

PEYTO EXPLORATION & DEVELOPMENT CORP.**BOARD RENEWAL POLICY****Introduction**

The board of directors (the "**Board**") of Peyto Exploration & Development Corp. ("**Peyto**") oversees the evaluation, assesses and considers the effectiveness, of the Board as a whole, the committees of the Board and the contribution of individual members on a periodic basis. Through these and other measures, the Board effectively monitors and evaluates its effectiveness and diversity while balancing the value of experience and continuity of its incumbent members. The Board does however recognize that periodic board renewal may offer the benefit of new perspectives and ideas and has adopted this Board Renewal Policy to counterbalance the benefits of continuity of leadership with the introduction of diverse views and experience.

Board Renewal Process

As part of the Board's renewal process, the Nominating Committee (the "**Committee**") will annually review the skills and experience of the current directors of Peyto to assess whether the board's skills and experience need to be strengthened in any area. In addition to considering the skills and experience of the Board, the Committee will also assess the knowledge and character of all nominees to the Board and other factors such as independence of the directors to ensure that the Board is operating effectively and independently of management.

The Board does not believe that fixed term limits are in the best interest of Peyto. While term limits ensure fresh viewpoints on a board of directors, they also cause a company to lose the valuable contributions of those directors who best understand the business of Peyto and the challenges it faces.

Review

This Board Renewal Policy shall be reviewed annually and will be made publicly available on Peyto's website.