FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - Q3 2018

Baytex had the following financial derivative contracts:

	Period	Volume	Price/Unit[1]	Index		Fair Value[2] *($ millions)*
Oil						
Basis swap	Oct 2018 to Dec 2018	6,000 bbl/d	WTI less US$14.24/bbl	WCS	$	8.4
3-way option[3]	Oct 2018 to Dec 2018	2,000 bbl/d	US$60.00/US$54.40/US$40.00	WTI	$	(3.1)
Fixed - Sell	Oct 2018 to Dec 2018	16,500 bbl/d	US$52.28/bbl	WTI	$	(43.1)
Fixed - Sell	Oct 2018 to Dec 2018	4,000 bbl/d	US$61.31/bbl	Brent	$	(11.6)
Fixed - Sell	Jan 2019 to Jun 2019	2,000 bbl/d	US$62.85/bbl	WTI	$	(4.3)
Fixed - Sell	Jan 2019 to Dec 2019	2,000 bbl/d	US$61.70/bbl	WTI	$	(9.4)
Swaption[4]	Jan 2019 to Dec 2019	2,000 bbl/d	US$61.70/bbl	WTI	$	(9.8)
Swaption[4]	Jan 2019 to Dec 2019	2,000 bbl/d	US$59.60/bbl	WTI	$	(10.9)
3-way option[3]	Jan 2019 to Dec 2019	2,000 bbl/d	US$70.00/US$60.00/US$50.00	WTI	$	(4.5)
3-way option[3]	Jan 2019 to Dec 2019	1,000 bbl/d	US$72.60/US$65.00/US$55.00	WTI	$	(1.3)
3-way option[3]	Jan 2019 to Dec 2019	1,000 bbl/d	US$72.50/US$66.00/US$56.00	WTI	$	(1.2)
3-way option[3]	Jan 2019 to Dec 2019	1,000 bbl/d	US$73.00/US$66.00/US$56.00	WTI	$	(1.1)
3-way option[3]	Jan 2019 to Dec 2019	2,000 bbl/d	US$73.00/US$67.00/US$57.00	WTI	$	(2.1)
3-way option[3]	Jan 2019 to Dec 2019	2,000 bbl/d	US$74.00/US$68.00/US$58.00	WTI	$	(2.1)
3-way option[3]	Jan 2019 to Dec 2019	1,000 bbl/d	US$75.00/US$69.90/US$60.00	WTI	$	(0.3)
3-way option[3]	Jan 2019 to Dec 2019	1,000 bbl/d	US$76.00/US$71.00/US$61.00	WTI	$	(0.1)
3-way option[3]	Jan 2019 to Dec 2019	1,000 bbl/d	US$75.50/US$65.50/US$55.50	Brent	$	(3.4)
3-way option[3]	Jan 2019 to Dec 2019	1,000 bbl/d	US$77.55/US$70.00/US$60.00	Brent	$	(2.6)
3-way option[3]	Jan 2019 to Dec 2019	1,000 bbl/d	US$83.00/US$73.00/US$63.00	Brent	$	(1.1)
3-way option[3]	Jan 2019 to Dec 2019	1,000 bbl/d	US$78.00/US$73.00/US$63.00	WTI	$	—
Natural Gas						
Fixed - Sell	Oct 2018 to Dec 2018	15,000 mmbtu/d	US$3.01	NYMEX	$	(0.1)
Fixed - Sell	Oct 2018 to Dec 2018	5,000 GJ/d	$2.67	AECO	$	0.4
Fixed - Sell	Nov 2018 to Mar 2019	5,000 GJ/d	$2.25	AECO	**$**	**—**
Total					**$**	**(103.3)**
Current asset						5.2
Non-current asset						—
Current liability						(98.5)
Non-current liability						(10.0)

(1) Based on the weighted average price per unit for the period.
(2) Fair values as at September 30, 2018. For the purposes of the table, contracts entered subsequent to September 30, 2018 will have no fair value assigned.
(3) Producer 3-way option consists of a sold call, a bought put and a sold put. To illustrate, in a US$70/US$60/US$50 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, 2018, to enter a swap transaction for the remaining term, notional volume and fixed price per unit indicated above.