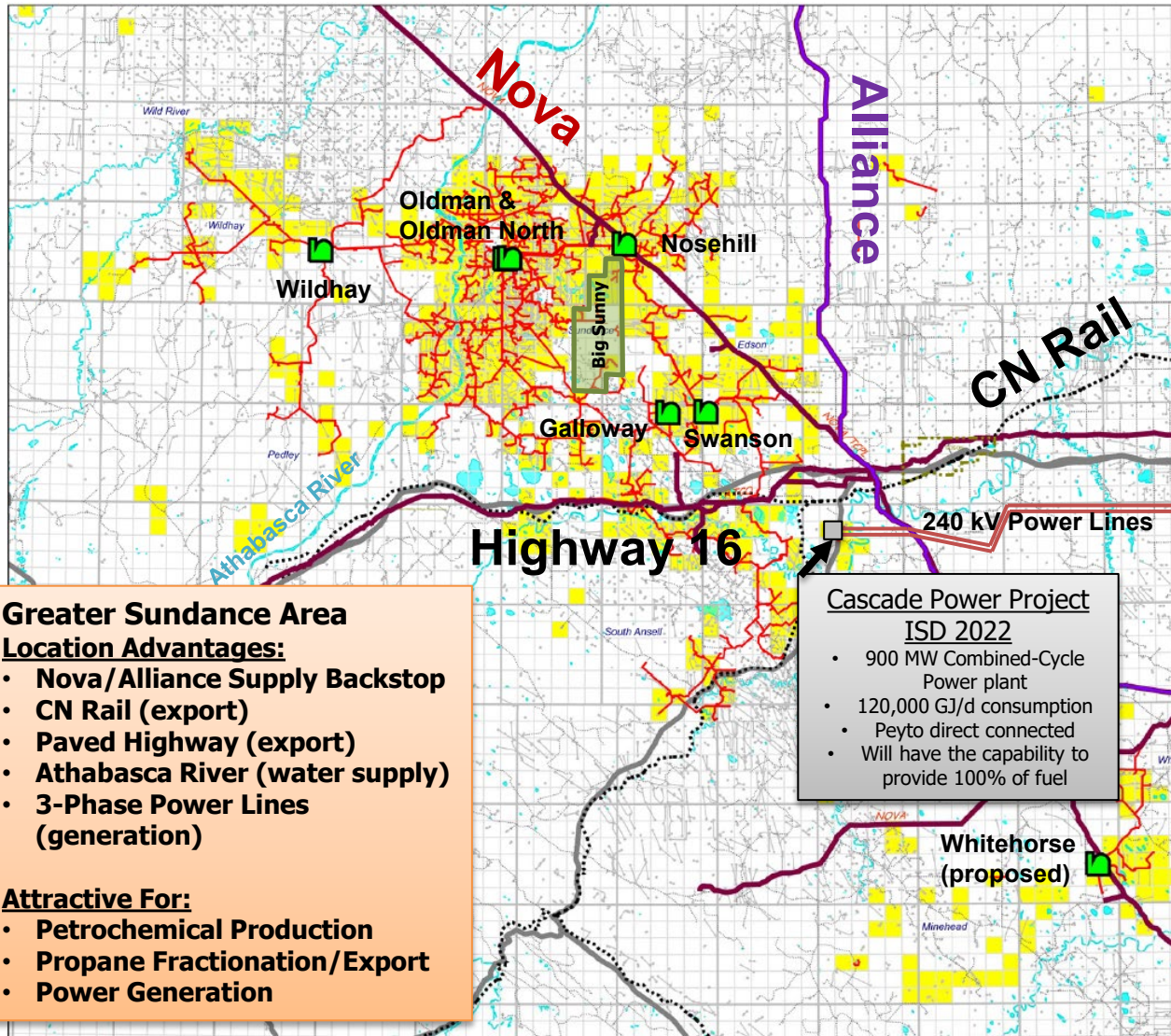




# Peyto's Assets

## 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

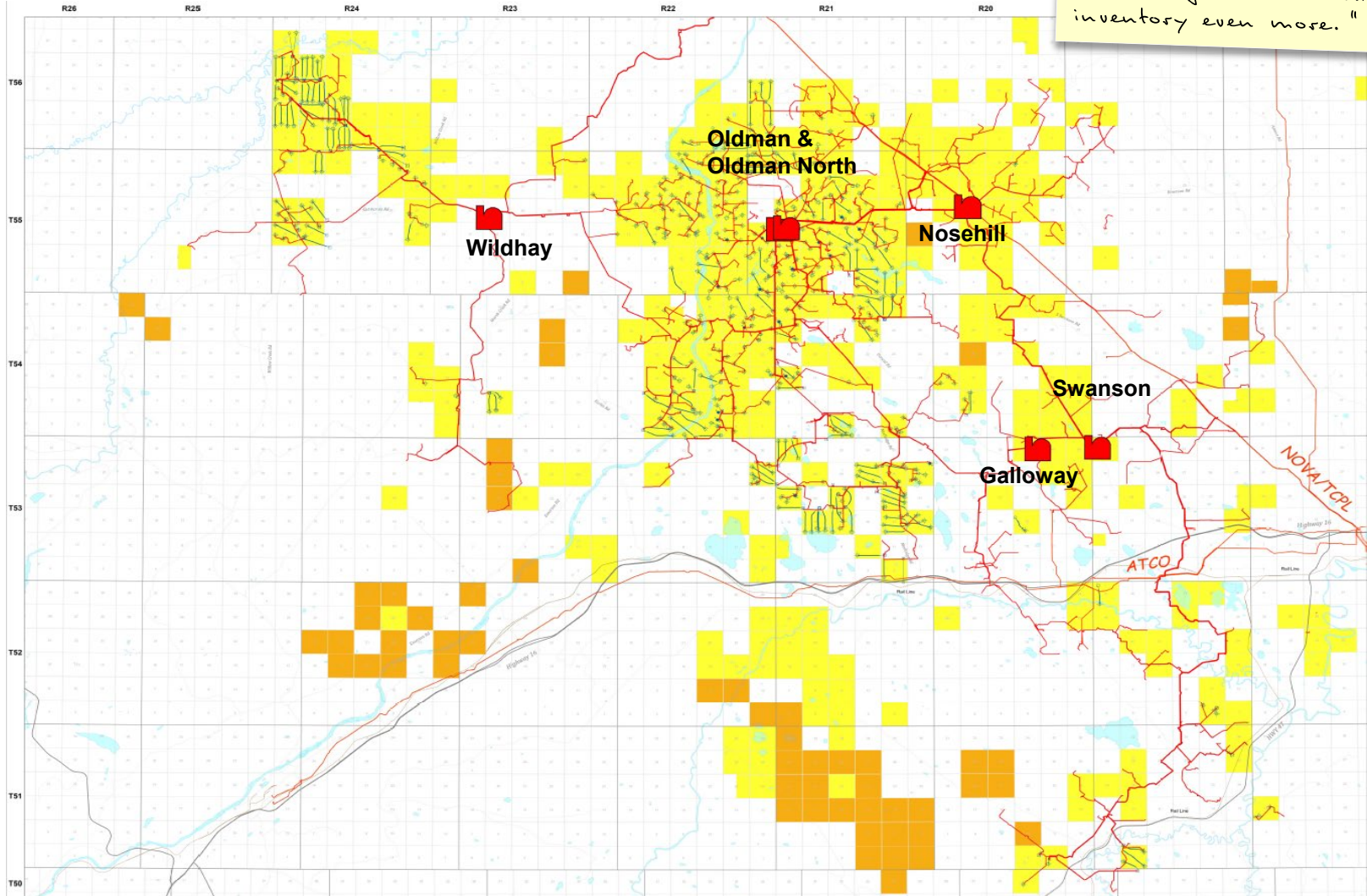
**Cascade Power Project**  
ISD 2022

- 900 MW Combined-Cycle Power plant
- 120,000 GJ/d consumption
- Peyto direct connected
- Will have the capability to provide 100% of fuel

# 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."



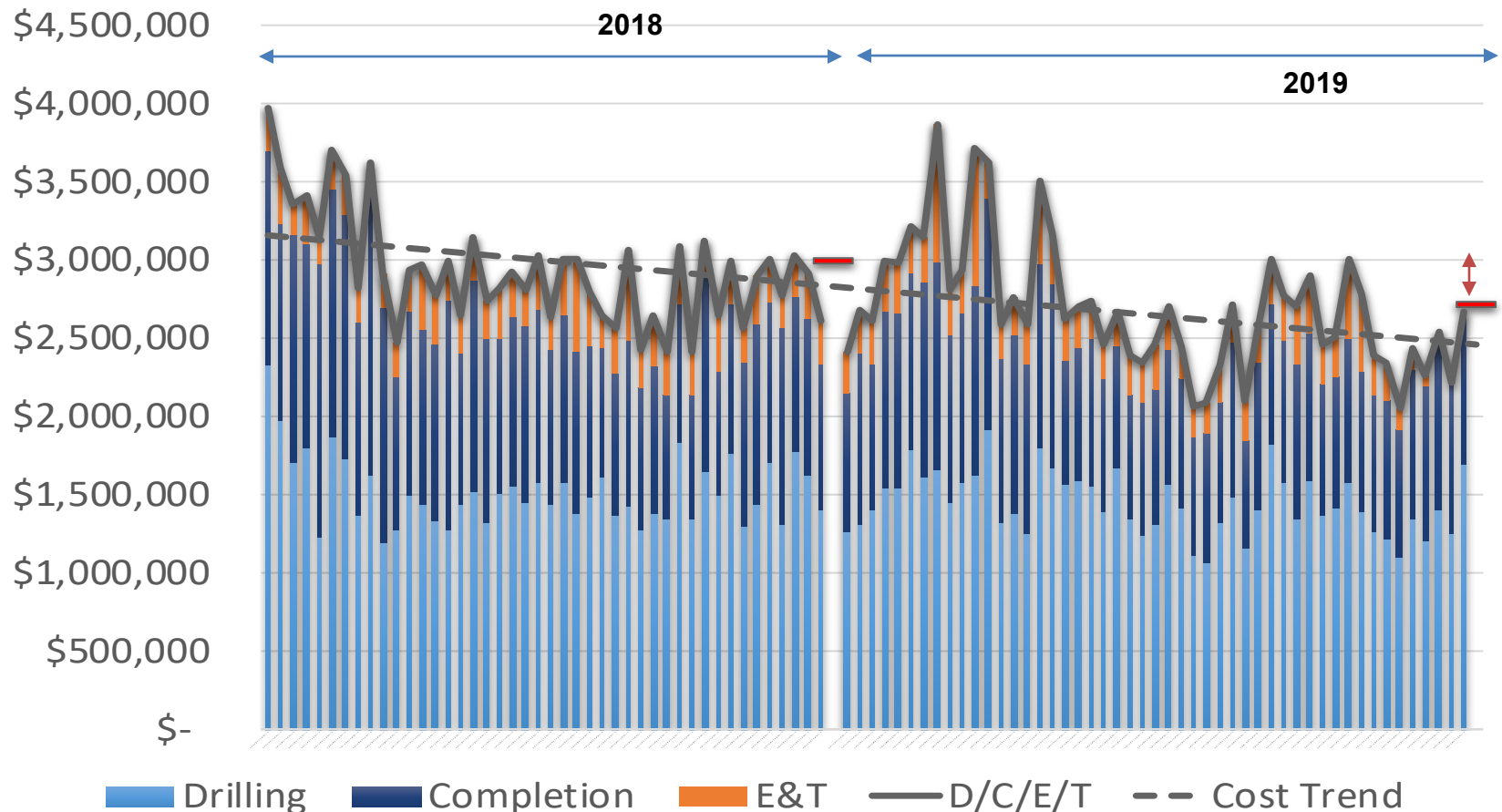


# Peyto's Assets

## 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



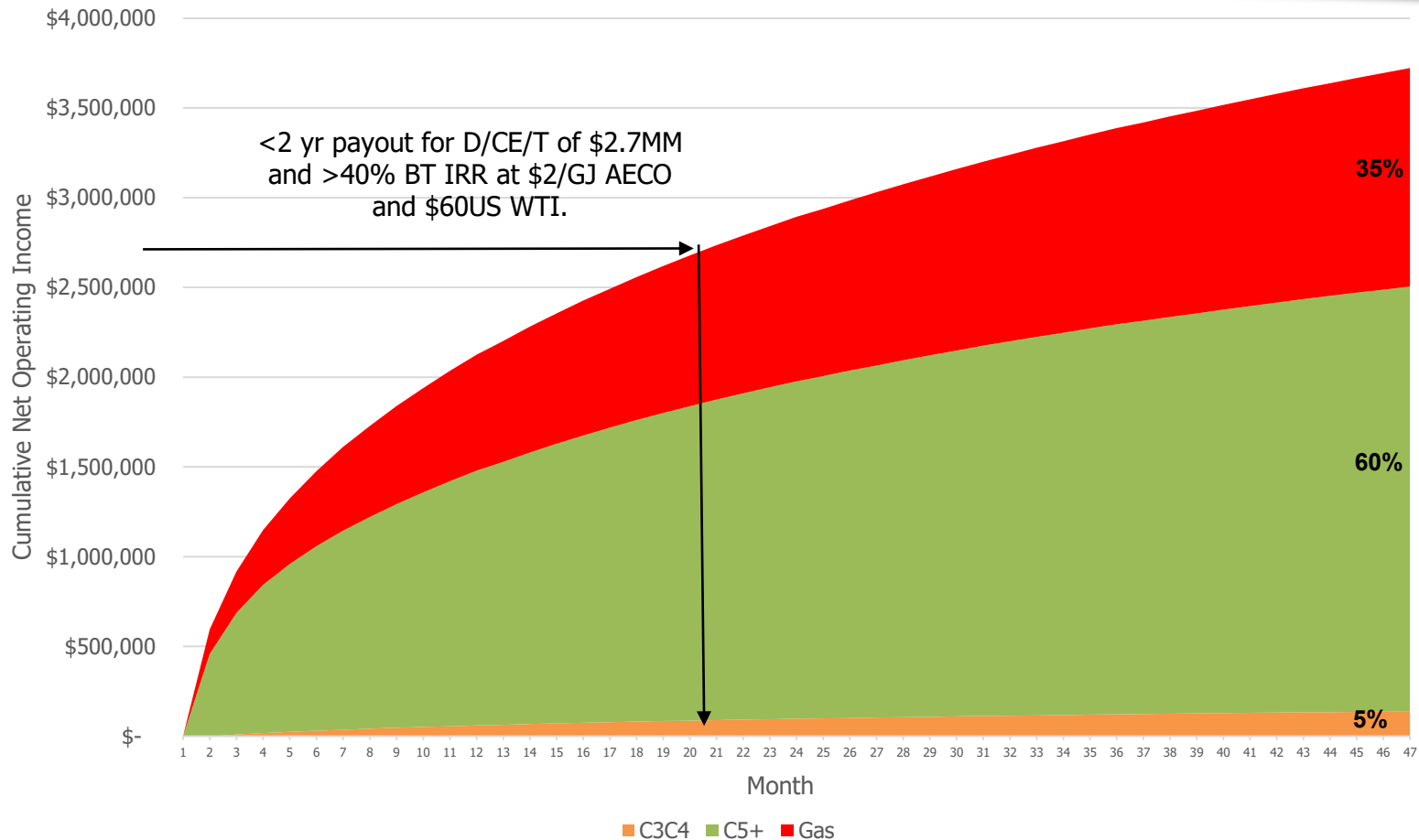


# Peyto's Assets

## The "New" Cardium Play – Liquids Rich Revenue

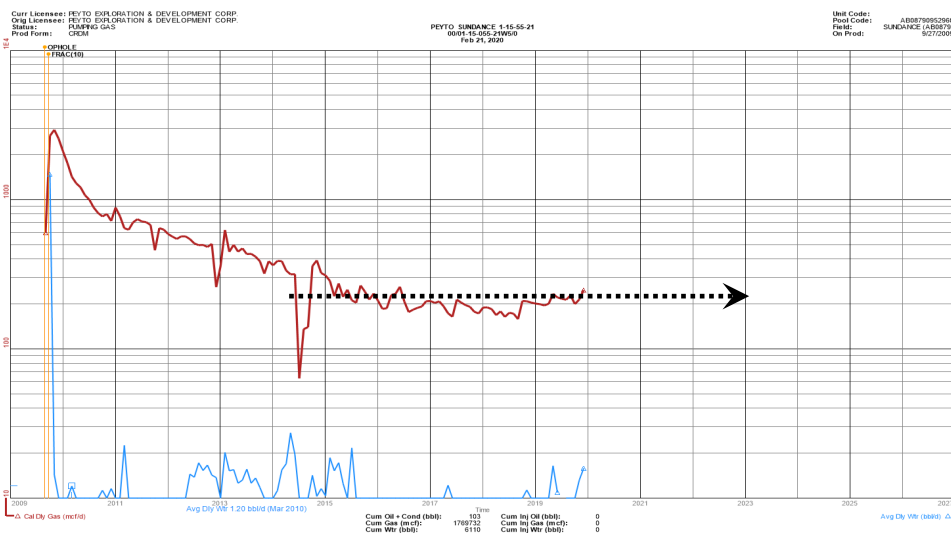
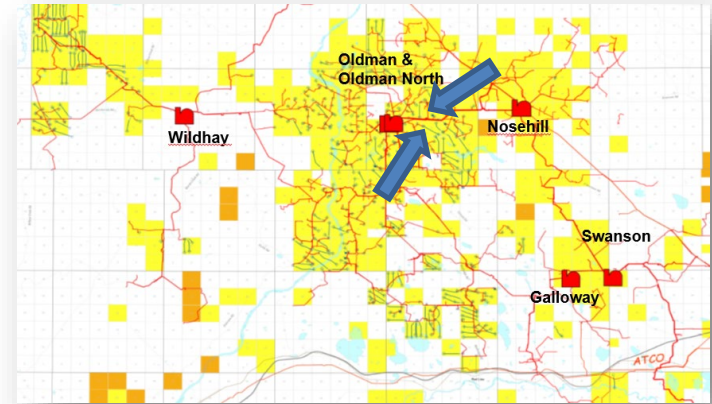
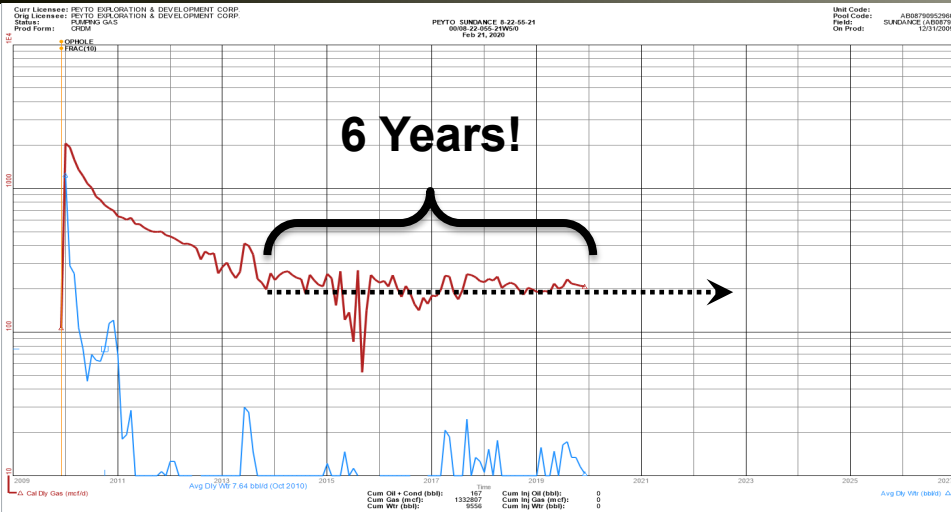
"The bulk of the Net Operating Income (revenue minus opex, transp, roy) for a typical Cardium well in West Wildhay, for example, is from the liquids. This is the big driver of the returns."

### Wildhay Cardium NOI by Component



# Peyto's Assets

First 2 Cardium Hz's Have Reached Terminal Decline

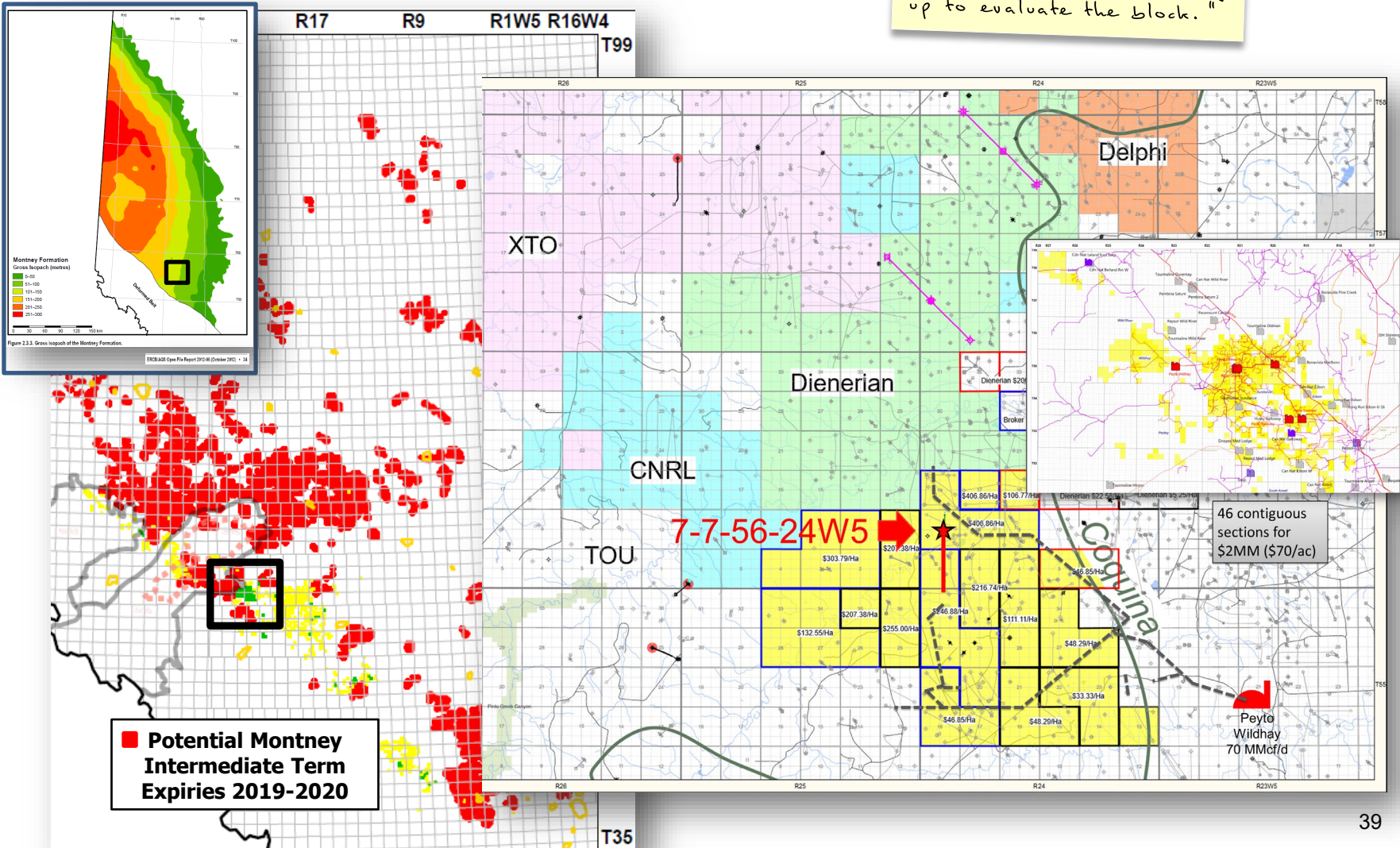
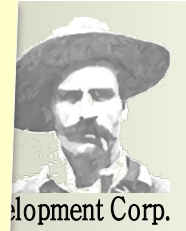


**There is nothing sexy about a 200 mcf/d gas well, except when it doesn't decline. Then it becomes an incredible annuity assuming you can keep the costs down (which Peyto can!).**

# 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, put on production and is cleaning up to evaluate the block."



**■ Potential Montney Intermediate Term Expiries 2019-2020**

46 contiguous sections for \$2MM (\$70/ac)

Peyto Wildhay 70 MMcf/d

# Peyto's Assets

## What Shareholders Currently Own

"Peyto has significant tangible assets, in addition to our reserve assets, which makes up all that shareholders 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, 2019)\***

	<b>Volume</b>	<b>NPV<sub>5</sub>/share</b>	<b>NPV<sub>10</sub>/share</b>
Proven Developed Reserves – Currently generating cashflow (PDP+PDNP+PA)	330 mmboes	\$20.07	\$13.65
Proven Undeveloped Reserves – Yet to be drilled (PU+PA)	310 mmboes	\$14.50	\$8.18
Probable Additional Reserves (PA)	174 mmboes	\$6.81	\$3.19
<b>Total P+P Reserves</b>	<b>815 mmboes</b>	<b>\$41.38/share</b>	<b>\$25.02/share</b>

### **Total Debt (as at Dec 31, 2019)**

Revolving Net Debt	(\$732 MM)	
Term Debt	(\$415 MM)	
<b>Total Net Debt</b>	<b>(\$1,147 MM)</b>	<b>\$6.96/share</b>

\*Includes all liabilities, see Peyto's reserves release for disclosure <http://www.peyto.com/Files/News/2020/2019ReservesPressRelease.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

## Template Economics At Strip

"Even at the current strip, most of Peyto's play types are generating solid half cycle returns. And we have plenty of room in our gas plants for these wells."

2019 Prgm



Area	Formation	IP3 (boe/d)	EUR (mboe)	% Liquids	DCET (M\$)	IRR (%)
Brazeau	Notikewin	900	940	15%	\$4,660	44%
Sundance	Tier 1 Cardium	550	627	25%	\$2,850	40%
Brazeau	Cardium	615	570	22%	\$3,500	30%
Sundance	Bluesky	800	690	6%	\$3,710	24%
Sundance	Tier 2 Cardium	390	475	22%	\$2,935	19%
Nosehill	Long Lateral Wilrich	825	725	6%	\$4,185	19%
Sundance	Long Lateral Wilrich	725	685	4%	\$3,585	19%
Wildhay	Cardium	445	435	30%	\$2,810	18%
N. Sundance	Bluesky	405	640	6%	\$3,710	17%
Nosehill	Wilrich	520	565	6%	\$3,585	10%
Brazeau	Wilrich	530	525	6%	\$3,560	8%

Mar 16, 2020 Strip (\$USD WTI, \$CND AECO)

2020	\$31/bbl	\$1.87/GJ
2021	\$36/bbl	\$1.99/GJ
2022	\$40/bbl	\$2.05/GJ
2023	\$42/bbl	\$2.15/GJ

Avg 2019 DCET \$3.2MM/well



# 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."

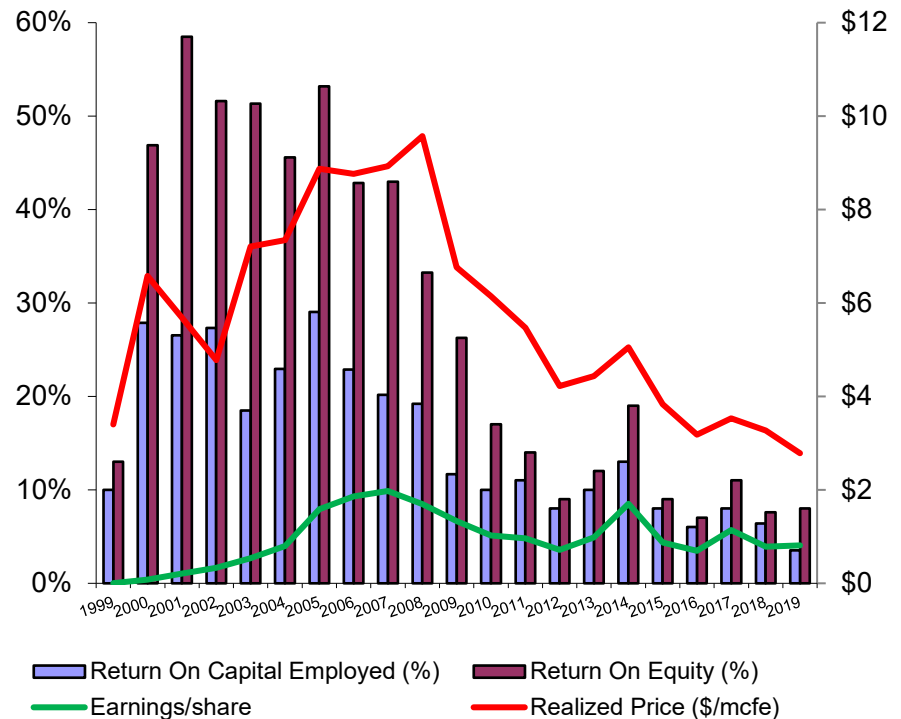


# 28%

21 yr Avg ROE to 2019

# 15%

21 yr Avg ROCE to 2019



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."



**\$200M-**  
**\$250M**

2020 Capital Program

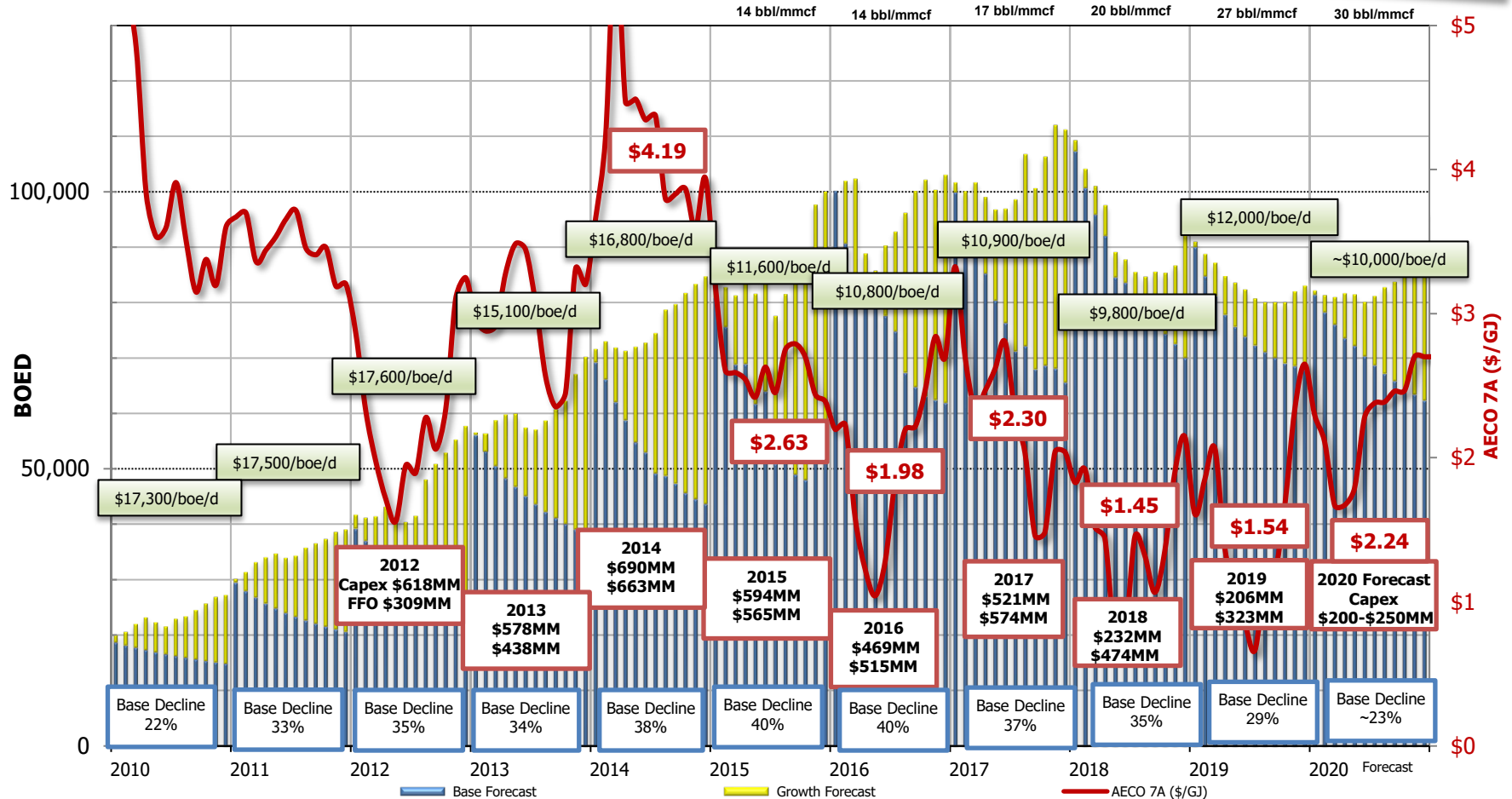
- ✓ **Drill ~65Hz Wells**  
(Liquids Rich Natural Gas) vs 50 in 2019
- ✓ **Market 3<sup>rd</sup> Party Capacity**  
Offer Excess Capacity to Other Operators
- ✓ **Increase Opportunities**  
Undeveloped Land Base
- ✓ **Diversify Markets**  
Evaluate New Pipe Options
- ✓ **Improve Balance Sheet**  
Fund 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/deterrals."



\* 2020 and beyond provided for illustration only. Budgets and forecasts 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 must 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."

	<u>PEY 2017</u>	<u>PEY 2018</u>	<u>PEY 2019</u>	<u>PEY 2020 Goals</u>
Revenue \$/mcfe	\$3.38	\$3.27	\$2.78	\$2.75
Cash Costs \$/mcfe	(\$0.83)	(\$0.92)	(\$0.95)	(\$0.95)
Capital Costs (PDP FD&A) \$/mcfe	(\$1.36)	(\$1.18)	(\$1.55)	(\$1.20)
Total Supply Cost \$/mcfe	\$2.19	\$2.10	\$2.50	\$2.15
Full Cycle Netback \$/mcfe	\$1.19 35%	\$1.17 36%	\$0.28 10%	\$0.60 22%
Dividend \$/mcfe	\$0.97	\$0.59	\$0.22	\$0.01/Qtr

86% Gas @\$1.54/GJ\*1.15  
14% NGLs@\$45/bbl=(60%of \$75oil)  
~\$2.61/mcfe  
~\$0.16/mcfe hedge  
~\$2.77/mcfe

84% Gas @\$2.00/GJ\*1.15  
16% NGLs@\$30/bbl=(60%of \$50  
CND WTI)  
~\$2.75/mcfe

Royalties (\$0.08)  
Opex (\$0.34)  
Transport (\$0.19)  
G&A (\$0.04)  
Interest (\$0.30)  
Total Costs (\$0.95)

2019 PDP FD&A  
Land/Acq/Disp  
Seismic  
Drilling  
Compl.  
Wellsite  
Facilities  
\$206MM  
  
PDP FD&A  
\$9.29/boe or  
\$1.55/mcfe

\$0.11/month

\$0.06/month

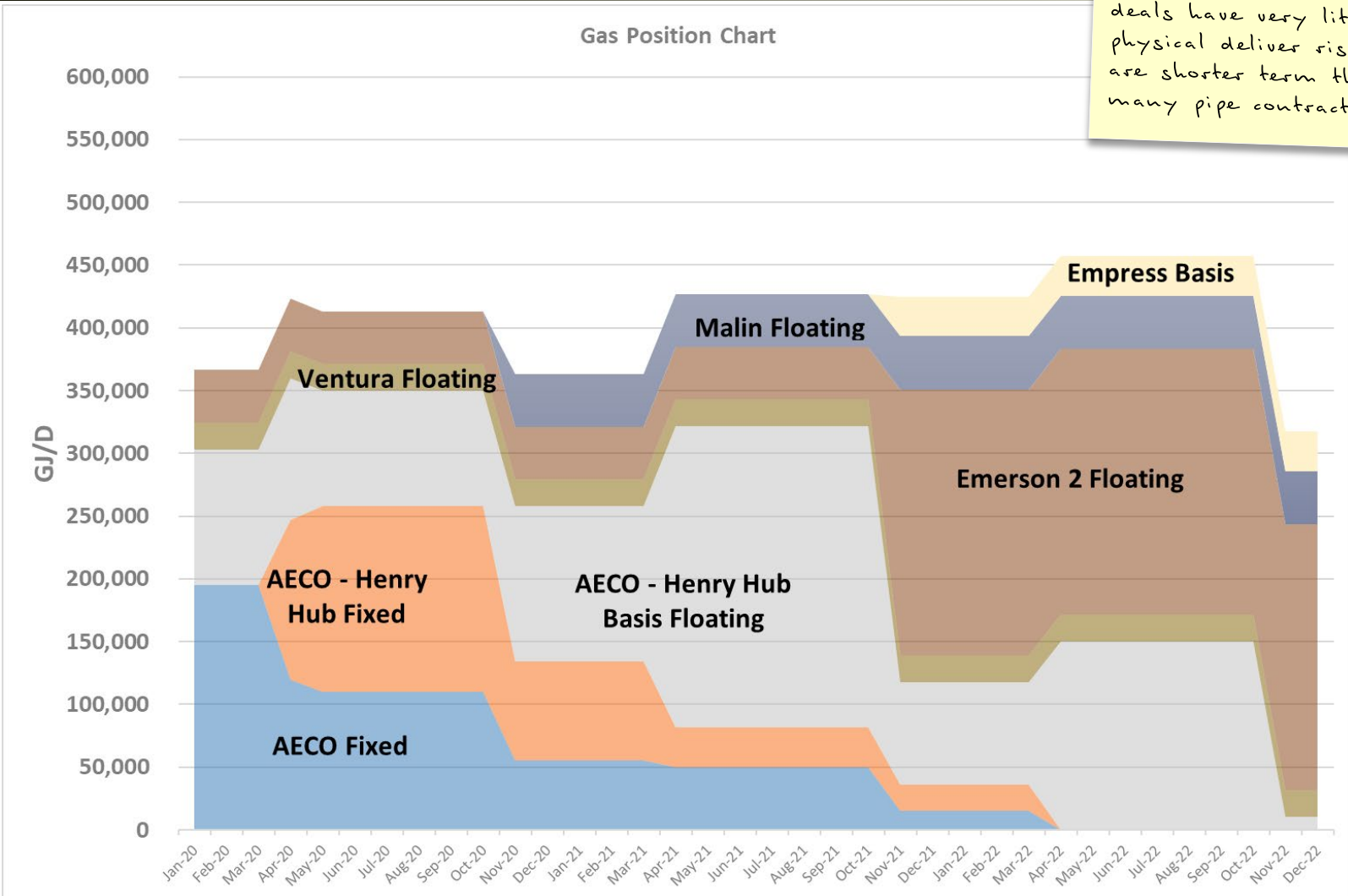
\$0.02/month



# Gas Marketing

## Future Market Diversification and Gas Price Protection

"Peyto has used financial basis deals between AECO and other hubs to gain market diversification and allow us to hedge at various markets. Basis deals have very little physical deliver risk and are shorter term than many pipe contracts."



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

# Gas Marketing

## Fixed Price Swaps For Gas and Liquids

"Peyto uses a dollar cost averaging approach to smooth out the volatility in future prices by forward selling small blocks of production every week. Fixed price swaps give price certainty."

Peyto Marketing Summary

AECO 7A Fixed Price Swaps (CAD\$/GJ)																					
	TOTAL							TOTAL							TOTAL						
	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Volume GJ/d	186,667	186,667	185,000	95,000	95,000	68,333	110,833	55,000	40,000	40,000	23,333	39,583	15,000	-	-	-	3,750	-	-	-	-
Price CAD\$/GJ	\$1.77	\$1.77	\$1.85	\$1.66	\$1.66	\$1.97	\$1.79	\$2.43	\$1.68	\$1.68	\$2.12	\$2.00	\$2.70	-	-	-	\$2.70	-	-	-	-
Volume mcf/d	162,419	162,419	160,969	82,660	82,660	59,457	96,436	47,856	34,804	34,804	20,302	34,441	13,052	-	-	-	3,263	-	-	-	-
Price CAD\$/mcf	\$2.03	\$2.03	\$2.13	\$1.91	\$1.91	\$2.26	\$2.05	\$2.79	\$1.93	\$1.93	\$2.43	\$2.30	\$3.10	-	-	-	\$3.10	-	-	-	-
AECO 5A Fixed Price Swaps (CAD\$/GJ)																					
Volume GJ/d	16,667	16,667	10,000	18,333	15,000	5,000	12,083	-	10,000	10,000	3,333	5,833	-	-	-	-	-	-	-	-	-
Price CAD\$/GJ	\$1.53	\$1.53	\$1.92	\$1.69	\$1.68	\$1.68	\$1.73	-	\$1.66	\$1.66	\$1.66	\$1.66	-	-	-	-	-	-	-	-	-
Volume mcf/d	14,502	14,502	8,701	15,952	13,052	4,351	10,514	-	8,701	8,701	2,900	5,076	-	-	-	-	-	-	-	-	-
Price CAD\$/mcf	\$1.75	\$1.75	\$2.20	\$1.94	\$1.93	\$1.93	\$1.99	-	\$1.90	\$1.90	\$1.90	\$1.90	-	-	-	-	-	-	-	-	-
AECO PHYS Basis (US\$/MMBtu)																					
Volume MMBtu/d	68,333	68,333	102,500	94,167	87,500	107,500	97,917	117,500	227,500	227,500	127,500	175,000	77,500	142,500	142,500	54,167	104,167	70,000	70,000	70,000	70,000
Price US\$/MMBtu	(\$1.34)	(\$1.34)	(\$1.34)	(\$1.44)	(\$1.44)	(\$1.36)	(\$1.39)	(\$1.33)	(\$1.43)	(\$1.43)	(\$1.42)	(\$1.41)	(\$1.41)	(\$1.41)	(\$1.41)	(\$1.39)	(\$1.40)	(\$1.12)	(\$1.12)	(\$1.12)	(\$1.12)
AECO PHYS Fixed Price (US\$/MMBtu)																					
Volume MMBtu/d	53,333	53,333	-	133,333	140,000	96,667	92,500	75,000	30,000	30,000	23,333	39,583	20,000	-	-	-	5,000	-	-	-	-
Price US\$/MMBtu	\$1.36	\$1.36	-	\$1.19	\$1.18	\$1.24	\$1.20	\$1.30	\$0.99	\$0.99	\$0.94	\$1.13	\$0.89	-	-	-	\$0.89	-	-	-	-
Price CAD\$/GJ	\$1.67	\$1.67	-	\$1.46	\$1.45	\$1.53	\$1.48	\$1.60	\$1.23	\$1.23	\$1.15	\$1.33	\$1.10	-	-	-	\$1.10	-	-	-	-
Price CAD\$/mcf	\$1.92	\$1.92	-	\$1.68	\$1.67	\$1.76	\$1.70	\$1.84	\$1.41	\$1.41	\$1.33	\$1.52	\$1.27	-	-	-	\$1.27	-	-	-	-
VENTURA																					
Volume MMBtu/d	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Fixed Ventura Vol MMBtu/d																					
Fixed Ventura Price US\$/MMBtu																					
Fixed AECO Netback US\$/MMBtu																					
Fixed AECO Netback CAD\$/GJ																					
EMERSON																					
Volume MMBtu/d	31,534	31,534	39,867	39,867	39,867	39,867	39,867	39,867	39,867	39,867	147,286	66,722	200,996	200,996	200,996	200,996	200,996	200,996	200,996	200,996	200,996
Fixed Emerson Vol MMBtu/d																					
Fixed Emerson Price US\$/MMBtu																					
Fixed AECO Netback US\$/MMBtu																					
Fixed AECO Netback CAD\$/GJ																					
MALIN																					
Volume MMBtu/d			-	-	-	16,667	4,167	25,000	40,000	40,000	40,000	36,250	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Fixed Malin Vol MMBtu/d																					
Fixed Malin Price US\$/MMBtu																					
Fixed AECO Netback US\$/MMBtu																					
Fixed AECO Netback CAD\$/GJ																					
WTI SWAPS (USD)																					
Volume bbls/d	300	300	1,750	1,167	1,000	-	979	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Price US\$	\$60.15	\$60.15	\$59.37	\$47.51	\$31.27	-	\$48.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Price CAD\$ (Equip)	\$78.20	\$78.20	\$77.18	\$61.76	\$40.65	-	\$59.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

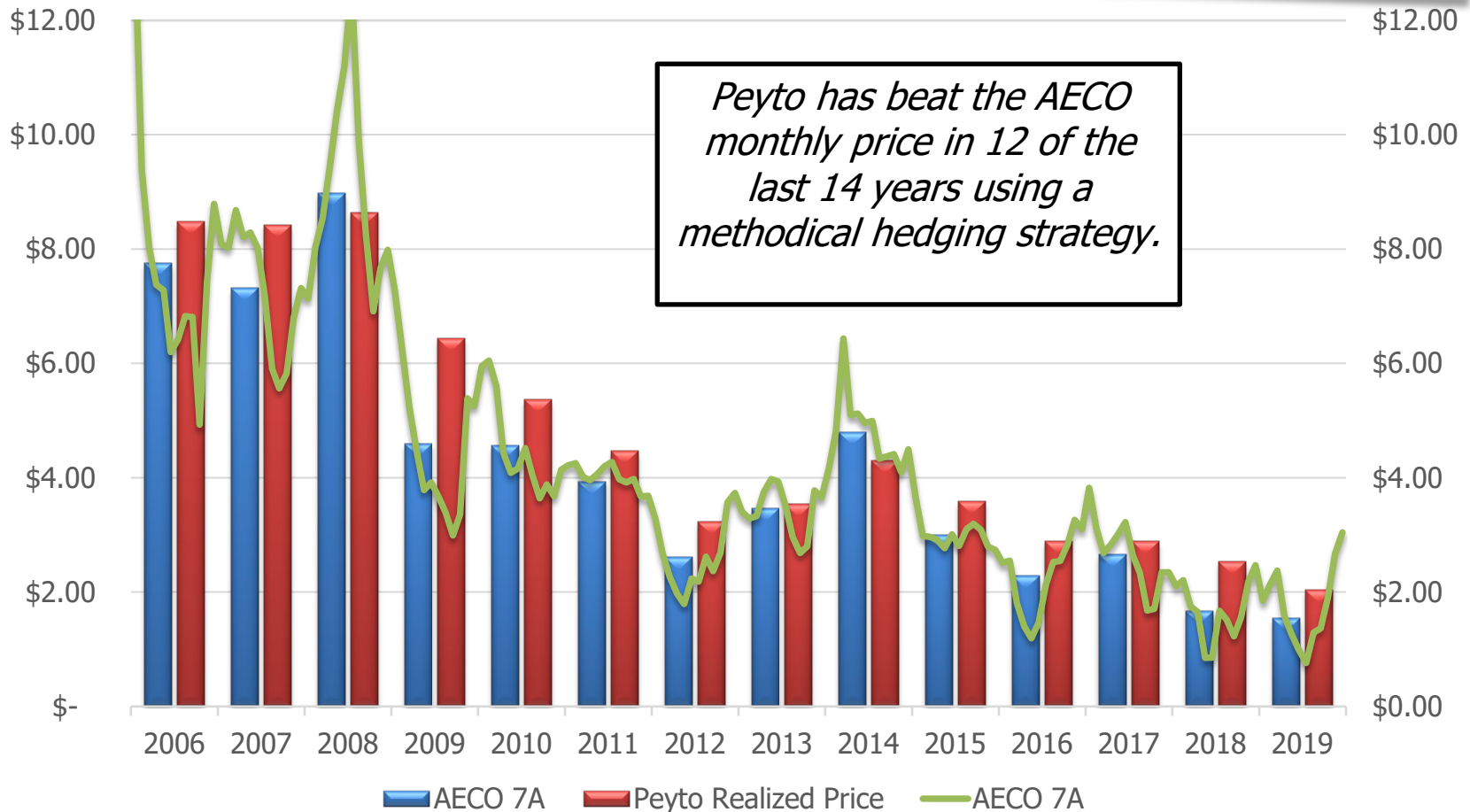
•Assumes an Average Heating Value of 1.15 GJ/mcf for Peyto's gas

# 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

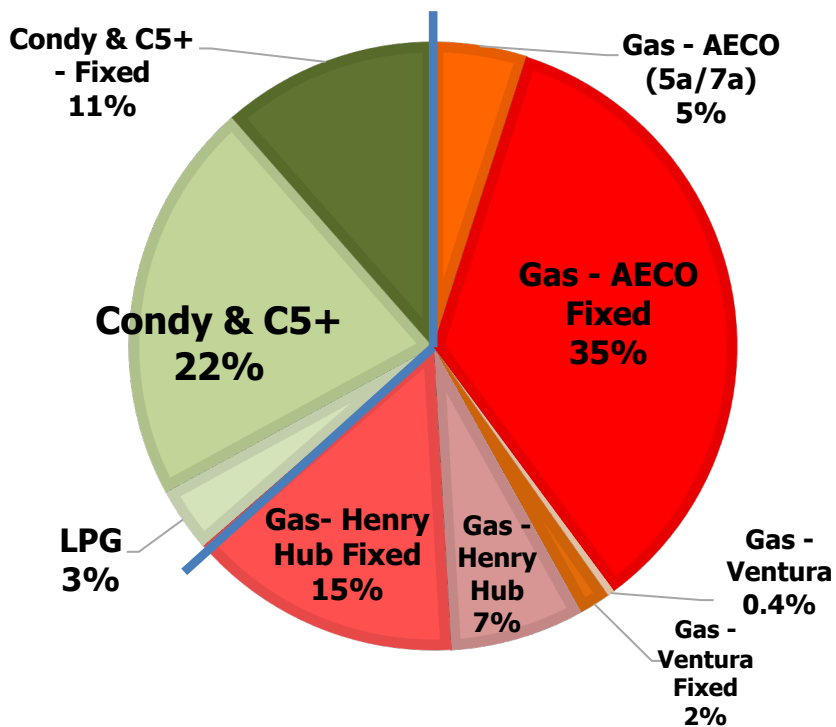
## Balanced Revenue Stream

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



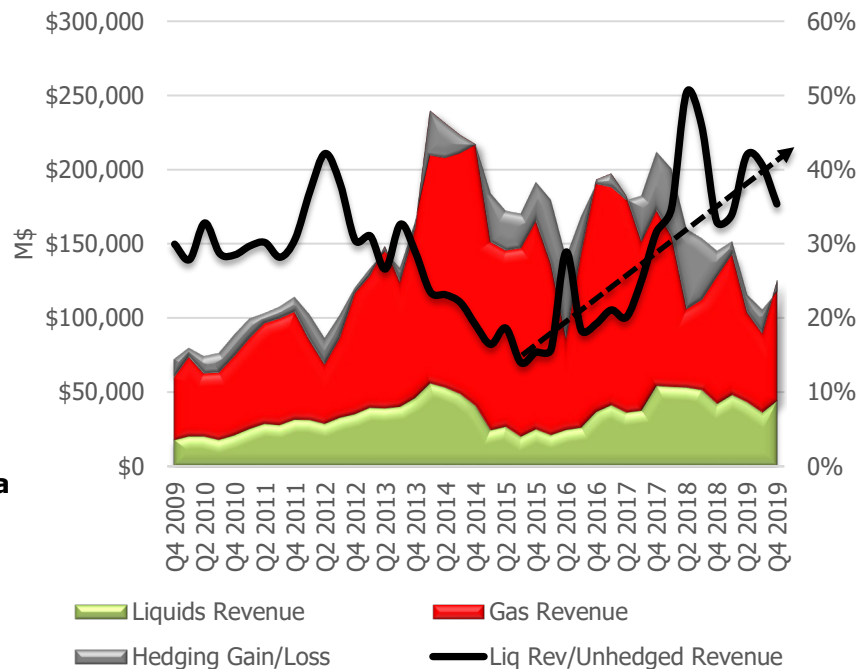
nt Corp.

### 2019 ACTUALS



**36%**  
Liquids  
Revenue

### Peyto Quarterly Revenue Breakdown

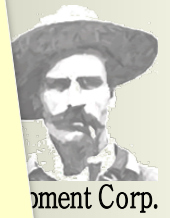




# Gas Marketing

## 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



	2019					2018					2017				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
<b>Operations</b>															
<u>Production</u>															
Oil & NGLs (bbl/d)	10,922	11,221	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
Natural gas (mcf/d)	419,281	397,419	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
Barrels of oil equivalent (boe/d)	80,802	77,458	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
Year over Year % Growth	-12%	-11%	-10%	-11%	-16%	-10%	-21%	-16%	-6%	4%	6%	8%	6%	11%	0%
<u>Average Product Prices</u>															
Oil & NGLs (\$/bbl)	44.61	43.85	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
Natural gas (\$/mcf)	2.04	1.96	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
Op+Tran expenses (\$/mcf)	0.52	0.52	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
Field Netback (\$/mcf)	2.17	2.11	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
<b>Financial (\$000)</b>															
Revenue (net of royalties)	484,302	119,522	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
Funds from Operations <sup>1</sup>	323,129	75,974	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
Net earnings (loss)	133,494	3,492	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
Capital expenditures	206,430	73,350	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
Net Debt <sup>2</sup>	1,146,659	1,146,659	1,133,869	1,156,564	1,188,808	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
Common shares outstanding (000)	164,874	164,874	164,874	164,874	164,874	164,874	164,874	164,874	164,874	164,874	164,874	164,874	164,849	164,874	164,874
Weighted average shares	164,874	164,874	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
<b>Per share data (\$/share)</b>															
Funds from operations	1.96	0.46	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
Earnings (loss)	0.81	0.02	0.04	0.60	0.15	0.78	0.13	0.18	0.18	0.29	1.07	0.31	0.27	0.24	0.24
Dividends (Distributions)	0.24	0.06	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

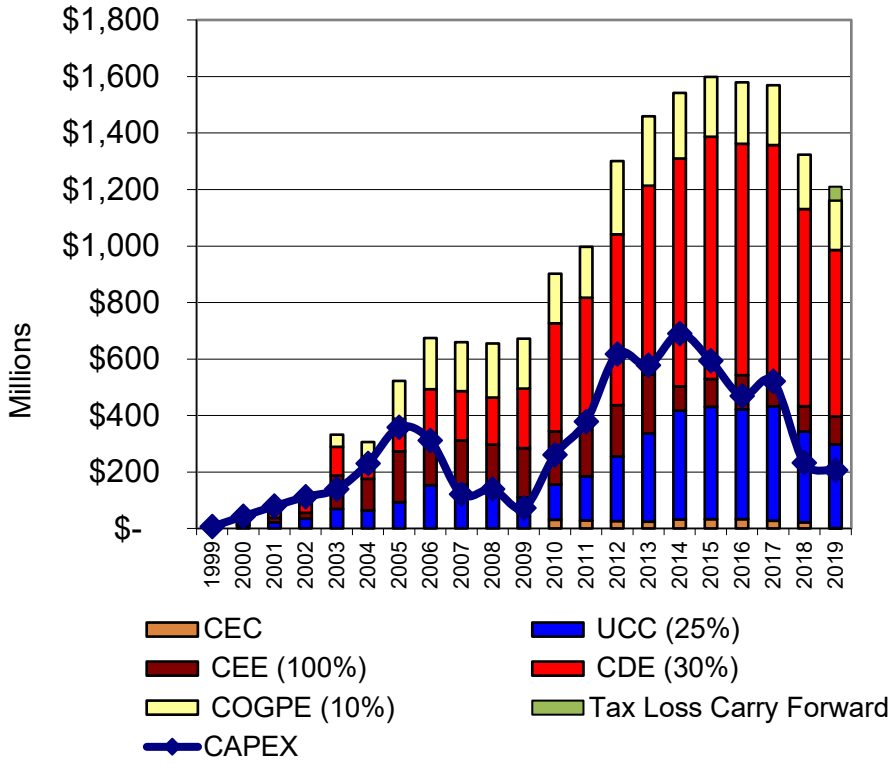
<sup>1</sup> Management uses funds from operations to analyze operating performance. In order to facilitate comparative analysis funds from operations is defined throughout this report as earnings before performance based compensation, non-cash and non-recurring expenses. As presented, funds from operations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

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

# Organic Business Model

## Peyto's Tax Pools

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



**\$1.2B**

Federal Tax Pools  
Q4/19

**\$6.2B**

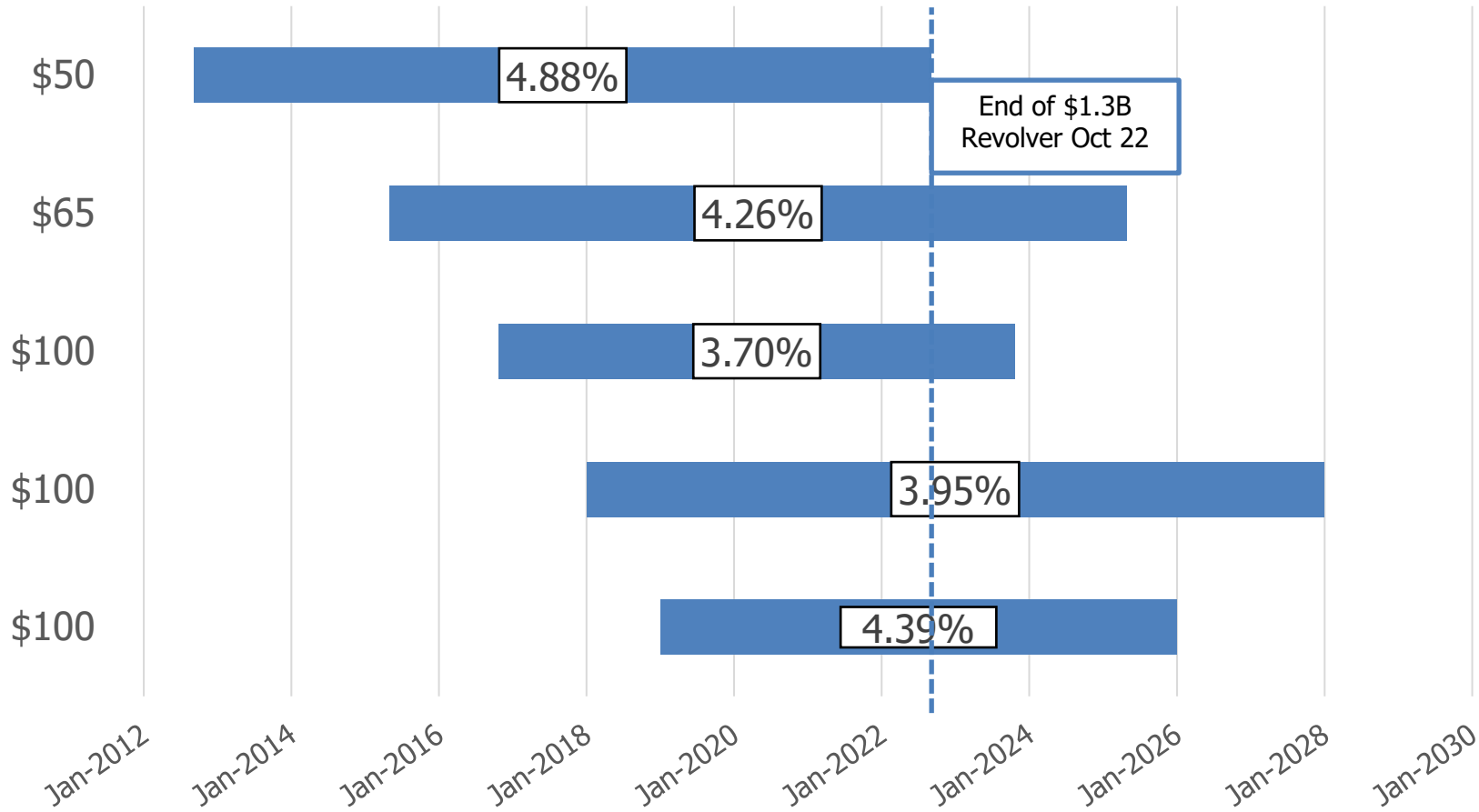
Peyto CTD. CapEx  
Q4/19



# Peyto's Debt

Blend of fixed term and revolving debt

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

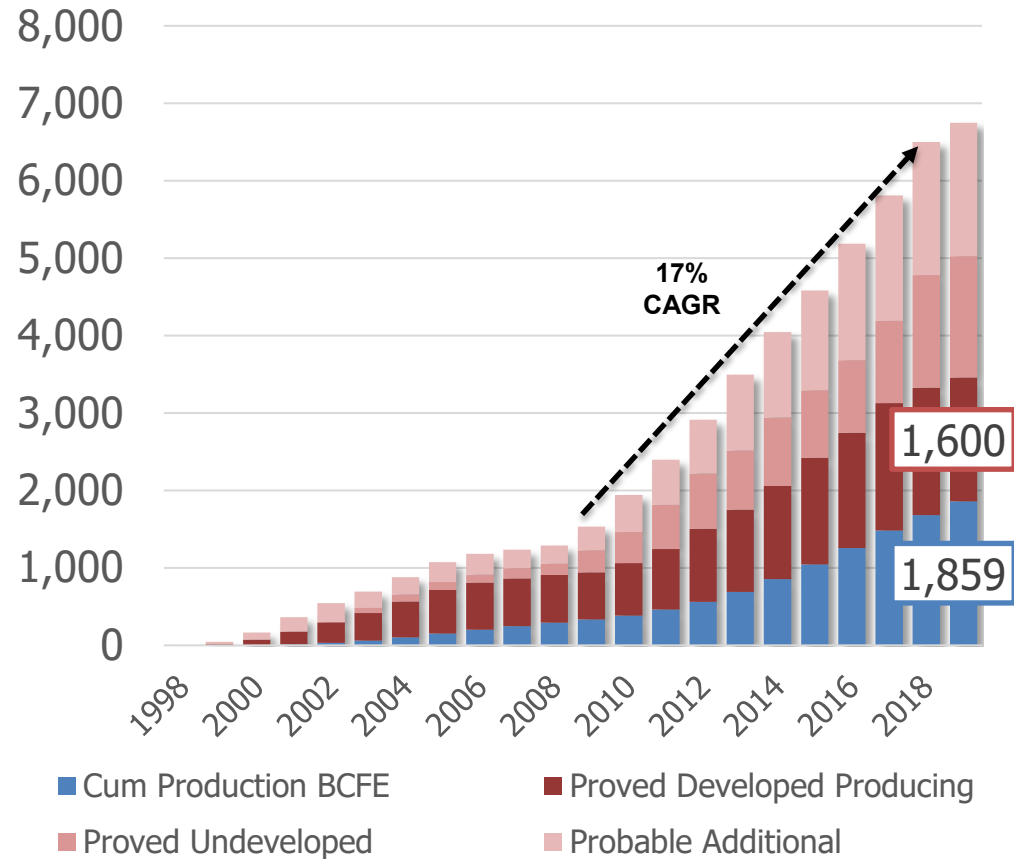


# Peyto's Assets

## Organic Reserves Growth



**6.75**  
TCFe of  
Discovered Reserves



# Peyto's Assets

## Long Reserve Life Asset

"Peyto has one of the longest producing reserve life assets in the industry."

Corp.

**9.4**  
Years PDP

### RESERVE LIFE INDEX

