

Extractive Sector Transparency Measures Act - Annual Report



Reporting Entity Name	Baytex Energy Corp.					
Reporting Year	From	1/1/2017	To:	12/31/2017	Date submitted	5/30/2018
Reporting Entity ESTMA Identification Number	E144401		<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report			
Other Subsidiaries Included (optional field)						
Not Consolidated						
Not Substituted						
Attestation by Reporting Entity						
<i>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.</i>						
Full Name of Director or Officer of Reporting Entity	Rodney D. Gray			Date	5/30/2018	
Position Title	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	Departments, Agency, etc... within Payee that Received Payments	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
Canada	FEDERAL GOVERNMENT OF CANADA	RECEIVER GENERAL FOR CANADA	470,000	-	-	-	-	-	-	470,000	
Canada	PROVINCE OF ALBERTA	ALBERTA BOILERS SAFETY ASSOCIATION, ALBERTA ENERGY REGULATOR, ALBERTA PETROLEUM MARKETING COMMISSION, DEPARTMENT OF ENERGY, GOVERNMENT OF ALBERTA, MINISTER OF FINANCE, PROVINCIAL TREASURER OF ALBERTA	-	36,950,000	4,060,000	-	850,000	-	-	41,860,000	Royalties paid in-kind total \$1.2M and are valued at the fair market value of the volumes taken in-kind at the time of the transaction.
Canada	PROVINCE OF SASKATCHEWAN	MINISTER OF FINANCE, SASKATCHEWAN ENVIRONMENT AND RESOURCE MANAGEMENT, SASKATCHEWAN INDUSTRY AND RESOURCES, SASKATCHEWAN MINISTRY OF THE ECONOMY	150,000	11,260,000	790,000	-	-	-	-	12,200,000	
Canada	BRAZEAU COUNTY		360,000	-	-	-	-	-	-	360,000	
Canada	CLEARWATER COUNTY		360,000	-	-	-	-	-	-	360,000	
Canada	County of Stettler		160,000	-	-	-	-	-	-	160,000	
Canada	M.D. OF BONNYVILLE		350,000	-	-	-	-	-	-	350,000	
Canada	M.D. OF OPPORTUNITY NO. 17		300,000	-	-	-	-	-	-	300,000	
Canada	M.D. OF SMOKY RIVER NO.13		410,000	-	-	-	-	-	-	410,000	
Canada	M.D. OF TABER		170,000	-	-	-	-	-	-	170,000	
Canada	NORTHERN SUNRISE COUNTY		5,080,000	-	-	-	-	-	-	5,080,000	
Canada	STURGEON COUNTY		450,000	-	-	-	-	-	-	450,000	
Canada	Special Areas Board		390,000	-	-	-	-	-	-	390,000	
Canada	R.M. OF BRITANNIA NO. 502		760,000	-	160,000	-	-	-	-	920,000	
Canada	R.M. OF CUT KNIFE NO. 439		150,000	-	-	-	-	-	-	150,000	
Canada	R.M. OF ELDON NO. 471		1,020,000	-	-	-	-	-	-	1,020,000	
Canada	R.M. OF FRENCHMAN BUTTE NO 51		690,000	-	-	-	-	-	-	690,000	
Canada	R.M. OF HILLSDALE NO. 44		1,570,000	-	-	-	-	-	-	1,570,000	
Canada	R.M. OF MANITOU LAKE NO. 442		390,000	-	-	-	-	-	-	390,000	
Canada	R.M. OF OAKDALE NO. 32		340,000	-	100,000	-	-	-	-	440,000	
Canada	R.M. OF PRAIRIEDALE NO. 321		200,000	-	-	-	-	-	-	200,000	
Canada	R.M. OF WILTON NO. 472		720,000	-	-	-	-	-	-	720,000	
United States of America	KARNES COUNTY		3,180,000	-	-	-	-	-	-	3,180,000	Payments made in U.S. dollars have been converted to Canadian dollars using the December 31, 2017 exchange rate of 1.2518.
United States of America	STATE OF TEXAS		-	17,190,000	470,000	-	-	-	-	17,660,000	Payments made in U.S. dollars have been converted to Canadian dollars using the December 31, 2017 exchange rate of 1.2518.

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

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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 Project										
Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada	LLOYDMINSTER	6,330,000	11,330,000	1,490,000	-	430,000	-	-	19,580,000	
Canada	CORPORATE	470,000	-	940,000	-	-	-	-	1,410,000	
Canada	CONVENTIONAL	2,420,000	1,180,000	1,180,000	-	-	-	-	4,780,000	
Canada	PEACE RIVER	5,270,000	35,700,000	1,500,000	-	420,000	-	-	42,890,000	
United States of America	USA	3,180,000	17,190,000	470,000	-	-	-	-	20,840,000	Payments made in U.S. dollars have been converted to Canadian dollars using the December 31, 2017 exchange rate of 1.2518.
Additional Notes: All reported payments have been rounded to the nearest CDN \$10,000.										

INTRODUCTION

Baytex Energy Corp. and its subsidiaries (collectively the “Company” or “Baytex”) has prepared the following report (the “Report”) of payment made to government entities for the year ended December 31, 2017 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. Information pertaining to these contributions is included in Baytex’s 2016 Corporate Responsibility Report available on the Company’s website at www.baytexenergy.com.

BASIS FOR 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.

The Act deferred the requirement to report on payments made to Indigenous governments in Canada until June 1, 2017. All reportable payments to these payees made on or after June 1, 2017 are included in the Report.

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 are disclosed in this Report. This Report includes payments related to initial processing activities that are integrated with the Company’s extraction operations and commercial development of oil, gas and minerals. Payments that are not related to Baytex’s commercial development activities, 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 the 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 may be grouped into a single “project” for reporting purposes.

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

In the commercial development of oil and natural gas, Baytex often conducts joint venture operations with other entities. 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 types.

Taxes

This Report includes taxes levied on income, profit and production. Taxes reported include corporate income tax, property taxes and certain provincial resource surcharges that relate to the commercial development of oil and gas. Consumption taxes, personal income taxes, sales taxes and taxes withheld by other 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 licences, permits and/or concessions required in order to gain access to an area where extractive activities are performed. Fees that are paid in ordinary course commercial transactions in exchange for services or goods provided by the government are excluded.

Production Entitlements

These payments relate to the payee's share of oil and natural gas production under production sharing agreements or similar contractual or legislated arrangements. There were no reportable production entitlement payments made to a payee for the year ended December 31, 2017.

Bonuses

Payments made upon signing an agreement or a contract, or when a commercial discovery is declared, or production has commenced or a milestone is reached are considered bonus payments.

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, 2017.

Infrastructure Improvement Payments

Infrastructure improvement payments relate to the construction of infrastructure that is unrelated to Baytex's oil and gas extraction operations. There were no reportable infrastructure improvement payments for the year ended December 31, 2017.