

NEWS RELEASE

FEBRUARY 17, 2016
TSX

SYMBOL: PEY -

PEYTO ADDS RECORD PRODUCTION IN 2015 AT LOWEST TOTAL COST IN COMPANY HISTORY

Peyto Exploration & Development Corp. (“Peyto” or the “Company”) is pleased to present the results and analysis of the independent reserve report effective December 31, 2015. The evaluation encompassed 100% of Peyto’s reserve assets, was conducted by InSite Petroleum Consultants (“InSite”) and reflects the Alberta royalty framework that was in place at year end 2015.

This year marks the Company’s 17th year of profitable reserves development with a record number of wells drilled and record exit production of 102,000 boe/d. Reserves per share grew in all categories with total reserves of 3.5 Trillion Cubic Feet equivalent (“TCFe”) or 590 Million Barrels of Oil equivalent (“MMBOE”) at year end.

HISTORICAL PERSPECTIVE

- Over the past 17 years, Peyto has explored for and discovered over 4.6 TCFe of Alberta Deep Basin natural gas and associated liquids, over 60% of which has now been developed. Each year the Company invests in the discovery of new reserves and the efficient and profitable development of existing reserves into high netback natural gas production for the purpose of generating maximum return on capital for shareholders, while at the same time delivering significant royalty payments to Albertans.
- In total, \$4.7 billion has been invested in the acquisition and development of the 2.8 TCFe of developed reserves at an average cost of \$1.72/MCFe, while a weighted average field netback¹ of \$4.51/MCFe has resulted in a cumulative recycle ratio² of 2.6 times. Royalty payments to Alberta have totaled over \$0.8 Billion.
- Based on the December 31, 2015 evaluation, the debt adjusted, Net Present Value of the Company’s remaining Proved plus Probable Additional reserves (“P+P NPV”, 5% discount, less debt) was \$34/share, comprised of \$20/share of developed reserves and \$14/share of undeveloped reserves.

2015 HIGHLIGHTS

- For the year ended December 31, 2015, Peyto invested \$594 million of capital to build a record 51,000 boe/d of new production¹ at a cost of \$11,600/boe/d. This is the lowest cost to build new production in Peyto’s 17 year history and is inclusive of land, seismic, facilities and all well related costs.
- Peyto developed over 362 BCFe (60.4 MMBOEs) of new Proved Producing (“PP”) reserves at a Finding, Development and Acquisition (“FD&A”) cost of \$1.64/MCFe (\$9.83/boe) while the average field netback¹ was \$3.24/MCFe (\$19.43/boe), resulting in a 2.0 times recycle ratio². The 2015 PDP FD&A was 27% lower than 2014 due to significantly reduced service costs, superior operational execution, and improved well results.
- Peyto replaced 188% of annual production with new Total Proved (“TP”) reserves at a FD&A cost of \$0.72/MCFe (\$4.33/boe) and replaced 287% of annual production with new Proved plus Probable Additional (“P+P”) reserves at a FD&A cost of \$0.54/MCFe (\$3.21/boe) (including decreases in Future Development Capital (“FDC”) of \$340 million and \$306 million for the respective categories). For comparative purposes, FD&A costs before changes in FDC were \$1.69/MCFe (\$10.12/boe) and \$1.10/MCFe (\$6.62/boe), respectively.
- Company reserves increased by 15%, 8% and 11% to 1.4 TCFe, 2.2 TCFe and 3.5 TCFe for PP, TP and P+P, respectively. Per share reserves were up 11%, 4%, and 7% for each of these respective categories.
- The Reserve Life Index (“RLI”) for the PP, TP and P+P reserves remained basically unchanged at 7, 11 and 17 years, respectively.

- At year end, P+P reserves of 590 MMboes (inclusive of 830 future locations) had been assigned to just 14% of Peyto's total Deep Basin rights.
- For every booked location converted to the Proved Producing category, Peyto was able to recognize 1.7 new undeveloped locations in its inventory of future opportunities.

2016 UPDATE

- Peyto's drilling plans for 2016 remain the same as previously announced and will take advantage of lower service costs to drill up to 145 gross (137 net) horizontal wells. This plan will remain flexible in order to preserve the balance sheet and Peyto will continue to be nimble in the event the capital plans need to be adjusted for lower commodity prices.
- For the first six weeks of 2016, production has been holding above 100,000 boe/d, with eight drilling rigs active. In addition, Peyto has protected funding for the capital program with over 50% of forecast 2016 natural gas production pre-sold at an average price of \$3.37/mcf.

¹Capital Expenditures, Field Netback (Revenue less Royalties, Operating costs and Transportation), and Production are estimated and remain unaudited at this time.

²Recycle Ratio is Field Netback divided by FD&A.

2015 RESERVES

The following table summarizes Peyto's reserves and the discounted Net Present Value of future cash flows, before income tax, using variable pricing, at December 31, 2015.

Reserve Category	Gas (BCF)	Oil & NGL (mstb)	BCFe (6:1)	mmBOE (6:1)	Before Tax Net Present Value (\$000) Discounted at			
					0%	5%	8%	10%
Proved Producing	1,232	23,939	1,375	229	\$4,812,987	\$3,175,109	\$2,635,456	\$2,371,611
Proved Non-producing	23	588	26	4	\$80,273	\$48,303	\$37,811	\$32,779
Proved Undeveloped	764	13,923	848	141	\$2,233,934	\$1,131,309	\$769,845	\$595,465
Total Proved	2,018	38,449	2,249	375	\$7,127,194	\$4,354,721	\$3,443,111	\$2,999,854
Probable Additional	1,145	24,190	1,290	215	\$4,409,321	\$2,095,719	\$1,451,997	\$1,162,413
Proved + Probable Additional	3,163	62,639	3,539	590	\$11,536,516	\$6,450,440	\$4,895,108	\$4,162,268

Note: Based on the InSite report effective December 31, 2015. Tables may not add due to rounding.

ANALYSIS FOR SHAREHOLDERS

One of the guiding principles at Peyto is “to tell you the business facts that we would want to know if our positions were reversed.” Therefore, each year Peyto analyzes the reserve evaluation in order to answer the most important questions for shareholders:

1. Base Reserves - How did the “base reserves” that were on production at the time of the last reserve report perform during the year, and how did any change in commodity price forecast affect their value?
2. Value Creation - How much value did the 2015 capital investments create, both in current producing reserves and in undeveloped potential? Has the Peyto team earned the right to continue investing shareholders capital?
3. Growth and Income - Are the projected cash flows capable of funding the growing number of undeveloped opportunities and a sustainable dividend stream to shareholders, without sacrificing Peyto’s financial flexibility?
4. Risk Assessment – What are the risks associated with the assessment of Peyto’s reserves and the risk of recovering future cashflows from the forecast production streams?

1. Base Reserves

Peyto’s existing Proved Producing reserves at the start of 2015 (base reserves) were evaluated and adjusted for 2015 production as well as any technical or economic revisions resulting from the additional twelve months of production and commodity price data. As part of InSite’s independent engineering analysis, all 1,091 producing entities were evaluated. These producing wells and zones represent a total gross Estimated Ultimate Recoverable (EUR) volume of 2.5 TCFe. Consistent with past years, this estimate is within 1.2% of previous estimates. In aggregate, Peyto is pleased to report that its total base reserves continue to meet with expectation, which increases the confidence in the prediction of future recoveries.

The commodity price forecast used by the independent engineers in this year’s evaluation was significantly lower than last year which had the effect of reducing the Net Present Value of all reserve categories. For example, the debt adjusted NPV, discounted at 5%, of last year’s Proved Producing reserves, decreased \$830 million, or 34%, due to the difference in commodity price forecasts and with Peyto’s realized offsets to posted prices. InSite’s price forecast used in the variable dollar economics is available on their website at www.insitepc.com.

For 2016, InSite is forecasting the total base production (all wells on production at Dec. 31, 2015) to decline to approximately 63,540 boe/d by December, 2016. This implies a base decline rate of 37% from December 2015. This forecast decline rate is slightly lower than the 2015 actual base decline of 40% because it is not anticipated that take-away capacity restrictions will require 2016 base volumes to be restricted like they were in 2015. It is expected that the base decline rate will continue to shrink into the future as the Company’s total production grows and as production additions represent a smaller proportion of total production. The historical base decline rates and capital programs are shown in the following table:

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016F
Base Decline (%/yr)	30%	29%	23%	26%	20%	22%	33%	35%	34%	38%	40%	37%
Capital Expenditures (\$MM)	\$358	\$312	\$122	\$139	\$73	\$261	\$379	\$618	\$578	\$690	\$594	\$625

**The base decline represents the aggregate annual decline of all wells on production at the end of the previous year.*

2. Value Creation/Reconciliation

During 2015, Peyto invested a total of \$594 million to drill 140 gross (132 net) horizontal gas wells. In keeping with Peyto’s strategy of maximizing shareholder returns, an evaluation of the economic results of this capital

investment is necessary in order to determine, on a go-forward basis, the best use of shareholders' capital. Not only does this look back analysis give shareholders a report card on the capital that was invested, it also helps illustrate the potential returns that can be generated from similar future undeveloped opportunities.

Exploration and Development Activity

Of the total capital invested in exploration and development activities in 2015, approximately 2% was spent on acquiring lands and seismic, 13% on facilities, and the remaining 85% was spent drilling, completing and connecting existing and new reserves. Of the 140 gross (132 net) wells drilled, 74% or 103 gross wells were previously identified as undeveloped reserves in last year's reserve report (70 Proved, 33 Probable Additional). The remaining 37 wells were not recognized in last year's report. As is the case in most years, a portion of the drilling program was drawn from the Company's total internal drilling inventory which is larger and more comprehensive than that identified in the InSite report.

The undeveloped reserves originally booked to the 103 locations at year end 2014 totaled 307 BCFe (3.0 BCFe/well) of Proved Undeveloped plus Probable Additional reserves for a forecast capital investment of \$456 million (\$1.48/Mcfe). In actuality, only \$385 million of capital (\$1.11/Mcfe) was spent on these 103 wells during 2015, yielding Proved Producing plus Probable Additional reserves of 348 BCFe (3.4 BCFe/well).

With service cost deflation and an improvement in execution, far less capital was required to drill the undeveloped wells than originally forecast. In addition, these locations yielded even greater reserves than was previously booked. The combination was a 26% reduction in actual development cost per unit versus the forecast. The following table illustrates the Company's historical performance in converting future undeveloped locations into producing wells.

Reserve Year	Total Drills	Booked Locations Converted	Booked/ Total	Forecast Outcome		Forecast Cost per Unit	Actual Outcome		Actual Cost per Unit	Actual/ Forecast Cost per Unit
	gross wells	gross wells		befe	Capex* \$MM	\$/mcfe	befe	Capex* \$MM	\$/mcfe	
2010	48	30	63%	84	\$123	\$1.46	102	\$138	\$1.35	-8%
2011	70	51	73%	152	\$214	\$1.41	151	\$209	\$1.38	-2%
2012	86	60	70%	189	\$295	\$1.56	196	\$278	\$1.42	-9%
2013	99	69	70%	206	\$332	\$1.61	218	\$310	\$1.42	-12%
2014	123	90	73%	278	\$417	\$1.50	288	\$419	\$1.45	-3%
2015	140	103	74%	307	\$456	\$1.49	348	\$385	\$1.11	-26%
Total	566	403	71%	1,216	\$1,837	\$1.51	1,303	\$1,739	\$1.33	-12%

*Capex represents only well related capital for drilling, completion, equipping and tie-in

This annual analysis of reserves that are converted from an undeveloped state to a producing state helps to validate the accuracy of the remaining future undeveloped reserves and their capital requirements. This accuracy, by which Peyto can predict future reserve recoveries and capital requirements, also helps to reduce the risk associated with valuing those undeveloped locations.

Value Reconciliation

In order to measure the success of all of the capital invested in 2015, it is necessary to quantify the total amount of value added during the year and compare that to the total amount of capital invested. The independent engineers have run last year's reserve evaluation with this year's price forecast to remove the change in value attributable to commodity prices. This approach isolates the value created by the Peyto team from the value created (or lost) by those changes outside of their control (ie. commodity prices). Since the capital investments in 2015 were funded from a combination of cash flow, debt and equity, it is necessary to know the change in debt and the change in shares outstanding to see if the change in value is truly accretive to shareholders.

At year-end 2015, Peyto's estimated net debt had increased by 9% or \$94.5 million to \$1.104 billion while the number of shares outstanding had increased by 3% or 5.25 million shares to 159.107 million shares. The change in debt includes all of the capital expenditures, as well as any acquisitions, and the total fixed and performance based compensation paid out for the year. Although these estimates are believed to be accurate, they remain unaudited at this time and are subject to change.

Based on this reconciliation of changes in BT NPV, the Peyto team was able to create \$1.4 billion of Proved Producing, \$1.9 billion of Total Proven, and \$3.0 billion of Proved plus Probable Additional undiscounted reserve value, with \$594 million of capital investment. The ratio of capital expenditures to value creation is what Peyto refers to as the NPV recycle ratio, which is simply the undiscounted value addition, resulting from the capital program, divided by the capital investment. For 2015, the Proved Producing NPV recycle ratio is 2.3. This means for each dollar invested, the Peyto team was able to create 2.3 new dollars of Proved Producing reserve value.

The historic NPV recycle ratios are presented in the following table.

Value Creation	31-Dec-06	31-Dec-07	31-Dec-08	31-Dec-09	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15
NPV ₀ Recycle Ratio										
Proved Producing	2.9	4.7	2.1	5.4	3.5	2.4	1.6	1.5	1.5	2.3
Total Proved	2.9	5.5	2.5	18.9	6.1	4.7	2.2	2.0	1.7	3.3
Proved + Probable	3.8	3.8	2.2	27.1	10.3	6.6	3.2	4.0	2.6	5.0

*NPV₀ (net present value) recycle ratio is calculated by dividing the undiscounted NPV of reserves added in the year by the total capital cost for the period (eg. 2015 Proved Producing (\$1,365/\$594) = 2.3).

3. Growth and Income

As a dividend paying, growth oriented corporation, Peyto's objective is to profitably grow the resources which generate sustainable income (dividends) for shareholders. In order for income to be more sustainable and grow, Peyto must profitably find and develop more reserves. Simply increasing production from the existing reserves will not make that income more sustainable. Reserve Life Index (RLI), or a reserve to production ratio, provides a measure of this long term sustainability.

During 2015, the Company was successful in replacing 193% of annual production with new Proved Producing reserves, resulting in a 15% increase in total PP reserves. Fourth quarter production, however, increased 17%, from 83,251 boe/d to 97,028 boe/d, which had the effect of reducing the Proved Producing reserve life index slightly from 6.6 years to 6.5 years. The reserve life index in all categories has continued to decline since the adoption of horizontal multi-stage fracture well designs due to the large initial production rates combined with steep initial declines.

For comparative purposes, the Total Proved and P+P reserve life index was 11 and 17 years, respectively. Management believes, however, that the most meaningful method to evaluate the current reserve life is by dividing the Proved Producing reserves by the actual fourth quarter annualized production. This way production is being compared to producing reserves as opposed to producing plus non-producing reserves.

The following table highlights the Company's historical Reserve Life Index.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Proved Producing	11	12	13	14	14	11	9	9	7	7	7
Total Proved	14	14	16	17	21	17	16	15	12	11	11
Proved + Probable	19	20	21	23	29	25	22	22	19	18	17

Future Undeveloped Opportunities

While Peyto's total capital program for 2015 was less than the previous year, the number of wells drilled was greater, which continued to prove up additional locations on the Company's offsetting lands. As a result, the number of future drilling locations in the reserve report has increased from 762 gross (621 net) locations to 830 gross (676 net) locations. Of these future locations, 56% are categorized by the independent reserve evaluators as Proven Undeveloped with the remaining 44% as Probable Undeveloped. The net reserves associated with the undeveloped locations (not including existing uphole zones) total 1.8 TCFe (305 mmoes) while the total capital required to develop them is estimated at \$2.62 billion or \$1.43/MCFe. This is forecast to create Net Present Value of \$2.54 billion (5% discount rate, post capital recovery) or \$16 per share at the current commodity price forecast. The development schedule for the undeveloped reserves is shown in the following table of forecasted capital.

Year	Future Development Capital	
	Proved Reserves Undisc., (\$Millions)	Proved+ Probable Additional Reserves Undisc., (\$Millions)
2016	\$456	\$550
2017	\$291	\$600
2018	\$286	\$563
2019	\$166	\$514
2020	\$154	\$385
Thereafter	\$28	\$45
Total	\$1,381	\$2,657

The undiscounted, forecast for Net Operating Income for the Total Proved and P+P reserves over the first 5 years totals \$3.0 billion and \$4.3 billion, respectively, more than sufficient to fund the future development capital shown above, ensuring those reserve additions are accretive to shareholders.

The total estimated Future Development Capital for both Total Proved and P+P reserves were lowered from the previous year by \$340 million and \$306 million, respectively, which reflects the significant drop in service costs combined with recent improvements in operational execution. Future well costs are forecast to increase at a pace consistent with the forecast of increasing commodity prices, such that by the time commodity prices recover to past levels, well costs also approximate previous levels. It is not expected that well costs will remain at current levels in a rising commodity price environment.

4. Risk Assessment

Effectively 100% of Peyto's natural gas and natural gas liquid reserves exist in low permeability (tight), sandstone reservoirs in the Alberta Deep Basin. In almost all cases, the volumetric capacity of these sandstone reservoirs can be determined using traditional geological and reservoir engineering techniques, which, when complimented by production performance data, increases the certainty of the reserve estimates. In the majority of Peyto's core areas, continuous drilling activity has further refined the geologic and geometric definition of these reservoirs to a higher level of certainty.

In addition, these Deep Basin sandstone reservoirs do not contain mobile water nor are they supported by active aquifers. Mobile water traditionally increases the risk associated with reservoir recovery by impeding the flow of hydrocarbons through the reservoir and up the wellbore. Water production, separation and disposal processes also increase operating costs which shortens the economic life of producing wells, further contributing to reduced recovery. As many of these traditional reserves determination and recovery risks are not present in Peyto's Deep Basin reservoirs, Management has a higher level of confidence in its reserves and their ultimate recovery.

Peyto's high operating margins have meant that forecasts of net operating income are less affected by commodity price volatility than in most traditional reserve evaluations. As a result, the predicted economic life of Peyto's producing wells are less sensitive to changes in commodity prices. These high operating margins are

achieved through the Company's high level of ownership and control of all levels of production operations, through a concentrated geographic asset base, and by striving to be the lowest cost producer in the industry.

Peyto further reduces the risk of predicted operating incomes with an active hedging program that aims to achieve a fixed price for up to 65% of natural gas production by a "dollar cost averaging" of future gas prices. At present, Peyto has approximately 51% of forecast 2016 natural gas production pre-sold at an average price of \$3.37/mcf.

These cumulative factors, which reduce the traditional risk of realizing future cashflows from Peyto's reserves, is why, in Management's opinion, Peyto's reserves can be valued at lower discount rates than other, more conventional asset bases.

PERFORMANCE RATIOS

The following table highlights annual performance ratios both before and after the implementation of horizontal wells in late 2009. These can be used for comparative purposes, but it is cautioned that on their own they do not measure investment success.

	2015	2014	2013	2012	2011	2010	2009	2008
Proved Producing								
FD&A (\$/mcf)	\$1.64	\$2.25	\$2.35	\$2.22	\$2.12	\$2.10	\$2.26	\$2.88
RLI (yrs)	7	7	7	9	9	11	14	14
Recycle Ratio	2.0	1.9	1.6	1.6	1.9	2.0	1.8	2.3
Reserve Replacement	193%	183%	190%	284%	230%	239%	79%	110%
Total Proved								
FD&A (\$/mcf)	\$0.72	\$2.37	\$2.23	\$2.04	\$2.13	\$2.35	\$1.73	\$3.17
RLI (yrs)	11	11	12	15	16	17	21	17
Recycle Ratio	4.5	1.8	1.6	1.7	1.9	1.8	2.3	2.1
Reserve Replacement	188%	254%	230%	414%	452%	456%	422%	139%
Future Development Capital (\$ millions)	\$1,381	\$1,721	\$1,406	\$1,318	\$1,111	\$741	\$446	\$222
Proved plus Probable Additional								
FD&A (\$/mcf)	\$0.54	\$2.01	\$1.86	\$1.68	\$1.90	\$2.19	\$1.47	\$3.88
RLI (yrs)	17	18	19	22	22	25	29	23
Recycle Ratio	6.1	2.1	2.0	2.1	2.1	1.9	2.8	1.7
Reserve Replacement	287%	328%	450%	527%	585%	790%	597%	122%
Future Development Capital (\$millions)	\$2,657	\$2,963	\$2,550	\$2,041	\$1,794	\$1,310	\$672	\$390

- FD&A (finding, development and acquisition) costs are used as a measure of capital efficiency and are calculated by dividing the capital costs for the period, including the change in undiscounted future development capital ("FDC"), by the change in the reserves, incorporating revisions and production, for the same period (eg. Total Proved $(\$593.8 - \$339.6) / (374.8 - 347.4 + 31.27) = \$4.33/\text{boe}$ or $\$0.72/\text{mcf}$).
- The reserve life index (RLI) is calculated by dividing the reserves (in boes) in each category by the annualized average production rate in boe/year (eg. Proved Producing $229,193 / (97.028 \times 365) = 6.5$). Peyto believes that the most accurate way to evaluate the current reserve life is by dividing the proved developed producing reserves by the actual fourth quarter average production. In Peyto's opinion, for comparative purposes, the proved developed producing reserve life provides the best measure of sustainability.
- The Recycle Ratio is calculated by dividing the field netback per MCFe, by the FD&A costs for the period (eg. Proved Producing $(\$19.43) / \$9.83 = 2.0$). The recycle ratio is comparing the netback from existing reserves to the cost of finding new reserves and may not accurately indicate investment success unless the replacement reserves are of equivalent quality as the produced reserves.

- The reserve replacement ratio is determined by dividing the yearly change in reserves before production by the actual annual production for the year (eg. Total Proved $((374.8-347.4+31.27)/31.27) = 188\%$).

RESERVES COMMITTEE

Peyto has a reserves committee, comprised of independent board members, that reviews the qualifications and appointment of the independent reserve evaluators. The committee also reviews the procedures for providing information to the evaluators. All booked reserves are based upon annual evaluations by the independent qualified reserve evaluators conducted in accordance with the COGE (Canadian Oil and Gas Evaluation) Handbook and National Instrument 51-101. The evaluations are conducted using all available geological and engineering data. The reserves committee has reviewed the reserves information and approved the reserve report.

2016 OUTLOOK

While the current commodity prices are creating substantial headwinds for the Canadian energy industry, Peyto remains well positioned to leverage its proven, low cost advantage to continue creating solid returns for shareholders on invested capital. The full cycle cost to develop new reserves into profitable production is now the lowest in Peyto's 17 year history with both 2015 PDP FD&A of \$1.64/mcfe and total Q4 cash costs of \$0.75/mcfe combining for just \$2.39/mcfe (\$14.34/boe). Experience has shown that as commodity prices recover, costs will rise, which is why the Peyto strategy is to take advantage of these low costs today, in a counter cyclical fashion, thus crystalizing the costs and enhancing long term returns.

Peyto's capital plans for 2016 remain flexible, with the ability to speed up or slow down as varying commodity prices dictate. The Company's hedging strategy has successfully smoothed out commodity volatility in the past and will continue to do so in the future, which, combined with Peyto's industry leading operating margin, allows the Company to be active when much of the industry cannot. As always, new investments must make the Company's strict rate of return objectives which are designed to ultimately deliver real returns for shareholders.

On a production, reserves and capital program basis, Peyto has now become a senior Canadian producer. With only 51 full time employees, however, it still operates with the efficiencies and entrepreneurial spirit of a junior producer. This unique combination has created a nimble organization with great potential. One with all the advantages of size but with none of the disadvantages. These distinctive attributes should continue to serve Peyto and its shareholders well in the future.

GENERAL

For more in depth discussion of the 2015 reserve report, an interview with the management will be available on Peyto's website by the end of February 2016. A complete filing of the Statement of Reserves (form 51-101F1), Report on Reserves (form 51-101F2), and Report of Management and Directors on Oil and Gas Disclosure (form 51-101F3) will be available in the Annual Information Form to be filed by the end of March 2016. Shareholders are encouraged to actively visit Peyto's website located at www.peyto.com. For further information, please contact Darren Gee, President and Chief Executive Officer of Peyto at (403) 237-8911, or Jim Grant, Investor Awareness, at (403) 451-4102.

This news release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: management's assessment of Peyto's future plans and operations, capital expenditures, the volumes and estimated value of Peyto's reserves, the life of Peyto's reserves, production estimates, the ability to enhance value of reserves for shareholders and ensure the reserves generate the maximum possible return. Forward-looking statements or information are based on a number of material factors, expectations or assumptions of Peyto which have been used to develop such statements and information but which may prove to be incorrect. Although Peyto believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Peyto can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, the impact of increasing competition, the timely receipt of any required regulatory approvals, the ability of Peyto to obtain qualified staff, equipment and services in a timely and cost efficient manner, drilling results, field production rates and decline

rates, the ability to replace and expand reserves through development and exploration, future commodity prices, currency, exchange and interest rates, regulatory framework regarding royalties, taxes and environmental matters and the ability of Peyto to successfully market its oil and natural gas products. 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. 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 forward-looking information and statements contained in this news release speak only as of the date of this news release, and Peyto does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

This news release contains information, including in respect of Peyto's 2016 capital program, which may constitute future oriented financial information or a financial outlook. Such information was approved by management of Peyto on November 10, 2015, and such information is included herein to provide readers with an understanding of the Company's anticipated capital expenditures for 2016. Readers are cautioned that the information may not be appropriate for other purposes.

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Some values set forth in the tables above may not add due to rounding. It should not be assumed that the estimates of future net revenues presented in the tables above represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.