

A grayscale, high-contrast portrait of a man with a mustache, wearing a wide-brimmed hat, positioned behind the main title text.

PEYTO ENERGY TRUST

DEEP BASIN

Tight Gas

January 26, 2005

Profile

- Established - *November 1998*
- Expertise - *Exploration & Development of Long-life Tight Gas Reserves*
- Market - *PEY.UN, Toronto Stock Exchange*
- Area of Operations – *Alberta's Deep Basin*
- Units Outstanding - *Basic & Diluted 48,307,622*
 - **NO CONVERTIBLE DEBENTURES OR EXCHANGEABLE SHARES**
- Monthly Distribution - *\$0.19/unit/month; since July 2003, the distribution has been increased twice from the initial \$0.15/unit/month*

Strategy

Maximize our return on every dollar invested

- ✓ Avoid unnecessary risk
- ✓ Invest in predictable and repeatable projects
- ✓ Invest in projects which have a long economic life
- ✓ Target a high degree of ownership and control
- ✓ Create and maintain a low cost structure

Strategy

Maximize our return on every dollar invested

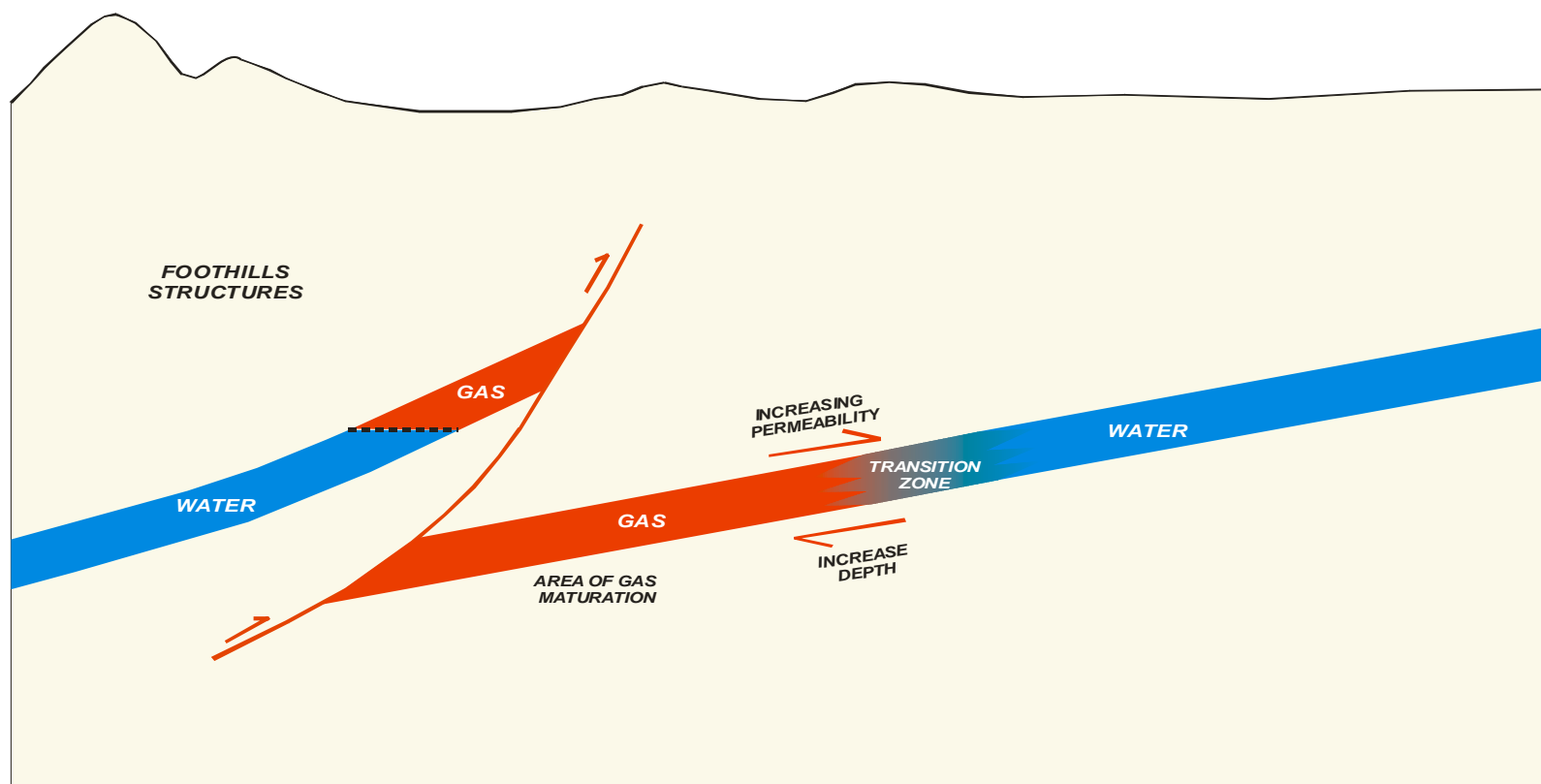
- ✓ Avoid unnecessary risk
- ✓ Invest in high return assets
- ✓ Invest in long economic life
- ✓ Target a high level of production and control
- ✓ Create and maintain a low cost structure

**Develop Deep
Basin Tight Gas**

Deep Basin Tight Gas

- Low permeability natural gas reservoirs
- Production ultimately stabilizes
- Gas, oil and water are segregated by permeability
- Tight rock makes it impossible for water flow

Permeability Segregation

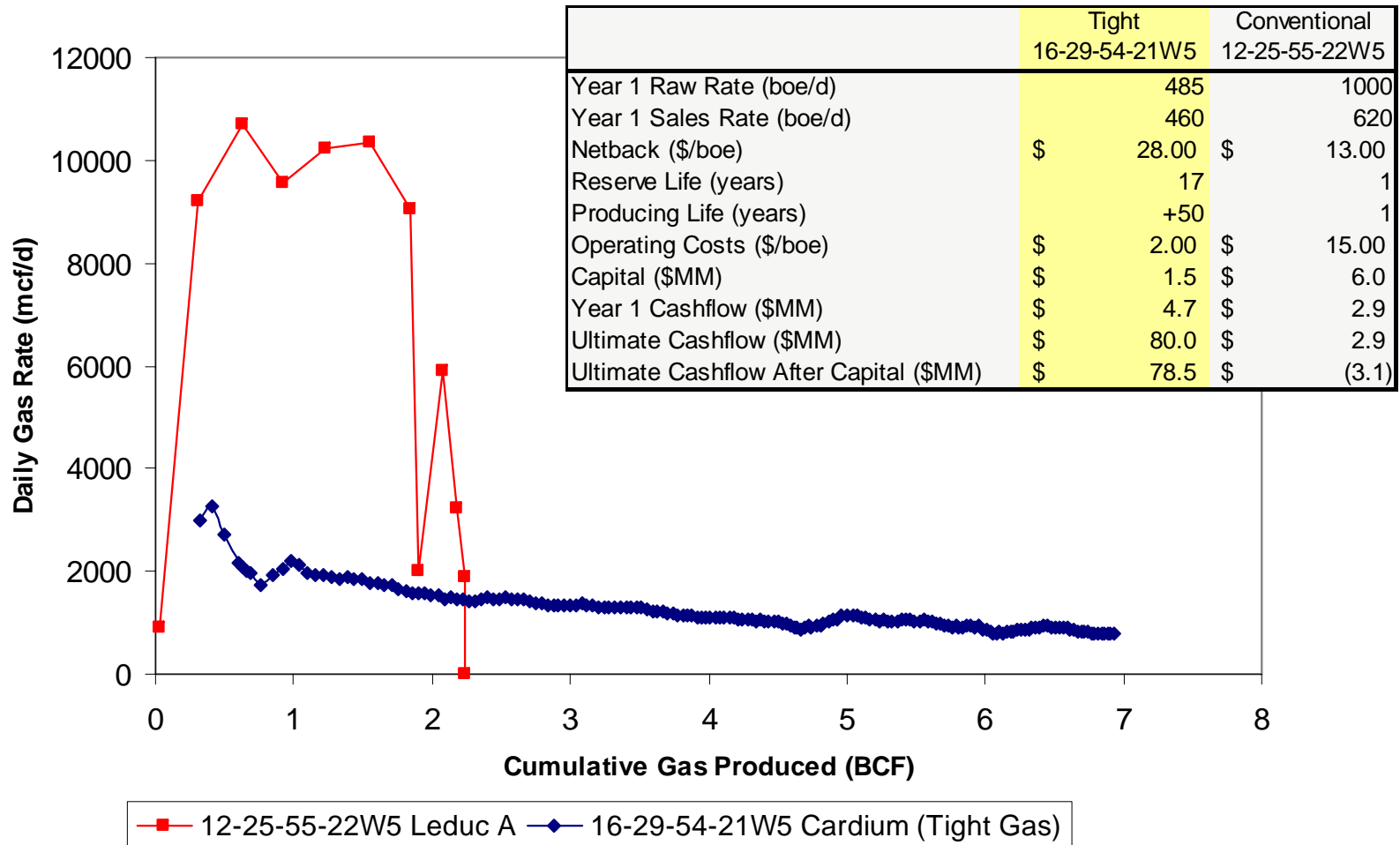


Deep Basin Tight Gas Reservoirs

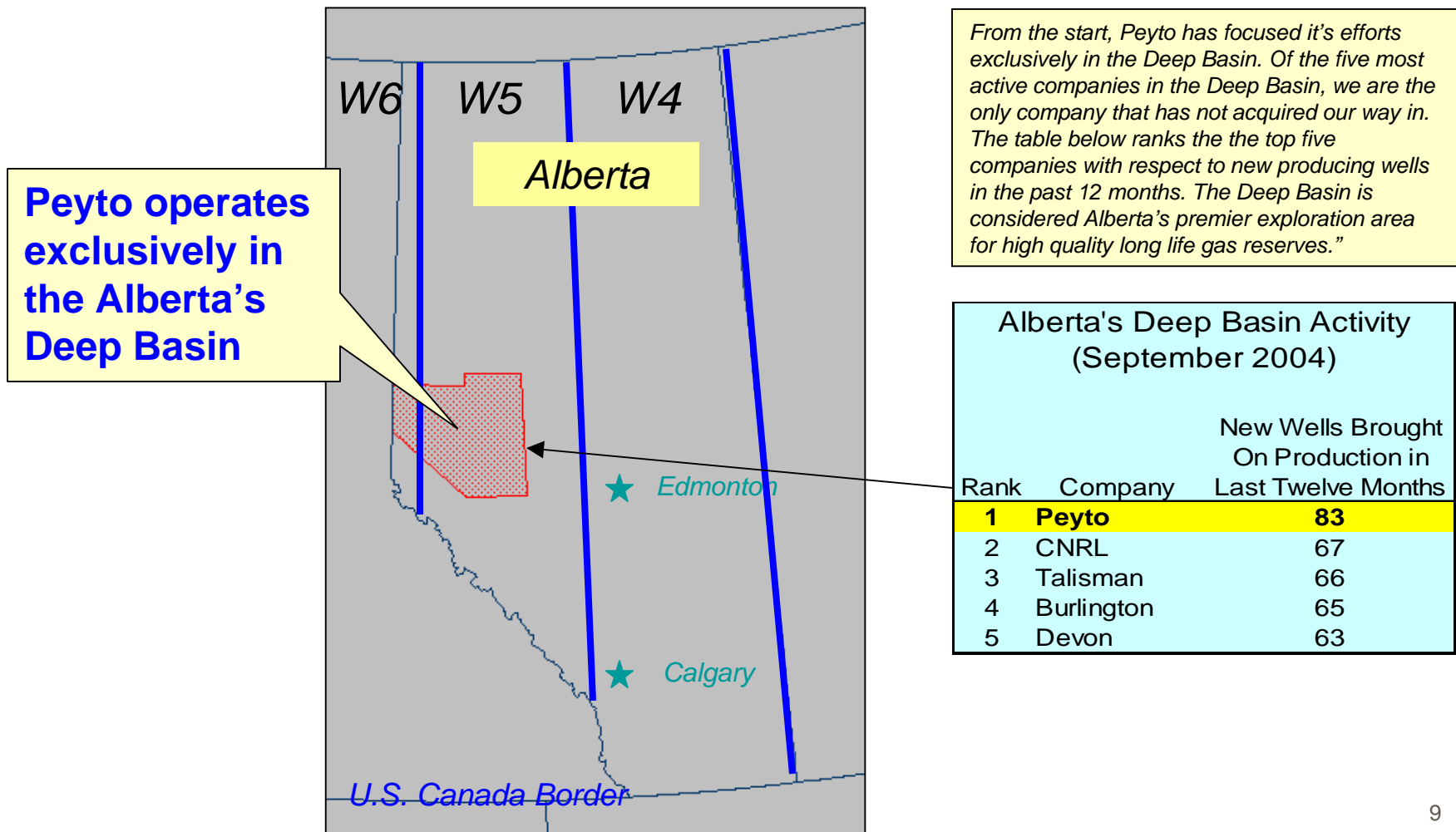


| Depth | Formations | Permeability | Comments | % of Deep Basin Gas | % of Peyto's Gas |
|--|-------------|-------------------------------------|---|---------------------|------------------|
| Shallower Deeper | Belly River | Low Permeability "Tight Gas" | <i>These formations can be considered tight gas reservoirs in the Deep Basin Area. They produce sweet gas and their permeability can be low enough to prevent the existence of water.</i> | 89% | 100% |
| | Chinook | | | | |
| | Cardium | | | | |
| | Dunvegan | | | | |
| | Viking | | | | |
| | Notikewin | | | | |
| | Fahler | | | | |
| | Bluesky | | | | |
| | Gething | | | | |
| | Cadomin | | | | |
| | Rock Creek | | | | |
| Deeper | Triassic | High Permeability | <i>These formations are NOT tight gas reservoirs. They tend to be sour, and can produce water. Their production never stabilizes.</i> | 11% | 0% |
| | Elkton | | | | |
| | Wabmum | | | | |
| | Nisku | | | | |
| | Leduc | | | | |

Deep Basin, Conventional vs. Tight Gas

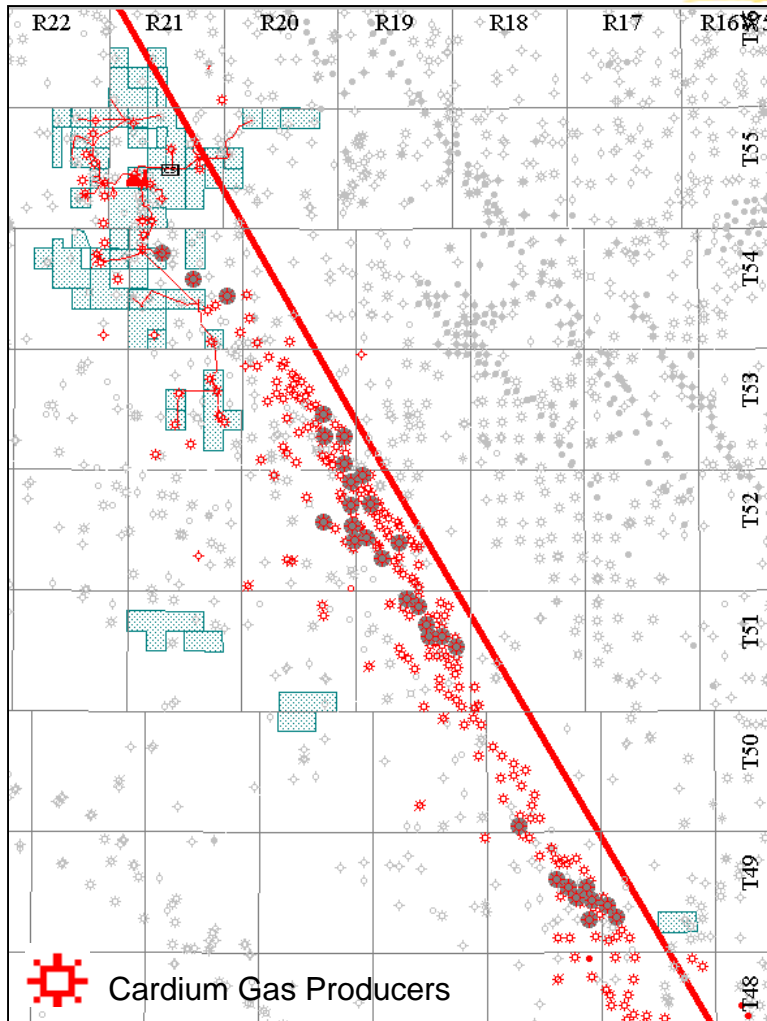


Area of Operations Map



Cardium Gas

Greater Edson Area Trend



Cardium Gas

- ✓ Low Risk Development Play
- ✓ Liquid Rich, High Heating Value Gas
- ✓ Predictable Production Profile
- ✓ Long Life Reserves



Cardium Gas Producers On production before 1991

- 32 wells on production before 1991
- 32 wells still producing today
- No Cardium Wells on the trend have depleted
- Year 1 Avg. Rate 177 boe/d (6:1)
- Current Avg. Rate 96 boe/d (after 16 years of production)
- Cumulative Gas & NGL's Produced to Date **710,000 boe's** per well (70% Gas, 30% NGL's).
- Decline 3%/year per well
- Ultimate Recoverable Gas & NGL's **1,355,000 boe's** per well (70% Gas, 30% NGL's)
- Ultimate Reserve Life Index 28 years per well (based on Year 1 Average rate)

"The Old Analog Cardium Producers have already produced the equivalent of 12 times their first year's production. All of these producers are still producing. The analog's have an ultimate reserve life greater than 20 years."

“Old” Analog Cardium Producers on Production before 1991



Minehead, Ansel, Galloway, Sundance Cardium Gas Trend “Old” Analog Cardium Producers (on Production before Oct-1991)

| Well ID | Prd Form | On Production | Last Production | Cumulative | | | Current Rate (mcf/d) | Time On Production (yrs) | Exponential Decline Rate (%/year) | Remaining Rec. Raw Gas (mmcf) | Ultimate Rec. Raw Gas (mmcf) | Ultimate Reserve Life Index (yrs) |
|---------------------|----------|---------------|-----------------|-----------------------------|---------------------------------|----------------------------|----------------------|--------------------------|-----------------------------------|-------------------------------|------------------------------|-----------------------------------|
| | | | | Gas Produced To Date (mmcf) | First Year Avg Gas Rate (mcf/d) | Actual Reserve Index (yrs) | | | | | | |
| 00/15-14-049-18W5/0 | Cardium | 1-Nov-86 | 31-Aug-03 | 8,587 | 2936 | 8 | 640 | 17 | -9% | 2,583 | 11,170 | 10 |
| 00/14-14-053-20W5/0 | Cardium | 1-Jan-83 | 31-Aug-03 | 9,770 | 2637 | 10 | 420 | 21 | -9% | 1,725 | 11,495 | 12 |
| 00/16-29-054-21W5/0 | Cardium | 1-Apr-88 | 31-Aug-03 | 6,591 | 2358 | 8 | 910 | 15 | -6% | 5,381 | 11,972 | 14 |
| 00/11-13-049-18W5/0 | Cardium | 1-Oct-86 | 31-Aug-03 | 5,522 | 1720 | 9 | 330 | 17 | -10% | 1,235 | 6,757 | 11 |
| 00/11-12-049-18W5/0 | Cardium | 1-May-89 | 31-Aug-03 | 4,691 | 1689 | 8 | 720 | 14 | -6% | 4,421 | 9,112 | 15 |
| 02/07-27-051-19W5/0 | Cardium | 1-Mar-89 | 31-Aug-03 | 5,356 | 1362 | 11 | 870 | 15 | -3% | 6,351 | 11,707 | 24 |
| 00/04-24-051-19W5/0 | Cardium | 1-Mar-90 | 31-Aug-03 | 3,622 | 1358 | 7 | 590 | 14 | -6% | 3,490 | 7,111 | 14 |
| 00/16-07-049-17W5/0 | Cardium | 1-Jun-87 | 31-Aug-03 | 4,212 | 1009 | 11 | 420 | 16 | -5% | 2,844 | 7,056 | 19 |
| 00/11-11-053-20W5/0 | Cardium | 1-Jan-83 | 31-Aug-03 | 5,461 | 1000 | 15 | 550 | 21 | -3% | 4,015 | 9,476 | 26 |
| 00/07-05-050-18W5/0 | Cardium | 1-Dec-87 | 31-Aug-03 | 2,757 | 899 | 8 | 190 | 16 | -10% | 703 | 3,460 | 11 |
| 00/06-24-049-18W5/0 | Cardium | 1-Jan-88 | 31-Aug-03 | 3,430 | 797 | 12 | 320 | 16 | -6% | 2,006 | 5,436 | 19 |
| 00/11-31-052-19W5/2 | Cardium | 1-Feb-85 | 31-Aug-03 | 4,963 | 795 | 17 | 440 | 19 | -3% | 3,212 | 8,175 | 28 |
| 00/11-12-053-20W5/2 | Cardium | 1-Feb-89 | 31-Aug-03 | 3,681 | 784 | 13 | 390 | 15 | -5% | 2,847 | 6,528 | 23 |
| 00/10-22-049-18W5/0 | Cardium | 1-Apr-87 | 31-Aug-03 | 3,974 | 745 | 15 | 540 | 16 | -2% | 3,942 | 7,916 | 29 |
| 00/16-22-051-19W5/0 | Cardium | 1-Sep-90 | 31-Aug-03 | 1,771 | 721 | 7 | 810 | 13 | 1% | 5,913 | 7,684 | 29 |
| 00/05-16-052-19W5/2 | Cardium | 1-Dec-85 | 31-Aug-03 | 3,179 | 699 | 12 | 490 | 18 | -2% | 3,577 | 6,756 | 26 |
| 00/06-23-049-18W5/0 | Cardium | 1-Mar-87 | 31-Aug-03 | 4,671 | 685 | 19 | 340 | 17 | -4% | 2,482 | 7,153 | 29 |
| 00/07-30-052-19W5/0 | Cardium | 1-Jan-83 | 31-Aug-03 | 2,296 | 623 | 10 | 300 | 21 | -4% | 2,190 | 4,486 | 20 |
| 00/03-34-051-19W5/0 | Cardium | 1-Sep-90 | 31-Aug-03 | 1,395 | 553 | 7 | 400 | 13 | -2% | 2,920 | 4,315 | 21 |
| 00/06-22-054-21W5/2 | Cardium | 1-Feb-89 | 31-Aug-03 | 2,378 | 545 | 12 | 290 | 15 | -4% | 2,117 | 4,495 | 23 |
| 02/10-33-051-19W5/0 | Cardium | 1-Mar-89 | 31-Aug-03 | 1,741 | 528 | 9 | 630 | 15 | 1% | 4,599 | 6,340 | 33 |
| 00/11-08-052-19W5/0 | Cardium | 1-Dec-85 | 31-Aug-03 | 1,985 | 514 | 11 | 640 | 18 | 1% | 4,672 | 6,657 | 35 |
| 00/06-01-053-20W5/3 | Cardium | 1-Sep-89 | 31-Aug-03 | 2,244 | 420 | 15 | 380 | 14 | -1% | 2,774 | 5,018 | 33 |
| 00/06-18-049-17W5/0 | Cardium | 1-Nov-86 | 31-Aug-03 | 4,997 | 419 | 33 | 370 | 17 | -1% | 2,701 | 7,698 | 50 |
| 00/07-36-052-20W5/0 | Cardium | 1-Oct-86 | 31-Aug-03 | 1,528 | 330 | 13 | 230 | 17 | -2% | 1,679 | 3,207 | 27 |
| 00/08-24-052-20W5/0 | Cardium | 1-Dec-82 | 31-Aug-03 | 1,109 | 276 | 11 | 590 | 21 | 4% | 4,307 | 5,416 | 54 |
| 00/10-18-052-19W5/2 | Cardium | 1-Dec-85 | 31-Aug-03 | 1,623 | 269 | 17 | 500 | 18 | 3% | 3,650 | 5,273 | 54 |
| 00/14-23-051-19W5/0 | Cardium | 1-Sep-90 | 31-Aug-03 | 617 | 253 | 7 | 250 | 13 | 0% | 1,825 | 2,442 | 26 |
| 00/07-25-052-20W5/0 | Cardium | 1-May-83 | 31-Aug-03 | 884 | 222 | 11 | 460 | 20 | 4% | 3,358 | 4,242 | 52 |
| 00/09-13-052-20W5/2 | Cardium | 1-Jun-87 | 31-Aug-03 | 1,407 | 209 | 18 | 400 | 16 | 4% | 2,920 | 4,327 | 57 |
| 00/06-23-052-20W5/3 | Cardium | 1-Feb-86 | 31-Aug-03 | 359 | 103 | 10 | 60 | 18 | -3% | 438 | 797 | 21 |
| 00/12-13-054-21W5/2 | Cardium | 1-Feb-89 | 31-Aug-03 | 556 | 72 | 21 | 80 | 15 | 1% | 584 | 1,140 | 43 |
| Total | | | | 107,355 | 27,530 | | 14,550 | | | 97,461 | 204,815 | |
| Average | | | | 3,355 | 860 | 12 | 455 | 16 | -3% | 3,046 | 6,400 | 28 |

“Its been a couple of years since I updated this table. The numbers are just getting better with time. The average decline from first year rate to current rate is now only 3% per year. The average well in the group has already produced 40% more than Peyto currently books for its ultimate recovery. Since I looked two years ago the production from these old wells has actually increased by 15%.”

Proof That Tight Gas Works For Peyto

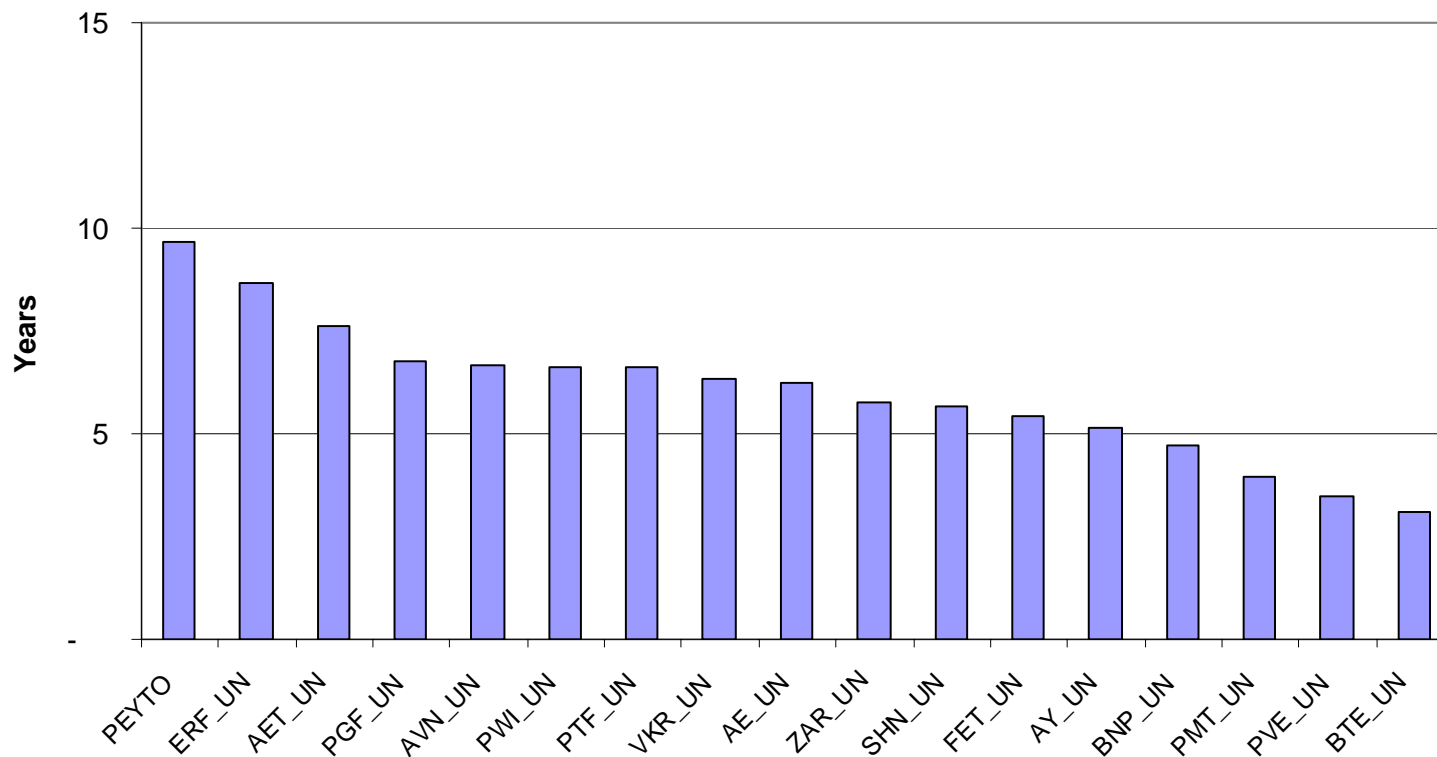
- ✓ Long Reserve Life

Industry Comparison

Foundation, Proven Reserve Life



2003 Year End Proven Reserve Life

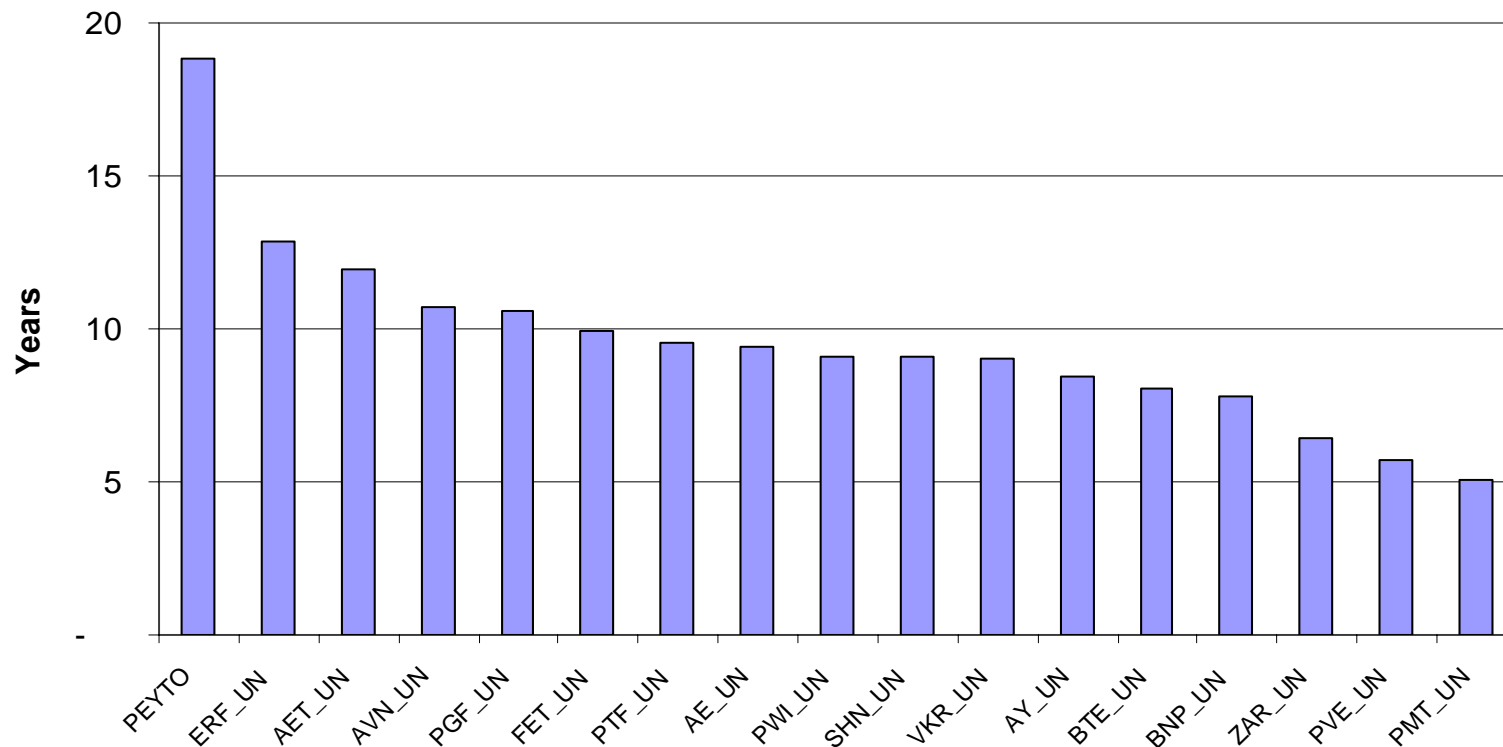


Industry Comparison

Foundation, Established Reserve Life



2003 Year End Established Reserve Life



Proof That Tight Gas Works For Peyto

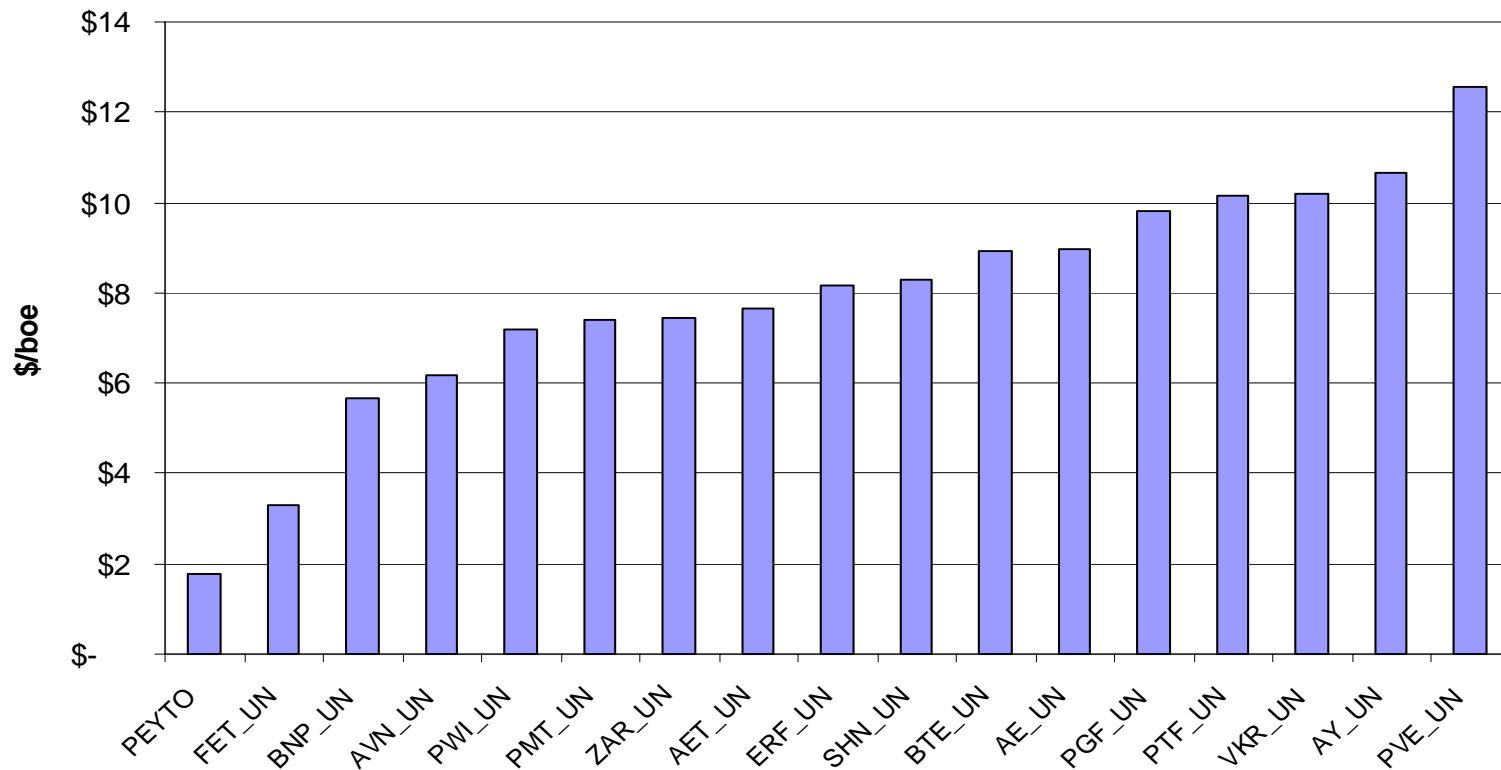
- ✓ Long Reserve Life
- ✓ Low and stable operating costs \$1.80/boe

Industry Comparison

Operating Costs



Q3 2004 Operating Costs



Operating Costs include Transportation costs for all of those who report it. In 2005 it will be mandatory to report transportation costs. Peyto has always included transportation costs as part of its operating costs.

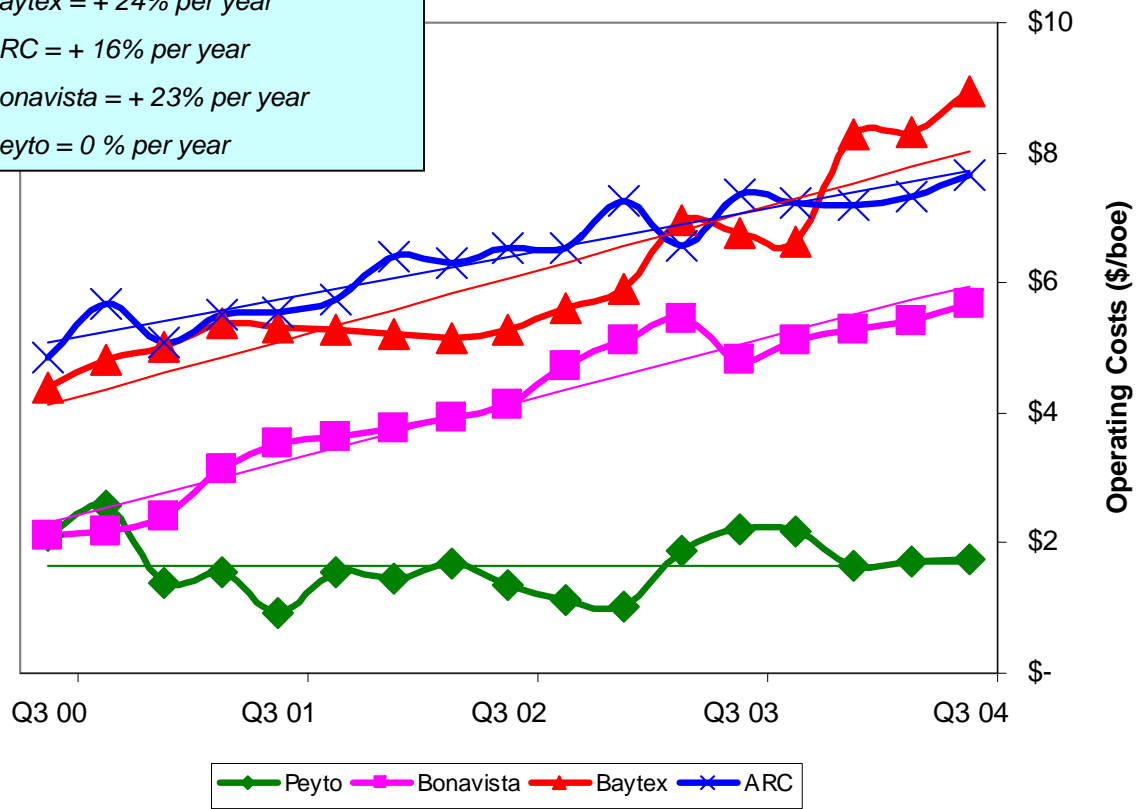
Operating Costs

Quarterly Track Record



Four Year Trends

Baytex = + 24% per year
 ARC = + 16% per year
 Bonavista = + 23% per year
 Peyto = 0 % per year



“Our track record shows that we can maintain and continue to build a low operating cost company. Since we first reported operating costs lower than \$2.00/boe, we have increased our production over seven fold and managed to keep our costs in check. We are able to do this because we develop our investment ideas internally and build them ourselves with the drill bit.”

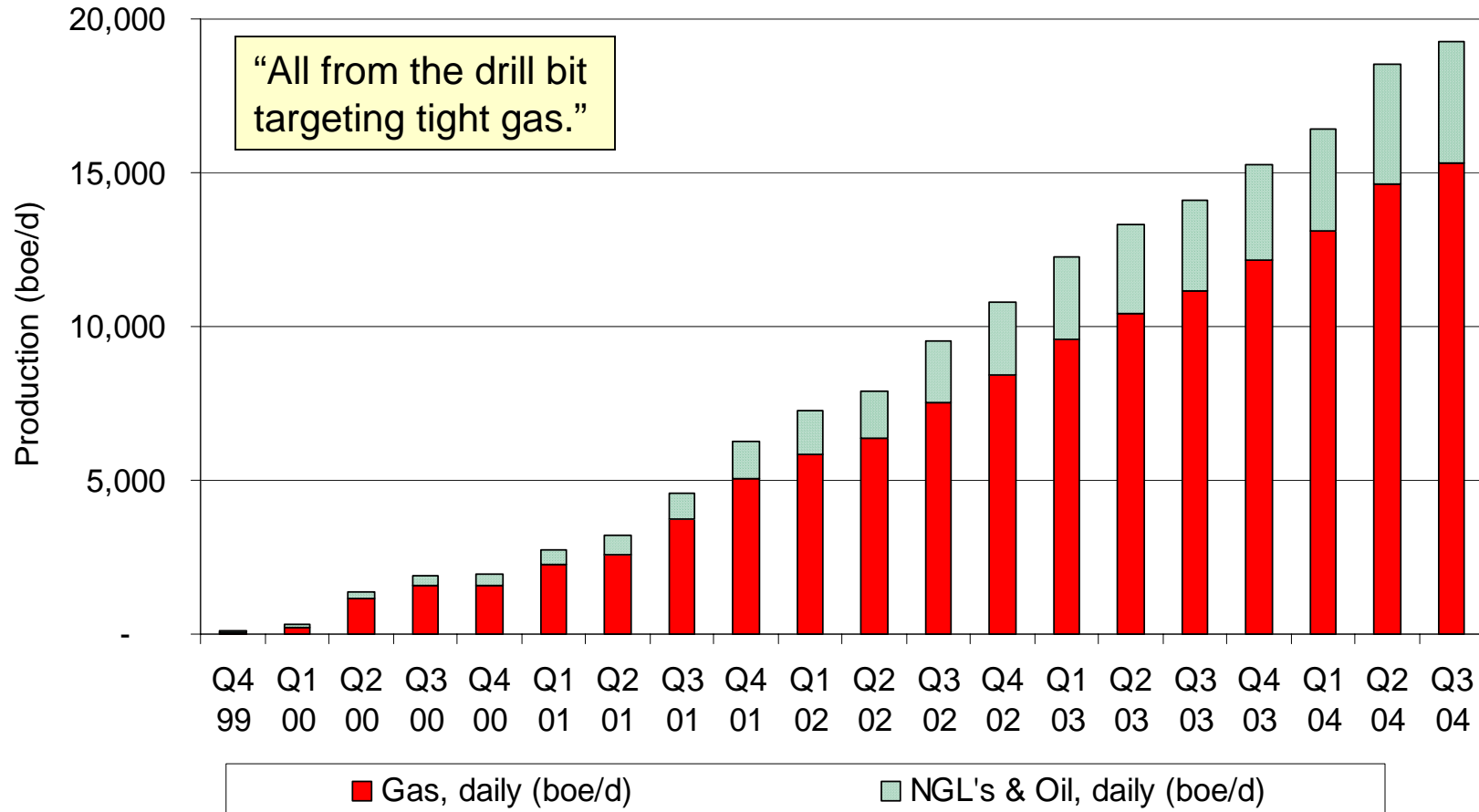
Note: Peyto, Baytex and ARC report transportation costs. The operating costs for Peyto, Baytex and ARC includes transportation while transportation costs are not included for Bonavista because they do not disclose this information.

BOE factor - 6 mcf = 1 bbl of oil equivalent

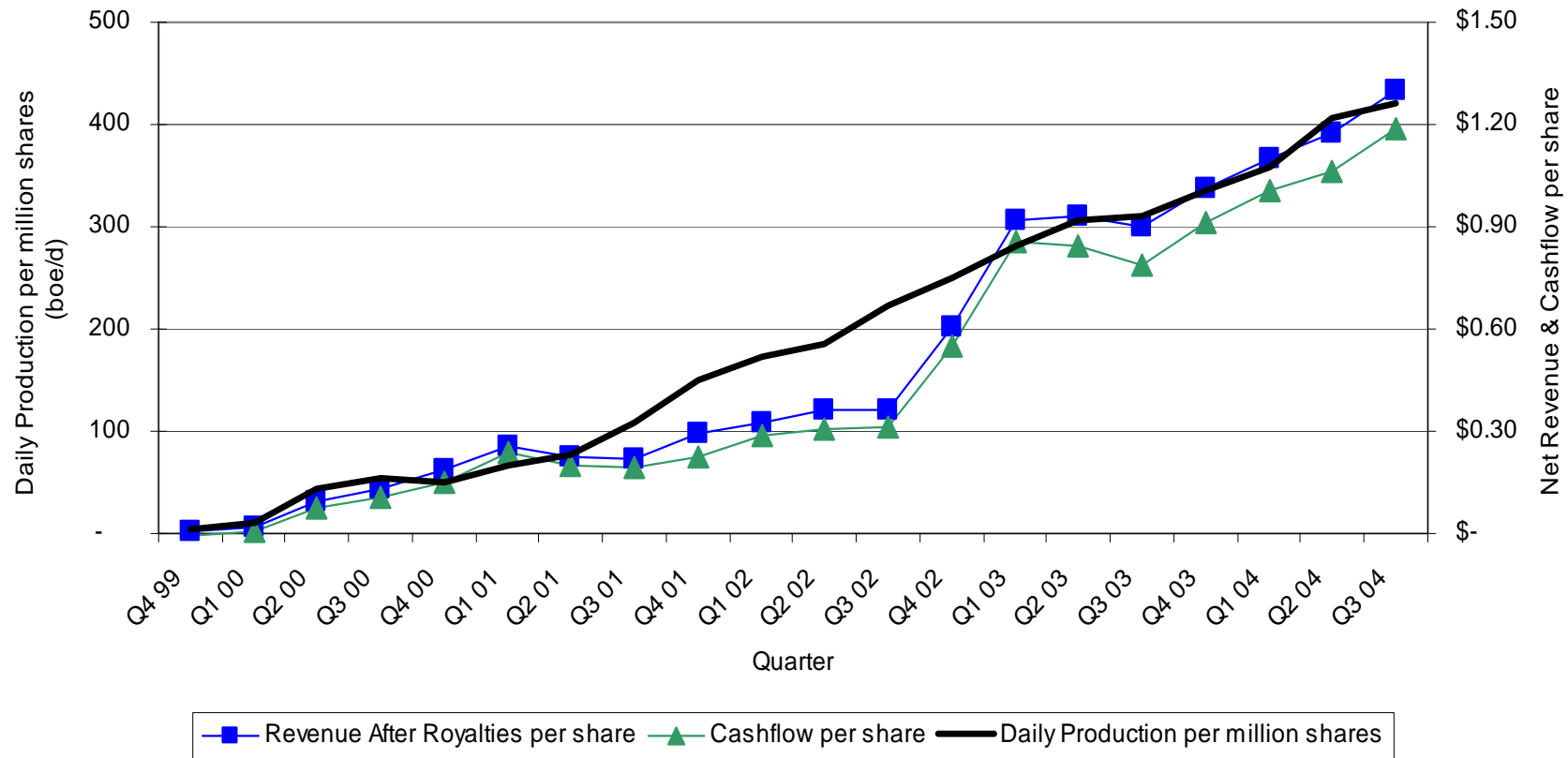
Proof That Tight Gas Works For Peyto

- ✓ Long Reserve Life
- ✓ Low and stable operating costs \$1.80/boe
- ✓ Growing production per unit

Production Growth



Per Unit, Production, Revenue & Cashflow



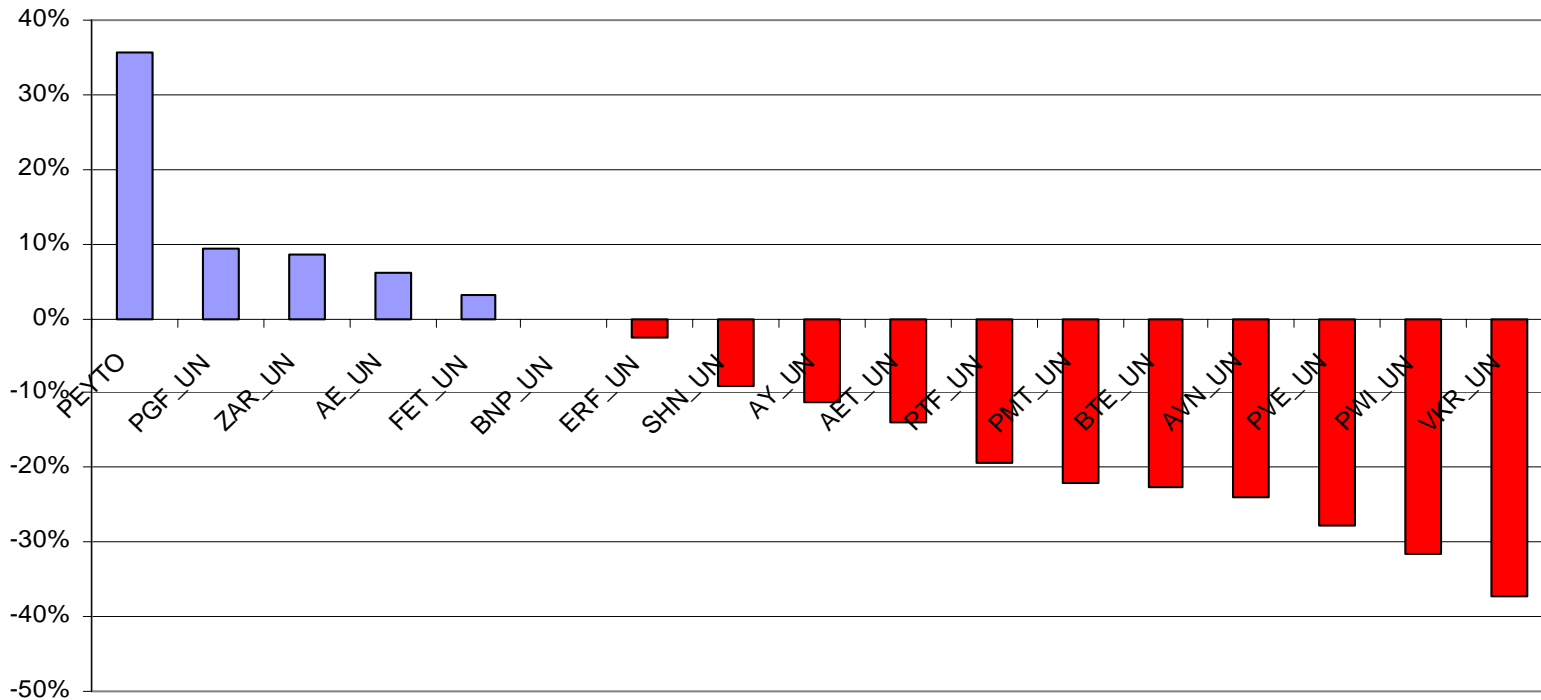
BOE factor - 6 mcf = 1 bbl of oil equivalent

Industry Comparison

Performance, Production Growth Per Unit



**Production Growth Per Unit
Q3 2004 vs Q3 2003**



Production Growth Per Unit – Total Equity outstanding includes Convertible Debentures. Convertible Debentures can and most likely will be paid off in equity. The assumption is that the debentures will convert at the holders conversion price. Because the trusts that issue Convertible Debentures are not growing, the conversion price will likely be lower resulting in even more equity being issued than what has been assumed for this calculation.

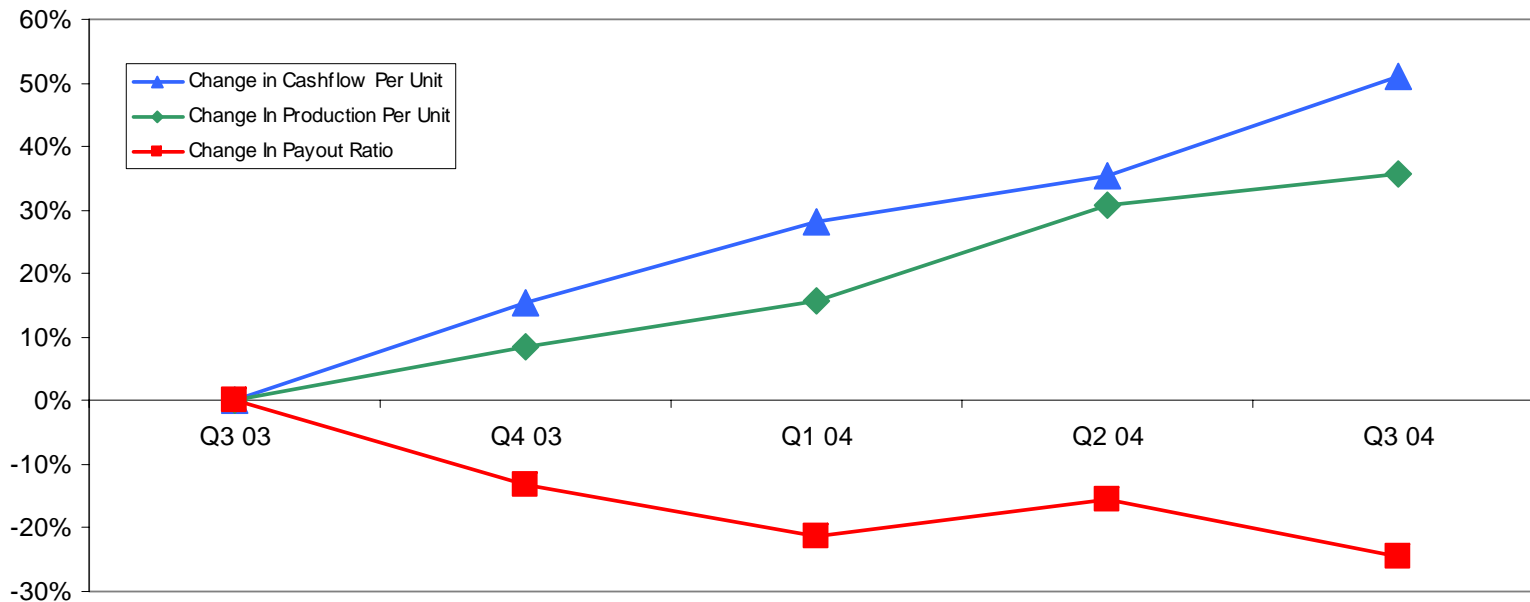
Proof That Tight Gas Works For Peyto

- ✓ Long Reserve Life
- ✓ Low and stable operating costs \$1.80/boe
- ✓ Growing production per unit
- ✓ Growing distributions per unit

Quarterly Distribution History

Percent Change Since Trust Conversion

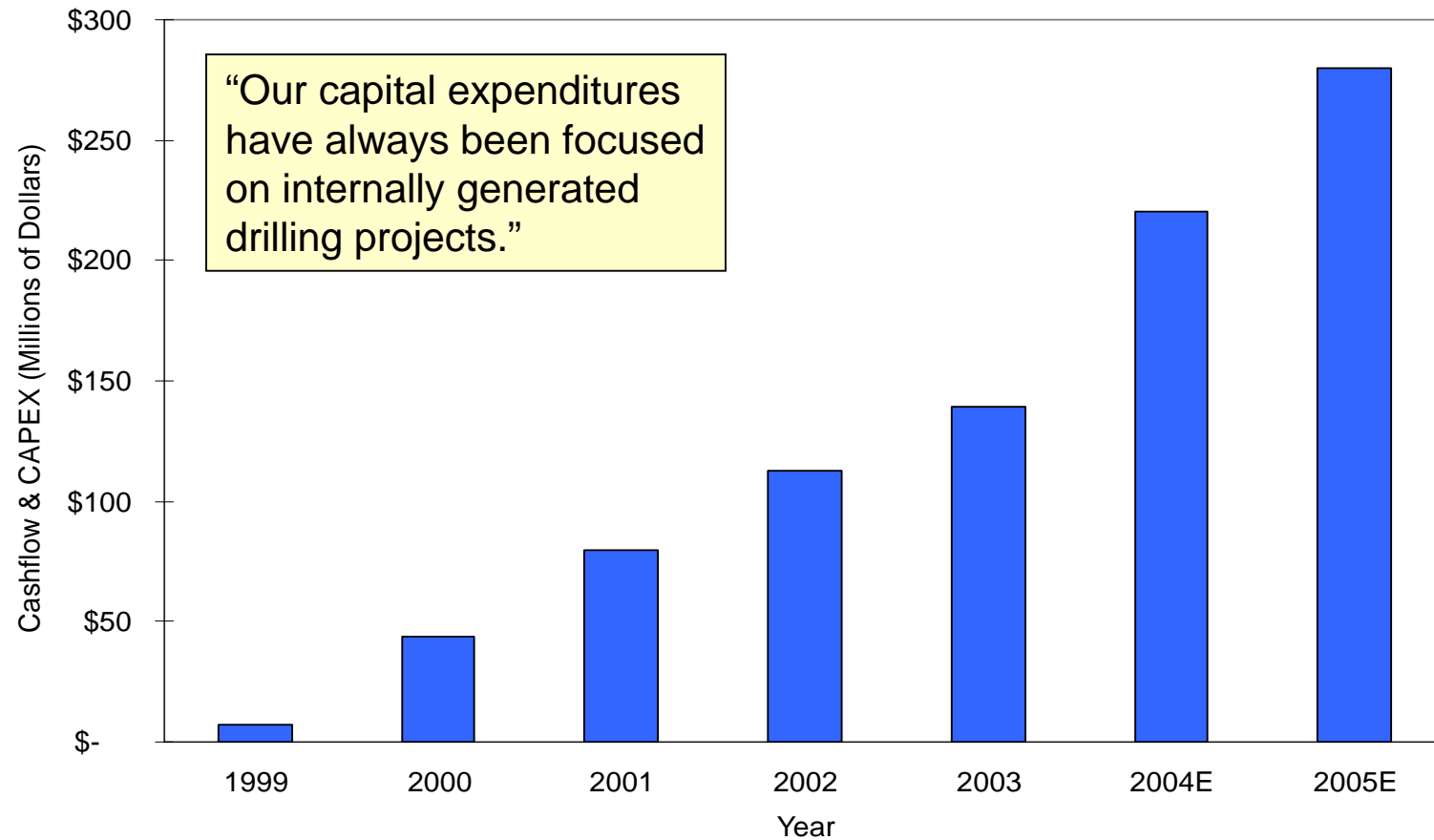
| Quarter | Distribution Rate (\$/unit/month) | Production (boe/d) | Production Per Unit (boe/d/million units) | Payout Ratio | Percent Change Since Trust Conversion | | | | |
|---------|-----------------------------------|--------------------|---|--------------|---------------------------------------|-------------------|---------------------|--------------|--|
| | | | | | Distribution Rate \$/unit | Cashflow per unit | Production per unit | Payout Ratio | |
| Q3 03 | \$ 0.15 | 14,086 | 310 | 57% | 0% | 0% | 0% | 0% | |
| Q4 03 | \$ 0.15 | 15,273 | 336 | 49% | 0% | 15% | 8% | -13% | |
| Q1 04 | \$ 0.15 | 16,415 | 359 | 45% | 0% | 28% | 16% | -21% | |
| Q2 04 | \$ 0.17 | 18,544 | 406 | 48% | 13% | 35% | 31% | -16% | |
| Q3 04 | \$ 0.17 | 19,264 | 421 | 43% | 13% | 51% | 36% | -24% | |
| Q4 04 | \$ 0.19 | | | | 27% | | | | |



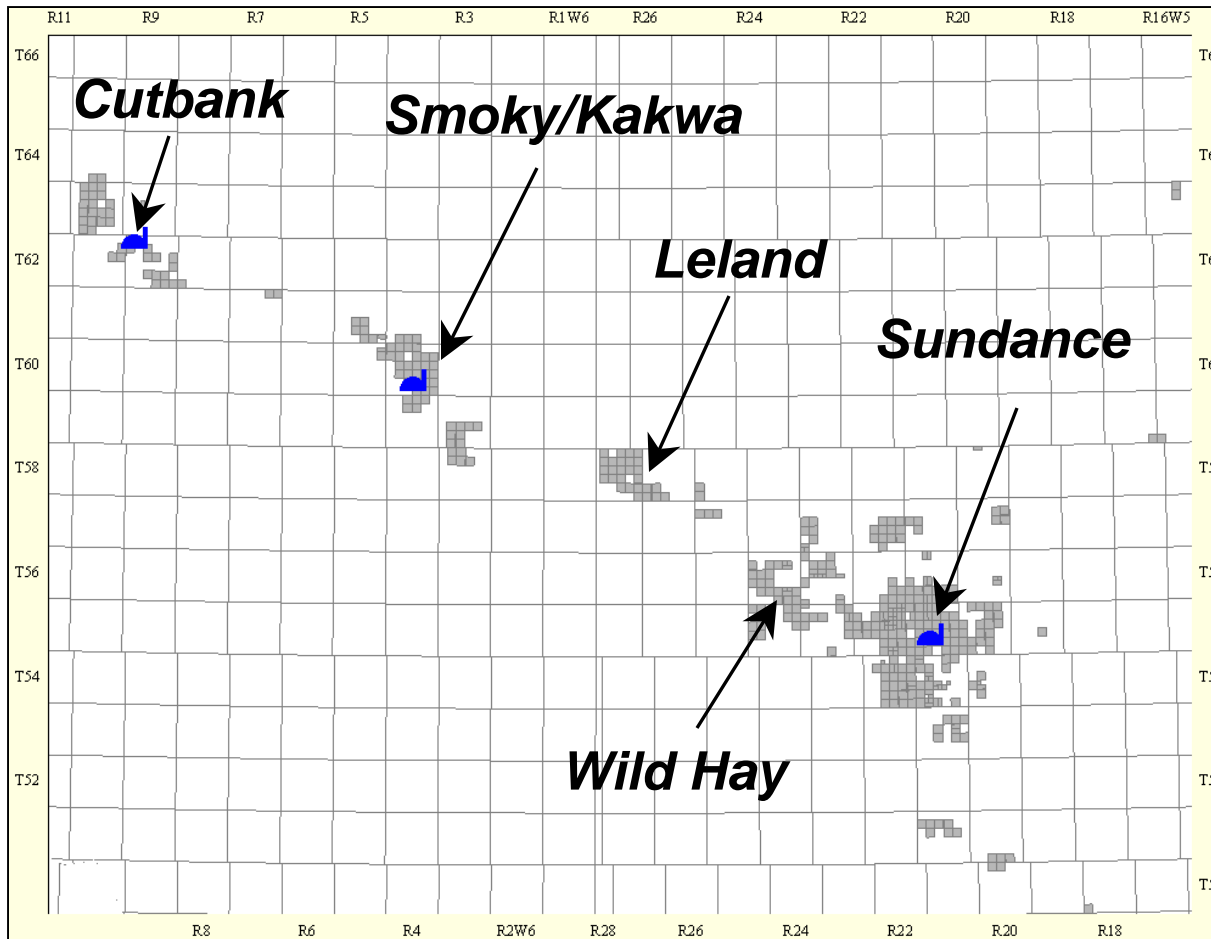
Proof That Tight Gas Works For Peyto

- ✓ Long Reserve Life
- ✓ Low and stable operating costs \$1.80/boe
- ✓ Growing production per unit
- ✓ Growing distributions per unit
- ✓ Growing inventory of projects

Yearly Capital Expenditures



2005 Capital Expenditures (\$260 - \$300 million)



“Our 2005 capital program is directed exclusively at developing tight gas reserves in the Deep Basin.”

Proof That Tight Gas Works For Peyto

- ✓ Long Reserve Life
- ✓ Low and stable operating costs \$1.80/boe
- ✓ Growing production per unit
- ✓ Growing distributions per unit
- ✓ Growing inventory of projects
- ✓ Great track record

Track Record

Five Years of Unmatched Profitable Growth



“Tight gas has allowed us to deliver incredible returns to our shareholders. Our share price actually trails our production per unit growth.”

| | Start 12/31/1999 | End 12/31/2004 | Growth Rate | |
|------------------------------------|---------------------|-------------------|------------------------|--------------------------|
| | | | Compounded Annually | Over Five Year Period |
| Share Price (plus distributions) | \$0.74 | \$50.77 | 133% | 6761% |
| Production (boe/d) | 111 | 20000E | 183% | 17918% |
| Production (per million unit) | 5 | 414E | 147% | 9048% |
| Shares Outstanding (millions) | 25 | 48 | 15% | 97% |
| Revenue per boe (net of royalties) | \$ 17.00 | \$ 34.00 | 15% | 100% |
| Operating Costs per boe | \$ 7.30 | \$1.80E | -24% | -75% |