

PEYTO EXPLORATION & DEVELOPMENT CORP.

WHISTLEBLOWER POLICY

I. SCOPE:

This policy applies to all employees, including part time, temporary and contract employees of Peyto Exploration & Development Corp. ("Peyto" or the "Corporation").

II. PURPOSE:

Peyto is committed to the highest possible standards of ethical, moral and legal business conduct. In line with this commitment and Peyto's commitment to open communication, this policy aims to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistleblowing in good faith.

III. POLICY:

The whistleblowing policy is intended to cover serious concerns that could have a large impact on Peyto, such as actions that:

- May lead to incorrect financial reporting;
- Are unlawful;
- Are not in line with Peyto policy, including the Code of Conduct and Ethics; or
- Otherwise amount to serious improper conduct.

IV. SAFEGUARDS

Harassment or Victimization

Harassment or victimization of the complainant will not be tolerated.

Confidentiality

Every effort will be made to protect the complainant's identity.

Anonymous Allegations

The policy encourages employees to put their names to allegations because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously will be investigated, but consideration will be given to:

- The seriousness of the issue raised;
- The credibility of the concern; and
- The likelihood of confirming the allegation from attributable sources.

Malicious or False Allegations

Malicious or false allegations may result in disciplinary action.

V. PROCEDURE:

Process For Raising A Concern

Reporting

The whistleblowing procedure is intended to be used for serious and sensitive issues.

Serious concerns relating to financial reporting, unethical or illegal conduct, should be reported in the following ways:

Directly to:

Stephen Chetner, Legal Counsel
Telephone: (403) 260-0265
Facsimile: (403) 260-0337
Email: sjc@bdplaw.com

Mick MacBean, Director and Chair of the Audit Committee
Telephone: (403) 225-1144 ext. 235
Facsimile: (403) 225-3547
Email: mmacbean@trivest.ca

Don Gray, Director and Chair of the Board of Directors
Telephone: (403) 818-2194
Facsimile: (403) 261-8976
Email: dgray@peyto.com

By mail to:

Burnet, Duckworth & Palmer LLP
1400, 350 – 7th Avenue S.W.
Calgary, Alberta
T2P 3N9
Attention: Stephen Chetner

or

TriWest Capital Partners
3210, 150 – 6th Avenue S.W.
Calgary, Alberta
T2P 3Y7
Attention: Mick MacBean

Employment-related concerns should continue to be reported through your normal channels.

Timing

The earlier a concern is expressed, the easier it is to take action.

Evidence

Although the employee is not expected to prove the truth of an allegation, the employee needs to demonstrate to the person contacted that there are sufficient grounds for concern.

VI. HOW THE COMPLAINT WILL BE HANDLED

The action taken will depend on the nature of the concern. The Audit Committee of Peyto will receive a report on each complaint and a follow-up report on actions taken.

Initial Inquiries

Initial inquiries will be made to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved by agreed action without the need for investigation.

Report to Complainant

Whether reported to Peyto personnel or to the Audit Committee, the complainant will be given the opportunity to receive follow-up on their concern within 15 working days:

- Acknowledging that the concern was received;
- Indicating how the matter will be dealt with;
- Giving an estimate of the time that it will take for a final response;
- Telling them whether initial inquiries have been made;
- Telling them whether further investigations will follow, and if not, why not.

Further Information

The amount of contact between the complainant and the body investigating the concern will depend on the nature of the issue and the clarity of information provided. Further information may be sought from the complainant.

Information

Subject to legal constraints the complainant will receive information about the outcome of any investigations.