

Independent Auditor's Report

To the Directors of
Peyto Exploration & Development Corp.

We have audited the accompanying Schedule of Payments by Payee totaling \$34,838,000 and the Schedule of Payments by Project totaling \$34,838,000 of Peyto Exploration & Development Corp. (the "Company") for the year ended December 31, 2016 and notes, comprising a summary of significant accounting policies and other explanatory information (together "the Schedules"). The Schedules have been prepared by management in accordance with the financial reporting provisions in Section 9 of the Extractive Sector Transparency Measures Act ("ESTMA"), Section 2.3 of the ESTMA – Technical Reporting Specifications and Sections 3.1 to 3.6 of the ESTMA – Guidance (collectively, the "Financial Reporting Framework").

Management's Responsibility for the Schedules

Management is responsible for the preparation of the Schedules in accordance with the Financial Reporting Framework referred to above, and for such internal control as management determines is necessary to enable the preparation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Schedules based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Schedule of Payments by Payee amounting to \$34,838,000 and the Schedule of Payments by Project amounting to \$34,838,000 of the Company for the year ended December 31, 2016 are prepared, in all material respects, in accordance with the Financial Reporting Framework referred to above.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to the notes to the Schedules, which describe the basis of accounting and other explanatory information. The Schedules are prepared to provide information to the Directors of Peyto Exploration & Development Corp., to assist in meeting the requirements of the Extractive Sector Transparency Measures Act. As a result, the Schedules may not be suitable for another purpose.

Our report is intended solely for the Directors of Peyto Exploration & Development Corp. and should not be used by parties other than the Directors of Peyto Exploration & Development Corp.

The image shows a handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, slightly slanted style.

Chartered Professional Accountants
April 26, 2017
Calgary, Alberta