

NEWS RELEASE

AUGUST 6, 2012

SYMBOL: PEY – TSX

PEYTO INCREASES SHARE EXCHANGE RATIO IN FAVOUR OF OPEN RANGE

CALGARY, ALBERTA – Peyto Exploration & Development Corp. ("Peyto") has entered into an amended and restated arrangement agreement (the "Amended and Restated Arrangement Agreement") with Open Range Energy Corp. ("Open Range") to amend certain terms of the arrangement agreement (the "Arrangement Agreement") dated July 2, 2012 between Peyto and Open Range, whereby Peyto agreed to acquire all of the common shares of Open Range ("Open Range Shares") pursuant to a plan of arrangement (the "Arrangement") under the *Business Corporations Act* (Alberta).

Pursuant to the Arrangement Agreement, Open Range shareholders were to receive 0.0696 (the "Exchange Ratio") of a common share of Peyto ("Peyto Share") for each Open Range Share held.

Under the terms of the Amended and Restated Arrangement Agreement, Peyto will increase the consideration payable to holders of Open Range Shares by increasing the Exchange Ratio to 0.0723 of a Peyto Share for each Open Range Share. The increase in the consideration resulted from Open Range having received an unsolicited proposal from a third party.

Commenting on the increased consideration, Don Gray, Chairman of the Board of Peyto said:

"The team at Open Range has built a very impressive asset over the years. In our thirteen year corporate history we have not come across another company that has fit so well with our build it yourself model. Open Range is our immediate neighbor in the Sundance area of the Deep Basin. We are very confident that our expertise in this area and the obvious geographical synergies between our assets make the combination of Peyto and Open Range the perfect fit."

The Amended and Restated Arrangement Agreement provides that the termination fee payable to Peyto in certain circumstances will be increased from \$5.0 million to \$8.5 million. Substantially all other terms of the Arrangement Agreement, including non-solicitation and right to match provisions remain the same. It is anticipated that the special meeting of shareholders of Open Range will still be held on August 14, 2012 and closing of the amended Arrangement will occur on or about August 14, 2012.

The Board of Directors of Open Range has unanimously approved the Amended and Restated Arrangement Agreement and determined that the consideration to be received by Open Range shareholders pursuant to the amended Arrangement is fair to holders of Open Range Shares, is in the best interests of Open Range and unanimously resolved to recommend that holders of Open Range Shares vote in favour of the amended Arrangement. Management and directors of Open Range holding approximately 8.3 percent of the issued and outstanding Open Range Shares have entered into support agreements to vote their Open Range Shares in favour of the amended Arrangement at the meeting of Open Range shareholders.

The Board of Directors of Peyto has also unanimously approved the Amended and Restated Arrangement Agreement. BMO Capital Markets acted as financial advisor to Peyto.

Complete details of the terms of the amended Arrangement are set out in the Amended and Restated Arrangement Agreement, which will be filed by Open Range on SEDAR under Open Range's profile on www.sedar.com.

Darren Gee
President and CEO
August 6, 2012

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking statements or information. In particular, forward looking statements in this press release include, but are not limited to, statements regarding the completion of the Arrangement, the timing of the meeting of Open Range shareholders and the anticipated results therefrom.

The forward-looking statements and information are based on certain key expectations and assumptions made by Peyto, including, but not limited to, expectations and assumptions concerning the ability of Peyto and Open Range, as applicable, to obtain all required regulatory approvals for the transaction, including, but not limited to, shareholder, Court and regulatory approvals.

Although Peyto believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward looking statements and information because there can be no assurance that they will prove to be correct.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risk that the transaction may not close when planned or at all or on the terms and conditions set forth in the Amended and Restated Arrangement Agreement; the failure of Peyto and Open Range, as applicable, to obtain the necessary shareholder, Court, regulatory and other third party approvals required in order to proceed with the transaction; operational risks in development, exploration and production for natural gas; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; health, safety and environmental risks; commodity price and exchange rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations. Readers are cautioned that the foregoing list of factors is not exhaustive.

Management has included the above summary of assumptions and risks related to forward-looking statements and information provided in this press release in order to provide securityholders with a more complete perspective on the Arrangement and such information may not be appropriate for other purposes. 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 there from.

The forward-looking statements and information contained in this press release are made as of the date hereof and Peyto undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events, or results or otherwise, other than as required by applicable securities laws.