

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

All non-executive directors of Peyto shall be deemed to submit their resignation to the compensation and nominating of the Board ("**Compensation and Nominating Committee**") following the first to occur: (i) the director reaching the age of seventy-five (75); or (ii) the director having served as a non-executive director of the Corporation for fifteen (15) years since January 1, 2011, being the effective date of the Corporation's conversion from Peyto Energy Trust.

The Compensation and Nominating Committee shall make a recommendation to the Board to accept or reject the deemed resignation of the individual director. In its deliberations, the Compensation and Nominating Committee shall consider whether the continued service of the director would be in the best interests of Peyto in light of, among other relevant considerations, the individual director's and the Board's competencies and skills, the size of the Board and the composition of the Board in light of Peyto's Board Diversity Policy.

If the Compensation and Nominating Committee recommends that the Board accept the director's deemed resignation, it shall recommend that the deemed resignation be accepted in conjunction with Peyto's next annual meeting of shareholders or such other date as it reasonably believes will allow for orderly transition. The Board shall consider but is not obligated to follow the recommendation of the Compensation and Nominating Committee. Any director who tenders a deemed resignation pursuant to this Board Renewal Policy will not participate in the deliberations of the Compensation and Nominating Committee or the Board with respect to the deemed resignation of such director.

If the Board rejects the director's deemed resignation, the director shall be deemed to re-submit such resignation on January 1st of each calendar year thereafter beginning on the next calendar year following the year in which the initial deemed resignation was submitted. The Compensation and Nominating Committee shall review each additional deemed resignation on the same considerations as the initial deemed resignation.

If the Board determines not to accept the deemed resignation of a director, the information circular – proxy statement prepared in respect of the next annual meeting of shareholders shall disclose the reasons for such decision.

Notwithstanding the foregoing, this Board Renewal Policy shall not take precedence over the Board and the Compensation and Nominating Committee's review of the experience, qualifications and skills of Peyto's directors to ensure that the composition of the Board and its committees and the competencies and skills of each member are in line with those that the Compensation and Nominating Committee considers that the Board and respective committees should possess.

Review

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