



FREQUENTLY ASKED QUESTIONS – DIVIDEND REINVESTMENT PLAN

1. What is the Dividend Reinvestment Plan?

The Dividend Reinvestment Plan (the "DRIP") provides a convenient and cost-effective method for eligible holders ("Shareholders") to maximize their investment in Baytex Energy Corp. ("Baytex") by reinvesting their monthly cash dividends to acquire additional common shares ("Shares"). At the discretion of Baytex, Shares will either be issued from treasury or acquired in the open market at prevailing market prices. Pursuant to the terms of the DRIP, Shares issued from treasury are currently issued at a five percent discount to the Average Market Price (as defined below in FAQ #5). Baytex reserves the right at any time to change or eliminate the discount on Shares acquired from treasury. The DRIP is administered by the plan agent, Valiant Trust Company ("Valiant").

Shareholders are not required to participate in the DRIP. A Shareholder who does not participate will continue to receive monthly cash dividends on their Shares in the normal manner.

2. Who is eligible to participate in the DRIP?

Except as otherwise noted, Shareholders holding at least one Share who are resident in Canada or the United States may participate in the DRIP.

3. How do I enroll in the DRIP?

The process for enrolling in the DRIP is dependent on whether you are a beneficial or registered Shareholder.

Beneficial Shareholders

Shareholders who hold their Shares through a broker, investment dealer, financial institution or other nominee (commonly referred to as beneficial shareholders) can contact the party holding their Shares to request that their shares be enrolled in the DRIP. Beneficial Shareholders should also be aware that (i) certain brokers, investment dealers, financial institutions or other nominees may not allow participation in the DRIP and (ii) certain brokers and investment dealers may reinvest dividends received by their clients by purchasing additional Shares in the open market at prevailing market prices (in which case such clients would not receive the discount offered under the DRIP for Shares acquired from treasury). Alternatively, a beneficial Shareholder may transfer their Shares into their own name and then enroll in the DRIP directly (as a registered shareholder). Neither Baytex nor Valiant is responsible for monitoring or advising which brokers, investment dealers, financial institutions or other nominees allow participation in the DRIP.

Beneficial owners of Shares wishing to enroll in the Plan should contact their broker, investment dealer, financial institution or other nominee to provide instructions regarding their participation in the Plan and to inquire about any applicable deadlines that the nominee may impose or be subject to.

Registered Shareholders

Shareholders who hold a physical share certificate to evidence their ownership of Shares (commonly referred to as registered shareholders) can enroll in the DRIP by delivering a completed authorization form to Valiant. Registered Shareholders must submit a completed authorization form to Valiant by 3:00 p.m. (Calgary time) on the business day immediately preceding a dividend record date in order for the cash dividend to which such record date relates to be reinvested under the DRIP.

Once a registered or beneficial Shareholder has enrolled, participation continues automatically unless terminated by the Shareholder in accordance with the terms of the DRIP. Baytex reserves the right to amend, suspend or terminate the DRIP at any time, but such action shall have no retroactive effect that would prejudice the interests of the participants.

4. How do my dividends get reinvested?

On each dividend payment date, Baytex will pay to Valiant all cash dividends made on your Shares which are enrolled in the DRIP. Valiant will use those funds to acquire additional Shares, which, at the discretion of Baytex, will either be issued from treasury or acquired in the open market at prevailing market prices.

For beneficial Shareholders, the number of additional shares acquired under the DRIP will be credited to the account maintained for you by your broker, investment dealer, financial institution or other nominee.

For registered Shareholders, Valiant will maintain an account for you that will be credited with the number of additional Shares acquired under the DRIP (including fractions computed to four decimal places).

5. What will be the price of the Shares purchased and how is the price determined?

At the discretion of Baytex, Shares will either be issued from treasury or acquired in the open market at prevailing market prices.

Shares issued from treasury are currently issued at a five percent discount to the arithmetic average of the daily volume weighted average trading prices of the Shares on the Toronto Stock Exchange (in respect of participants resident in Canada or any jurisdiction other than the United States) or the New York Stock Exchange (in respect of participants resident in the United States) for the period commencing on the second business day after the dividend record date and ending on the second business day immediately prior to the dividend payment date (the "Average Market Price"). Pursuant to the terms of the DRIP, Baytex reserves the right at any time to change or eliminate the discount on Shares acquired from treasury.

6. Are there any costs associated with the plan?

The DRIP provides a convenient and cost-effective way for Shareholders to increase their investment in Baytex without having to incur additional costs. All administrative costs of the DRIP, including the fees and expenses of Valiant, will be borne by Baytex. However, Shareholders who enroll in the DRIP through a broker, investment dealer, financial institution or other nominee may be subject to fees in accordance with their agreement with their nominee. In addition, Shareholders who wish to sell the Shares acquired under the DRIP will incur customary brokerage fees on such sale.

7. What are the tax consequences of participating in the DRIP?

Participation in the DRIP does not relieve Shareholders of any liability for taxes that may be payable in respect of cash dividends that are reinvested in Shares.

In the case of U.S. participants who are entitled to the benefits of the Canada-United States Income Tax Convention (1980), a 15 percent Canadian withholding tax will apply on all dividends received unless the Shares are held in a tax-exempt account by a U.S. participant who is a registered Shareholder and has applied to the Canada Revenue Agency for and received tax-exempt status and provided proof of their tax-exempt status to Valiant. For more information on applying for tax-exempt status, see the FAQs on our website under the "About Baytex" section.

For U.S. participants who are beneficial Shareholders and hold their Shares in a tax-exempt account, a refund of the 15% Canadian withholding tax can be obtained by completing Form NR7-R "Application for Refund of Part XIII Tax Withheld" and filing the form with Copy 3 of the NR4 supplementary at each calendar year end. The Form NR7-R has to be filed with the Canada Revenue Agency no later than two years from the end of the calendar year in which the withholding tax was remitted. For more information on applying for a refund of Canadian withholding tax, see the FAQs on our website under the "About Baytex" section.

All Shareholders should consult their own tax advisors concerning the implications of participation in the DRIP with regards to their own particular circumstances.

8. Can I enroll in the DRIP if my Shares are in an RRSP, IRA or other tax-exempt account?

Generally, any account that can be used to purchase Shares can be enrolled in the DRIP.

Beneficial Shareholders should be aware that (i) certain brokers, investment dealers, financial institutions or other nominees may not allow participation in the DRIP and (ii) certain brokers and investment dealers may reinvest dividends received by their clients by purchasing additional Shares in the open market at prevailing market prices (in which case such clients would not receive the discount offered under the DRIP for Shares acquired from treasury). Alternatively, a beneficial Shareholder may transfer their Shares into their own name and then enroll in the DRIP directly (as a registered shareholder).

9. Can I get a certificate for my new Shares?

For beneficial Shareholders, the additional shares acquired under the DRIP will be maintained in the account with your broker, investment dealer, financial institution or other nominee. You will need to contact your broker, investment dealer, financial institution or other nominee to request a share certificate.

For registered Shareholders, the additional Shares acquired under the DRIP will be maintained in an account at Valiant. Valiant will not issue a share certificate unless specifically requested in writing.

10. How do I terminate my participation?

Beneficial Shareholders will need to contact their broker, investment dealer, financial institution or other nominee to terminate their participation. Registered Shareholders may terminate their participation in the DRIP by delivering to Valiant a signed written notice of termination.

11. Do I get a statement?

Beneficial Shareholders participating in the DRIP should receive details of the purchase of Shares made for their account under the DRIP from their broker, investment dealer, financial institution or other nominee. The frequency and nature of such reporting will depend on their agreement with their nominee.

Registered Shareholders participating in the DRIP will receive a quarterly account statement from Valiant detailing the purchases of Shares made for their account under the DRIP. Valiant will also send annually to Registered Shareholders participating in the DRIP certain forms for tax reporting purposes.

12. Can I sell my Shares at any time?

Beneficial Shareholders

Shares purchased through the DRIP for a beneficial Shareholder will be held in the account maintained by their broker, investment dealer, financial institution or other nominee. Beneficial Shareholders wishing to sell, pledge or otherwise transfer all or part of such Shares should contact their broker, investment dealer, financial institution or other nominee. Beneficial Shareholders who wish to sell the Shares acquired under the DRIP will incur customary brokerage fees on such sale.

Registered Shareholders

Generally, Shares purchased through the DRIP will be held for participants by Valiant and reported on their statement of account. Participants who wish to sell, pledge or otherwise transfer all or part of such Shares or who otherwise wish to have them registered in their names, but do not wish to terminate their participation in the DRIP, may do so by delivering to Valiant a signed written notice. If the written notice is not received by Valiant at least five business days before a record date, it will not be processed until after the next investment has been completed.

13. Where can I get the authorization form?

Registered shareholders can access a copy of the authorization form on our website at www.baytex.ab.ca, on Valiant's website at www.valianttrust.com or by contacting Valiant at 1-866-313-1872.

14. Who can I contact with further questions?

Shareholders may contact Valiant (see contact information below) or Baytex investor relations at 1-800-524-5521.

Beneficial Shareholders can also contact their broker, investment dealer, financial institution or other nominee.

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