

Extractive Sector Transparency Measures Act - Annual Report



Reporting Entity Name Baytex Energy Corp.

Reporting Year **From** 2021-01-01 **To:** 2021-12-31 **Date submitted** 2022-05-26

Reporting Entity ESTMA Identification Number E144401

- Original Submission
- Amended Report

Other Subsidiaries Included
(optional field)

Not Consolidated

Not Substituted

Attestation by Reporting Entity

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full Name of Director or Officer of Reporting Entity Rodney D. Gray **Date** 2022-05-26

Position Title Executive Vice President and Chief Financial Officer

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Reporting Entity Name			Baytex Energy Corp.			Currency of the Report CAD
Reporting Entity ESTMA Identification Number			E144401			
Subsidiary Reporting Entities (if necessary)						

Payments by Payee

Country	Payee Name ¹	Departments, Agency, etc... within Payee that Received Payments ²	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes ³⁴
Canada	FEDERAL GOVERNMENT OF CANADA		-	-	120,000	-	-	-	-	120,000	RECEIVER GENERAL FOR CANADA, INDIAN OIL AND GAS CANADA
Canada -Alberta	PROVINCE OF ALBERTA		-	37,880,000	5,270,000	-	1,390,000	-	-	44,540,000	ALBERTA ENERGY REGULATOR, ALBERTA PETROLEUM MARKETING COMMISSION, GOVERNMENT OF ALBERTA, ALBERTA MINISTER OF FINANCE, PROVINCIAL TREASURER OF ALBERTA Royalties paid in-kind total \$2.6MM and are valued at the fair market value of the volumes taken in-kind at the time of the transaction.
Canada -Saskatchewan	PROVINCE OF SASKATCHEWAN		-	31,640,000	2,560,000	-	240,000	-	-	34,440,000	MINISTER OF FINANCE, SASKATCHEWAN INDUSTRY AND RESOURCES, SASKATCHEWAN MINISTRY OF THE ECONOMY, SASKATCHEWAN MINISTRY OF AGRICULTURE, SASKATCHEWAN MINISTRY OF ENVIRONMENT, SASKATCHEWAN WATER SECURITY AGENCY
Canada	BRAZEAU COUNTY		320,000	-	-	-	-	-	-	320,000	
Canada	CLEARWATER COUNTY		340,000	-	-	-	-	-	-	340,000	
Canada	COUNTY OF VERMILION RIVER NO. 24		300,000	-	-	-	-	-	-	300,000	
Canada	COUNTY OF WETASKIWIN NO. 10		230,000	-	-	-	-	-	-	230,000	
Canada	MUNICIPAL DISTRICT OF BONNYVILLE NO. 87		360,000	-	-	-	-	-	-	360,000	
Canada	MUNICIPAL DISTRICT OF SMOKY RIVER NO.130		310,000	-	-	-	-	-	-	310,000	
Canada	MUNICIPAL DISTRICT OF TABER NO. 14		110,000	-	-	-	-	-	-	110,000	
Canada	NORTHERN SUNRISE COUNTY		5,230,000	-	-	-	-	-	-	5,230,000	
Canada	RURAL MUNICIPALITY OF ANTELOPE PARK NO. 322		170,000	-	-	-	-	-	-	170,000	
Canada	RURAL MUNICIPALITY OF BRITANNIA NO. 502		540,000	-	-	-	-	-	-	540,000	
Canada	RURAL MUNICIPALITY OF CHESTERFIELD NO. 261		280,000	-	-	-	-	-	-	280,000	
Canada	RURAL MUNICIPALITY OF ELDON NO. 471		720,000	-	-	-	-	-	-	720,000	
Canada	RURAL MUNICIPALITY OF FRENCHMAN BUTTE NO. 51		370,000	-	-	-	-	-	-	370,000	
Canada	RURAL MUNICIPALITY OF HILLSDALE NO. 440		1,900,000	-	-	-	-	-	-	1,900,000	
Canada	RURAL MUNICIPALITY OF KINDERSLEY NO.290		1,800,000	-	530,000	-	-	-	150,000	2,480,000	
Canada	RURAL MUNICIPALITY OF MONET NO. 257		1,480,000	-	-	-	-	-	-	1,480,000	

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Canada	RURAL MUNICIPALITY OF OAKDALE NO. 320		1,780,000	-	-	-	-	-	-	1,780,000	
Canada	RURAL MUNICIPALITY OF PRAIRIE DALE NO. 321		560,000	-	-	-	-	-	-	560,000	
Canada	RURAL MUNICIPALITY OF PROGRESS NO. 351		820,000	-	-	-	-	-	-	820,000	
Canada	RURAL MUNICIPALITY OF SNIPE LAKE NO. 259		1,040,000	-	-	-	-	-	150,000	1,190,000	
Canada	RURAL MUNICIPALITY OF WILTON NO. 472		450,000	-	-	-	-	-	-	450,000	
Canada	RURAL MUNICIPALITY OF WINSLOW NO. 319		150,000	-	-	-	-	-	-	150,000	
Canada	SPECIAL AREAS BOARD		540,000	-	-	-	-	-	-	540,000	
Canada	STURGEON COUNTY		360,000	-	-	-	-	-	-	360,000	
Canada	HEARTLAND FIRST NATIONS		-	-	320,000	-	-	-	-	320,000	
Canada	PEAVINE METIS SETTLEMENT ASSOCIATION		-	700,000	280,000	-	1,510,000	-	500,000	2,990,000	
United States of America	KARNES COUNTY		5,440,000	-	-	-	-	-	-	5,440,000	Payments made in U.S. dollars have been converted to Canadian dollars using the December 31, 2021 exchange rate of 1.2656.
United States of America	STATE OF TEXAS		440,000	21,000,000	-	-	-	-	-	21,440,000	Payments made in U.S. dollars have been converted to Canadian dollars using the December 31, 2021 exchange rate of 1.2656.

Additional Notes: All reported payments have been rounded to the nearest CDN \$10,000.

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Payments by Project

Country	Project Name ¹	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes ²³
Canada	CONVENTIONAL	1,620,000	2,480,000	1,290,000	-	60,000	-	-	5,450,000	
Canada	DUVERNAY	220,000	990,000	130,000	-	80,000	-	-	1,420,000	
Canada	LLOYDMINSTER	5,380,000	20,460,000	2,960,000	-	340,000	-	-	29,140,000	
Canada	PEACE RIVER	5,490,000	31,570,000	2,410,000	-	2,590,000	-	500,000	42,560,000	
Canada	VIKING	7,450,000	14,720,000	2,290,000	-	70,000	-	300,000	24,830,000	
United States of America	USA	5,880,000	21,000,000	-	-	-	-	-	26,880,000	Payments made in U.S. dollars have been converted to Canadian dollars using the December 31, 2021 exchange rate of 1.2656.

Additional Notes³: All reported payments have been rounded to the nearest CDN \$10,000.

2021 REPORT

Extractive Sector Transparency Measures Act



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INTRODUCTION

Baytex Energy Corp. and its subsidiaries (collectively the “Company” or “Baytex”) has prepared the following report (the “Report”) of payments made to government entities for the year ended December 31, 2021 as required by the *Extractive Sector Transparency Measures Act*, S.C. 2014, c.39, s.376 (“ESTMA” or “the Act”).

In addition to the payments required to be reported under the Act, Baytex makes broader socio-economic contributions to the local areas in which we operate that are outside the scope of this report. Information pertaining to these contributions is included in Baytex’s 2020 Sustainability Report available on the Company’s website at www.baytexenergy.com. Baytex’s 2021 Sustainability Report will be released in the summer of 2022.

BASIS OF PREPARATION

The Report is presented in Canadian Dollars and has been prepared in accordance with the requirements of the Act and the Natural Resources Canada Technical Reporting Specifications. Payments made in a foreign currency are translated into Canadian dollars at the year-end exchange rate, as allowed in the Technical Reporting Specifications. The purpose of the Technical Reporting Specifications is to provide the form and manner specifications for the reporting process. The following is a summary of judgements and definitions that Baytex has made in preparation of the Report.

Payee

A payee is:

- a) Any government in Canada or in a foreign state;
- b) A body that is established by two or more governments;
- c) Any trust, board, commission, corporation or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in a) above or a body referred to in b) above.

Payees include governments at any level, including national, regional, state/provincial, local/municipal levels, as well as Indigenous governments. Payees include Crown corporations and other state-owned enterprises that are exercising or performing a power, duty or function of government.

Where practical, the name of the department, agency or other body of the payee that received the payment is disclosed.

Activities within the scope of the Act

Payments made by Baytex to payees arising from the commercial development of oil, gas and minerals (“commercial development”) are disclosed in this Report. This Report includes payments related to initial processing activities that are integrated with the Company’s extraction operations and comprise commercial development. Payments that are not related to commercial development, as defined by ESTMA and the Technical Reporting Specifications, are excluded from this Report.

Project

Payments are reported at a project level except for payments that are not attributable to a specific project and are reported at the entity level. Corporate income taxes, which are not typically levied at a project level, are an example of this.

A "project" is defined as the operational activities that are governed by a single contract, license, lease, concession or similar legal agreement and form the basis for payment liabilities with a government. However, if multiple such agreements are substantially interconnected, the agreements are grouped into a single "project" for reporting purposes, as permitted under the Act and the Technical Reporting Specifications.

Cash and in-kind payments

Payments are reported on a cash basis, meaning that they are reported in the period in which they are paid. In-kind payments are converted to an equivalent cash value based on the most appropriate and relevant valuation method for each payment, which can be at cost or market value or such value as stated in the contract.

Payments to the same payee that meet or exceed CAD\$100,000 in one category of payment are disclosed and are rounded to the nearest CAD\$10,000.

Refunds, rebates and credits

Amounts paid to payees have been reported at the amounts paid by Baytex, including instances where an applicable credit or rebate reduces the amount payable, to reflect the net cash payment to the payee. Cash refunds or rebates received from payees have not been reported where they have not been applied as a credit to amounts owing.

Operatorship

Baytex often conducts joint venture operations with other entities for commercial development. Typically one entity, the operator, makes payments on behalf of all parties and is reimbursed by the non-operating venture partners. Where Baytex makes a reportable payment, the full amount paid is disclosed, regardless of whether Baytex is the operator or could subsequently be reimbursed by its non-operating venture partners.

Payments made by other entities with which Baytex has joint control or arrangement are excluded from this Report, with the exception of certain payments made for our non-operated properties where the operator is not subject to the Act. As such, we have reported the net payments the operator made on our behalf using the best information available.

PAYMENT CATEGORIES

The information is reported under the following payment categories.

Taxes

This payment category includes taxes levied on income, profit and production. Taxes reported include corporate income tax, property taxes and certain provincial resource surcharges that relate to commercial development. Consumption taxes, personal income taxes, sales taxes and taxes withheld by others on behalf of the Company, as well as tax refunds received are excluded.

Royalties

These are payments for the rights to extract oil and natural gas resources and include in-kind royalties.

Fees

Fees include payments for rental fees, entry fees, regulatory charges and other considerations for licenses, permits and/or concessions required in order to gain access to an area where extractive activities are performed. Amounts paid in ordinary course commercial transactions in exchange for services or goods provided by a payee are excluded.

Production entitlements

These payments relate to the payee's share of oil, gas or mineral production under production sharing agreements or similar contractual or legislated arrangements. There were no reportable production entitlement payments for the year ended December 31, 2021.

Bonuses

Signing, discovery, production and any other type of bonus paid to a payee are reported under this category.

Dividends

These are dividend payments other than dividends paid to a payee as an ordinary shareholder of an entity unless paid in lieu of production entitlements or royalties. There were no reportable dividend payments for the year ended December 31, 2021.

Infrastructure improvement payments

These payments relate to the construction of infrastructure that is unrelated to the Company's commercial development activities.