Forward-Looking Statements

In the interest of providing this presentation to persons who may be Baytex shareholders and/or potential investors with information regarding Baytex's "Crude-by-Rail" and marking activities, including management's assessment of Baytex's future plans and operations, certain statements made by the presenter and contained in these presentation materials (collectively, this "presentation") are "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements"). The forward-looking statements contained in this presentation speak only as of the date of this presentation and are expressly qualified by this cautionary statement. The information contained in this presentation does not purport to be all-inclusive or to contain all information that potential investors may require.

Specifically, this presentation contains forward-looking statements relating to, but not limited to: our business strategies, plans and objectives and our Crude-by-Rail and marketing activities.

In addition, information and statements relating to reserves are deemed to be forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, that the reserves described exist in quantities predicted or estimated, and that the reserves can be profitably produced in the future. Although Baytex believes that the expectations and assumptions upon which the forward-looking statements are based and reasonable, undue reliance should not be placed on the forward-looking statements because Baytex can give no assurance that they will prove to be correct.

These forward-looking statements are based on certain key assumptions regarding, among other things: petroleum and natural gas prices and pricing differentials between light, medium and heavy gravity crude oils; well production rates and reserve volumes; our ability to add production and reserves through our exploration and development activities; capital expenditure levels; the receipt, in a timely manner, of regulatory and other required approvals for our operating activities; the availability and cost of labour and other industry services; interest and foreign exchange rates; the continuance of existing and, in certain circumstances, proposed tax and royalty regimes; our ability to develop our crude oil and natural gas properties and the acquired assets in the manner currently contemplated; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated; and the estimates of our production and reserves volumes are accurate in all material respects. Readers are cautioned that such assumptions, although considered reasonable by us at the time of preparation, may prove to be incorrect.

Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: declines in oil and natural gas prices; risks related to the accessibility, availability, proximity and capacity of gathering, processing and pipeline systems; variations in interest rates and foreign exchange rates; risks associated with our hedging activities; uncertainties in the credit markets may restrict the availability of credit or increase the cost of borrowing; refinancing risk for existing debt and debt service costs; a downgrade of our credit ratings; the cost of developing and operating our assets; risks associated with the exploitation of our properties and our ability to acquire reserves; changes in government regulations that affect the oil and gas industry; changes in income tax or other laws or government incentive programs; uncertainties associated with estimating petroleum and natural gas reserves; risks associated with acquiring, developing and exploring for oil and natural gas and other aspects of our operations; risks associated with large projects or expansion of our activities; risks related to heavy oil projects; changes in environmental, health and safety regulations; the implementation of strategies for reducing greenhouse gases; depletion of our reserves; risks associated with the ownership of our securities, including the discretionary nature of dividend payments and changes in market-based factors; risks for United States and other non-resident shareholders, including the ability to enforce civil remedies, differing practices for reporting reserves and production, additional taxation applicable to non-residents and foreign exchange risk; and other factors, many of which are beyond our control. These risk factors are discussed in Baytex's Annual Information Form, Annual Report on Form 40-F and Management's Discussion and Analysis for the year ended December 31, 2013, as filed with Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission.
Readers are cautioned that the foregoing list of risk factors is not exhaustive. New risk factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

The above summary of assumptions and risks related to forward-looking statements in this presentation has been provided in order to provide persons who may be shareholders and/or potential investors with an overview of Baytex’s Crude-by-Rail and marketing activities. There is no representation by Baytex that actual results achieved will be the same in whole or in part as those referenced in the forward-looking statements and Baytex does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities law.
Baytex Growth and Income Model

**Organic Oil Growth**
- Long-term, Low-Cost Inventory
- Focus on per share growth in production and reserves
- Sector-leading capital efficiency
- Operational excellence

**Meaningful Dividend**
- Conservative Payout Ratio
- Focus on dividend growth over the long-term
- Competitive differentiator

**Strong Balance Sheet**
- Strong credit metrics
- Sophisticated risk management
Operating Areas

Production (Q1 2014)
Company Total = 59,502 boe/d

Operating Income (Q1 2014)
Company Total = $197 million ($37/boe)

2P Reserves (Year End 2013)
Company Total = 318 mmboe
Crude By Rail
WHY Rail?

- Access higher netback markets that are not available to us by pipe today
  - US Gulf Coast Refiners
  - US Fuel Oil Markets
  - US Asphalt Markets

- Market diversification
  - Protect against collapsing Western Canadian heavy oil differentials by accessing higher netback markets.
2013 Canada and US Refinery Demand

Map showing refinery demand across Canada and the US, with pie charts indicating the quantities in different regions.

Sources: CAPP, EIA, NEB, Statistics Canada
Note: Canadian numbers are estimated. Data from Statistics Canada was suppressed to meet the confidentiality requirements of the Statistics Act.
## Illustrative Costs of Moving by Rail

### Table 3-2 Estimated Costs\(^1\) by Market

<table>
<thead>
<tr>
<th>Item</th>
<th>West Coast</th>
<th>Gulf Coast</th>
<th>East Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trucking (to loading terminal or to refinery from unloading terminal)</td>
<td>if applicable</td>
<td>$0.52 to $0.60</td>
<td>if applicable</td>
</tr>
<tr>
<td>Loading Fee(^2)</td>
<td>1.50 to 1.75</td>
<td>1.50 to 1.75</td>
<td>1.50 to 1.75</td>
</tr>
<tr>
<td>Rail Freight</td>
<td>$5.82 to $14.37</td>
<td>$14.88 to $17.07</td>
<td>$14.60 to $17.82</td>
</tr>
<tr>
<td>Tank-car Lease</td>
<td>Dilbit: $0.56 @ 8.5 cycle days</td>
<td>Dilbit: $1.03 @ 15.5 cycle days</td>
<td>Dilbit: $0.93 @ 14.5 cycle days</td>
</tr>
<tr>
<td>$1,200/month with 7 year lease</td>
<td>Bitumen: $1.06 @ 14 cycle days</td>
<td>Bitumen: $1.29 @ 17 cycle days</td>
<td>Bitumen: $1.29 @ 17 cycle days</td>
</tr>
<tr>
<td>EstTank car capacity (bbls / tank car)(^1)</td>
<td>500 to 550</td>
<td>550 to 575</td>
<td>600 to 625</td>
</tr>
<tr>
<td>Raw Bitumen</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RailBit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DilBit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Light Crude</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unload/Terminal Fee</td>
<td>1.50 to 1.75</td>
<td>1.50 to 1.75</td>
<td>1.50 to 1.75</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$9.38 to $18.93/bbl</td>
<td>$19.43 to $22.44/bbl</td>
<td>$18.53 to $22.61/bbl</td>
</tr>
</tbody>
</table>

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1. All rates are estimates only. Actual rates could vary depending on the density of the crude which limits the volume per carload; weather and logistical factors that could increase cycle times. Trucking costs vary depending on density of crude and distance from loading/unloading terminal.
2. Railcar loading and unloading costs are estimated based on ICF and Hellerworx experience.

Source: Keystone XL Final Supplemental Environmental Impact Statement
Rail – Value Proposition

1. Embedded Optionality
   • Scalability
   • Market Flexibility

2. Time Arbitrage:
   • Construction Time
   • In-transit Time

3. Location Arbitrage:
   • Maya - WCS Spread

4. Bitumen Arbitrage:
   • WCS – Bitumen Spread
     • Condensate Cost,
     • Tan Discount,
     • Feeder Pipeline Tariff
Bitumen Arbitrage - Condensate contributes $5 to $10/bbl

• Pipeline Process:
  - Purchase Natural Gasoline in Gulf of Mexico at 95% of WTI price
  - Pay $15/bbl shipping and handling to move supply to Western Canadian field location.
  - Blend 30% with Bitumen to meet pipeline viscosity spec.
  - Pay $10/bbl feeder and trunk line tariffs to ship blend back down into Gulf of Mexico
  - Value of condensate component of blend is 95% of WTI once again.

• Rail Process:
  - Truck raw bitumen directly to nearby rail site.
  - Save condensate pipeline tariffs, shipping, handling and blending costs.
  - Pay Rail charges on the portion of the barrel that the end use market needs.
  - Approximate savings = 30% * (Condensate Price – WCS price)
                               = 30% *($100 - $75)
                               = $7.50/bbl
Rail Project Value Chain

Rail Requires

1. Crude Supply
2. Loading Facility
3. Rail Cars (Coiled and Insulated for Bitumen)
4. Operational and Logistics Expertise
5. Unloading Facility
6. Refinery Buyer

Baytex is well positioned for #1

- Significant supply base to draw from.
- Aim trucking provides delivery certainty and expertise.
- No condensate tank treating keeps bitumen neat.
- Western Canadian Optimization model defines alternative location values.
• Initially expected Rail to comprise 10% of our Sales Portfolio.
• Has become an effective vehicle for WCS Hedge Management.
• Term Rail reduces price volatility.
• Provides netback certainty in line with long term target values.

• Expanded to Eight different purchasers
• From Six different production areas
• At Six different loading locations
• With a mixture of spot month and term pricing.
Rail Volume Update - 2014

- Has become an integral and sustainable part of our business model.
- Competitive advantage relative to other producers.
- Increases netbacks and reduces price volatility.
- Loading facility infrastructure continues to grow.
Peace River - Loading Facility Map (CN Rail System)
Peace River Loading Facility Growth

• February 2013:
  - Elbow Roma 6500 b/d
  - Gibson Sexsmith 3500 b/d
  - Total 10000 b/d

• February 2014:
  - ANC/Nexen Whitecourt 10000 b/d
  - Elbow Nampa 10000 b/d
  - Predator High Prairie 10000 b/d
  - Savage Reno 15000 b/d
  - Altex Falher 10000 b/d
  - Total 65000 b/d

• Future expansion potential:
  - Savage Reno to 25000 b/d Unit train 60000 b/d potential future phase
  - Predator High Prairie to 25000 b/d Unit train 60000 b/d potential future phase
  - Total 95000 b/d
Oil Marketing Portfolio

Heavy Oil Sales Portfolio based on anticipated sales volumes for Q2/2014, as at April 29th, 2014

Q2 / 2014
- % Hedged: 62%
- Fixed Price: US$99.47/bbl

Q3 / 2014
- % Hedged: 41%
- Fixed Price: US$97.53/bbl

FY 2014
- % Hedged: 48%
- Fixed Price: US$98.52/bbl

Percentage of hedged volumes are based on 2014 production guidance, net of royalties (i.e. hedgeable volumes). See notes to financial statements for individual contracts.
# Rail Classification and Safety

<table>
<thead>
<tr>
<th>Division</th>
<th>Flashpoint</th>
<th>Initial Boiling Point</th>
<th>Hazard Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 3 Flammable Liquid, Packing Group I</td>
<td>Any</td>
<td>( \leq 35^\circ C \ @ 101.3) kPA</td>
<td>High</td>
</tr>
<tr>
<td>Class 3 Flammable Liquid, Packing Group II</td>
<td>( &lt; 23^\circ C)</td>
<td>( &gt; 35^\circ C \ @ 101.3) kPA</td>
<td>Medium</td>
</tr>
<tr>
<td>Class 3 Flammable Liquid, Packing Group III</td>
<td>( \geq 23^\circ C \leq 60^\circ C)</td>
<td>( &gt; 35^\circ C \ @ 101.3) kPA</td>
<td>Low</td>
</tr>
<tr>
<td>Class 3 Combustible Liquid, Packing Group III*</td>
<td>( \geq 38^\circ C \leq 93^\circ C)</td>
<td>( &gt; 35^\circ C \ @ 101.3) kPA</td>
<td>Low</td>
</tr>
</tbody>
</table>

*49CFR \$173.150 - US DOT Classification only. In Canada presently, crude oil with a flashpoint greater than \(60^\circ C\) would be unclassified. Source: Transport Canada and US DOT*
Questions ???

Figure 2-2 Western Canada Terminal Uploading Capacity vs Throughput Forecast

Western Canada Rail Capacity vs Throughput Forecast

- Forecast throughput
- Capacity

Source: CAPP