

Attention Business/Financial Editors:

Peyto Energy Trust announces 2008 year end reserves and distribution adjustment

SYMBOL: PEY.UN - TSX

CALGARY, Feb. 13 /CNW/ - Peyto Energy Trust ("Peyto" or "the Trust") presents the results and analysis of the independent reserve report effective December 31, 2008. The evaluation encompassed 100% of the Trust's reserve assets and was conducted by Paddock Lindstrom and Associates Ltd. ("PLA") in compliance with National Instrument 51-101 and in accordance with the COGE (Canadian Oil and Gas Evaluation) Handbook.

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Highlights

- After ten years of exploration and development in Alberta's Deep Basin, Peyto has now invested \$1.54 billion to find and develop over 900 BCFe of high quality natural gas reserves.
- Of the 900 BCFe, over 290 BCFe has been recovered to date, generating \$1.45 billion in cashflow, funding over \$800 million in cumulative distributions (\$7.96/unit) and over \$475 million in government royalties.
- For the year ending December 31, 2008, Peyto invested \$139 million of capital to build approximately 25 MMCFe/d (4,200 boe/d) of new production. That new production has associated Proved Producing reserves of 65 BCFe. For the year, the Proved Producing Finding, Development and Acquisition ("FD&A") cost, inclusive of additions, revisions and production was \$2.88/MCFe (\$17.30/boe). For the last three years, the average FD&A cost has been \$2.65/MCFe (\$15.88/boe).
- The value (BT NPV5, debt adjusted) of the remaining Proved Producing reserve assets grew 9% to \$2.2 billion or \$21.18/unit. This growth in value was primarily due to an increase in the commodity price forecast resulting from a reduction in the forecasted currency exchange rates.
- The BT NPV5 of the Total Proved reserves grew 10% to \$3.3 billion in 2008. Adjusting for changes in debt and the number of units outstanding, this NPV/unit also grew 10% to \$26.19/unit.
- The BT NPV5 of the Proved plus Probable Additional reserves grew 10% to \$4.1 billion in 2008. Adjusting for changes in debt and the number of units outstanding, this NPV/unit also grew 10% to \$33.84/unit.
- Peyto replaced 139% of production with new Total Proved reserves at a FD&A cost of \$3.17/MCFe or \$19.02/boe and 122% of production with new Proved plus Probable Additional reserves at an FD&A cost of \$3.88/MCFe or \$23.28/boe (including the changes in future development capital of \$53.7 million and \$68.8 million respectively). Increases to the previous year's future development capital caused FD&A costs for 2008 to be greater than the three year running averages of \$2.67/MCFe (\$16.03/boe) and \$2.78/MCFe (\$16.68/boe) respectively.

The following table outlines the per unit change in production, reserves and value for 2008.

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	Dec. 31,	Dec. 31,			% Change
	2008	2007	Change	% Change	Per Unit

Units Outstanding (000's)	105,920	105,712	208	nil	nil
Capital Expenditures (\$million) (1)	\$139.3	\$121.6	\$17.7	15%	15%
Q4 Production (MMCFe/d) (1)	121.1	126.8	(5.7)	(4%)	(4%)
Reserves (BCFe)					
Proved Producing	599.8	595.4	4.4	1%	1%
Total Proved	762.9	746.0	16.9	2%	2%
Proved + Probable	998.3	988.6	9.7	1%	1%
Net Present Value Discounted at 5% (\$million)					
Proved Producing	2,736	\$2,515	\$221	9%	9%
Total Proved	3,267	\$2,966	\$301	10%	10%
Proved + Probable	4,077	\$3,703	\$374	10%	10%
Debt (\$million) (1)	\$492.6	\$457.4	\$35.2	8%	7%

(1) Capital Expenditures, Q4 Production and Debt are estimated and remain unaudited at this time.

The following tables summarize Peyto's reserves and the discounted net present value of future cash flows, before income tax, using variable pricing, at December 31, 2008.

#### Variable Dollar Economics

Reserve Category	Gas (mmcf)	Oil & NGL (mstb)	BCFe (6:1)	MBOE (6:1)
Proved Producing	503,296	16,078	599.8	99,960
Proved Non-producing	14,566	394	16.9	2,822
Proved Undeveloped	124,522	3,620	146.2	24,373
Total Proved	642,384	20,092	762.9	127,155
Probable Additional	201,173	5,696	235.4	39,226
Proved + Probable Additional	843,557	25,788	998.3	166,381

Reserve Category	Net Present Value (\$million) Discounted at			
	0%	5%	8%	10%
Proved Producing	\$5,273	\$2,736	\$2,103	\$1,825
Proved Non-producing	\$141	\$63	\$44	\$36
Proved Undeveloped	\$1,073	\$468	\$312	\$244
Total Proved	\$6,488	\$3,267	\$2,459	\$2,105
Probable Additional	\$2,074	\$810	\$535	\$424
Proved + Probable Additional	\$8,562	\$4,077	\$2,995	\$2,529

Note: Based on the PLA report effective December 31, 2008. Tables may not add due to rounding.

The Paddock Lindstrom and Associates Ltd. price forecast used in the variable dollar economics is available on their website at [www.padlin.com](http://www.padlin.com).

### Analysis

There are three fundamental questions that Peyto believes should be answered from this annual evaluation.

1. Base Reserves - How did the "base reserves" that were on production at the time of the last reserve report perform during the year?
2. Value Creation - How much value did the 2008 capital investments create?
3. Sustainability - Is the distribution sustainable going forward?  
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### Base Reserves

Peyto's existing Proved Producing reserves at the start of 2008 (base reserves) were evaluated and adjusted for 2008 production as well as any technical revisions, both positive and negative, resulting from the additional twelve months of data. Consistent with years past, the gross ultimate recoverable volume of base reserves was within 1% of previous estimates. Peyto is again pleased to report that the base reserves continue to meet with expectation and increase the confidence in the predictability of those future recoveries.

Alberta's New Royalty Framework came into effect on January 1, 2009. The change in royalties had only a minor effect on both the volume and value of the existing base reserves. The volume of the Proved Producing reserves remained essentially the same, while the NPV of the Proved Producing reserves, discounted at 5%, dropped 3%.

Paddock Lindstrom's Alberta natural gas price (AECO) forecast for the next 15 years is approximately 17% higher today than a year ago, primarily due to a reduction in the CND\$/USD\$ exchange rate. Their forecast for Alberta Condensate price, which accounts for approximately 60% of Peyto's total natural gas liquid production, is approximately 13% higher, again driven by the change in exchange rate. The debt adjusted NPV, discounted at 5%, of last year's Proved Producing reserves increased 15% due to this change in commodity price forecasts.

### Value Creation

In order to measure investment success, it is necessary to quantify the amount of value created during the year and compare that to the amount of capital invested. This exercise is undertaken to ensure the best use of the unitholders' capital on a go forward basis. At Peyto's request, and for the benefit of unitholders, the independent engineers have run last year's evaluation with this year's price forecast to eliminate the change in value attributable to both commodity prices and changing royalties. This approach isolates the value created by the Peyto team from the value created (or lost) by those changes outside of their control. Since the capital investments in 2008 were funded from a combination of cash flow, debt and equity, it is necessary to know the change in debt and the change in units outstanding to see if the change in value is truly accretive.

At year end 2008, the forecasted debt had increased by \$35 million over the past year while the number of units outstanding had remained essentially the same at approximately 106 million. The change in debt includes all of the capital expenditures and the total fixed and performance based compensation paid out during the year. Although these forecasts are believed to be accurate, they remain unaudited at this time.

Based on this reconciliation of changes in BT NPV, the Peyto team was

able to create \$299 million of Proved Producing, \$355 million of Total Proven, and \$300 million of Proved plus Probable Additional undiscounted reserve value, with \$139 million of capital investment. The ratio of capital expenditures to value creation is what Peyto refers to as the NPV recycle ratio, which is simply the undiscounted value addition, resulting from the capital program, divided by the capital investment. For 2008, the Proved Producing NPV recycle ratio is 2.1, compared with 4.7 for 2007.

The following table breaks out the value created by Peyto's capital investments and reconciles the changes in debt adjusted NPV of future net revenues using forecast prices and costs as at December 31, 2008.

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Value Reconciliation

(\$millions) Discounted at	Proved Producing			Total Proved		
	0%	5%	10%	0%	5%	10%
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Before Tax Net Present Value at Beginning of Year (\$millions)						
Dec. 31, 2007 Evaluation using PLA Jan. 1, 2008 price forecast, less debt	\$4,236	\$2,057	\$1,261	\$5,224	\$2,508	\$1,514
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Per Unit Outstanding at Dec. 31, 2007 (\$/unit)	\$40.07	\$19.46	\$11.93	\$49.42	\$23.73	\$14.32
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Net Change due to AB NRF	(\$174)	(\$63)	(\$37)	(\$199)	(\$69)	(\$40)
2008 sales (revenue less royalties and operating costs)	(\$315)	(\$315)	(\$315)	(\$315)	(\$315)	(\$315)
Net Change due to price forecasts (using PLA Jan 1, 2009 price forecast)	\$735	\$316	\$182	\$930	\$402	\$230
Value Change due to discoveries (additions, extensions, transfers, revisions)	\$299	\$249	\$241	\$355	\$249	\$223
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Before Tax Net Present Value at End of Year (\$millions)						
Dec. 31, 2008 Evaluation using PLA Jan. 1, 2009 price forecast, less debt	\$4,781	\$2,244	\$1,332	\$5,995	\$2,775	\$1,612
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Per Unit Outstanding at Dec. 31, 2008 (\$/unit)	\$45.13	\$21.18	\$12.58	\$56.60	\$26.19	\$15.22
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Year over Year Change in Before Tax NPV/unit	13%	9%	5%	15%	10%	6%
Year over Year Change in Before Tax NPV/unit including Distribution (\$1.76/unit)	17%	18%	20%	18%	18%	19%

	Proved + Probable Additional		
(\$millions)			
Discounted at	0%	5%	10%

Before Tax Net Present  
Value at Beginning of  
Year (\$millions)

Dec. 31, 2007 Evaluation using PLA Jan. 1, 2008 price forecast, less debt	\$7,114	\$3,245	\$1,904
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Per Unit Outstanding at Dec. 31, 2007 (\$/unit)	\$67.30	\$30.70	\$18.01
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Net Change due to AB NRF	(\$300)	(\$96)	(\$50)
2008 sales (revenue less royalties and operating costs)	(\$315)	(\$315)	(\$315)
Net Change due to price forecasts (using PLA Jan 1, 2009 price forecast)	\$1,270	\$523	\$291
Value Change due to discoveries (additions, extensions, transfers, revisions)	\$300	\$227	\$207

Before Tax Net Present  
Value at End of Year  
(\$millions)

Dec. 31, 2008 Evaluation using PLA Jan. 1, 2009 price forecast, less debt	\$8,069	\$3,584	\$2,037
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Per Unit Outstanding at Dec. 31, 2008 (\$/unit)	\$76.18	\$33.84	\$19.23
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Year over Year Change in Before Tax NPV/unit	13%	10%	7%
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Year over Year Change  
in Before Tax NPV/unit  
including Distribution  
(\$1.76/unit)                      16%              16%              17%

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Sustainability

As a growth oriented, sustainable trust, Peyto's primary objective is to grow the resources which generate sustainable distributions for unitholders. In order for distributions to be more sustainable and grow, Peyto must profitably find and develop more reserves. Simply increasing production from the existing reserves will not make distributions more sustainable. During 2008 the Trust was successful in replacing the produced reserves but did not grow the absolute reserves base. As a result, Reserve Life grew slightly in all categories due to the natural maturation and resulting production rate decline of the tight gas wells. The Distribution Life increased slightly but only as a result of an increase in the commodity price forecast. This lack of growth is mostly attributed to reduced capital expenditures while the Trust endeavors to achieve a better cost structure and higher return for the reserves being developed.

The following table highlights the Trust's historical Reserve and Distribution Life Index.

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	2003	2004	2005	2006	2007	2008
PP RLI	10	9	11	12	13	14
PP DLI	14	17	22	23	24	25

The following table outlines the 2008 performance ratios for all three reserve categories.

Performance Ratios

	Proved Producing	Total Proved	Proved + Probable Additional
FD&A Cost (\$/boe) (including change in future development capital)	\$17.30	\$19.02	\$23.28
Reserve Life Index (years)			
Q4 2008 average production - 20,191 boe/d	14	17	23
Distribution Life Index (years)			
Q4 2008 annualized - \$47.7 million	25	31	42
Reserve Replacement Ratio			
2008 production - 7.318 million boes	1.1	1.4	1.2

- FD&A (finding, development and acquisition) costs are used as a measure of capital efficiency and are calculated by dividing the capital costs for the period, including the change in undiscounted future development capital ("FDC"), by the change in the reserves, incorporating revisions and production, for the same period (eg. Total Proved (\$139,324+\$53,681) / (127,156-124,328+7,318) (equal sign) \$19.02) .
- The reserve life index is calculated by dividing the reserves (in boes) in each category by the annualized average production rate in

boe/year (eg. Proved Producing 99,960/(20.191(x)365) (equal sign)14). Peyto believes that the most accurate way to evaluate the current reserve life is by dividing the proved developed producing reserves by the actual fourth quarter average production. In Peyto's opinion, for comparative purposes, the proved developed producing reserve life provides the best measure of sustainability.

- The distribution life index is calculated by dividing the debt adjusted undiscounted NPV by the Q4 annualized distribution (eg. Proved Producing (\$5,273-\$492.6 million)/(47.7(x)4) million/year (equal sign) 25 years).
- The reserve replacement ratio is determined by dividing the yearly change in reserves before production by the actual annual production for the year (eg. Total Proved ((127,155-124,328+7,318)/7,318) (equal sign)1.4).

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#### Reserves Committee

Peyto has a reserves committee of independent board members which reviews the qualifications and appointment of the independent reserve evaluators. The committee also reviews the procedures for providing information to the evaluators. All booked reserves are based upon annual evaluations by the independent qualified reserve evaluators in accordance with the COGE (Canadian Oil and Gas Evaluation) Handbook. The evaluations are conducted from the fundamental geological and engineering data. The reserves committee, chaired by US petroleum engineering consultant Brian Davis, has reviewed the reserves information and approved the reserve report.

#### Distribution Adjustment

Peyto has evaluated the long term funding requirements for the undeveloped reserves in inventory. Traditionally, the Trust has funded these opportunities with a combination of funds from operations, available bank lines and equity. Due to the recent decline in natural gas and condensate prices, fewer funds from operations will be available in the near term. The credit crisis and an anticipated increase in the cost of borrowed funds mean debt is less attractive as a funding source. Based on the value of the assets, as determined by the independent reserve report, issuing new equity at the current unit price also carries a high cost. Accordingly, Peyto's board of directors has decided to reduce the monthly distribution by \$0.03 per unit with respect to February 2009 to be paid on March 16, 2009. This represents a 20% reduction from the previous distribution of \$0.15 per unit per month and the first time in the history of the Trust that distributions have been adjusted downwards. Funds retained from the reduction in distributions will be used to fund the 2009 capital program and reduce the long term debt.

#### Ten Year Summary

The conclusion of 2008 represents Peyto's tenth year in business. Over the course of those ten years, Peyto has executed on a strategy to explore for and develop unconventional tight gas reserves in Alberta's Deep Basin. Both the strategy and the execution have been unwavering in their focus and discipline. In retrospect, this strategy has proven to be tremendously successful. In execution, the Trust can boast some of the best performance metrics in this very competitive basin. In total, over \$1.54 billion has been invested into internally generated drilling projects with the resultant asset base returning \$1.45 billion in cashflow, which in turn has funded over \$800 million in distributions (\$7.96/unit). The independent reserve report indicates that another \$2.86 billion in value or \$27/unit (BT NPV5, debt adjusted) is yet to be extracted from these developed assets. In addition, there are over 230 BCFe of undeveloped reserves recognized in both the Proved and the Probable Additional categories that are forecast to add \$720 million

or \$6.80/unit (BT NPV5) in incremental value.

There are many signs that the future of energy in North America is clean burning natural gas. With the confidence of the past ten years of success, with an abundant supply of new Deep Basin resource development opportunities and with the prospect of this bright future for natural gas, Peyto is optimistic about what lies ahead.

#### General

For more in depth discussion of the 2008 reserve report, an interview with the management will be available on Peyto's website by Friday February 20, 2009. A complete filing of the Statement of Reserves (form 51-101F1), Report on Reserves (form 51-101F2), and Report of Management and Directors on Oil and Gas Disclosure (form 51-101F3) will be available in the Annual Information Form to be filed by the end of March 2009. Unitholders are encouraged to actively visit Peyto's website located at [www.peyto.com](http://www.peyto.com).

Certain information set forth in this document, 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 that Peyto will derive therefrom. Peyto disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Some values set forth in the tables above may not add due to rounding. It should not be assumed that the estimates of future net revenues presented in the tables above represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

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The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

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