

PEYTO Energy Trust

President's Monthly Report

April 2007

From the desk of Darren Gee, President & CEO

The Federal budget was passed on March 27th and so it appears the tax on trust distributions may become an unwanted reality. We continue to focus on our business of building new gas assets while we await the new tax rules. Should a more tax efficient corporate structure emerge as a result of these new rules, we will give it due consideration. Until then, we are bullish that lower service costs and higher natural gas prices are on the horizon which will improve our profitability.

As in the past, this report includes an estimate of monthly capital spending, as well as our field estimate of production for the most recent month (see Capital Investment and Production tables below).

Capital Investment

2006/2007 Capital Summary (millions\$ CND)*

	Oct	Nov	Dec	Q4	2006	Jan	Feb	Mar	Q1
Land & Seismic	0	0	0	1	22	0	0		1
Drilling	7	4	3	15	140	5	5		10
Completions	4	3	2	8	87	3	3		6
Tie ins	2	0	1	4	36	2	0		2
Facilities	1	0	1	1	26	0	1		1
Other	0	0	0	0	0	0	0		0
Total	14	8	7	29	312	10	9		18

*This is an estimate based on real field data, not a forecast, and the actual numbers will vary from the estimate due to accruals and adjustments. Such variance may be material.

Production

2006/2007 Production ('000 boe/d)*

	Oct	Nov	Dec	Q4	2006	Jan	Feb	Mar	Q1 2007
Sundance	18.5	17.8	17.4	17.9	18.0	16.9	17.1	16.8	16.9
Kakwa	2.3	2.3	2.4	2.3	2.8	2.4	2.1	2.2	2.2
Other	2.1	2.4	2.5	2.3	2.0	2.4	2.3	2.1	2.3
Total	22.9	22.5	22.2	22.5	22.8	21.7	21.5	21.2	21.4

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Valuing Peyto, from an Investor's Perspective

Having just returned from visiting with institutional investors in Eastern Canada, I am left with an enhanced view on evaluating Peyto from an investor's perspective. Most investor's are becoming more and more familiar with Peyto's unconventional asset base and despite being "lumped in" with more conventional oil and gas trusts, are beginning to see that conventional thinking and evaluation methods, do not work for Peyto's assets. Investors also look at Peyto in light of all the geographic, demographic, environmental, and geopolitical factors affecting world markets today.

Environmental Considerations

Take environmental factors for instance. Regardless of your individual position on climate change or global warming, the issue is fast becoming foremost in the minds of investors and

markets around the world. From the perspective of the Peyto investor, having a hedge on the cleanest, most environmentally friendly hydrocarbon fuel available, is a significant consideration. As the world's demand for energy increases, so does it's need for one that is efficient and clean. Natural gas as fuel for heating, cooling or electrical generation is a logical choice. With Peyto's long life natural gas reserves, we are well positioned to meet this demand.

Geopolitical Factors

As the relationship between supply and demand continues to tighten, we've seen volatility in natural gas prices increase and time between cycles decrease. With the continued long term rise in LNG (Liquefied Natural Gas) supply in North America, natural gas is becoming a worldwide commodity. Geopolitical factors that affect oil prices will start to affect gas as well. Investors know this. In order to participate in future natural gas price spikes, companies need reserves for production during those periods, even if those spikes can't be predicted. Again, long life natural gas reserves are a great hedge on these future price events. I cannot predict the future, but I would not be surprised if we see another significant natural gas price spike in this coming winter.

Commodity Price History
8:1

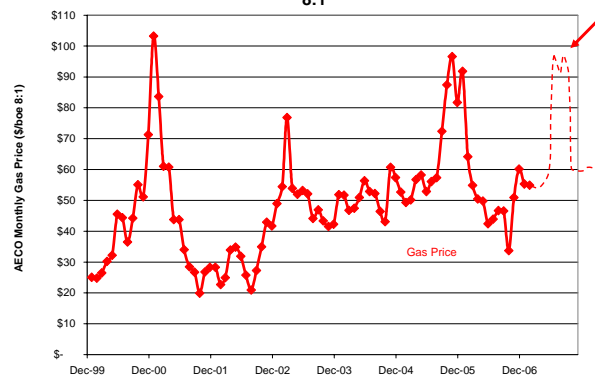


Figure 1

The Demographics

Investors say there is great demand for income. Especially from all the Baby Boomers that are entering retirement, healthier and more active than previous generations. They can't and won't rely on governments to support them. They have carefully planned and chosen investments that will stream steady income that they can use to enjoy their retirement. Sustainable distributions are a must. Companies that have developed assets which have the ability to fund many years of future distributions or dividends are key to this strategy. Peyto's 23 year proven producing distribution life provides just this type of sustainability (Figure 2).

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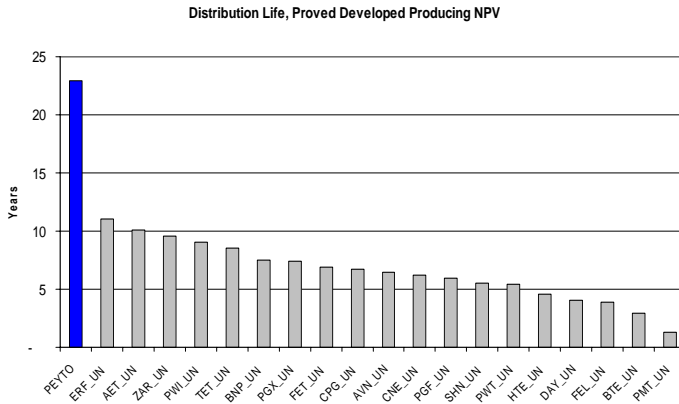


Figure 2

Evaluation methods

Traditional metrics, like debt adjusted cashflow multiples (DACFM), cannot properly value unconventional assets like Peyto's. Analysis that compares energy trusts by this metric only works if the companies all have conventional assets, and even then is often misleading (see Figure 3).

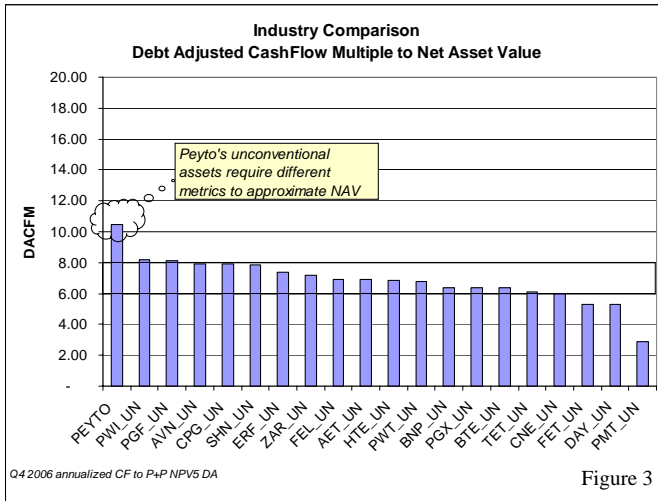


Figure 3

Ultimately, the different evaluation methods need to properly capture net asset value to provide any meaningful analysis. One interesting way for investor's to look at an investment in oil and gas is to look at their own "Recycle Ratio" the very same way that companies evaluate capital efficiency. An investor can calculate his "cost" to buy the reserves in comparison to what the company sells those same barrels for. By using the company's enterprise value (market cap plus debt) divided by their proven producing reserves as a "finding cost" and then dividing into the company's netback (cashflow/boe) you can determine the Investor's Recycle

Ratio. A comparison of the trust sector's Investor Recycle Ratio is shown in Figure 4.

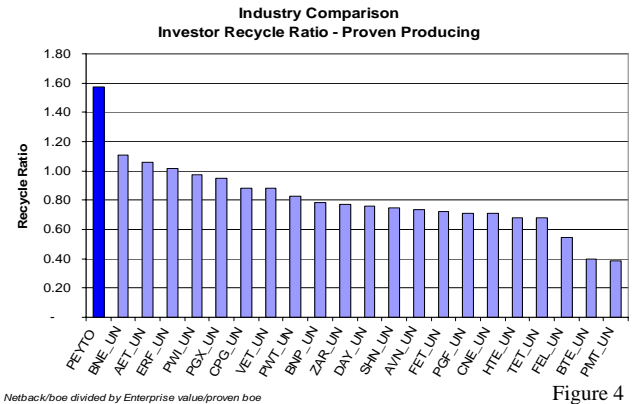
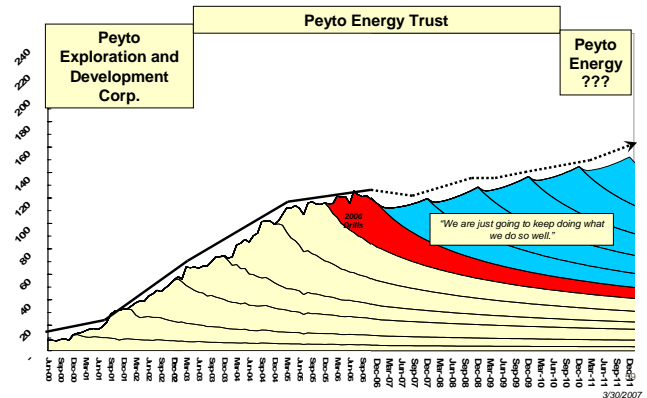


Figure 4

Built to last

At Peyto, our assets, our processes and our strategy is designed to withstand the test of time. No short cuts are taken in the creation of true shareholder value. Regardless of which corporate structure provides the most tax efficiency, Peyto is a business that will continue to succeed.



Who's buying?

Lately, insiders have been buying Peyto units. Asked why, former President and CEO, Don Gray replied, "I'm buying because I see very little downside and significant upside. This is the way I have always invested. I also believe that when the market sees a few quarters of living within its means they will appreciate just what a bargain Peyto is, relative to the others. I can already tell, via the convertible debenture yields at 6.5%, that they are hungry for a real yield. If Peyto does what I think it should, we will be trading at a 7-8% cash on cash yield within a year, as the market reflects our true yield in the unit price. I also think natural gas has many more spikes ahead of it. I'm not sure exactly when, but I'm confident it will happen more times and with greater frequency. Finally when you look at how much it is costing the industry to find and develop new natural gas reserves the price has to go up in order for the industry to make money."