

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - Q2 2019

Baytex had the following financial derivative contracts outstanding as of July 31, 2019:

	Period	Volume	Price/Unit ⁽¹⁾	Index	Fair Value ⁽²⁾ (\$ millions)
Oil					
Basis Swap	Jul 2019 to Sep 2019	4,000 bbl/d	WTI less US\$17.38/bbl	WCS \$	(0.7)
Basis Swap	Oct 2019 to Dec 2019	4,000 bbl/d	WTI less US\$20.88/bbl	WCS \$	(0.3)
Basis Swap	Jul 2019 to Dec 2019	4,000 bbl/d	WTI less US\$8.00/bbl	MSW \$	(0.4)
Fixed - Sell	Jul 2019 to Dec 2019	10,000 bbl/d	US\$62.82/bbl	WTI \$	11.2
3-way option ⁽³⁾	Jul 2019 to Dec 2019	2,000 bbl/d	US\$49.00/US\$61.70/US\$75.00	WTI \$	2.0
3-way option ⁽³⁾	Jul 2019 to Dec 2019	2,000 bbl/d	US\$50.00/US\$60.00/US\$70.00	WTI \$	1.4
3-way option ⁽³⁾	Jul 2019 to Dec 2019	1,000 bbl/d	US\$55.00/US\$65.00/US\$72.60	WTI \$	1.3
3-way option ⁽³⁾	Jul 2019 to Dec 2019	1,000 bbl/d	US\$56.00/US\$66.00/US\$72.50	WTI \$	1.4
3-way option ⁽³⁾	Jul 2019 to Dec 2019	1,000 bbl/d	US\$56.00/US\$66.00/US\$73.00	WTI \$	1.4
3-way option ⁽³⁾	Jul 2019 to Dec 2019	2,000 bbl/d	US\$57.00/US\$67.00/US\$73.00	WTI \$	3.0
3-way option ⁽³⁾	Jul 2019 to Dec 2019	2,000 bbl/d	US\$58.00/US\$68.00/US\$74.00	WTI \$	3.3
3-way option ⁽³⁾	Jul 2019 to Dec 2019	1,000 bbl/d	US\$60.00/US\$69.90/US\$75.00	WTI \$	1.8
3-way option ⁽³⁾	Jul 2019 to Dec 2019	1,000 bbl/d	US\$61.00/US\$71.00/US\$76.00	WTI \$	1.9
3-way option ⁽³⁾	Jul 2019 to Dec 2019	1,000 bbl/d	US\$63.00/US\$73.00/US\$78.00	WTI \$	2.1
3-way option ⁽³⁾	Jul 2019 to Dec 2019	1,000 bbl/d	US\$55.50/US\$65.50/US\$75.50	Brent \$	0.6
3-way option ⁽³⁾	Jul 2019 to Dec 2019	1,000 bbl/d	US\$60.00/US\$70.00/US\$77.55	Brent \$	1.1
3-way option ⁽³⁾	Jul 2019 to Dec 2019	1,000 bbl/d	US\$63.00/US\$73.00/US\$83.00	Brent \$	1.5
3-way option ⁽³⁾	Jan 2020 to Dec 2020	1,500 bbl/d	US\$51.00/US\$59.00/US\$65.60	WTI \$	1.1
3-way option ⁽³⁾	Jan 2020 to Dec 2020	1,500 bbl/d	US\$51.00/US\$59.00/US\$66.00	WTI \$	1.1
3-way option ⁽³⁾	Jan 2020 to Dec 2020	1,000 bbl/d	US\$51.00/US\$59.50/US\$66.15	WTI \$	0.9
3-way option ⁽³⁾	Jan 2020 to Dec 2020	1,000 bbl/d	US\$51.00/US\$60.00/US\$66.00	WTI \$	1.0
3-way option ⁽³⁾	Jan 2020 to Dec 2020	1,000 bbl/d	US\$51.00/US\$60.00/US\$65.60	WTI \$	0.9
3-way option ⁽³⁾	Jan 2020 to Dec 2020	1,000 bbl/d	US\$51.00/US\$60.00/US\$66.05	WTI \$	1.0
3-way option ⁽³⁾	Jan 2020 to Dec 2020	2,000 bbl/d	US\$51.00/US\$60.00/US\$66.70	WTI \$	2.1
Swaption ⁽⁴⁾	Jan 2020 to Dec 2020	1,000 bbl/d	US\$62.50/bbl	WTI \$	(0.7)
Swaption ⁽⁴⁾	Jan 2020 to Dec 2020	1,000 bbl/d	US\$63.20/bbl	WTI \$	(0.6)
Natural Gas					
Fixed - Sell	Jul 2019 to Dec 2019	5,000 mmbtu/d	US\$3.15	NYMEX \$	0.8
Fixed - Sell	Jul 2019 to Sep 2019	10,000 mmbtu/d	US\$2.79	NYMEX \$	0.6
Fixed - Sell	Oct 2019 to Dec 2019	10,000 mmbtu/d	US\$2.88	NYMEX \$	0.5
Total				\$	41.3
Financial derivatives - Current asset					37.9
Financial derivatives - Non-current asset					3.4

(1) Based on the weighted average price per unit for the period.

(2) Fair values as at June 30, 2019.

(3) Producer 3-way option consists of a sold put, a bought put and a sold call. To illustrate, in a US\$50/US\$60/US\$70 contract, Baytex receives WTI plus US\$10.00/bbl when WTI is at or below US\$50/bbl; Baytex receives US\$60.00/bbl when WTI is between US\$50/bbl and US\$60/bbl; Baytex receives the market price when WTI is between US\$60/bbl and US\$70/bbl; and Baytex receives US\$70/bbl when WTI is above US\$70/bbl.

(4) For these contracts, the counterparty has the right, if exercised on December 31, 2019, to enter a swap transaction for the remaining term, notional volume and fixed price per unit indicated above.