NEWS RELEASE

NOVEMBER 13, 2013 **SYMBOL: PEY – TSX**

PEYTO CELEBRATES 15 YEARS AND RECORD PRODUCTION OF 70,000 BOE/D

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("Peyto") is pleased to present its operating and financial results for the third quarter of the 2013 fiscal year. This quarter culminates 15 successful years of delivering superior returns to shareholders through the profitable development of long life, high value, natural gas assets in one of the premium resource basins in North America. With an industry leading cost structure, Peyto delivered third quarter operating margins of 75%(1) and profit margins of 23%(2), while growing production per share 18% year over year. Third quarter 2013 highlights included:

- **Production per share up 18%.** Production increased 22% (18% per share) from 276 MMcfe/d (46,033 boe/d) in Q3 2012 to 338 MMcfe/d (56,343 boe/d) in Q3 2013. Year to date average production of 340 MMcfe/d (56,623 boe/d) is 32% higher than 2012 production of 257 MMcfe/d (42,772 boe/d). Current production is approximately 420 MMcfe/d (70,000 boe/d), exceeding the previous year-end 2013 guidance.

- **Funds from operations per share up 25%.** Funds from Operations ("FFO") grew 30% (25% per share) from $77 million in Q3 2012 to $100 million in Q3 2013 due to increases in both production and natural gas price.

- **Industry leading cash costs of $1.07/mcfe.** Total cash costs including royalties, operating costs, transportation, G&A and interest were $1.07/mcfe ($6.42/boe), up slightly from $1.00/mcfe ($6.02/boe) in Q3 2012 primarily due to higher royalties from higher natural gas prices, resulting in cash netbacks of $3.22/mcfe ($19.32/boe) or a 75% operating margin.

- **Record organic capital investment of $181 million**. A total of 34 horizontal wells were drilled in Q3 2013, a new quarterly record for Peyto.

- **Earnings of $0.21/share, dividends of $0.24/share.** Earnings of $30 million ($105 million year-to-date) were generated in the quarter, while dividends of $36 million ($95 million year-to-date) were paid to shareholders, representing a before tax payout ratio of 36% of FFO (30% year-to-date). The $0.08/share monthly dividend ($0.24/share for the quarter) was up 33% from Q3 2012.

Third Quarter 2013 in Review

The third quarter of 2013 was a challenging period for Peyto as wet ground conditions at the start of the quarter and weak AECO natural gas prices at the end of the quarter hindered Peyto from maximizing production and Funds from Operations as otherwise planned. Despite those challenges, a 10 rig drilling program was successfully executed throughout the quarter and a record 34 horizontal wells were drilled and brought on production. The new producing wells helped increase production from a post breakup low of 53,500 boe/d to 60,000 boe/d, however, production above that level was purposefully restricted to prevent exposing unhedged flush volumes to the temporary and artificially low Alberta natural gas prices that were prevalent in August and September. The low Alberta (AECO) natural gas prices were due to a short term increase in interruptible tolls on the TransCanada Mainline and a temporary widening of the NYMEX to AECO basis differential. Peyto elected to conduct facility and pipeline maintenance during those low price periods in advance of the return to normal prices in October. On average for the quarter, approximately 2,000 boe/d was offline due to maintenance and restrictions. Subsequent to the quarter, improved natural gas prices along with the completion of three new facility projects have allowed for the activation of all behind pipe production, with current production exceeding 70,000 boe/d. Notwithstanding the volatility in natural gas prices in the quarter, strong financial and operating performance was delivered resulting in an annualized 12% Return on Equity (ROE) and 10% Return on Capital Employed (ROCE).

1. Operating Margin is defined as funds from operations divided by revenue before royalties but including realized hedging gains/losses.
2. Profit Margin is defined as net earnings for the quarter divided by revenue before royalties but including realized hedging gains/losses.
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, particularly 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.

	Three Months ended September 30		%	Nine Months ended September 30		%
	2013	2012	Change	**2013**	2012	Change
Operations						
Production						
Natural gas (mcf/d)	**300,286**	244,794	*23%*	**302,711**	228,982	*32%*
Oil & NGLs (bbl/d)	**6,295**	5,236	*20%*	**6,172**	4,608	*34%*
Thousand cubic feet equivalent (mcfe/d @ 1:6)	**338,058**	276,200	*22%*	**339,740**	256,630	*32%*
Barrels of oil equivalent (boe/d @ 6:1)	**56,343**	46,033	*22%*	**56,623**	42,772	*32%*
Product prices						
Natural gas ($/mcf)	**3.35**	3.06	*9%*	**3.52**	3.15	*12%*
Oil & NGLs ($/bbl)	**70.91**	68.62	*3%*	**71.40**	74.26	*(4)%*
Operating expenses ($/mcfe)	**0.37**	0.35	*6%*	**0.35**	0.32	*9%*
Transportation ($/mcfe)	**0.12**	0.11	*9%*	**0.12**	0.12	-
Field netback ($/mcfe)	**3.49**	3.29	*6%*	**3.64**	3.39	*7%*
General & administrative expenses	**0.02**	0.03	*(33)%*	**0.03**	0.05	*(40)%*
Interest expense ($/mcfe)	**0.25**	0.25	-	**0.24**	0.23	*4%*
Financial ($000 except per share)						
Revenue	**133,573**	102,042	*31%*	**411,389**	291,090	*41%*
Royalties	**9,722**	6,632	*47%*	**30,162**	21,549	*40%*
Funds from operations	**99,736**	76,918	*31%*	**312,579**	219,295	*43%*
Funds from operations per share	**0.67**	0.54	*25%*	**2.10**	1.57	*34%*
Total dividends	**35,702**	25,576	*40%*	**95,197**	75,415	*26%*
Total dividends per share	**0.24**	0.18	*33%*	**0.64**	0.54	*19%*
Payout ratio	**36**	33	*9%*	**30**	34	*(12)%*
Earnings	**30,461**	23,058	*32%*	**104,638**	68,128	*54%*
Earnings per diluted share	**0.21**	0.16	*31%*	**0.71**	0.49	*45%*
Capital expenditures	**180,801**	317,089	*(43)%*	**423,708**	461,646	*(8)%*
Weighted average shares outstanding	**148,758,923**	142,069,408	*5%*	**148,730,485**	139,631,290	*7%*
As at September 30						
Net debt				**862,864**	683,540	*26%*
Shareholders' equity				**1,218,362**	1,092,079	*12%*
Total assets				**2,429,125**	2,077,890	*17%*

	Three Months ended September 30		Nine Months ended September 30	
($000)	**2013**	2012	**2013**	2012
Cash flows from operating activities	**101,361**	72,004	**290,343**	205,939
Change in non-cash working capital	**(4,404)**	3,790	**13,586**	10,070
Change in provision for performance based compensation	**2,779**	1,124	**8,650**	3,286
Funds from operations	**99,736**	76,918	**312,579**	219,295
Funds from operations per share	**0.67**	0.54	**2.10**	1.57

(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 International Financial Reporting Standards ("IFRS") and does not have a standardized meaning prescribed by IFRS. 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 IFRS. Funds from operations cannot be assured and future dividends may vary.

Exploration & Development

Third quarter drilling activity focused on the Greater Sundance core area and the many liquids rich, sweet gas resource plays currently under development. A total of 34 wells were drilled across this land base, targeting the prospective zones shown in the following table:

Q3 2013	Field							Total
Zone	Sundance	Nosehill	Wildhay	Ansell	Berland	Kisku/ Kakwa	New Area	Wells Drilled
Cardium	1	1	-	1	-	-	-	3
Notikewin	3	1	2	3	-	-	-	9
Falher	5	1	2	-	-	-	-	8
Wilrich	3	2	2	5	-	-	-	12
Bluesky	2	-	-	-	-	-	-	2
Total	14	5	6	9	-	-	-	34

Over the last year, the Bluesky and Falher formations have contributed the largest proportional increases in production with increases of 190% and 80%, respectively. Currently, the Bluesky is contributing 4,800 boe/d while the Falher is contributing 10,300 boe/d to Peyto's total production. Proven future drilling inventory in these two formations continues to expand and Peyto anticipates a larger percentage of future drilling activity will target these formations.

Capital Expenditures

Peyto invested $86 million to drill, and $54 million to complete, 34 gross (31.6 net) horizontal wells in the quarter. In addition, $14 million was invested to install wellsite equipment and pipelines to bring 34 gross (32.6 net) wells on production, while $24 million was invested in the ongoing fabrication and preparation of three new facility projects at Oldman North, Swanson and Brazeau. The balance of the capital investments, or $3 million, was invested in the acquisition and evaluation of new undeveloped lands. In total, $181 million of capital was invested, representing the largest quarterly capital program in Peyto's history.

Financial Results

Alberta (AECO) daily natural gas prices averaged $2.31/GJ in Q3 2013, while AECO monthly prices averaged $2.66/GJ. As Peyto commits most of its production to the monthly price, Peyto realized a volume weighted average natural gas price of $2.62/GJ in Q3 2013, or $2.99/mcf, prior to a hedging gain of $0.36/mcf. This unhedged realized price was up 26% from Q3 2012 but down 22% from the previous quarter. Peyto realized a blended oil and natural gas liquids price of $71.79/bbl in Q3 2013, prior to a $0.88/bbl hedging loss, for its blend of condensate, pentane, butane and propane, which represented 68% of the $105.13/bbl average Edmonton light oil price. The current offset to light oil price has increased due to a greater percentage of propane and butane in Peyto's natural gas liquids blend resulting from the Oldman deep cut facilities. Combined, Peyto's unhedged revenues totaled $3.99/mcfe ($4.29/mcfe including hedging gains), or 152% of the dry gas price, illustrating the benefit of high heat content, liquids rich natural gas production.

Royalties of $0.31/mcfe, operating costs of $0.37/mcfe, transportation costs of $0.12/mcfe, G&A of $0.02/mcfe and interest costs of $0.25/mcfe, combined for total cash costs of $1.07/mcfe ($6.42/boe). These industry leading total cash costs resulted in a cash netback of $3.22/mcfe ($19.32/boe) or a 75% operating margin.

Depletion, depreciation and amortization charges of $1.75/mcfe, along with a provision for future tax and market based bonus payments reduced the cash netback to earnings of $1.00/mcfe, or a 23% profit margin.

Net debt at the end of Q3 2013 was $862 million or 2.2 times annualized FFO, however, financial flexibility remained strong with over $280 million of available borrowing capacity out of a total $1.15 billion. Subsequent to the quarter, Peyto announced that it had priced an issuance of CND $120 million of senior unsecured notes, to be issued by way of private placement pursuant to a note purchase agreement. The notes have a coupon rate of 4.5% and mature in December 2020. This issuance is expected to close in early December 2013 and will increase Peyto's total borrowing capacity to $1.27 billion.

Marketing

Alberta (AECO) daily natural gas price dropped from a high of $3.81/GJ in the second quarter 2013 to a low of $1.57/GJ in the third quarter 2013 as the basis differential to NYMEX increased dramatically. This volatile differential was due to an increase in short term interruptible tolls on the TransCanada mainline system. By the end of the quarter, the basis had begun to return to normal levels as longer term contracts were put in place allowing AECO prices to stabilize at approximately the $3.00/GJ level. Currently, both the AECO and NYMEX futures prices for natural gas are forecast to rise at very modest levels as future supplies are expected to meet growing demands.

Approximately 63% of Peyto's (after royalty) natural gas production had been pre-sold for Q3 2013, at an average fixed price of $3.20/GJ. This was the result of an active hedging program which layers in future sales in the form of fixed price swaps in order to smooth out the volatility in natural gas price.

Going forward, Peyto has committed to the future sale of 81,992,500 GJ of natural gas at an average price of $3.37/GJ. As at November 13, 2013, the remaining hedged volumes and prices for the upcoming years are summarized in the following table.

	Future Sales		Average Price (CAD)	
	GJ	Mcf	$/GJ	$/Mcf
2013	13,117,500	11,498,056	3.30	3.79
2014	61,225,000	53,666,358	3.37	3.84
2015	7,650,000	6,705,556	3.50	3.99
Total	81,992,500	71,869,970	3.37	3.85

As illustrated in the following table, Peyto's hedged realized natural gas liquids prices were up 4% year over year and 3% from the previous quarter.

	Three Months ended September 30		Q2
	2013	2012	2013
Condensate ($/bbl)	**95.96**	85.70	92.44
Propane ($/bbl) – incl. hedging	**24.70**	18.70	23.70
Butane ($/bbl) – incl. hedging	**49.72**	55.52	48.12
Pentane ($/bbl)	**99.44**	88.87	100.37
Total Oil and NGLs ($/bbl)	**70.91**	68.62	68.08

Peyto's hedging practice with respect to propane also continued in the quarter and as of November 13, 2013, Peyto had committed to the future sale of 248,424 bbls of propane at an average price of $38.14USD/bbl. As at November 13, 2013, the remaining hedged volumes and prices for the upcoming years are summarized in the following table.

	Propane	
	Future Sales (bbls)	Average Price ($USD/bbl)
2013	56,364	$36.24
2014	192,060	$38.70
Total	248,424	$38.14

Prices for propane contracts listed above are in USD at Conway. The price Peyto realizes is less: i) a market-basis differential from Conway to Edmonton, ii) currency exchange, and iii) a pipeline and fractionation fee to get to Peyto's plant gate price.

Activity Update

Peyto has been very busy of late with the recent commissioning of three new facility projects and the activation of 25 new wells in the last eight weeks which has contributed to the production growth from 60,000 boe/d to 70,000 boe/d.

At Brazeau River, Peyto constructed and activated the first 10 mmcf/d of process capacity to accommodate the initial three wells that were waiting to be brought on production. The second 10 mmcf/d of capacity will be commissioned over the next two weeks for an additional three wells that will be drilled in the fourth quarter. Peyto anticipates this facility will be further expanded in 2014 to 40 mmcf/d.

At Peyto's Swanson gas plant in the Ansell area, an additional 30 mmcf/d of process capacity was added, bringing total capacity to 50 mmcf/d. This plant was processing just under 5 mmcf/d a year ago and is now processing over 45 mmcf/d. This new capacity is now able to process incremental volumes from the southern end of Peyto's Ansell lands that were connected with a 50 km, 10" gathering line earlier this year. Peyto plans to further expand the Swanson plant in mid-2014 with 15 mmcf/d of additional compression.

Finally, on November 10^{th}, Peyto commissioned a new gas plant at Oldman North which has initial compression capacity of 30 mmcf/d but with process capacity of 50 mmcf/d. Peyto expects this initial capacity to be full by year end and further compression can be added in 2014 to match total capacity. This plant will play a vital role in Peyto's ongoing development of the Upper Falher and Bluesky plays in Greater Sundance.

Since the end of the quarter, Peyto has drilled 9 gross (8.3 net) wells and brought on production 14 gross (12.6 net) wells. There are 12 additional wells planned from now until the end of the year to round out this year's drilling program at 99 gross (93.5 net) wells. Peyto anticipates that it will now exit 2013 with 71,000 boe/d of production on total capital expenditures of $565 million.

Drilling and completion activity during the past few months has provided encouraging cost and well performance results. By combining even faster drilling times, longer horizontal laterals, most recently as long as 2160m, as well as higher frac density, Peyto has been able to achieve even better performance for minimal additional cost. Production performance over the next several quarters will help determine the success of these changes in achieving greater overall returns.

2014 Budget

The Board of Directors has approved a preliminary 2014 budget which includes a capital program that is expected to range between $575 and $625 million. This would be the largest capital program in the company's history and involves drilling between 110 and 125 wells (100 to 115 net to Peyto's working interest). It is anticipated that this record level of activity would utilize 9 to 10 drilling rigs to develop the many stacked formations in Peyto's Deep Basin core areas. Peyto plans to have a higher level of rig activity in summer months than in winter to reduce costs associated with heating and to take advantage of reduced service rates in summer. As in past years, it is projected that over 80% of the total capital investment would be directed to the well-related activity of drilling, completions, wellsite equipment, and pipelines.

The 110 to 125 wells will be selected from Peyto's inventory of over 1,300 locations, and are expected to add between 32,000 to 35,000 boe/d of new working interest production, for a cost of less than $18,000/boe/d. This capital efficiency is consistent with that achieved over the last four years and is not dependent on improvements to historical efficiency that may come as a result of additional innovation in drilling and completion technology. A portion of this new production will offset an internally forecast 34% base decline, while a portion will grow overall 2014 production to a forecast exit level between 78,500 and 81,500 boe/d.

Facility expansions at the Oldman North, Swanson and Brazeau gas plants, in order to accommodate the production growth, are expected to account for 10% of the budget, while acquisition of new drilling opportunities will make up the balance. Today, total company gas processing capacity is 510 mmcf/d of natural gas and associated liquids. With the 2014 planned expansion projects, Peyto expects to exit 2014 with close to 600 mmcf/d of owned and operated processing capacity. Peyto does not anticipate installing any additional liquids extraction facilities in 2014. Considering the limitations in NGL fractionation capacity and under forecast propane and butane prices, higher returns are currently being generated drilling new wells than through facility modification projects.

Natural gas prices in Alberta are currently forecast to average approximately $3.30/GJ, which, adjusted for an historic NGL and heat content premium of 150% and combined with Peyto's current hedge position and industry leading cash costs of $1/Mcfe ($6/boe), would yield cash netbacks of $23-$24/boe and give Peyto the ability to fund the dividend and majority of the 2014 capital program. The balance of the capital program can be funded from available bank lines and working capital, while still maintaining Peyto's balance sheet strength and a conservative level of debt.

Outlook

The demand for natural gas is expected to continue to increase in North America, as both Canada and the US pursue increased coal to gas switching for power generation, increased industrial consumption (including oil sands), eventual LNG exports, and the adoption of natural gas as a transportation fuel. At the same time, the industry is expected to meet this demand with growing supplies from unconventional tight gas and shale gas sources. This is causing the current and futures price for natural gas, both in Canada (AECO) and the US (NYMEX), to trade at a constrained level, disconnected from the energy equivalence of crude oil.

In reality, there are only a select few operators in a few basins in North America that have demonstrated true profitability at current market prices and an ability to consistently increase supply. The Deep Basin in Alberta is one of those few basins with Peyto being one of the most active and profitable operators. Insulated by an industry leading, low cost advantage, and with an abundant and growing inventory of profitable drilling ideas, Peyto remains well positioned to continue generating superior returns for shareholders into 2014 and beyond.

Conference Call and Webcast

A conference call will be held with the senior management of Peyto to answer questions with respect to the 2013 third quarter on Thursday, November 14th, 2013, at 9:00 a.m. Mountain Standard Time (MST), or 11:00 a.m. Eastern Standard Time (EST). To participate, please call 1-866-225-2055, or for those outside North America or in the Toronto area call 1-416-340-2220. The conference call will also be available on replay by calling 1-800-408-3053 (North American Toll Free) or 1-905-694-9451 (for those outside North America or local in Toronto) using passcode 9185851. The replay will be available at 11:00 a.m. MST, 1:00 p.m. EST Thursday, November 14th, 2013 until 11:00 am MST on Thursday, November 21st, 2013. In addition to telephone access, the conference call can be accessed through the internet at http://www.gowebcasting.com/4974. After this time the conference call will be archived on the Peyto Exploration & Development website at www.peyto.com.

Management's Discussion and Analysis

Management's Discussion and Analysis of this third quarter report is available on the Peyto website at http://www.peyto.com/news/Q32013MDandA.pdf. A complete copy of the third quarter report to shareholders, including the Management's Discussion and Analysis, and Financial Statements is also available at www.peyto.com and will be filed at SEDAR, www.sedar.com , at a later date.

Darren Gee
President and CEO
November 13, 2013

Certain information set forth in this document and Management's Discussion and Analysis, including management's assessment of Peyto's future plans and operations, capital expenditures and capital efficiencies, 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 there from. In addition, Peyto is providing future oriented financial information set out in this press release for the purposes of providing clarity with respect to Peyto's strategic direction and readers are cautioned that this information may not be appropriate for any other purpose. Other than is required pursuant to applicable securities law, Peyto does not undertake to update forward looking statements at any particular time.

Peyto Exploration & Development Corp.

Condensed Balance Sheet *(unaudited)*

(Amount in $ thousands)

	September 30 2013	December 31 2012
Assets		
Current assets		
Cash	191	-
Accounts receivable	60,067	85,677
Due from private placement *(Note 6)*	-	3,459
Financial derivative instruments *(Note 8)*	3,313	10,254
Prepaid expenses	11,815	4,150
	75,386	**103,540**
Prepaid capital	-	3,714
Property, plant and equipment, net *(Note 3)*	2,353,829	2,096,270
	2,353,829	**2,099,984**
	2,429,215	**2,203,524**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	143,036	164,946
Income taxes payable	-	1,890
Dividends payable *(Note 6)*	11,901	8,911
Provision for future performance based compensation *(Note 7)*	11,326	2,677
	166,263	**178,424**
Long-term debt *(Note 4)*	780,000	580,000
Long-term derivative financial instruments *(Note 8)*	91	2,532
Provision for future performance based compensation *(Note 7)*	4,958	59
Decommissioning provision *(Note 5)*	52,370	58,201
Deferred income taxes	207,171	174,241
	1,044,590	**815,033**
Equity		
Share capital *(Note 6)*	1,130,069	1,124,382
Shares to be issued *(Note 6)*	-	3,459
Retained earnings	84,688	75,247
Accumulated other comprehensive income *(Note 6)*	3,605	6,979
	1,218,362	**1,210,067**
	2,429,215	**2,203,524**

Peyto Exploration & Development Corp.

Condensed Income Statement *(unaudited)*

(Amount in $ thousands)

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Revenue				
Oil and gas sales	124,248	86,827	401,137	240,927
Realized gain on hedges *(Note 8)*	9,325	15,214	10,252	50,163
Royalties	(9,722)	(6,632)	(30,162)	(21,549)
Petroleum and natural gas sales, net	**123,851**	95,409	**381,227**	269,541
Expenses				
Operating	11,656	8,843	32,204	22,747
Transportation	3,879	2,900	11,334	8,151
General and administrative	701	759	2,899	3,369
Future performance based compensation *(Note 7)*	4,451	1,882	13,548	4,893
Interest	7,880	6,352	22,212	16,486
Accretion of decommissioning provision *(Note 5)*	393	284	1,130	773
Depletion and depreciation *(Note 3)*	54,277	43,772	159,189	122,546
Gain on disposition of assets	-	(363)	-	(508)
	83,237	64,429	**242,516**	178,457
Earnings before taxes	**40,614**	30,980	**138,711**	91,084
Income tax				
Deferred income tax expense	10,153	7,922	34,073	22,956
Earnings for the period	**30,461**	23,058	**104,638**	68,128
Earnings per share *(Note 6)*				
Basic and diluted	**$0.21**	$ 0.16	**$ 0.71**	$ 0.49
Weighted average number of common shares outstanding *(Note 6)*				
Basic and diluted	**148,758,923**	142,069,048	**148,730,485**	139,631,290

Peyto Exploration & Development Corp.

Condensed Statement of Comprehensive Income *(unaudited)*

(Amount in $ thousands)

	Three months ended September 30		Nine months ended September 30	
	2013	**2012**	**2013**	**2012**
Earnings for the period	**30,461**	23,058	**104,638**	68,128
Other comprehensive income				
Change in unrealized gain on cash flow hedges	**3,676**	(6,812)	**5,752**	9,381
Deferred tax recovery	**1,412**	5,507	**1,125**	10,195
Realized (gain) on cash flow hedges	**(9,325)**	(15,214)	**(10,252)**	(50,163)
Comprehensive income	**26,224**	6,539	**101,263**	37,541

Peyto Exploration & Development Corp.

Condensed Statement of Changes in Equity *(unaudited)*

(Amount in $ thousands)

	Nine months ended September 30 2013	2012
Share capital, beginning of period	**1,124,382**	889,115
Common shares issued	-	112,187
Common shares issued by private placement	5,742	11,952
Common shares issuance costs (net of tax)	(55)	(154)
Share capital, end of period	**1,130,069**	1,013,100

Common shares to be issued, beginning of period	**3,459**	9,740
Common shares issued	(3,459)	(9,740)
Common shares to be issued, end of period	**-**	-

Retained earnings, beginning of period	**75,247**	82,889
Earnings for the period	104,638	68,128
Dividends *(Note 6)*	(95,197)	(75,415)
Retained earnings, end of period	**84,688**	75,602

Accumulated other comprehensive income, beginning of period	**6,979**	33,964
Other comprehensive loss	(3,374)	(30,587)
Accumulated other comprehensive income, end of period	**3,605**	3,377

Total equity	**1,218,362**	1,092,079

Peyto Exploration & Development Corp.

Condensed Statement of Cash Flows *(unaudited)*

(Amount in $ thousands)

	Three months ended September 30		Nine months ended September 30	
	2013	**2012**	**2013**	**2012**
Cash provided by (used in) operating activities				
Earnings	**30,461**	23,058	**104,638**	68,128
Items not requiring cash:				
Deferred income tax	**10,153**	7,922	**34,073**	22,956
Depletion and depreciation	**54,277**	43,772	**159,189**	122,546
Accretion of decommissioning provision	**393**	284	**1,130**	773
Long term portion of future performance based compensation	**1,673**	758	**4,899**	1,606
Change in non-cash working capital related to operating activities	**4,404**	(3,790)	**(13,586)**	(10,070)
	101,361	72,004	**290,343**	205,939
Financing activities				
Issuance of common shares	**-**	-	**5,742**	11,952
Issuance costs	**-**	(170)	**(73)**	(205)
Cash dividends paid	**(35,702)**	(25,251)	**(92,206)**	(75,060)
Increase (decrease) in bank debt	**30,000**	70,000	**200,000**	(5,000)
Repayment of Open Range bank debt	**-**	(72,000)	**-**	(72,000)
Issuance of long term notes	**-**	50,000	**-**	150,000
	(5,702)	22,579	**113,463**	9,687
Investing activities				
Additions to property, plant and equipment	**(180,801)**	(129,902)	**(423,708)**	(274,459)
Change in prepaid capital	**-**	4,581	**3,714**	(17,259)
Gain on disposition of assets	**-**	(363)	**-**	(508)
Change in non-cash working capital related to investing activities	**69,822**	31,101	**16,379**	19,376
	(110,979)	(94,583)	**(403,615)**	(272,850)
Net increase (decrease) in cash	**(15,320)**	-	**191**	(57,224)
Cash, beginning of period	**15,511**	-	**-**	57,224
Cash, end of period	**191**	-	**191**	-

he following amounts are included in cash flows from operating activities:

Cash interest paid	**9,407**	7,544	**23,920**	15,979
Cash taxes paid	**-**	-	**1,890**	-

Peyto Exploration & Development Corp.
Notes to Condensed Financial Statements *(unaudited)*
As at September 30, 2013 and 2012
(Amount in $ thousands, except as otherwise noted)

1. Nature of operations

Peyto Exploration & Development Corp. ("Peyto" or the "Company") is a Calgary based oil and natural gas company. Peyto conducts exploration, development and production activities in Canada. Peyto is incorporated and domiciled in the Province of Alberta, Canada. The address of its registered office is 1500, 250 – 2nd Street SW, Calgary, Alberta, Canada, T2P 0C1.

Effective December 31, 2012, Peyto completed an amalgamation with its wholly-owned subsidiary Open Range Energy Corp. pursuant to section 184(1) of the *Business Corporations Act* (Alberta). Following the amalgamation, Peyto does not have any subsidiaries.

These financial statements were approved and authorized for issuance by the Audit Committee of Peyto on November 12, 2013.

2. Basis of presentation

The condensed financial statements have been prepared by management and reported in Canadian dollars in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's consolidated financial statements as at and for the years ended December 31, 2012 and 2011.

Significant Accounting Policies

(a) Significant Accounting Judgments, Estimates and Assumptions

The timely preparation of the condensed financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the financial statements and the reported amounts of revenue and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the condensed financial statements.

Except as disclosed below, all accounting policies and methods of computation followed in the preparation of these financial statements are the same as those disclosed in Note 2 of Peyto's consolidated financial statements as at and for the years ended December 31, 2012 and 2011.

(b) Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting periods beginning January 1, 2013 or later periods. The affected standards are consistent with those disclosed in Peyto's consolidated financial statements as at and for the years ended December 31, 2012 and 2011.

Peyto adopted the following standards on January 1, 2013:

IFRS 10 - Consolidated Financial Statements; supercedes IAS 27 "Consolidation and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities". This standard provides a single model to be applied in control analysis for all investees including special purpose entities. This standard became applicable on January 1, 2013. Peyto adopted the standard on January 1, 2013, with no impact on Peyto's financial position or results of operations.

IFRS 11 - Joint Arrangements; requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting, whereas joint operations will require the venturer to recognize its share of the assets, liabilities, revenue and expenses. This standard became applicable on January 1, 2013. Peyto adopted the standard on January 1, 2013, with no impact on Peyto's financial position or results of operations.

IFRS 12 - Disclosure of Interests in Other Entities; establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off-balance-sheet vehicles. The standard carries forward existing disclosure and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. This standard became effective for Peyto on January 1, 2013. Peyto adopted the standard on January 1, 2013, with no impact on Peyto's financial position or results of operations.

IFRS 13 - Fair Value Measurement; defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. IFRS 13 applies to accounting standards that require or permit fair value measurements or disclosure about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosure about those measurements), except in specified circumstances. IFRS 13 became applicable on January 1, 2013. Peyto adopted the standard on January 1, 2013, with no impact on Peyto's financial position or results of operations.

3. Property, plant and equipment, net

Cost	
At December 31, 2012	2,483,008
Additions	416,747
At September 30, 2013	2,899,755
Accumulated depreciation	
At December 31, 2012	(386,737)
Depletion and depreciation	(159,189)
At September 30, 2013	(545,926)
Carrying amount at December 31, 2012	**2,096,270**
Carrying amount at September 30, 2013	**2,353,829**

During the three and nine month periods ended September 30, 2013, Peyto capitalized $2.8 million and $6.9 million (2012 - $2.3 million and $4.8 million) of general and administrative expense directly attributable to production and development activities.

4. Long-term debt

	September 30, 2013	**December 31, 2012**
Bank credit facility	630,000	430,000
Senior unsecured notes	150,000	150,000
Balance, end of the period	**780,000**	580,000

As at September 30, 2013, the Company had a syndicated unsecured $1.0 billion extendible revolving credit facility with a stated term date of April 26, 2015. The bank facility is made up of a $30 million working capital sub-tranche and a $970 million production line. The facilities are available on a revolving basis for a two year period. Outstanding amounts on this facility will bear interest at rates ranging from prime plus 0.8% to prime plus 2.25% determined by the Company's debt to earnings before interest, taxes, depreciation, depletion and amortization (EBITDA) ratios ranging from less than 1:1 to greater than 2.5:1.

On January 3, 2012, Peyto issued CDN $100 million of senior unsecured notes pursuant to a note purchase and private shelf agreement. The notes were issued by way of private placement and rank equally with Peyto's obligations under its bank facility. The notes have a coupon rate of 4.39% and mature on January 3, 2019. Interest is paid semi-annually in arrears.

On September 6, 2012, Peyto issued CDN $50 million of senior unsecured notes pursuant to a note purchase and private shelf agreement. The notes were issued by way of private placement and rank equally with Peyto's obligations under its bank facility. The notes have a coupon rate of 4.88% and mature on September 6, 2022. Interest is paid semi-annually in arrears.

Upon the issuance of the senior unsecured notes January 3, 2012, Peyto became subject to the following financial covenants as defined in the credit facility and note purchase and private shelf agreements:

- Senior Debt to EBITDA Ratio will not exceed 3.0 to 1.0
- Total Debt to EBITDA Ratio will not exceed 4.0 to 1.0
- Interest Coverage Ratio will not be less than 3.0 to 1.0
- Total Debt to Capitalization Ratio will not exceed 0.55:1.0

Peyto is in compliance with all financial covenants at September 30, 2013.

Total interest expense for the three and nine month periods ended September 30, 2013 was $7.9 million and $22.2 million (2012 - $6.4 million and $16.5 million) and the average borrowing rate for the period was 4.1% and 4.2% (2012 – 4.6% and 4.4%).

5. Decommissioning provision

Peyto makes provision for the future cost of decommissioning wells, pipelines and facilities on a discounted basis based on the commissioning of these assets.

The decommissioning provision represents the present value of the decommissioning costs related to the above infrastructure, which are expected to be incurred over the economic life of the assets. The provisions have been based on Peyto's internal estimates of the cost of decommissioning, the discount rate, the inflation rate and the economic life of the infrastructure. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon the future market prices for the necessary decommissioning work required which will reflect market conditions at the relevant time. Furthermore, the timing of the decommissioning is likely to depend on when production activities ceases to be economically viable. This in turn will depend and be directly related to the current and future commodity prices, which are inherently uncertain.

The following table reconciles the change in decommissioning provision:

Balance, December 31, 2012	**58,201**
New or increased provisions	6,853
Accretion of decommissioning provision	1,130
Change in discount rate and estimates	(13,814)
Balance, September 30, 2013	**52,370**
Current	-
Non-current	52,370

Peyto has estimated the net present value of its total decommissioning provision to be $52.4 million as at September 30, 2013 ($58.2 million at December 31, 2012) based on a total future undiscounted liability of $145.4 million ($127.9 million at December 31, 2012). At September 30, 2013 management estimates that these payments are expected to be made over the next 50 years with the majority of payments being made in years 2041 to 2062. The Bank of Canada's long term bond rate of 3.07 per cent (2.36 per cent at December 31, 2012) and an inflation rate of two per cent (two per cent at December 31, 2012) were used to calculate the present value of the decommissioning provision.

6. Share capital

Authorized: Unlimited number of voting common shares

Issued and Outstanding

Common Shares (no par value)	Number of Common Shares	Amount $
Balance, December 31, 2011	137,960,301	889,115
Common shares issued	4,628,750	115,024
Common shares issued for acquisition	5,404,007	112,187
Common shares issued by private placement	525,655	11,952
Common share issuance costs (net of tax)	-	(3,896)
Balance, December 31,2012	148,518,713	1,124,382
Common shares issued by private placement	240,210	5,742
Common share issuance costs (net of tax)	-	(55)
Balance, September 30, 2013	**148,758,923**	**1,130,069**

On December 31, 2011 Peyto completed a private placement of 397,235 common shares to employees and consultants for net proceeds of $9.7 million ($24.52 per share). These common shares were issued on January 13, 2012.

On March 23, 2012, Peyto completed a private placement of 128,420 common shares to employees and consultants for net proceeds of $2.2 million ($17.22 per share).

On August 14, 2012, Peyto issued 5,404,007 common shares which were valued at $112.2 million (net of issuance costs) ($20.76 per share) in relation to the closing of a corporate acquisition.

On December 11, 2012, Peyto closed an offering of 4,628,750 common shares at a price of $24.85 per common share, receiving proceeds of $110.0 million (net of issuance costs).

On December 31, 2012, Peyto completed a private placement of 154,550 common shares to employees and consultants for net proceeds of $3.5 million ($22.38 per share). These common shares were issued January 7, 2013.

On March 19, 2013, Peyto completed a private placement of 85,660 common shares to employees and consultants for net proceeds of $2.2 million ($26.65 per share).

Per share amounts

Earnings per share or unit have been calculated based upon the weighted average number of common shares outstanding for the three and nine month periods ended September 30, 2013 of 148,758,923 and 148,730,485 (2012 – 142,069,048 and 139,631,290). There are no dilutive instruments outstanding.

Dividends

During the three and nine month periods ended September 30, 2013, Peyto declared and paid dividends of $0.24 per common share and $0.64 per common share, totaling $35.7 million and $95.2 million (2012 - $0.18 and $0.54, $25.6 million and $75.4 million).

Comprehensive income

Comprehensive income consists of earnings and other comprehensive income (“OCI”). OCI comprises the change in the fair value of the effective portion of the derivatives used as hedging items in a cash flow hedge. “Accumulated other comprehensive income” is an equity category comprised of the cumulative amounts of OCI.

Accumulated hedging gains

Gains and losses from cash flow hedges are accumulated until settled. These outstanding hedging contracts are recognized in earnings on settlement with gains and losses being recognized as a component of net revenue. Further information on these contracts is set out in Note 8.

7. Future performance based compensation

Peyto awards performance based compensation to employees annually. The performance based compensation is comprised of reserve and market value based components.

Reserve based component
The reserves value based component is 4% of the incremental increase in value, if any, as adjusted to reflect changes in debt, equity, dividends, general and administrative costs and interest, of proved producing reserves calculated using a constant price at December 31 of the current year and a discount rate of 8%.

Market based component
Under the market based component, rights with a three year vesting period are allocated to employees. The number of rights outstanding at any time is not to exceed 6% of the total number of common shares outstanding. At December 31 of each year, all vested rights are automatically cancelled and, if applicable, paid out in cash. Compensation is calculated as the number of vested rights multiplied by the total of the market appreciation (over the price at the date of grant) and associated dividends of a common share for that period.

The fair values were calculated using a Black-Scholes valuation model. The principal inputs to the option valuation model were:

	September 30, 2013	**September 30, 2012**
Share price	\$22.58 - \$30.44	\$18.83 - \$24.75
Exercise price	\$18.41 - \$22.08	\$12.06 - \$24.37
Expected volatility	0% - 23%	0% - 32%
Option life	0.25 years	0.25 years
Dividend yield	0%	0%
Risk-free interest rate	1.19%	1.08%

8. Financial instruments

Financial instrument classification and measurement
Financial instruments of the Company carried on the condensed balance sheet are carried at amortized cost with the exception of cash and financial derivative instruments, specifically fixed price contracts, which are carried at fair value. There are no significant differences between the carrying amount of financial instruments and their estimated fair values as at September 30, 2013.

The Company’s areas of financial risk management and risks related to financial instruments remained unchanged from December 31, 2012.

The fair value of the Company’s cash and financial derivative instruments are quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The Company’s cash and financial derivative instruments have been assessed on the fair value hierarchy described above and classified as Level 1.

Fair values of financial assets and liabilities
The Company’s financial instruments include cash, accounts receivable, financial derivative instruments, due from private placement, current liabilities, provision for future performance based compensation and long term debt. At September 30, 2013, cash and financial derivative instruments are carried at fair value. Accounts receivable, due from private placement, current liabilities and provision for future performance based compensation approximate their fair value due to their short term nature. The carrying value of the long term debt approximates its fair value due to the floating rate of interest charged under the credit facility.

Commodity price risk management
Peyto uses derivative instruments to reduce its exposure to fluctuations in commodity prices. Peyto considers all of these transactions to be effective economic hedges for accounting purposes.

Following is a summary of all risk management contracts in place as at September 30, 2013:

Propane Period Hedged	Type	Monthly Volume	Price (USD)
April 1, 2013 to December 31, 2013	Fixed Price	4,000 bbl	$30.66/bbl
April 1, 2013 to December 31, 2013	Fixed Price	4,000 bbl	$32.34/bbl
April 1, 2013 to December 31, 2013	Fixed Price	4,000 bbl	$34.885/bbl
April 1, 2013 to December 31, 2013	Fixed Price	4,000 bbl	$35.39/bbl
April 1, 2013 to December 31, 2013	Fixed Price	4,000 bbl	$34.44/bbl
October 1, 2013 to December 31, 2013	Fixed Price	4,000 bbl	$39.774/bbl
October 1, 2013 to December 31, 2013	Fixed Price	4,000 bbl	$46.20/bbl
January 1, 2014 to March 31, 2014	Fixed Price	4,000 bbl	$37.80/bbl
January 1, 2014 to March 31, 2014	Fixed Price	4,000 bbl	$36.54/bbl
January 1, 2014 to March 31, 2014	Fixed Price	4,000 bbl	$39.354/bbl
January 1, 2014 to March 31, 2014	Fixed Price	4,000 bbl	$41.37/bbl
January 1, 2014 to March 31, 2014	Fixed Price	4,000 bbl	$44.94/bbl
January 1, 2014 to December 31, 2014	Fixed Price	4,000 bbl	$35.70/bbl
January 1, 2014 to December 31, 2014	Fixed Price	4,000 bbl	$37.485/bbl

Natural Gas Period Hedged	Type	Daily Volume	Price (CAD)
April 1, 2012 to October 31, 2013	Fixed Price	5,000 GJ	$4.00/GJ
April 1, 2012 to October 31, 2013	Fixed Price	5,000 GJ	$4.00/GJ
April 1, 2012 to October 31, 2013	Fixed Price	5,000 GJ	$4.00/GJ
April 1, 2012 to October 31, 2013	Fixed Price	5,000 GJ	$4.00/GJ
April 1, 2012 to October 31, 2013	Fixed Price	5,000 GJ	$2.52/GJ
April 1, 2012 to March 31, 2014	Fixed Price	5,000 GJ	$3.00/GJ
May 1, 2012 to October 31, 2013	Fixed Price	5,000 GJ	$2.30/GJ
August 1, 2012 to March 31, 2014	Fixed Price	5,000 GJ	$3.00/GJ
August 1, 2012 to October 31, 2014	Fixed Price	5,000 GJ	$3.10/GJ
November 1, 2012 to October 31, 2013	Fixed Price	5,000 GJ	$2.60/GJ
November 1, 2012 to October 31, 2013	Fixed Price	5,000 GJ	$3.005/GJ
November 1, 2012 to October 31, 2013	Fixed Price	5,000 GJ	$3.00/GJ
November 1, 2012 to March 31, 2014	Fixed Price	5,000 GJ	$2.81/GJ
November 1, 2012 to March 31, 2014	Fixed Price	5,000 GJ	$3.00/GJ
November 1, 2012 to March 31, 2014	Fixed Price	5,000 GJ	$3.05/GJ
November 1, 2012 to March 31, 2014	Fixed Price	5,000 GJ	$3.02/GJ
November 1, 2012 to October 31, 2014	Fixed Price	5,000 GJ	$3.0575/GJ
January 1, 2013 to October 31, 2013	Fixed Price	5,000 GJ	$3.42/GJ
January 1, 2013 to December 31, 2013	Fixed Price	5,000 GJ	$3.105/GJ
January 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.00/GJ
January 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.02/GJ
April 1, 2013 to October 31, 2013	Fixed Price	5,000 GJ	$3.205/GJ
April 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.105/GJ
April 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.53/GJ
April 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.45/GJ
April 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.50/GJ
April 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.08/GJ
April 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.17GJ
April 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.10/GJ
April 1, 2013 to October 31, 2014	Fixed Price	5,000 GJ	$3.25/GJ
April 1, 2013 to October 31, 2014	Fixed Price	5,000 GJ	$3.30/GJ
April 1, 2013 to October 31, 2014	Fixed Price	5,000 GJ	$3.33/GJ
April 1, 2013 to October 31, 2014	Fixed Price	7,500 GJ	$3.20/GJ
April 1, 2013 to October 31, 2014	Fixed Price	5,000 GJ	$3.22/GJ
April 1, 2013 to October 31, 2014	Fixed Price	5,000 GJ	$3.20/GJ

April 1, 2013 to October 31, 2014	Fixed Price	5,000 GJ	$3.1925/GJ
April 1, 2013 to October 31, 2014	Fixed Price	5,000 GJ	$3.25/GJ
April 1, 2013 to October 31, 2014	Fixed Price	5,000 GJ	$3.30/GJ
July 1, 2013 to October 31, 2013	Fixed Price	5,000 GJ	$3.34/GJ
August 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.55/GJ
November 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.71/GJ
November 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.76/GJ
November 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.86/GJ
November 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$4.00/GJ
November 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.52/GJ
November 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.1025/GJ
November 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.245/GJ
November 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.45/GJ
November 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.3075/GJ
November 1, 2013 to October 31, 2014	Fixed Price	5,000 GJ	$3.50/GJ
November 1, 2013 to October 31, 2014	Fixed Price	5,000 GJ	$3.53/GJ
November 1, 2013 to March 31, 2015	Fixed Price	5,000 GJ	$3.6025/GJ
April 1, 2014 to October 31, 2014	Fixed Price	5,000 GJ	$3.505/GJ
April 1, 2014 to October 31, 2014	Fixed Price	5,000 GJ	$3.555/GJ
April 1, 2014 to October 31, 2014	Fixed Price	5,000 GJ	$3.48/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.82/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.44/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.52/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.4725/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.525/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.60/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.27/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.41/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.5575/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.465/GJ
November 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.81/GJ
November 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.90/GJ

As at September 30, 2013, Peyto had committed to the future sale of 240,000 barrels of propane at an average price of $37.32 US per barrel and 75,645,000 gigajoules (GJ) of natural gas at an average price of $3.36 per GJ. Had these contracts been closed on September 30, 2013, Peyto would have realized a gain in the amount of $3.2 million.

Subsequent to September 30, 2013 Peyto entered into the following contracts:

Propane **Period Hedged**	**Type**	**Monthly Volume**	**Price (USD)**
April 1, 2014 to September 30, 2014	Fixed Price	4,000 bbl	$41.79/bbl
October 1, 2014 to December 31, 2014	Fixed Price	4,000 bbl	$42.84/bbl

Natural Gas **Period Hedged**	**Type**	**Daily Volume**	**Price (CAD)**
November 1, 2013 to March 31, 2014	Fixed Price	5,000 GJ	$3.25/GJ
December 1, 2013 to March 31,2014	Fixed Price	5,000 GJ	$3.50/GJ
April 1, 2014 to October 31, 2014	Fixed Price	5,000 GJ	$3.335/GJ
April 1, 2014 to October 31, 2014	Fixed Price	5,000 GJ	$3.10/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.43/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.54/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.335/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.25/GJ
April 1, 2014 to March 31, 2015	Fixed Price	5,000 GJ	$3.25/GJ

9. Commitments

Following is a summary of Peyto's contractual obligations and commitments as at September 30, 2013.

	2013	2014	2015	2016	2017	Thereafter
Note repayment[1]	-	-	-	-	-	150,000
Interest payments[2]	-	6,830	6,830	6,830	6,830	18,785
Transportation commitments	4,107	17,290	16,044	11,692	8,027	10,957
Operating leases	592	2,392	1,228	712	360	-
Total	4,699	26,512	24,102	19,234	15,217	179,742

(1) Long-term debt repayment on senior unsecured notes

(2) Fixed interest payments on senior unsecured notes

10. Subsequent events

1. On November 4, 2013, Peyto announced that it had priced an issuance of CDN $120 million of senior unsecured notes. The notes will be issued by way of private placement pursuant to a note purchase agreement and will rank equally with Peyto's obligations under its bank facility and existing note purchase and private shelf agreement. The notes have a coupon rate of 4.5% and mature in December 2020. Interest will be paid semi-annually in arrears. Closing of the private placement is expected to occur in early December, 2013.

2. On October 31, 2013, Peyto was named as a party to a statement of claim received with respect to transactions between Poseidon Concepts Corp. and Open Range Energy Corp. Management is currently assessing the nature of this claim, in conjunction with their legal advisors.

Officers

Darren Gee
President and Chief Executive Officer

Scott Robinson
Executive Vice President and Chief Operating Officer

Kathy Turgeon
Vice President, Finance and Chief Financial Officer

Tim Louie
Vice President, Land

David Thomas
Vice President, Exploration

Jean-Paul Lachance
Vice President, Exploitation

Stephen Chetner
Corporate Secretary

Directors

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

Auditors

Deloitte LLP

Solicitors

Burnet, Duckworth & Palmer LLP

Bankers

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Union Bank, Canada Branch
Royal Bank of Canada
Canadian Imperial Bank of Commerce
The Toronto-Dominion Bank
Bank of Nova Scotia
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