

PEYTO EXPLORATION & DEVELOPMENT CORP.

**Notice of
Annual Meeting of Shareholders
to be held on May 18, 2011**

The annual meeting of the shareholders of Peyto Exploration & Development Corp. (the "Corporation") will be held in the Livingston Place Conference Centre located at +15 Level, 222 – 3rd Avenue S.W., Calgary, Alberta, T2P 0B4, on Wednesday, May 18, 2011 at 3:00 p.m. (Calgary time) to:

1. receive and consider the Corporation's financial statements for the year ended December 31, 2010, together with the auditors' report thereon;
2. fix the number of directors of the Corporation to be elected at the meeting at eight (8);
3. elect eight (8) directors of the Corporation;
4. appoint the auditors and authorize the directors to fix their remuneration as such; and
5. transact such other business as may properly be brought before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the information circular-proxy statement accompanying this notice.

If you are unable to attend the meeting in person we request that you date and sign the enclosed form of proxy and mail it to or deposit it with our Corporate Secretary, c/o Valiant Trust Company, Suite 600, 750 Cambie Street, Vancouver, B.C., V6B 0A2 or by fax at (604) 681-3067. In order to be valid and acted upon at the meeting, forms of proxy must be returned to the aforesaid address not less than 24 hours before the time for holding the meeting or any adjournment thereof.

Only shareholders of record at the close of business on April 18, 2011 will be entitled to vote at the meeting, unless that shareholder has transferred any common shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the common shares and demands that the transferee's name be included on the list of shareholders.

DATED at Calgary, Alberta this 18th day of April, 2011.

By order of the Board of Directors of
Peyto Exploration & Development Corp.

(signed) "*Darren Gee*"
President and Chief Executive Officer