

BAYTEX ENERGY TRUST

Form F-10/A

July 29, 2009

As filed with the Securities and Exchange Commission on July 29, 2009

Registration No. 333-160675

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 TRUST

(Exact name of Registrant as specified in its charter)

Alberta, Canada

(Province or other Jurisdiction of Incorporation or Organization)

1311

(Primary Standard Industrial Classification Code Number)

Not Applicable

(I.R.S. Employer Identification Number, if any)

Suite 2200, 205 – 5th Avenue S.W.

Calgary, Alberta,

Canada, TSP 2V7

(403) 269-4282

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

Baytex Energy USA Ltd.

600 17th St., Suite 1900 S.

Denver, CO 80202

(303) 825-2777

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

Copies to:

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Approximate date of commencement of proposed sale to public:

From time to time after the effective date of this Registration Statement.

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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 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 seven 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.

PART I

SHORT FORM BASE SHELF PROSPECTUS

I-1

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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. See "Plan of Distribution".

This short form prospectus has been filed under legislation in all provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

Information has been incorporated by reference in this 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 Ltd., the administrator of Baytex Energy Trust, at Suite 2200, Bow Valley Square II, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 2V7, Telephone (403) 269-4282 and are also available electronically at www.sedar.com.

Short Form Base Shelf Prospectus

New Issue

July 28, 2009

\$600,000,000

Trust Units

Subscription Receipts

Warrants

Options

Debt Securities

We may, from time to time, offer for sale under this short form prospectus during the 25 month period that this short form prospectus, including any amendments hereto (the "**Prospectus**"), remains valid up to \$600,000,000 (or the equivalent in other currencies or currency units at the time of issue) of: (i) trust units ("**Trust Units**"); (ii) subscription receipts (the "**Subscription Receipts**"); (iii) warrants exercisable to acquire Trust Units (the "**Warrants**"); (iv) options exercisable to acquire Trust Units (the "**Options**"); or (v) senior or subordinated unsecured debt securities (the "**Debt Securities**"). In this Prospectus, the Warrants and Options are collectively referred to as the "**Other Convertible Securities**" and the Trust Units, Subscription Receipts, Other Convertible Securities and Debt Securities are collectively referred to as the "**Securities**".

We may offer Securities in such amount as we determine in light of market conditions and other factors that we deem relevant. The specific variable terms of any offering of Securities will be set forth in one or more prospectus supplements (each, a "**Prospectus Supplement**") including: (i) in the case of Trust Units, the number of Trust Units offered, the issue price (in the event the offering is a fixed price distribution), the manner of determining the issue price (in the event the offering is a non-fixed price distribution) and any other terms specific to the Trust Units being offered; (ii) in the case of Subscription Receipts or Other Convertible Securities, the number of such securities offered, the issue price, the terms, conditions and procedures for the conversion or exercise of such securities, the amount and type of securities that holders thereof will receive upon such conversion or exercise and any other terms specific to the Subscription Receipts or Other Convertible Securities being offered; and (iii) in the case of Debt Securities, the specific designation of the Debt Securities, any limit on the aggregate principal amount of the Debt Securities, the currency, the maturity, the offering price (at par, at a discount or at a premium), whether the Debt Securities will bear interest, the interest rate or method of determining the interest rate, the interest payment date(s), any terms of redemption, any conversion or exchange rights and any other terms specific to the Debt Securities being offered. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the parameters described in this Prospectus.

All shelf information permitted under applicable securities laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus to the extent required

by applicable securities laws. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

Neither the United States Securities and Exchange Commission nor any state securities regulator has approved or disapproved these Securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

We are permitted to prepare this Prospectus in accordance with Canadian disclosure requirements, which are different from those in the United States. We prepare our financial statements in accordance with Canadian generally accepted accounting principles, and they may be subject to Canadian auditing and auditor independence standards. They may not be comparable to financial statements of United States companies.

Owning the Securities may subject you to tax consequences both in the United States and Canada. This Prospectus or any applicable Prospectus Supplement may not describe these tax consequences fully. You should read the tax discussion in this Prospectus and any applicable Prospectus Supplement.

Your ability to enforce civil liabilities under the United States federal securities laws may be affected adversely because we are organized under the laws of the Province of Alberta, Canada, all of the directors and substantially all of the officers of Baytex Energy Ltd. ("Baytex"), our administrator, and the experts named in this Prospectus are Canadian residents, and a substantial portion of our assets are located in Canada.

We may sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell the Securities to one or more purchasers directly pursuant to applicable statutory exemptions, or through agents. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent engaged by us, in connection with the offering and sale of the Securities, and will set forth the terms of the offering of such Securities, the method of distribution of such Securities, including, to the extent applicable, the proceeds to us, and any fees, discounts or any other compensation payable to underwriters, dealers or agents and any other material terms of the plan of distribution. Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers at the time of sale, which prices may vary as between purchasers and during the period of distribution of the Securities. Except as set out in a Prospectus Supplement relating to a particular offering of Securities in connection with any offering of Securities, the underwriters or dealers, as the case may be, may over-allot or effect transactions intended to fix or stabilize the market price of the Trust Units at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. The Debt Securities will not be offered or sold in the United States. See "*Plan of Distribution*".

Our outstanding Trust Units are listed and posted for trading on the New York Stock Exchange ("NYSE") under the symbol "BTE" and on the Toronto Stock Exchange ("TSX") under the symbol "BTE.UN" and our outstanding 6.5% convertible, unsecured, subordinated debentures are listed and posted for trading on the TSX under the symbol "BTE.DB".

An investment in the Securities involves risks. See "*Risk Factors*".

Any offering of Subscription Receipts, Other Convertible Securities or Debt Securities would be a new issue of securities. There is no market through which the Subscription Receipts, Other Convertible Securities or Debt Securities may be sold and purchasers may not be able to resell the Subscription Receipts, Other Convertible Securities or Debt Securities purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the Subscription Receipts, Other Convertible Securities or Debt Securities in the secondary market (if any), the transparency and availability of trading prices (if any), the liquidity of the Subscription Receipts, Other Convertible Securities or Debt Securities (if any), and the extent of issuer regulation. See "*Risk Factors*". Unless otherwise specified in the applicable Prospectus Supplement, the Subscription Receipts, Other Convertible Securities or Debt Securities will not be listed on any securities exchange.

The return on an investment in Trust Units is not comparable to the return on an investment in a fixed-income security. The recovery of the initial investment made by holders of Trust Units (the "**Unitholders**") is at risk, and the anticipated return on a Unitholder's investment is based on many performance assumptions. Although we intend to make distributions of a portion of our

available cash to Unitholders, these cash distributions may be reduced or suspended. Cash distributions are not guaranteed. Our ability to make cash distributions and the actual amount distributed will depend on numerous factors including, among other things: our financial performance, debt obligations, working capital requirements and future capital requirements, all of which are susceptible to a number of risks. In addition, the market value of the Trust Units may decline if we are unable to meet our cash distribution targets in the future, and that decline may be significant. You also should consider the particular risk factors that may affect the industry in which we operate, and therefore the stability of the distributions that Unitholders receive. See "*Risk Factors*".

The after tax return from an investment in Trust Units to Unitholders subject to Canadian income tax can be made up of both a return on capital and a return of capital. That composition may change over time, thus affecting an investor's after tax return. On October 31, 2006, the Department of Finance (Canada) announced proposed changes to the taxation of certain publicly-traded trusts and partnerships and their unitholders. Bill C-52, which received Royal Assent on June 22, 2007, contained legislation implementing these proposals (collectively, the "**SIFT Rules**"). Subject to the SIFT Rules, returns on capital are generally taxed as ordinary income in the hands of a Unitholder who is resident in Canada for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"). Pursuant to the SIFT Rules, commencing January 1, 2011 (provided the Trust only experiences "normal growth" and no "undue expansion" before then) certain distributions from the Trust which would have otherwise been taxed as ordinary income generally will be characterized as dividends in addition to being subject to tax at corporate rates at the trust level. Returns of capital generally are (and under the SIFT Rules will continue to be) tax-deferred for Unitholders who are resident in Canada for purposes of the Tax Act (and reduce such Unitholder's adjusted cost base in the Trust Unit for purposes of the Tax Act). Distributions, whether of income or capital, to a Unitholder who is not resident in Canada for purposes of the Tax Act, or that is a partnership that is not a "Canadian partnership" for purposes of the Tax Act, generally will be subject to Canadian withholding tax. Prospective purchasers should consult their own tax advisors with respect to the Canadian income tax considerations applicable in their own circumstances. See "*Risk Factors*".

The offering of Securities is subject to approval of certain legal matters on our behalf by Burnet, Duckworth & Palmer LLP, Calgary, Alberta and Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York, New York. **No underwriter or dealer in Canada or the United States has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.**

The Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, we are not a trust company and, accordingly, we are not registered under any trust and loan company legislation as we do not carry on or intend to carry on the business of a trust company.

Dominion Bond Rating Service Limited ("DBRS") has assigned a stability rating of STA-5 (low) to the Trust. DBRS' stability ratings range from a high of STA-1 to a low of STA-7. Income funds rated at STA-5 have weak distributions per unit stability and sustainability. These funds are subject to many of the same cyclical, seasonal, and economic factors as in the STA-4 rating category, but the lack of diversification is generally more pronounced, and will tend to be below average in several areas considered when determining a stability rating. Stability ratings are not a recommendation to buy, sell or hold securities and are subject to revision or withdrawal by DBRS at any time. See "*Description of Trust Units – Stability Rating*".

The head office of the Trust and Baytex are located at Suite 2200, Bow Valley Square II, 205 – 5th Avenue S.W., Calgary, Alberta, Canada, T2P 2V7 and the registered office of Baytex is located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, Canada, T2P 3N9.

The date of this Prospectus is July 28, 2009.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

In the interest of providing Unitholders and potential investors with information about the Trust, including management's assessment of Baytex's future plans and operations, certain statements in this Prospectus are "forward-looking statements" within the meaning of the *United States Private Securities Litigation Reform Act of 1995* and "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "**forward-looking statements**"). In addition, certain documents incorporated by reference into this Prospectus contain forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "intend", "may", "objective", "ongoing", "outlook", "potential", "project", "plan", "should", "target", "would", "will" or similar words suggesting future outcomes, events or performance. Such forward-looking statements speak only as of their respective date and are expressly qualified by this cautionary statement.

Specifically, this Prospectus contains forward-looking statements relating to: the use of the net proceeds received from any sale of the Securities; our distribution practice; the portion of our cash flow from operations to be allocated to capital expenditures; petroleum and natural gas prices; the extension of our Credit Facilities upon maturity; the sufficiency of our capital resources to meet our ongoing short, medium and long-term obligations; the impact of the SIFT Rules on our business; and our status as a mutual fund trust under the Tax Act. In addition, information and statements relating to reserves and resources are deemed to be forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, that the reserves described exist in quantities predicted or estimated, and that the reserves and resources can be profitably produced in the future.

The forward-looking statements contained in this Prospectus are based on certain key assumptions regarding, among other things, petroleum and natural gas prices and differentials between light, medium and heavy oil prices; well production rates and reserve volumes; our ability to add production and reserves through our exploration and development activities; capital expenditure levels; the availability and cost of labour and other industry services; the amount of future cash distributions that we intend to pay; interest and foreign exchange rates; and the continuance of existing and, in certain circumstances, proposed tax and royalty regimes. Forward-looking statements contained in certain documents incorporated by reference into this Prospectus are based on the key assumptions described in such documents. The reader is cautioned that such assumptions, although considered reasonable by the Trust at the time of preparation, may prove to be incorrect.

Actual results achieved during the forecast period will vary from the information provided in this Prospectus and in the documents incorporated by reference herein as a result of numerous known and unknown risks and uncertainties and other factors which are discussed in the documents incorporated herein by reference. Such factors include, but are not limited to: fluctuations in market prices for oil and natural gas; fluctuations in foreign exchange or interest rates; general economic, market and business conditions; stock market volatility and market valuations; changes in income tax laws; industry capacity; geological, technical, drilling and processing problems and other difficulties in producing petroleum and natural gas reserves; uncertainties associated with estimating petroleum and natural gas reserves; liabilities inherent in oil and natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; risks associated with oil and gas operations; changes in royalty rates and incentive programs relating to the oil and gas industry; changes in environmental and other regulations; incorrect assessments of the value of acquisitions; and other factors, many of which are beyond the control of Baytex.

Readers are cautioned that the foregoing list of risk factors is not exhaustive. New risk factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the business of the Trust or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Readers should also carefully consider the matters discussed under the heading "*Risk Factors*" and in the documents incorporated by reference into this Prospectus.

There is no representation by the Trust that actual results achieved during the forecast period will be the same in whole or in part as those forecast and the Trust does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities law. The forward-looking statements contained in this Prospectus, and in certain documents incorporated by reference into this Prospectus, are expressly qualified by this cautionary statement.

NON-GAAP MEASURES

In this Prospectus and the documents incorporated by reference into this Prospectus, we refer to certain financial measures that are not determined in accordance with Canadian generally accepted accounting principles ("**Canadian GAAP**"). These measures as presented do not have any standardized meaning prescribed by Canadian GAAP and therefore they may not be comparable with calculations of similar measures for other companies or trusts.

We use the term "cash flow from operations", which we define as cash flow from operating activities before changes in non-cash operating working capital, asset retirement expenditures and decrease in deferred charges and other assets. Cash flow from operations as presented does not have any standardized meaning prescribed by Canadian

GAAP, and therefore it may not be comparable with the calculation of similar measures for other entities. Cash flow from operations as presented is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net income or other measures of financial performance calculated in accordance with GAAP.

Cash flow from operations cannot be assured and our future distributions may vary. You should refer to our most recent management's discussion and analysis of financial condition and results of operations incorporated by reference herein for a reconciliation of "cash flow from operations" to cash flow from operating activities.

We believe that, in conjunction with results presented in accordance with Canadian GAAP, this measure assists in providing a more complete understanding of certain aspects of our results of operations and financial performance. You are cautioned, however, that this measure should not be construed as an alternative to measures determined in accordance with Canadian GAAP as an indication of our performance.

PRESENTATION OF FINANCIAL AND OIL AND GAS RESERVES AND PRODUCTION INFORMATION

Unless otherwise indicated, financial information in this Prospectus, including the documents incorporated by reference herein, has been prepared in accordance with Canadian GAAP. Canadian GAAP differs in some significant respects from United States generally accepted accounting principles ("**U.S. GAAP**") and thus our financial statements may not be comparable to the financial statements of U.S. companies. For a reconciliation of the differences between Canadian and United States generally accepted accounting principles, see note 19 of the notes to the 2008 Annual Financial Statements and the Supplemental U.S. GAAP Disclosures, which are incorporated herein by reference.

The SEC currently permits U.S. oil and gas companies, in their filings with the SEC, to disclose only proved reserves after the deduction of royalties and interests of others which are those reserves that a company has demonstrated by actual production or conclusive formation tests to be economically producible under existing economic and operating conditions. The securities regulatory authorities in Canada have adopted National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"), which imposes oil and gas disclosure standards for Canadian public issuers engaged in oil and gas activities.

NI 51-101 permits oil and gas issuers, in their filings with Canadian securities regulators, to disclose not only proved reserves but also probable reserves, and to disclose reserves and production on a gross basis before deducting royalties. Probable reserves are less likely to be recovered than proved reserves. Because we are permitted to disclose reserves in accordance with Canadian disclosure requirements, we have disclosed in this Prospectus and in the documents incorporated by reference reserves designated as "probable reserves". If required to be prepared in accordance with U.S. disclosure requirements, the SEC's guidelines would prohibit reserves in this category from being included.

Moreover, as permitted by NI 51-101, we have determined and disclosed the net present value of future net revenue from our reserves using only forecast prices and costs. The SEC does not permit the disclosure of the net present value of future net revenue from reserves based on forecast prices and costs and currently requires that prices and costs be held constant at levels in effect at the date of the reserve report.

Additional information prepared in accordance with United States Statement of Financial Accounting Standards No. 69 "Disclosures About Oil and Gas Producing Activities" relating to our oil and gas reserves is set forth in our Supplemental Oil and Gas Disclosures, which are incorporated herein by reference.

The SEC has adopted revisions to its oil and gas reporting rules that, effective as of January 1, 2010, among other things will modify the standards to establish proved reserves and permit disclosure of probable and possible reserves under certain circumstances. However, it is likely that significant differences will remain between the reserve categories and reserve reporting generally under Canadian and U.S. securities laws and rules. Unless otherwise stated, all of the reserves information contained in this Prospectus, including the documents incorporated herein by reference, has been calculated and reported in accordance with NI 51-101.

SELECTED ABBREVIATIONS AND DEFINITIONS

All dollar amounts in this Prospectus are expressed in Canadian dollars, except where otherwise indicated. References to "\$" or "Cdn\$" are to Canadian dollars and references to "US\$" are to United States dollars.

In this Prospectus and in any Prospectus Supplement, the following terms shall have the following meanings:

"2008 Annual Financial Statements" has the meaning ascribed thereto under *"Documents Incorporated by Reference"*.

"2010 Notes" means the 9^{5/8}% senior subordinated notes of Baytex due July 15, 2010 and issued pursuant to an indenture dated July 9, 2003.

"2011 Notes" means the 10.5% senior subordinated notes of Baytex due February 15, 2011 and issued pursuant to an indenture dated February 12, 2001, as amended by a first supplemental indenture dated June 4, 2001 and a second supplemental indenture dated July 9, 2003.

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

"AIF" means our annual information form for the year ended December 31, 2008 dated March 26, 2009.

"Baytex" means Baytex Energy Ltd., a corporation amalgamated under the ABCA.

"Baytex Partnership" means Baytex Energy Partnership, a general partnership, the partners of which are Baytex and Baytex Oil & Gas Ltd.

"Board of Directors" means the board of directors of Baytex.

"Convertible Debentures" means the 6.5% convertible, unsecured, subordinated debentures of the Trust due December 31, 2010 and issued pursuant to the trust indenture dated June 6, 2005 among the Trust, Baytex and Valiant Trust Company.

"Credit Facilities" means, collectively, the operating loan that Baytex has with a chartered bank and a 364-day revolving loan that Baytex has with a syndicate of chartered banks, in an aggregate amount of \$515 million, which each mature on June 30, 2010 (subject to one year extensions thereafter in certain circumstances).

"Debt Securities" means the senior or subordinated unsecured debt securities of the Trust.

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

"forecast prices and costs" means future prices and costs that are: (i) generally acceptable as being a reasonable outlook of the future; and (ii) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which we are 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 subparagraph (i).

"Incentive Plan" means our Trust Unit Rights Incentive Plan, as approved by the Board of Directors on March 9, 2009 and the Unitholders on May 20, 2009.

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

"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 and certain other Operating Entities to the Trust.

"**NPI**" means the net profits interest in the petroleum substances owned by Baytex granted to the Trust pursuant to the amended and restated net profit interest agreement between the Trust and Baytex made as of September 2, 2003.

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

"**OPEC**" means the Organization of the Petroleum Exporting Countries.

"**Operating Entities**" means the subsidiaries of the Trust that are actively involved in the acquisition, production, processing, transportation and marketing of crude oil, natural gas liquids and natural gas, being Baytex, Baytex Partnership, Baytex Oil & Gas Ltd. and Baytex Energy USA Ltd., each a direct or indirect wholly-owned subsidiary of the Trust, and "**Operating Subsidiary**" means any one of them, as applicable.

"**Options**" means options of the Trust.

"**Other Convertible Securities**" means Warrants and Options that are convertible into or exercisable to acquire Trust Units.

"**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.

"**reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable.

"**SEC**" means the United States Securities and Exchange Commission.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**SIFT**" means a specified investment flow-through trust entity.

"**SIFT Rules**" means the rules contained in the Tax Act relating to federal income taxation of certain SIFTS.

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

"**Sproule Report**" means the report prepared by Sproule dated March 4, 2009 entitled "*Evaluation of the P&NG Reserves of Baytex Energy Trust and Baytex Energy USA Ltd. (As of December 31, 2008)*".

"**Subscription Receipts**" means subscription receipts of the Trust.

"**subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Ontario) and, for greater certainty, includes all corporations, partnerships and trusts owned, controlled or directed, directly or indirectly, by the Trust.

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

"**Supplemental U.S. GAAP Disclosures**" has the meaning ascribed thereto under "*Documents Incorporated by Reference*".

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp), as amended, including the regulations promulgated thereunder, as amended from time to time.

"**Trust**" means Baytex Energy Trust, a trust formed pursuant to the laws of Alberta pursuant to the Trust Indenture and, unless the context otherwise requires, includes its subsidiaries.

"**Trust Indenture**" means the third amended and restated trust indenture between our trustee, Valiant Trust Company, and Baytex dated May 20, 2008.

"**Trust Units**" means trust units of the Trust.

"**TSX**" means the Toronto Stock Exchange.

"**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.

"**Unitholders**" means the holders from time to time of the Trust Units.

"**Warrants**" means warrants of the Trust.

"**we**", "**us**" and "**our**" refer to the Trust and the Trust's subsidiaries (including the Operating Entities) on a consolidated basis unless the context requires otherwise.

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

ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-10 of which this Prospectus forms a part. This Prospectus does not contain all the information set out in the registration statement. For further information about us and the Securities, please refer to the registration statement. We are subject to the information requirements of the Exchange Act and applicable Canadian securities legislation, and in accordance with those requirements, we file and furnish reports and other information with the SEC and with the securities regulatory authorities of the provinces of Canada. Under a multi-jurisdictional disclosure system adopted by the United States and Canada, we generally may prepare these reports and other information in accordance with the disclosure requirements of Canada. These requirements are different from those of the United States. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and Baytex's officers and directors, and our Unitholders holding 10% or more of the Trust Units, are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

The reports and other information filed and furnished by us with the SEC may be read and copied at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Copies of the same documents can also be obtained from the public reference room of the SEC in Washington by paying a fee. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website (www.sec.gov) that makes available reports and other information that we file electronically with it, including the registration statement that we have filed with respect to this offering.

Copies of reports, statements and other information that we file with the Canadian provincial securities regulatory authorities are electronically available through the SEDAR website at www.sedar.com.

ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

Both we and Baytex are organized under the laws of Alberta, Canada and our respective principal places of business are in Canada. All of the directors and substantially all of the officers of Baytex and the experts named in this Prospectus are residents of Canada, and a substantial portion of our assets are located in Canada. As a result, it may be difficult for investors in the United States to effect service of process within the United States upon those directors, officers and experts who are not residents of the United States or to enforce against them judgments of United States courts based upon civil liability under the United States federal securities laws or the securities laws of

any state within the United States. We have been advised by our Canadian counsel, Burnet, Duckworth & Palmer LLP, that a judgment of a United States court predicated solely upon civil liability under United States federal securities laws would probably be enforceable in Canada if the United States court in which the judgment was obtained has a basis for jurisdiction in the matter that would be recognized by a Canadian court for the same purposes. We have also been advised by Burnet, Duckworth & Palmer LLP, however, that there is substantial doubt whether an action could be brought in Canada in the first instance on the basis of liability predicated solely upon United States federal securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference into this Prospectus from documents filed with securities commissions or similar authorities in Canada and with the SEC in the United States. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Baytex at Suite 2200, Bow Valley Square II, 2200, 205 – 5 Avenue S.W., Calgary, Alberta, T2P 2V7, Telephone: (403) 269-4282. In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at www.sedar.com.

The following documents filed with the various securities commissions or similar authorities in the provinces of Canada are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) our AIF dated March 26, 2009;
- (b) our audited comparative consolidated financial statements as at and for the year ended December 31, 2008, together with the notes thereto (including note 19 titled "Reconciliation of Canadian and United States Generally Accepted Accounting Principles"), the auditors' report thereon and the auditors' report on our internal control over financial reporting (collectively, the "**2008 Annual Financial Statements**"), which was filed on SEDAR under the category "Other" on July 17, 2009;
- (c) our management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2008;
- (d) our unaudited interim comparative consolidated financial statements as at and for the three month period ended March 31, 2009, together with the notes thereto;
- (e) our management's discussion and analysis of financial condition and results of operations for the three month period ended March 31, 2009;
- (f) our material change report dated March 26, 2009 in respect of a public offering of Trust Units;
- (g) our Information Circular – Proxy Statement dated April 16, 2009 relating to the annual and special meeting of Unitholders held on May 20, 2009 (the "**Information Circular**"); and
- (h) the supplemental disclosure to our 2008 Annual Financial Statements titled "Supplemental U.S. GAAP Disclosures", together with the auditors' report thereon (the "**Supplemental U.S. GAAP Disclosures**"), which was filed on SEDAR under the category "Other" on July 17, 2009; and
- (i) the supplemental disclosure of our oil and gas producing activities prepared in accordance with United States Statement of Financial Accounting Standards No. 69 "Disclosure about Oil and Gas Producing Activities" (the "**Supplemental Oil and Gas Disclosures**"), which was filed on SEDAR under the category "Other" on July 17, 2009.

We have received an exemption from the requirement to incorporate by reference our Information Circular – Proxy Statement dated April 3, 2008 relating to the annual and special meeting of Unitholders held on May 20, 2008 on the basis that its contents have been modified or superseded by subsequently filed documents which are incorporated by reference herein, including the AIF and the Information Circular.

Any annual information form, audited consolidated financial statements (together with the auditor's report thereon) and related management's discussion and analysis, information circular, material change reports, business acquisition reports and interim unaudited consolidated financial statements and related management's discussion and analysis subsequently filed by us with the securities commissions or similar regulatory authorities in the relevant provinces and territories of Canada after the date of this Prospectus and prior to the termination of the offering of any Securities under any Prospectus Supplement shall be deemed to be incorporated by reference into this Prospectus. In addition, to the extent that any document or information incorporated by reference into this Prospectus is included in any report on Form 6-K, Form 40-F, Form 20-F, Form 10-K, Form 10-Q or Form 8-K (or any respective successor form) that is filed with or furnished to the SEC after the date of this Prospectus, that document or information shall be deemed to be incorporated by reference as an exhibit to the registration statement of which this Prospectus forms a part. In addition, if we specifically state it in the applicable document, we may incorporate by reference into the registration statement of which this Prospectus forms a part information from documents that we file with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act.

Any statement contained in this Prospectus or in a document (or part of a document) incorporated or deemed to be incorporated by reference into this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into this Prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to be incorporated by reference into this Prospectus or to constitute a part of this Prospectus.

Upon a new annual information form and corresponding annual financial statements and related management's discussion and analysis being filed by us with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form and all annual financial statements, interim financial statements and the related management's discussion and analysis, material change reports, business acquisition reports and information circulars filed prior to the commencement of our financial year in respect of which the new annual information form is filed shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon interim consolidated financial statements and the related management's discussion and analysis being filed by us with the applicable securities regulatory authorities during the currency of this Prospectus, all interim consolidated financial statements and the related management's discussion and analysis filed prior to the new interim consolidated financial statements shall be deemed no longer to be incorporated in this Prospectus for purposes of future offers and sales of Securities under this Prospectus. Upon a new information circular – proxy statement relating to an annual meeting of Unitholders being filed by us with the applicable securities regulatory authorities during the currency of this Prospectus, the information circular – proxy statement for the preceding annual meeting of Unitholders shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus. However, if the information circular – proxy statement for the preceding annual meeting contains disclosure regarding special business which differs from the matters voted on, or to be voted on, at a new annual meeting for which the new information circular – proxy statement is filed by the Trust, the information circular – proxy statement for the preceding annual meeting of Unitholders shall continue to be incorporated into this Prospectus.

One or more Prospectus Supplements containing the specific variable terms for an issue of Securities and other information in relation to those Securities will be delivered or made available to purchasers of such Securities together with this Prospectus to the extent required by applicable securities laws and will be deemed to be incorporated by reference into this Prospectus as of the date of the Prospectus Supplement solely for the purposes of the offering of the Securities covered by any such Prospectus Supplement.

You should rely only on the information contained in or incorporated by reference into this Prospectus or any Prospectus Supplement and on the other information included in the registration statement of which this Prospectus forms a part. We have not authorized anyone to provide you with different or additional

information. We are not making an offer of these Securities in any jurisdiction where the offer is not permitted by law. An investor should not assume that the information contained in or incorporated by reference into this Prospectus or any Prospectus Supplement is accurate as of any date other than the date of the applicable document.

SUMMARY DESCRIPTION OF BU