

PETROLEUM AND NATURAL GAS RESERVES AS AT DECEMBER 31, 2020

Baytex's year-end 2020 proved and probable reserves were evaluated by McDaniel & Associates Consultants Ltd. ("McDaniel"), an independent qualified reserves evaluator. All of our oil and gas properties were evaluated in accordance with National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") using the average commodity price forecasts and inflation rates of McDaniel, GLJ Petroleum Consultants ("GLJ") and Sproule Associates Limited ("Sproule") as of January 1, 2021.

Reserves associated with our thermal heavy oil projects at Gemini (Cold Lake) and Kerrobert have been classified as bitumen. Complete reserves disclosure will be included in our Annual Information Form for the year ended December 31, 2020, which will be filed on or before March 31, 2021.

Our 2020 reserves report reflects the impact of a materially lower commodity price forecast being utilized by our reserves evaluator, which was brought on by Covid-19 and the extremely volatile crude oil market. We highlight the updated commodity price forecast on page 11 which has WTI averaging US\$56/bbl over the next ten years, down 20% from one year ago. Consistent with the \$2.4 billion impairment we recorded in 2020, we removed 29 million barrels of proved reserves (65% heavy oil and bitumen) and 41 million barrels of proved plus probable reserves (80% heavy oil and bitumen), which are uneconomic under the commodity price forecast.

Reserves Highlights

- Our proved developed producing ("PDP") reserves total 120 mmboe, proved reserves ("1P") total 271 mmboe and our proved plus probable reserves ("2P") total 462 mmboe.
- Reserves on a 1P basis are comprised of 81% oil and NGL (48% light oil, 33% NGL's, 16% heavy oil and 3% bitumen) and 19% natural gas. PDP reserves represent 44% of 1P reserves (45% at year-end 2019) and 1P reserves represent 59% of 2P reserves (59% at year-end 2019).
- Baytex maintains a strong reserves life index of 4.7 years based on PDP reserves, 10.5 years based on 1P reserves and 17.9 years based on 2P reserves.
- Future development costs have been reduced by \$464 million on a 1P basis and \$709 million on a 2P basis.
- Our net asset value at year-end 2020, discounted at 10%, is estimated to be \$2.78 per share. This is based on the estimated reserves value plus a value for undeveloped acreage, net of long-term debt and working capital.

The following table sets forth our gross and net reserves volumes at December 31, 2020 by product type and reserves category. Please note that the data in the table may not add due to rounding.

Reserves Summary

Reserves Summary	Light and Medium Oil (mmbbls)	Tight Oil (mmbbls)	Heavy Oil (mmbbls)	Bitumen (mmbbls)	Total Oil (mmbbls)	Natural Gas Liquids ⁽³⁾ (mmbbls)	Conventional Natural Gas ⁽⁴⁾ (mmcf)	Shale Gas (mmcf)	Total ⁽⁵⁾ (mboe)
Gross⁽¹⁾									
Proved producing	20,404	23,473	19,917	1,144	64,938	31,669	43,384	97,321	120,057
Proved developed non-producing	61	38	1,997	160	2,255	639	15,072	473	5,485
Proved undeveloped	31,601	29,805	13,499	4,433	79,339	40,167	29,438	128,541	145,835
Total proved	52,067	53,316	35,412	5,737	146,532	72,475	87,894	226,334	271,378
Total probable	25,688	24,642	30,544	46,093	126,967	32,760	86,778	96,852	190,332
Proved plus probable	77,755	77,958	65,956	51,830	273,499	105,235	174,671	323,186	461,710
Net⁽²⁾									
Proved producing	19,106	17,445	18,404	1,027	55,983	23,635	40,568	72,440	98,452
Proved developed non-producing	59	28	1,895	152	2,135	504	13,080	350	4,877
Proved undeveloped	29,630	22,371	12,385	4,213	68,598	29,865	26,071	95,639	118,748
Total proved	48,795	39,844	32,684	5,393	126,716	54,003	79,270	168,429	222,077
Total probable	23,461	18,777	27,640	40,064	109,941	24,853	80,679	73,061	160,417
Proved plus probable	72,256	58,621	60,324	45,456	236,657	78,856	160,398	241,490	382,495

Notes:

- (1) "Gross" reserves means the total working interest share of remaining recoverable reserves owned by Baytex before deductions of royalties payable to others.
- (2) "Net" reserves means Baytex's gross reserves less all royalties payable to others plus royalty interest reserves.
- (3) Natural Gas Liquids includes condensate.
- (4) Conventional Natural Gas includes associated, non-associated and solution gas.
- (5) Oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. BOEs may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Reserves Reconciliation

The following table reconciles the year-over-year changes in our gross reserves volumes by product type and reserves category. Please note that the data in the table may not add due to rounding.

Proved Reserves – Gross Volumes ⁽¹⁾ (Forecast Prices)

	Light and Medium Oil	Tight Oil	Heavy Oil	Bitumen	Total Oil	Natural Gas Liquids ⁽³⁾	Conventional Natural Gas ⁽⁴⁾	Shale Gas	Total ⁽⁵⁾
	(mmbbls)	(mmbbls)	(mmbbls)	(mmbbls)	(mmbbls)	(mmbbls)	(mmcf)	(mmcf)	(mboe)
December 31, 2019	60,619	55,562	51,311	11,799	179,291	77,939	104,506	234,162	313,674
Extensions	2,840	1,618	160	3,027	7,645	1,541	12,937	4,038	12,015
Technical Revisions ⁽²⁾	(1,275)	1,780	2,462	(1,224)	1,743	(758)	9,360	7,225	3,749
Acquisitions	16	—	—	—	16	1	19	—	20
Dispositions	(15)	—	(5)	—	(20)	—	(38)	—	(26)
Economic Factors	(3,421)	(592)	(11,698)	(6,945)	(22,655)	(1,748)	(23,824)	(2,877)	(28,854)
Production	(6,698)	(5,052)	(6,818)	(920)	(19,488)	(4,499)	(15,066)	(16,213)	(29,200)
December 31, 2020	52,067	53,316	35,412	5,737	146,532	72,475	87,894	226,334	271,378

Probable Reserves – Gross Volumes ⁽¹⁾ (Forecast Prices)

	Light and Medium Oil	Tight Oil	Heavy Oil	Bitumen	Total Oil	Natural Gas Liquids ⁽³⁾	Conventional Natural Gas ⁽⁴⁾	Shale Gas	Total ⁽⁵⁾
	(mmbbls)	(mmbbls)	(mmbbls)	(mmbbls)	(mmbbls)	(mmbbls)	(mmcf)	(mmcf)	(mboe)
December 31, 2019	31,218	24,139	37,805	53,743	146,905	35,654	99,816	99,739	215,818
Extensions	(1,937)	1,291	244	696	294	908	(11,371)	5,283	187
Technical Revisions ⁽²⁾	(3,643)	(648)	(1,634)	(366)	(6,291)	(3,954)	(10,854)	(6,929)	(13,208)
Acquisitions	3	—	—	—	3	—	3	—	4
Dispositions	(92)	—	(4)	—	(96)	(4)	(348)	—	(158)
Economic Factors	139	(141)	(5,867)	(7,980)	(13,849)	157	9,531	(1,240)	(12,311)
Production	—	—	—	—	—	—	—	—	—
December 31, 2020	25,688	24,642	30,544	46,093	126,967	32,760	86,778	96,852	190,332

Proved Plus Probable Reserves – Gross Volumes ⁽¹⁾ (Forecast Prices)

	Light and Medium Oil	Tight Oil	Heavy Oil	Bitumen	Total Oil	Natural Gas Liquids ⁽³⁾	Conventional Natural Gas ⁽⁴⁾	Shale Gas	Total ⁽⁵⁾
	(mmbbls)	(mmbbls)	(mmbbls)	(mmbbls)	(mmbbls)	(mmbbls)	(mmcf)	(mmcf)	(mboe)
December 31, 2019	91,837	79,701	89,116	65,542	326,196	113,592	204,323	333,901	529,492
Extensions	903	2,909	404	3,723	7,939	2,449	1,565	9,320	12,202
Technical Revisions ⁽²⁾	(4,917)	1,132	827	(1,590)	(4,548)	(4,712)	(1,494)	296	(9,460)
Acquisitions	19	—	—	—	19	1	22	—	24
Dispositions	(107)	—	(8)	—	(116)	(4)	(386)	—	(184)
Economic Factors	(3,282)	(733)	(17,565)	(14,925)	(36,505)	(1,592)	(14,293)	(4,118)	(41,165)
Production	(6,698)	(5,052)	(6,818)	(920)	(19,488)	(4,499)	(15,066)	(16,213)	(29,200)
December 31, 2020	77,755	77,958	65,956	51,830	273,499	105,235	174,671	323,186	461,710

Notes:

- (1) "Gross" reserves means the total working interest share of remaining recoverable reserves owned by Baytex before deductions of royalties payable to others.
- (2) Positive and negative revisions in heavy oil, bitumen, light and medium oil and tight oil are due to variations in performance versus previous forecasts in our Viking, Eagle Ford, Peace River and Lloydminster assets. Technical revisions for conventional natural gas are a combination of performance revisions in our Deep Basin assets and performance revisions for solution gas (classified as conventional natural gas) from our light and heavy oil properties. Positive revisions for shale gas are attributed to improved performance in the Duvernay and Eagle Ford assets.
- (3) Natural gas liquids include condensate.

- (4) Conventional natural gas includes associated, non-associated and solution gas.
- (5) Oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. BOEs may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Future Development Costs

The following table sets forth future development costs deducted in the estimation of the future net revenue attributable to the reserves categories noted below.

Future Development Costs (\$ millions)	Proved Reserves	Proved Plus Probable Reserves
2021	276	283
2022	439	491
2023	477	560
2024	432	538
2025	420	580
Remainder	50	1,153
Total FDC undiscounted	2,094	3,606

F&D and FD&A Costs – including future development costs

Based on the evaluation of our petroleum and natural gas reserves prepared by McDaniel, the efficiency of our capital program is summarized in the following table.

millions except for per boe amounts	2020	2019	2018	3 Year
Proved plus Probable Reserves				
Finding & Development Costs				
Exploration and development expenditures	\$280.3	\$552.3	\$495.7	\$1,328.3
Net change in Future Development Costs	(\$705.9)	\$96.7	\$132.3	(\$476.8)
Gross Reserves additions (mmboe)	(38.4)	39.8	31.2	32.6
F&D Costs (\$/boe)	\$11.08	\$16.30	\$20.11	\$26.09
Finding, Development & Acquisition (“FD&A”) Costs				
Exploration and development expenditures and net acquisitions	\$280.2	\$554.5	\$2,099.6	\$2,934.2
Net change in Future Development Costs	(\$709.3)	\$79.9	\$1,064.5	\$435.1
Gross Reserves additions (mmboe)	(38.6)	38.6	123.9	123.9
FD&A Costs (\$/boe)	\$11.12	\$16.42	\$25.55	\$27.19
Proved Reserves				
Finding & Development Costs				
Exploration and development expenditures	\$280.3	\$552.3	\$495.7	\$1,328.3
Net change in Future Development Costs	(\$464.4)	(\$90.4)	\$117.4	(\$437.4)
Gross Reserves additions (mmboe)	(13.1)	35.8	17.5	40.2
F&D Costs (\$/boe)	\$14.06	\$12.92	\$35.05	\$22.18
Finding, Development & Acquisition Costs				
Exploration and development expenditures and net acquisitions	\$280.2	\$554.5	\$2,099.6	\$2,934.2
Net change in Future Development Costs	(\$464.4)	(\$107.2)	\$987.4	\$415.8
Gross Reserves additions (mmboe)	(13.1)	34.7	88.4	110.0
FD&A Costs (\$/boe)	\$14.07	\$12.88	\$34.91	\$30.44
Proved Developed Producing Reserves				
Finding & Development Costs				
Exploration and development expenditures	\$280.3	\$552.3	\$495.7	\$1,328.3
Gross Reserves additions (mmboe)	7.7	42.5	31.3	81.3
F&D Costs (\$/boe)	\$36.63	\$13.04	\$15.82	\$16.33
Finding, Development & Acquisition Costs				
Exploration and development expenditures and net acquisitions	\$280.2	\$554.5	\$2,099.6	\$2,934.2
Gross Reserves additions (mmboe)	7.6	42.5	63.7	113.9
FD&A Costs (\$/boe)	\$36.64	\$13.04	\$32.95	\$25.76

Reserves Life Index

The following table sets forth our reserves life index, which is calculated by dividing our proved and proved plus probable reserves at year-end 2020 by annualized Q4/2020 production.

	Q4/2020 Production	Reserves Life Index (years)	
		Proved	Proved Plus Probable
Crude Oil and NGL (bbl/d)	57,788	10.4	18.0
Natural Gas (mcf/d)	76,116	11.3	17.9
Oil Equivalent (boe/d)	70,475	10.5	17.9

Forecast Prices and Costs

The following table summarizes the forecast prices used in preparing the estimated reserves volumes and the net present values of future net revenues at December 31, 2020. The estimated future net revenue to be derived from the production of the reserves is based on the following average of the price forecasts of McDaniel, GLJ and Sproule as of January 1, 2020.

Year	WTI Crude Oil US\$/bbl	Edmonton Light Crude Oil \$/bbl	Western Canadian Select \$/bbl	Henry Hub US\$/MMBtu	AECO Spot \$/MMBtu	Inflation Rate %/Yr	Exchange Rate \$US/\$Cdn
2020 act.	39.20	45.00	35.35	2.05	2.25	0.2	0.745
2021	47.17	55.76	44.63	2.83	2.78	0.0	0.768
2022	50.17	59.89	48.18	2.87	2.70	1.3	0.765
2023	53.17	63.48	52.10	2.90	2.61	2.0	0.763
2024	54.97	65.76	54.10	2.96	2.65	2.0	0.763
2025	56.07	67.13	55.19	3.02	2.70	2.0	0.763
2026	57.19	68.53	56.29	3.08	2.76	2.0	0.763
2027	58.34	69.95	57.42	3.14	2.81	2.0	0.763
2028	59.50	71.40	58.57	3.20	2.87	2.0	0.763
2029	60.69	72.88	59.74	3.26	2.92	2.0	0.763
2030	61.91	74.34	60.93	3.33	2.98	2.0	0.763
Thereafter			Escalation rate of 2.0%			2.0	0.763

Net Present Value of Reserves ⁽¹⁾ (Forecast Prices and Costs)

The following table summarizes the McDaniel estimate of the net present value before income taxes of the future net revenue attributable to our reserves.

Reserves at December 31, 2020 (\$ millions, discounted at)	0%	5%	10%	15%
Proved developed producing	1,089	1,203	1,118	1,018
Proved developed non-producing	69	59	51	46
Proved undeveloped	2,221	1,443	972	671
Total proved	3,379	2,704	2,141	1,735
Probable	3,374	1,837	1,138	771
Total Proved Plus Probable (before tax)	6,753	4,542	3,279	2,505

Note:

(1) Includes abandonment, decommissioning and reclamation costs for all producing and nonproducing wells and facilities.

Net Asset Value (Forecast Prices and Costs)

Our estimated net asset value is based on the estimated net present value of all future net revenue from our reserves, before income taxes, as estimated by McDaniel at year-end, plus the estimated value of our undeveloped land holdings, less net debt. This calculation can vary significantly depending on the oil and natural gas price assumptions. In addition, this calculation does not consider "going concern" value and assumes only the reserves identified in the reserves reports with no further acquisitions or incremental development.

The following table sets forth our net asset value as at December 31, 2020.

(\$ millions, except per share amounts, discounted at)	5%	10%	15%
Net present value of proved plus probable reserves ⁽¹⁾	4,542	3,279	2,505
Undeveloped land holdings ⁽²⁾	130	130	130
Net Debt	(1,848)	(1,848)	(1,848)
Net Asset Value	2,824	1,561	787
Net Asset Value per Share ⁽³⁾	5.03	2.78	1.40

Notes:

- (1) Includes abandonment, decommissioning and reclamation costs for all producing and nonproducing wells and facilities.
- (2) The value of undeveloped land holdings generally represents the estimated replacement cost of our undeveloped land.
- (3) Based on 561.2 million common shares outstanding as at December 31, 2020.

Additional Information

Our audited consolidated financial statements for the year ended December 31, 2020 and the related Management's Discussion and Analysis of the operating and financial results can be accessed on our website at www.baytexenergy.com and will be available shortly through SEDAR at www.sedar.com and EDGAR at www.sec.gov/edgar.shtml.

Advisory Regarding Oil and Gas Information

The reserves information contained in this report has been prepared in accordance with NI 51-101. Complete NI 51-101 reserves disclosure will be included in our Annual Information Form for the year ended December 31, 2020, which will be filed on or before March 31, 2021. Listed below are cautionary statements that are specifically required by NI 51-101:

- The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one boe (6 mcf/bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.
- With respect to finding and development costs, the aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.
- This report contains estimates of the net present value of our future net revenue from our reserves. Such amounts do not represent the fair market value of our reserves.

Throughout this report, "oil and NGL" refers to heavy oil, bitumen, light and medium oil, tight oil, condensate and natural gas liquids ("NGL") product types as defined by NI 51-101. The following table shows Baytex's disaggregated production volumes for the three and twelve months ended December 31, 2020. The NI 51-101 product types are included as follows: "Heavy Oil" - heavy oil and bitumen, "Light and Medium Oil" - light and medium oil, tight oil and condensate, "NGL" - natural gas liquids and "Natural Gas" - shale gas and conventional natural gas.

	Three Months Ended December 31, 2020					Twelve Months Ended December 31, 2020				
	Heavy Oil (bbl/d)	Light and Medium Oil (bbl/d)	NGL (bbl/d)	Natural Gas (Mcf/d)	Oil Equivalent (boe/d)	Heavy Oil (bbl/d)	Light and Medium Oil (bbl/d)	NGL (bbl/d)	Natural Gas (Mcf/d)	Oil Equivalent (boe/d)
Canada – Heavy										
Peace River	10,918	9	14	13,295	13,157	9,853	7	12	11,630	11,810
Lloydminster	10,807	8	—	1,541	11,072	11,289	12	—	1,346	11,525
Canada - Light										
Viking	—	13,524	127	10,044	15,326	—	17,658	113	11,058	19,614
Duvernay	—	1,138	572	1,929	2,031	—	803	432	1,634	1,507
Remaining Properties	—	533	651	15,309	3,736	—	623	668	17,131	4,147
United States										
Eagle Ford	—	14,356	5,131	33,999	25,154	—	17,953	6,116	42,665	31,179
Total	21,725	29,568	6,495	76,116	70,475	21,142	37,056	7,340	85,463	79,781

This report discloses per boe 30-day initial production volumes for two wells drilled in the Pembina Duvernay. The disaggregated 30-day initial production volumes for the 10-16 well were 885 bbl/d Light and Medium Oil, 279 bbl/d NGL and 750 Mcf/d Natural Gas and for the 11-16 well were 601 bbl/d Light and Medium Oil, 195 bbl/d NGL and 522 Mcf/d Natural Gas.

This report contains metrics commonly used in the oil and natural gas industry, such as "finding and development costs", "finding, development and acquisition costs", "net asset value", and "reserves life index." These terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Such metrics have been included in this report to provide readers with additional measures to evaluate Baytex's performance, however, such measures are not reliable indicators of Baytex's future performance and future performance may not compare to Baytex's performance in previous periods and therefore such metrics should not be unduly relied upon.

Finding and development costs are calculated on a per boe basis by dividing the aggregate of the change in future development costs from the prior year for the particular reserve category and the costs incurred on exploration and development activities in the year by the change in reserves from the prior year for the reserve category.

Finding, development and acquisition costs are calculated on a per boe basis by dividing the aggregate of the change in future development costs from the prior year for the particular reserve category and the costs incurred on development and exploration activities and property acquisitions (net of dispositions) in the year by the change in reserves from the year for the reserve category

Net asset value has been calculated based on the estimated net present value of all future net revenue from our reserves, before income taxes, as estimated by McDaniel effective December 31, 2020, plus the estimated value of our undeveloped land holdings, less net debt.

Reserve life index means the reserves for the particular reserve category divided by annualized 2020 fourth quarter production.

Notice to United States Readers

The petroleum and natural gas reserves contained in this report have generally been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States or other foreign disclosure standards. For example, the United States Securities and Exchange Commission (the "SEC") requires oil and gas issuers, in their filings with the SEC, to disclose only "proved reserves", but permits the optional disclosure of "probable reserves" (each as defined in SEC rules). Canadian securities laws require oil and gas issuers disclose their reserves in accordance with NI 51-101, which requires disclosure of not only "proved reserves" but also "probable reserves". Additionally, NI 51-101 defines "proved reserves" and "probable reserves" differently from the SEC rules. Accordingly, proved and probable reserves disclosed in this report may not be comparable to United States standards. Probable reserves are higher risk and are generally believed to be less likely to be accurately estimated or recovered than proved reserves.

In addition, under Canadian disclosure requirements and industry practice, reserves and production are reported using gross volumes, which are volumes prior to deduction of royalty and similar payments. The SEC rules require reserves and production to be presented using net volumes, after deduction of applicable royalties and similar payments.

Moreover, Baytex has determined and disclosed estimated future net revenue from its reserves using forecast prices and costs, whereas the SEC rules require that reserves be estimated using a 12-month average price, calculated as the arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period. As a consequence of the foregoing, Baytex's reserve estimates and production volumes in this report may not be comparable to those made by companies utilizing United States reporting and disclosure standards.

Baytex Energy Corp.

Baytex Energy Corp. is an oil and gas corporation based in Calgary, Alberta. The company is engaged in the acquisition, development and production of crude oil and natural gas in the Western Canadian Sedimentary Basin and in the Eagle Ford in the United States. Approximately 81% of Baytex's production is weighted toward crude oil and natural gas liquids. Baytex's common shares trade on the Toronto Stock Exchange under the symbol BTE.

For further information about Baytex, please visit our website at www.baytexenergy.com or contact:

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