

**PEYTO EXPLORATION & DEVELOPMENT CORP.**  
**NOMINATING AND BOARD GOVERNANCE COMMITTEE**

**COMMITTEE CHARTER**

This charter governs the operations of the Nominating and Board Governance Committee (the "Committee") of Peyto Exploration & Development Corp. (the "Corporation"). The Committee shall report to the Board of Directors (the "Board") of the Corporation.

The Committee shall review and reassess this Charter annually.

**I. PURPOSE**

The purpose of the Committee is to assist the Board in fulfilling its responsibilities relating to matters dealing with the nomination of Board members and the overall functioning and governance of the Board. The role of the Committee includes ensuring that the Board is properly comprised.

**II. MEMBERSHIP OF THE COMMITTEE**

The Committee shall be composed of not less than three directors, all of whom shall be unrelated directors. An "unrelated director" is a director who is independent of management and is free from any interest or other relationship which could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Corporation as the case may be, other than interests and relationships arising from shareholding.

Members of the Committee shall be appointed by the Board to serve for a period of one year. Any member may be removed or replaced at any time by the Board. The Board may fill vacancies on the Committee by appointment from among its members. If a vacancy exists, the remaining members of the Committee may exercise all its power so long as a quorum remains.

The Board of Directors shall appoint the Committee Chairman, who shall also be an unrelated director.

**III. MEETINGS AND OPERATIONS**

**Frequency of Meetings:** The Committee shall meet a minimum of once per year at the call of the Committee Chairman or the Corporate Secretary.

**Notice Required:** Notice of the time and place of each meeting shall be given to each Committee member at least 48 hours prior to the meeting, unless such notice is waived by all Committee members.

**Chair:** The Committee Chairman shall preside at all meetings, unless the Chair is not present, in which case the members of the Committee present shall designate, from among the members present, the Chair for the purpose of the Meeting.

**Quorum:** A quorum for meetings of the Committee shall be a majority of its members present in person or by telephone or other electronic telecommunication device.

**Questions:** At meetings of the Committee, questions shall be decided by a majority of the votes cast. If the votes are equal, the Chairman shall not be entitled to a second or casting vote.

**Attendance by Non-Committee members:** The Chief Executive Officer ("CEO") and other officers and directors of the Corporation are expected to be available to attend meetings or portions thereof upon invitation.

**External Advice:** The Committee has the authority to engage outside advice on relevant matters at the expense of the Corporation.

**Secretary:** The Secretary of the Committee shall be the Corporate Secretary or an appointee of the Corporate Secretary.

**Minutes:** Minutes of Committee meetings shall be approved by the Committee and sent to all members of the Board. The Committee Secretary shall maintain a copy of the minutes.

#### **IV. RESPONSIBILITIES**

In carrying out its mandate, the Committee is expected to:

##### **Nominating Matters**

- A. To make recommendations to the Board as to which directors should be classified as "independent directors", "related" directors or "unrelated" directors pursuant to any such report or circular.
- B. To review on a periodic basis the composition of the Board and ensure that an appropriate number of independent directors sit on the Board, analyzing the needs of the Board and recommending nominees who meet such needs.
- C. To assess, at least annually, the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors (including the competencies and skills that each individual director is expected to bring to the Board), including considering the appropriate size of the Board.
- D. To recommend suitable candidates for nominees for election or appointment as directors, and recommend the criteria governing the overall composition of the Board and governing the desirable individual characteristics for directors and in making such recommendations, the Committee should consider:
  - (i) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
  - (ii) the competencies and skills that the Board considers each existing director to possess;
  - (iii) the competencies and skills each new nominee will bring to the boardroom; and
  - (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board.

- E. As required, develop, for approval by the Board, an orientation and education program for new recruits to the Board.
- F. To develop a system under which succession to senior management positions will occur in a timely manner.

#### **Board Governance Matters**

- A. To review on an ongoing basis the effectiveness of the Board and its Committees in fulfilling the mandate of the Board of Directors.
- B. To review the Corporation's approach to corporate governance matters and proactively track trends and best practices in corporate governance and to develop practices and corporate policy positions for approval by the Board.
- C. To act as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of the Board or individual members of the Board.
- D. To develop and recommend to the Board for approval and periodically review structures and procedures designed to ensure that the Board can function independently of management.
- E. To review and recommend to the Board as to the acceptance of any offer to resign of any director of the Board.
- F. Undertake annually a review of the mandate of the Board and make recommendations to the Board as to proposed changes.
- G. To review such other matters of a corporate governance nature as may be directed by the Board from time to time.