

FOR IMMEDIATE RELEASE JANUARY 16, 2012

TSX SYMBOL: PEY

PEYTO EXPLORATION & DEVELOPMENT CORP. CONFIRMS DIVIDENDS FOR FIRST QUARTER 2012 AND MANAGEMENT CHANGE

CALGARY, ALBERTA- Peyto Exploration & Development Corp. ("Peyto") declares the following dividends, payable to shareholders of its common shares at the close of business on the record dates indicated.

Dividend Amount per Common Share	Record Date	Ex-Dividend Date	Payment Date
\$0.06	January 31, 2012	January 27, 2012	February 15, 2012
\$0.06	February 29, 2012	February 27, 2012	March 15, 2012 ^(*)
\$0.06	March 31, 2012	March 28, 2012	April 13, 2012 ^(*)

^(*) Dividends are at the discretion of the Board of Directors and subject to change.

Dividends paid by Peyto to Canadian residents are eligible dividends for Canadian income tax purposes.

Management Change

Peyto's Vice President of Land, Glenn Booth, has retired from Peyto, culminating 36 successful years in the industry. Mr. Booth was an integral part of the Peyto team from 2005 through 2011. On behalf of the directors, staff and shareholders of Peyto, management would like to sincerely thank Mr. Booth for his substantial contributions during that time and wish him all the best in his retirement.

Effective January 16, 2012, Mr. Timothy Louie joins Peyto as the Vice President of Land. Mr. Louie brings to Peyto over 20 years of industry experience with several years of recent experience in the Deep Basin of Alberta. Peyto is excited to have Mr. Louie join the management team and look forward to his contributions to Peyto's future growth.

Shareholders and interested investors are encouraged to visit the Peyto website at www.peyto.com to learn more about what makes Peyto one of North America's most exciting energy companies. For further information please contact:

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Certain information set forth in this document, including management's assessment of Peyto'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 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 will derive therefrom. The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.