

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - Q4 2019

Baytex had the following financial derivative contracts outstanding as of March 3, 2020:

	Remaining Period	Volume	Price/Unit ⁽¹⁾	Index
Oil				
Basis swap	Jan 2020 to Dec 2020	2,500 bbl/d	WTI less US\$16.10/bbl	WCS
Basis swap ⁽⁶⁾	Apr 2020 to Dec 2020	4,000 bbl/d	WTI less US\$16.38/bbl	WCS
Basis swap	Jan 2020 to Dec 2020	2,000 bbl/d	WTI less US\$6.50/bbl	MSW
Basis swap ⁽⁶⁾	Apr 2020 to Dec 2020	3,000 bbl/d	WTI less US\$5.92/bbl	MSW
Fixed - Sell	Jan 2020 to Mar 2020	6,000 bbl/d	US\$56.60/bbl	WTI
Fixed - Sell	Jan 2020 to Dec 2020	2,000 bbl/d	US\$58.00/bbl	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	3,000 bbl/d	US\$50.00/US\$56.00/US\$61.35	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	3,000 bbl/d	US\$50.00/US\$57.00/US\$60.00	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	4,500 bbl/d	US\$50.00/US\$57.00/US\$62.00	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	3,000 bbl/d	US\$50.00/US\$58.00/US\$62.00	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	1,000 bbl/d	US\$51.00/US\$58.00/US\$60.50	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	1,000 bbl/d	US\$51.00/US\$58.00/US\$60.83	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	1,500 bbl/d	US\$51.00/US\$59.00/US\$65.60	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	1,500 bbl/d	US\$51.00/US\$59.00/US\$66.00	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	1,000 bbl/d	US\$51.00/US\$59.50/US\$66.15	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	1,000 bbl/d	US\$51.00/US\$60.00/US\$65.60	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	1,000 bbl/d	US\$51.00/US\$60.00/US\$66.00	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	1,000 bbl/d	US\$51.00/US\$60.00/US\$66.05	WTI
3-way option ⁽²⁾	Jan 2020 to Dec 2020	2,000 bbl/d	US\$51.00/US\$60.00/US\$66.70	WTI
Swaption ⁽³⁾	Jan 2021 to Dec 2021	3,000 bbl/d	US\$64.50/bbl	Brent
Swaption ⁽⁴⁾	Jan 2021 to Dec 2021	3,000 bbl/d	US\$70.00/bbl	Brent
Swaption ⁽⁴⁾	Jan 2021 to Dec 2021	3,000 bbl/d	US\$60.75/bbl	WTI
Natural Gas				
3-way option ⁽²⁾	Jan 2020 to Dec 2020	5,000 mmbtu/d	US\$2.25/US\$2.60/US\$2.85	NYMEX
Swaption ⁽⁵⁾	Jan 2021 to Dec 2021	5,000 mmbtu/d	US\$2.90/mmbtu	NYMEX

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

(2) Producer 3-way option consists of a sold call, a bought put and a sold put. To illustrate, in a US\$50/US\$58.00/US\$62.00 contract, Baytex receives WTI plus US\$8.00/bbl when WTI is at or below US\$50.00/bbl; Baytex receives US\$58.00/bbl when WTI is between US\$50.00/bbl and US\$58.00/bbl; Baytex receives the market price when WTI is between US\$58.00/bbl and US\$62.00/bbl; and Baytex receives US\$62.00/bbl when WTI is above US\$62.00/bbl.

(3) For these contracts, the counterparty has the right, if exercised on September 30, 2020, to enter a swap transaction for the remaining term, notional volume and fixed price per unit indicated above.

(4) For these contracts, the counterparty has the right, if exercised on December 31, 2020, to enter a swap transaction for the remaining term, notional volume and fixed price per unit indicated above.

(5) For these contracts, the counterparty has the right, if exercised on December 23, 2020, to enter a swap transaction for the remaining term, notional volume and fixed price per unit indicated above.

(6) Contracts entered subsequent to December 31, 2019.

The following table sets forth the realized and unrealized gains and losses recorded on financial derivatives.

	Years Ended December 31	
	2019	2018
Realized financial derivatives (gain) loss	\$ (75,620)	\$ 73,165
Unrealized financial derivatives loss (gain)	82,817	(116,715)
Financial derivatives loss (gain)	\$ 7,197	\$ (43,550)