

**PEYTO EXPLORATION & DEVELOPMENT CORP.****HEALTH AND SAFETY COMMITTEE****MANDATE AND TERMS OF REFERENCE****I. ROLE AND OBJECTIVE**

The Health and Safety Committee (the "Committee") is a committee of the board of directors (the "Board") of Peyto Exploration & Development Corp. (the "Corporation"). The purpose of the Committee is to: (a) assist the Board in fulfilling its responsibilities with respect to oversight and due diligence by reviewing, reporting and making recommendations to the Board on the development and implementation of the policies, standards and practices of the Corporation; and (b) assist the Board in satisfying its responsibilities in respect of the Corporation meeting its legal, industry and community obligations pertaining to health and safety.

**II. MEMBERSHIP OF COMMITTEE**

The Committee shall be comprised of at least three (3) directors of the Corporation, a majority of the members of which:

- (a) are individuals who are not and have not been, during the preceding 12 months:
  - (i) an officer or employee of the Corporation or of an affiliate of the Corporation;
  - (ii) a person who beneficially owns 10% or more of the outstanding voting securities of the Corporation; or
  - (iii) a relative of a person referred to in subparagraphs (i) or (ii), residing in the same home as that person; and
- (b) are free from any business or other relationship which could reasonably be seen to interfere with the exercise of their independent judgment.

The Board shall appoint the Committee Chair, who shall be an unrelated director.

**III. MANDATE AND RESPONSIBILITIES OF THE COMMITTEE**

To carry out its responsibilities, the Committee shall be responsible for:

- (a) reviewing the Corporation's strategies, policies, programs and internal control systems with respect to health, workforce safety, asset integrity, process safety and monitor the Corporation's performance relative to internal improvement objectives and industry best practice;
- (b) reviewing and recommending to the Board for approval fundamental policies pertaining to health, workforce safety, asset integrity and process safety having the potential to impact the Corporation's activities and strategies;

- (c) reviewing the Corporation's policies and programs for achieving full and continuous compliance with engineering standards, codes, regulations and applicable laws;
- (d) reviewing and monitoring the Corporation's emergency response policies and plans and the Corporation's state of readiness to respond to crisis situations, including, but not limited to, monitoring notices from management and reviewing circumstances involving any major emergencies reported by the Corporation;
- (e) reviewing and reporting to the Board:
  - (i) on the Corporation's performance in the areas of health, workforce safety, process safety, field operational excellence and compliance with codes, standards, regulations and applicable laws;
  - (ii) on emerging trends, issues and regulations related to health, workforce safety, process safety and field operational excellence that are relevant to the Corporation;
  - (iii) the findings of any significant report by regulatory agencies, external health and safety consultants or auditors concerning the Corporation's performance in health and safety and any necessary corrective measures taken to address issues and risks with regards to the Corporation's performance in the areas of health and safety that have been identified by the Corporation, external auditors or by regulatory agencies;
  - (iv) any civil or criminal occupational health and safety proceedings, claims, orders, actions or government investigation contemplated or threatened against the Corporation, including notices from management in respect thereof;
  - (v) the results of any review with management, outside accountants and legal advisors of the implications of major corporate undertakings such as the acquisition or expansion of facilities or decommission of facilities as it relates to health and safety that are relevant to the Corporation and, in the Committee's discretion, make recommendations to the Board for consideration;
  - (vi) a framework for management's decisions on abandonment and reclamation, including appropriate asset retirement obligation determination; and
  - (vii) policies and other directives of the Corporation relating to security and the safeguarding of the Corporation's premises, installations, assets and personnel;
- (f) reviewing the insurable risks related to health and safety issues and evaluate cost/insurance benefits associated with those risks; concerning insurance, the Committee shall consult with and review the recommendations of the Audit Committee of the Board and if desirable, recommend changes to the

Corporation's insurance program including coverage for operations, property damage, business interruption and liabilities;

**General**

- (g) annually reviewing the Committee's mandate and work plan and provide the work plan and any recommended changes to the mandate to the Chair of the Board; and
- (h) performing any other activities consistent with the Committee's mandate as the Committee or the Board deems necessary or appropriate; and
- (i) having the authority to investigate any activity of the Corporation that has an impact on or relating to the Committee's mandate and responsibilities. All employees are to cooperate as requested by the Committee.

**IV MEETINGS AND ADMINISTRATIVE MATTERS**

- (a) At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
- (b) The Chair shall preside at all meetings of the Committee, 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 purposes of the meeting.
- (c) A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
- (d) Meetings of the Committee should be scheduled to take place at least twice each year and at such other times as the Chair of the Committee may determine.
- (e) Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
- (f) The Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.
- (g) Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
- (h) If determined appropriate, following meetings of the Committee, a list of tasks or matters to be followed up upon shall be prepared including the timetable for completion thereof and the responsibility for completion, the status of which

matter shall be reviewed at the next meeting of the Committee or as otherwise determined by the Committee.

- (i) Supporting schedules and information reviewed by the Committee shall be available for examination by any director.
- (j) The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at such compensation as established by the Committee and at the expense of the Corporation without any further approval of the Board.
- (k) Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director of the Corporation. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as two members remain on the Committee. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
- (l) Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chair.