

BAYTEX ENERGY CORP.
Form F-10/A
February 10, 2014

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As filed with the Securities and Exchange Commission on February 7, 2014

Registration No. 333-193789

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

AMENDMENT NO. 1 TO
FORM F-10
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

BAYTEX ENERGY CORP.

(Exact name of registrant as specified in its charter)

Alberta, Canada

(Province or other jurisdiction of incorporation or organization)

1381

(Primary Standard Industrial Classification Code Number, if applicable)

Not applicable

(I.R.S. Employer Identification No., if applicable)

**2800, 520 3rd Avenue S.W.
Calgary, Alberta, Canada, T2P 0R3
Tel: 587-952-3000**

(Address and telephone number of Registrant's principal executive offices)

**Baytex Energy USA Ltd.
600 17th St., Suite 1600 S.
Denver, CO 80202
Tel: 303-825-2777**

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

Province of Alberta, Canada

(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box below):

- A. upon filing with the Commission pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).
- B. at some future date (check the appropriate box below):
1. pursuant to Rule 467(b) on () at () (designate a time not sooner than 7 calendar days after filing).
 2. pursuant to Rule 467(b) on () at () (designate a time 7 calendar days or sooner after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on ().
 3. pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the Registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.
 4. after the filing of the next amendment to this Form (if preliminary material is being filed).

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registration statement shall become effective as provided in Rule 467 under the Securities Act of 1933 or on such date as the Commission, acting pursuant to Section 8(a) of the Act, may determine.

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A copy of this amended and restated preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This short form prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State of the United States of America in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference into this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Baytex Energy Corp. at Suite 2800, Centennial Place, East Tower, 520 - 3rd Avenue S.W., Calgary, Alberta, Canada, T2P 0R3, Telephone (587) 952-3000 and are also available electronically at www.sedar.com.

AMENDED AND RESTATED PRELIMINARY SHORT FORM PROSPECTUS DATED FEBRUARY 7, 2014 AMENDING AND RESTATING THE PRELIMINARY SHORT FORM PROSPECTUS DATED FEBRUARY 6, 2014

New Issue

February 7, 2014

\$1,300,038,000
33,420,000 Subscription Receipts each
representing the right to receive one Common Share

\$38.90 per Subscription Receipt

We are hereby qualifying for distribution 33,420,000 subscription receipts (the "**Subscription Receipts**") at a price of \$38.90 per Subscription Receipt (the "**Offering**"). Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action on the part of such holder, one common share ("**Common Share**") in our capital (an "**Underlying Common Share**") upon closing of the Acquisition (as defined herein).

The terms of the Offering, including the offering price for the Subscription Receipts, were determined by negotiation between us and Scotia Capital Inc. ("**Scotia**") and RBC Dominion Securities Inc. ("**RBC**") (collectively, the "**Co-Lead Underwriters**") and on behalf of CIBC World Markets Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Barclays Capital Canada Inc., Desjardins Securities Inc., Merrill Lynch Canada Inc., AltaCorp Capital Inc., Canaccord Genuity Corp., Credit Suisse Securities (Canada) Inc., Macquarie Capital Markets Canada Ltd., Peters & Co. Limited, FirstEnergy Capital Corp., Cormark Securities Inc. and Raymond James Ltd. (collectively, the "**Underwriters**"). See "*Plan of Distribution*".

The gross proceeds from the sale of the Subscription Receipts (the "**Escrowed Funds**") will be held by Valiant Trust Company, as escrow agent (the "**Escrow Agent**"), and invested in short-term obligations of, or guaranteed by, the Government of Canada (or other approved investments). Upon satisfaction of the Escrow Condition (as defined herein) on or before 5:00 p.m. (Calgary time) on June 30, 2014, the Escrowed Funds and the interest earned thereon (less any amounts required to pay the Dividend Equivalent Amount (as defined herein) upon the issuance of the Underlying Common Shares, if applicable) will be released to us to enable us to convert these funds to Australian dollars and complete the Acquisition. On the closing of the Acquisition, each holder of Subscription Receipts will receive one Underlying Common Share for each Subscription Receipt held, without payment of additional consideration or further action on the part of such holder, and such holder will also be

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entitled to receive the Dividend Equivalent Amount, being an amount per Subscription Receipt equal to the amount per Common Share of any cash dividends for which record date(s) have occurred during the period commencing on the closing of the Offering through the date immediately preceding the date the Underlying Common Shares are issued pursuant to the Subscription Receipts. See "*Details of the Offering*".

On February 6, 2014, we entered into an agreement to acquire, through a scheme of arrangement under Australian law, all of the fully diluted shares of Aurora Oil & Gas Limited (TSX: AEF, ASX: AUT) ("Aurora") for total consideration of approximately \$1.8 billion, plus assumed debt of approximately \$744 million, for a total transaction value of approximately \$2.6 billion (the "**Acquisition**"), as described in more detail under "*Recent Developments The Acquisition*" and "*About Aurora*".

We will utilize the Escrowed Funds to pay a portion of the purchase price for the Acquisition. If: (i) the Acquisition is not completed by June 30, 2014; (ii) the Implementation Agreement (as defined herein) is terminated in accordance with its terms at any earlier time; or (iii) we have advised the Underwriters or announced to the public that we do not intend to proceed with the Acquisition (the time of occurrence of any such event being the "**Termination Time**"), holders of Subscription Receipts shall receive an amount equal to the full subscription price attributable to the Subscription Receipts and their *pro rata* entitlement to interest accrued on such amount up to and including the Termination Time. See "*Details of the Offering*".

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Further particulars concerning the attributes of the Subscription Receipts are set out under "*Details of the Offering*" and further particulars concerning the attributes of the Common Shares are set out under "*Description of Common Shares*".

	Price to the Public ⁽¹⁾	Underwriters' Fee ⁽²⁾	Net Proceeds to the Corporation ⁽³⁾
Per Subscription Receipt	\$ 38.90	\$ 1.556	\$ 37.344
Total ⁽⁴⁾	\$ 1,300,038,000	\$ 52,001,520	\$ 1,248,036,480

Notes:

- (1) All dollar amounts in this short form prospectus are expressed in Canadian dollars, except where otherwise indicated.
- (2) The fee payable to the Underwriters is 4.0% of the gross proceeds of the Offering (the "**Underwriters' Fee**"). The Underwriters' Fee in respect of the Subscription Receipts is payable as to 50% upon the closing of the Offering and 50% upon the closing of the Acquisition. If closing of the Acquisition has not occurred by June 30, 2014, the Underwriters' Fee will be reduced to the amount payable upon closing of the Offering. See "*Details of the Offering*" and "*Plan of Distribution*".
- (3) Excluding interest accrued, if any, on the Escrowed Funds, and before deducting expenses of the Offering, estimated to be \$3 million (exclusive of GST), which will be deducted from our general funds.
- (4) We have granted to the Underwriters an option (the "**Over-allotment Option**") to purchase up to an additional 5,013,000 Subscription Receipts at a price of \$38.90 per Subscription Receipt on the same terms and conditions as the Offering, exercisable from time to time, in whole or in part, for a period commencing at closing of the Offering and ending on the earlier of: (i) 30 days following closing of the Offering; and (ii) the Termination Time, to cover over-allotments, if any, and for market stabilization purposes. A purchaser who acquires Subscription Receipts forming part of the Underwriters' over-allocation position acquires those Subscription Receipts under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-allotment Option or secondary market purchases. If the Over-allotment Option is exercised in full, the total gross proceeds of the Offering, the Underwriters' Fee and the net proceeds to us (before deducting expenses of the Offering) will be \$1,495,043,700, \$59,801,748 and \$1,435,241,952, respectively. This short form prospectus also qualifies the distribution of the Subscription Receipts issuable upon exercise of the Over-allotment Option. See "*Plan of Distribution*" and the table below.

The following table sets forth the number of Subscription Receipts that may be offered by us pursuant to the Over-allotment Option.

Underwriters' Position	Maximum size or number of securities held	Exercise period	Exercise price
Over-allotment Option	5,013,000 Subscription Receipts	Commencing at closing of the Offering and ending on the earlier of: (i) 30 days following closing of the Offering; and (ii) the Termination Time	\$38.90 per Subscription Receipt

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SUBSCRIPTION RECEIPTS NOR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS SHORT FORM PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Your ability to enforce civil liabilities under United States federal securities laws may be affected adversely by the fact that we are formed under the laws of the Province of Alberta, that some of our officers and directors are residents of Canada or otherwise reside outside of the United States, that some or all of the Underwriters and experts named in this short form prospectus may be residents of Canada or otherwise reside outside of the United States, and that a substantial portion of our assets and the assets of said persons may be located outside the United States.

Mary Ellen Peters, one of our directors, resides outside of Canada. Ms. Peters has appointed Burnet, Duckworth & Palmer LLP, Suite 2400, 525 - 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1G1, as her agent for service of process. In addition, all or some of the designated professionals of BDO Audit (WA) Pty Ltd., Aurora's external auditor and Ryder Scott Company, L.P., Aurora's independent qualified reserves evaluator are incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or reside outside of Canada. BDO Audit (WA) Pty Ltd. has appointed BDO Canada LLP, Suite 600, 36 Toronto Street, Toronto, Ontario M5C 2C5 as its agent for service of process. Ryder Scott Company, L.P. has appointed Ryder Scott Canada at Suite 600, 1015 4th St. S.W., Calgary, Alberta, Canada T2R 1J4 as its agent for service of process. It may not be possible for you to enforce judgments obtained in Canada against a person that resides outside of Canada, even if the party has appointed an agent for service of process. See "*Enforcement of Judgments Against Foreign Persons or Companies*".

We are permitted, under the multi-jurisdictional disclosure system adopted by the United States and Canada, to prepare this short form prospectus in accordance with the disclosure requirements of Canada. Prospective investors should be aware that such requirements are different from those of the United States. Our financial statements included or incorporated by reference in this short form prospectus have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") (which, since January 1, 2011, have been consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board) and are subject to Canadian auditing and auditor independence standards. Aurora's historical financial statements contained in this short form prospectus have been prepared in accordance with Australian Accounting

Standards ("AAS"), which include Australian equivalents to IFRS. Compliance with AAS ensures compliance with IFRS as issued by the International Accounting Standards Board. Canadian GAAP and AAS differs from generally accepted accounting principles in the United States ("U.S. GAAP"). Thus, these financial statements may not be comparable to financial statements of United States companies.

Data on oil and gas reserves contained in or incorporated by reference into this short form prospectus has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards. See "*Presentation of Financial and Oil and Gas Information*".

Prospective investors should be aware that the acquisition of the Subscription Receipts described herein may have tax consequences both in the United States and Canada. Such consequences may not be fully described herein. See "*Certain Canadian Federal Income Tax Considerations*" and "*Certain United States Federal Income Tax Considerations*".

Our outstanding Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") and the New York Stock Exchange ("NYSE") under the trading symbol "BTE". On February 5, 2014, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$41.16 per Common Share and the closing price of the Common Shares on the NYSE was U.S.\$37.16 per Common Share.

The Underwriters, as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued by us and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein). The Offering is subject to the approval of certain legal matters relating to Canadian law on our behalf by Burnet, Duckworth & Palmer LLP, Calgary, Alberta and on behalf of the Underwriters by McCarthy Tétrault LLP, Calgary, Alberta and to the approval of certain legal matters relating to United States law on our behalf by Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York, New York and on behalf of the Underwriters by Vinson & Elkins LLP, Houston, Texas.

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing of the Offering is anticipated to occur on or about February 24, 2014 or such other date as may be agreed upon by us and the Underwriters (the "**Closing Date**"), but in any event not later than March 28, 2014. Except in certain limited circumstances: (i) Subscription Receipts and Underlying Common Shares will be registered and represented electronically through the non-certificated inventory of CDS Clearing and Depository Services Inc. ("**CDS**"); (ii) no certificates evidencing the Subscription Receipts and Underlying Common Shares will be issued; and (iii) purchasers of Subscription Receipts will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts is purchased. See "*Plan of Distribution*".

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail on the open market in accordance with applicable market stabilization rules. Such transactions, if commenced, may be discontinued at any time. **The Underwriters propose to offer the Subscription Receipts initially at the offering price specified above. After a reasonable effort has been made to sell all the Subscription Receipts at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Subscription Receipts remaining unsold. Any such reduction will not affect the proceeds received by us.** See "*Plan of Distribution*".

Scotia is a wholly-owned subsidiary of a Canadian chartered bank which has agreed to fully underwrite and commit to provide us with new senior secured credit facilities which will replace the Credit Facilities (as defined under the heading "*Consolidated Capitalization*") in connection with the Acquisition. Each of Scotia, RBC, CIBC World Markets Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Barclays Capital Canada Inc., Desjardins Securities Inc., Merrill Lynch Canada Inc., Credit Suisse Securities (Canada) Inc. and FirstEnergy Capital Corp. are subsidiaries or affiliates of lenders to our subsidiary, Baytex Energy Ltd. ("**Baytex Energy**") pursuant to the Credit Facilities. Scotia has also provided financial advice to us in connection with the Acquisition. Consequently, we may be considered to be a connected issuer to each of these Underwriters for the purposes of securities regulations in certain provinces. See "*Relationship between Us and the Underwriters*" and "*Use of Proceeds*".

There is currently no market through which the Subscription Receipts may be sold and there is no guarantee that an active trading market will develop. Accordingly, purchasers may not be able to resell the Subscription Receipts distributed under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and the availability of trading prices and the liquidity of the Subscription Receipts. See "*Risk Factors*".

An investment in the securities offered hereunder is speculative and involves a high degree of risk. The risk factors identified under the headings "*Risk Factors*" and "*Forward-Looking Statements*" in this short form prospectus, the Annual Information Form (as defined herein) and the Annual MD&A (as defined herein) should be carefully reviewed and evaluated by prospective subscribers before purchasing the securities being offered hereunder.

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Our head office is located at Suite 2800, Centennial Place, East Tower, 520 - 3rd Avenue S.W., Calgary, Alberta, Canada, T2P 0R3 and our registered office is located at Suite 2400, 525 - 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1G1.

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS SHORT FORM PROSPECTUS

You should rely only on the information contained or incorporated by reference in this short form prospectus, and, if you reside in the United States, on the other information included in the registration statement of which this short form prospectus forms a part. We have not, and the Underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that only the information appearing in this short form prospectus, as well as information we previously filed with the securities regulatory authority in each of the provinces of Canada and with the SEC that is incorporated by reference into this short form prospectus, is accurate as of the respective dates of the applicable documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

We are not, and the Underwriters are not, making an offer to sell these Subscription Receipts in any jurisdiction where the offer or sale is not permitted.

PRESENTATION OF FINANCIAL AND OIL AND GAS INFORMATION

Unless indicated otherwise, our financial information in this short form prospectus, including the documents incorporated by reference herein, has been prepared in accordance with Canadian GAAP (which, since January 1, 2011, have been consistent with IFRS as issued by the International Accounting Standards Board). Aurora's historical financial statements contained in this short form prospectus have been prepared in accordance with AAS, which include Australian equivalents to the IFRS. Compliance with AAS ensures compliance with IFRS as issued by the International Accounting Standards Board. Canadian GAAP and AAS differ from U.S. GAAP and thus these financial statements may not be comparable to the financial statements of U.S. companies.

The securities regulatory authorities in Canada have adopted NI 51-101 (as defined below), which imposes oil and gas disclosure standards for Canadian public issuers engaged in oil and gas activities. The recovery and resource estimates provided in this short form prospectus and in the documents incorporated by reference herein are estimates only. Actual reserves and contingent resources (and any volumes that may be reclassified as reserves) and future production from such reserves or contingent resources may be greater than or less than the estimates provided herein.

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved and probable reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

All estimates of future revenue in this prospectus and in the documents incorporated herein by reference are, unless otherwise noted, after the deduction of royalties, development costs, production costs and well abandonment costs but before deduction of future income tax expenses and before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenues contained in this prospectus and in the documents incorporated herein by reference do not represent the fair market value of the applicable reserves.

There is no assurance that the forecast price and cost assumptions estimated will be attained and variances could be material. The recovery and reserves estimates described herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater or less than the estimates provided herein and in the documents incorporated herein by reference. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Unless otherwise stated, all of the reserves information contained herein and in the documents incorporated herein by reference, have been calculated and reported using assumptions and methodology guidelines outlined in accordance with the standards contained in the COGE Handbook, NI 51-101 and the

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reserve definitions contained in the Canadian Securities Administrators Staff Notice 51-324. Numbers in the reserves tables and other oil and gas information contained in this prospectus may not add due to rounding.

NI 51-101 permits oil and gas issuers, in their filings with Canadian securities regulatory authorities, to disclose not only proved, probable and possible reserves but also resources, and to disclose reserves and production on a gross basis before deducting royalties. Probable reserves, possible reserves and resources are of a higher risk and are less likely to be accurately estimated or recovered than proved reserves. We are permitted to disclose reserves in accordance with Canadian securities law requirements and the disclosure herein and in the documents incorporated by reference herein may include reserves designated as probable reserves, possible reserves and resources, as defined under Canadian standards.

The SEC does not permit the inclusion of estimates of resources in reports filed with it by companies domiciled in the United States.

The SEC definitions of proved, probable and possible reserves are different than NI 51-101; therefore, proved, probable and possible reserves disclosed herein and in the documents incorporated by reference into this short form prospectus may not be comparable to United States standards. The SEC currently requires United States oil and gas companies, in their filings with the SEC, to disclose only proved reserves after the deduction of royalties and interests of others but permits the optional disclosure of probable and possible reserves, as defined under SEC rules. The SEC does not allow proved and probable reserves to be aggregated except in the case of reserves determined using probabilistic methods, whereas NI 51-101 requires issuers to disclose aggregate proved and probable reserves.

Moreover, as permitted by NI 51-101, we have determined and disclosed herein, and in the documents incorporated by reference, the net present value of future net revenue from our reserves and the reserves associated with the Aurora Assets (as defined herein) using only forecast prices and costs. The SEC requires that reserves and related future net revenue be estimated based on historical 12-month average prices, but permits the optional disclosure of revenue estimates based on different price and cost criteria, including standardized future prices or management's own forecasts.

Additional information prepared in accordance with Accounting Standards Codification 932 "Extractive Activities - Oil & Gas" issued by the United States Financial Accounting Standards Board ("**ASC 932**") relating to our petroleum and natural gas reserves is set forth in the Supplemental Oil and Gas Disclosures (as defined herein), which is incorporated herein by reference.

ASC 932 disclosure relating to Aurora's petroleum and natural gas reserves is not, and is not required to be, included in this short form prospectus.

Certain documents incorporated by reference into this short form prospectus contain estimates of "contingent resources". The SEC would prohibit a United States oil and gas company from including an estimate of "contingent resources" in its filings with the SEC. "Contingent resources" are not, and should not be confused with, petroleum and natural gas reserves. "Contingent resources" are defined in the COGE Handbook (as defined herein) as: "those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage."

The outstanding contingencies applicable to our disclosed contingent resources do not include economic contingencies. Economic contingent resources are those resources that are currently economically recoverable based on specific forecasts of commodity prices and costs.

A range of contingent resources estimates (low, best and high) were prepared by the independent qualified reserves evaluators. A low estimate (C1) is considered to be a conservative estimate of the quantity of the resource that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. Those resources in the low estimate have the highest degree of certainty (a 90% confidence level) that the actual quantities recovered will equal or exceed the estimate. A best estimate (C2) is considered to be

the best estimate of the quantity of the resource that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. Those resources in the best estimate have a 50% confidence level that the actual quantities recovered will equal or exceed the estimate. A high estimate (C3) is considered to be an optimistic estimate of the quantity of the resource that will actually be recovered. It is unlikely that the actual remaining quantities of resource recovered will equal or exceed the high estimate. Those resources in the high estimate have a lower degree of certainty (a 10% confidence level) that the actual quantities recovered will equal or exceed the estimate.

The primary contingencies which currently prevent the classification of our contingent resources as reserves consist of: preparation of firm development plans, including determination of the specific scope and timing of the project; project sanction; access to capital markets; stakeholder and regulatory approvals; access to required services and field development infrastructure; oil prices and price differentials between light, medium and heavy gravity crude oils; future drilling program and testing results; further reservoir delineation and studies; facility design work; limitations to development based on adverse topography or other surface restrictions; and the uncertainty regarding marketing and transportation of petroleum from development areas.

There is no certainty that it will be commercially viable to produce any portion of the contingent resources or that we will produce any portion of the volumes currently classified as contingent resources. The estimates of contingent resources involve implied assessment, based on certain estimates and assumptions, that the resource described exists in the quantities predicted or estimated and that the resource can be profitably produced in the future.

Other principal differences between SEC oil and gas disclosure requirements and NI 51-101 include the following, some of which may be material:

the SEC mandates disclosure of reserves by geographic area only, whereas NI 51-101 requires disclosure of more reserve categories and product types;

the SEC's rules in estimating reserves differ from NI 51-101 in areas such as the use of reliable technology, aerial extent around a drilled location, quantities below the lowest known oil and quantities across an undrilled fault block; and

U.S. rules limit reserve bookings on undrilled acreage to "those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances," whereas under NI 51-101, reserves may be recognized on undrilled properties beyond directly offsetting spacing units if there is "compelling evidence of reservoir continuity".

The NGLs referred to in this prospectus are reported on a combined basis with any condensate as required under NI 51-101.

SELECTED DEFINITIONS

Unless the context otherwise requires, all references in this short form prospectus to "**Baytex**", the "**Corporation**", "**we**", "**us**" or "**our**" means Baytex Energy Corp. and its consolidated subsidiaries, any partnership of which Baytex Energy Corp. and its subsidiaries are the partners and our significant equity investments and joint ventures.

In this short form prospectus, the following terms shall have the following meanings:

"**2013 Acquired Assets**" means the 100% operated WI in approximately 2,700 net acres in the Heard Ranch and Axle Tree blocks in South Texas, together with interests in 11 net producing wells as well as associated interests in field infrastructure and related assets, acquired by Aurora on March 29, 2013 with an effective date of March 1, 2013.

"**2017 Aurora Notes**" means the U.S.\$365 million aggregate principal amount of 9.875% senior unsecured notes issued by a subsidiary of Aurora which are due February 15, 2017 and will be assumed by us in connection with the Acquisition.

"**2020 Aurora Notes**" means the U.S.\$300 million aggregate principal amount of 7.50% senior unsecured notes issued by a subsidiary of Aurora which are due April 1, 2020 and will be assumed by us in connection with the Acquisition.

"**2021 Debentures**" means our U.S.\$150 million 6.75% series B senior unsecured debentures due February 17, 2021 and issued pursuant to the Canadian Indenture.

"**2022 Debentures**" means our \$300 million 6.625% series C senior unsecured debentures due July 19, 2022 and issued pursuant to the Canadian Indenture.

"**ABCA**" means the *Business Corporations Act (Alberta)*, R.S.A. 2000, c. B-9, including the regulations promulgated thereunder, as amended from time to time.

"**Acquisition**" means the proposed acquisition by us of all of the issued and outstanding Aurora Shares pursuant to the Implementation Agreement.

"**AMI**" means area of mutual interest, a contractually defined area in which oil and gas companies hold oil and gas rights.

"**Annual Information Form**" has the meaning ascribed thereto under "*Documents Incorporated by Reference*".

"**Annual Financial Statements**" has the meaning ascribed thereto under "*Documents Incorporated by Reference*".

"**Annual MD&A**" has the meaning ascribed thereto under "*Documents Incorporated by Reference*".

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

"**Aurora**" means Aurora Oil & Gas Limited, a publicly traded corporation organized under the Corporations Act.

"**Aurora 2012 Reserves Report**" means the independent engineering evaluation of Aurora's oil and natural gas reserves dated January 30, 2013 prepared by Ryder Scott effective December 31, 2012, which is entitled "*Aurora Oil & Gas Limited Estimated Future Reserves and Income Attributable to Certain Leasehold Interests*".

"**Aurora 2013 Reserves Report**" means the independent engineering evaluation of Aurora's oil and natural gas reserves dated January 31, 2014 prepared by Ryder Scott effective December 31, 2013, which is entitled "*Aurora Oil & Gas Limited Estimated Future Reserves and Income Attributable to Certain Leasehold Interests*".

"**Aurora Assets**" means those oil, petroleum and natural gas properties and related assets of Aurora described in more detail under "*Recent Developments The Acquisition*" and "*About Aurora*".

"**Aurora Board**" means the board of directors of Aurora.

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"**Aurora Notes**" means, collectively, the 2017 Aurora Notes and the 2020 Aurora Notes.

"**Aurora Options**" has the meaning ascribed thereto under "*Recent Developments The Acquisition*".

"**Aurora Performance Rights**" has the meaning ascribed thereto under "*Recent Developments The Acquisition*".

"**Aurora Reserves Reports**" means the Aurora 2012 Reserves Report and the Aurora 2013 Reserves Report.

"**Aurora Shareholders**" means the holders of all of the issued and outstanding Aurora Shares.

"**Aurora Shares**" means the ordinary shares in the capital of Aurora, as presently constituted.

"**Australian Court**" means the Federal Court of Australia (Western Australian Registry) or any other court of competent jurisdiction under the Corporations Act (as agreed by the parties to the Implementation Agreement in writing).

"**Baytex Energy**" means Baytex Energy Ltd., a corporation amalgamated under the ABCA and our wholly-owned subsidiary.

"**Board of Directors**" means our board of directors.

"**Canadian Indenture**" means the amended and restated trust indenture which provides for the issuance of Debt Securities in Canada among us, as issuer, Baytex Energy and certain of our other subsidiaries, as guarantors, and Valiant Trust Company, as trustee, dated January 1, 2011, as supplemented by a supplemental trust indentures dated February 17, 2011, February 18, 2011, July 19, 2012 and December 19, 2012. The 2021 Debentures and the 2022 Debentures were issued under the Canadian Indenture.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook.

"**Common Shares**" means the common shares in our capital.

"**Common Share Rights Incentive Plan**" means our Common Share Rights Incentive Plan, as described in the Information Circular under "*Executive Compensation Common Share Rights Incentive Plan*".

"**Corporations Act**" means the Australian Corporations Act 2001 (Cth).

"**Credit Facilities**" has the meaning ascribed thereto under "*Consolidated Capitalization*".

"**Debentures**" means, collectively, the 2021 Debentures and the 2022 Debentures.

"**Debt Securities**" means our senior or subordinated debt securities.

"**Developed Non-Producing Reserves**" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

"**Developed Producing Reserves**" are those reserves that are expected to be recovered from completion in intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"**Developed Reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to: (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground draining, road building, and relocating public roads, gas lines and power lines, pumping equipment and wellhead assembly; (b) drill and equip development wells, development type stratigraphic

test wells and service wells, including the costs of

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platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly; (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and (d) provide improved recovery systems.

"development well" means a well drilled inside the established limits of an oil and gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"Dividend Equivalent Amount" means an amount per Subscription Receipt equal to the amount per Common Share of any cash dividends for which record date(s) have occurred during the period beginning on the closing date of the Offering to the date immediately preceding the date the Underlying Common Shares are issued pursuant to the Subscription Receipts.

"Eagle Ford" means the Eagle Ford shale trend in South Texas, which produces oil, natural gas, natural gas liquids and condensate.

"Elixir" means Elixir Petroleum Limited.

"EDGAR" means the Electronic Data Gathering, Analysis and Retrieval System established by the SEC.

"Effective Date" in relation to the Acquisition means the date on which the Acquisition becomes effective.

"Escrow Agent" means Valiant Trust Company, which is deemed an "Acceptable Institution" under the guidelines of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund, in its capacity as escrow agent pursuant to the Subscription Receipt Agreement.

"Escrow Condition" has the meaning ascribed thereto under "*Details of the Offering*".

"Escrowed Funds" means the gross proceeds from the sale of the Subscription Receipts.

"Exchange Act" means the *United States Securities Exchange Act of 1934*, as amended.

"Existing Target Facility" means the existing U.S.\$300 million senior secured credit facility established under the credit agreement dated as of November 7, 2011 among Aurora USA Oil & Gas, Inc., Aurora, UBS AG, Stamford Branch, as administrative agent and the financial institutions party thereto, as amended and supplemented.

"exploration costs" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are: (a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies; (b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records; (c) dry hole contributions and bottom hole contributions; (d) costs of drilling and equipping exploratory wells; and (e) costs of drilling exploratory type stratigraphic test wells.

"exploratory well" means a well that is not a development well, a service well or a stratigraphic test well.

"Final Order" means the order issued by the Australian Court pursuant to section 411(4)(b) of the Corporations Act approving the Acquisition.

"forecast prices and costs" means in relation to an issuer, prices and costs that are: (a) generally acceptable as being a reasonable outlook of the future; and (b) if and only to the extent that, there are fixed or presently determinable future prices or costs to which an issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

"Flour Bluff Field" means the Flour Bluff Gas Field located near Corpus Christi, Texas.

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"**gross**" means: (a) in relation to an issuer's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the issuer; (b) in relation to wells, the total number of wells in which an issuer has an interest; and (c) in relation to properties, the total area of properties in which an issuer has an interest.

"**Implementation Agreement**" means the Implementation Agreement between us and Aurora dated effective February 6, 2014 pursuant to which we have agreed to acquire all of the issued and outstanding Aurora Shares, as more particularly described under "*Recent Developments - The Acquisition*".

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"**Incentive Plan**" means our Common Share Rights Incentive Plan, as described in the Information Circular under "*Executive Compensation - Common Share Rights Incentive Plan*".

"**Information Circular**" has the meaning ascribed thereto under "*Documents Incorporated by Reference*".

"**Interim Financial Statements**" has the meaning ascribed thereto under "*Documents Incorporated by Reference*".

"**Interim MD&A**" has the meaning ascribed thereto under "*Documents Incorporated by Reference*".

"**Ipanema**" means the Ipanema AMI in the Sugarkane Field.

"**Longhorn**" means the Longhorn AMI in the Sugarkane Field.

"**JOA**" means joint operating agreement among co-owners of WIs in a designated field, AMI, unit or lease.

"**Marathon**" means Marathon Oil EF LLC, a wholly-owned subsidiary of Marathon Oil Corporation.

"**net**" means: (a) in relation to an issuer's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves; (b) in relation to an issuer's interest in wells, the number of wells obtained by aggregating the issuer's working interest in each of its gross wells; and (c) in relation to an issuer's interest in a property, the total area in which the issuer has an interest multiplied by the working interest owned by the issuer.

"**New Credit Facilities**" has the meaning ascribed thereto under See "*Recent Developments - New Credit Facilities*".

"**NI 51-101**" means National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

"**Notes**" means the unsecured subordinated promissory notes issued by Baytex Energy and certain other Operating Entities to us.

"**NYSE**" means the New York Stock Exchange.

"**Operating Entities**" means our direct and indirect wholly-owned subsidiaries that are actively involved in the acquisition, production, processing, transportation and marketing of crude oil, natural gas liquids and natural gas, being Baytex Energy, Baytex Energy Partnership and Baytex Energy USA Ltd., and "**Operating Entity**" means any one of them, as applicable.

"**Participant**" means a participant in the depository service of CDS.

"**Possible Reserves**" are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

"**Probable Reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

"**Proved Reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

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"Reserves" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

"Ryder Scott" means Ryder Scott Company, L.P, independent petroleum consultants of Houston, Texas.

"service well" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion.

"Scotia" means Scotia Capital Inc.

"SEC" means the U.S. Securities and Exchange Commission.

"SEDAR" means the System for Electronic Document Analysis and Retrieval established by the provincial securities regulatory authorities in Canada.

"Share Award Incentive Plan" means our Share Award Incentive Plan, as described in the Information Circular under *"Executive Compensation - Share Award Incentive Plan"*.

"Shareholders" mean the holders from time to time of Common Shares.

"Sproule" means Sproule Associates Limited, independent petroleum consultants of Calgary, Alberta, Canada.

"Sproule Report" means the independent evaluation of our oil and natural gas reserves prepared by Sproule dated March 11, 2013 and effective December 31, 2012 entitled *"Evaluation of the P&NG Reserves of Baytex Energy Corp. (As of December 31, 2012)"*.

"Subscription Receipt Agreement" means the agreement to be dated the date of closing of the Offering among us, Scotia and the Escrow Agent governing the terms of the Subscription Receipts.

"Subscription Receipt Beneficial Owner" means a purchaser acquiring a beneficial interest in the Subscription Receipts.

"Subscription Receipt Certificates" means the certificates representing the Subscription Receipts.

"Subscription Receipts" means the subscription receipts offered hereby.

"subsidiary" has the meaning ascribed thereto in the ABCA and, for greater certainty, includes all corporations, partnerships and trusts owned, controlled or directed, directly or indirectly, by us.

"Sugarkane Field" means the Sugarkane natural gas and condensate field within the Eagle Ford and includes the two contiguous fields designated by the Railroad Commission of Texas as the Sugarkane and Eagleville Fields.

"Supplemental Oil and Gas Disclosures" has the meaning ascribed thereto under *"Documents Incorporated by Reference"*.

"Tax Act" means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder.

"Termination Time" has the meaning ascribed thereto under *"Details of the Offering"*.

"TSX" means the Toronto Stock Exchange.

"Underlying Common Shares" means the Common Shares issuable pursuant to the terms of the Subscription Receipts.

"Underwriters" means, collectively, Scotia, RBC, CIBC World Markets Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Barclays Capital Canada Inc., Desjardins Securities Inc., Merrill Lynch Canada Inc., AltaCorp Capital Inc., Canaccord Genuity Corp., Credit Suisse Securities (Canada) Inc., Macquarie Capital Markets Canada Ltd., Peters & Co. Limited, FirstEnergy Capital Corp., Cormark Securities Inc. and Raymond James Ltd.

"**Underwriting Agreement**" means the agreement to be entered into among us and the Underwriters in respect of the Offering.

"**Undeveloped Reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned. In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

"**United States**" or "**U.S.**" means the United States, as defined in Rule 902(l) under Regulation S under the United States Securities Act of 1933, as amended.

"**U.S. GAAP**" means United States generally accepted accounting principles.

"**WI**" means working interest, an interest in an oil and gas lease that gives the owner the right to drill and produce oil and gas on the leased acreage.

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

CONVERSIONS

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
Bbls	cubic metres	0.159
cubic metres	Bbls	6.289
Feet	Metres	0.305
Metres	Feet	3.281
Miles	kilometres	1.609
Kilometres	Miles	0.621
Acres	hectares	0.405
Hectares	Acres	2.471
Gigajoules	MMbtu	0.950
MMbtu	gigajoules	1.0526

ABBREVIATIONS

Oil and Natura