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## DISCLOSURE, TRADING AND CONFIDENTIALITY POLICY

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### **Objective**

The objective of the Disclosure, Trading and Confidentiality Policy (the "Policy") is to ensure that:

1. the communications of Baytex Energy Corp. and its subsidiaries (collectively, "Baytex" or the "Company") with the public are timely, factual, accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements;
2. trading of Baytex's securities by directors, officers, employees and individual consultants or contractors of Baytex (collectively, the "Representatives") remains in compliance with applicable securities laws; and
3. information that is not publicly disclosed remains confidential.

This Policy documents the disclosure policies and practices of Baytex and aims to promote an understanding of the legal requirements among Baytex's directors, officers, employee and consultants.

This Policy is also intended to assist the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of Baytex in making certifications with respect to the disclosure controls and procedures of Baytex required under applicable Canadian and U.S. securities laws, rules and regulations, and to assist any director or officer of Baytex in the conduct of the reasonable investigation required to provide a defence to any action against such director or officer based on a misrepresentation or failure to make timely disclosure.

### **Scope**

This Policy covers all disclosure, including disclosure made in:

1. documents filed with securities regulators;
2. written statements made in non-mandated documents such as letters to shareholders, presentations by senior management
3. information contained on Baytex's website and in other electronic communications, including email and social media;
4. oral statements including oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls; and
5. any other communication, the content of which would reasonably be expected to effect the market value or price of any security of Baytex.

### **Consequences of Non-Compliance**

Any director, officer, employee or consultant of Baytex who violates this Policy may face disciplinary action up to and including termination of his or her employment or contract for cause and without notice. Violation of this Policy may also constitute a breach of securities laws, including laws against insider trading and tipping, and Baytex may refer any such breach to the appropriate regulatory authority. Accordingly, violation of this Policy could lead to fines, penalties, imprisonment and liability to investors and Baytex for damages.

### **Questions or Non-Compliance Reporting**

Any questions or violations of this Policy should be directed to a member of the Committee (as defined below). In the case of reporting a violation you may also make a report pursuant to the Company's Whistleblower Policy which is posted on the Company's intranet.

### **Disclosure Committee**

Baytex has established a disclosure committee (the "Committee"), which is responsible for overseeing Baytex's disclosure practices. The Committee will meet or converse as required and will maintain documentation of its activities. The Committee shall have the authority to retain experts, including lawyers, accountants, engineers and other persons, to assist the Committee as they deem necessary. The Committee's mandate is attached Appendix A.

The members of the Committee are all board appointed officers of Baytex Energy Corp. and the Chief Legal Officer and Corporate Secretary. The Committee may add or remove members at its discretion provided that to the extent an individual has been appointed President, CEO, CFO or Chief Operating Officer ("COO"), they may not be removed from the Committee. Determinations of the Committee may be made by three or more Committee members present in person or by telephone or confirming approval in writing or by e-mail, provided that the Committee members present include any two of the CEO, the CFO and the Chief Legal Officer and Corporate Secretary.

The Committee will ensure that the Board of Directors of Baytex Energy Corp. (the "Board") is promptly and fully informed regarding potential disclosure issues facing Baytex as they may arise from time to time. This includes circumstances in which aspects of potentially material information or an underlying matter may not then be known or fully known, investigation or analysis of potentially material information or an underlying matter is incomplete or the impact or magnitude of potentially material information or an underlying matter remains to be fully determined.

All written public disclosures ("Disclosure Statements") shall be reviewed and approved by one or more members of the Committee. All such disclosures shall also be reviewed and approved by the Board or a committee of the Board if required by law or this Policy. In any event, the following documents will be reviewed in whole or part by the appropriate committee of the Board and recommended to and approved by the Board or reviewed and approved by the Board:

1. annual and interim financial statements and related management's discussion and analysis of the operating and financial results and related news releases;
2. information circulars for any meetings of shareholders and related news releases;
3. annual information forms for Baytex, including all reserve disclosure mandated under National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities or other applicable securities laws or regulations.

4. all annual reports filed with the Securities and Exchange Commission, including, if applicable, oil and gas reserves disclosure required pursuant to subpart 1300 of Regulation S-K under the U.S. Securities Act of 1933, as amended;
5. any news release containing material information relating to Baytex, provided that Board approval shall not be required for news releases where the subject matter thereof has been previously reviewed or approved by the Board or where immediate release is required to comply with applicable laws or the rules of any stock exchange on which Baytex's securities are listed; and
6. any take-over bid circulars, issuer bid circulars, director's circulars, rights offering circulars or similar documents.

The Committee will recommend changes to this Policy as needed to comply with changing regulatory requirements.

### **Disclosure Controls and Procedures**

The Committee shall establish specific procedures and timetables which shall be adhered to by Baytex and its Representatives for the preparation of all Disclosure Statements, and, wherever practicable, their review by such personnel, the auditors and external legal counsel, as the Committee may determine and, ultimately their dissemination in compliance with this Policy. In addition to reviewing all Disclosure Statements, the Committee may employ questionnaires to directors and officers, formal or informal due diligence sessions, certifications of officers and involvement of experts. The Committee may elect to, at any time, adopt controls and procedures that are different than those which have been previously established, provided that such controls and procedures are, in the opinion of the Committee, satisfactory to ensure that Disclosure Statements are disclosed in compliance with this Policy.

The disclosure controls and procedures will involve the following:

1. identification of all continuous disclosure requirements under securities laws, rules and policies applicable to Baytex;
2. identification of the individuals responsible for preparing reportable information and individuals, whether internal or external, responsible for reviewing reports or portions of reports to verify disclosure made with respect to their areas of responsibility or expertise;
3. establishment of timetables for the preparation and adequate review of reportable information;
4. procedures for obtaining "sign-off" on disclosure of reportable information and receipt of written consents from all experts whose reports are included or referred to in any disclosure;
5. procedures for the identification and timely reporting to the Committee of information which may constitute material information or which may constitute a material change to previously disclosed material information, including the identification of individuals who are likely to learn first about events outside the control of Baytex that may give rise to material information;
6. procedures for the identification and reporting to the Audit Committee of the Board of any fraud, whether or not material, that involves management or other employees or contractors who have a significant role in Baytex's internal controls;

7. ensuring the procedures are followed with respect to the release of each disclosure made in writing and for the review of any disclosure made orally; and
8. ongoing evaluation of Baytex's disclosure controls and procedures.

### **Determining Materiality**

The Committee is responsible for determining whether or not information is material information. Material information is any information, positive or negative, relating to the business and affairs of Baytex that results in, or would reasonably be expected to result in, a significant change in the market price or value of Baytex's listed securities, or that would reasonably be expected to be important to a reasonable investor's decision to buy, hold or sell securities.

See Appendix B for a non-exhaustive list of examples of information that the applicable regulators believe may be material. It is not possible to define all categories of material information, and you should recognize that the public, the media and the courts may use hindsight in judging what is material. Therefore, it is important to err on the safe side and assume information is material if there is any doubt.

It is essential that the members of the Committee be kept fully apprised of all pending material developments concerning Baytex in order to evaluate and discuss those events and to determine the appropriateness and timing of public release of information. If any Representative of Baytex becomes aware of any information which may constitute material information they must forthwith advise one of the members of the Committee. If any Representative is unsure whether or not information is material, they should immediately contact a member of the Committee before disclosing it to anyone. If it is deemed that material information should remain confidential, the Committee will determine how that information will be controlled.

It is the Committee's responsibility to determine what information is material in the context of Baytex's affairs. The Committee must take into account a number of factors in making judgments concerning the materiality of information. Factors include the nature of the information itself, the volatility of Baytex's securities and prevailing market conditions.

In complying with the requirement to disclose material information under applicable laws and stock exchange rules, Baytex will adhere to the following basic disclosure principles:

1. subject to certain exceptions, material information will be publicly disclosed immediately via news release;
2. disclosure will not include any misrepresentations, and will include any information, the omission of which would make the rest of the disclosure misleading, and will provide sufficient detail to permit investors to appreciate the substance and importance of the information;
3. unfavourable information will be disclosed just as promptly and completely as favourable information;
4. selective disclosure is not acceptable, and all applicable rules relevant thereto must be followed. If previously undisclosed material information has been inadvertently disclosed to any person who is not bound by an express confidentiality obligation and otherwise in compliance with applicable selective disclosure rules, such information will be broadly disclosed immediately via news release. Disclosure made to analysts cannot be protected by a confidentiality agreement;
5. if material information that is not in the public domain is to be announced at an analyst or shareholder meeting or an investor conference, its announcement must be co-ordinated with a general public announcement by news release;

6. derivative information (which is information extracted from a document filed on behalf of another person or company) which is included in a document or oral statement should include a reference identifying the document that was the source of the information;
7. dissemination of information via Baytex's website alone does not constitute adequate disclosure of material information; and
8. disclosure must be corrected immediately if it is subsequently discovered that earlier disclosure contained a material error at the time it was given.

### **Maintaining Confidentiality**

Any Representative privy to confidential information is prohibited from communicating such information to anyone else. Efforts will be made to limit access to confidential information to only those who need to know the information and those persons will be advised that the information is to be kept confidential.

Outside parties privy to undisclosed material information concerning Baytex must be told that they must not divulge such information to anyone else, and that they may not trade in Baytex's securities until the information is publicly disclosed.

To prevent the misuse or inadvertent disclosure of material information, the following procedures should be observed at all times:

1. documents and files containing confidential information should be kept in a safe place, with access restricted to individuals who "need to know" that information. Code names should be used if necessary;
2. confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis;
3. confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them;
4. Representatives must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office;
5. transmission of documents by electronic means, such as by fax, e-mail or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions;
6. unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed; and
7. access to confidential electronic data should be restricted through the use of passwords.

## **Confidential Material Information**

In certain circumstances, the Committee may determine that disclosure of certain information would be unduly detrimental to Baytex (for example, if releasing the information would prejudice negotiations in a corporate transaction), in which case, the information will be kept confidential until the Committee determines it is appropriate to publicly disclose. In such circumstances, the Committee will cause a confidential material change report to be filed with the applicable securities regulators and will periodically (at least every ten (10) calendar days) review its decision to keep the information confidential.

Where disclosure of a material change is delayed, Baytex must maintain complete confidentiality. During the period before a material change is disclosed, market activity in Baytex's securities should be carefully monitored. Any unusual market activity may mean that news of the matter has been leaked and that certain persons are taking advantage of it. If the confidential material change, or rumors about it, have leaked or appear to be impacting the price of the securities, Baytex should immediately take steps to ensure that a full public announcement is made. This would include contacting the relevant stock exchange and asking that trading be halted pending the issuance of a news release.

Where a material change is being kept confidential, persons with knowledge of the material change may not use such information in purchasing or selling its securities. Such information should not be disclosed to any person or company. If Baytex discloses material information, it should make sure that those receiving the information understand that they are now in a "special relationship" with Baytex and cannot pass the information on to anyone else, or trade on the information, until it has been generally disclosed. In such circumstances, the feasibility of having such parties enter into a confidentiality agreement with Baytex should be considered.

## **Trading Restrictions and Blackout Periods**

It is illegal for anyone with knowledge of material information affecting a public issuer that has not been publicly disclosed to purchase or sell securities of that issuer (to be broadly construed to include equity, debt and convertible securities of the issuer, and derivatives (whether or not issued by the issuer) linked to or exercisable for securities of the issuer), until such information has been generally disclosed and a reasonable period of time has passed since dissemination of such information to the public. It is also illegal for anyone to inform any other person of undisclosed material information, except where approved by the Committee. There are serious sanctions for failure to comply with regulatory requirements in these matters, including substantial fines and potential jail sentences. Therefore, Representatives with knowledge of confidential or material information about Baytex or counterparties in negotiations of potentially material transactions are prohibited from trading securities of Baytex or any counterparty until the information has been fully disclosed and a reasonable period has passed for the information to be widely disseminated.

Trading blackout periods will apply to all Representatives in position to know of the financial or operating results of Baytex during periods when financial statements are being prepared but results have not yet been publicly disclosed. Trading blackouts will normally commence at the end of each fiscal quarter and will cease at the end of the second full business day following the issuance of a news release disclosing such financial or operating results. However, even during an open trading window, a Representative who is aware of material non-public information may not trade in Company securities until the information has been made publicly available as described above, or is no longer material.

Trading blackout periods may also be prescribed from time to time by the Committee as a result of special circumstances relating to Baytex when directors, officers and certain employees would be precluded from trading in its securities. All parties with knowledge of such special circumstances should be covered by the blackout. These parties may include external advisors such as legal counsel, investment bankers and other professional advisors, and counter-parties in negotiations of material potential transactions. The fact that a trading blackout has been imposed should not be discussed with other parties. For confidentiality purposes, the Committee may determine that the reasons for the blackout not be given. In extraordinary circumstances, the Committee may grant a waiver of the blackout period to a director, officer or employee.

In addition, when Baytex is conducting a prospectus offering, private placement, issuer bid or other share buyback, an amalgamation, arrangement or other similar transaction involving Baytex's securities or a take-over bid for another corporation where securities of Baytex are offered as consideration (the "Restricted Event"), no insider of Baytex shall bid for or purchase (or induce others to) the type of securities that are offered in that transaction, except in connection with:

1. the exercise of an option, right, warrant or other convertible security where the exercise was entered into prior to the Restricted Event; or
2. the subscription or purchase of the offered security pursuant to the prospectus distribution or restricted private placement (not in the public market).

There are additional restrictions, including timing issues, imposed by securities laws with respect to a Restricted Event. A member of the Committee should be consulted if there is any question as to whether these restrictions apply and when these restrictions shall have ceased to apply in any particular circumstance. Legal counsel shall be consulted prior to any discussions, written or otherwise, with any stakeholder.

#### **Pre-clearance of Trades**

In addition to regular trading restriction, all directors and officers are required to pre-clear any trade in Baytex's securities before engaging in the trade, other than: (i) any acquisition of common shares pursuant to Baytex's dividend reinvestment plan or employee savings plan, and (ii) any sale of shares on the vesting of share awards to pay the applicable tax. Pre-clearance is to be obtained before completing any trades in the securities of Baytex by: (i) completing the Request for Pre-Clearance of Securities Trading Form (attached as Appendix C); or (ii) receiving email approval after providing all information required by the Form attached as Appendix C. Pre clearance is not to be unreasonably withheld and is subject to the limitations provided for in Appendix C.

#### **Rule 10b5-1 Trading Plans**

Notwithstanding any of the prohibitions contained in this policy, all Representatives of the Company may, if permitted under applicable Canadian and U.S. securities laws, trade in the Company's securities at any time pursuant to a Rule 10b5-1 Trading Plan that has been properly adopted and is properly administered in accordance with Rule 10b5-1 under the Exchange Act, as amended. All adopted Rule 10b5-1 Trading Plans must comply with all applicable policies established by the Company in addition to complying with Rule 10b5-1 itself and applicable Canadian laws.

## **Hedging and Equity Monetization Transactions**

No Representative may, except with the approval of a member of the Committee, engage in transactions that could reduce or limit such Representative's economic risk with respect to their holdings of (i) common shares or other Baytex securities or (ii) outstanding restricted awards, performance awards or other compensation awards the value or payment amount of which are derived from, referenced to or based on the value or market price of common shares or other Baytex securities. Prohibited transactions include hedging strategies, equity monetization transactions, transactions using short sales, puts, calls, exchange contracts, derivatives and other types of financial instruments (including, but not limited to, prepaid variable forward contracts, equity swaps, collars and exchange funds), and loans to Representatives secured by Baytex securities where recourse is limited to such securities.

## **Insider Reporting and Reporting Obligations**

Insiders of Baytex include its directors, the CEO, CFO and COO (or the equivalent thereof), and other "reporting insiders" (within the meaning of National Instrument 55-104 – Insider Reporting Requirements and Exemptions) (collectively, "Insiders of Baytex"). Insiders of Baytex are required by applicable securities laws to file insider trading reports within specified time periods of a change in their ownership position in any securities of Baytex.

The responsibility for compliance with insider reporting obligations rests with the insiders and not with Baytex. Baytex has an interest in monitoring the holdings of its insiders and ensuring that their holdings are accurately reported in all securities filings of Baytex and as the identity of insiders and the size of their holdings may be relevant in determining whether Baytex is permitted under applicable securities laws and stock exchange rules to undertake certain corporate transactions.

Baytex will establish and maintain a system for facilitating compliance by its insiders with their reporting obligations.

### *Special Relationship*

Under applicable securities laws, a person in a "special relationship" with a public issuer is prohibited from trading in securities of that public issuer. From time to time Baytex will be considered to be in a "special relationship" with other public issuers as a result of receiving confidential information in connection with potential mergers, acquisitions or significant asset purchases or sales. Representatives of Baytex will also be considered to be in a "special relationship" and may not trade in securities of such public issuers once they have any knowledge relating to such public issuer as a result of Baytex having a "special relationship" with such public issuer. In addition, the Board considers it inappropriate for any Representative of Baytex to trade in the securities of any public issuer based upon information obtained, whether from public or confidential sources, while Baytex is considering a merger, acquisition or significant asset purchase or sale with such public issuer.

### *Reporting Obligations*

Insiders of Baytex are required to electronically file insider reports using the System for Electronic Disclosure by Insiders ("SEDI") at [www.sedi.ca](http://www.sedi.ca). An initial report must be filed within ten (10) calendar days of the date on which the person or corporation became an Insider of Baytex with subsequent insider reports being filed within five (5) calendar days from the date of any changes in his/her direct or indirect beneficial ownership of, or control or direction over, securities of Baytex. Insiders of Baytex who participate in the dividend reinvestment plan or the employee savings plan may be eligible to rely on an exemption that allows them to report the acquisition of securities under such plans on an annual basis. For further information, see National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*.

## **Designated Spokespersons**

Baytex has designated the following spokespersons, including any successors in title, who are responsible for communication with the investment community, regulators and the media:

<b>Name</b>	<b>Title</b>
Mark Bly	Chair of the Board
Eric Greager	President and CEO
Chad Kalmakoff	Chief Financial Officer
Chad Lundberg	Chief Operating Officer
James Maclean	Chief Legal Officer and Corporate Secretary
Brian Ector	SVP, Capital Markets & Investor Relations
Kendall Arthur	SVP & General Manager, Cdn. Heavy Oil Operations
Taylor Young	VP & General Manager, US Eagle Ford Operations
Nicole Frechette	VP & General Manager, Cdn. Light Oil Operations
Chris Lessoway	VP, Finance & Treasurer

The individuals listed above may, from time to time, designate others within Baytex to speak on behalf of Baytex or to respond to specific inquiries.

Representatives who are not designated spokespersons must not respond under any circumstances to inquiries from the investment community, regulators, the media or others, unless specifically asked to do so by a designated spokesperson. All such inquiries should be referred to one of the designated spokespersons.

## **News Releases**

Once the Committee determines that a development is material, it will authorize the issuance of a news release, unless the Committee determines that such development should remain confidential for a period of time, in which case appropriate confidential filings will be made and controls of that undisclosed material information will be instituted. Should undisclosed material information be inadvertently disclosed on a selective basis, Baytex will issue a news release as soon as practicable in order to fully disclose that information. Pending the public release of any such material information, the parties who have knowledge of the information should be advised that the information is material and has not been generally disclosed.

If any stock exchange upon which Baytex's securities are listed is open for trading at the time of a proposed announcement, Baytex will endeavour to provide prior notice of a news release announcing material information to the market surveillance division of any such exchange to enable market surveillance to determine if a trading halt is in order. If a news release announcing material information is issued outside of trading hours, Baytex will endeavour to provide notice to market surveillance before the news release is issued.

News releases containing guidance and financial results will be reviewed by the Board or the Audit Committee of the Board prior to issuance. Annual and interim financial results will be publicly released as soon as practicable following Board approval of the applicable news release and related financial statements.

News releases will be disseminated through an approved news wire service that provides simultaneous national distribution. News releases will also be posted on Baytex's website after release over the news wire.

### **Conference Calls**

Conference calls may be held to enable management to discuss financial results and major corporate developments. Conference calls shall be simultaneously accessible to all interested parties, whether they actively participate by telephone, or merely listen in by telephone or through an Internet webcast. Each such call will be preceded by a news release setting out relevant material information. At the beginning of the call, a spokesperson of Baytex will provide appropriate cautionary language respecting any forward-looking information, and will direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties. In advance of a conference call or industry conference call, to the extent practicable, Baytex will endeavour to script comments and responses to anticipated questions to identify material information that should be publicly disclosed and will limit comments and responses to non-material information and material information that has previously been publicly disclosed.

Baytex will provide advance notice of any conference call and webcast by issuing a news release announcing the date and time and providing information on how interested parties may access the call and webcast. In addition, Baytex may invite analysts, institutional investors, the media and other interested parties to participate. A tape recording of the conference call and/or an archived audio webcast will be made available for a minimum of 72 hours following the call.

The Committee may hold a debriefing meeting immediately after the conference call and, if such debriefing uncovers selective disclosure of previously undisclosed material information, Baytex will immediately disclose such information broadly via news release.

### **Rumours**

Baytex does not comment, affirmatively or negatively, on rumours. Baytex's spokespersons will respond consistently to any rumours with the following comment: "It is our policy not to comment on market rumours or speculation."

Should the stock exchange on which Baytex's securities are listed request that Baytex make a definitive statement in response to a market rumour that is causing significant volatility in the securities of Baytex, the Committee will consider the matter and decide whether to make a policy exception. If the rumour is true, in whole or in part, Baytex will immediately issue a news release disclosing the relevant information.

### **Contact with Analysts, Investors and the Media**

Baytex recognizes that analysts are important conduits for disseminating corporate information to the investing public and that analysts play a key role in interpreting and clarifying existing public data and in providing investors with background information and details that cannot practically be put in public documents. However, Baytex also recognizes that analyst disclosure does not constitute adequate disclosure of information that is considered material information required to be disclosed. Baytex will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Policy.

Disclosure in individual or group meetings also does not constitute adequate disclosure of information that is considered to be undisclosed material information. If Baytex intends to announce material information at an analyst or shareholder meeting, at an investor conference or on a conference call, the announcement must be preceded by a news release. Material prepared for any such meetings should be reviewed by a member of the Committee prior to the meeting with a view to eliminating inadvertent selective disclosure and verifying the accuracy of any such materials.

Baytex will provide only non-material information through individual and group meetings, in addition to regular publicly disclosed information. Baytex cannot alter the materiality of information by breaking down the information into smaller, non-material components.

Spokespersons should keep notes of telephone conversations with analysts and investors. Where practicable, more than one representative of Baytex should be present at all individual and group meetings. A debriefing should be held after such meetings and if such debriefing uncovers selective disclosure of previously undisclosed material information, Baytex will immediately disclose such information broadly via a news release.

### **Reviewing Analyst Reports and Models**

It is Baytex's policy to review, upon request, analysts' draft research reports or models. Baytex will review the report or model for the purpose of pointing out errors in factual content only based on publicly disclosed information. It is Baytex's policy, when an analyst inquires with respect to his or her estimates, to question an analyst's assumptions if the estimate is a significant outlier among the range of estimates or Baytex's published guidance. Baytex will limit its comments in responding to such inquiries to non-material information. Baytex will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's model and estimates.

So as not to endorse an analyst's report or model, Baytex will provide its comments orally or will attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

### **Distributing Analyst Reports**

Analyst reports are proprietary products of the analyst's firm. Re-circulating an analyst's report may be viewed as an endorsement by Baytex of the report. For these reasons, Baytex will not provide analyst reports through any means to persons outside of Baytex, including posting such information on its website. Baytex may post on its website a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on Baytex. If provided, such list will not include links to the analysts' reports or their firm's website or any other third party websites or publications.

Baytex may distribute analyst reports internally to: (i) directors and senior officers; and (ii) Baytex's financial and professional advisors.

### **Forward-Looking Information**

Should Baytex elect to disclose forward-looking information ("FLI") in continuous disclosure documents, speeches, conference calls, etc., the following guidelines will be observed:

1. the information, if deemed material, will be broadly disseminated in accordance with this Policy;
2. the information will be published only if there is a reasonable basis for drawing the conclusions or making the forecast and projections and will be clearly identified as forward-looking;
3. Baytex will identify material assumptions used in the preparation of the FLI;

4. the information will be accompanied by meaningful cautionary statements and statements proximate to such information that identifies, in specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement, which may include a sensitivity analysis to indicate the extent to which different business conditions from the underlying assumptions may affect the actual outcome;
5. public oral statements also require a cautionary statement that actual results could differ materially and a reference to material factors and assumptions that could cause actual results to differ materially and that such factors or assumptions are contained in a readily available document; and
6. the information will be accompanied by a statement that disclaims Baytex's intention or obligation to update or revise the FLI, whether as a result of new information, future events or otherwise. Notwithstanding this disclaimer, should subsequent events prove past statements about current trends to be materially off target, Baytex may issue a news release explaining the reasons for the difference; in such cases, Baytex will update its guidance on the anticipated impact on production and dividends (or other key metrics).

If Baytex has issued a forecast or projection which is governed by applicable securities laws, Baytex will update that forecast or projection periodically, as required by such laws.

#### **Correcting Disclosure**

Any Representative of Baytex who believes that any public disclosure of Baytex, including any documents released by Baytex or any public oral statements, contains a misrepresentation in any material respect (by omission or otherwise) shall promptly notify a member of the Committee of such misrepresentation, and such member shall inform the Board and take appropriate steps to correct such misrepresentation promptly, and in any event within two (2) business days. In addition, any Representative who has concerns about whether or not information is undisclosed material information, should contact a member of the Committee in respect of such matter.

#### **Quiet Periods**

In order to avoid the potential for selective disclosure, or the perception or appearance of selective disclosure, Baytex will observe quiet periods prior to the announcement of financial or operating results or when material changes are pending. During a quiet period, no guidance or comments with respect to financial or operational results for the recently completed reporting period will be provided to analysts, investors or other market professionals and communications will be limited to responding to inquiries concerning publicly available or non-material information. The quiet period normally commences on the date that is ten (10) trading days prior to the scheduled release date for such financial or operating results and ceases immediately following the issuance of a news release disclosing such financial or operating results.

Additional quiet periods may be established from time to time by Baytex as a result of special circumstances relating to Baytex. The existence of a special purpose quiet period will be communicated by a means approved by the Committee (which may include email).

If Baytex is invited to participate, during a quiet period, in investment meetings or conferences organized by others, the Chief Executive Officer of the Corporation will determine, on a case-by-case basis, if it is advisable to accept these invitations. If accepted, caution will be exercised to avoid selective disclosure of any undisclosed material information.

## **Responsibility for Electronic Communication**

This Policy applies to electronic communications. Accordingly, Representatives responsible for written and oral public disclosures are also responsible for electronic communications.

Baytex will continuously update the investor relations section of Baytex's website and will monitor all information placed on the website for accuracy, completeness, currency and compliance with relevant securities laws.

The Committee must approve all links from Baytex's website to a third party website. Any such links will include a notice that advises the reader that Baytex is not responsible for the contents of the other site.

Investor relations material will be contained within a separate section of Baytex's website and will include a notice that advises the reader that the information posted was considered accurate at the time of posting, but may be superseded by subsequent disclosures or become inaccurate over time. All data posted to the website, including text and audiovisual material, will identify the date such material was issued. Any material changes in information will be updated as soon as possible.

Disclosure on Baytex's website alone does not constitute adequate disclosure of information that is considered undisclosed material information. Any disclosures of material information on the website will be preceded by the issuance of a news release. Baytex will, however, endeavour to concurrently post to its website all documents filed on SEDAR or EDGAR, as applicable, in an effort to improving investor access to its information. Where practicable, Baytex will also endeavour to post on its website all supplemental information as given to analysts, institutional investors and other market professionals such investor presentations, fact sheets and other relevant materials. Responses to electronic inquiries will be provided as appropriate. Only public information or information that could otherwise be disclosed in accordance with this Policy will be utilized in responding to electronic inquiries.

In order to avoid inadvertent disclosure of undisclosed material information, Representatives of Baytex are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to Baytex's activities or its securities. Representatives who encounter a discussion pertaining to Baytex should advise a member of the Committee immediately, so the discussion may be monitored.

Each employee's corporate e-mail address is, in fact, an address of Baytex. Therefore, all correspondence received and sent by e-mail is to be considered correspondence of Baytex.

## **In Distribution**

If Baytex is in the process of a distribution of securities, such as when a private placement or prospectus offering has been announced or a prospectus has been filed, careful vigilance is required and "extra" disclosure should be avoided. It is advisable, where practicable, to avoid public presentations during the distribution period. Legal counsel shall be consulted prior to any discussions, written or otherwise, with any stakeholder.

## **Communication**

This Policy extends to all Representatives of Baytex, as well as advisors retained by Baytex and any other person authorized to act as a spokesperson of Baytex. New Representatives of Baytex will be provided with a copy of this Policy and will be advised of its importance. This Policy will be circulated to the foregoing individuals on an annual basis and whenever changes are made to its contents, or alternatively, be made available via Baytex's website.

The Committee shall monitor the effectiveness and integrity of this policy and report to the Nominating and Governance Committee of the Board.

## **APPENDIX A**

### **BAYTEX ENERGY CORP.**

#### **COMMITTEE MANDATE**

1. To review, on an ongoing basis, Baytex's Policy to ensure that it addresses Baytex's principal business risks, changes in operations or structure, and facilitates compliance with applicable legislative and regulatory reporting requirements.
2. To design a set of "disclosure controls and procedures" to provide reasonable assurance that:
  - a) the Policy is effectively implemented across all business units and corporate functions; and
  - b) information of a material nature is accumulated and communicated to senior management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions on required disclosures and certification.
3. To review prior to issuance or submission to the Audit Committee (or other appropriate committee of the Board of Directors) or the Board of Directors:
  - a) annual and interim filings, management information circulars, material change reports, annual information forms, and any other information filed with securities regulators;
  - b) news releases containing financial information, guidance, information about material acquisitions or dispositions, or other information material to investors;
  - c) presentations and reports containing financial information broadly disseminated to analysts, creditors and investors, including financial information displayed on Baytex's website; and
  - d) oral disclosures requiring review pursuant to the Policy.
4. To direct and supervise an annual evaluation of the effectiveness of Baytex's disclosure controls and procedures.
5. To monitor compliance with Baytex's Policy.
6. To educate Baytex's directors, officers and employees on disclosure issues and the Policy.
7. To monitor the disclosure made on Baytex's website.
8. To bring to the attention of the Chief Executive Officer and the Chief Financial Officer all relevant information with respect to the Committee's activities, the annual or interim filings, and the evaluation of the effectiveness of Baytex's disclosure controls and procedures.

## APPENDIX B

### EXAMPLES OF MATERIAL INFORMATION

The following are examples of the types of events or information which may be material. This list is not exhaustive.

#### Changes in corporate structure

- changes in share ownership that may affect control of the Corporation
- major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

#### Changes in capital structure

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in a Corporation's dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to the rights of security holders

#### Changes in financial results

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any period
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of the Corporation's assets
- any material change in the Corporation's accounting policies

#### Changes in business and operations

- any development that affects the Corporation's resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers

- significant new contracts, products, patents, or services or significant losses of contracts or business
- significant discoveries by resource companies
- changes to the board of directors or executive management, including the departure of the Corporation's CEO, CFO, COO or President (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of the Corporation's securities or their movement from one quotation system or exchange to another

#### **Acquisitions and dispositions**

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another Corporation

#### **Changes in credit arrangements**

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of the Corporation's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements

**APPENDIX C**

**REQUEST FOR PRE-CLEARANCE OF SECURITIES TRADING**

1. You are responsible for ensuring your request has been reviewed and approved in writing or by email by:
  - the CEO or the CFO, in the case of a non-management director;
  - the Chair of the Board, in the case of the CEO; and
  - the CEO or CFO in all other cases.
2. If approved, the transaction(s) must be completed with 5 trading days from the date of approval.
3. If such transactions have not been completed within this time period, a new request for pre-clearance must be submitted.
4. Should a blackout (routine or non-routine) be instituted prior to the trade being completed, all trade orders must be cancelled.

The undersigned requests a pre-clearance for trading of securities of Baytex Energy Corp. as follows:

Type of Securities	Purchase (# of shares)	Sale (# of shares)	Comments (if any)
Shares			
Share Awards			
Other			

**SUBMITTED**

**Date:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**APPROVED**

**Date:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_