

Part II Organizational Action (continued)


17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached.

18 Can any resulting loss be recognized? ▶ See attached.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached.

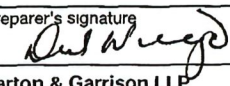
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

Signature ▶  Date ▶ Sept 26/18

Print your name ▶ Rodney D. Gray Title ▶ EVP and CFO

Paid Preparer Use Only

Print/Type preparer's name <u>David W. Mayo</u>	Preparer's signature 	Date <u>9/26/18</u>	Check <input type="checkbox"/> if self-employed	PTIN <u>P01451595</u>
Firm's name ▶ <u>Paul, Weiss, Rifkind, Wharton & Garrison LLP</u>			Firm's EIN ▶	<u>13-1662105</u>
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Baytex Energy Corp.
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders.

Part II

14 – Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

Baytex Energy Corp. ("Baytex") and Raging River Exploration Inc. ("Raging River") entered into a Plan of Arrangement (the "Arrangement") pursuant to which Baytex would acquire Raging River shares by way of an acquisition under the provision of the Business Corporation Act (Alberta) ("ABCA"). The Arrangement was effected on August 22, 2018. Pursuant to the Arrangement, each Raging River shareholder that exercised its dissent rights under the ABCA would have received the right to be paid fair value from Baytex in exchange for each Raging River share then held by such shareholder. No shareholder exercised its dissent rights. Further, each Raging River shareholder that made an election in a shareholder letter of transmittal received 1.36 Baytex shares from Baytex in exchange for each Raging River share then held by such shareholder. Raging River shareholders who did not exercise their dissent rights or make an election received a non-interest bearing note (a "Subco Note") from 2099011 Alberta Ltd., a wholly-owned subsidiary of Raging River ("Subco"), in exchange for each Raging River share then held by such shareholder, and subsequently received 1.36 Baytex shares from Baytex in exchange for each Subco Note then held. Immediately following the exchanges just described and in the following order, Baytex purchased all Subco shares held by Raging River for \$100, Raging River and a direct, wholly-owned subsidiary of Baytex amalgamated, then Baytex and Subco amalgamated to form a single corporate entity. For U.S. federal income tax purposes, Baytex should be considered the surviving entity.

15 – Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

The exchanges and amalgamations should be treated as a transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986 (the "Code").

In general, the tax basis of Baytex shares received by a U.S. holder pursuant to an exchange will be the same as the tax basis in the Raging River shares relinquished by the U.S. holder.

16 – Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

If the Arrangement qualifies as a reorganization under Section 368(a) of the Code, the aggregate tax basis of Baytex shares received by a U.S. holder pursuant to an exchange should equal the aggregate tax basis in the Raging River shares relinquished by the U.S. holder.

17 – List the applicable Internal Revenue Code section(s) upon which the tax treatment is based.

Baytex believes that the Arrangement should be treated as a single, integrated transaction for U.S. federal income tax purposes that should qualify as a reorganization within the meaning of Code Section 368(a). Consequently, the U.S. federal income tax consequences to the former Raging River shareholder should be determined under Code Sections 354, 356, 358, 1001 and 1221.

18 – Can any resulting loss be recognized?

If the Arrangement qualifies as a reorganization under Section 368(a) of the Code, then each former Raging Rivers shareholder that received Baytex shares should not be permitted to recognize any loss.

19 – Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The exchange and amalgamation described herein occurred on August 22, 2018. In general, any gain recognized should be reported by shareholders the taxable year that includes August 22, 2018 (e.g., a calendar year shareholder would report the transaction on his or her U.S. federal income tax return filed for the 2018 calendar year).