

BAYTEX ENERGY CORP.

AUDIT COMMITTEE

MANDATE AND TERMS OF REFERENCE

Role and Objective

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of Baytex Energy Corp. (the "Corporation") to which the Board has delegated certain of its responsibilities. The primary responsibility of the Committee is to review the interim and annual financial statements of the Corporation and to recommend their approval or otherwise to the Board. The Committee is also responsible for reviewing and recommending to the Board the appointment and compensation of the external auditors of the Corporation, overseeing the work of the external auditors, including the nature and scope of the audit of the annual financial statements of the Corporation, pre-approving services to be provided by the external auditors and reviewing the assessments prepared by management and the external auditors on the effectiveness of the Corporation's internal controls over financial reporting.

The objectives of the Committee are to:

1. assist directors in meeting their responsibilities in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. facilitate communication between directors and the external auditors;
3. enhance the external auditors' independence;
4. increase the credibility and objectivity of financial reports; and
5. strengthen the role of the independent directors by facilitating in depth discussions between the Committee, management and the external auditors.

Membership of the Committee

1. The Committee shall be comprised of not less than three members all of whom are "independent" directors and "financially literate" (within the meaning of National Instrument 52-110 "Audit Committees"). The members of the Committee shall be appointed by the Board from time to time.
2. The Board shall appoint a Chair of the Committee, who shall be an independent director.
3. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the next annual meeting of shareholders of the Corporation following appointment as a member of the Committee.

Mandate and Responsibilities of the Committee

1. It is the responsibility of the Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial

reporting and the planning and staffing of the audit by the external auditor. The external auditors shall report directly to the Committee.

2. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to the Corporation's internal control systems by:
 - (a) identifying, monitoring and mitigating business risks; and
 - (b) ensuring compliance with legal, ethical and regulatory requirements.
3. It is a primary responsibility of the Committee to review with management and the external auditor the interim and annual financial statements of the Corporation prior to their submission to the Board for approval. The review process should include, without limitation:
 - (a) Reviewing the critical accounting policies and changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
 - (b) reviewing significant management judgments, estimates and assumptions that affect the application of accounting policies and their reported amounts;
 - (c) reviewing accounting treatment of unusual or non-recurring transactions;
 - (d) ascertaining compliance with covenants under loan agreements;
 - (e) reviewing disclosure requirements for commitments and contingencies;
 - (f) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - (g) reviewing unresolved differences between management and the external auditors;
 - (h) reviewing Non-GAAP financial disclosures;
 - (i) obtaining explanations of significant variances with comparative reporting periods; and
 - (j) determining through inquiry if there are any related party transactions and ensuring that the nature and extent of such transactions are properly disclosed.
4. The Committee is to review all public disclosure of audited or unaudited financial information by the Corporation before its release (and, if applicable, prior to its submission to the Board for approval), including the interim and annual financial statements of the Corporation, management's discussion and analysis of results of operations and financial condition, press releases and the annual information form. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of financial information and shall periodically assess the accuracy of those procedures.
5. With respect to the external auditors of the Corporation, the Committee shall:
 - (a) recommend to the Board the appointment of the external auditors, including the terms of their engagement for the integrated audit;

- (b) review and approve any other services to be provided by the external auditors (including the fee for such services);
 - (c) when there is to be a change in the external auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
 - (d) at least annually, review the qualifications, performance and independence of the external auditor including a) review the experience and qualifications of the senior members of the external auditor's team; b) confirm with the external auditor that it is in compliance with applicable legal, regulatory and professional standards relating to auditor independence; c) review annual reports from the external auditor regarding its independence and consider whether there are any non-audit services or relationships that may affect the objectivity and independence of the external auditor and, if so, recommend to the Board of Directors of the Company take appropriate action to satisfy itself of the independence of the external auditor; and obtain and review such reports from the external auditor as may be required by applicable legal and regulatory requirements; and
 - (e) review with the external auditor any problems or difficulties the external auditor may have encountered during the provision of its audit-related services, including any restrictions on the scope of activities or access to the requested information and any significant disagreements with management.
6. Review with the external auditors (and the internal auditor if one is appointed by the Corporation) their assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for the audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.
7. The Committee must pre-approve all services to be provided to the Corporation or its subsidiaries by the external auditors. In pre-approving any service, the Committee shall consider the impact that the provision of such service may have on the external auditors' independence. The Committee may delegate to one or more of its members the authority to pre-approve services, provided that the member report to the Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Committee from time to time.
8. The Committee shall review the risk management policies and procedures of the Corporation used to identify, manage and control the principle business risks facing the Corporation which is to include reviewing with management:
- (a) foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments and compliance with the Corporation's Hedging Instruments Risk Management Policy;
 - (b) the insurance coverages maintained by the Corporation;
 - (c) any legal claims or other contingency, including tax assessments that could have a material effect on the financial position or operation results of the Corporation; and

- (d) the adequacy of the security measures that are in place in respect of the Corporation's information systems and the information technology utilized by the Corporation.
- 9. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Corporation and its subsidiary entities of concerns regarding questionable accounting or auditing matters.
- 10. The Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation.
- 11. The Committee shall have the authority to investigate any financial activity of the Corporation. All employees of the Corporation and its subsidiary entities are to cooperate as requested by the Committee.
- 12. The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board.
- 13. The Committee shall meet with the external auditors at least four times per year (in connection with their review of the interim and annual financial statements) and at such other times as the external auditors and the Committee consider appropriate.

Meetings and Administrative Matters

- 1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.
- 2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present a Chair for purposes of the meeting.
- 3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
- 4. Meetings of the Committee should be scheduled to take place at least four times per year and at such other times as the Chair may determine.
- 5. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
- 6. The Committee may invite those officers, directors and employees of the Corporation and its subsidiary entities as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee, provided that the Chief Financial Officer of the Corporation shall attend all meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair of the meeting.
- 7. Minutes of the Committee's meetings will be recorded and maintained and made available to any director who is not a member of the Committee upon request.

8. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
9. Any issues arising from the Committee's meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board or the Lead Independent Director, as applicable, by the Committee Chair.
10. At least annually, the Committee shall, in a manner it determines to be appropriate, review and assess the adequacy of its mandate and recommend to the Board of Directors any improvements to this mandate that the Committee determines to be appropriate.

Approved by the Board of Directors on April 29, 2021