

**NEWS RELEASE**

**FEBRUARY 11, 2011**

**SYMBOL: PEY - TSX**

**PEYTO EXPLORATION & DEVELOPMENT CORP. ANNOUNCES  
2010 CANADIAN TAX INFORMATION**

CALGARY, ALBERTA - Peyto Exploration & Development Corp. ("Peyto") is pleased to announce the 2010 tax information for unitholders of Peyto Energy Trust resident in Canada.

For purposes of the Income Tax Act (Canada), Peyto Energy Trust (the "Trust") was a mutual fund trust. Each year, an income tax return is filed by the Trust with taxable income allocated to and taxable in the hands of the unitholders. Cash distributions paid by the Trust are comprised of a return on capital portion (taxable income) and a return of capital (tax deferred) portion. The return on capital (taxable) portion is calculated and reported on Peyto's T3 return and allocated to each unitholder who received distributions in that taxation year on T3 Supplementary forms, which are mailed to unitholders before March 31 of each year. Registered unitholders will receive a T3 Supplementary form directly from the transfer agent, Valiant Trust Company. Beneficial unitholders will receive a T3 Supplementary form from their broker or other intermediary. The T3 slip will report only the taxable income component. The return of capital (tax deferred) portion reduces the unitholders' cost base of the units. For cash distributions received or receivable by a Canadian resident, outside of a registered pension or retirement plan, tax free savings account or registered education savings plan in the 2010 taxation year, the split is 80 percent return on capital (taxable) and 20 percent return of capital (tax deferred).

The following table sets out the tax treatment of the Canadian monthly distributions paid and payable in 2010:

<b>Record Date</b>	<b>Payment Date</b>	<b>Taxable Amount (Income)</b>	<b>Tax Deferred Amount (Return of Capital)</b>	<b>Total Distribution</b>
January 31, 2010	February 15, 2010	\$0.0960	\$0.0240	\$0.1200
February 28, 2010	March 15, 2010	\$0.0960	\$0.0240	\$0.1200
March 31, 2010	April 15, 2010	\$0.0960	\$0.0240	\$0.1200
April 30, 2010	May 14, 2010	\$0.0960	\$0.0240	\$0.1200
May 31, 2010	June 15, 2010	\$0.0960	\$0.0240	\$0.1200
June 30, 2010	July 15, 2010	\$0.0960	\$0.0240	\$0.1200
July 31, 2010	August 13, 2010	\$0.0960	\$0.0240	\$0.1200
August 31, 2010	September 15, 2010	\$0.0960	\$0.0240	\$0.1200
September 30, 2010	October 15, 2010	\$0.0960	\$0.0240	\$0.1200
October 31, 2010	November 15, 2010	\$0.0960	\$0.0240	\$0.1200
November 30, 2010	December 15, 2010	\$0.0960	\$0.0240	\$0.1200
December 31, 2010	January 14, 2011	\$0.0960	\$0.0240	\$0.1200
		<b>\$1.1520</b>	<b>\$0.2880</b>	<b>\$1.44</b>
		<b>80%</b>	<b>20%</b>	<b>100%</b>

Tax information for United States unitholders will be announced on or about February 18, 2011.

We encourage you to actively visit Peyto's website located at [www.peyto.com](http://www.peyto.com). For further information, please contact Darren Gee, President and Chief Executive Officer of Peyto at (403) 237-8911.

*Certain information set forth in this document, including management's assessment of Peyto's and the Corporation's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond these parties' control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Peyto's and the Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Peyto and the Corporation will derive therefrom. The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.*