NEWS RELEASE

AUGUST 12, 2009 **SYMBOL: PEY.UN – TSX**

PEYTO ENERGY TRUST ANNOUNCES SECOND QUARTER 2009 RESULTS

CALGARY, ALBERTA – Peyto Energy Trust ("Peyto") is pleased to present the operating and financial results for the second quarter of the 2009 fiscal year. Peyto is an explorer and producer of unconventional tight gas assets in Alberta's Deep Basin and using its trust structure is able to flow profits from the success of that business to its unitholders in the form of distributions.

Peyto is well known for owning high quality, sweet natural gas assets that exhibit long reserve life, low operating costs and high revenue per mcfe. The following summarizes the Trust's foundation:

- Long reserve life – Proved Producing 14 years, Total Proved 17 years, Proved plus Probable 23 years
- Low operating costs - $0.43/mcfe ($2.56/boe), three months ending June 30, 2009
- High heat content natural gas stream – Realized revenue of $4.52/mcfe ($27.12/boe) before hedging, $6.32/mcfe ($37.90/boe) after hedging, three months ending June 30, 2009
- Low base general and administrative costs - $0.19/mcfe ($1.16/boe), three months ending June 30, 2009
- High field netback – $5.23/mcfe ($31.35/boe) or 83% of revenue, three months ending June 30, 2009
- High level of operatorship – operates over 97% of its production
- Cash distributions – cash distributions of $39.2 million were 86% of funds from operations for the three months ending June 30, 2009
- Since inception, Peyto has raised a total of $500 million issuing units from treasury, accumulated earnings of $1.0 billion, and distributed $890 million to unitholders
- Transparent capital structure - no convertible debentures, no exchangeable shares, no stock options, no warrants

The second quarter of 2009 was highlighted by improved financial flexibility and strong margins, amid weak natural gas prices, as illustrated by the following:

- Closed an offering of 9,000,000 trust units at $10.50/unit for net proceeds of $89 million
- Net debt decreased $91.1 million from Q1 2009 to $399.5 million in Q2 2009 and was down 12% from $454.4 million in Q2 2008. This leaves available borrowing capacity of $150 million on bank lines of $550 million, secured by over $2.7 billion in Proved Producing assets (2008 PP NPV_5)
- Natural gas prices before hedges were 62% lower in Q2 2009 with prices averaging $3.99/mcf versus $10.46/mcf in Q2 2008. After hedging, Q2 2009 gas prices were 34% lower at $6.14/mcf versus $9.32/mcf for the previous period
- Cash netbacks for the quarter averaged $4.65/mcfe ($27.82/boe) versus $6.94/mcfe ($41.70/boe) a year ago which represents 73% of revenue
- Capital expenditures – $4.7 million was invested into finding and developing new natural gas reserves, down from $13.0 million in the previous quarter, and down from $21.5 million in Q2 2008
- Production - decreased 8% from 117,175 mcfe/d (19,530 boe/d) in the second quarter of 2008 to 107,892 mcfe/d (17,982 boe/d) in the second quarter of 2009
- Per unit funds from operations – decreased 39% from the previous year to $0.43/unit
- Hedging – a $17.6 million gain for the three months ending June 30, 2009 was realized
- A total of $39.2 million or $0.37/unit was distributed to unitholders in the second quarter of 2009. For 2009 to date, $80.5 million has been distributed out of $92.8 million in earnings

Natural gas volumes recorded in thousand cubic feet (mcf) are converted to barrels of oil equivalent (boe) using the ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). Natural gas liquids and oil volumes in barrel of oil (bbl) are converted to thousand cubic feet equivalent (mcfe) using a ratio of one (1) barrel of oil to six (6) thousand cubic feet. This could be misleading if used in isolation as it is based on an energy equivalency conversion method primarily applied at the burner tip and does not represent a value equivalency at the wellhead.

	3 Months Ended June 30		%	6 Months Ended June 30		%
	2009	2008	Change	**2009**	2008	Change
Operations						
Production						
Natural gas (mcf/d)	**90,191**	97,819	*(8)%*	**93,078**	99,644	*(7)%*
Oil & NGLs (bbl/d)	**2,950**	3,226	*(9)%*	**2,986**	3,430	*(13)%*
Thousand cubic feet equivalent (mcfe/d @ 1:6)	**107,892**	117,175	*(8)%*	**110,993**	120,224	*(8)%*
Barrels of oil equivalent (boe/d @ 6:1)	**17,982**	19,530	*(8)%*	**18,499**	19,936	*(7)%*
Realized product prices						
Natural gas ($/mcf)	**6.14**	9.32	*(34)%*	**6.93**	8.90	*(22)%*
Oil & NGLs ($/bbl)	**43.42**	107.45	*(60)%*	**43.94**	95.08	*(54)%*
Operating expenses ($/mcfe)	**0.43**	0.43	-	**0.44**	0.44	-
Transportation ($/mcfe)	**0.11**	0.11	-	**0.11**	0.11	-
Field netback ($/mcfe)	**5.23**	7.69	*(32)%*	**5.76**	7.40	*(22)%*
General & administrative expenses ($/mcfe)	**0.19**	0.18	*6%*	**0.21**	0.19	*11%*
Interest expense ($/mcfe)	**0.39**	0.56	*(30)%*	**0.37**	0.54	*(31)%*
Financial ($000, except per unit)						
Revenue	**62,016**	114,543	*(46)%*	**140,439**	218,971	*(36)%*
Royalties	**5,417**	26,861	*(80)%*	**13,707**	46,125	*(70)%*
Funds from operations	**45,527**	74,113	*(39)%*	**104,134**	145,068	*(28)%*
Funds from operations per unit	**0.43**	0.70	*(39)%*	**0.98**	1.37	*(28)%*
Total distributions	**39,211**	46,605	*(16)%*	**80,520**	91,403	*(12)%*
Total distributions per unit	**0.37**	0.44	*(16)%*	**0.76**	0.86	*(12)%*
Payout ratio	**86**	63	*37%*	**77**	63	*22%*
Earnings	**29,189**	31,412	*(7)%*	**92,763**	63,852	*45%*
Earnings per diluted unit	**0.28**	0.30	*(7)%*	**0.87**	0.60	*45%*
Capital expenditures	**4,671**	21,528	*(78)%*	**17,707**	54,587	*(68)%*
Weighted average trust units outstanding	**106,315,789**	105,920,194	-	**106,119,089**	105,876,470	-
As at June 30						
Net debt (before future compensation expense and unrealized hedging gains)				**399,513**	454,417	*(12)%*
Unitholders' equity				**661,003**	419,922	*57%*
Total assets				**1,292,556**	1,196,367	*8%*
Cash flows from operating activities	**50,193**	66,087		**102,295**	118,570	
Provision for performance based compensation	**(536)**	5,349		**614**	8,845	
Change in non-cash working capital	**(4,130)**	2,677		**1,226**	17,653	
Funds from operations [(1)]	**45,527**	74,113		**104,134**	145,068	

(1) Funds from operations - Management uses funds from operations to analyze the operating performance of its energy assets. 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. Management believes that funds from operations is an important parameter to measure the value of an asset when combined with reserve life. Funds from operations is not a measure recognized by Canadian generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by GAAP. Therefore, funds from operations, as defined by Peyto, may not be comparable to similar measures presented by other issuers, and investors are cautioned that funds from operations should not be construed as an alternative to net earnings, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP. Funds from operations cannot be assured and future distributions may vary.

Quarterly Review

Peyto invested $4.7 million into drilling and connecting new Deep Basin gas wells in the second quarter of 2009. The majority of this capital was spent in June following spring breakup access restrictions. Drilling and completions accounted for $3.1 million, while wellsite equipment and pipelines accounted for $1.5 million. Minor amounts were spent on additional land and seismic data, making up the balance of the capital expenditures.

In the second quarter, the Trust spud 3 gross (2.5 net, 83% working interest) gas wells and brought on production 2 gross (1.5 net) zones. No new completions were commenced in the quarter. Production for the quarter averaged 107,892 mcfe/d (17,982 boe/d) down from 117,177 mcfe/d (19,530 boe/d) in Q2 2008.

Peyto's industry leading operating costs of $0.43/mcfe ($2.56/boe) and transportation expenses of $0.11/mcfe ($0.67/boe) were maintained in Q2 2009, in line with the previous quarter and prior year period. Royalties totaled $5.4 million in the quarter, representing 8.7% of sales or $0.55/mcfe ($3.31/boe). Natural gas prices for the second quarter 2009 averaged $6.14/mcf, after hedging gains of $2.15/mcf, while liquids prices averaged $43.42/boe. The high heat content, premium gas price that Peyto achieved, elevated by hedging gains, combined with its low operating costs, transportation and royalty expense resulted in field netbacks of $5.23/mcfe ($31.35/boe) for the quarter. Subtracting G&A and interest expense of $0.19/mcfe and $0.39/mcfe respectively, reduced field netbacks to a corporate netback of $4.65/mcfe or 73% of revenue. Peyto believes this is one of the highest margins in the industry.

On June 26, 2009, Peyto closed an offering of 9,000,000 trust units at a price of $10.50 per unit. Net proceeds of this offering were used to initially pay down outstanding bank debt and will subsequently fund an increased capital program for the balance of the year.

Activity Update

Since the end of the second quarter, Peyto has been active with three drilling rigs in the Alberta Deep Basin. Two of the rigs are exploring in the Kakwa and Greater Sundance areas while the third rig is being used to develop proven reserves in the Nosehill and Oldman areas using horizontal multi-stage fracture technology. Along with early positive indicators from offsetting analog producers and the 3-point Crown royalty incentives, this technology is expected to yield greater profitability than can be achieved with traditional vertical wells.

Peyto continues to closely monitor existing producing wells for positive funds flow during this time of low natural gas prices. To date, only a few low rate wells have been shut in because of low gas prices (30 to 40 boe/d). This is a reflection of the high profitability of Peyto's production, even at low commodity prices. New production additions will be scheduled to maximize overall returns while at the same time allowing the Trust to further prove the enhanced profitability of new technologies.

Marketing

North American natural gas prices continue to come under pressure as storage volumes have reached record levels for this time of year and there continues to be excess supply. Further, the Canadian dollar has strengthened against its US counterpart, putting additional pressure on prices here. Alberta daily spot prices for July 2009 averaged $2.94/GJ, a price not seen since July of 2002. At the same time, there is a growing consensus that supply reductions caused by reduced North American drilling activity will eventually correct the over supply situation. This consensus is evidenced by stronger futures prices for this coming winter and beyond which are trading in excess of $5/GJ. Peyto has continued to secure these better future prices and as of June 30 2009, committed to the forward sale of 15,680,000 gigajoules (GJ) of natural gas at an average price of $7.38/GJ or $8.63/mcf (representing a 17% premium heat content). Had these contracts been closed on June 30, 2009, the Trust would have realized a gain of $39.2 million.

The Trust will continue to forward sell small portions of production, up to 24 months into the future, to secure prices for upcoming distributions and capital programs. This strategy has worked successfully in the past to smooth out much of the volatility in natural gas prices caused by periods of excess supply or demand.

Outlook

Current economic conditions remain challenging for natural gas producers. Peyto’s strong hedge position and low cost structure give it a competitive advantage over others, allowing for the continued exploration and inventory development during this downturn in the natural gas cycle. Financial flexibility has been enhanced, ensuring that Peyto will be well positioned to respond at the front of the price recovery. A long reserve life means that the majority of the Trust’s reserves will benefit from the higher gas prices which are forecast for the future. In the meantime, reduced industry activity levels have provided downward pressure on service costs allowing for Peyto to drill more wells with less capital. As a result of these improved efficiencies, the capital program has been expanded for 2009 to between $90 and $120 million.

Unitholders are encouraged to visit the Peyto website at **www.peyto.com** where there is a wealth of information designed to inform and educate investors.

Conference Call and Webcast

A conference call will be held with the senior management of Peyto to answer questions with respect to the 2009 second quarter financial results on Thursday, August 13th, 2009, at 9:00 a.m. Mountain Daylight Time (MDT), or 11:00 a.m. Eastern Daylight Time (EDT). To participate, please call 1- 416-340-8018 (Toronto area) or 1-866-223-7781 for all other participants. The conference call will also be available on replay by calling 1-416-695-5800 (Toronto area) or 1-800-408-3053 for all other parties, using passcode 5317640. The replay will be available at 11:00 a.m. MDT, 1:00 p.m. EDT Thursday, August 13th, 2009 until midnight EDT on Wednesday, August 20th, 2009. The conference call can also be accessed through the internet at **http://events.onlinebroadcasting.com/peyto/081309/index.php**. After this time the conference call will be archived on the Peyto Energy Trust website at www.peyto.com.

Management’s Discussion and Analysis

A copy of the second quarter report to Unitholders, including the Management’s Discussion and Analysis, and unaudited interim financial statements and related notes is available at http://www.peyto.com/news/Q22009MDandA.pdf and will be filed at SEDAR, www.sedar.com , at a later date.

Darren Gee
President and CEO
August 11, 2009

Certain information set forth in this document and Management’s Discussion and Analysis, including management's assessment of Peyto’s future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond these parties' control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Peyto's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Peyto will derive therefrom.

Peyto Energy Trust

Consolidated Balance Sheets
($000)

(unaudited)

	June 30, 2009	December 31, 2008
Assets		
Current		
Cash	**41,564**	-
Accounts receivable *(Note 3 and 10)*	**44,050**	65,662
Financial derivative instruments *(Note 10)*	**35,709**	27,788
Prepaid expenses and deposits	**5,809**	3,367
	127,132	96,817
Financial derivative instruments *(Note 10)*	**3,474**	2,458
Prepaid capital	**2,188**	3,069
Property, plant and equipment *(Note 4)*	**1,159,762**	1,177,902
	1,292,556	1,280,246
Liabilities and Unitholders' Equity		
Current		
Accounts payable and accrued liabilities	**17,146**	48,854
Distributions payable	**13,790**	15,888
Provision for future performance based compensation	**614**	-
	31,550	64,742
Long-term debt *(Note 5)*	**460,000**	500,000
Asset retirement obligations	**9,928**	9,479
Future income taxes	**130,075**	155,308
	600,003	664,787
Unitholders' equity		
Unitholders' capital *(Note 6)*	**499,644**	410,233
Accumulated earnings *(Note 7)*	**122,481**	110,238
Accumulated other comprehensive income	**38,878**	30,246
	661,003	550,717
	1,292,556	1,280,246

See accompanying notes

On behalf of the Board:

(signed) *"Michael MacBean"*
Director

(signed) *"Darren Gee"*
Director

Peyto Energy Trust

Consolidated Statements of Earnings
($000 except per unit amounts)

(unaudited)

	Three Months Ended June 30		**Six Months Ended June 30**	
	2009	**2008**	**2009**	**2008**
Revenue				
Oil and gas sales	**44,386**	124,682	**109,549**	224,809
Realized gain (loss) on hedges	**17,629**	(10,139)	**30,890**	(5,838)
Royalties	**(5,417)**	(26,861)	**(13,707)**	(46,125)
Petroleum and natural gas sales, net	**56,598**	87,682	**126,732**	172,846
Expenses				
Operating *(Note 8)*	**4,197**	4,580	**8,757**	9,545
Transportation	**1,094**	1,133	**2,272**	2,293
General and administrative*(Note 9)*	**1,904**	1,918	**4,142**	4,121
Future performance based compensation provision	**(536)**	5,349	**614**	8,845
Interest on long term debt	**3,876**	5,938	**7,426**	11,819
Depletion, depreciation and accretion *(Note 4)*	**17,718**	17,842	**36,295**	37,128
	28,253	36,760	**59,506**	73,751
Earnings before taxes	**28,345**	50,922	**67,226**	99,095
Taxes				
Future income tax (recovery) expense	**(844)**	19,510	**(25,537)**	35,243
Earnings for the period	**29,189**	31,412	**92,763**	63,852
Earnings per unit *(Note 6)*				
Basic and diluted	**0.28**	0.30	**0.87**	0.60

See accompanying notes

Peyto Energy Trust

Consolidated Statements of Comprehensive Income (Loss)
($000 except per unit amounts)

(unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2009	**2008**	**2009**	**2008**
Earnings for the period	**29,189**	31,412	**92,763**	63,852
Other comprehensive income (loss)				
Change in unrealized gain (loss) on cash flow hedges	**19,022**	(52,534)	**39,522**	(91,289)
Realized (gain) loss on cash flow hedges	**(17,629)**	10,150	**(30,890)**	5,838
Comprehensive income (loss)	**30,582**	(10,972)	**101,395**	(21,599)

See accompanying notes

Peyto Energy Trust

Consolidated Statements of Accumulated Earnings and Accumulated Other Comprehensive Income (Loss)
($000)

(unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2009	**2008**	**2009**	**2008**
Accumulated earnings, beginning of period	**132,503**	105,214	**110,238**	117,572
Net earnings for the period	**29,189**	31,412	**92,763**	63,852
Distributions *(Note 7)*	**(39,211)**	(46,605)	**(80,520)**	(91,403)
Accumulated earnings, end of period	**122,481**	90,021	**122,481**	90,021
Accumulated other comprehensive income (loss), beginning of period	**37,485**	(37,948)	**30,246**	5,119
Other comprehensive income (loss)	**1,393**	(42,384)	**8,632**	(85,451)
Accumulated other comprehensive income (loss), end of period	**38,878**	(80,332)	**38,878**	(80,332)

See accompanying notes

Peyto Energy Trust

Consolidated Statements of Cash Flows
($000)

(unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2009	**2008**	**2009**	**2008**
Cash provided by (used in)				
Operating Activities				
Earnings for the period	**29,189**	31,412	**92,763**	63,852
Items not requiring cash:				
Future income tax expense	**(844)**	19,510	**(25,537)**	35,243
Depletion, depreciation and accretion	**17,718**	17,842	**36,295**	37,128
Change in non-cash working capital related to operating activities	**4,130**	(2,677)	**(1,226)**	(17,653)
	50,193	66,087	**102,295**	118,570
Financing Activities				
Issuance of trust units	**94,500**	-	**94,500**	3,932
Issuance costs	**(5,089)**	-	**(5,089)**	-
Distributions declared *(Note 7)*	**(39,211)**	(46,605)	**(80,520)**	(91,403)
Increase (decrease) in bank debt	**(50,000)**	10,000	**(40,000)**	20,000
Change in non-cash working capital related to financing activities	**1,081**	1,059	**(2,097)**	1,088
	1,281	(35,546)	**(33,206)**	(66,383)
Investing Activities				
Additions to property, plant and equipment	**(4,671)**	(21,520)	**(17,707)**	(54,587)
Change in non-cash working capital related to investing activities	**(5,239)**	(5,759)	**(9,818)**	(12,421)
	(9,910)	(27,279)	**(27,525)**	(67,008)
Net increase (decrease) in cash	**41,564**	3,262	**41,564**	(14,821)
Cash, beginning of period	**-**	2,464	**-**	20,547
Cash, end of period	**41,564**	5,726	**41,564**	5,726

See accompanying notes

1. Summary of Significant Accounting Policies

The unaudited interim consolidated financial statements of Peyto Energy Trust (the "Trust" or "Peyto") follow the same accounting policies as the most recent annual audited consolidated financial statements. The interim consolidated financial statement note disclosures do not include all of those required by Canadian generally accepted accounting principles ("GAAP") applicable for annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the 2008 audited consolidated financial statements.

These financial statements include the accounts of Peyto Energy Trust and its wholly owned subsidiaries, Peyto Exploration & Development Corp., Peyto Operating Trust, Peyto Energy Limited Partnership and Peyto Energy Administration Corp.

2. Changes in Accounting Policies

Current Year Accounting Changes

Goodwill and Intangible Assets
On January 1, 2009, the Trust retrospectively adopted the Canadian Institute of Chartered Accountants (CICA) Section 3064, Goodwill and Intangible Assets issued by the Accounting Standards Board ("AcSB"). This section clarifies the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Adoption of this standard did not have an impact the Trust's results of operations or financial position.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities
Effective January 1, 2009, the Trust adopted the CICA Emerging Issues Committee (EIC) Abstract No.173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC 173). EIC 173 clarifies how an entity's own credit risk and that of the relevant counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The new guidance did not have any impact on the financial position or earnings of the Trust.

Business Combinations
On January 1, 2009, the Trust prospectively adopted CICA Section 1582, Business Combinations issued by the AcSB. This section establishes principles and requirements of the acquisition method for business combinations and related disclosures. Adoption of this statement did not have an impact on the Trust's results of operations or financial position.

Consolidated Financial Statements and Non-Controlling Interests
On January 1, 2009, the Trust adopted CICA Sections 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests issued by the AcSB. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. Adoption of this statement did not have an impact on the Trust's results of operations or financial position.

Pending Accounting Pronouncements

Financial Instruments – Disclosures
In May 2009, the CICA amended Section 3862, Financial Instruments – Disclosures, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and

liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. These amendments are effective for the Trust on December 31, 2009.

3. Accounts Receivable

($000)	**June 30, 2009**	December 31, 2008
Accounts receivable – general	**36,782**	58,394
Accounts receivable – income taxes	**7,268**	7,268
	44,050	65,662

Canada Revenue Agency ("CRA") has conducted an audit of restructuring costs claimed as a result of the Trust conversion in 2003 that has resulted in the reclassification of $41.0 million dollars in employment related costs as eligible capital. In October, 2008, the Trust received a notice of reassessment from the CRA and paid an amount of $7.3 million related to this audit. Based upon consultation with legal counsel, Management's view is that CRA's position has no merit. A notice of appeal was filed May 19, 2009 and the appeal has been denied. Examination for discovery is being scheduled.

4. Property, Plant and Equipment

($000)	**June 30, 2009**	December 31, 2008
Property, plant and equipment	**1,569,616**	1,551,789
Accumulated depletion and depreciation	**(409,854)**	(373,887)
	1,159,762	1,177,902

At June 30, 2009 costs of $40.3 million (December 31, 2008 - $36.8 million) related to undeveloped land have been excluded from the depletion and depreciation calculation.

5. Long-Term Debt

The Trust has a syndicated $550 million extendible revolving credit facility with a stated term date of April 30, 2010. The facility is made up of a $20 million working capital sub-tranche and a $530 million production line. The facilities are available on a revolving basis for a period of at least 364 days and upon the term out date may be extended for a further 364 day period at the request of the Trust, subject to approval by the lenders. In the event that the revolving period is not extended, the facility is available on a non-revolving basis for a further one year term, at the end of which time the facility would be due and payable. Outstanding amounts on this facility bear interest at rates determined by the Trust's debt to cash flow ratio that range from prime to prime plus 0.75% for debt to earnings before interest, taxes, depreciation, depletion and amortization (EBITDA) ratios ranging from less than 1:1 to greater than 2.5:1. A General Security Agreement with a floating charge on land registered in Alberta is held as collateral by the bank. The average borrowing rate for the three and six months ended June 30, 2009 was 3.1% and 3.0% respectively (2008 – 5.4% and 5.4% respectively).

6. Unitholders' Capital

Authorized: Unlimited number of voting trust units

Issued and Outstanding

Trust Units (no par value) ($000)	**Number of Units**	**Amount**
Balance, December 31, 2008	**105,920,194**	**410,233**
Trust units issued	9,000,000	94,500
Trust unit issuance costs	-	(5,089)
Balance, June 30, 2009	**114,920,194**	**499,644**

On June 26, 2009, Peyto closed an offering of 9,000,000 trust units at a price of $10.50 per trust unit, receiving net proceeds of $89 million.

Per Unit Amounts

Earnings per unit have been calculated based upon the weighted average number of units outstanding for three months ended June 30, 2009 of 106,315,798 (2008 - 105,920,194) and for the six months ended June 30, 2009 of 106,119,089 (2008 – 105,876,470). There are no dilutive instruments outstanding.

7. Accumulated Distributions

The Trust declared total distributions to the unitholders in the aggregate amount of $39.2 million in the three months ended June 30, 2009 (2008 – total $46.6 million) and $80.5 million for the six months ended June 30, 2009 (2008 - total $91.4 million) in accordance with the following schedule:

Production Period	**Record Date**	**Distribution Date**	**Per Unit** [(1)]
January 2009	January 31, 2009	February 13, 2009	$0.15
February 2009	February 28, 2009	March 13, 2009	$0.12
March 2009	March 31, 2009	April 15, 2009	$0.12
April 2009	April 30, 2009	May 15, 2009	$0.12
May 2009	May 31, 2009	June 15, 2009	$0.12
June 2009	June 30, 2009	July 15, 2009	$0.12

[(1)] Distributions per trust unit reflect the sum of the per trust unit amounts declared monthly to unitholders.

Accumulated Earnings and Distributions

($000)	**June 30, 2009**	December 31, 2008
Accumulated earnings, beginning of period	**919,435**	740,038
Earnings for the period	**92,763**	179,397
Total accumulated earnings	**1,012,198**	919,435
Total accumulated distributions	**(889,717)**	(809,197)
Accumulated earnings, end of period	**122,481**	110,238

8. Operating Expenses

The Trust's operating expenses include all costs with respect to day-to-day well and facility operations. Processing and gathering income related to joint venture and third party natural gas reduces operating expenses.

	Three Months Ended June 30		**Six Months Ended June 30**	
($000)	**2009**	2008	**2009**	2008
Field expenses	**6,728**	7,328	**14,096**	14,878
Processing and gathering income	**(2,531)**	(2,748)	**(5,339)**	(5,333)
Total operating costs	**4,197**	4,580	**8,757**	9,545

9. General and Administrative Expenses (G & A)

General and administrative expenses are reduced by operating and capital overhead recoveries on operated properties.

	Three Months Ended June 30		Six Months Ended June 30	
($000)	**2009**	2008	**2009**	2008
General and administrative expenses	**2,270**	2,579	**5,008**	5,468
Overhead recoveries	**(366)**	(661)	**(866)**	(1,347)
Net general and administrative expenses	**1,904**	1,918	**4,142**	4,121

10. Financial Instruments and Risk Management

Market Risk

Market risk is the risk that changes in market prices will affect the Trust's net earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control its exposures within acceptable limits, while maximizing returns. The Trust's objectives, processes and policies for managing market risks have not changed from the previous year.

Commodity Price Risk Management

The Trust is a party to certain derivative financial instruments, including fixed price contracts. The Trust enters into these contracts with well established counterparties for the purpose of protecting a portion of its future earnings and cash flows from operations from the volatility of commodity prices. The Trust believes the derivative financial instruments are effective as hedges, both at inception and over the term of the instrument, as the term and notional amount do not exceed the Trust's firm commitment or forecasted transaction and the underlying basis of the instrument correlates highly with the Trust's exposure. A summary of contracts outstanding in respect of the hedging activities at June 30, 2009 are as follows:

Natural Gas Period Hedged	**Type**	**Daily Volume**	**Price (CAD)**
April 1, 2009 to October 31, 2009	Fixed price	5,000 GJ	$7.85/GJ
April 1, 2009 to October 31, 2009	Fixed price	5,000 GJ	$8.12/GJ
April 1, 2009 to October 31, 2009	Fixed price	5,000 GJ	$8.95/GJ
April 1, 2009 to October 31, 2009	Fixed price	5,000 GJ	$9.30/GJ
April 1, 2009 to October 31, 2009	Fixed price	5,000 GJ	$10.20/GJ
April 1, 2009 to October 31, 2009	Fixed Price	5,000 GJ	$7.50/GJ
April 1 , 2009 to March 31, 2010	Fixed Price	5,000 GJ	$7.65/GJ
April 1 , 2009 to March 31, 2010	Fixed Price	5,000 GJ	$6.90/GJ
November 1, 2009 to March 31, 2010	Fixed Price	5,000 GJ	$8.39/GJ
November 1, 2009 to March 31, 2010	Fixed Price	5,000 GJ	$8.35/GJ
November 1, 2009 to March 31, 2011	Fixed Price	5,000 GJ	$6.20/GJ
November 1, 2010 to March 31, 2011	Fixed Price	5,000 GJ	$8.91/GJ
November 1, 2010 to March 31, 2011	Fixed Price	5,000 GJ	$9.15/GJ
November 1 , 2009 to March 31, 2011	Fixed price	5,000 GJ	$5.81/GJ
April 1, 2010 to October 31, 2010	Fixed price	5,000 GJ	$6.10/GJ

As at June 30, 2009, the Trust had committed to the future sale of 15,680,000 gigajoules (GJ) of natural gas at an average price of $7.38 per GJ. Had these contracts been closed on June 30, 2009, the Trust would have realized a gain in the amount of $39.2 million. If the AECO gas price on June 30, 2009 were to increase by $1/GJ, the unrealized gain on these closed contracts would change by approximately $15.7 million. An opposite change in commodity prices rates will result in an opposite impact on earnings which would have been reflected in the other comprehensive income of the Trust.

Subsequent to June 30, 2009 the Trust entered into the following contract:

Natural Gas Period Hedged	**Type**	**Daily Volume**	**Price (CAD)**

November 1 , 2009 to October 31, 2010	Fixed price	5,000 GJ	$5.20/GJ

Interest rate risk

The Trust is exposed to interest rate risk in relation to interest expense on its revolving credit facility. Currently, the Trust has not entered into any agreements to manage this risk. If interest rates applicable to floating rate debt were to have increased by 100 bps (1%) it is estimated that the Trust's earnings for the three and six month periods ended June 30, 2009 would decrease by $1.3 million and $2.5 million respectively. An opposite change in interest rates will result in an opposite impact on earnings.

Fair Values of Financial Assets and Liabilities

The Trust's financial instruments include cash, accounts receivable, financial derivative instruments, current liabilities (excluding future income tax), provision for future performance based compensation and long term debt. At June 30, 2009, the carrying value of cash, accounts receivable, financial derivative instruments, current liabilities and provision for future performance based compensation approximate their fair value. The carrying value of the long term debt approximates its fair value due to the floating rate of interest charged under the credit facility.

Credit Risk

A substantial portion of the Trust's accounts receivable is with petroleum and natural gas marketing entities.

Industry standard dictates that commodity sales are settled on the 25th day of the month following the month of production. The Trust generally extends unsecured credit to these companies, and therefore, the collection of accounts receivable may be affected by changes in economic or other conditions and may accordingly impact the Trust's overall credit risk. Management believes the risk is mitigated by the size, reputation and diversified nature of the companies to which they extend credit. The Trust has not previously experienced any material credit losses on the collection of accounts receivable. Of the Trust's significant individual accounts receivable at June 30, 2009, approximately 29% was due from four companies (December 31, 2008 – 43%, three companies). Of the Trust's revenue for the six months ended June 30, 2009, approximately 89% was received from four companies (June 30, 2008 – 83%, three companies). The maximum exposure to credit risk is represented by the carrying amount on the balance sheet. There are no material financial assets that the Trust considers past due and no accounts have been written off.

The Trust may be exposed to certain losses in the event of non-performance by counterparties to commodity price contracts. The Trust mitigates this risk by entering into transactions with counter-parties that have investment grade credit ratings, in accordance with policy as established by the Board of Directors. Counterparties for derivative instrument transactions are limited to financial institutions which are all members of our syndicated credit facility.

The Trust assesses quarterly if there should be any impairment of financial assets. At June 30, 2009, there was no impairment of any of the financial assets of the Trust.

Liquidity Risk

Liquidity risk includes the risk that, as a result of operational liquidity requirements:

- The Trust will not have sufficient funds to settle a transaction on the due date;
- The Trust will be forced to sell financial assets at a value which is less than what they are worth; or
- The Trust may be unable to settle or recover a financial asset at all.

The Trust's operating cash requirements, including amounts projected to complete our existing capital expenditure program, are continuously monitored and adjusted as input variables change. These variables include, but are not limited to, available bank lines, oil and natural gas production from existing wells, results from new wells drilled, commodity prices, cost overruns on capital projects and changes to government regulations relating to prices, taxes, royalties, land tenure, allowable production and availability of markets. As these variables change, liquidity risks may necessitate the need for the Trust to conduct equity issues or obtain project debt financing.

The following are the contractual maturities of financial liabilities as at June 30, 2009:

($000s)	**<1 Year**	**1-2 Years**	**2-5 Years**	**Thereafter**

Accounts payable and accrued liabilities	17,146	
Distributions payable	13,790	
Provision for future performance based compensation	614	
Long-term debt[1]		460,000

[1]Revolving credit facility renewed annually (see Note 5)

11. Capital Disclosures

The Trust's objectives when managing capital are: (i) to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and (ii) to maintain investor, creditor and market confidence to sustain the future development of the business.

The Trust manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of our underlying assets. The Trust considers its capital structure to include unitholders' equity, debt and working capital. To maintain or adjust the capital structure, the Trust may from time to time, issue trust units, raise debt and/or adjust its capital spending to manage its current and projected debt levels. The Trust monitors capital based on the following non-GAAP measures: current and projected debt to earnings before interest, taxes, depreciation, depletion and amortization ("EBITDA") ratios, payout ratios and net debt levels. To facilitate the management of these ratios, the Trust prepares annual budgets, which are updated depending on varying factors such as general market conditions and successful capital deployment. Currently, all ratios are within acceptable parameters. The annual budget is approved by the Board of Directors. The Trust's unitholders' capital is not subject to any external financial covenants.

There were no changes in the Trust's approach to capital management from the previous year.

($000s)	**June 30, 2009**	December 31, 2008
Unitholders' equity	**661,003**	550,717
Long-term debt	**460,000**	500,000
Working capital (surplus) deficit [1]	**(95,582)**	(32,075)
	1,025,421	1,018,642

[1]Current liabilities less current assets (includes unrealized hedging asset of $35.7 million)

12. Supplemental Cash Flow Information

	Three Months Ended June 30		**Six Months Ended June 30**	
($000)	**2009**	2008	**2009**	2008
Cash interest paid during the period	**3,876**	5,938	**7,426**	11,819

13. Contingencies and Commitments

Following is a summary of the Trust's commitments related to operating leases as at June 30, 2009. The Trust has no other contractual obligations or commitments as at June 30, 2009.

($000)	**June 30, 2009**
2009	97
2010	1,036
2011	1,036
2012	1,036
Thereafter	2,072
	5,277

Contingent Liability

From time to time, Peyto is the subject of litigation arising out of its day-to-day operations. Damages claimed pursuant to such litigation, may be material or may be indeterminate and the outcome of such litigation may materially impact Peyto's financial position or results of operations in the period of settlement. While Peyto assesses the merits of each lawsuit and defends itself accordingly Peyto may be required to incur significant expenses or devote significant resources to defending itself against such litigation. These claims are not currently expected to have a material impact on Peyto's financial position or results of operations.

14. Subsequent Events

On July 6, 2009, the Trust repaid $40,000,000 on the revolving credit facility.

Peyto Exploration & Development Corp. Information

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Scott Robinson
Executive Vice-President and Chief Operating Officer

Kathy Turgeon
Vice-President, Finance and Chief Financial Officer

Glenn Booth
Vice-President, Land

Stephen Chetner
Corporate Secretary

Directors

Don Gray, Chairman
Michael MacBean, Lead Independent Director
Rick Braund
Brian Davis
Darren Gee
Gregory Fletcher
Stephen Chetner

Auditors
Deloitte & Touche LLP

Solicitors
Burnet, Duckworth & Palmer LLP

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Union Bank, Canada Branch
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