

FOR IMMEDIATE RELEASE OCTOBER 7, 2014

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PEYTO EXPLORATION & DEVELOPMENT CORP. INCREASES 2014 CAPITAL PROGRAM AND CONFIRMS FOURTH QUARTER 2014 DIVIDENDS

CALGARY, ALBERTA- Peyto Exploration & Development Corp. ("Peyto" or "the Company") is pleased to announce that current production has already exceeded the previous year-end target of 81,500 boe/d, while capital expenditures to the end of September are estimated at \$520 million, below the \$625 million capital budget previously forecast to achieve that production target. As well, the Oldman North gas plant expansion is now finished and fully operational, which completes all four of Peyto's facility expansion projects for the year, increasing total operated processing capacity from 525 mmcf/d to 630 mmcf/d (611 mmcf/d net to Peyto's working interest).

The Board of Directors of Peyto has approved an increased 2014 capital budget of \$690 million. This increase was facilitated by the acceleration of the drilling program in the second quarter of 2014, including continuous operations through breakup, allowing Peyto to accomplish more to date than previously expected. That accomplishment, combined with a favourable environment for capital investment for the remainder of 2014, will allow Peyto to continue running 9 drilling rigs, drilling a forecast 125 gross wells for the year. It is anticipated this activity will result in an increase to year end exit production, now forecast at approximately 85,000 boe/d, as well as average annual production that will be up approximately 30% year over year.

This new capital budget, the largest in Peyto's history, is a reflection of the Company's confidence in achieving consistent, risked returns on an even larger capital program. Peyto's unique strategy, of a singular focus on maximizing this return, is what ensures that the resultant growth is profitable for shareholders. As always, shareholder's capital will only be invested if strict rate of return objectives are being met. The expanded capital program is expected to be funded with increased funds from operations and available bank lines. As of September 30, 2014, Peyto had approximately \$380 million of available borrowing capacity.

For the balance of 2014, Peyto has 297,418 GJ/d of natural gas (approximately 57% of expected production) forward sold for an average price of \$3.78/GJ (\$4.35/mcf, based on historical heat content). This price is 27% greater than the price realized in the fourth quarter of 2013.

In addition, 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
\$0.10	October 31, 2014	October 29, 2014	November 14, 2014
\$0.10	November 30, 2014	November 26, 2014	December 15, 2014 ^(*)
\$0.10	December 31, 2014	December 29, 2014	January 15, 2014 ^(*)

^(*) 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.

Peyto shareholders and interested investors are encouraged to visit the Peyto website at www.peyto.com to learn more about what makes Peyto a truly unique North American energy company.

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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.