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

FORM 40-F

(Check One)

[ ] Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

[X] Annual report pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2025

Commission file number 1-32895

OBSIDIAN ENERGY LTD.

(Exact name of registrant as specified in its charter)

Alberta, Canada	**1311**	**Not applicable**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number (if applicable))	(I.R.S. Employer Identification Number (if Applicable))

Suite 200, 207 – 9th Avenue SW, Calgary, Alberta, Canada T2P 1K3
(403) 777-2500
(Address and Telephone Number of Registrant's Principal Executive Offices)

DL Services Inc., Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, Washington 98104-7043
(206) 903-5448
(Name, Address (Including Zip Code) and Telephone Number
(Including Area Code) of Agent For Service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Shares	**OBE**	**NYSE American, LLC**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

For annual reports, indicate by check mark the information filed with this Form:

[X] Annual Information Form [X] Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **67,274,326**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes X No___

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes__X__ No___

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company

Yes No __X__

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

____

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes_X__ No ____

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

____

Recovery of erroneously awarded compensation. (a) A registrant that at any time during its last completed fiscal year had a class of securities listed on a national securities exchange registered pursuant to section 6 of the Exchange Act (15 U.S.C. 78f) or a national securities association registered pursuant to section 15A of the Exchange Act (15 U.S.C. 78o-3) must file as exhibit 97 to its annual report on Form 40-F the compensation recovery policy [NTD - Dan Miller required by the applicable listing standards adopted pursuant to 17 CFR 240.10D-1

____

FORM 40-F

Principal Documents

The following documents, filed as Exhibits 99.1, 99.2, 99.3 and 99.4 to this Annual Report on Form 40-F, are hereby incorporated by reference into this Annual Report on Form 40-F:

(a) Annual Information Form for the fiscal year ended December 31, 2025;

(b) Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2025;

(c) Audited Consolidated Financial Statements for the fiscal year ended December 31, 2025, prepared under International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(d) Supplemental Oil and Gas Information.

ADDITIONAL DISCLOSURE

Certifications and Disclosure Regarding Controls and Procedures.

(a) Certifications. See Exhibits 99.5, 99.6, 99.7 and 99.8 to this Annual Report on Form 40-F.

(b) Disclosure Controls and Procedures. As of the end of Obsidian Energy Ltd.'s ("Obsidian Energy") fiscal year ended December 31, 2025, an evaluation of the effectiveness of Obsidian Energy's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) was carried out by the management of Obsidian Energy, with the participation of the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of Obsidian Energy. Based upon that evaluation, the CEO and CFO have concluded that as of the end of that fiscal year, Obsidian Energy's disclosure controls and procedures were effective to ensure that information required to be disclosed by Obsidian Energy in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission (the "Commission") rules and forms and (ii) accumulated and communicated to the management of Obsidian Energy, including the CEO and CFO, to allow timely decisions regarding required disclosure.

It should be noted that while the CEO and CFO believe that Obsidian Energy's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that Obsidian Energy's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

(c) Management's Annual Report on Internal Control Over Financial Reporting.
Management is responsible for establishing and maintaining adequate internal control over Obsidian Energy's financial reporting. Obsidian Energy's internal control system was designed to provide reasonable assurance that all transactions are accurately recorded, that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that Obsidian Energy's assets are safeguarded.

Management has assessed the effectiveness of Obsidian Energy's internal control over financial reporting as at December 31, 2025. In making its assessment, management used the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework in Internal Control – Integrated Framework (2013) to evaluate the effectiveness of Obsidian Energy's internal control over financial reporting. Based on this assessment, management has concluded that Obsidian Energy's internal control over financial reporting was effective as of December 31, 2025.

(d) Attestation Report of the Registered Public Accounting Firm. The required disclosure is included in the Report of Independent Registered Public Accounting Firm on Obsidian Energy's internal control over financial reporting that accompanies Obsidian Energy's Audited Consolidated Financial Statements for the fiscal year ended December 31, 2025, filed as Exhibit 99.3 to this Annual Report on Form 40-F.

(e) Changes in Internal Control Over Financial Reporting ("ICFR"). The required disclosure is included under the heading "Changes in Internal Control Over Financial Reporting" in the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2025, filed as Exhibit 99.2 to this Annual Report on Form 40-F.

Notices Pursuant to Regulation BTR.

None.

Audit Committee Financial Expert.

Obsidian Energy's board of directors has determined that Raymond Crossley, a member of Obsidian Energy's audit committee, qualifies as an "audit committee financial expert" (as such term is defined in Form 40-F). Mr. Crossley is "independent" as that term is defined in the rules of the NYSE American stock exchange.

Code of Business Conduct.

Obsidian Energy has adopted a Code of Business Conduct and Ethics that applies to all employees, officers and directors of Obsidian Energy. This Code constitutes a "code of ethics" as defined in Form 40-F and is referred to in this Annual Report on Form 40-F as the "Code of Ethics".

The Code of Ethics is available for viewing on Obsidian Energy's website at www.obsidianenergy.com, is available in print to any shareholder who requests a copy, and is filed as an exhibit to this Annual Report on Form 40-F. Requests for copies of the Code of Ethics should be made by contacting: investor relations by phone at (888) 770-2633 or by e-mail to investor_relations@obsidianenergy.com.

During the year ended December 31, 2025, there have not been any amendments to, or waivers, including implicit waivers, from, any provision of the Code of Ethics.

If any amendment to the Code of Ethics is made, or if any waiver from the provisions thereof is granted, Obsidian Energy may elect to disclose the information about such amendment or waiver required by Form 40-F to be disclosed, by posting such disclosure on Obsidian Energy's website, which may be accessed at www.obsidianenergy.com.

Principal Accountant Fees and Services.

Our independent registered public accounting firm is KPMG LLP, Calgary AB, Auditor Firm ID 85.

The required disclosure is included under the heading “External Auditor Service Fees” in Obsidian Energy’s Annual Information Form for the fiscal year ended December 31, 2025, filed as Exhibit 99.1 hereto.

Pre-Approval Policies and Procedures.

(a) The terms of the engagement of Obsidian Energy’s external auditors to provide audit services, including the budgeted fees for such audit services and the representations and disclaimers relating thereto, must be pre-approved by the entire audit committee.

With respect to any engagements of Obsidian Energy’s external auditors for non-audit services, Obsidian Energy must obtain the approval of the audit committee prior to retaining the external auditors to complete such engagement. However, the audit committee may delegate to one or more audit committee members (the "Delegate") authority to pre-approve non-audit services, subject to the fee restriction below. If such delegation occurs, the pre-approval of non-audit services by the Delegate, must be presented to the audit committee at its first scheduled meeting following such pre-approval and the member(s) comply with such other procedures as may be established by the audit committee from time to time. The fees for such non-audit services shall not exceed $100,000, either individually or in the aggregate, for a particular financial year without the approval of the audit committee.

(b) Of the fees reported in this Annual Report on Form 40-F under the heading “Principal Accountant Fees and Services”, none of the fees billed by KPMG LLP were approved by Obsidian Energy’s audit committee pursuant to the *de minimus* exception provided by Section (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

Off-Balance Sheet Arrangements.

Obsidian Energy has no off-balance-sheet financing arrangements.

Cash Requirements

The required disclosure is included under the headings “Liquidity and Capital Resources” and “Contractual Obligations and Commitments” in the Company's Management’s Discussion and Analysis for the year ended December 31, 2025, filed as Exhibit 99.2 to this Annual Report on Form 40-F.

Identification of the Audit Committee.

Obsidian Energy has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the audit committee are: Raymond Crossley, John Brydson and Shani Bosman.

Mine Safety Disclosure.

Not applicable.

Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Recovery of Erroneously Awarded Compensation

Not applicable.

NYSE American Statement of Governance Differences

As a Canadian corporation listed on the NYSE American stock exchange, Obsidian Energy is not required to comply with most of the NYSE American corporate governance standards, so long as it complies with Canadian corporate governance practices. In order to claim such an exemption, however, Obsidian Energy must disclose the significant difference between its corporate governance practices and those required to be followed by U.S. domestic companies under the NYSE American's corporate governance standards. Obsidian Energy has included a description of such significant differences in corporate governance practices on its website which may be accessed at www.obsidianenergy.com.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking.

Obsidian Energy undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process.

Obsidian Energy has previously filed a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the agent for service of process of Obsidian Energy shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of Obsidian Energy.

SIGNATURES

Pursuant to the requirements of the Exchange Act, Obsidian Energy Ltd. certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 19, 2026.

OBSIDIAN ENERGY LTD.

By: /s/ Stephen Loukas

Name: Stephen Loukas
Title: President and Chief Executive Officer

EXHIBIT INDEX

Exhibit	Description
99.1	Annual Information Form for the fiscal year ended December 31, 2025
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2025
99.3	Consolidated Financial Statements for the fiscal year ended December 31, 2025
99.4	Supplemental Oil and Gas Information
99.5	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
99.6	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
99.7	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
99.8	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350
99.9	Consent of KPMG LLP
99.10	Consent of GLJ Ltd.
97	Clawback Policy
101	Interactive Data Files
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File

Exhibit 97

OBSIDIAN ENERGY POLICIES

INCENTIVE COMPENSATION RECOVERY POLICY

Approved by: Board of Directors
Date: Effective October 2, 2023

1.Introduction

The Board of Directors of Obsidian Energy Ltd. (the "**Company**") believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's compensation philosophy. The Board has therefore adopted this policy, which provides for the recovery of erroneously awarded incentive compensation in the event that the Company is required to prepare an accounting restatement due to material noncompliance of the Company with any financial reporting requirements under the federal securities laws (the "**Policy**"). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), related rules and the listing standards of NYSE AMERICAN or any other securities exchange on which the Company's shares are listed in the future.

2.Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Human Resources, Governance & Compensation Committee (the "**Committee**"), in which case, all references herein to the Board shall be deemed references to the Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

3.Covered Executives

Unless and until the Board determines otherwise, for purposes of this Policy, the term "**Covered Executive**" means a current or former employee who is or was identified by the Company as the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (including any executive officer of the Company's subsidiaries or affiliates) who performs similar policy-making functions for the Company. "Policy-making function" excludes policy-making functions that are not significant. For the avoidance of doubt, "Covered Executives" will include at least the following Company officers: President and Chief Executive Officer and all officers reporting directly to him or her.

This Policy covers Incentive Compensation received by a person after beginning service as a Covered Executive and who served as a Covered Executive at any time during the performance period for that Incentive Compensation.

4.Recovery: Accounting Restatement

In the event of an "Accounting Restatement," the Company will recover reasonably promptly any excess Incentive Compensation received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, including transition periods resulting from a change in the Company's fiscal year as provided in Rule 10D-1 of the Exchange Act. Incentive Compensation is deemed **"received"** in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

(a) Definition of Accounting Restatement

For the purposes of this Policy, an "**Accounting Restatement**" means the Company is required to prepare an accounting restatement of its financial statements filed with the Securities and Exchange Commission (the "**SEC**") due to the Company's material noncompliance with any financial reporting requirements under the federal securities laws (including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period).

The determination of the time when the Company is **"required"** to prepare an Accounting Restatement shall be made in accordance with applicable SEC and national securities exchange rules and regulations.

An Accounting Restatement does not include situations in which financial statement changes did not result from material non-compliance with financial reporting requirements, such as, but not limited to retrospective: (i) application of a change in accounting principles; (ii) revision to reportable segment information due to a change in the structure of the Company's internal organization; (iii) reclassification due to a discontinued operation; (iv) application of a change in reporting entity, such as from a reorganization of entities under common control; (v) adjustment to provision amounts in connection with a prior business combination; and (vi) revision for stock splits, stock dividends, reverse stock splits or other changes in capital structure.

(b) Definition of Incentive Compensation

For purposes of this Policy, "**Incentive Compensation**" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure, including, for example, bonuses or awards under the Company's short and long-term incentive plans, grants and awards under the Company's equity incentive plans, and contributions of such bonuses or awards to the Company's deferred compensation plans or other employee benefit plans.

(c) Financial Reporting Measures

"Financial Reporting Measures" are those that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements (including non-GAAP financial measures) and any measures derived wholly or in part from such financial measures. For the avoidance of doubt, Financial Reporting

Measures include stock price and total shareholder return. A measure need not be presented within the financial statements or included in a filing with the SEC to constitute a Financial Reporting Measure for purposes of this Policy.

(d) Excess Incentive Compensation: Amount Subject to Recovery

The amount(s) to be recovered from the Covered Executive will be the amount(s) by which the Covered Executive's Incentive Compensation for the relevant period(s) exceeded the amount(s) that the Covered Executive otherwise would have received had such Incentive Compensation been determined based on the restated amounts contained in the Accounting Restatement. All amounts shall be computed without regard to taxes paid.

For Incentive Compensation based on Financial Reporting Measures such as stock price or total shareholder return, where the amount of excess compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the Board will calculate the amount to be reimbursed based on a reasonable estimate of the effect of the Accounting Restatement on such Financial Reporting Measure upon which the Incentive Compensation was received. The Company will maintain documentation of that reasonable estimate and will provide such documentation to the applicable national securities exchange.

(e) Method of Recovery

The Board will determine, in its sole discretion, the method(s) for recovering reasonably promptly excess Incentive Compensation hereunder. Such methods may include, without limitation:

(i) requiring reimbursement of compensation previously paid;

(ii) forfeiting any compensation contribution made under the Company's deferred compensation plans, as well as any matching amounts and earnings thereon;

(iii) offsetting the recovered amount from any compensation that the Covered Executive may earn or be awarded in the future (including, for the avoidance of doubt, recovering amounts earned or awarded in the future to such individual equal to compensation paid or deferred into tax–qualified plans or plans subject to the Employee Retirement Income Security Act of 1974 (collectively, **"Exempt Plans"**); *provided that,* no such recovery will be made from amounts held in any Exempt Plan of the Company);

(iv) taking any other remedial and recovery action permitted by law, as determined by the Board; or

(v) some combination of the foregoing.

5.No Indemnification or Advance

Subject to applicable law, the Company shall not indemnify, including by paying or reimbursing for premiums for any insurance policy covering any potential losses, any Covered Executives against the loss of any erroneously awarded Incentive Compensation, nor shall the Company

advance any costs or expenses to any Covered Executives in connection with any action to recover excess Incentive Compensation.

6.Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC or any national securities exchange on which the Company's securities are listed.

7.Effective Date

The effective date of this Policy is October 2, 2023 (the "**Effective Date**"). This Policy applies to Incentive Compensation received by Covered Executives on or after the Effective Date that results from attainment of a Financial Reporting Measure based on or derived from financial information for any fiscal period ending on or after the Effective Date. Without limiting the scope or effectiveness of this Policy, Incentive Compensation granted or received by Covered Executives prior to the Effective Date remains subject to the Company's prior Executive Incentive Compensation Recoupment Policy originally effective March 11, 2015 and amended effective as of March 6, 2018. In addition, this Policy is intended to be and will be incorporated as an essential term and condition of any Incentive Compensation agreement, plan or program that the Company establishes or maintains on or after the Effective Date.

8.Amendment and Termination

The Board may amend this Policy from time to time in its discretion, and shall amend this Policy as it deems necessary to reflect changes in regulations adopted by the SEC under Section 10D of the Exchange Act and to comply with any rules or standards adopted by the NYSE American or any other securities exchange on which the Company's shares are listed in the future.

9.Other Recovery Rights

The Board intends that this Policy will be applied to the fullest extent of the law. Upon receipt of this Policy, each Covered Executive is required to complete the Receipt and Acknowledgement attached as Schedule A to this Policy. The Board may require that any employment agreement or similar agreement relating to Incentive Compensation received on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any (i) other remedies or rights of compensation recovery that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, or similar agreement relating to Incentive Compensation, unless any such agreement expressly prohibits such right of recovery, and (ii) any other legal remedies available to the Company. The provisions of this Policy are in addition to (and not in lieu of) any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 and other applicable laws.

10.Impracticability

The Company shall recover any excess Incentive Compensation in accordance with this Policy, except to the extent that certain conditions are met and the Board has determined that such recovery would be impracticable, all in accordance with Rule 10D-1 of the Exchange Act and the

NYSE American or any other securities exchange on which the Company's shares are listed in the future.

11.Successors

This Policy shall be binding upon and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

Schedule A

INCENTIVE-BASED COMPENSATION CLAWBACK POLICY
RECEIPT AND ACKNOWLEDGEMENT

I, _____, hereby acknowledge that I have received and read a copy of the Incentive Compensation Recovery Policy. As a condition of my receipt of any Incentive Compensation as defined in the Policy, I hereby agree to the terms of the Policy. I further agree that if recovery of excess Incentive Compensation is required pursuant to the Policy, the Company shall, to the fullest extent permitted by governing laws, require such recovery from me up to the amount by which the Incentive Compensation received by me, and amounts paid or payable pursuant or with respect thereto, constituted excess Incentive Compensation. If any such reimbursement, reduction, cancelation, forfeiture, repurchase, recoupment, offset against future grants or awards and/or other method of recovery does not fully satisfy the amount due, I agree to immediately pay the remaining unpaid balance to the Company.

Signature Date

Exhibit 99.1



OBSIDIAN ENERGY LTD.

Annual Information Form
for the year ended December 31, 2025

February 18, 2026

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APPENDIX A – RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Appendix A-1 – Report of Management and Directors on Reserves Data and Other Information
Appendix A-2 – Report on Reserves Data
Appendix A-3 – Statement of Reserves Data and Other Oil and Gas Information

APPENDIX B – MANDATE OF THE AUDIT COMMITTEE

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form.

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

"**Annual Information Form**" means this annual information form dated February 18, 2026.

"AER" means the Alberta Energy Regulator.

"**Board**" or "**Board of Directors**" means the board of directors of Obsidian Energy.

"**Common Shares**" means common shares in the capital of Obsidian Energy.

"**Engineering Report**" means the report prepared by GLJ Ltd. dated January 23, 2026, where they evaluated 100% of the oil, natural gas and natural gas liquids reserves of Obsidian Energy and the net present value of future net revenue attributable to those reserves effective as at December 31, 2025.

"**Form 40-F**" means our Annual Report on Form 40-F for the fiscal year ended December 31, 2025, filed with the SEC.

"**GLJ**" means GLJ Ltd., independent petroleum consultants of Calgary, Alberta.

"**Gross**" or "**gross**" means:

(a) in relation to our interest in production or reserves, our "company gross reserves", which are our working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of ours;

(b) in relation to wells, the total number of wells in which we have an interest; and

(c) in relation to properties, the total area of properties in which we have an interest.

"**Handbook**" means the Chartered Professional Accountant Canada Handbook, as amended from time to time.

"**IFRS**" means International Financial Reporting Standards, being the standards and interpretations issued by the International Accounting Standards Board, as amended from time to time. Canadian generally accepted accounting principles applicable to publicly accountable enterprises is determined with reference to Part I of the Handbook, which is IFRS.

"**KPMG LLP**" means the independent auditors of the Company.

"**MD&A**" means management's discussion and analysis.

"**Net**" or "**net**" means:

(a) in relation to our interest in production or reserves, our working interest (operating or non-operating) share after deduction of royalty obligations, plus our royalty interests in production or reserves;

(b) in relation to our interest in wells, the number of wells obtained by aggregating our working interest in each of our gross wells; and

(c) in relation to our interest in a property, the total area in which we have an interest multiplied by the working interest we own.

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

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

"**NYSE American**" means the NYSE American exchange.

"**Obsidian Energy**", the "**Company**", the "**Corporation**", "**we**", "**us**" or "**our**" each means Obsidian Energy Ltd., a corporation existing under the ABCA. Where the context permits or requires, these terms also include all of Obsidian Energy's Subsidiaries on a consolidated basis.

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

"**PCU #11**" means Pembina Cardium Unit #11

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

"**Senior Unsecured Notes - 2022**" means our previously outstanding 11.95 percent senior unsecured notes that were due on July 27, 2027. These notes were fully redeemed on December 3, 2025.

"**Senior Unsecured Notes - 2025**" means our outstanding senior unsecured notes as described under the heading "*Capitalization of Obsidian Energy – Debt Capital – Senior Unsecured Notes - 2025*".

"**Shareholders**" means holders of our Common Shares.

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

"**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.

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

"**undeveloped land**" and "**unproved property**" each mean a property or part of a property to which no reserves have been specifically attributed.

"**United States**" or "**U.S.**" means the United States of America.

CONVENTIONS

Certain terms used herein are defined in the "*Glossary of Terms*". Certain other terms used herein but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101.

All dollar amounts in this document 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. On February 18, 2026, the exchange rate based on the noon rate as reported by WMR, was Cdn$1.00 equals US$0.7312.

All financial information herein has been presented in accordance with IFRS.

ABBREVIATIONS

Oil and Natural Gas Liquids

bbl	barrel or barrels
bbl/d	barrels per day
Mbbl	thousand barrels
MMbbl	million barrels
NGLs	natural gas liquids
MMboe	million barrels of oil equivalent
Mboe	thousand barrels of oil equivalent
boe/d	barrels of oil equivalent per day

Natural Gas

GJ	Gigajoule
GJ/d	gigajoules per day
Mcf	thousand cubic feet
MMcf	million cubic feet
Bcf	billion cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
m^3	cubic metres
MMbtu	million British thermal units

Other

AECO	the Alberta benchmark price for natural gas.
BOE or boe	barrel of oil equivalent, using the conversion factor of 6 Mcf of natural gas being equivalent to one barrel of oil.
WTI	West Texas Intermediate, the reference price paid in United States dollars at Cushing, Oklahoma for oil of standard grade.
API	American Petroleum Institute.
API	the measure of the density or gravity of liquid petroleum products derived from a specific gravity.
psi	pounds per square inch.
MM$	million dollars.
MW	megawatt.
MWh	megawatt hour.
CO_2	carbon dioxide.

OIL AND GAS INFORMATION ADVISORIES

Where any disclosure of reserves data is made in this Annual Information Form (including the Appendices hereto) that does not reflect all of the reserves of Obsidian Energy, the reader should note that 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.

All production and reserves quantities included in this Annual Information Form (including the Appendices hereto) have been prepared in accordance with Canadian practices and specifically in accordance with NI 51-101. These practices are different from the practices used to report production and to estimate reserves in reports and other materials filed with the SEC by United States companies. Nevertheless, as part of Obsidian Energy's Form 40-F for the year ended December 31, 2025, filed with the SEC, Obsidian Energy has disclosed proved reserves quantities using the standards contained in SEC Regulation S-X, and the standardized measure of discounted future net cash flows relating to proved oil and gas reserves determined in accordance with the U.S. Financial Accounting Standards Board, "Disclosures About Oil and Gas Producing Activities", which disclosure complies with the SEC's rules for disclosing oil and gas reserves.

References in this Annual Information Form to land and properties held, owned, acquired or disposed by us, or in respect of which we have an interest, refer to land or properties in respect of which we have a lease or other contractual right to explore for, develop, exploit and produce hydrocarbons underlying such land or properties.

Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is misleading as an indication of value.

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
Bbl	cubic metres	0.159
cubic metres	Bbl	6.293
Feet	metres	0.305
Metres	Feet	3.281
Miles	kilometres	1.609
Kilometres	miles	0.621
Acres	hectares	0.405
Hectares	acres	2.500
gigajoules (at standard)	mmbtu	0.948
mmbtu (at standard)	gigajoules	1.055
gigajoules (at standard)	Mcf	1.055

EFFECTIVE DATE OF INFORMATION

Except where otherwise indicated, the information in this Annual Information Form is presented as at the end of Obsidian Energy's most recently completed financial year, being December 31, 2025.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

In the interest of providing our securityholders and potential investors with information regarding Obsidian Energy, including management's assessment of Obsidian Energy's future plans and operations, certain statements contained and incorporated by reference in this document constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of the "safe harbour" provisions of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "budget", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "objective", "aim", "potential", "target" and similar words suggesting future events or future performance. In addition, statements relating to "reserves" or "resources" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and can be profitably produced in the future. In particular, this document and the documents incorporated by reference herein contain, without limitation, forward-looking statements pertaining to the following: details of our ongoing acquisition, disposition, farm-out and financing strategy; our dividend policy; our expectations for the industry that we operate in for 2026 and beyond; our 2026 outlook and guidance including our anticipated production; our expectations regarding the operational and financial impact that climate change regulations in the jurisdictions in which we operate will have on us; our expectations regarding First Nation relations; our expectations on what our environmental programs will entail, how we expect to monitor and ensure compliance with our policies; that our management team has the skills and experience to effectively identify, evaluate and execute on our business plan; that our competitive position is, on the whole, equivalent to that of other oil and natural gas producers of similar size and at a similar stage of development; the potential impacts of seasonal weather variations on our business; our expectations in connection with decommissioning and reclamation; that the Corporation is unable to predict what additional legislation or amendment governments may enact in the future and what will need to be reported or remitted and in what time frame the possibility that we could faces increase in costs in order to comply with emissions legislation; that we are committed to mitigating the environmental impact from our operations, and to involving stakeholders throughout the exploration, development, production and abandonment process; that we will seek to ensure compliance with our environmental policies; that we continue to work cooperatively with governments to develop an approach to deal with climate change issues that protects the industry's competitiveness, limits the cost and administrative burden of compliance, and supports continued investment in the oil and gas sector; our belief that the trend towards heightened and additional standards in environmental legislation and regulation will continue and our expectation that we will be making increased expenditures as a result of the

expansion of our operations and the adoption of new legislation relating to the protection of the environment; our assessment of the operational and financial impacts that certain risks factors could have on us and the value of our Common Shares should such risk factors materialize; the quantity of our oil, natural gas liquids and natural gas reserves, the recoverability thereof, and the net present values of future net revenue to be derived from our reserves using forecast prices and costs, including the disclosure set forth in Appendix A-3 under "Statement of Reserves Data and Other Oil and Gas Information – Reserves Data"; the amount of royalties, operating costs, development costs, abandonment and reclamation costs and income taxes that we will incur in connection with the production of our reserves; our outlook for oil, natural gas liquids and natural gas prices; our expectations regarding future currency exchange rates and inflation rates; our expectations regarding funding the development of our reserves and impact if we failed to develop those reserves; our expectations regarding the timing for developing our proved undeveloped reserves and probable undeveloped reserves and the amount of future capital expenditures required to develop such reserves; our expectations regarding the significant economic factors and other significant uncertainties that could affect our reserves data; the number of net well bores, facilities and the length of pipeline in respect of which we expect to incur abandonment and reclamation costs and the total amount of such costs that we expect to incur and the timing thereof; the details of our exploration and development plans; our expectations for the capital program; the expected lands that will be surrendered unless we qualify them in some manner; our expectations regarding when we will be required to pay income taxes; our intention to continue to actively identify and evaluate hedging opportunities in order to reduce our exposure to fluctuations in commodity prices and protect our future cash flows and capital programs; and the nature of, effectiveness of, and benefits to be derived from, our future marketing arrangements and risk management strategies.

With respect to forward-looking statements contained or incorporated by reference in this document, we have made assumptions regarding, among other things: the duration and impact of tariffs that are currently in effect on goods exported from or imported into Canada, and that other than the tariffs that are currently in effect, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, reenacts tariffs that are currently suspended, or imposes new tariffs, on the import of goods from one country to the other, including on oil and natural gas, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas; that the Company does not dispose of or acquire material producing properties or royalties or other interests therein, other than as stated herein; how liability management regulations in Alberta will impact our Company moving forward; the impact of regional and/or global health related events on energy demand and commodity prices; global energy policies going forward, including the continued ability of members of OPEC, Russia and other nations to agree on and adhere to production quotas from time to time; the impact (and duration thereof) of the ongoing military actions between Russia and Ukraine and in the Middle East involving Israel, Iran and others and related sanctions on oil, NGLs, and natural gas prices; that we are able to move forward through the various reconfirmation and redetermination dates with the credit facility and pay the Senior Unsecured Notes - 2025 at the maturity dates; the terms and timing of any anticipated asset dispositions or acquisitions; our ability to execute our long-term plan as described herein and in our other disclosure documents and the impact that the successful execution of such plan will have on us, our Shareholders and other stakeholders; the economic returns anticipated from expenditures on our assets; future oil, natural gas liquids and natural gas prices and differentials between light, medium and heavy oil prices and Canadian, WTI and world oil and natural gas prices; future capital expenditure levels and capital programs; future oil, natural gas liquids and natural gas production levels; the laws and regulations that we will be required to comply with, including laws and regulations relating to taxation, royalty regimes, emissions and environmental protection, and the continuance of those laws and regulations; that we will have the financial resources required to fund our capital and operating expenditures and requirements as needed; drilling results and the recoverability of our reserves; the estimates of our reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; the amount of royalties, operating costs, development costs, abandonment and reclamation costs and income taxes that we will incur in connection with the production of our reserves; future exchange rates, inflation rates and interest rates; future debt levels; future income tax rates; the amount of tax pools available to us; the cost of expanding our property holdings; our ability to execute our capital programs as planned without significant adverse impacts from various factors beyond our control, such as weather (including weather related natural disasters such as wild fires, flooding and drought), infrastructure access and delays in obtaining regulatory approvals and third party consents; Indigenous relations and its impact on our operations and plans; our ability to obtain equipment in a timely manner to carry out development activities and the costs thereof; our ability to market our oil and natural gas successfully to current and new customers; our ability to reduce our exposure to commodity price fluctuations and counterparty risks through our risk management programs; the impact of increasing competition; our ability to obtain financing on acceptable terms, that our conduct and results of operations will be consistent with expectations; our ability to add production and reserves through our development and exploitation activities; if necessary; and that we will have the ability to develop our oil and gas properties in the manner currently contemplated. In addition, many of the forward-looking statements contained or incorporated by reference in this document are located proximate to assumptions that are specific to those forward-looking statements, and such assumptions should be taken into account when reading such

forward-looking statements: see in particular the assumptions identified in Appendix A-3 under "Statement of Reserves Data and Other Oil and Gas Information – Reserves Data" and "Statement of Reserves Data and Other Oil and Gas Information – Notes to Reserves Data Tables".

Although Obsidian Energy believes that the expectations reflected in the forward-looking statements contained or incorporated by reference in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included or incorporated by reference in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements contained herein will not be correct, which may cause our actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things: the risk that (i) the tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs that have been threatened are implemented, that tariffs that are currently suspended are reactivated, the rate or scope of tariffs are increased, or new tariffs are imposed, including on oil and natural gas, (ii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Company, including by decreasing demand for (and the price of) oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets, and limiting access to financing; the possibility that we are unable to execute some or all of our ongoing asset acquisition or disposition programs on favourable terms or at all, whether due to the failure to receive requisite regulatory or other third party approvals or satisfy applicable closing conditions or for other reasons that we cannot anticipate; changes in our plans regarding, among other things, the implementation of new technologies, facilities replacement and construction, and operations based on key learnings and experience gained through the design and implementation of such plans; the possibility that we will not be able to successfully execute our long-term plan in part or in full, and the possibility that some or all of the benefits that we anticipate will accrue to us, our Shareholders and other stakeholders as a result of the successful execution of such plan do not materialize; the possibility that the Company is unable to complete one or more of the potential transactions being pursued on favorable terms or at all, or that the Company and its stakeholders do not realize the anticipated benefits of any such transaction that is completed; the impact on energy demand and commodity prices of regional and/or global health related events and the responses of governments and the public to a pandemic; the risk that the significant decrease in the valuation of oil and natural gas companies and their securities and the decrease in confidence in the oil and natural gas industry generally that has been caused by, among other things, the worldwide transition towards less reliance on fossil fuels persists or worsens; the possibility that the revolving period and/or term out period of our credit facility and the maturity date of our Senior Unsecured Notes - 2025 is not further extended (if necessary), that the borrowing base under our credit facility is reduced, that the Company is unable to renew our credit facilities on acceptable terms or at all and/or finance the repayment of our Senior Unsecured Notes – 2025 when they mature on acceptable terms or at all and/or obtain new debt and/or equity financing to replace one or all of our credit facilities or Senior Unsecured Notes - 2025; the possibility that we breach one or more of the financial covenants pursuant to our agreements with our lenders and the holders of our Senior Unsecured Notes - 2025; the impact of weather conditions on seasonal demand; the risk that we will be unable to execute our capital programs as planned without significant adverse impacts from various factors beyond our control, including weather, infrastructure access and delays in obtaining regulatory approvals and third party consents including from First Nations, as applicable; risks inherent in oil and natural gas operations; uncertainties associated with estimating reserves and resources; competition for, among other things, capital, acquisitions of reserves, resources, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions, including the historical acquisitions discussed herein; geological, technical, drilling and processing problems; general economic and political conditions in Canada, the U.S., Europe and globally, and in particular, the effect that those conditions have on commodity prices and our access to capital; industry conditions, including fluctuations in the price of oil, natural gas liquids and natural gas, price differentials for oil and natural gas produced in Canada as compared to other markets and transportation restrictions, including pipeline and railway capacity constraints; royalties payable in respect of our oil and natural gas production and changes to government royalty frameworks in jurisdictions in which we operate and the impact that such changes may have on us; changes in government regulation of the oil and natural gas industry, including environmental and emissions regulations; fluctuations in foreign exchange or interest rates; unanticipated operating events or environmental events that can reduce production or cause production to be shut-in or delayed, including extreme cold during winter months, wild fires, flooding and drought; failure to obtain regulatory, industry partner and other third-party consents and approvals when

required, including for acquisitions, dispositions, joint ventures, partnerships and mergers; failure to realize the anticipated benefits of dispositions, acquisitions, joint ventures and partnerships, including the historical dispositions, acquisitions, joint ventures and partnerships discussed herein; changes in taxation and other laws and regulations that affect us and our securityholders; the potential failure of counterparties to honour their contractual obligations; stock market volatility and market valuations; the ability of OPEC to control production and balance global supply and demand of oil at desired price levels; political uncertainty, including the risks of hostilities, in the petroleum producing regions of the world; delays in exploration and development activities if drilling and related equipment is unavailable or if access to drilling locations is restricted; the impact of pipeline interruptions and apportionments and the actions or inactions of third party operators; and the other factors described under "Risk Factors" in this document and in Obsidian Energy's public filings available in Canada at www.sedarplus.ca and in the United States at www.sec.gov. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained and incorporated by reference in this document speak only as of the date of this document. Except as expressly required by applicable securities laws, Obsidian Energy does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained and incorporated by reference in this document are expressly qualified by this cautionary statement.

In addition, this document contains future-oriented financial information ("**FOFI**") and financial outlook information relating to the Corporation's prospective operations, expenditures and production for 2026, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Obsidian Energy's actual results, performance or achievement could differ materially from those expressed in, or implied by, such FOFI, or if any of them do so, what benefits Obsidian Energy will derive therefrom. Obsidian Energy has included this FOFI in order to provide readers with a more complete perspective on Obsidian Energy's business in 2026 and such information may not be appropriate for other purposes. This FOFI is prepared as of the date of this document.

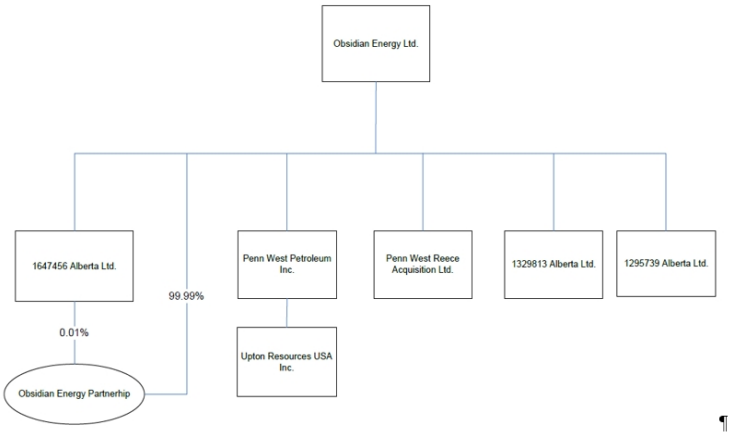
GENERAL AND ORGANIZATIONAL STRUCTURE

General

Obsidian Energy is a corporation amalgamated under the ABCA. Obsidian Energy's head and registered office is located at Suite 200, 207 – 9th Avenue S.W., Calgary, Alberta, T2P 1K3.

Our Organizational Structure

The following diagram sets forth the organizational structure of Obsidian Energy and our material Subsidiaries as at the date hereof.



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Note:

(1) Each of 1647456 Alberta Ltd., Penn West Reece Acquisition Ltd., 1329813 Alberta Ltd. and 1295739 Alberta Ltd. were incorporated, continued, formed or organized, as the case may be, under the laws of the Province of Alberta while Penn West Petroleum, Inc. was incorporated, under the laws of the State of Delaware, USA and Upton Resources U.S.A., Inc. was incorporated under the laws of the State of Montana, USA. We own, directly or indirectly, 100% of the issued and outstanding securities of each of these Subsidiaries.

DESCRIPTION OF OUR BUSINESS

Overview

Obsidian Energy is an intermediate-sized oil and gas producer with a well-balanced portfolio of high-quality assets based in Western Canada. Obsidian Energy is a company based on disciplined, relentless passion for the work we do and resolute accountability to our Shareholders, our partners and the communities in which we operate. As at December 31, 2025, Obsidian Energy had 148 employees.

Reserves Data

See Appendices A-1, A-2 and A-3 for complete NI 51-101 oil and gas reserves disclosure for Obsidian Energy as at December 31, 2025.

General Development of the Business

The following is a description of the general development of Obsidian Energy's business over the last three completed financial years.

Year Ended December 31, 2023

Management Update

On February 22, 2023, Stephen Loukas, who was previously our Interim President and Chief Executive Officer, was named President and Chief Executive Officer. For further details, see the Company’s news release dated February 22, 2023, which is available on SEDAR+ at www.sedarplus.ca.

2023 Guidance, Return of Capital and Reserves

On January 30, 2023, the Company announced our 2023 capital and production guidance, including a total of $260 to $270 million in capital expenditures, plus $26 to $28 million in decommissioning expenditures, the initiation of a normal course issuer bid ("**NCIB**") and the Company's reserve numbers for year-end 2022. The Company's average production guidance for 2023 was set at 32,000 to 33,500 boe/d. For further details, see the Company's news release dated January 30, 2023, which is available on SEDAR+ at www.sedarplus.ca.

On August 2, 2023, the Company announced updated 2023 production guidance to 31,500 to 32,500 boe/d, capital guidance to $255 million to $265 million, plus $26 to $28 million in decommissioning expenditures. On November 9, 2023, the Company announced updated 2023 production guidance to 32,000 to 32,500 boe/d, capital guidance at $300 million, plus $26 to $28 million in decommissioning expenditures. For further details, see the Company's news releases dated August 2, 2023 and November 9, 2023, respectively, which are available on SEDAR+ at www.sedarplus.ca.

On September 21, 2023, we revised our 2023 guidance to 31,750 to 32,500 boe/d, capital guidance of $300 million, plus $26 to $28 million in decommissioning expenditures. For further details, see the Company's news release dated September 21, 2023, which is available on SEDAR+ at www.sedarplus.ca.

TSX Approval of Normal Course Issuer Bid

On February 23, 2023, the Company announced the approval of the NCIB by the TSX to facilitate return of capital to Shareholders via share buybacks. In 2023, the Company utilized the NCIB which resulted in 5,083,635 common shares being repurchased and canceled at an average price of $9.32 per share for total consideration of $47.4 million. For further details, see the Company's news release dated February 23, 2023 which is available on SEDAR+ at www.sedarplus.ca.

Syndicated Credit Facility Increases to $200 Million

On March 22, 2023, Obsidian Energy announced an increase to its syndicated credit facility to $200.0 million from $175.0 million, with an extension of the revolving period to May 31, 2024, and the term-out date to May 31, 2025. For further details, see the Company's news release dated March 22, 2023 which is available on SEDAR+ at www.sedarplus.ca.

AER Order Regarding Water Disposal Well

On March 27, 2023, the Company confirmed that the AER issued an Order regarding the Company's 14-18-082-17W5 water disposal well (the "**AER Order**"), which included establishing seismic monitoring at the water disposal well. For further details, see the Company's news release dated March 27, 2023, which is available on SEDAR+ at www.sedarplus.ca.

Syndicated Credit Facility, Results of Viking Drilling and Update on Alberta Wildfires

On May 31, 2023, the Company announced an increase to the syndicated credit facility (increased to $240 million from $200 million with the addition of the Industrial and Commercial Bank of China (Canada) to the syndicate), results of the Viking drilling and the impact of Alberta wildfires. For further details, see the Company's news release dated May 31, 2023, which is available on SEDAR+ at www.sedarplus.ca.

Completion of Offer to Purchase $5.0 Million of Outstanding Senior Unsecured Notes - 2022

On August 17, 2023, the Company announced the completion of its offer to purchase up to $5.0 million of our outstanding 11.95% Senior Unsecured Notes - 2022. The offer was oversubscribed and the aggregate purchase consideration paid by the Company pursuant to the offer was $5.0 million (approximately, due to rounding), resulting in a proration of the Senior Unsecured Notes - 2022 validly tendered. For further details, see the Company's news release dated August 17, 2023, which is available on SEDAR+ at www.sedarplus.ca.

Year Ended December 31, 2024

2024 Outlook and Guidance

On January 25, 2024, the Company announced our 2024 capital and production guidance, including a total of $345 to $355 million in capital expenditures and $23 to $24 million in decommissioning expenditures. The Company's average production guidance for 2024 was set at 35,250 to 36,750 boe/d. For further details, see the Company's news release dated January 25, 2024, which is available on SEDAR+ at www.sedarplus.ca.

On May 28, 2024, as part of the Peace River acquisition, the Company increased production guidance to 35,650 to 37,150 boe/d while decreasing our capital expenditure guidance to $330 - $340 million. On September 9, 2024, the Company increased production guidance to 36,400 to 37,000 boe/d and revised our capital expenditure guidance to $335 - $345 million. On September 30, 2024, the Company announced increased production guidance to 37,000 – 37,400 boe/d and lower capital expenditure guidance of $320 - $335 million. For further details, see the Company's news releases dated May 28, 2024, September 9, 2024 and September 30, 2024, respectively, which are available on SEDAR+ at www.sedarplus.ca.

Renewal of Normal Course Issuer Bid

On February 27, 2024, the Company announced the renewal of our NCIB which allows the Company to continue to return capital to Shareholders via share buybacks. In 2024, the Company utilized the NCIB which resulted in 4,484,820 common shares being repurchased and canceled at an average price of $9.30 per share for total consideration of $41.7 million. For further details, see the Company's news release dated February 27, 2024, which is available on SEDAR+ at www.sedarplus.ca.

Completion of Offer to Purchase $2.0 Million of Outstanding Senior Unsecured Notes - 2022

On March 14, 2024, the Company announced the completion of its offer to purchase up to $2.0 million of our outstanding 11.95% Senior Unsecured Notes - 2022. The offer was oversubscribed and the aggregate purchase consideration paid by the Company pursuant to the offer was $2.0 million (approximately, due to rounding), resulting in a proration of the Senior Unsecured Notes - 2022 validly tendered. For further details, see the Company's news release dated March 14, 2024, which is available on SEDAR+ at www.sedarplus.ca.

Woodland Cree Dispute and Resolution

On May 15, 2024, the Company outlined the details of a commercial dispute with the Woodland Cree First Nation. As part of this, the Woodland Cree First Nation illegally blockaded certain of the Company's properties in the Peace River area which led to the Company shutting in approximately 4,500 boe/d of production. On June 11, 2024, the Company announced that an agreement had been reached with the Woodland Cree First Nation and production had been re-started. For further details, see the Company's news releases dated May 15, 2024 and June 11, 2024, respectively, which are available on SEDAR+ at www.sedarplus.ca.

Peace River Acquisition

On May 28, 2024, the Company announced we entered into a purchase and sale agreement to acquire approximately 1,700 boe/d (100 percent oil, based on April 2024 actual production) of Clearwater production and 148 net sections of land in the Peace River area from a third-party. The acquisition closed on June 26, 2024 and we paid $80.5 million of cash consideration, after closing adjustments. For further details, see the Company's news releases dated May 28, 2024 and June 26, 2024, which are available on SEDAR+ at www.sedarplus.ca.

Syndicated Credit Facility

On October 7, 2024, the Company announced an increase to our syndicated credit facility (increased to $300 million from $260 million with the addition of the ICBC Standard Bank Plc. to the Company's banking syndicate). For further details, see the Company's news release dated October 7, 2024, which is available on SEDAR+ at www.sedarplus.ca.

Year Ended December 31, 2025

Management Update

On January 14, 2025, the Company announced the promotion of Jay McGilvary to Vice President, Development. For further details, see the Company's news release dated January 14, 2025, which is available on SEDAR+ at www.sedarplus.ca.

Pembina Disposition and Closing

On February 19, 2025, the Company announced that we entered into a definitive asset purchase and sale agreement (the "**PSA**") with InPlay Oil Corp. ("**InPlay**") to dispose of our Pembina assets (the "**Pembina Disposition**") for proceeds of $320.0 million, subject to closing and other adjustments provided for in the PSA. The $320.0 million consideration received for the transaction consisted of $220.0 million of cash, $85.0 million in common shares of InPlay, and InPlay's 34.6 percent interest in the Willesden Green Cardium Unit #2 (valued at $15 million), subject to adjustment as provided for in the PSA. The Pembina Disposition included all the Company's assets in Pembina, with the exception of our non-operated interest in Pembina Cardium Unit #11 which we retained. The transaction had an effective date of December 1, 2024 and closed on April 7, 2025. For further details, see the Company's news releases dated February 19, 2025 and April 7, 2025 which are available on SEDAR+ at www.sedarplus.ca.

2025 Outlook and Guidance

On February 25, 2025, the Company announced our first half 2025 capital and production guidance, including a total of $185 to $195 million in capital expenditures and $11 to $12 million in decommissioning expenditures. The Company's average production guidance for the first half of 2025 was set at 33,300 to 34,300 boe/d. For further details, see the Company's news release dated February 25, 2025, which is available on SEDAR+ at www.sedarplus.ca.

On July 10, 2025, the Company announced our second half 2025 capital program of $110 to $120 million and decommissioning expenditures of $13 - $15 million. The Company's average production guidance for the second half of 2025 was set at 27,100 to 28,300 boe/d. For further details, see the Company's news release dated July 10, 2025, which is available on SEDAR+ at www.sedarplus.ca.

As part of the Company's third quarter earnings release on October 30, 2025, the Company updated our second half 2025 capital guidance range to $120 to $125 million which included additional capital allocated to our waterflood projects in Peace River and an expanded non-operated capital program in PCU#11. For further details, see the Company's news release dated October 30, 2025, which is available on SEDAR+ at www.sedarplus.ca

Credit Facility Update

In connection with the Pembina Disposition, our syndicated credit facility was reduced to $235 million and we completed our semi-annual borrowing base redetermination, which resulted in both the revolving period and maturity date under the credit facility being extended by a year to May 31, 2026 and May 31, 2027, respectively.

TSX Approval for Renewal of Normal Course Issuer Bid

On February 27, 2025, the Company announced that the Toronto Stock Exchange accepted our notice of intention to renew our NCIB. The NCIB allows Obsidian Energy to purchase up to 7,144,408 common shares (representing 10 percent of the Company's public float, as defined by the TSX, as of February 17, 2025) over a period of 12 months commencing on March 3, 2025. The NCIB will expire no later than March 2, 2026. In 2025, the Company fully utilized the NCIB which resulted in the maximum amount of common shares being repurchased and canceled (7,144,408) at an average price of $7.16 per share for total consideration of $51.1 million. For further details, see the Company's news release dated February 27, 2025, which is available on SEDAR+ at www.sedarplus.ca.

Sale of Common Share Position in InPlay

On August 4, 2025, the Company announced we entered into a definitive agreement with Delek Group Ltd. to sell them our common share position in InPlay, consisting of 9,139,784 InPlay common shares, for $10.00 per InPlay share or total proceeds

of $91.4 million. The transaction closed on August 7, 2025. For further details, see the Company's news releases dated August 4, 2025 and August 7, 2025, which are available on SEDAR+ at www.sedarplus.ca.

Partial Redemption of $30.0 million of Senior Unsecured Notes - 2022

On September 2, 2025, the Company announced that we completed the partial redemption of $30 million aggregate principal amount of our Senior Unsecured Notes - 2022 on August 29, 2025, on a *pro rata* basis, as set forth in the notice of partial redemption issued August 18, 2025. For further details, see the Company's news releases dated September 2, 2025, which is available on SEDAR+ at www.sedarplus.ca.

Issuance of Senior Unsecured Notes - 2025 and Redemption of Senior Unsecured Notes - 2022

On November 19, 2025, the Company announced that it had entered into an underwriting agreement to sell, on a private placement basis, $175.0 million aggregate principal amount of 8.125 percent five-year senior unsecured notes due December 3, 2030 (the "**Senior Unsecured Notes – 2025**"). The issuance subsequently closed on December 3, 2025. The Senior Unsecured Notes - 2025 were issued at par under a trust indenture and are direct senior unsecured obligations of the Company ranking equal with all other present and future senior unsecured indebtedness of the Company.

Upon completion of the issuance of the Senior Unsecured Notes – 2025, the Company redeemed our existing $80.8 million principal amount of Senior Unsecured Notes - 2022. For further details, see the Company's news releases dated November 19, 2025 and December 3, 2025, which are available on SEDAR+ at www.sedarplus.ca

2026 Developments

2026 Outlook and Guidance

On January 22, 2026, the Company announced our 2026 capital and production guidance, including a total of $190 to $230 million in capital expenditures. The Company's average production guidance for 2026 was set at 27,900 to 29,900 boe/d. For further details, see the Company's news release dated January 22, 2026, which is available on SEDAR+ at www.sedarplus.ca.

Ongoing Acquisition, Disposition, Farm-Out and Financing Activities

Potential Acquisitions

Obsidian Energy continues to evaluate potential acquisitions of all types of petroleum and natural gas and other energy-related assets as part of our ongoing asset portfolio management program. At times, Obsidian Energy could be in the process of evaluating several potential acquisitions which individually or in aggregate could be material. As of the date hereof, Obsidian Energy has not reached agreement on the price or terms of any potential material acquisitions. Obsidian Energy cannot predict whether any current or future opportunities will result in one or more acquisitions for Obsidian Energy.

Potential Dispositions and Farm-Outs

Obsidian Energy continues to evaluate potential dispositions of our petroleum and natural gas assets as part of our ongoing portfolio asset management program.

In addition, Obsidian Energy continues to consider potential farm-out opportunities with other industry participants in respect of our petroleum and natural gas assets in circumstances where Obsidian Energy believes it is prudent to do so based on, among other things, our capital program, development plan timelines and the risk profile of such assets. Obsidian Energy is normally in the process of evaluating several potential dispositions of our assets and farm-out opportunities at any one time, which individually or in the aggregate could be material. As of the date hereof, Obsidian Energy has not reached agreement on the price or terms of any potential material dispositions or farm-outs. Obsidian Energy cannot predict whether any current or future opportunities will result in one or more dispositions or farm-outs for Obsidian Energy.

Potential Financings

Obsidian Energy continuously evaluates our capital structure, liquidity and capital resources, and financing opportunities that arise from time to time. Obsidian Energy may in the future complete financings of Common Shares or debt (including debt which may be convertible into Common Shares) for purposes that may include the financing of acquisitions, the financing of Obsidian Energy's operations and capital expenditures, the repayment of indebtedness and a return of capital to Shareholders. As of the date hereof, Obsidian Energy has not reached agreement on the pricing or terms of any potential material financing. Obsidian Energy cannot predict whether any current or future financing opportunity will result in one or more material financings being completed.

Significant Acquisitions

Obsidian Energy did not complete an acquisition during its most recently completed financial year that was a significant acquisition for the purposes of Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations*.

Specialized Skill and Knowledge

Obsidian Energy employs individuals with various professional skills in the course of pursuing our business plan. These professional skills include, but are not limited to, engineering, financial, geology, geophysics and business skills, which are widely available in the industry, although recruiting and retaining skilled professional staff is highly competitive. Drawing on significant experience in the oil and natural gas business, Obsidian Energy believes our management team has a demonstrated track record of bringing together all of the key components to a successful development, exploration and production company: strong technical skills; expertise in planning and financial controls; ability to execute on business development opportunities; capital markets expertise; and an entrepreneurial spirit that allows Obsidian Energy to effectively identify, evaluate and execute on our business plan. See "*Risk Factors*".

Competitive Conditions

The oil and natural gas industry is competitive in all its phases. We compete with numerous other participants in the acquisition, exploration and development of oil and natural gas assets and in the marketing of oil and natural gas. Our competitors include resource companies which may have greater financial resources, staff and facilities than us. We believe that our competitive position is, on the whole, equivalent to that of other oil and natural gas producers of similar size and at a similar stage of development. See "*Risk Factors*".

Cycles

The exploration for and development of oil and natural gas reserves is dependent on access to areas where operations are to be conducted. Seasonal weather variations, including freeze-up and break-up, affect access in certain circumstances. Unexpected adverse weather conditions, such as wildfires, flooding, extreme temperatures or prolonged break-up can have a significant negative impact on our operations and costs. See "*Risk Factors*".

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against Obsidian Energy or our Subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by Obsidian Energy or any of our Subsidiaries within the three most recently completed financial years or during or proposed for the current financial year.

Reorganizations

There have been no material reorganization of the Corporation or any of our Subsidiaries within the three most recently completed financial years or during or proposed for the current financial year.

CAPITALIZATION OF OBSIDIAN ENERGY

Share Capital

The authorized capital of Obsidian Energy consists of an unlimited number of Common Shares without nominal or par value and 90,000,000 preferred shares without nominal or par value. A description of the share capital of Obsidian Energy is set forth below. This description is a summary only. Shareholders are encouraged to read the full text of such share provisions, which are available on SEDAR+ at www.sedarplus.ca.

Common Shares

Shareholders are entitled to notice of, to attend and to one vote per Common Share held at any meeting of the shareholders of Obsidian Energy (other than meetings of a class or series of shares of Obsidian Energy other than the Common Shares).

Shareholders are entitled to receive dividends as and when declared by the Board of Directors on the Common Shares as a class, subject to prior satisfaction of all preferential rights to dividends attached to shares of other classes of shares of Obsidian Energy ranking in priority to the Common Shares in respect of dividends.

The holders of Common Shares are entitled in the event of any liquidation, dissolution or winding-up of Obsidian Energy, whether voluntary or involuntary, or any other distribution of the assets of Obsidian Energy among our Shareholders for the purpose of winding-up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of Obsidian Energy ranking in priority to the Common Shares in respect of return of capital on dissolution, to share rateably, together with the holders of shares of any other class of shares of Obsidian Energy ranking equally with the Common Shares in respect of return of capital on dissolution, in such assets of Obsidian Energy as are available for distribution.

As at February 18, 2026, 67,306,951 Common Shares were issued and outstanding.

Preferred Shares

Preferred shares of Obsidian Energy may at any time or from time to time be issued in one or more series. Before any shares of a particular series are issued, the Board shall, by resolution, fix the number of shares that will form such series and shall, subject to the limitations set out in Obsidian Energy's articles, by resolution fix the designation, rights, privileges, restrictions and conditions to be attached to the preferred shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate, amount or method of calculation of dividends thereon, the time and place of payment of dividends, the consideration for and the terms and conditions of any purchase for cancellation, retraction or redemption thereof, conversion or exchange rights (if any), and whether into or for securities of Obsidian Energy or otherwise, voting rights attached thereto (if any), the terms and conditions of any share purchase or retirement plan or sinking fund, and restrictions on the payment of dividends on any shares other than preferred shares or payment in respect of capital on any shares in the capital of Obsidian Energy or creation or issue of debt or equity securities; the whole subject to filing of Articles of Amendment setting forth a description of such series, including the designation, rights, privileges, restrictions and conditions attached to the shares of such series. Notwithstanding the foregoing, other than in the case of a failure to declare or pay dividends specified in any series of preferred shares, the voting rights attached to the preferred shares shall be limited to one vote per preferred share at any meeting where the preferred shares and Common Shares vote together as a single class.

As at the date hereof, no preferred shares are issued and outstanding.

Debt Capital

Obsidian Energy has a syndicated credit facility and has outstanding Senior Unsecured Notes - 2025. A description of the debt capital of Obsidian Energy is set forth below. This description is a summary only. Shareholders are encouraged to read the full text of the agreements governing Obsidian Energy's Senior Unsecured Notes - 2025 and syndicated credit facility, and the applicable amendments thereto, which are available on SEDAR+ at www.sedarplus.ca.

Credit Facility

The Company has a $235.0 million revolving syndicated credit facility. The syndicated credit facility has a revolving period ending on May 31, 2026, with a term date of May 31, 2027, subject to customary annual extension terms. The revolving credit facility is subject to a semi-annual borrowing base redetermination typically in May and November of each year. The syndicated credit facility is secured by all the assets of the Company.

Senior Unsecured Notes - 2025

Obsidian Energy issued $175.0 million principal amount of Senior Unsecured Notes – 2025 at par pursuant to a trust indenture with Odyssey Trust Company dated December 3, 2025. The proceeds from the issuance were used to redeem the remaining balance outstanding on our Senior Unsecured Notes – 2022 and pay down indebtedness under our syndicated credit facility. The Senior Unsecured Notes - 2025 are due on December 3, 2030 and have an 8.125% coupon, payable semi-annually in equal installments and are direct senior unsecured obligations of Obsidian Energy ranking equal with all other present and future senior unsecured indebtedness of the Company.

At our option and at any time prior to December 3, 2027, Obsidian Energy may redeem up to 40% of the aggregate principal amount of the Senior Unsecured Notes - 2025 at a redemption price which is equal to 108.125%. Subsequent to this date, the Company may redeem all or part of the Senior Unsecured Notes - 2025 at: 104.063% from December 3, 2027 to December 2, 2028; or 102.031% from December 3, 2028 to December 2, 2029; or 100% from December 3, 2029 to December 2, 2030.

Additional Information

For additional information regarding our Senior Unsecured Notes - 2025 and our credit facility, see "*Description of Our Business – General Development of the Business"* in this Annual Information Form, Note 6 to our audited consolidated financial statements for the year ended December 31, 2025 (collectively, the "**Financial Statement Disclosure**"), and "Financing" and "Liquidity and Capital Resources" in our related MD&A (collectively, the "**MD&A Disclosure**"), both of which are available on SEDAR+ at www.sedarplus.ca. The Financial Statement Disclosure and the MD&A Disclosure are both incorporated by reference into this Annual Information Form.

DIRECTORS AND EXECUTIVE OFFICERS OF OBSIDIAN ENERGY

The following table sets forth, as at February 18, 2026, the name, province/state and country of residence and positions and offices held for each of the directors and executive officers of Obsidian Energy, together with their principal occupations during the last five years. The directors of Obsidian Energy will hold office until the next annual meeting of Shareholders or until their respective successors have been duly elected or appointed.

Name, Province/State and Country of Residence	Positions and Offices Held with Obsidian Energy	Principal Occupations during the Five Preceding Years
Shani Bosman[(1)(2)] British Columbia, Canada	Director since May 4, 2022	From 2011 to 2021, held various positions at Husky Energy Inc. including Vice President, Corporate Strategy, Performance, Planning & Investor Relations from 2019 to 2021. She also held Director roles in Technical Operations & Business and Asset Development at Husky Energy Inc. In 2021, she founded a boutique independent consulting firm called BINGWA Inc. which completed a corporate continuation into BC from Alberta as BINGWA Consultants Inc. In 2024, she completed the ICD-Rotman Directors Education Program at the Haskayne School of Business and ICD.D designation.

Name, Province/State and Country of Residence	Positions and Offices Held with Obsidian Energy	Principal Occupations during the Five Preceding Years
John Brydson[(1)(2)] Connecticut, United States	Director since June 4, 2014	Private investor since 2012. From 2010 until the end of 2012, Chairman of Hestan Consulting Group, a full-service management consulting firm that he founded. Prior thereto, a Managing Director with Credit Suisse First Boston (now Credit Suisse).
Raymond Crossley[(1)(3)] Alberta, Canada	Director since March 6, 2015	Corporate director who serves as the Lead Independent Member of the Alberta Securities Commission. On June 30, 2023, Mr. Crossley retired from the Chief Financial Officer position of the Calgary Health Foundation, and he departed the Canada West Foundation board in April 2022. Prior to becoming a director Mr. Crossley was at PwC LLP. During his career at PwC he served as Managing Partner, Western Canada Managing Partner, Calgary and a member of the firm's Partnership Board. Mr. Crossley graduated from the University of Western Ontario, is a Chartered Professional Accountant in Alberta and holds the ICD.D designation from the Institute of Corporate Directors.
Michael J. Faust[(2)(3)] Alaska, USA	Director since May 11, 2018	Mr. Faust is currently a board member of SAExploration Holdings, Inc., where he was also the President and CEO until December 31, 2021 and also previously served as the Chair of the Board. He is also a director of Parker Wellbore. Previously, he was the Vice President, Exploration and Land at ConocoPhillips Alaska, Inc. Mr. Faust received a Master of Arts degree in Geophysics from the University of Texas in 1984, and Bachelor of Science degree in Geology from the University of Washington in 1981.
Edward H. Kernaghan[(2)(3)] Ontario, Canada	Director since January 3, 2018	Mr. Kernaghan holds a Master of Science Degree from the University of Toronto. He is Senior Investment Advisor of Kernaghan & Partners Ltd., a brokerage firm. Mr. Kernaghan is also President of Principia Research Inc., a research and investment company, and of Kernwood Ltd., an investment holding company. He also sits on the board of directors of Exco Technologies Ltd., Black Diamond Group Limited, Roots Corporation and Velan Inc.
Stephen E. Loukas New York, USA	Director since May 11, 2018 Appointed Interim President and Chief Executive Officer on December 5, 2019 and subsequently President and Chief Executive Officer on February 22, 2023	Partner, managing member, and portfolio manager at FrontFour Capital Group LLC. Previously, Mr. Loukas was a Director at Credit Suisse Securities where he was a Portfolio Manager and Head of Investment Research of the Multi-Product Event Proprietary Trading Group, and at Pirate Capital where he was a senior investment analyst and worked within the Corporate Finance &

Name, Province/State and Country of Residence	Positions and Offices Held with Obsidian Energy	Principal Occupations during the Five Preceding Years
		Distribution Group of Scotia Capital. He has a B.S. in Finance and Accounting from New York University.
Gordon Ritchie[3] Alberta, Canada	Chairman of the Board and Director since December 1, 2017	Retired as Vice Chairman of RBC Capital Markets on April 1, 2016 after 37 years with RBC. Previously, Mr. Ritchie served as Managing Director and Head of RBC's Global E&P Energy Group, from 2000 to 2005; spent six years in New York where he served as President and Chief Executive Officer of RBC's U.S. Broker/Dealer, RBC Dominion Securities Corporation, from 1993 to 1999; served as Managing Director of RBC's International Corporate Finance Group based in London, England, from 1989 to 1993; and worked as Investment Banker and Energy Research Analyst in Calgary, from 1979 through 1988. Mr. Ritchie was Chair of the Board of Pipestone Energy Corp. until October 3, 2023 when Pipestone was acquired by Strathcona Resources Ltd.
Peter Scott Alberta, Canada	Senior Vice President and Chief Financial Officer since December 2, 2019	Chief Financial Officer of Obsidian Energy since December 2019. Mr. Scott previously held the role of Senior Vice President and Chief Financial Officer at Ridgeback Resources Inc., previously Lightstream Resources Ltd., for seven years. Before joining Lightstream, Mr. Scott held Vice President Finance and Chief Financial Officer roles at several oil and gas companies including Iteration Energy Ltd., Rock Energy Inc., and Beau Canada Exploration Ltd. Mr. Scott began his career with Amoco Canada Petroleum Company Ltd. in 1983.
Gary Sykes Alberta, Canada	Appointed VP, Business Development, Commercial and Corporate Planning on November 20, 2019, and subsequently appointed Senior Vice President Commercial and Development on March 16, 2021	Mr. Sykes joined the Company in September 2019, and became the Vice President of Business Development, Commercial and Corporate Planning in November 2019 being promoted to Senior Vice President, Commercial in March 2021 and subsequently the Senior Vice President, Commercial and Development in January 2022. Mr. Sykes has worked in a variety of technical, operational and managerial positions in the UK, Canada, Indonesia, the USA and the Middle East. From 2012 to 2016 he was President, Qatar and Iraq for ConocoPhillips. Since 2017, he has supported a small Private Equity backed oil and gas venture. Mr. Sykes has extensive Board experience, including the Qatargas 3 joint venture, The Mackenzie Valley Pipeline Board and Calgary Zoo. Mr. Sykes earned an Honors Degree in Mechanical Engineering from Glasgow University in 1990 and a Masters Degree in

Name, Province/State and Country of Residence	Positions and Offices Held with Obsidian Energy	Principal Occupations during the Five Preceding Years
		Petroleum Engineering from Heriot Watt University in Edinburgh in 1991.

Notes:

(1) Member of the Audit Committee.
(2) Member of the Human Resources, Governance and Compensation Committee.
(3) Member of the Operations and Reserves Committee.

The directors and executive officers of Obsidian Energy, as a group, beneficially owned, or controlled or directed, directly or indirectly, approximately 2.7 million Common Shares, or approximately 4% of the issued and outstanding Common Shares at December 31, 2025. Stephen Loukas is also a partner of FrontFour Capital Group and Edward Kernaghan is President of Kernwood Ltd. and as a group with the directors and executive officers of Obsidian Energy, they beneficially owned, or controlled or directed, directly or indirectly, approximately 7.9 million Common Shares, or approximately 12% of the issued and outstanding Common Shares at December 31, 2025.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of Obsidian Energy, except as otherwise set forth herein, no director or executive officer of Obsidian Energy (nor any personal holding company of any of such persons) is, as of the date of this Annual Information Form, or was within ten years before the date of this Annual Information Form, a director, Chief Executive Officer or Chief Financial Officer of any company (including Obsidian Energy), that:

(a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer; or

(b) was subject to an Order that was issued after the director or executive officer ceased to be a director, Chief Executive Officer or Chief Financial Officer and which resulted from an event that occurred while that person was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer.

To the knowledge of Obsidian Energy, except as otherwise set forth herein, no director or executive officer of Obsidian Energy or shareholder holding a sufficient number of securities of Obsidian Energy to affect materially the control of Obsidian Energy (nor any personal holding company of any of such persons):

(a) is, as of the date of this Annual Information Form, or has been within the ten years before the date of this Annual Information Form, a director or executive officer of any company (including Obsidian Energy) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Peter Scott was the Senior Vice President and Chief Financial Officer of Lightstream Resources Ltd. ("**Lightstream**") when it obtained creditor protection under the CCAA on September 26, 2016. On December 29, 2016, as a result of the CCAA sales process, substantially all of the assets and business of Lightstream were sold to Ridgeback Resources Inc. ("**Ridgeback**"), a new company owned by former holders of Lightstream's secured notes. Mr. Scott resigned as an officer of Lightstream and

was concurrently appointed Senior Vice President and Chief Financial Officer of Ridgeback upon closing of the sale transaction, a position he held until July 2017.

Mr. Gordon Ritchie was a director of Gemini Corporation ("**Gemini**"), a reporting issuer listed on the TSX Venture Exchange, from November 2012 to December 2016, and again from May 2017 to April 2018. In April 2018, Gemini's senior secured creditor ATB Financial applied to the Alberta Court of Queen's Bench for a receivership order, which was granted on April 19, 2018. FTI Consulting Canada Inc. was appointed as receiver and manager of all the company's current and future assets, undertakings and properties. The shares of Gemini were officially cease-traded on May 4, 2018 and all of the company's board of directors and officers resigned concurrently with the appointment of the receiver.

Mr. Michael J. Faust is currently a board member of SAExploration Holdings, Inc. ("**SAEX**"), where he was also the President and CEO until December 31, 2021. SAEX, at the time a publicly-traded company on the OTC Markets Pink Open Market, and four wholly-owned subsidiaries filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code on August 27, 2020 (the "**Restructuring**"). SAEX and its subsidiaries continued to operate their businesses and manage their properties as debtors in possession and emerged from bankruptcy on December 18, 2020 further to the December 10, 2020 Confirmation Order entered by United States Bankruptcy Court, Southern District of Texas, Houston Division, approving the Debtors' Second Amended Chapter 11 Plan of Reorganization. Mr. Faust was Chairman of the Board of Directors of SAEX at the time of the Restructuring and is currently a member of the Board of Directors. SAEX completed the Restructuring and emerged as a privately held company.

To the knowledge of Obsidian Energy, no director or executive officer of Obsidian Energy or shareholder holding a sufficient number of securities of Obsidian Energy to affect materially the control of Obsidian Energy (nor any personal holding company of any of such persons), has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision;

provided that for the purposes of the foregoing, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not considered to be a "penalty or sanction".

Conflicts of Interest

The Board of Directors approved an amendment to the Code of Business Conduct and Ethics (the "**Code**") in July of 2015 which made the Code the applicable policy in regard to conflicts of interest (whereas previously there was also the Code of Ethics for Directors, Officers and Senior Financial Management). In general, the private investment activities of employees, directors and officers are not prohibited; however, should an existing investment pose a potential conflict of interest, the potential conflict is required by the Code to be disclosed to an officer or a member of Obsidian Energy's legal department or to the Board of Directors. Any other activities posing a potential conflict of interest are also required by the Code to be disclosed to an officer or to a member of Obsidian Energy's legal department. Any such potential conflicts of interests will be dealt with openly with full disclosure of the nature and extent of the potential conflicts of interests with Obsidian Energy. It is acknowledged in the Code that the directors may be directors or officers of other entities engaged in the oil and gas business, and that such entities may compete directly or indirectly with Obsidian Energy. Passive investments in public or private entities of less than one per cent of the outstanding shares will not be viewed as "competing" with Obsidian Energy. No executive officer or employee of Obsidian Energy should be a director, employee, contractor, consultant or officer of any entity that is or may be in competition with Obsidian Energy unless expressly authorized by an executive officer or the Board of Directors. Any director of Obsidian Energy who is a director or officer of, or who is otherwise actively engaged in the management of, or who owns an investment of one per cent or more of the outstanding shares, in public or private entities shall disclose such holding to the Board of Directors. In the event that any circumstance should arise as a result of such positions or investments being held or otherwise which in the opinion of the Board of Directors constitutes a conflict of interest which reasonably affects such person's ability to act with a view to the best interests of Obsidian Energy, the Board of Directors will take such actions as are reasonably required to resolve such matters with a view to the best interests of Obsidian Energy. Such actions, without limitation, may include excluding such directors, officers or employees from certain information or activities of Obsidian

Energy. During 2019, the Code of Ethics was amended in order to update the threshold amount for a gift that needs to be approved prior to being accepted and other technical and immaterial amendments.

The ABCA provides that in the event that an officer or director is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction, such officer or director shall disclose the nature and extent of his or her interest and shall refrain from voting to approve such contract or transaction.

As of the date hereof, Obsidian Energy is not aware of any existing or potential material conflicts of interest between Obsidian Energy or a Subsidiary of Obsidian Energy and any director or officer of Obsidian Energy or of any Subsidiary of Obsidian Energy.

Promoters

No person or company has been, within the two most recently completed financial years or during the current financial year, a "promoter" (as defined in the *Securities Act* (Ontario)) of Obsidian Energy or of a Subsidiary of Obsidian Energy.

AUDIT COMMITTEE DISCLOSURES

National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") relating to audit committees has mandated certain disclosures for inclusion in this Annual Information Form. The text of the Audit Committee's mandate is attached as Appendix B to this Annual Information Form.

Composition of the Audit Committee and Relevant Education and Experience

As of the date hereof, the members of the Audit Committee are Raymond Crossley (Chair), Shani Bosman and John Brydson, each of whom is independent and financially literate within the meaning of NI 52-110. The following comprises a brief summary of each member's education and experience that is relevant to the performance of his or her responsibilities as an Audit Committee member.

Shani Bosman

Ms. Bosman is a business strategist and transformational leader with diverse global experience across strategic decision-making processes, corporate transformation, and operational execution. She is currently focused on leading strategic investment and transformation initiatives, and portfolio performance for the mining sector in various global locations. Her boutique independent consulting firm BINGWA Consultants Inc., offers specialty advisory services for new and innovative strategic frameworks, portfolio and long-range business planning, and technical and operational performance execution. Prior to 2021, Ms. Bosman was the Vice President, Corporate Strategy, Performance, Planning & Investor Relations, and held Director roles in Technical Operations & Business and Asset Development at Husky Energy Inc.. Ms. Bosman holds an MBA from the Haskayne Business School, University of Calgary, Masters Certificate in Project Management from Mount Royal University and a Bachelor's Degree in Chemical Engineering from the University of Pretoria, South Africa. In 2024, she completed the ICD-Rotman Directors Education Program at the Haskayne School of Business and ICD.D designation

John Brydson

Mr. Brydson has over 30 years of experience in the financial sector and has occupied senior roles in both major investment and commercial banks. Since 2012, Mr. Brydson has been a private investor. From 2010 until the end of 2012, he was Chairman of a small full-service management consulting firm, Hestan Consulting Group (HCG), which he founded. Prior to HCG, Mr. Brydson was a Managing Director with Credit Suisse First Boston, now Credit Suisse ("**CS**"), from 1995 until 2009, where he was in charge of the Multi-Product Event Trading group. He was also a Managing Director with Lehman Brothers in a similar function from 1983 until he joined CS. The early years of his career were spent as an equity analyst before joining Chase Manhattan Bank (Chase) in London in 1977. He transferred to the head office in New York in 1980 where he became a Vice President in the Project Finance Group, specializing in international projects in the energy, mining and metals sectors. He left Chase to join Lehman Brothers in 1983. Mr. Brydson holds an Honors Degree in Economics from Heriot-Watt

University in Edinburgh, Scotland. Mr. Brydson served over 10 years as the President and a Board Member of The American Friends of Heriot-Watt University, a charitable organization, and remains on its Board.

Raymond Crossley (Chair)

Mr. Crossley is a financial executive and corporate director. He is the Lead Independent Member of the Alberta Securities Commission and in 2023, he retired from the position of Chief Financial Officer of the Calgary Health Foundation. Mr. Crossley retired in 2015 from PricewaterhouseCoopers ("**PwC**") after more than 33 years of service. Mr. Crossley served as an elected member of the Partnership Board (PwC's governing body), from 2001-2005. From 2005-2011, Mr. Crossley was the Managing Partner of PwC's Calgary office, and from 2011-2013 was Managing Partner, Western Canada. In this role, he led PwC's market activities in Western Canada. He holds the ICD.D designation from the Institute of Corporate Directors and is a Fellow Chartered Professional Accountant. He graduated from the University of Western Ontario with a degree in Economics and Political Science.

Pre-Approval Policies and Procedures for Audit and Non-Audit Services

The terms of the engagement of Obsidian Energy's external auditors to provide audit services, including the budgeted fees for such audit services and the representations and disclaimer relating thereto, must be pre-approved by the entire Audit Committee.

With respect to any engagements of Obsidian Energy's external auditors for non-audit services, Obsidian Energy must obtain the approval of the Audit Committee or the Chairman of the Audit Committee prior to retaining the external auditors to complete such engagement. If such pre-approval is provided by the Chairman of the Audit Committee, the Chairman must report to the Audit Committee on any non-audit service engagement pre-approved by him at the Audit Committee's first scheduled meeting following such pre-approval. The fees for such non-audit services shall not exceed $100,000, either individually or in the aggregate, for a particular financial year without the approval of the Audit Committee.

If, after using its reasonable best efforts, Obsidian Energy is unable to contact the Chairman of the Audit Committee on a timely basis to obtain the pre-approval contemplated by the preceding paragraph, Obsidian Energy may obtain the required pre-approval from any other member of the Audit Committee, provided that any such Audit Committee member shall report to the Audit Committee on any non-audit service engagement pre-approved by him or her at the Audit Committee's first scheduled meeting following such pre-approval and the fees for such services do not exceed $100,000 as noted above.

External Auditor Service Fees

The following table summarizes the fees billed to Obsidian Energy by KPMG LLP for external audit and other services during the periods indicated.

Year	Audit Fees [(1)] ($)	Audit-Related Fees [(2)] ($)	Tax Fees [(3)] ($)	Other fees [(4)] ($)
2025	1,404,700	110,275	-	-
2024	934,110	5,775	-	-

Notes:

(1) The aggregate fees billed by our external auditor in each of the last two fiscal years for audit services, including fees for the audit of Obsidian Energy's annual financial statements and internal controls over financial reporting, review procedures on the unaudited interim consolidated financial statements and services associated with prospectus and securities related documents (including the offering of the Senior Unsecured Notes - 2025).

(2) The aggregate fees billed in each of the last two fiscal years by our external auditor for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements (and not included in audit services fees in note (1)). In 2024 and 2025, the services comprising the fees disclosed under this category relate to audit procedures specific to certain information required by a contract and in 2025 it also includes fees related to the audits and reviews of the operating statements related to the Pembina Disposition.

(3) The aggregate fees billed in the applicable fiscal year by our external auditor for professional services for tax compliance, tax advice and tax planning.

(4) Includes all fees billed by our external auditor not reported in the prior three categories.

Reliance on Exemptions

At no time since the commencement of Obsidian Energy's most recently completed financial year has Obsidian Energy relied on any of the exemptions contained in Sections 2.4, 3.2, 3.4 or 3.5 of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 thereof. In addition, at no time since the commencement of Obsidian Energy's most recently completed financial year has Obsidian Energy relied upon the exemptions in Subsection 3.3(2) or Section 3.6 of NI 52-110. Furthermore, at no time since the commencement of Obsidian Energy's most recently completed financial year has Obsidian Energy relied upon Section 3.8 of NI 52-110.

Audit Committee Oversight

At no time since the commencement of Obsidian Energy's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board of Directors.

DIVIDENDS AND DIVIDEND POLICY

Dividend Policy

The Company has not declared a dividend in the last three financial years. Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, solvency tests imposed by corporate law, contractual restrictions and financing agreement covenants, if any, and other factors that the Board may determine relevant. See "*Risk Factors*".

The credit agreement governing our syndicated credit facility and the note purchase agreement governing our Senior Unsecured Notes - 2025 also contain provisions which restrict our ability to pay dividends to Shareholders in the event of the occurrence of certain events of default. The full text of the agreements governing our credit facility and our Senior Unsecured Notes - 2025, and the applicable amendment thereto, are available on SEDAR+ www.sedarplus.ca. For additional information regarding our credit facility and our Senior Unsecured Notes - 2025, see "*Capitalization of Obsidian Energy – Debt Capital*".

MARKET FOR SECURITIES

Trading Price and Volume

The following tables set forth certain trading information for the Common Shares in 2025 as reported by the TSX and the NYSE American, as applicable.

Period	TSX Common Share price ($) High	TSX Common Share price ($) Low	Volume
January	9.04	7.45	4,667,168
February	8.77	7.16	6,433,819
March	8.84	6.85	6,364,741
April	8.70	5.67	11,595,719
May	7.22	5.35	8,641,279
June	8.37	6.72	9,074,352
July	9.02	7.24	6,407,431
August	8.67	7.62	4,537,402
September	9.54	8.03	4,640,794
October	9.86	7.65	5,972,568
November	9.17	7.70	5,034,986
December	8.89	7.65	4,264,093

Period	NYSE AMERICAN Common Share price ($US) High	NYSE AMERICAN Common Share price ($US) Low	Volume
January	6.26	5.16	8,231,027
February	6.18	4.97	9,408,870
March	6.22	4.74	9,599,351
April	6.08	4.01	13,362,586
May	5.18	3.88	9,859,839
June	6.09	4.92	8,451,962
July	6.53	5.27	7,658,306
August	6.31	5.52	4,802,388
September	6.84	5.81	6,779,206
October	7.07	5.44	8,075,625
November	6.52	5.47	5,958,169
December	6.42	5.55	7,023,561

Prior Sales

Other than incentive securities issued pursuant to Obsidian Energy's director and employee compensation plans, Obsidian Energy did not issue securities of any classes that are outstanding but that are not listed or quoted on a market place for the year ended December 31, 2025.

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

To Obsidian Energy's knowledge, no securities of Obsidian Energy are held in escrow, are subject to a pooling agreement, or are subject to a contractual restriction on transfer.

INDUSTRY CONDITIONS

Companies operating in the Canadian oil and natural gas industry are subject to extensive regulation and control of operations, including matters related to land tenure, exploration, development, production, refining and upgrading, transportation, and marketing. Legislation has been enacted by, and agreements have been entered into between, various levels of government regarding the pricing and taxation of petroleum and natural gas, all of which should be carefully considered by investors in the Corporation. All current legislation is a matter of public record; however, the Corporation is unable to predict what additional legislation or amendments governments may enact in the future.

The Corporation's assets and operations are regulated by administrative agencies that derive their authority from legislation enacted by the applicable level of government. Regulated aspects of the Corporation's upstream oil and natural gas business include all activities associated with the exploration and production of oil and natural gas, including, among other matters: (i) permits for drilling wells and constructing related infrastructure; (ii) technical drilling and well requirements; (iii) permitted locations and access to operation sites; (iv) operating standards regarding conservation of produced substances and avoidance of waste, such as restrictions on flaring and venting; (v) assessing and monitoring environmental impacts, including reducing emissions; (vi) storage, injection, and disposal of substances associated with production operations; and (vii) abandonment and reclamation of impacted sites.

To conduct oil and natural gas operations and remain in good standing with applicable regulatory regimes, producers must comply with applicable legislation, regulations, orders, directives, and other directions, all of which are subject to governmental oversight, review, and revision from time to time. Compliance can be costly, and breaches may result in fines or other sanctions.

The discussion below outlines some of the principal aspects of legislation, regulations, agreements, orders, directives, and other pertinent conditions that impact the oil and natural gas industry in Western Canada, where the Corporation's assets are located. While these matters do not affect the Corporation's operations in any manner that is materially different from the way they affect other similarly sized industry participants with comparable assets and operations, investors should consider such matters carefully.

Exports of Oil, Natural Gas and NGLs from Canada

Over the past year, U.S. tariffs on certain Canadian products, including energy, along with Canada's reciprocal measures, have added complexity to cross-border energy trade. The U.S.-Canada tariff environment remains volatile, with duties affecting products that do not qualify for United States-Mexico-Canada Agreement ("**USMCA**") exemptions. Pending U.S. Supreme Court rulings on tariff authority and the upcoming 2026 USMCA review add further uncertainty for oil, natural gas, and NGL exports to the U.S. These dynamics influence export costs, market access, and demand for Canadian energy products. The precise effects of continued tariffs on the Canadian economy and Canadian energy producers remain undetermined.

In recent years, Canada has expanded oil and natural gas exports beyond the U.S. The completion of the Trans Mountain pipeline expansion has enabled oil shipments to Asia and Europe, with China, South Korea, and India emerging as major buyers. Seaborne exports to Europe have also increased. With respect to natural gas, Canada's first large-scale liquefied natural gas ("**LNG**") terminal began operations in mid-2025, opening access to global markets. These developments mark a strategic shift toward diversified energy export destinations; however, the U.S. remains the largest customer of Canadian energy products. As a result, actions taken by the U.S. administration or other events impacting U.S. demand for Canadian energy products could have a significant impact on the pricing the Corporation and other Canadian producers receive for their energy products.

Pricing and Marketing in Canada

The price of oil, natural gas, and NGLs is negotiated between buyers and sellers. Various factors may influence prices, including global supply and demand, product quality, distance to market, availability of transportation, value of refined products, prices of competing products, price of competing stock, contract terms, weather conditions, supply/demand balance, and other contractual provisions.

Transportation Constraints and Market Access

Despite having significant capacity to move oil, natural gas, and NGLs from Western Canada, much of this transportation infrastructure is oriented toward the United States. As a result, even though Western Canada possesses the ability to transport large volumes, market access remains constrained because limited capacity is available for deliveries to Eastern Canada and overseas markets. This reliance on U.S.-bound infrastructure continues to restrict Canada's ability to diversify export destinations. Many proposed projects that could broaden access, particularly those aimed at enabling greater movement to other international markets, have been cancelled or delayed due to regulatory hurdles, court challenges, and economic or socio-political factors.

Oil Pipelines

In Canada, producers negotiate with pipeline operators to transport their products to market on a firm, spot or interruptible basis depending on the specific pipeline and the specific substance. Transportation availability is highly variable across different jurisdictions and regions. This variability can determine the nature of transportation commitments available, the number of potential customers and the price received.

Under Canadian constitutional law, the development and operation of interprovincial and international pipelines fall within federal jurisdiction and, under the *Canadian Energy Regulator Act*, new interprovincial and international pipelines require a federal regulatory review and Cabinet approval before they can proceed. In recent years, however, there has been a perceived lack of policy and regulatory certainty in this regard such that, even when projects are approved, they often face delays due to actions taken by provincial and municipal governments and legal opposition related to issues such as Indigenous rights and title, the government's duty to consult and accommodate Indigenous peoples and the sufficiency of relevant environmental review processes. Export pipelines from Canada to the United States face additional unpredictability as such pipelines also require approvals from several levels of government in the United States.

In June 2025, Bill C-5 (the *One Canadian Economy Act*) came into force, granting the federal government authority to expedite approval of "national interest" infrastructure projects, including pipelines. While the legislation aims to reduce regulatory

delays, it has drawn mixed reactions: industry stakeholders generally support its streamlining measures, whereas certain rights holders, particularly Indigenous groups, have expressed concerns regarding its implications. The federal government is currently engaged in consultations with provinces, territories, and Indigenous communities regarding implementation.

On November 27, 2025, the governments of Canada and Alberta signed a Memorandum of Understanding ("**MOU**") to collaborate on supporting the development of oil and gas resources, renewable energy, critical minerals, and other resource sectors in Western Canada. The agreements to be established under the MOU are expected to be finalized in 2026 and 2027.

Natural Gas and LNG

Natural gas prices in Western Canada have been constrained in recent years, again reaching very low prices in 2025 due to increasing North American supply, limited market access, and restricted storage capacity. Companies that secure firm access to infrastructure for transporting natural gas out of Western Canada may be able to access additional markets and achieve better pricing. Companies without firm access may be forced to accept spot pricing in Western Canada, which is generally lower than prices in other North American regions.

In October 2020, TC Energy Corporation ("**TC**") received federal approval to expand the Nova Gas Transmission Line system (the "**NGTL System**"). The NGTL System is currently implementing a $9.9 billion infrastructure program. In July 2024, TC announced an historic equity interest purchase agreement with an Indigenous-owned investment partnership which will enable up to 72 Indigenous communities to become equity owners of the network of infrastructure assets spanning Western Canada, however as of September 2024, the transaction has been delayed.

In 2025, LNG Canada became fully operational as the country's first large-scale LNG export terminal, marking a significant milestone in Canada's emergence as a global LNG supplier. The project exported its first cargo from the Kitimat terminal in July 2025, and by September had already shipped ten cargoes to international markets, with export volumes continuing to rise thereafter. In addition, on August 6, 2025, JGC and Fluor were awarded a contract to update the Front-End Engineering and Design for the proposed Phase 2 expansion, which aims to double the facility's annual LNG production capacity.

A wide range of energy infrastructure projects, including natural gas pipelines, oil pipelines, LNG export facilities, and related transmission upgrades, remain in various stages of development across Canada. These include projects that are under construction, as well as others that are proposed, awaiting regulatory approvals, or still pending final investment decisions. Together, these projects reflect a significant pipeline of potential development subject to evolving market conditions, regulatory processes, and investment decisions.

Land Tenure

Mineral Rights

Except in Manitoba, each provincial government in Western Canada owns most of the mineral rights to oil and natural gas located within its borders. Provincial governments grant rights to explore for and produce oil and natural gas through leases, licences, and permits (collectively referred to as "**leases**") for varying terms and subject to conditions set forth in provincial legislation, including requirements to perform specific work or make payments in lieu thereof. Provincial governments in Western Canada conduct land sales where oil and natural gas companies bid for leases necessary to explore for and produce provincially owned oil and natural gas. These leases generally have fixed terms but may be continued beyond their initial terms if the required conditions are satisfied.

Private ownership of oil and natural gas (i.e., freehold mineral lands) also exists in Western Canada. Rights to explore for and produce privately owned oil and natural gas are granted by a lease or other contract on terms and conditions negotiated between the mineral rights holder and companies seeking to explore for and/or develop oil and natural gas reserves.

Where the Corporation operates on, or near, First Nation reserve lands or in areas subject to Indigenous rights or title, its success is closely tied to building and maintaining strong, respectful, and durable relationships with Indigenous peoples. This may take various forms, including the negotiation of Impact Benefit Agreements, participation in equity ownership frameworks, collaboration on environmental stewardship, and engagement protocols that reflect the priorities, governance structures, and decision-making processes of the potentially affected Nations. Many proposed and ongoing energy and infrastructure projects

across Canada increasingly require proactive partnership with Indigenous communities, both to secure regulatory approvals and to support long-term operational certainty. As such, constructive engagement, grounded in transparency, mutual benefit, and recognition of Indigenous rights, is a critical component of the Corporation's ability to advance and sustain its activities in these regions.

An additional category of mineral rights ownership is Canadian federal government ownership of mineral rights on First Nation reserve lands (as designated under the *Indian Act*), which is managed and regulated by a separate government body under distinct legislation. The Corporation does not have operations on reserve lands.

The Corporation has operations on the Peavine Métis Settlement and the Gift Lake Métis Settlement. The Alberta Crown mineral agreements in place are subject to the terms and conditions set out in development agreements with each settlement entered into under the Co-management Agreement (under the *Métis Settlements Act* (Alberta)).

Surface Rights

To develop oil and natural gas resources, producers must also secure access rights to the surface lands required to conduct operations. For Crown lands, surface access rights can be obtained directly from the government. For private lands, access rights are typically negotiated with the landowner. Where an agreement cannot be reached, each province has developed its own process that producers can follow to obtain and maintain the surface access necessary to conduct operations.

Royalties and Incentives

Each province has legislation and regulations in place to govern Crown royalties and establish the royalty rates that producers must pay for the production of Crown resources. Provincial royalty regimes operate in conjunction with applicable federal and provincial taxes and are a significant factor in the profitability of oil sands projects and oil, natural gas, and NGL production.

Royalties payable on production from lands where the Crown does not hold the mineral rights are negotiated between the mineral freehold owner and the lessee, although certain provincial taxes and other charges on production or revenues may still apply. Royalties from production on Crown lands are determined by provincial regulation and are generally calculated as a percentage of the value of production.

Producers and working interest owners of oil and natural gas rights may create additional royalties or royalty-like interests, such as overriding royalties, net profits interests, and net carried interests, through private transactions, the terms of which are subject to negotiation.

From time to time, the federal and provincial governments create incentive programs for businesses operating in specific industries, such as oil and natural gas. These programs are often introduced when commodity prices are low to encourage exploration and development activity. They may provide volume-based incentives, royalty rate reductions, royalty holidays, or royalty tax credits. Governments may also introduce incentive programs to encourage producers to prioritize certain kinds of development or to utilize technologies that enhance recovery of oil, natural gas, and NGLs, or improve environmental performance.

Regulatory Authorities and Environmental Regulation

The Canadian oil and natural gas industry is subject to environmental regulation under a variety of federal, provincial, territorial, and municipal laws and regulations, all of which are subject to governmental review and revision from time to time. These regulations provide for, among other things, restrictions and prohibitions on the spill, release, or emission of substances produced in association with certain oil and natural gas operations, such as sulphur dioxide and nitrous oxide. Regulatory regimes also establish requirements for oilfield waste handling and storage, habitat protection, and the proper operation, maintenance, abandonment, and reclamation of well, facility, and pipeline sites.

Compliance with these regulations can require significant expenditures, and breaches may result in suspension or revocation of licences and authorizations, civil liability, and the imposition of material fines and penalties. In addition, future changes to environmental legislation, including legislation related to air pollution and greenhouse gas ("**GHG**") emissions (typically measured in terms of global warming potential and expressed as carbon dioxide equivalent ("**CO2e**")), may impose further

requirements on operators and other companies in the oil and natural gas industry. Companies engaged in hydraulic fracturing operations are subject to additional operational, regulatory, and reporting requirements.

Liability Management

The Alberta Energy Regulator ("**AER**") administers several liability management programs to manage liability for most conventional upstream oil and natural gas wells, facilities, and pipelines in Alberta. The province continues to transition from a prescriptive framework toward a more holistic approach under its Liability Management Framework.

Alberta maintains an orphan fund to cover the costs of suspending, abandoning, remediating, and reclaiming wells, facilities, or pipelines included in certain AER programs if a licensee or working interest participant becomes insolvent or is otherwise unable to meet its obligations. The orphan fund is financed through levies imposed on industry participants and provincial loans. In March 2025, the Alberta government approved a $144.45 million levy for the Orphan Well Association's 2025/26 operating budget.

The Supreme Court of Canada's ("**SCC**") decision in *Orphan Well Association v. Grant Thornton* (often referred to as the "Redwater" decision) continues to shape Alberta's liability management regime. As a result of the Redwater decision, receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders or require security deposits before approving licence transfers during insolvency proceedings. Insolvent estates can no longer disclaim assets that have reached the end of their productive lives to prioritize valuable assets without first satisfying abandonment and reclamation obligations. The burden of a defunct licensee's obligations first falls on its working interest partners; thereafter, the AER may direct the orphan fund to assume care and custody and accelerate clean-up of wells or sites which do not have a responsible owner.

To address abandonment and reclamation liabilities, the AER periodically implements programs to encourage the decommissioning, remediation, and reclamation of inactive or marginal oil and natural gas infrastructure. In late 2025, the AER introduced mandatory annual closure spending requirements effective in 2026, reinforcing proactive liability reduction measures.

Climate Change Regulation

Climate change regulation is a significant aspect of the operating environment for Canada's oil and natural gas industry. International agreements, federal initiatives, and provincial programs continue to shape emissions reduction targets, carbon pricing mechanisms, and reporting requirements. Current frameworks include measures such as carbon taxes, emissions caps, and incentives for low-carbon technologies, with ongoing reviews aimed at tightening standards to meet Canada's climate commitments.

Federal

Canada is a signatory to the United Nations Framework Convention on Climate Change and ratified the Paris Agreement, committing to reduce greenhouse gas emissions by 30% below 2005 levels by 2030. In 2021, Canada strengthened this target to a 40–45% reduction by 2030 and net-zero emissions by 2050. Canada has also pledged to reduce methane emissions from the oil and natural gas sector by 75% from 2012 levels by 2030; cap emissions from the oil and natural gas sector; and phase out thermal coal exports by 2030. At the 2023 United Nations Climate Change Conference, Canada reaffirmed its commitment to transition away from fossil fuels and accelerate greenhouse gas reductions.

The Government of Canada launched the Pan-Canadian Framework on Clean Growth and Climate Change in 2016 and, in 2018, enacted the *Greenhouse Gas Pollution Pricing Act*. This legislation established a federal carbon pricing system composed of two key elements: a fuel charge applied to fossil fuels, and an Output-Based Pricing System ("**OBPS**") for large industrial emitters. The federal regime applied nationwide unless a province or territory implemented a system that met or exceeded federal benchmarks. However, effective April 1, 2025, the federal government introduced regulations that eliminated the federal fuel charge and removed the requirement for provinces and territories to maintain a consumer-facing carbon price.

Canada also regulates methane emissions under the Federal Methane Regulations, which came into force in 2020 and initially targeted a 40–45% reduction below 2012 levels by 2025. In December 2023, the federal government proposed amendments to

achieve a 75% reduction by 2030, introducing stricter limits, new prohibitions, and continuous monitoring requirements. These amendments are expected to take effect in 2027.

Additional federal measures include the Multi-Sector Air Pollutants Regulation, which limits emissions of nitrogen oxides and sulphur dioxide from industrial equipment, and commitments to cap oil and gas sector emissions and phase out thermal coal exports.

The *Canadian Net-Zero Emissions Accountability Act* ("**CNEAA**"), in force since 2021, commits Canada to achieving net-zero emissions by 2050. It establishes rolling five-year emissions reduction targets, requires detailed plans to meet each target, and mandates annual progress reporting.

Under the CNEAA, Canada released its 2030 Emissions Reduction Plan in March 2022, outlining measures to cut emissions 40–45% below 2005 levels by 2030. The plan includes incentives for electric vehicles ("EV"), renewable electricity, and an emissions cap for the oil and natural gas sector.

The federal government continues to implement and revise measures aimed at reducing greenhouse gas emissions, creating ongoing regulatory uncertainty for industry. The Clean Fuel Regulations, effective July 2023, impose increasingly stringent carbon-intensity reduction requirements and operate through a compliance credit market, which may affect fuel supply costs and credit availability. The federal Greenhouse Gas Offset Credit System, launched in 2022, allows eligible projects to generate offset credits for use under the federal OBPS, but future protocol development, credit supply, and pricing remain uncertain.

In November 2024, the federal government released proposed Oil and Gas Emissions Cap Regulations, which would establish a sector-wide cap-and-trade system for upstream oil and gas emissions. Although originally expected to take effect in 2026, the November 2025 federal budget introduced significant changes to Canada's climate-policy framework, creating uncertainty about whether the emissions cap will be implemented as proposed, revised, or withdrawn. Changes to federal carbon-pricing requirements, compliance mechanisms and potential new reporting obligations may increase compliance costs and affect the Corporation's operations, investment decisions, and long-term planning. Also see "Oil Pipelines" above.

Canada's Carbon Management Strategy aims to deploy technologies such as carbon capture to help achieve climate targets. As part of this strategy, the federal government has committed $319 million over seven years to research and development. In June 2024, the government enacted the Carbon Capture, Utilization, and Storage Investment Tax Credit, a refundable credit available for eligible projects from January 1, 2022 until December 31, 2040, with a 50% reduction in credit value beginning in 2031.

In February 2026, the federal government introduced an updated national automotive strategy that includes more than $3 billion in planned financial commitments to support industry expansion, modernization, and diversification into additional export markets. As part of this initiative, the federal government will implement a new program to lower the cost of EVs for Canadians, introduce new EV purchase and lease incentives for individuals and businesses, expand charging infrastructure, and advance a broader trade framework intended to enhance the competitiveness of the automotive sector. It also replaces the Electric Vehicle Availability Standard (which required automakers to sell an increasing percentage of zero emission light-duty vehicles, reaching 100% by 2035) with updated greenhouse gas emissions standards and new targets of achieving 75% EV sales by 2035 and 90% by 2040. The Corporation is unable to predict how this new automotive strategy will impact the demand for fossil fuels and Canadian energy products.

Provincial

In December 2016, the *Oil Sands Emissions Limit Act* (Alberta) came into force, establishing an annual 100 megatonne limit for GHG emissions from all oil sands sites, but the regulations necessary to enforce the limit have not yet been developed. The delay in drafting these regulations has been inconsequential thus far, as Alberta's oil sands emitted roughly 85 megatonnes of GHG in 2024, well below the 100 megatonne limit.

On January 1, 2020, Alberta's Technology Innovation and Emissions Reduction ("**TIER**") regulation came into effect for large emitters. It meets the federal benchmark's stringency requirements, allowing relevant facilities to remain under TIER rather than the federal OBPS. Since its introduction, TIER has undergone various amendments and program updates intended to refine compliance mechanisms and maintain alignment with federal benchmark stringency requirements

Alberta committed to reducing methane emissions by 45% from 2014 levels by 2025 and achieved this goal three years early. The province enacted the Methane Emission Reduction Regulation on January 1, 2020. Later that year, Alberta and Canada signed a five-year equivalency agreement exempting Alberta from the Federal Methane Regulations. In October 2025, the parties renewed the agreement, with some modifications, extending the exemption through 2030.

Indigenous Rights

Constitutionally mandated government-led consultation with, and if applicable, accommodation of the rights of, Indigenous groups impacted by regulated industrial activity, as well as proponent-led consultation and accommodation or benefit sharing initiatives, play an increasingly important role in the Western Canadian oil and natural gas industry. In addition, Canada is a signatory to the United Nations Declaration on the Rights of Indigenous Peoples ("**UNDRIP**") and the principles set forth therein may continue to influence the role of Indigenous engagement in the development of the oil and natural gas industry in Western Canada. For example, in November 2019, the *Declaration on the Rights of Indigenous Peoples Act* ("**DRIPA**") became law in British Columbia. The DRIPA aims to align British Columbia's laws with UNDRIP. In June 2021, the *United Nations Declaration on the Rights of Indigenous Peoples Act* ("**UNDRIP Act**") came into force federally in Canada. Similar to British Columbia's DRIPA, the UNDRIP Act requires the Government of Canada to take all measures necessary to ensure the laws of Canada are consistent with the principles of UNDRIP and to implement an action plan to address UNDRIP's objectives.

As of June 2022, the federal government has sought to implement the UNDRIP Act by, among other things, creating a Secretariat within the Department of Justice to support Indigenous participation in the implementation of UNDRIP (the "**Implementation Secretariat**"), consulting with Indigenous peoples to identify their priorities, drafting an action plan to align federal laws with UNDRIP's, and implementing efforts to educate federal departments on UNDRIP principles. On June 21, 2023, the Implementation Secretariat released Canada's UNDRIP Action Plan (the "**Action Plan**") with respect to aligning federal laws with UNDRIP, which has a 2023-2028 implementation timeframe. In August 2025, the federal government tabled its Fourth Annual Progress Report on the implementation of the UNDRIP Act, which provides various progress updates, including on the implementation of the Action Plan.

The federal government is in the process of developing various regulatory regimes that could create new requirements when doing business with Indigenous groups and on or near First Nation lands, for example, the *National Strategy Respecting Environmental Racism and Environmental Justice Act* which received royal assent in June 2024 and the new Indigenous co-administration agreement provisions of the *Impact Assessment Act* for which regulations, policy, guidance and procedures are forthcoming.

On June 29, 2021, the B.C. Supreme Court's *Yahey v. British Columbia* held that cumulative impacts of industrial development on the traditional territory of Blueberry River First Nation ("**BRFN**") breached BRFN's Treaty 8 rights. On January 18, 2023, B.C. and BRFN signed the Blueberry River First Nations Implementation Agreement ("**BRFN Agreement**"), introducing key measures such as a $200 million restoration fund, ecosystem-based land-use planning, limits on new oil and natural gas development, and revenue-sharing provisions. Under the agreement, BRFN will receive $87.5 million over three years, with potential for additional benefits. In July 2024, BRFN filed a civil claim challenging the first implementation plan, highlighting concerns about execution.

The BRFN Agreement has served as a template for other Treaty 8 arrangements. Later in January 2023, B.C. and four First Nations (Fort Nelson, Saulteau, Halfway River, and Doig River) reached consensus on a collaborative approach to land and resource planning, adopting similar principles to implement cumulative effects management, new land-use plans, and revenue-sharing. However, two of these Nations later sued the B.C. government, alleging deception, misrepresentation, and withholding of information during negotiations. These disputes underscore the implementation challenges of such agreements.

Similar claims have been brought by First Nations in Alberta, including Beaver Lake Cree Nation's ("**BLCN**") claim against the Government of Alberta in 2008 and Duncan's First Nation's lawsuit against the Government of Alberta in 2022. After years of litigation, the BLCN case led to an SCC decision which established a new legal test for advance costs in public interest litigation. This ruling clarified that First Nations should not have to exhaust community resources or impoverish themselves to pursue constitutional claims, setting an important precedent for access to justice in treaty rights cases. The long-term impacts of these lawsuits on the Canadian oil and natural gas industry remain uncertain.

Recent British Columbia court decisions have the potential to influence the interpretation of Aboriginal title and the duty to consult framework in the province. In *Cowichan Tribes v Canada (Attorney General)*, the Supreme Court of British Columbia

declared portions of the City of Richmond to be subject to Aboriginal title, a finding that raises unresolved questions regarding the interaction between Aboriginal title and existing fee simple ownership. In *Gitxaala v British Columbia (Chief Gold Commissioner)*, the British Columbia Court of Appeal held that British Columbia's DRIPA incorporates UNDRIP into domestic law and creates legally enforceable obligations on the Province, including positive duties to ensure that provincial laws are consistent with UNDRIP.

While these developments may have limited direct application in Alberta given Alberta's treaty landscape and the absence of province-level UNDRIP implementation legislation, they underscore the rapidly evolving nature of Indigenous rights jurisprudence. Indigenous rights claims may still arise in Alberta on different factual or legal grounds, and these decisions nonetheless highlight the increasing importance of early, proactive, and sustained engagement with Indigenous Nations in regulatory, land-use, and project-development contexts.

Obsidian Energy and the Environment

Obsidian Energy understands our responsibilities for mitigating the environmental impacts from our operations and recognizes the interests of other land users in resource development areas and conducts our operations accordingly. Obsidian Energy is committed to mitigating the environmental impact from our operations, and to involving stakeholders throughout the exploration, development, production and abandonment process. Obsidian Energy's environmental programs encompass resource conservation, stakeholder communication and site abandonment/reclamation. Our environmental programs are monitored to ensure they comply with all government environmental regulations and with Obsidian Energy's own environmental policies. The results of these programs are reviewed with Obsidian Energy's management and operations personnel, which seeks to drive improvements and to ensure compliance with these policies.

Obsidian Energy pursues a program of environmental impact reduction aimed at minimizing these future corporate liabilities without hampering field productivity. This program is ongoing, and includes measures to remediate potential contaminant sources, reclaim spill sites and abandon unproductive wells and inactive facilities. For information regarding our estimated future abandonment and reclamation costs as of December 31, 2025, see "– Disclosure of Reserves Data – Total Future Net Revenue (Undiscounted) as of December 31, 2025, Forecast Prices and Costs" and "– Additional Information Concerning Abandonment and Reclamation Costs" in "Appendix A-3 – Statement of Reserves Data and Other Oil and Gas Information", which is attached hereto.

Alberta's TIER program, which came into effect on January 1, 2020, requires participants to comply with ongoing reporting of emissions, and where emissions cannot be reduced to target levels or otherwise accounted for through the use of credits either generated or purchased by a participant, financial penalties are imposed. Obsidian Energy has elected to opt out of the TIER program effective as of April 1, 2025. The Company continues to monitor developments at both the provincial and federal levels related to industrial carbon pricing, emissions regulation, and broader climate policy, including potential changes to the TIER framework and federal industrial carbon plans. Obsidian Energy will reassess its participation in applicable carbon compliance programs as regulatory frameworks evolve and as additional clarity is provided by governments. Obsidian Energy has only minor working interests in several non-operated facilities that are considered large emitters (emissions of more than 100,000 CO_2e per year) within the requirements of the Alberta GHG regulations.

Because the federal and provincial programs relating to the regulation of the emission of GHGs and other air pollutants continue to be developed, Obsidian Energy is currently unable to predict the total impact of the potential regulations upon our business. Therefore, it is possible that Obsidian Energy could face increases in costs in order to comply with emissions reduction legislation. However, in cooperation with various industry groups, Obsidian Energy continues to work cooperatively with governments to develop an approach to deal with environmental issues that protects the industry's competitiveness, limits the cost and administrative burden of compliance, and supports continued investment in the oil and natural gas sector.

Obsidian Energy is committed to meeting our responsibilities to protect the environment wherever we operate. Obsidian Energy anticipates that our expenditures, both capital and expense in nature, will continue to increase as a result of operational growth and/or the introduction of new and enhanced legislation relating to the protection of the environment. Obsidian Energy will be taking such steps as are required to ensure continued compliance with applicable environmental legislation in each jurisdiction in which we operate. Obsidian Energy believes that we are currently in compliance with applicable environmental laws and regulations in all material respects. Obsidian Energy also believes that it is likely that the trend towards heightened and additional standards in environmental legislation and regulation will continue.

RISK FACTORS

The following is a summary of certain risk factors relating to Obsidian Energy and our business and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form and in our other public filings. Investors should consider carefully the information contained herein and, in particular, the following risk factors. If any of these risks occur, our financial condition and results of operations could be materially adversely affected, which could result in a decline in the trading price of our Common Shares. The risks described below are not an exhaustive list of the risks that may affect Obsidian Energy and our business, nor should they be taken as a complete summary or description of all the risks associated with Obsidian Energy and our business and the oil and natural gas business generally.

The Corporation's business could also be affected by additional risks and uncertainties not currently known to the Corporation or that we currently deem to be immaterial. If any of these risks occur, it could materially harm the Corporation's business, financial condition, results of operations and cash flows, or impair the Corporation's ability to implement business plans or complete development activities as scheduled. In that case, the market price of the Common Shares could decline and you could lose all or part of your investment. The information set forth below contains "forward-looking statements", which are qualified by the information contained in the "*Special Note Regarding Forward-Looking Statements*" section of this Annual Information Form.

Volatility in oil and natural gas prices could have a material adverse effect on our results of operations and financial condition, which in turn could negatively affect the market price of our Common Shares.

Our results of operations and financial condition are dependent upon the prices that we receive for the oil, NGLs and natural gas that we sell. Historically, the oil, NGLs and natural gas markets have been volatile and are likely to continue to be volatile in the future. Oil, NGLs and natural gas prices have fluctuated widely during recent years and are subject to fluctuations in response to changes in supply, demand, market uncertainty and other factors that are beyond our control. These factors include, but are not limited to:

- global energy policy, including the ability of OPEC (and in particular the Kingdom of Saudi Arabia) and other oil and natural gas exporting nations (and in particular Russia) to set and maintain production levels and influence prices for oil;
- the impact of regional and/or global health related events on economic activity levels and energy demand;
- the limitations on the ability of Western Canadian energy producers to export oil, NGLs and natural gas to U.S. markets and world markets and the resulting discount that Western Canadian energy producers may receive for their products as compared to U.S. and international benchmark commodity prices;
- the availability of transportation infrastructure, and in particular:
  - our ability to access space on pipelines that deliver oil, NGLs and natural gas to commercial markets or alternatively contract for the delivery of our products by rail;
  - deliverability uncertainties related to the distance of our production from existing pipelines, railway lines, and processing and storage facility infrastructure; and
  - operational problems affecting the pipelines, railway lines and processing and storage facilities on which we rely;
- increased growth of shale oil and natural gas production in the U.S.;
- production and storage levels of oil, NGLs and natural gas;
- existing and threatened political instability and hostilities in commodity producing regions such as the Middle East, Europe, South America, Northern Africa and elsewhere;
- occurrence or threat of terrorist attacks that could adversely affect the global economy;
- sanctions imposed on certain oil and natural gas producing nations (such as Russia, Venezuela and Iran) by other countries;
- foreign supply of, and demand for, oil and natural gas, including liquefied natural gas, and including the potential for increased supply of oil and natural gas from Venezuela given the U.S. involvement in that country and their oil industry in particular;
- weather conditions;
- the overall economic and political environment in Canada, the U.S., Europe, China, Russia, emerging markets and globally;
- the overall level of energy demand;

government regulation relating to prices, taxes, royalties, tariffs, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business;
currency exchange rates, interest rates and inflation rates;
the effect of worldwide environmental and/or energy conservation measures;
the price and availability of alternative energy supplies; and
the advent of new technologies.

We make price assumptions that are used for planning purposes, and a significant portion of our cash outflows, including certain operating and capital expenditures and transportation commitments, are largely fixed in nature. Accordingly, if commodity prices are below the expectations on which these commitments were based, our financial results are likely to be adversely and disproportionately affected because these cash outflows are not variable in the short term and cannot be quickly reduced to respond to unanticipated decreases in commodity prices. Our risk management arrangements will not fully mitigate the effects of price volatility.

The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes and the value of the Corporation's reserves. The Corporation may also elect not to produce from certain wells at lower prices. Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

All these factors could result in a material decrease in the Corporation's expected net production revenue and a reduction in our oil and natural gas production, acquisition, development and exploration activities. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the carrying value of our reserves, borrowing capacity, revenues, profitability and funds flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects, and as a result, the market price of our Common Shares.

Volatility in market conditions for the oil and natural gas industry may affect the value of the Corporation's reserves and restrict our cash flow and our ability to access capital to fund the development of our oil and natural gas assets.

Various market events and conditions existing from time to time, including global excess oil and natural gas supply, concerns over public health related events and the impact that it will have on the supply of and demand for oil, NGLs and natural gas, actions taken by OPEC and non-OPEC countries (i.e. Russia) and conflicts that occasionally arise between these countries when they compete for market share, sanctions against Russia, Iran and Venezuela, slowing growth in China and emerging economies, weakened global relationships, conflict between Ukraine and Russian and/or in the Middle East, isolationist and punitive trade policies, de-globalization, U.S. shale production, sovereign debt levels and political upheavals in various countries including Venezuela, and including growing anti-fossil fuel sentiment, have at times caused significant volatility in commodity prices. These events and conditions have at times caused a significant reduction in the valuation of oil and natural gas companies and a decrease in confidence in the oil and natural gas industry. These difficulties have at times been exacerbated in Canada by political and other actions resulting in uncertainty surrounding potential changes to the regulatory, tax, tariff, royalty, environmental and other regulatory regimes. In addition, the difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis or at all (or if obtained, to maintain such approvals) to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and natural gas industry in western Canada have at times led to additional downward price pressure on oil and natural gas produced in western Canada. The resulting price differential between Western Canadian Select oil and Brent and West Texas Intermediate oil has at times created uncertainty and reduced confidence in the oil and natural gas industry in western Canada. See "*Industry Conditions*".

Lower commodity prices may also affect the volume and value of the Corporation's reserves by rendering certain reserves uneconomic. In addition, lower commodity prices restrict the Corporation's cash flow resulting in less funds from operations being available to fund the Corporation's capital expenditure budget. As a result, the Corporation may not be able to replace our production with additional reserves and both the Corporation's production and reserves could be reduced on a year-over-year basis. Any decrease in value of the Corporation's reserves may reduce the borrowing base under our credit facilities which, depending on the level of the Corporation's indebtedness, could result in the Corporation having to repay a portion of our indebtedness. In addition to possibly resulting in a decrease in the value of the Corporation's economically recoverable reserves, lower commodity prices may also result in a decrease in the value of the Corporation's infrastructure and facilities, all of which

could also have the effect of requiring a write down of the carrying value of the Corporation's oil and natural gas assets on our balance sheet and the recognition of an impairment charge in our income statement. Given the challenging market conditions experienced by the Canadian oil and natural gas industry in recent years, the Corporation may have difficulty raising additional funds, or if we are able to do so, it may be on unfavourable and highly dilutive terms. If these conditions return, our cash flow may not be sufficient to continue to fund our operations and satisfy our obligations when due, and our ability to continue to fund our operations and discharge our obligations may require additional equity or debt financing and/or proceeds, or reduction in liabilities, from asset sales. There can be no assurance that such equity or debt financing will be available on terms that are satisfactory to us or at all. Similarly, there can be no assurance that we will be able to realize any or sufficient proceeds or reduction in liabilities from asset sales to continue to fund our operations and discharge our obligations.

The onset of adverse economic conditions could negatively impact financial markets and commodity prices and thus our financial condition.

The demand for energy, including oil, NGLs and natural gas, is generally linked to broad-based economic activities. If there was a slowdown in economic growth, an economic downturn or recession, or other adverse economic or political developments in the U.S., Europe, or Asia, there could be a significant adverse effect on global financial markets and commodity prices. In addition, hostilities in the Middle East and Ukraine and the occurrence or threat of terrorist attacks could adversely affect the global economy. Global or national health concerns, including the outbreak of pandemic or contagious diseases, may adversely affect us by (i) reducing global economic activity thereby resulting in lower demand for oil, NGLs and natural gas, (ii) impairing our supply chain, for example, by limiting the manufacturing of materials or the supply of goods and services used in our operations, and (iii) affecting the health of our workforce, rendering employees unable to work or travel. These and other factors disclosed elsewhere herein that affect the supply and demand for oil, NGLs and natural gas, and our business and industry, could ultimately have an adverse impact on our financial condition, financial performance, and funds flow.

Acquiring, exploring for, developing, and producing from oil and natural gas assets involves many risks. Losses resulting from the occurrence of one or more of these risks may adversely affect our business and thus the value of our Common Shares.

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Obsidian Energy depends on our ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, our existing reserves, and the production from them, will decline over time as we produce from such reserves. A future increase in our reserves will depend on both our ability to explore and develop our existing properties and on our ability to select and acquire suitable producing properties or prospects. There is no assurance that we will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of Obsidian Energy may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participations uneconomic. There is also no assurance that we will discover or acquire further commercial quantities of oil and natural gas.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells or from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Adverse field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut-ins of wells resulting from extreme weather conditions, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision, effective maintenance operations and the development of enhanced oil recovery technologies can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Restrictions on the availability and cost of materials and equipment may impede our exploration, development, and operating activities as oil and natural gas exploration, development, and operating activities are dependent on the availability and cost of specialized materials and equipment (typically leased from third parties) in the areas where such activities are conducted. The availability of such material and equipment is limited. An increase in demand or cost, or a decrease in the availability of such materials and equipment, may impede our exploration, development, and operating activities.

We utilize multi-well pad drilling where practicable. Wells drilled on a pad are typically not placed on production until all wells on the pad are drilled and completed. In addition, problems affecting a single well could adversely affect production from all of the wells on the pad. As a result, multi-well pad drilling can cause delays in the scheduled commencement of production, or interruption in ongoing production. These delays or interruptions may cause volatility in our operating results.

We are implementing several waterflood projects to increase reserves and productive capability. The success of these projects depends on many factors including, but not limited to, water injectivity, reservoir rock and fluid properties, historical productivity, and facility design. There is no assurance that these programs will be successful and they may adversely impact exiting producing wells.

Acquiring, exploring for, developing, and producing from oil and natural gas assets involves many risks. These risks include, but are not limited to:

encountering unexpected formations or pressures;
premature declines of reservoirs;
the invasion of water into producing formations;
blowouts, explosions, equipment failures and other accidents;
sour gas releases;
uncontrollable flows of oil, natural gas, water and other well fluids;
personal injury to staff and others;
adverse weather conditions, such as wild fires, flooding and extreme cold temperatures; and
pollution and other environmental risks, such as fires and spills.

These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. In particular, we may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to us. Losses resulting from the occurrence of any of these risks may have a material adverse effect on our business, financial condition, results of operations and prospects.

Although we maintain insurance in accordance with customary industry practice based on our projected cost benefit analysis of maintaining such insurance, we are not fully insured against all of these risks, not all risks are insurable, and liabilities associated with certain risks could exceed policy limits or not be covered. Like other oil and natural gas companies, we attempt to conduct our business and financial affairs so as to protect against economic risks applicable to operations in the jurisdictions where we operate, but there can be no assurance that we will be successful in protecting our assets.

The Corporation may require additional financing from time to time to fund the acquisition, exploration and development of properties and our ability to obtain such financing in a timely fashion and on acceptable terms may be negatively impacted by economic and global market conditions.

The Corporation's cash flow from our reserves may not be sufficient to fund our ongoing activities at all times and from time to time, the Corporation may require additional financing in order to carry out our oil and natural gas acquisition, exploration and development activities. Failure to obtain suitable financing on a timely basis could cause the Corporation to forfeit our interest in certain properties, miss certain acquisition opportunities, and/or reduce our operations, or terminate our operations on one or more properties. Due to the prevailing conditions in the oil and natural gas industry and/or global economic and/or political volatility, the Corporation may from time to time have restricted access to capital and/or credit and/or increased capital raising and/or borrowing costs. Recent conditions in the oil and natural gas industry have at times negatively affected the ability of oil and natural gas companies to access additional equity and/or debt financing and/or increased the cost of such financing.

If the Corporation's revenues from our reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace our reserves or to maintain our production. To the extent that external sources of capital and/or credit become limited, unavailable or available on onerous terms, the Corporation's ability to make capital investments and maintain existing assets may be impaired, and our assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of

the Corporation's petroleum properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Alternatively, any available equity financing may be highly dilutive to existing Shareholders. Failure to obtain any financing necessary for the Corporation's capital expenditure or acquisition plans may result in a delay in development or production on the Corporation's properties, or may force the Corporation to divest of certain assets that we would otherwise not sell.

If we are unable to acquire or develop additional reserves, the value of our Common Shares will decline.

Absent free cash flow, equity capital injections, increased debt levels and/or the efficient deployment of capital investments, our production levels and reserves will decline over time.

Our future oil and natural gas reserves and production, and therefore our cash flow, will be highly dependent on our success in exploring and exploiting our reserves and land base and acquiring additional reserves. Without reserve additions through acquisition, exploration or development activities, our reserves and production will decline over time as our existing reserves are depleted.

To the extent that free cash flow or external sources of capital, including the issuance of additional Common Shares, become limited or unavailable, our ability to make the necessary capital investments to maintain or expand our oil and natural gas reserves may be impaired.

The success of our operations may be negatively impacted by factors outside of our control resulting in operational delays and cost overruns.

We manage a variety of small and large projects in the conduct of our business. Project interruptions may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. Our ability to execute projects and market oil and natural gas depends upon numerous factors beyond our control, including:

- the availability of processing capacity;
- the availability and proximity of transportation infrastructure, including pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling, hydraulic fracturing and waterfloods, or our ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement and severe weather events, including fire, drought, flooding and extreme cold temperatures;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- changes in regulations;
- the availability and productivity of skilled labour;
- political uncertainty;
- environmental and Indigenous activism that may result in delays or cancellations of projects; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

If our funds flow from operations and funds from external financing sources are not sufficient to cover our capital expenditure requirements, we may be required to reallocate available capital among our projects or modify our capital expenditure plans, which may result in delays to, or cancellation of, certain projects or deferral of certain capital expenditures. Any change to our capital expenditure plans could, in turn, have a material adverse effect on our growth objectives and our business, financial position, and results of operations. Because of these factors, we could be unable to execute projects on time, on budget, or at all.

We rely on third parties to operate some of our assets.

Other companies operate some of the assets in which the Corporation has an interest. The Corporation has limited ability to exercise influence over the operation of those assets and their associated costs, which could adversely affect the Corporation's financial performance. The Corporation's return on assets operated by others depends upon a number of factors that may be outside of the Corporation's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology, and risk management practices.

In addition, due to the volatility of commodity prices, from time to time some companies, including companies that may operate some of the assets in which the Corporation has an interest, may encounter financial difficulty, which could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner, and satisfy regulatory requirements with respect to abandonment and reclamation obligations. If companies that operate some of the assets in which the Corporation has an interest fail to satisfy regulatory requirements with respect to abandonment and reclamation obligations, the Corporation may be required to satisfy such obligations and to seek reimbursement from such companies. To the extent that any of such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, the Corporation potentially becoming subject to additional liabilities relating to such assets, and the Corporation having difficulty collecting revenue due from such operators or recovering amounts owing to the Corporation from such operators for their share of abandonment and reclamation obligations. Any of these factors could have a material adverse effect on the Corporation's financial and operational results.

Modification to current or implementation of additional regulations may reduce the demand for oil and natural gas and/or increase our costs and/or delay planned operations.

Various levels of governments impose extensive controls and regulations on oil and natural gas operations (including exploration, development, production, pricing, marketing, transportation, infrastructure and mergers and acquisitions). Governments may regulate or intervene with respect to exploration and production activities, emissions, prices, taxes, royalties, the exportation of oil and natural gas, infrastructure projects and the transfer of assets pursuant to acquisition and divestiture activities. Amendments to these controls and regulations may occur from time to time in response to economic or political conditions.

The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for oil and natural gas and increase our costs, either of which may have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, obtaining certain approvals from regulatory authorities can involve, among other things, stakeholder and Indigenous consultation, environmental impact assessments, and public hearings. Regulatory approvals obtained may be subject to the satisfaction of certain conditions including, but not limited to: security deposit obligations; ongoing regulatory oversight of projects; mitigating or avoiding project impacts; environmental and habitat assessments; and other commitments or obligations. Further, third party challenges to regulatory decisions or orders can reduced the efficiency of the regulatory regime, as the implementation of the decisions and orders may be delayed resulting in uncertainty and interruption to business in the oil and natural gas industry. See "*Industry Conditions*".

In order to conduct oil and natural gas operations, we require regulatory permits, licenses, registrations, approvals and authorizations from various governmental authorities at the municipal, provincial and federal level. There can be no assurance that we will be able to obtain all of the permits, licenses, registrations, approvals and authorizations that may be required to conduct operations that we may wish to undertake. In addition, certain federal legislation such as the *Competition Act* and the *Investment Canada Act* could negatively affect our business, financial condition and the market value of our Common Shares or our assets, particularly when undertaking, or attempting to undertake, acquisition or disposition activity. See "*Industry Conditions*".

Changing investor sentiment towards the oil and natural gas industry may impact our access to, and cost of, capital.

A number of factors, including the effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, environmental damage resulting from spills of petroleum products during production and transportation and Indigenous rights, have affected certain investors', lenders' and insurers' sentiments towards the oil and natural gas industry. As a result of these concerns, some institutional, retail and governmental investors, lenders and insurers have announced that they no longer are willing to fund or invest in, lend to, or insure oil and natural gas properties or companies, or are reducing the amount thereof over time. In addition, certain institutional investors, lenders and insurers are requesting

that issuers develop and implement more robust social, environmental and governance policies and practices and make related disclosures. Developing and implementing such policies and practices, and making such related disclosures, can involve significant costs and require a significant time commitment from our Board, management and employees. Failing to implement the policies and practices, and make the related disclosures, as requested by institutional investors, lenders and insurers, may result in such investors reducing their investment in or loan to us, or not investing in or lending to us at all, or such insurers refusing to insure us. Any reduction in the investor, lender and insurer base willing to invest in, lend to and insure the oil and natural gas industry and more specifically, the Corporation, may result in limiting our access to capital or insurance, increasing the cost of capital or insurance, and decreasing the price and liquidity of our Common Shares even if our operating results, underlying asset values or prospects have not changed or have improved.

The market price of our Common Shares has been and will likely continue to be volatile.

The trading price of the securities of oil and natural gas issuers is subject to substantial volatility and is often based on factors both related and unrelated to the financial performance or prospects of issuers. Factors unrelated to our performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices, changing perceptions of the oil and natural gas market and/or worldwide pandemics. In recent years, the volatility of commodities has increased. In addition, the volatility, trading volume and market price of the securities of oil and natural gas companies has been impacted by increasing investment levels in passive funds that track major indices, as such funds only purchase securities included in such indices. Furthermore, in certain jurisdictions, institutions, including government sponsored entities, have determined to decrease or eliminate their ownership in oil and natural gas entities which may impact the liquidity of certain securities and may put downward pressure on the trading price of those securities. Similarly, the market price of our Common Shares could be subject to significant fluctuations in response to variations in our operating results, financial condition, liquidity, debt levels and other internal factors. Accordingly, the price at which our Common Shares will trade cannot be accurately predicted.

The Corporation's business may be adversely affected by recent and future political and social events and decisions made in Canada, the United States, South America, Europe, the Middle East and elsewhere.

The Corporation's results may be adversely impacted by political, legal or regulatory developments in Canada and elsewhere that affect local operations and local and international markets. Changes in government, government policy or regulations, law or interpretation of settled law, third-party opposition to industrial activity generally or projects specifically, and duration of regulatory reviews could impact the Corporation's existing operations and planned projects. This includes actions by regulators or other political actors to delay or deny necessary licenses or permits for the Corporation's activities or restrict the operation of third-party infrastructure that the Corporation relies on. Additionally, changes in environmental regulations, assessment processes or other laws, and increasing and expanding stakeholder consultation (including with Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact the Corporation's results.

The current U.S.-Canada tariff environment remains highly dynamic and uncertain. Legislative or regulatory changes by the U.S. administration could materially impact the Corporation's operations and financial condition. In March 2025, the United States imposed a series of tariffs on goods imported from Canada and other countries, triggering a de facto global trade war, and prompting Canada and several trading partners to implement retaliatory measures. Since then, tariff policies have continued to evolve, creating ongoing uncertainty regarding U.S. support for existing trade agreements, including the USMCA.

At present, the United States maintains tariffs on a range of Canadian exports, including steel and aluminum, automobiles and automotive parts, copper, lumber, and certain wooden products. Canada has implemented reciprocal tariffs on these categories. Additionally, U.S. tariffs apply to Canadian potash and energy products that do not qualify for USMCA exemptions. Uncertainty persists due to pending U.S. Supreme Court rulings on the authority of the Trump administration to impose tariffs without congressional approval and the upcoming 2026 reviews of the USMCA and other trade agreements. Changes to existing tariffs or new trade restrictions could materially impact the Canadian economy, the oil and natural gas sector, and the Corporation. Additionally, further U.S. tariffs on other countries could exacerbate global trade tensions, increase costs, reduce U.S. demand for the Corporation's products, and negatively affect our operations.

Other government and political factors that could adversely affect our financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards and mandating the sale of electric vehicles or the use of alternative fuels or uncompetitive fuel

components, could affect the demand for our products. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels, technologies or electric vehicles. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources, and the success of these initiatives may decrease demand for our products.

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry including the balance between economic development and environmental policy. The oil and natural gas industry has become an increasingly politically polarizing topic, which has resulted in a rise in civil disobedience surrounding oil and natural gas development, particularly with respect to infrastructure projects such as pipelines. Protests, blockades, demonstrations and vandalism have the potential to delay and disrupt the Corporation's activities. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation" and* "*Industry Conditions – Transportation Constraints and Market Access*".

Climate change concerns could result in increased operating costs, accelerated time of decommissioning spending and reduced demand for the Corporation's products and securities, while the potential physical effects of climate change could disrupt the Corporation's production and cause it to incur significant costs in preparing for or responding to those effects.

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially fossil fuel combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of GHGs, including emissions of carbon dioxide and methane from the production and use of oil, NGLs and natural gas. The majority of countries across the globe, including Canada, have agreed to reduce their carbon emissions in accordance with the Paris Agreement and in November 2025 at COP30 in Brazil, Canada reaffirmed its commitments to transitioning away from fossil fuels in line with the Paris Agreement. As discussed below, we face both transition risks and physical risks associated with climate change and climate change policy and regulations.

Transition risks

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting emissions commonly referred to as GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of such measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, including carbon taxes and carbon pricing schemes implemented by varying levels of government, it is expected that current and future climate change regulations will have the effect of increasing the Corporation's operating expenses and, in the long-term, potentially reducing the demand for oil, NGLs, natural gas and related products, resulting in a decrease in the Corporation's profitability, accelerated time of decommissioning spending and a reduction in the value of our assets.

Claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. As a result, individuals, government authorities, or other organizations may make claims against oil and natural gas companies, including the Corporation, for alleged personal injury, property damage, or other potential liabilities. While the Corporation is not a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavorable ruling in any such case could adversely affect the demand for and price of securities issued by the Corporation, impact our operations and have an adverse impact on our financial condition.

Due to long-term risks from environmental policy changes, regulations, legal challenges, and market shifts related to climate change, recent efforts have targeted the financial sector. Investment advisors, banks, pension funds, universities, and other institutional investors are engaging companies on climate action, using voting rights, and reallocating capital toward low-carbon assets while divesting from high-emission businesses. Stakeholders are also pressuring insurers and banks to stop financing or insuring oil, natural gas, and related infrastructure. These efforts may negatively impact the Corporation's operations, securities demand and pricing, and its cost and access to capital.

Climate-related regulations and reporting standards continue to evolve. In June 2023, the International Sustainability Standards Board (the "**ISSB**") issued two global disclosure standards, IFRS S1 and S2, to promote consistent, comparable, and reliable environmental reporting. In December 2024, the Canadian Sustainability Standards Board finalized similar Canadian Standards, CSDS 1 and CSDS 2. In December 2025, the ISSB announced targeted amendments to IFRS S2; whether the Canadian Standards will be revised remains uncertain. Meanwhile, in April 2025, due to significant changes in the global economic and geopolitical landscape, the Canadian Securities Administrators paused work on its own climate disclosure initiative. If the Corporation is not able to meet future climate-related reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals, and authorizations from various governmental authorities, and raise capital, may be adversely affected. See "*Industry Conditions – Climate Change Regulation*".

New anti-greenwashing rules introduce risk into making certain environmental-related disclosures

Amendments to the *Competition Act* introduced in June 2024 prohibit companies from making false or misleading environmental claims. The new rules are complex and uncertain and initially led many companies to suspend voluntary sustainability reporting. While private rights of action for greenwashing came into effect in June 2025, *Budget 2025 Implementation Act, No. 1* subsequently removed this access and clarified substantiation requirements to address unintended consequences. Despite these improvements, the regulatory landscape continues to evolve and penalties for non-compliance remain significant, including up to the greater of $10 million for a first order, $15 million for subsequent orders, or 3% of global annual revenues. Companies making voluntary environmental disclosures face ongoing risk of liability and reputational harm.

Physical risks

The potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope and severity of potential impacts. We do not conduct fundamental research regarding the scientific inquiry of climate change, but do stay abreast of the scientific literature on the subject. Many experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, heavy snowfall, heavy rainfall, and wildfires may restrict the Corporation's ability to access our properties and cause operational difficulties, including damage to equipment and infrastructure. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Certain of the Corporation's assets are in locations that are proximate to forests and rivers and a wildfire or flood may lead to significant downtime and/or damage to the Corporation's assets or cause disruptions to the production and transport of our products or the delivery of goods and services in our supply chain.

We may not be able to repay all or part of our indebtedness, or alternatively, refinance all or part of our indebtedness on commercially reasonable terms. We may not be able to comply with the covenants (and in particular the financial covenants) contained in our debt instruments. The occurrence of any one of these events could have a material adverse effect on our results of operations and financial condition, which in turn could negatively affect the market price of our Common Shares.

We currently have a reserve-based syndicated credit facility in place that provides us with a $235.0 million revolving credit facility. The credit facility is subject to a semi-annual borrowing base redetermination typically in May and November of each year and currently has a revolving period to May 31, 2026 and a maturity date of May 31, 2027. We have granted a floating charge security over all of our properties in favour of the lenders within our banking syndicate. As of December 31, 2025, there was $9.0 million drawn on our credit facility. In the event that our credit facility is not extended before the maturity date, all outstanding indebtedness under the credit facility will be repayable at that date. There is a risk that our credit facility will not be renewed for the same principal amount or on the same terms. Any of these events could adversely affect our ability to fund our ongoing operations.

The amount authorized under the Corporation's credit facility is dependent on the borrowing base determined by our lenders. The Corporation's lenders use the Corporation's reserves, commodity prices, applicable discount rate and other factors to periodically determine the Corporation's borrowing base. Commodity prices may continue to be volatile as a result of various factors, including decreased demand for commodities due to any global pandemic, the advent of a recession in North America or globally, limited egress options for Western Canadian oil and natural gas producers, actions taken to limit OPEC and non-OPEC production, limited storage capacity, the impact of the ongoing war between Ukraine and Russia and related sanctions on Russia and hostilities in the Middle East, increased production by U.S. shale producers and the potential for increased

production by Venezuelan producers. A decline in commodity prices could reduce the Corporation's borrowing base, reducing the funds available to the Corporation under the credit facility. This could result in the requirement to repay a portion, or all, of the Corporation's indebtedness.

As at December 31, 2025, we had $175.0 million principal amount of Senior Unsecured Notes - 2025 outstanding, which are due on December 3, 2030. Our Senior Unsecured Notes - 2025 are rated by credit agencies and a downgrade of our rating may impact their value and/or ability to refinance them at an attractive rate or at all.

We are required to comply with covenants under our credit facilities and Senior Unsecured Notes - 2025 which may either affect the availability, or price, of additional funding. In the event that we do not comply with covenants under one or more of these debt instruments, our access to capital could be restricted or repayment could be required, which could adversely affect our ability to fund our ongoing operations. Events beyond the Corporation's control may contribute to the failure of the Corporation to comply with such covenants. A failure to comply with covenants could result in default under the Corporation's credit facility and/or Senior Unsecured Notes - 2025, which could result in the Corporation being required to repay amounts owing thereunder. The acceleration of our indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross acceleration provisions.

In addition, the Corporation's credit facility and Senior Unsecured Notes - 2025 may impose operating and financial restrictions on the Corporation that could include restrictions on the payment of dividends, the repurchase or making of other distributions with respect to the Corporation's securities, the incurring of additional indebtedness, the provision of guarantees, the assumption of loans, the making of capital expenditures, the entering into of amalgamations, mergers, take-over bids or acquisition or disposition of assets, among others.

If the Corporation's lenders and/or noteholders require repayment of all or a portion of the amounts outstanding under our credit facilities and/or Senior Unsecured Notes - 2025 for any reason, including for a default of a covenant or the reduction of a borrowing base, there is no certainty that the Corporation would be in a position to make such repayment. Even if the Corporation is able to obtain new financing in order to make any required repayment under our credit facilities and/or Senior Unsecured Notes - 2025, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing under our credit facilities and/or Senior Unsecured Notes - 2025, the lenders under such credit facilities could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the credit facilities and the noteholders could seek to enforce the remedies available to them.

Increased debt levels may impair the Corporation's ability to borrow additional capital on a timely basis to fund opportunities as they arise.

From time to time, we may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which could increase our debt levels above industry standards for oil and natural gas companies of a similar size. Depending on future exploration and development plans, we may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither our articles nor our by-laws limit the amount of indebtedness that we may incur. The level of our indebtedness from time to time could impair our ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise, and may adversely affect the market price of our Common Shares if investors consider our debt levels to be higher than that of our peers.

Our risk management program subjects us to certain risks, including financial loss and counterparty risk.

From time to time, we may enter into physical or financial agreements to receive fixed prices on our oil and natural gas production, which is intended to mitigate the effect of commodity price volatility, potential associated risk of revenue loss, and support our capital budgeting and expenditure and return of capital to shareholder plans. However, to the extent that we engage in price risk management activities to protect ourselves from commodity price declines, we may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, our risk management arrangements may expose us to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the contracted volumes or prices fall significantly lower than expected;

there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the contractual arrangement;
counterparties to the contractual arrangements or other price risk management contracts fail to perform under those arrangements; or
a sudden unexpected event materially impacts oil and natural gas prices.

On the other hand, failure to protect against a decline in commodity prices exposes us to reduced liquidity when prices decline. A sustained lower commodity price environment would result in lower realized prices for unprotected volumes and reduce the prices at which we would enter into derivative contracts on future volumes. This could make such transactions unattractive, and, as a result, some or all of our production volumes forecasted for the current fiscal year and beyond may not be protected by derivative arrangements.

Similarly, from time to time, we may enter into agreements to fix the exchange rate of Canadian to United States dollars or other currencies in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to other currencies. However, if the Canadian dollar declines in value compared to such fixed currencies, we will not benefit from the fluctuating exchange rate.

The price of oil and natural gas is affected by political events throughout the world. Any such event could result in a material decline in commodity prices and in turn result in a reduction in the market price of our Common Shares.

Political changes in North America and political instability in the Middle East, Europe, South America and elsewhere may cause disruptions in the supply of oil and natural gas that affects the marketability and price of oil and natural gas acquired, produced or discovered by us. Conflicts, or conversely peaceful developments, arising outside of Canada, including changes in political regimes or the parties in power, may have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in commodity prices and therefore result in a reduction of our revenues and consequently impact our operations and the market price of our Common Shares.

On October 7, 2023, Hamas terrorists infiltrated Israel’s southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on the Israeli population and industrial centres located along Israel’s border with the Gaza Strip and in other areas within the State of Israel. Following the attack, Israel’s security cabinet declared war against Hamas and the military campaign against these terrorist organizations has launched a series of responding attacks in Palestine. This conflict then significantly broadened with Israel also battling Hezbollah in Lebanon and significant conflict between Israel and Iran and other Iran backed proxies in the area. In addition, the Syrian Assad regime subsequently fell and it is unknown whether a stable Syrian government will develop. The Trump administration has also threatened to attack government targets in Iran due to the government's violent suppression of civilian protests in Iran.

The outcome of these conflicts has the potential to have wide-ranging consequences on the world economy and the global price of oil. There is a risk that these conflicts and developments could lead to wider regional instability in the Middle East, home to some of the world’s biggest oil producers. The long-term impacts of these conflicts remain uncertain on oil and natural gas prices and the world economy. Such developments could have an impact on the oil and natural gas industry as a whole including the Corporation.

Russia's invasion of Ukraine in February 2022 has developed into a prolonged and intense conflict, with heavy fighting continuing in eastern Ukraine and ongoing missile and drone attacks. The North Atlantic Treaty Organization and allied nations, including Canada, have provided substantial military and financial support to Ukraine, while maintaining strict sanctions against Russia. Although peace negotiations have advanced, no comprehensive settlement has been reached, and territorial and security issues remain unresolved. These developments pose ongoing risks to regional stability, global energy and industrial supply chains, and international markets, which could negatively impact the world economy, the Canadian oil and gas industry, and the Corporation.

On January 3, 2026, United States military forces conducted an operation in Caracas, Venezuela, resulting in the capture of President Nicolás Maduro and his spouse. Subsequent statements by U.S. leadership indicated an intention to administer Venezuela temporarily and facilitate significant investment by American oil companies in Venezuela's petroleum sector. These actions have drawn widespread international condemnation, and the extent of resulting political and economic repercussions remains uncertain. Given that the United States is the primary destination for Canadian oil exports, increased U.S. access to

Venezuela's substantial oil reserves, which are widely considered to be the largest proven oil reserves globally, could reduce U.S. demand for Canadian oil imports and negatively affect pricing and market competitiveness.

Changes to the demand for oil and natural gas products and the rise of petroleum alternatives may negatively affect the Corporation's financial condition, results of operations and cash flow.

Fuel conservation measures, alternative fuel requirements, electric vehicle mandates, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and renewable energy generation and storage systems could reduce the demand for oil, natural gas and other hydrocarbons. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives (including electric vehicles), which may lessen the demand for petroleum products and put downward pressure on commodity prices. In addition, advancements in energy efficient products have a similar effect on the demand for oil and natural gas products. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows by decreasing the Corporation's profitability, increasing our costs, limiting our access to capital and decreasing the value of our assets.

Implementation of new regulations on hydraulic fracturing may lead to operational delays, increased costs and/or decreased production volumes, which could adversely affect the Corporation's financial position. The Corporation's operations are dependent on the availability of water and our ability to dispose of produced water from drilling and production activities.

Hydraulic fracturing involves the injection of water, sand and additives under pressure into rock formations to stimulate the production of oil, NGLs and natural gas. Specifically, hydraulic fracturing enables the production of commercial quantities of oil and natural gas from previously unproductive reservoirs. Certain areas in Alberta and other provinces have been prone to seismic activity and as a result, additional protocols relating to hydraulic fracturing and seismic monitoring have been implemented in such areas. Any new laws, regulations, or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs and/or third-party or governmental claims, and could increase the Corporation's costs of compliance and doing business, as well as delay the development of oil, liquids and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. Restrictions or bans on hydraulic fracturing in the areas where we operate could reduce the amount of oil and natural gas that we are ultimately able to produce from our reserves and resources and/or could result in us being unable to economically recover certain of our oil and natural gas reserves and resources, which in either case could result in a significant decrease in the value of our assets.

Water is an essential component of the Corporation's drilling and hydraulic fracturing processes. Limitations or restrictions on the Corporation's ability to secure sufficient amounts of water (including limitations resulting from natural causes such as drought), could materially and adversely impact our operations. Severe drought conditions can result in local water authorities taking steps to restrict the use of water in their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. For instance, in 2024 significantly reduced mountain snowpack and below-average precipitation led to extremely low reservoir levels and record-low river levels in certain areas of Alberta. As such, for the first time since 2001, in April 2024, the province entered voluntary water-sharing agreements with major licensees in southern Alberta river basins to mitigate drought impacts, and in 2025 introduced a Drought Response Plan and changes to water licence transfer rules to improve flexibility. Despite these measures, prolonged drought or stricter water allocation requirements could lead to operational delays, increased costs, or other adverse effects on the Corporation's financial condition. If the Corporation is unable to obtain water to use in our operations from local sources, water may need to be obtained from new sources and transported to drilling sites, resulting in increased costs. Cost increases could have a material adverse effect on drilling economics resulting in delays or suspensions of drilling which may ultimately have a detrimental effect on our financial condition, results of operations, and cash flows.

In addition, the Corporation must dispose of the fluids produced from oil, NGLs and natural gas production operations, including produced water, which we do directly or through the use of third-party vendors. The legal requirements related to the disposal of produced water into a non-producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities regarding such disposal activities. Government authorities may issue orders to temporarily shut down or to curtail the injection depth of existing wells in the vicinity of seismic events.

Another consequence of seismic events may be lawsuits alleging that disposal well operations have caused damage to neighboring properties or otherwise violated laws and regulations regarding waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells by the Corporation or by commercial disposal well vendors

that the Corporation may use from time to time to dispose of produced water. Increased regulation and attention given to induced seismicity could also lead to greater opposition, including litigation to limit or prohibit oil and natural gas activities utilizing injection wells for produced water disposal. Any one or more of these developments may result in the Corporation or our vendors having to limit disposal well volumes, disposal rates and pressures or locations, or require the Corporation or our vendors to shut down or curtail the injection of produced water into disposal wells, which events could have a material adverse effect on the Corporation's business, financial condition, and results of operations.

Minor earthquakes are common in certain parts of Alberta and the AER has introduced seismic protocols for hydraulic fracturing and disposal operators in seismogenic areas (collectively, the "**Seismic Protocol Regions**"). Oil and natural gas producers in each of the Seismic Protocol Regions are subject to a "traffic light" reporting system that sets thresholds on the Richter scale of earthquake magnitude, which vary among the regions. The reporting requirements include an assessment of the potential for seismicity prior to conducting operations, the implementation of a response plan to address potential seismic events and the suspension of operations, depending on the magnitude of an earthquake. Orders imposed by the AER in response to seismic events remain in effect as long as the AER deems them necessary. In recent years, hydraulic fracturing has been linked to increased seismicity in the areas in which hydraulic fracturing takes place, leading to continued monitoring by the AER. In February 2026, the AER cancelled the AER Order and the Company now follows Directive 065 *Resources Applications for Oil and Gas Reservoirs* in areas where it is applicable.

Regulatory water use restrictions and/or limited access to water or other fluids may impact the Corporation's production volumes from our waterflood programs and hydraulic fracturing programs.

The Corporation undertakes or intends to undertake certain waterflooding and hydraulic fracturing programs which involve the injection of water or other liquids into a reservoir to increase production and reserves recovered from the reservoir and to decrease production declines. To undertake such activities, the Corporation needs to have access to sufficient volumes of water, or other liquids, to pump into the reservoir. There is no certainty that the Corporation will have access to the required volumes of water. In addition, in certain areas there may be restrictions on water use for activities such as waterflooding. If the Corporation is unable to access such water, we may not be able to undertake these activities, which may reduce the amount of oil and natural gas that the Corporation is ultimately able to produce from our reservoirs. In addition, the Corporation may undertake certain waterflood programs that ultimately prove unsuccessful in increasing production from the reservoir and as a result have a negative impact on the Corporation's results of operations.

Fluctuations in foreign currency exchange rates and interest rates could adversely affect our business, and adversely affect the market price of our Common Shares.

World oil and natural gas prices are predominately denominated in United States dollars and the Canadian dollar price received by Canadian oil and natural gas producers is therefore affected by the Canadian/U.S. dollar exchange rate, which fluctuates over time. Material increases in the value of the Canadian dollar relative to the United States dollar will negatively affect, among other things, our oil production revenues in Canadian dollars. We generally fund our cash costs in Canadian dollars. Strengthening of the Canadian dollar (excluding risk management activities) against the United States dollar negatively affects the amount of Canadian dollar funds available to us for reinvestment, and negatively affects the future value of our reserves as calculated by independent evaluators. Although a low value of the Canadian dollar relative to the United States dollar may positively affect the price we receive for our oil and natural gas production, it could also result in an increase in the price for certain goods used for our operations, which may have a negative impact on our financial results.

To the extent that the Corporation engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which the Corporation may contract.

An increase in interest rates could result in a significant increase in the amount we pay to service debt, resulting in a reduced amount of funds available to fund our exploration and development activities and the cash available for dividends and/or Common Share repurchases, all of which could negatively impact the market price of the Common Shares.

Actual reserves will vary from reserves estimates and those variations could be material and negatively affect the market price of our Common Shares.

There are numerous uncertainties inherent in estimating quantities of reserves and future net revenues to be derived therefrom, including many factors beyond our control. The reserves and associated net revenue information set forth herein represents

estimates only. In general, estimates of economically recoverable oil and natural gas reserves (including the breakdown of reserves by product type) and the future net revenue therefrom are based upon a number of variable factors and assumptions, such as:

commodity prices;
historical production from the properties;
production rates and estimated production decline rates;
estimated ultimate recovery of reserves and resources;
changes in technology;
timing and amount and effectiveness of future capital expenditures;
marketability and price of oil, NGLs and natural gas;
royalty rates;
the assumed effects of regulation by governmental agencies; and
future operating costs;

all of which may vary materially from actual results.

As a result, estimates of the economically recoverable oil, NGL and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. Our actual production, revenues, taxes and development and operating expenditures will vary from reserve estimates thereof and such variations could be material.

Estimates of proved and probable reserves that may be developed and produced in the future are sometimes based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas are often estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, GLJ have used forecast price and cost estimates in calculating the reserve quantities and future net revenue disclosed herein. Actual future net revenue will be affected by other factors including but not limited to actual production levels, supply and demand for oil, NGLs and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and net revenue derived from the Corporation's reserves will vary from the reserve estimates contained in the Engineering Report summarized herein, and such variations could be material. The Engineering Report summarized herein is based in part on the assumption that certain activities will be undertaken by us in future years and the further assumption that such activities will be successful. The reserves and estimated net revenue to be derived therefrom contained in the Engineering Report summarized herein will be reduced in future years to the extent that such activities are not undertaken or, if undertaken, do not achieve the level of success assumed in the Engineering Report summarized herein. The Engineering Report described herein is effective as of a specific date and, except as otherwise noted, has not been updated and thus does not reflect changes in our reserves since that date.

A decrease in the fair market future value of our risk management financial instruments could result in a non-cash charge against our income under applicable accounting standards.

Under IFRS, accounting for financial instruments may result in non-cash charges against income as a result of reductions in the fair market future value of such instruments. A decrease in the fair market future value of the financial instruments as a result of fluctuations in future commodity prices and/or foreign exchange rates may result in a non-cash charge against income, which may be viewed unfavourably in the market.

Lack of capacity and/or regulatory constraints on gathering and processing facilities, pipeline systems, trucking and railway lines may have a negative impact on our ability to produce and sell our oil and natural gas.

We deliver our products through gathering and processing facilities, pipeline systems and, in certain circumstances, by truck and railway systems. The amount of oil and natural gas that we can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities, pipeline systems, trucks and railway lines. The lack of firm pipeline capacity, production limits and limits on availability of capacity in gathering and processing facilities, pipeline systems or railway lines continues to affect the oil and natural gas industry and limits the ability to transport produced oil and natural gas to market. In addition, the pro-rationing of capacity on inter-provincial pipeline systems from time to time affects the ability of oil and natural gas companies to export oil and natural gas, and could result in our inability to realize the full economic potential of our production or in a reduction of the price offered for our production. Unexpected shut downs or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect the Corporation's anticipated production, operations and financial results. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities (or uncertainty regarding whether such construction will proceed), could harm our business and, in turn, our financial condition, results of operations and cash flows.

A portion of our production may be processed through facilities owned by third parties that we do not control. From time to time these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could materially adversely affect our ability to process our production and to deliver the same to market. Midstream and pipeline companies may take actions to maximize their return on investment, which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of shippers.

We may not be able to achieve the anticipated benefits of acquisitions or dispositions and the integration of acquisitions may result in the loss of key employees and the disruption of on-going business relationships.

We make acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as our ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with ours. The integration of acquired businesses and assets may require substantial managerial effort, time and resources and may divert management's focus from other strategic opportunities and operational matters and may also result in the loss of key employees, the disruption of on-going business, supplier, customer and employee relationships and deficiencies in internal controls or information technology controls. We continually assess the value and mix of our assets in light of our business plans and strategic objectives. In this regard, non-core assets may be periodically disposed of so that we can focus our efforts and resources more efficiently. Depending on the market conditions for such non-core assets, certain of our non-core assets, if disposed of, may realize less on disposition than their assessed carrying value in our financial statements.

The incorrect assessment of value at the time of acquisitions could adversely affect the value of our Common Shares.

Acquisitions of oil and natural gas properties or companies will be based in large part on engineering and economic assessments. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, future prices of oil and natural gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond our control. All such assessments involve a measure of geological and engineering uncertainty that could result in lower production and reserves than anticipated. If actual reserves or production are less than we expect, our revenues and consequently the value of our Common Shares could be negatively affected.

We may be unable to successfully compete with other companies in our industry, which could negatively affect the market price of our Common Shares.

There is strong competition relating to all aspects of the oil and natural gas industry. We compete with numerous other companies in connection with our oil and natural gas exploration, development, production and marketing activities, many of whom have substantially greater financial and operational resources, staff and facilities than those of the Corporation. Among other things, we compete for:

- resources, including capital and skilled personnel;
- the acquisition of properties with longer life reserves and exploitation and development opportunities; and

access to equipment, markets, transportation capacity, drilling and service rigs and storage and processing facilities.

Some of the companies with whom we compete not only explore for, develop and produce oil and natural gas, but also carry on refining operations and market oil and natural gas on an international basis. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than the Corporation.

Our ability to make future capital expenditures may depend on our ability to access third party financing.

The Corporation anticipates making substantial capital expenditures for the exploration, development, acquisition and production of oil and natural gas reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings and potentially proceeds from asset sales and possible future equity sales, the Corporation's ability to do so is dependent on, among other factors:

the overall state of the capital markets;
the Corporation's credit rating (if applicable);
commodity prices;
interest rates;
royalty rates;
tax burden due to current and future tax laws; and
investor appetite for investments in the oil and natural gas industry, and the Corporation's securities in particular.

Further, if the Corporation's revenues or reserves decline, we may not have access to the capital necessary to undertake or complete future drilling programs. The conditions in, or affecting, the oil and natural gas industry have negatively impacted the ability of oil and natural gas companies, including the Corporation, to access additional financing and/or the cost thereof. There can be no assurance that debt or equity financing, or cash generated by operations, will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. The Corporation may be required to seek additional equity financing on terms that are highly dilutive to existing Shareholders. The inability of the Corporation to access sufficient capital for our operations could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Changes to royalty regimes may have a material and adverse impact on our financial condition.

There can be no assurance that the governments in the jurisdictions where we operate will not adopt a new, or modify the existing, royalty regimes, which in each case may have an impact on the economics of our projects or the profitability of our operations. An increase in royalties would reduce our earnings and could make future capital investments, or our operations, less economic. See "*Industry Conditions*".

Seasonal factors and extreme weather conditions may lead to declines in our activities and thereby adversely affect our business and the market price of our Common Shares.

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable, which prevents, delays or makes operations more difficult. Consequently, municipal and provincial transportation departments may enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Road bans and other restrictions generally result in a reduction of drilling and exploratory activities and may also result in the shut-in of some of the Corporation's production. Also, certain of our oil and natural gas producing areas may be located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of impassable muskeg (swampy terrain). In addition, extreme cold weather, heavy snowfall and heavy rainfall may restrict access to our properties and cause operational difficulties, including damage to machinery, or contribute to personnel injury because of dangerous working conditions.

Our operations are susceptible to the impacts of wildfires and flooding. In the past, our production levels (and as a result our revenues) have at times been materially and adversely affected by wildfires and flooding. In addition to the loss of revenue that results from the loss of production when our operations are affected by wildfires and/or flooding, we incur expenses responding to such events, repairing damaged equipment, and resuming operations. Although our insurance policies may compensate us for part of our losses, they will not compensate us for all of our losses. In addition, wildfires and/or flooding consume both

financial resources and management and employee time that would otherwise be directed towards the development of our business and the pursuit of our business strategy. We can offer no assurance that the severe wildfires and flooding that have at times affected our operations will not occur again in the future with equal or greater severity.

Seasonal factors and unexpected weather patterns, including wildfires, flooding and/or extreme temperatures, may lead to material declines in our exploration, development and production activities and may consume material amounts of our financial and human resources, and thereby materially and adversely affect our results of operations and financial condition.

Opposition by Indigenous groups to the conduct of the Corporation's operations, development or exploratory activities may negatively impact the Corporation.

Opposition by Indigenous groups to the conduct of our operations, development or exploratory activities in any of the jurisdictions in which the Corporation conducts business may negatively impact it in terms of public perception, diversion of management's time and resources, legal and other advisory expenses, and could adversely impact the Corporation's progress and ability to explore and develop properties.

Some Indigenous groups across Canada have established and asserted treaty entitlements, title to land and Aboriginal rights. Although there are no treaty, title or rights claims on lands where the Corporation operates, the Corporation does operate on Indigenous traditional lands which have certain consultation rights, and no certainty exists that any lands currently unaffected by such claims brought by Indigenous groups will remain unaffected by future claims. Such claims, if successful, could have a material adverse impact on our operations or pace of growth.

The Canadian federal and provincial governments have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate their concerns. The scope of the duty to consult by federal and provincial governments varies upon the circumstances and is often the subject of litigation. The fulfillment of the duty to consult Indigenous people and any associated accommodations may adversely affect the Corporation's ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. For example, a 2021 British Columbia Supreme Court decision determined that the cumulative impacts of government sanctioned industrial development on the traditional territories of a First Nation in northeast British Columbia breached that group's treaty rights. In 2023, the Government of British Columbia and the First Nation came to an agreement relating to further industrial activities in the area. The developments in northeastern British Columbia relating to Indigenous rights may lead to similar claims of cumulative effects across Canada in other areas covered by treaties. The long-term impacts and associated risks of the decision on the Canadian oil and natural gas industry and the Corporation remain uncertain.

In addition, the federal government has introduced legislation to implement the UNDRIP and British Columbia has adopted similar provincial legislation under the *Declaration on the Rights of Indigenous Peoples Act* ("**DRIPA**"). The practical implications of these statutes have been uncertain; however, recent judicial decisions in 2025 provide important guidance.

In February 2025, the Federal Court in *Kebaowek First Nation v Canadian Nuclear Laboratories* directed a decision-maker to reconsider whether the duty to consult and accommodate had been satisfied in light of UNDRIP principles. In December 2025, the British Columbia Court of Appeal in *Gitxaala v British Columbia (Chief Gold Commissioner)* held that DRIPA imposes immediate, positive statutory obligations on the provincial government, including taking concrete and diligent steps to align provincial laws with UNDRIP.

Although the scope of UNDRIP implementation continues to evolve, these recent decisions demonstrate a judicial willingness to confer substantive legal effect on UNDRIP both in British Columbia and federally. Additional processes may be created and legislation associated with project development and operations may be amended or introduced, further increasing uncertainty with respect to project regulatory approval timelines and requirements. See "*Industry Conditions – Indigenous Rights*".

Our properties may be subject to action by non-governmental organizations or terrorist attack.

In addition to the risks outlined above related to geopolitical developments, the Corporation's oil and natural gas properties, wells and facilities could be subject to a terrorist attack, physical sabotage or public opposition. Such public opposition could expose the Corporation to the risk of higher costs, delays or even project cancellations due to increased pressure on governments

and regulators by special interest groups including Indigenous groups, landowners, environmental interest groups (including those opposed to oil and natural gas production operations) and other non-governmental organizations, blockades, legal or regulatory actions or challenges, increased regulatory oversight, reduced support from the federal, provincial or municipal governments, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licenses and direct legal challenges, including the possibility of climate-related litigation. There is no guarantee that the Corporation will be able to satisfy the concerns of such special interest groups and non-governmental organizations and attempting to address such concerns may require the Corporation to incur significant and unanticipated capital and operating expenditures and may divert the attention of management and key personnel from business operations. If any of the Corporation's properties, wells or facilities are the subject of blockades, vandalism, sabotage, or a terrorist attack it may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

We may experience challenges adopting new technologies and our costs may increase as a result of such adoption.

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil and natural gas companies may have greater financial, technical and personnel resources that allow them to implement and benefit from technological advantages now and in the future. There can be no assurance that we will be able to respond to such competitive pressures and implement such technologies on a timely basis or at a reasonable cost. If the Corporation does implement such technologies, there is no assurance that the Corporation will do so successfully. One or more of the technologies currently utilized by us or potentially implemented in the future may become obsolete. If we are unable to utilize the most advanced commercially available technology, or we are unsuccessful in implementing certain technologies, our business, financial condition and results of operations could be materially adversely affected.

We may be subject to growth related risks.

We may be subject to growth related risks including capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to train and manage and potentially expand our employee base. Our inability to deal with such growth may have a material adverse effect on our business, financial condition, results of operations or prospects.

The Corporation may have to pay certain costs associated with abandonment and reclamation.

The Corporation will need to comply with the terms and conditions of environmental and regulatory approvals and all legislation regarding the abandonment of its projects and reclamation of the project lands at the end of their economic life, which may result in substantial abandonment and reclamation costs. Any failure to comply with the terms and conditions of the Corporation’s approvals and legislation may result in the imposition of fines and penalties, which may be material. Generally, abandonment and reclamation costs are substantial and, while the Corporation accrues a reserve in our financial statements for such costs in accordance with IFRS, such accruals may be insufficient.

It is not possible at this time to estimate abandonment and reclamation costs reliably since they will, in part, depend on future regulatory requirements. In addition, in the future, the Corporation may determine that it is prudent or required by applicable laws, regulations or regulatory approvals to establish and fund one or more reclamation funds to provide for payment of future abandonment and reclamation costs. If the Corporation establishes a reclamation fund, our liquidity and cash flow may be adversely affected.

Alberta has developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines if a licensee or permit holder is unable to satisfy its regulatory obligations. The implementation of or changes to the requirements of liability management programs may result in significant increases to the security that must be posted by licensees, increased and more frequent financial disclosure obligations or the denial of licence or permit transfers, which could impact the availability of capital to be spent by us, which could in turn materially adversely affect the Corporation’s business and financial condition. In addition, these liability management programs may prevent or interfere with our ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and natural gas assets must be in compliance with the liability management programs (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets.

Our operation of oil and natural gas wells, and our participation in oil and natural gas wells operated by others, could subject us to environmental claims and liability and/or increased compliance costs, all of which could affect the market price of our Common Shares.

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for and regulates, among other things, the initiation and approval of new oil and natural gas projects and restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. In addition, such legislation sets out requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. New environmental legislation at the federal and provincial levels of government may increase uncertainty among oil and natural gas industry participants as the new laws are implemented, and the effects of the new laws are experienced, which may adversely affect activity levels in the oil and natural gas industry. See "*Industry Conditions*".

Compliance with environmental legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and legal liability, and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require us to incur costs to remedy such discharge. In November 2024, the federal government published a draft of the proposed *Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations*, which, if enacted as currently drafted, would cap emissions from a range of industrial activities in the oil and natural gas sector, establish a cap-and-trade system for emissions allowances, and require facility operators to comply with various reporting and remittance obligations. Such proposed regulations, which could affect investor confidence, suppress spending on decarbonization initiatives and lead to production cuts, are expected to be finalized and come into force in 2026.

Although we believe that we are in material compliance with current applicable environmental legislation, no assurance can be given that environmental compliance requirements will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on our business, financial condition, results of operations and prospects. See "*Industry Conditions*".

In the normal course of our operations, we are exposed to litigation, which if determined adversely, could have a material and adverse impact on us.

In the normal course of our operations, we may become involved in, named as a party to, or be the subject of, legal proceedings, including regulatory proceedings, tax proceedings and legal actions, relating to personal injuries (including resulting from exposure to hazardous substances), property damage, property taxes, land and access rights, environmental issues (including claims relating to contamination or natural resource damages), securities law matters (such as our public disclosures), contract disputes and employment matters. The outcome of outstanding, pending or future proceedings cannot be predicted and may be determined adversely to us and as a result, could have a material adverse effect on our assets, liabilities, business, financial condition and results of operations at such time. Even if we prevail in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse affect on our financial condition.

The failure of third parties to meet their contractual obligations to us may have a material adverse effect on our financial condition.

We may be exposed to third party credit risk through our contractual arrangements with our current or future joint venture partners, marketers of our petroleum and natural gas production, counterparties to our derivative risk management contracts, and other parties. In addition, we may be exposed to third party credit risk from operators of properties in which we have a working or royalty interest and from purchasers of assets from us for various liabilities, including well abandonment and reclamation obligations assumed by the purchasers. In the event such entities fail to meet their contractual obligations to us, such failures may have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry generally and/or of one or more of our joint venture partners in particular, may affect a joint venture partner's willingness to participate in our ongoing capital program, potentially delaying the program and the results of such program until we find a suitable alternative partner.

The use of derivative risk management contracts involves the risk that the counterparties will be unable to meet the financial terms of such transactions. We are unable to predict changes in a counterparty's creditworthiness or ability to perform. Even if we accurately predict such changes, our ability to negate this risk may be limited depending upon market conditions and the contractual terms of the agreements. During periods of declining commodity prices, our derivative receivable positions may increase, which would increase our counterparty credit exposure. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in us being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect our financial and operational results.

The Corporation's financial performance and cash flows may be adversely affected by inflationary pressures and fluctuations in interest rates.

The Corporation's financial performance and cash flows may be adversely affected by inflationary pressures and fluctuations in interest rates. Inflation can lead to increased operating costs through higher prices for labour, equipment, materials, and services, as well as contribute to supply chain disruptions and regulatory changes. If the Corporation is unable to effectively manage these cost increases, project economics and future development decisions may be negatively impacted.

Although interest rates have begun to decline, they remained elevated for an extended period as central banks implemented measures to curb inflation. Higher borrowing costs during these periods may affect the Corporation's financing expenses and reduce returns on capital projects. Sustained periods of elevated interest rates can also slow economic growth, reduce energy demand, depress commodity prices, and limit industry activity. The duration and combined impact of inflationary pressures and interest rate volatility on energy demand, commodity pricing, and the Corporation's operations remain uncertain.

An inability to recruit and retain a skilled workforce and key personnel may negatively impact the Corporation.

The operations and management of the Corporation require the recruitment and retention of a skilled workforce, including engineers, technical personnel and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce as a whole, could result in the failure to implement the Corporation's business plans which could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of our business. In addition, the decline in market conditions in recent years resulted in a significant number of skilled personnel exiting the oil and natural gas industry and fewer young professionals entering the industry. The Corporation does not have any key personnel insurance in effect. Contributions of the existing management team to the immediate and near term operations of the Corporation are likely to be of central importance. In addition, certain of the Corporation's current employees are senior and have significant institutional knowledge that must be transferred to other employees prior to their departure from the Corporation. If the Corporation is unable to retain current employees, successfully complete effective knowledge transfers and/or recruit new employees with the requisite knowledge and experience; the Corporation could be negatively impacted. In addition, the Corporation could experience increased costs to retain and recruit these professionals. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

Our information assets and critical infrastructure may be subject to destruction, theft, cyber-attacks or misuse by unauthorized parties.

We are dependent upon the availability, capacity, reliability and security of our information technology infrastructure, and our ability to expand and continually update this infrastructure, to conduct daily operations. We depend on various information technology systems to estimate reserve quantities, process and record financial data, manage our land base, manage financial resources, analyze seismic information, administer our contracts with our operators and lessees and communicate with employees and third parties.

Further, we are subject to a variety of information technology and system risks as a part of our normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of our information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third

parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations, or disruption to our business activities or our competitive position.

In addition, phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, credit card and banking details (and money), or approval of wire transfer requests, have become more widespread and sophisticated in recent years. If the Corporation becomes a victim to a phishing attack it could result in a loss or theft of the Corporation's financial resources or critical data or could result in a loss of control of the Corporation's technological infrastructure. Employees of corporations are often the targets of such phishing attacks, whereby parties using fraudulent emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to the Corporation's systems. These emails appear to be legitimate emails, but direct recipients to fraudulent websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

The Corporation maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber-security risk assessments. The Corporation also employs encryption protection of its confidential information, all computers and other electronic devices. Despite the Corporation's efforts to mitigate such phishing attacks through education and training, phishing activities remain a serious problem that may damage our information technology infrastructure. The Corporation applies technical and process controls in line with industry-accepted standards to protect our information assets and systems, including a response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on our performance and earnings, as well as on our reputation. The significance of any such event is difficult to quantify and may in certain circumstances be material and could have a material adverse effect on the Corporation’s business, financial condition and results of operations.

The handling of secure information exposes the Corporation to potential data security risks that could result in monetary damages against the Corporation and could otherwise damage its reputation, and adversely affect its business, financial condition and results of operations

The protection of customer, employee, and company data is critical to the Corporation's business. The regulatory environment in Canada surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and evolving requirements. Certain legislation, including the *Personal Information Protection and Electronic Documents Act* in Canada, require documents to be securely destroyed to avoid identity theft and inadvertent disclosure of confidential and sensitive information. A significant breach of customer, employee, or company data could attract a substantial amount of media attention, damage the Corporation's customer relationships and reputation, and result in fines or lawsuits. In addition, an increasing number of countries have introduced and/or increased enforcement of comprehensive privacy laws or are expected to do so. The continued emphasis on information security as well as increasing concerns about government surveillance may lead customers to request the Corporation to take additional measures to enhance security and/or assume higher liability under its contracts. As a result of legislative initiatives and customer demands, the Corporation may have to modify its operations to further improve data security. Any such modifications may result in increased expenses and operational complexity, and adversely affect its reputation, business, financial condition and results of operations.

A portion of the Corporation's revenues from royalty payors and certain of our operations are dependent on the financial and operational capacity of third-party working interest owners to develop and produce from the Corporation's properties, over which we have limited influence.

The Corporation relies on other companies drilling and producing from lands in which the Corporation has a royalty interest. The Corporation has a very limited ability to exercise influence over the decision of other companies to drill and produce from such lands. The Corporation's return on lands in which we have a royalty interest depends upon a number of factors that may be outside of the Corporation's control, including, but not limited to, the capital expenditure budgets and financial resources of the operators who have a working interest in such lands, the operator's ability to efficiently produce the resources from such lands, and commodity prices.

In addition, from time to time companies that have a working interest in the lands in which the Corporation has a royalty interest may encounter financial difficulty, which could affect their ability to fund and pursue capital expenditures on such lands. Any reduction in the drilling and production from lands in which the Corporation has a royalty interest would negatively affect the Corporation's cash flows and financial results.

Any financial difficulty of companies which have assets in which the Corporation has a royalty interest may affect the Corporation's ability to collect royalty payments, especially if such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency. In addition, to the extent any companies who have assets in which the Corporation has a royalty interest go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency it is possible that the Corporation's royalty interest may not be (or may not be recognized as) an interest in land and as such the Corporation's royalty interest may not survive such bankruptcy or insolvency proceedings.

A decrease in, or restriction in access to, diluent supply may increase the Corporation's operating costs.

Heavy oil and bitumen are characterized by high specific gravity or weight and high viscosity or resistance to flow. Diluent is required to facilitate the transportation of heavy oil and bitumen. A shortfall in the supply of diluent, or a restriction in access to diluent, may cause its price to increase, increasing the cost to transport heavy oil and bitumen to market. An increase to the cost of bringing heavy oil and bitumen to market may increase the Corporation's overall operating cost and/or transportation cost and result in decreased cash flows, negatively impacting the overall profitability of the Corporation's heavy oil and bitumen projects.

The Corporation's operations and drilling activity is vulnerable to risks associated with operating in a limited geographic area.

The Corporation's producing properties are geographically concentrated in the Province of Alberta. As a result, to the extent demand for and costs of personnel, equipment, power, services, and resources in Alberta are high, it could result in a delay or inability to secure such personnel, equipment, power, services and resources. Any delay or inability to secure personnel, equipment, power, services, and resources could result in oil, NGLs and natural gas production volumes being below the Corporation's forecasted production volumes. In addition, any decrease in production volumes, or any significant increases in costs, could have a material adverse effect on the Corporation's financial conditions, results of operations, cash flow and profitability.

As a result of this geographic concentration, the Corporation may be disproportionately exposed to the impact of delays or interruptions of operations or production in Alberta caused by external factors such as governmental regulation, Canadian federal and/or provincial politics, transportation limitations, Indigenous rights claims and consultations, supply shortages or extreme weather-related conditions.

Changes in Canadian income tax legislation and other laws may adversely affect us and our Shareholders.

Income tax laws, or other laws or government incentive programs relating to the oil and natural gas industry, such as the treatment of resource taxation, dividends, share repurchases or capital gains, may in the future be changed or interpreted in a manner that adversely affects us and/or our Shareholders. Furthermore, tax authorities having jurisdiction over us and/or our Shareholders may disagree with how we calculate our income for tax purposes or could change administrative practices to our detriment and/or the detriment of our Shareholders.

We file all required income tax returns and believe that we are in compliance with the provisions of the Tax Act and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of Obsidian Energy, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes, penalties, and interest payable, which could have an adverse effect on our financial condition.

Unauthorized use of intellectual property may cause us to engage in or be the subject of litigation.

Due to the rapid development of oil and natural gas technology, in the normal course of our operations, we may become involved in, named as a party to, or be the subject of, legal proceedings in which it is alleged that we have infringed the intellectual property rights of others or which we initiate against others that we believe are infringing upon our intellectual property rights. The Corporation's involvement in intellectual property litigation could result in significant expense, adversely affecting the development of our assets or intellectual property or diverting the efforts of our technical and management personnel, whether or not such litigation is resolved in the Corporation's favour. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to: (a) pay substantial damages and/or

cease the development, use, sale or importation of processes that infringe upon other patented intellectual property; (b) expend significant resources to develop or acquire non-infringing intellectual property; (c) discontinue processes incorporating infringing technology; or (d) obtain licences to the infringing intellectual property. However, the Corporation may not be successful in such development or acquisition or such licences may not be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business and financial position.

We are exposed to potential liabilities that may not be covered, in part or in whole, by insurance.

Our involvement in the exploration for and development of oil and natural gas properties could subject us to liability for pollution, blowouts, sour natural gas leaks, property damage, personal injury or other hazards. Although the Corporation maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, certain risks may not, in all circumstances, be insurable or, in certain circumstances, we may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to us. The occurrence of a significant event that we are not fully insured against, our inability to obtain insurance coverage against one or more risks at acceptable premium rates or at all, or the insolvency of the insurer of such event, could have a material adverse effect on our financial condition, results of operations or prospects.

Our insurance policies are generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and/or deductibles for certain insurance policies can vary substantially. In some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Significantly increased premiums could lead us to decide to reduce or possibly eliminate coverage. In addition, insurance is purchased from a number of third-party insurers, often in layered insurance arrangements, some of whom may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, our overall risk exposure could increase and we could incur significant costs.

The issuance of securities pursuant to our treasury-based equity incentive plans may result in Shareholder dilution.

In addition to potential future acquisitions, financings or other transactions involving the issuance of our Common Shares, which may be dilutive to Shareholders, Shareholder dilution may also result from the issuance of Common Shares pursuant to our stock option plan and our restricted and performance share unit plan. For more information regarding these compensation plans, see our most recent Information Circular and Proxy Statement, financial statements and related MD&A filed on SEDAR+ at www.sedarplus.ca

Lower oil and natural gas prices and higher costs increase the risk of write-downs of our oil and natural gas property assets and goodwill (if any).

Under IFRS, when indicators of impairment exist, the carrying value of our "Property, plant and equipment" ("**PP&E**") and "Goodwill" (if any) is compared to its recoverable amount. The recoverable amount is defined as the higher of the fair value less cost to sell or value in use. A decline in oil and natural gas prices may be an indicator of impairment and may result in a write-down of the value of our assets. While these write-downs would not affect cash flow from operations, the charge to earnings may be viewed unfavourably by investors and could adversely impact the market price of our Common Shares and the calculation of our compliance with the financial covenants contained in our debt instruments. PP&E asset write-downs may also be reversed to earnings in future periods should the conditions that caused impairment reverse.

We may not be able to maintain the confidentiality of sensitive information in business dealings with third parties, and our remedies for breaches of confidentiality may not fully compensate us for our losses.

While discussing potential business relationships or other transactions with third parties, we may disclose confidential information relating to our business, operations or affairs. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put us at competitive risk and may cause significant damage to our business. The harm to our business from a breach of confidentiality cannot be predicted but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, we

will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to our business that such breach of confidentiality may cause.

An unforeseen defect in the chain of title to our oil and natural gas producing properties may arise to defeat our claim, which could have an adverse effect on the market price of our Common Shares.

The Corporation's actual title to and interest in its properties, and its right to produce and sell the oil and natural gas therefrom, may vary from the Corporation's records. If a defect exists in the chain of title or in the Corporation's right to produce, or a legal challenge or legislative change arises, it is possible that the Corporation may lose all or a portion of the properties to which the title defect relates and/or its right to produce from such properties. This may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Canadian and United States practices differ in reporting reserves and production and our estimates may not be comparable to those of companies in the United States.

In this Annual Information Form, we report our production and reserve quantities in accordance with Canadian practices and specifically in accordance with NI 51-101. These practices are different from the practices used to report production and to estimate reserves in reports and other materials filed with the SEC by United States companies. Nevertheless, as part of Obsidian Energy's Form 40-F for the year ended December 31, 2025 filed with the SEC, Obsidian Energy has disclosed proved reserves quantities using the standards contained in SEC Regulation S-X, and the standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves determined in accordance with the U.S. Financial Accounting Standards Board, "Disclosures About Oil and Gas Producing Activities", which disclosure complies with the SEC's rules for disclosing oil and natural gas reserves.

The ability of residents of the United States to enforce civil remedies against us and our directors, officers and experts may be limited.

Obsidian Energy is organized under the laws of Alberta, Canada and our principal places of business are in Canada. Most of our directors and officers and the experts named herein are residents of Canada, and all or a substantial portion of our assets and all or a substantial portion of the assets of most of such persons are located outside the United States. 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. There is doubt as to the enforceability in Canada against us or against any of our directors, officers or experts who are not residents of the United States, in original actions or in actions for enforcement of judgments of United States courts, of liabilities based solely upon the United States federal securities laws or the securities laws of any state within the United States.

The termination or expiration of licenses and leases through which we or our industry partners hold our interests in petroleum and natural gas substances could adversely affect the market price of our Common Shares.

Our properties are held in the form of licenses and leases and working interests in licenses and leases. If we or the holder of the license or lease fail to meet the specific requirement of a license or lease, the license or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each license or lease will be met. The termination or expiration of a license or lease or the working interest relating to a license or lease and the associated abandonment and reclamation obligations may have a material adverse effect on our results of operations, business, financial condition and prospects.

The Corporation does not pay dividends and there is no assurance that we will do so in the future.

The Corporation does not currently pay dividends on our Common Shares. The payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of the Corporation, the need for funds to finance ongoing operations and debt repayments, the Corporation's debt levels and constraints on paying dividends imposed by our lenders and noteholders, and other considerations as the Board considers relevant.

Our directors and management may have conflicts of interest that may create incentives for them to act contrary to or in competition with the interests of our Shareholders.

Certain directors and officers of Obsidian Energy are engaged in, and will continue to engage in, other activities in the oil and natural gas industry and, as a result of these and other activities, the directors and officers of Obsidian Energy may become subject to conflicts of interest. The ABCA provides that in the event that a director or officer of the Corporation is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation, or is a director or an officer of or has a material interest in any person who is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation, the director or officer must disclose the nature and extent of his or her interest and, if a director, must refrain from voting on any resolution to approve the contract or transaction unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA and our Code of Business Conduct and Ethics. See "*Directors and Executive Officers of Obsidian Energy – Conflicts of Interest*".

Expanding the Corporation's business exposes us to new risks and uncertainties.

The operations and expertise of the Corporation's management are currently focused primarily on oil and natural gas production, exploration and development in the Province of Alberta. In the future, the Corporation may acquire or move into new industry related activities or new geographical areas and may acquire different energy-related assets; as a result, the Corporation may face unexpected risks or, alternatively, its exposure to one or more existing risk factors may be significantly increased, which may in turn result in the Corporation's future operational and financial conditions being adversely affected.

The Corporation relies on our reputation to continue our operations and to attract and retain investors and employees.

The Corporation's business, operations or financial condition may be negatively impacted as a result of any negative public opinion towards the Corporation or as a result of any negative sentiment toward or in respect of the Corporation's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the oil and natural gas industry as well as their opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licenses, increased costs and/or cost overruns, and reduced access to (or an increase in the cost of) capital, credit and/or insurance coverage. The Corporation's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which the Corporation has no control.

Similarly, the Corporation's reputation could be impacted by negative publicity related to loss of life, injury or damage to property and environmental damage caused by the Corporation's operations. In addition, if the Corporation develops a reputation of having an unsafe work site, it may impact the ability of the Corporation to attract and retain the necessary skilled employees and consultants to operate our business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate related litigation against governments and fossil fuel companies may impact the Corporation's reputation.

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Corporation's reputation. Damage to the Corporation's reputation could result in negative investor sentiment towards the Corporation, which may result in limiting the Corporation's access to capital, credit and/or insurance coverage, increasing the cost of capital, credit and/or insurance coverage, and decreasing the price and liquidity of the Common Shares.

There might not always be an active trading market in the United States and/or Canada for our Common Shares.

While there is currently an active trading market for our Common Shares in both the United States (on the NYSE American) and Canada (on the TSX), we cannot guarantee that an active trading market will be sustained in either country. If an active trading market in our Common Shares is not sustained, the trading liquidity of our Common Shares will be limited, and the market value of our Common Shares may be reduced.

The Corporation faces compliance and supervisory challenges in respect of the use of social media as a means of communicating with industry partners, stakeholders and the general public.

Increasingly, social media is used as a vehicle to carry out phishing attacks. Information posted on social media sites, for business or personal purposes, may be used by attackers to gain entry into the Corporation's systems and obtain confidential information. The Corporation applies malware, threat, and geolocation protection to all employee social media access while on the Corporate network. Corporate internet usage undergoes continual evaluation and there is management oversight via firewall reports, with the Corporation retaining control over social media access and staff usage monitoring. As social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, there are significant risks that the Corporation may not be able to properly regulate social media use and preserve adequate records of business activities and third-party communications conducted through the use of social media platforms.

The introduction of new supply chain due diligence and reporting requirements could expose the Corporation to certain risks

In May 2023, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* was passed and came into force on January 1, 2024. Pursuant to the new legislation, any company that is subject to the reporting requirements, including the Corporation, is required to file an annual report with respect to its supply chains. Further, in late 2024 the federal government signaled its intention to create a new and more onerous supply chain due diligence regime overseen by a new oversight agency, whereby reporting entities will be required to scrutinize their international supply chains for human rights risks and take action to resolve any such risks. While the Corporation is currently unaware of any forced or child labour in any of our supply chains, the increased scrutiny on the supply chains of Canadian companies could uncover the risk or existence of forced or child labour in a supply chain to which the Corporation has a connection, which could negatively impact the reputation of the Corporation. In addition, complying with any new legislative requirements related to due diligence of its supply chains will increase the Corporation's costs and regulatory burdens.

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations, may adversely affect the Corporation.

Upon the occurrence of a natural disaster, or upon an incident of war, riot or civil unrest, the impacted country, province, state or region may not efficiently and quickly recover from such event, which could have a materially adverse effect on the Corporation, our customers, and/or either of their businesses or operations. Terrorist attacks, public health crises including epidemics, pandemics or outbreaks of new infectious disease or viruses, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, natural disasters, national emergencies, acts of war, technological attacks and related events can result in volatility and disruption to local and global supply chains, operations, mobility of people and the financial markets, which could result in a significant reduction in economic activity in Canada and internationally along with a drop in demand for oil and natural gas, as well as affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Corporation, its customers, and/or either of their businesses or operations, which may have a material adverse effect on the Corporation's reputation, business, financial conditions or operations and could aggravate the other risk factors identified herein.

Forward-looking statements may prove inaccurate.

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumptions and uncertainties are found under the heading "*Special Note Regarding Forward-Looking Statements*" in this Annual Information Form.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts that are material to us and that were entered into by us or one of our Subsidiaries within the most recently completed financial year or before the most recently completed financial year but which are still material and are still in effect, are the following:

(a) the credit agreement dated July 27, 2022, as most recently amended and restated on April 4, 2025 and as further amended on November 27, 2025, among Obsidian Energy and certain lenders and other parties in respect of Obsidian Energy's reserve-based loan syndicated credit facility, which agreement is described under "*Capitalization of Obsidian Energy – Debt Capital – Credit Facility*"; and

(b) the trust indenture agreement dated December 3, 2025 among Obsidian Energy and Odyssey Trust Company, as Trustee, for our Senior Unsecured Notes - 2025, which agreement is described under "*Capitalization of Obsidian Energy – Debt Capital – Senior Unsecured Notes - 2025*".

Economic Dependence

We are not currently a party to any contract on which our business is substantially dependent, including any contract to sell the major part of our products or to purchase the major part of our requirements for goods, services or raw materials, or any franchise or license or other agreement to use a patent, formula, trade secret, process or trade name on which our business depends.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Other than as has been disclosed, there are no legal proceedings that Obsidian Energy is or was a party to, or that any of Obsidian Energy's property is or was the subject of, during the most recently completed financial year, that were or are material to Obsidian Energy, and there are no such material legal proceedings that Obsidian Energy knows to be contemplated. For the purposes of the foregoing, a legal proceeding is not considered to be "material" by us if it involves a claim for damages and the amount involved, exclusive of interest and costs, does not exceed 10% of our current assets, provided that if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, we have included the amount involved in the other proceedings in computing the percentage.

Regulatory Actions

Other than as has been disclosed, there were no: (i) penalties or sanctions imposed against Obsidian Energy by a court relating to securities legislation or by a security regulatory authority during our most recently completed financial year; (ii) any other penalties or sanctions imposed by a court or regulatory body against Obsidian Energy that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements Obsidian Energy entered into before a court relating to securities legislation or with a securities regulatory authority during Obsidian Energy's most recently completed financial year.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the Common Shares in Canada is Odyssey Trust Company at its principal offices in Calgary, Alberta, Vancouver, British Columbia and Toronto, Ontario. The co-transfer agent and registrar for the Common Shares in the United States is Odyssey Transfer and Trust Company at its principal office in Woodbury, Minnesota.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of any director or executive officer of Obsidian Energy, any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associate or affiliate of any such person, in any transaction within Obsidian Energy's three most recently

completed financial years or during our current financial year that has materially affected or is reasonably expected to materially affect Obsidian Energy.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* by us during, or related to, our most recently completed financial year, other than GLJ, our independent engineering evaluator (the "**Expert**"), and KPMG LLP, our auditors.

There were no registered or beneficial interests, direct or indirect, in any securities or other property of Obsidian Energy or of one of our associates or affiliates: (i) held by the Expert or by the "designated professionals" (as defined in Form 51-102F2 – *Annual Information Form*) of the Expert, when the Expert prepared the relevant report, valuation, statement or opinion; (ii) received by the Expert or by the "designated professionals" of the Expert, after the preparation of the relevant report, valuation, statement or opinion; or (iii) to be received by the Expert or by the "designated professionals" of the Expert; except with respect to the ownership of our Common Shares, in which case the person's or company's interest in our Common Shares represents less than 1% of our outstanding Common Shares. The foregoing does not include registered or beneficial interests, direct or indirect, held through mutual funds.

KPMG LLP are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations and also that they are independent accountants with respect to the Company under all relevant U.S. professional and regulatory standards.

No director, officer or employee of the Expert or KPMG LLP is or is expected to be elected, appointed or employed as a director, officer or employee of Obsidian Energy or of any associate or affiliate of Obsidian Energy.

ADDITIONAL INFORMATION

Additional information relating to Obsidian Energy may be found on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Obsidian Energy's securities and securities authorized for issuance under equity compensation plans, is contained in Obsidian Energy's Information Circular for our most recent annual meeting of securityholders that involved the election of directors. Additional financial information is provided in Obsidian Energy's financial statements and MD&A for our most recently completed financial year.

Any document referred to in this Annual Information Form and described as being filed on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov (including those documents referred to as being incorporated by reference in this Annual Information Form) may be obtained free of charge from us by contacting our Investor Relations Department by telephone (toll free: 1-888-770-2633) or by email (investor.relations@obsidianenergy.com).

APPENDIX A-1

REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

(Form 51-101F3)

Management of Obsidian Energy Ltd. ("**Obsidian Energy**") is responsible for the preparation and disclosure of information with respect to Obsidian Energy's oil and natural gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2025, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated Obsidian Energy's reserves data. The report of the independent qualified reserves evaluator is presented below.

The Operations and Reserves Committee of the Board of Directors of Obsidian Energy has:

(a) reviewed Obsidian Energy's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Operations and Reserves Committee of the Board of Directors has reviewed Obsidian Energy's procedures for assembling and reporting other information associated with oil and natural gas activities and has reviewed that information with management. The Board of Directors has, on the recommendation of the Operations and Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and natural gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

(signed) *"Stephen Loukas"*
President and Chief Executive Officer

(signed) *"Peter Scott"*
Senior Vice President and Chief Financial Officer

(signed) *"Michael Faust"*
Director and Chair of the Operations and Reserves Committee

(signed) *"Raymond Crossley"*
Director and Member of the Operations and Reserves Committee

February 18, 2026

APPENDIX A-2

REPORT ON RESERVES DATA

(Form 51-101F2)

To the Board of Directors of Obsidian Energy Ltd. ("**Obsidian Energy**"):

1. We have evaluated Obsidian Energy's reserves data as at December 31, 2025. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2025, estimated using forecast prices and costs.

2. The reserves data are the responsibility of Obsidian Energy's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**"), maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table sets forth the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10%, included in the reserves data of Obsidian Energy evaluated by us for the year ended December 31, 2025, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to Obsidian Energy's management and Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of Evaluation Report	Location of Reserves (Country)	Net Present Value of Future Net Revenue (millions before income taxes, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
GLJ Ltd.	Reserves Assessment and Evaluation of Canadian Oil and Gas Properties of Obsidian Energy Ltd. (As of December 31, 2025) January 23, 2026	Canada	nil	$2,103	nil	$2,103

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our report referred to in paragraph 5 for events and circumstances occurring after the preparation date.

8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

(signed) *"GLJ Ltd."*
GLJ Ltd.
Calgary, Alberta, Canada
January 23, 2026

APPENDIX A-3

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Our statement of reserves data and other oil and natural gas information dated February 18, 2026 is set forth below (the "**Statement**"). The effective date of the Statement is December 31, 2025 and the preparation date of the Statement is February 18, 2026. The Report of Management and Directors on Reserves Data and Other Information on Form 51-101F3 and the Report on Reserves Data by GLJ on Form 51-101F2 are attached as Appendices A-1 and A-2, respectively, to this Annual Information Form.

Disclosure of Reserves Data

The reserves data set forth below is based upon an evaluation prepared by GLJ with an effective date of December 31, 2025 contained in the Engineering Report. The reserves data summarizes our oil, natural gas liquids and natural gas reserves and the net present values of future net revenue from these reserves using forecast prices and costs, not including the impact of any hedging activities. The reserves data conforms to the requirements of NI 51-101. We engaged GLJ to evaluate all of our proved and proved plus probable reserves. See also "Notes to Reserves Data Tables" below.

As at December 31, 2025, all of our proved plus probable reserves are located in Canada, the majority of which are located in Alberta.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast price and cost assumptions will be attained and variances could be material. The recovery and reserves estimates of oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil, natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein.

BOEs may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is misleading as an indication of value.

For more information as to the risks involved, see "*Risk Factors*".

SUMMARY OF OIL AND GAS RESERVES
AS OF DECEMBER 31, 2025
FORECAST PRICES AND COSTS

	RESERVES			
	LIGHT AND MEDIUM OIL		HEAVY OIL	
RESERVES CATEGORY	Gross (MMbbl)	Net (MMbbl)	Gross (MMbbl)	Net (MMbbl)
PROVED				
Developed Producing	12	11	17	15
Developed Non-Producing	-	-	1	1
Undeveloped	14	12	11	10
TOTAL PROVED	26	23	29	26
PROBABLE	9	7	26	22
TOTAL PROVED PLUS PROBABLE	35	30	54	48

RESERVES CATEGORY	RESERVES CONVENTIONAL NATURAL GAS Gross (Bcf)	Net (Bcf)	NATURAL GAS LIQUIDS Gross (MMbbl)	Net (MMbbl)
PROVED				
Developed Producing	120	115	5	5
Developed Non-Producing	3	3	-	-
Undeveloped	101	93	7	6
TOTAL PROVED	224	212	13	11
PROBABLE	83	77	5	4
TOTAL PROVED PLUS PROBABLE	307	289	18	15

RESERVES CATEGORY	RESERVES TOTAL OIL EQUIVALENT Gross (MMboe)	Net (MMboe)
PROVED		
Developed Producing	54	50
Developed Non-Producing	2	2
Undeveloped	49	43
TOTAL PROVED	105	95
PROBABLE	54	46
TOTAL PROVED PLUS PROBABLE	158	141

Notes:

(1)The Company has not presented information for coal bed methane reserves as it is immaterial (less than 1% of the Company's gross reserves as at December 31, 2025).

SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE AS OF DECEMBER 31, 2025
BEFORE INCOME TAXES DISCOUNTED AT (%/year)
FORECAST PRICES AND COSTS

RESERVES CATEGORY	0% (MM$)	5% (MM$)	10% (MM$)	15% (MM$)	20% (MM$)	Unit Value Before Income Tax Discounted at 10%/year[1] ($/boe)	($/Mcfe)
PROVED							
Developed Producing	1,139	1,133	961	828	730	19.28	3.21
Developed Non-Producing	49	33	25	20	16	15.97	2.66
Undeveloped	1,053	681	460	320	227	10.63	1.77
TOTAL PROVED	2,241	1,847	1,446	1,168	973	15.27	2.55
PROBABLE	1,580	963	657	479	365	14.32	2.39
TOTAL PROVED PLUS PROBABLE	3,821	2,810	2,103	1,647	1,338	14.96	2.49

Notes:

(1)The unit values are based on net reserve volumes.
(2)The Company has not presented information for coal bed methane reserves as it is immaterial (less than 1% of the Company's gross reserves as at December 31, 2025).

SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE AS OF DECEMBER 31, 2025
AFTER INCOME TAXES DISCOUNTED AT (%/year)
FORECAST PRICES AND COSTS

RESERVES CATEGORY	0% (MM$)	5% (MM$)	10% (MM$)	15% (MM$)	20% (MM$)
PROVED					
Developed Producing	1,139	1,133	961	828	730
Developed Non-Producing	49	33	25	20	16
Undeveloped	961	638	439	309	221
TOTAL PROVED	2,149	1,805	1,425	1,157	967
PROBABLE	1,223	758	528	394	306
TOTAL PROVED PLUS PROBABLE	3,372	2,562	1,953	1,551	1,273

TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
AS OF DECEMBER 31, 2025
FORECAST PRICES AND COSTS

RESERVES CATEGORY	REVENUE (MM$)	ROYALTIES (MM$)	OPERATING COSTS (MM$)	DEVELOPMENT COSTS (MM$)	ABANDONMENT AND RECLAMATION COSTS (MM$)	FUTURE NET REVENUE BEFORE FUTURE INCOME TAXES (MM$)	FUTURE INCOME TAXES (MM$)	FUTURE NET REVENUE AFTER FUTURE INCOME TAXES (MM$)
Proved Reserves	5,971	638	1,692	893	507	2,241	92	2,149
Proved Plus Probable Reserves	9,406	1,176	2,668	1,213	527	3,821	449	3,372

FUTURE NET REVENUE
BY PRODUCTION TYPE
AS OF DECEMBER 31, 2025
FORECAST PRICES AND COSTS

RESERVES CATEGORY	PRODUCTION TYPE	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (MM$)	UNIT VALUE[3] ($/bbl)	($/Mcf)
Proved Reserves	Light and Medium Oil[1]	801	16.08	2.68
	Heavy Oil[1]	465	16.68	2.78
	Conventional Natural Gas[2]	179	11.10	1.85
	TOTAL	1,446	15.27	2.55
Proved Plus Probable Reserves	Light and Medium Oil[1]	1,102	16.68	2.78
	Heavy Oil[1]	761	14.88	2.48
	Conventional Natural Gas[2]	239	10.74	1.79
	TOTAL	2,103	14.96	2.49

Notes:

(1) The Company has not presented information for coal bed methane reserves as it is immaterial (less than 1% of the Company's gross reserves as at December 31, 2025).
(2) Including solution gas and other by-products.
(3) Including by-products but excluding solution gas and by-products from oil wells.
(4) The unit values are based on net reserve volumes.

Notes to Reserves Data Tables

1. Columns may not add due to rounding.

2. The oil, natural gas liquids and natural gas reserves estimates presented in the Engineering Report are based on the definitions and guidelines contained in the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook**"). A summary of those definitions are set forth below:

Reserves Categories

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:

(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.

(d) **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.

(e) **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.

Other criteria that must also be met for the classification of reserves are provided in the COGE Handbook.

Development and Production Status

Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories.

(a) **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.

(i) **Developed producing reserves** are those reserves that are expected to be recovered from completion 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.

(ii) **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.

(b) **Undeveloped reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, 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 category (proved, probable) 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 subdivide 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.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserves entities", which refers to the lowest level at which reserves calculations are performed, and to "reported reserves", which refers to the highest level sum of individual entity estimates for which reserves estimates are presented. Reported reserves should target the following levels of certainty under a specific set of economic conditions:

(a) at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and

(b) at least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

3. Forecast prices and costs.

NI 51-101 defines "forecast prices and costs" as 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).

The forecast cost and price assumptions include increases in wellhead selling prices and take into account inflation with respect to future operating and capital costs. The oil, natural gas and natural gas liquids benchmark reference pricing, inflation rates and exchange rates utilized in the Engineering Report are set forth below. The price assumptions set forth below were based on an average of three independent reserve evaluators’ forecasts (GLJ, Sproule ERCE and McDaniel & Associates Consultants).

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
AS OF DECEMBER 31, 2025
FORECAST PRICES AND COSTS

	OIL		GAS	EDMONTON LIQUIDS PRICES				
Year	WTI Cushing Oklahoma ($US/bbl)	Canadian Light Oil Sweet Price 40ºAPI ($Cdn/bbl)	Western Canada Select 20.9ºAPI ($Cdn/bbl)	NATURAL GAS AECO ($Cdn/MMbtu)	Propane ($Cdn/bbl)	Butane ($Cdn/bbl)	Condensates ($Cdn/bbl)	INFLATION RATES[1] %/year	EXCHANGE RATE[2] ($US/$Cdn)
Forecast									
2026	59.92	77.54	65.12	3.00	25.10	36.95	80.01	-	0.728
2027	65.10	83.60	70.43	3.30	27.28	39.79	86.19	2.00	0.737
2028	70.28	90.18	76.90	3.49	29.67	42.87	92.83	2.00	0.740
2029	71.93	92.32	78.71	3.58	30.37	43.89	95.05	2.00	0.740
2030	73.37	94.17	80.29	3.65	30.98	44.77	96.94	2.00	0.740
2031	74.84	96.06	81.90	3.72	31.60	45.67	98.89	2.00	0.740
2032	76.34	97.98	83.53	3.80	32.23	46.58	100.87	2.00	0.740
2033	77.87	99.93	85.20	3.88	32.87	47.51	102.88	2.00	0.740
2034	79.42	101.93	86.91	3.95	33.53	48.46	104.94	2.00	0.740
2035	81.01	103.97	88.65	4.03	34.20	49.43	107.04	2.00	0.740
2036	82.63	106.05	90.42	4.11	34.89	50.42	109.18	2.00	0.740
Thereafter	+2%	+2%	+2%	+2%	+2%	+2%	+2%	2.00	0.740

(1) Inflation rates are used for forecasting prices and costs
(2) Exchange rates used to generate the benchmark reference prices in this table.

Weighted average actual prices realized, before hedging activities, for the year ended December 31, 2025 were $1.90/Mcf for natural gas, $90.96/bbl for light and medium oil, $64.26/bbl for heavy oil and $42.57/bbl for natural gas liquids.

4. Future Development Costs

The following table sets forth development costs deducted in the estimation of our future net revenue attributable to the reserve categories noted below.

	Forecast Prices and Costs	
Year	Proved Reserves (MM$)	Proved Plus Probable Reserves (MM$)
2026	125	207
2027	161	214
2028	199	255
2029	205	279
2030	203	258
2031 and subsequent	-	-
Total: Undiscounted for all years	893	1,213

We currently expect to fund the development costs of our reserves primarily through internally-generated funds flow from operations. There can be no guarantee that funds will be available to develop all of our reserves or that we will allocate funding to develop all of the reserves attributed in the Engineering Report. Failure to develop those reserves would have a negative impact on future production and cash flow and could result in negative revisions to our reserves.

The interest and other costs of any external funding are not included in our reserves and future net revenue estimates and would reduce reserves and future net revenue to some degree depending upon the funding sources utilized. We do not currently expect that interest or other funding costs could make development of any of our properties uneconomic.

5. Estimated future abandonment and reclamation costs related to reserve wells and active pipelines and facilities have been taken into account by GLJ in determining the aggregate future net revenue therefrom.

6. The forecast price and cost assumptions assume the continuance of current laws and regulations.

7. All factual data supplied to GLJ was accepted as represented. No field inspection was conducted.

8. The estimates of future net revenue presented in the tables above do not represent fair market value.

Reconciliations of Changes in Reserves

The following table sets forth the reconciliation of our gross reserves as at December 31, 2025, using forecast price and cost estimates derived from the Engineering Report.

RECONCILIATION OF
COMPANY GROSS RESERVES
BY PRODUCT TYPE
FORECAST PRICES AND COSTS

	LIGHT AND MEDIUM OIL[1]			HEAVY OIL[1]			CONVENTIONAL NATURAL GAS[1]		
FACTORS	Gross Proved (MMbbl)	Gross Probable (MMbbl)	Gross Proved Plus Probable (MMbbl)	Gross Proved (MMbbl)	Gross Probable (MMbbl)	Gross Proved Plus Probable (MMbbl)	Gross Proved (Bcf)	Gross Probable (Bcf)	Gross Proved Plus Probable (Bcf)
December 31, 2024	59	23	81	27	20	47	297	128	424
Discoveries	-	-	-	-	-	-	-	-	-
Extensions [2]	1	-	1	6	4	10	7	3	10
Infill Drilling [3]	1	1	3	-	1	1	6	6	11
Improved Recovery	-	-	-	-	3	3	-	-	-
Technical Revisions[4]	(1)	(3)	(4)	-	(1)	(1)	31	(12)	20
Acquisitions [5]	1	-	2	-	-	-	6	3	9
Dispositions	(32)	(12)	(45)	-	-	-	(102)	(44)	(145)
Economic Factors [6]	-	-	-	(1)	-	(1)	(2)	(1)	(3)
Production [7]	(3)	-	(3)	(4)	-	(4)	(19)	-	(19)
December 31, 2025	26	9	35	29	26	54	224	83	307

FACTORS	NATURAL GAS LIQUIDS[1] Gross Proved (MMbbl)	Gross Probable (MMbbl)	Gross Proved Plus Probable (MMbbl)	TOTAL OIL EQUIVALENT[1] Gross Proved (MMboe)	Gross Probable (MMboe)	Gross Proved Plus Probable (MMboe)
December 31, 2024	16	7	22	151	70	221
Discoveries	-	-	-	-	-	-
Extensions [2]	-	-	1	8	4	13
Infill Drilling [3]	-	-	1	3	3	6
Improved Recovery	-	-	-	-	4	4
Technical Revisions [4]	1	(1)	1	6	(7)	(1)
Acquisitions [5]	-	-	-	2	1	4
Dispositions [5]	(4)	(2)	(6)	(54)	(22)	(75)
Economic Factors [6]	-	-	-	(1)	-	(1)
Production [7]	(1)	-	(1)	(11)	-	(11)
December 31, 2025	13	5	18	105	54	158

Notes:

(1) Columns may not add due to rounding. The Company has not presented information for coal bed methane reserves as it is immaterial (less than 1% of the Company's gross reserves as at December 31, 2025).
(2) Additions to volumes as a result of capital expenditures for step-out drilling in previously discovered reservoirs.
(3) Additions to volumes as a result of capital expenditures for infill drilling in previously discovered reservoirs that were not drilled as part of an enhanced recovery scheme.
(4) Positive or negative revisions to volume estimates due to new technical data, revised interpretations of previously assigned estimates, performance, capital costs, operating costs, or commodity price offsets.
(5) Additions or reductions to volume estimates due to purchasing or disposing all or a portion of an interest in oil and gas properties.
(6) Changes to volumes resulting from updates in price forecasts, inflation rates and regulatory changes.
(7) Reductions to volume estimates due to actual production.

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by GLJ in accordance with standards and procedures contained in the COGE Handbook. Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. Undeveloped reserves must fully meet the requirements of the reserves category (proved or probable) to which they are assigned.

In some cases, it will take longer than two years to develop Obsidian Energy's undeveloped reserves. Obsidian Energy plans to develop approximately one-third of the proved undeveloped reserves in the Engineering Report over the next two years and all of the proved undeveloped reserves over the next five years. Obsidian Energy plans to develop approximately one-third of the probable undeveloped reserves in the Engineering Report over the next two years and all of the probable undeveloped reserves over the next five years. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing and/or operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals).

Proved Undeveloped Reserves

The following table discloses, for each product type, the gross volumes of proved undeveloped reserves that were first attributed in each of the most recent three financial years.

Year	Light and Medium Oil (MMbbl)		Heavy Oil (MMbbl)		Conventional Natural Gas (Bcf)		NGLs (MMbbl)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
2023	2	24	4	4	18	114	1	6
2024	6	25	9	11	24	117	1	8
2025	2	14	4	11	12	101	1	7

Note:

(1) The Company has not presented information for coal bed methane reserves as it is immaterial (less than 1% of the Company's proved undeveloped reserves as at December 31, 2025).

GLJ has assigned 49 MMboe of proved undeveloped reserves in the Engineering Report under forecast prices and costs, together with $891 million of associated undiscounted future capital expenditures. Proved undeveloped capital spending in the first two forecast years of the Engineering Report accounts for $286 million, or 32%, of the total forecast undiscounted capital expenditures for proved undeveloped reserves. These figures increase to $891 million, or 100%, during the first five years of the Engineering Report. The majority of our proved undeveloped reserves evaluated in the Engineering Report are attributable to future oil development from known pools and enhanced oil recovery projects.

Probable Undeveloped Reserves

The following table discloses, for each product type, the gross volumes of probable undeveloped reserves that were first attributed in each of the most recent three financial years.

Year	Light and Medium Oil (MMbbl)		Heavy Oil (MMbbl)		Conventional Natural Gas (Bcf)		NGLs (MMbbl)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
2023	1	15	5	5	17	79	1	4
2024	3	13	10	14	11	75	-	4
2025	2	6	8	21	15	54	1	3

Note:

(1) The Company has not presented information for coal bed methane reserves as it is immaterial (less than 1% of the Company's probable undeveloped reserves as at December 31, 2025).

GLJ has assigned 39 MMboe of probable undeveloped reserves in the Engineering Report under forecast prices and costs, together with $320 million of associated undiscounted future capital expenditures. Probable undeveloped capital spending in the first two forecast years of the Engineering Report accounts for $134 million, or 42%, of the total forecast undiscounted future capital expenditures for probable undeveloped reserves. These figures increase to $320 million, or 100%, during the first five years of the Engineering Report. The probable undeveloped reserves evaluated in the Engineering Report are primarily associated with proved undeveloped reserve assignments but have a less likely probability of being recovered than such associated proved undeveloped reserve assignments.

Significant Factors or Uncertainties Affecting Reserves Data

The development schedule for our undeveloped reserves is based on forecast price assumptions for the determination of economic projects. The actual market prices for oil and natural gas may be significantly lower or higher resulting in some projects being delayed or accelerated, as the case may be. See "*Risk Factors*".

We do not anticipate that any significant economic factors or other significant uncertainties will affect any particular components of our reserves data. However, our reserves can be affected significantly by fluctuations in product pricing, capital expenditures, operating costs, royalty regimes and well performance that are beyond our control.

Additional Information Concerning Abandonment and Reclamation Costs

GLJ's forecast of abandonment and reclamation costs for all wells with reserves assigned are included in their report and therefore in their estimate of future net revenue. Abandonment and reclamation costs associated with active wells which have no reserves assigned, and for Company-owned facilities and pipelines are also included for the purpose of calculating GLJ's estimated of future net revenue. For further information on our decommissioning liability, refer to Note 8 to our audited consolidated financial statements as at and for the year ended December 31, 2025 which have been filed on SEDAR+ at www.sedarplus.ca. The following table sets forth abandonment and reclamation costs deducted in the estimation of future net revenue on a proved plus probable basis in the Engineering Report.

As at December 31, 2025, we had 1,679 net wells for which we expect to incur abandonment and reclamation costs. The Engineering Report deducted $527 million (undiscounted, and inflated over the estimated life) and $18 million (10% discount) in the Total Proved plus Probable category for abandonment and reclamation costs for all of our facilities, pipelines and wells, including those without reserves.

The net present value of future net revenue attributable to reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures and well abandonment costs for only those wells assigned reserves by GLJ.

OTHER OIL AND GAS INFORMATION

Description of Our Properties, Operations and Activities in Our Major Operating Regions

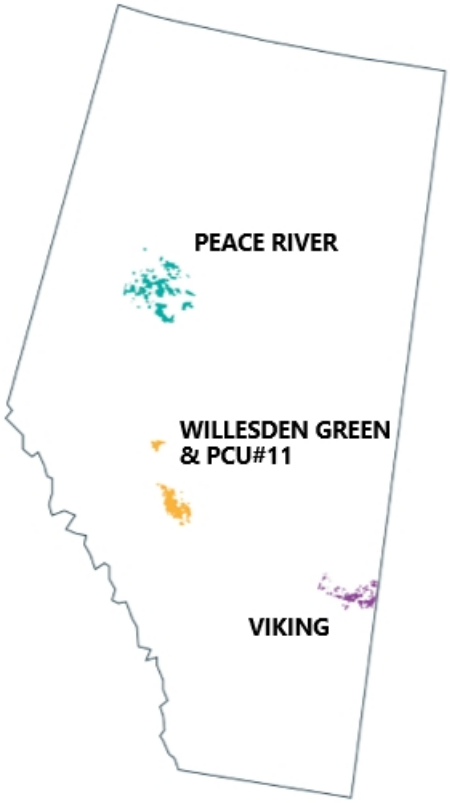
Introduction

Obsidian Energy participates in the exploration for, and the development and production of, oil and natural gas in western Canada. Our portfolio of properties as at December 31, 2025, includes both unitized and non-unitized light oil, heavy oil and natural gas production. In general, the properties contain long-life, low-decline-rate reserves and include interests in several major oil and gas fields. As at December 31, 2025, the majority of our proved plus probable reserves are located in Alberta, Canada.

Major Operating Regions

Our production and reserves are attributed to approximately 19 producing properties. The Company's Willesden Green property accounts for 50% of our total proved plus probable Company Interest reserves; no other property is above 10%. Obsidian Energy's capital investments are currently focused on light-oil development in the Willesden Green, PCU#11 and Viking and heavy-oil development in Peace River.

The following map illustrates Obsidian Energy's major operating regions as at December 31, 2025.



The following is a description of our principal oil and natural gas properties and related operations and activities as at December 31, 2025. Information in respect of gross and net acres and well counts are as of December 31, 2025 and information in respect of production is for the year ended December 31, 2025, except where indicated otherwise. 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.

Peace River Development Area (Heavy Oil)

The Peace River development area is a heavy oil play located in Northwestern Alberta. At December 31, 2025, Obsidian Energy had over 700 net sections of developed and undeveloped land in the area. In 2025, the Company completed development and delineation activity in the area with 26 (26 net) operated wells drilled in the Clearwater formation and 14 (12.4 net) operated wells drilled in the Bluesky formation. Additionally, the Company advanced our waterflood initiatives with waterflood pilot wells drilled in Harmon Valley South and Dawson. Capital expenditures in this area in 2025 totaled approximately $199 million.

Our 2026 development activities will be split approximately evenly between our Bluesky and Clearwater formations. In addition to this primary development program, we plan to drill 8 (8.0 net) Clearwater waterflood injection wells, building on our waterflood projects in 2025. The program is strategically designed to prioritize Clearwater injector projects in the first half of the year, while focusing on Bluesky development drilling in the second half of the year when we anticipate that commodity prices will improve. Capital expenditures of $80 million (mid-point of guidance) have been allocated to our heavy oil assets for the year.

Willesden Green Development Area (Light Oil)

The Willesden Green development play is a light oil field located in West Central Alberta. At December 31, 2025, Obsidian Energy had over 200 net sections of developed and undeveloped land which includes a combination of Cardium/Belly River and Mannville formation rights. Total 2025 capital expenditures in this area were approximately $77 million resulting in 4 (4.0 net) operated wells drilled in the Cardium formation, 3 (3.0 net) operated wells drilled in the emerging Belly River formation and 1 (1.0 net) operated well drilled targeting the Mannville formation.

In 2026, we will continue to focus development in both our Open Creek and Crimson areas, predominately delineating the Belly River formation where the 2025 drilling program experienced strong success. With the recent completion of a pipeline infrastructure project in Open Creek, we will benefit from lower equip and tie in costs as we expand our production base in the area. A total of $128 million of capital expenditures (mid-point of guidance) have been allocated to light oil assets for the year, which includes completion activities for wells drilled in late 2025 in Open Creek and PCU#11.

Pembina Cardium Unit #11 (Light Oil) – non-operated

The Pembina Cardium Unit #11 ("**PCU 11**") play is a light oil focused play located in the Pembina area in West Central Alberta. The Company has a 45% interest in this large non-operated unit which includes approximately 35 gross sections. In 2025, a 12 (5.4 net) well program was completed by our partner with our share of capital expenditures totaling approximately $19 million. In 2026, we anticipate an active program with 10 (4.5 net) wells planned.

Viking Development Area (Light Oil)

The Viking development area is located in Eastern Alberta along the Alberta/Saskatchewan border. At December 31, 2025, Obsidian Energy had approximately 129 net sections of developed and undeveloped land in the play.

Additional Information

None of our important properties, plants, facilities or installations are subject to any material statutory or other mandatory relinquishments, surrenders, back-ins or changes in ownership.

We do not have any significant properties to which reserves have been attributed and which are capable of producing but which are not producing.

The primary components of our programs are described above under the heading "*Major Operating Regions"*. See also "*Description of our Business – General Development of the Business –2026 Developments – 2026 Outlook and Guidance"*.

Oil and Gas Wells

The following table sets forth the number and status of wells in which we had a working interest as at December 31, 2025.

	Producing				Non-Producing		Total	
	Oil		Gas					
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	883	766	256	171	1,081	739	2,220	1,676
British Columbia	-	-	-	-	4	1	4	1
Saskatchewan	-	-	-	-	4	1	4	1
USA	-	-	-	-	25	9	25	9
Total	883	766	256	171	1,114	750	2,253	1,687

Note:

(1) Total well counts differ from the well count provided under *"Additional Information Concerning Abandonment and Reclamation Costs"* as the table excludes water disposal, water source and injector wells.

Properties with no Attributed Reserves

The following table sets out the unproved properties in which we had an interest as at December 31, 2025.

	Unproved Properties (thousands of acres)	
	Gross	Net
Alberta	312	306
Northwest Territories	1	-
Total	313	306

We currently have no material work commitments on these lands. The primary lease or extension term on 9,070 net acres of unproved property is scheduled to expire by December 31, 2026. The right to explore, develop and exploit these leases will be surrendered unless we qualify them for continuation based on production, drilling or technical mapping.

Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

The development of properties with no attributed reserves can be affected by a number of factors including, but not limited to, project economics, forecasted price assumptions, cost estimates, well type expectations and access to infrastructure. These and other factors could lead to the delay or the acceleration of projects related to these properties.

Tax Horizon

The most important variables that will determine the level of cash taxes incurred by us in a given year will be the price of oil and natural gas, our capital spending levels, the nature and extent of acquisition and disposition activities and the amount of tax pools available to us. We currently estimate that we will not be required to pay income taxes for at least 10 years. However, if oil and natural gas prices were to strengthen beyond the levels anticipated by the current forward market, our tax pools would be utilized more quickly, and we may experience higher than expected cash taxes or payment of such taxes in an earlier time period. However, we emphasize that it is difficult to give guidance on future taxability as we operate within an industry where various factors constantly change our outlook, including factors such as acquisitions, divestments, capital spending levels, operating cost levels and commodity price changes.

Capital Expenditures

The following table summarizes capital expenditures related to our activities for the year ended December 31, 2025, irrespective of whether such costs were capitalized or charged to expense when incurred.

	2025 MM$
Property Acquisition (Disposition) Costs	
Proved Properties [(1)]	(208.0)
Unproved Properties	12.7
Exploration Costs	0.5
Development Costs	284.2
Corporate Costs	1.5
Total Capital Expenditures	90.9
Change in decommissioning liability estimate	9.6
Corporate Acquisitions	-
Total Expenditures	100.5

Note:

(1) Excludes the InPlay Shares that were ultimately sold in August 2025 for $91.4 million.

Exploration and Development Activities

The following table sets forth the gross and net exploratory and development wells that we participated in during the year ended December 31, 2025. See "*Other Oil and Gas Information – Description of Our Properties, Operations and Activities in Our Major Operating Regions*" for a description of the Company's current and proposed exploration and development activities.

	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Oil	-	-	71	62.8
Gas and condensate	-	-	-	-
Service	-	-	-	-
Injectors/Stratigraphic test	-	-	4	4.0
Dry hole	-	-	-	-
Total	-	-	75	66.8

Production Estimates

The following table sets out the volume of our production estimated for the year ended December 31, 2026, which is reflected in the estimates of gross proved reserves and gross probable reserves disclosed in the tables contained under "Disclosure of Reserves Data" above.

	Light and Medium Oil (bbl/d)		Heavy Oil (bbl/d)		Total Natural Gas (Mcf/d)		Natural Gas Liquids (bbl/d)		Total Oil Equivalent (boe/d)	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Proved Developed Producing	4,630	4,058	10,830	9,874	43,478	41,715	1,984	1,636	24,691	22,530
Proved Developed Non-Producing	28	26	208	170	124	116	4	2	260	218
Proved Undeveloped	1,560	1,457	1,049	996	3,548	3,303	245	229	3,445	3,233
Total Proved	6,218	5,540	12,086	11,040	47,150	45,134	2,233	1,867	28,396	25,981
Total Probable	1,161	1,051	2,128	1,993	4,079	3,856	237	208	4,206	3,896
Total Proved Plus Probable	7,379	6,592	14,215	13,034	51,228	48,990	2,470	2,076	32,603	29,877

Note:

(1) The Company has not presented information for coal bed methane production as it is immaterial (less than 1% of the Company's estimated production for 2026).

The Company notes that our Willesden Green property (located in the Willesden Green development area) accounts for approximately 41% of the estimated Company Interest production on a total proved plus probable basis in 2026. No other field (being a defined geographical area consisting of one or more pools) accounts for more than 10% of the estimated Company Interest production on a total proved plus probable basis disclosed above. For more information, see "*Other Oil and Gas Information – Description of Our Properties, Operations and Activities in Our Major Operating Regions*".

Production History

The following table summarizes certain information in respect of our share of average gross daily production volumes, average net product prices received, royalties paid, production costs, transportation costs, risk management contracts loss (gain), and resulting netbacks for the periods indicated below:

	Quarter Ended 2025				Year Ended December 31, 2025
	March 31	June 30	September 30	December 31	
Share of Average Gross Daily Production					
Light and Medium Oil (bbl/d)	12,727	6,314	4,979	5,443	7,340
Heavy Oil (bbl/d)	10,887	12,041	12,586	12,782	12,080
Conventional Natural Gas (Mcf/d)	70,378	50,397	46,777	46,258	53,368
NGLs (bbl/d)	3,072	2,189	1,955	2,037	2,308
Combined (boe/d)	38,416	28,943	27,316	27,971	30,624
Average Net Production Prices Received					
Light and Medium Oil ($/bbl)	99.46	91.09	86.67	75.30	90.96
Heavy Oil ($/bbl)	70.14	61.27	67.93	59.10	64.41
Conventional Natural Gas ($/Mcf)	2.18	2.00	0.91	2.38	1.90
NGLs ($/bbl)	53.49	39.42	36.44	35.33	42.49
Combined ($/boe)	61.11	51.83	51.26	48.17	53.73
Royalties Paid					
Light and Medium Oil ($/bbl)	15.21	14.34	12.80	10.00	13.64
Heavy Oil ($/bbl)	8.84	6.13	7.39	4.64	6.67
Conventional Natural Gas ($/Mcf)	0.12	0.07	0.44	0.21	0.20
NGLs ($/bbl)	5.82	3.07	0.98	5.52	4.07
Combined ($/boe)	8.22	6.03	6.56	4.81	6.55
Production Costs[(1)(2)]					
Light and Medium Oil ($/bbl)	17.40	11.34	15.93	14.55	15.32

	Quarter Ended 2025				Year Ended December 31,
	March 31	June 30	September 30	December 31	2025
Heavy Oil ($/bbl)	19.56	20.30	18.58	20.80	19.82
Conventional Natural Gas ($/Mcf)	1.91	1.21	1.67	1.39	1.58
NGLs ($/bbl)	11.38	6.70	9.55	7.60	9.04
Combined ($/boe)	15.72	13.54	15.01	15.19	14.92
Transportation					
Light and Medium Oil ($/bbl)	3.43	3.35	4.07	3.53	3.54
Heavy Oil ($/bbl)	9.35	7.03	6.44	8.52	7.79
Conventional Natural Gas ($/Mcf)	0.23	0.23	0.24	0.24	0.23
NGLs ($/bbl)	8.10	5.63	4.91	4.11	5.95
Combined ($/boe)	4.85	4.49	4.46	5.28	4.78
Risk Management Contracts Loss (Gain)					
Light and Medium Oil ($/bbl)	(0.33)	(3.46)	0.52	(14.42)	(3.49)
Heavy Oil ($/bbl)	0.62	3.71	3.24	1.29	2.26
Conventional Natural Gas ($/Mcf)	(0.46)	(0.08)	(0.74)	(0.32)	(0.40)
NGLs ($/bbl)	-	-	-	-	-
Combined ($/boe)	(0.78)	0.64	0.33	(2.75)	(0.65)
Netback Received[3]					
Light and Medium Oil ($/bbl)	63.75	65.52	53.35	61.64	61.95
Heavy Oil ($/bbl)	31.77	24.10	32.28	23.85	27.87
Conventional Natural Gas ($/Mcf)	0.38	0.57	(0.70)	0.86	0.29
NGLs ($/bbl)	28.19	24.02	21.00	18.10	23.43
Combined ($/boe)	33.10	27.13	24.90	25.64	28.13

Notes:

(1) Production costs or net operating costs are comprised of direct costs incurred to operate both oil and gas wells and include processing fees and road use recoveries. A number of assumptions are required to allocate these costs between oil, conventional natural gas and natural gas liquids production. Note that the Light and Medium Oil category include costs associated with NGL's as well as associated natural gas costs which can be a by-product on our Light and Medium oil wells.

(2) Operating overhead recoveries associated with operated properties are charged to operating costs and accounted for as a reduction to general and administrative costs.

(3) Netbacks are calculated by subtracting royalties, net operating expenses, transportation costs and realized losses/gains on risk management contracts from sales (being production revenues plus sales of commodities purchased from third parties less commodities purchased from third parties).

(4) The Company has not presented information for coal bed methane production as it is immaterial (less than 1% of the Company's annual production for 2025).

During the year ended December 31, 2025, Obsidian Energy produced 11.2 MMboe, comprised of 2.7 MMbbl of light and medium oil, 4.4 MMbbl of heavy oil, 19.5 Bcf of conventional natural gas and 0.8 MMbbl of natural gas liquids.

Marketing Arrangements

Our marketing approach incorporates the following primary objectives:

Ensure security of market and avoid production shut-ins due to marketing constraints by dealing with end-users or regionally strategic counterparties wherever possible.

Ensure competitive pricing by managing pricing exposures through a portfolio of various terms and geographic basis.

Ensure optimization of netbacks through careful management of transportation obligations, facility utilization levels, blending opportunities and emulsion handling.

Ensure protection of our receivables by, whenever possible, dealing only with credit worthy counterparties who have been subjected to regular credit reviews.

Oil and Liquids Marketing

Of our liquids production in 2025, approximately 34% was light and medium oil, 56% was conventional heavy oil and 11% was NGLs. In regard specifically to oil, our average quality was 20 degrees API, which was comprised of an average quality for our light and medium oil of 40 degrees API and an average quality for our conventional heavy oil of 11 degrees API. To reduce risk, we market the majority of our production to large credit-worthy counterparties or end-users on varying term contracts. Where possible we aggregate our oil on pipelines and sell on a stream basis to maximize flexibility and reduce incremental costs. We actively manage our heavy oil sales by finding opportunities to optimize netbacks through ongoing evaluation of both pipeline and rail sales opportunities based on market conditions.

The following table summarizes the net product price received for our production of conventional light and medium oil (including NGLs) and our conventional heavy oil, before adjustments for hedging activities, for the periods indicated:

	2025			2024			2023		
Quarter Ended	Light and Medium Oil ($/bbl)	Heavy Oil ($/bbl)	NGLs ($/bbl)	Light and Medium Oil ($/bbl)	Heavy Oil ($/bbl)	NGLs ($/bbl)	Light and Medium Oil ($/bbl)	Heavy Oil ($/bbl)	NGLs ($/bbl)
March 31	99.46	70.14	53.49	94.82	60.39	50.43	101.51	44.98	59.37
June 30	91.09	61.27	39.42	107.61	79.73	48.92	96.92	61.63	50.45
September 30	86.67	67.93	36.44	100.09	73.73	48.92	109.56	80.14	49.71
December 31	75.30	59.10	35.33	96.95	67.70	44.27	100.38	58.53	55.65

Natural Gas Marketing

In 2025, we received an average price from the sale of conventional natural gas, before adjustments for hedging activities, of $1.90 per mcf compared to $1.52 per mcf realized in 2024. We continue to maintain a significant weighting to the Alberta market which is one of the largest and most liquid market hubs in North America.

We continue to conservatively manage our transportation costs. Transportation on all pipelines is closely balanced to supply, and market commitments.

Forward Contracts

We are exposed to market risks resulting from fluctuations in commodity prices, foreign exchange rates and interest rates in the normal course of operations. In accordance with policies approved by our Board of Directors, the Company may, from time to time, manage these risks through the use of swaps or other financial instruments up to a maximum of 50% of forecast sales volumes, net of royalties, for the balance of any current year plus one additional year forward and up to a maximum of 25%, net of royalties, for one additional year thereafter. Risk management limits included in Obsidian Energy's policies may be exceeded with specific approval from the Board of Directors. These additional approvals are outlined below:

Oil

- Hedge up to 50% of oil production volumes net of royalties on a rolling 15-month period, with up to 80% in the prompt three months.

Natural Gas

- Hedge up to 80% of net gas production volumes on a rolling basis for the current and next gas season (i.e. current winter plus next summer season)

Foreign Exchange on Revenue

- Allow for hedges on liquid volumes (i.e. oil and natural gas liquids) in Canadian dollars on 80% of the associated direct United States foreign exchange revenue exposure, net of royalties, on a rolling 12-month basis and 50% on a rolling 13 - 18 month basis.

We are also exposed to losses in the event of default by the counterparties to these derivative instruments. We manage this risk by diversifying our hedging portfolio among a number of counterparties, primarily parties within our banking syndicate, whom we consider to be financially sound.

As at December 31, 2025, we were not bound by any agreement (including a transportation agreement), directly or through an aggregator, under which we may be precluded from fully realizing, or may be protected from the full effect of, future market prices for oil or natural gas, except for agreements disclosed by us in Note 9 to our audited consolidated financial statements as at and for the year ended December 31, 2025 which have been filed on SEDAR+ at www.sedarplus.ca.

Our transportation obligations and commitments for future physical deliveries of oil and conventional natural gas do not exceed our expected related future production from our proved reserves, estimated using forecast prices and costs, as disclosed herein.

APPENDIX B

MANDATE OF THE AUDIT COMMITTEE

1.**PURPOSE**

The purpose of the Audit Committee (the "**Committee**") of the board of directors (the "**Board**") of Obsidian Energy Ltd. ("**Obsidian Energy**" or the "**Corporation**") is to assist the Board in fulfilling its responsibility for oversight of the integrity of Obsidian Energy's financial statements, compliance with legal and regulatory requirements, the qualifications and independence of Obsidian Energy's independent auditors, and the performance of Obsidian Energy's internal audit function, if any.

The objectives of the Committee are to:

(a)assist the Board in meeting its responsibilities (especially for accountability) in respect of the preparation and disclosure of the consolidated financial statements of Obsidian Energy and related matters;

(b)provide an open avenue of communication between directors, management and independent auditors;

(c)assist the Board in meeting its responsibilities regarding the oversight of the independent auditor's qualifications and independence;

(d)assist the Board in meeting its responsibilities regarding the oversight of the credibility, integrity and objectivity of financial reports;

(e)strengthen the role of the non-management directors by facilitating discussions between directors on the Committee, management and independent auditors;

(f)assist the Board in meeting its responsibilities regarding the oversight of the performance of Obsidian Energy's independent auditors and internal audit function (if any);

(g)assist the Board in meeting its responsibilities regarding the oversight of Obsidian Energy's compliance with legal and regulatory requirements;

(h)assist the Board by monitoring the effectiveness and integrity of the Corporation's financial reporting systems, management information systems and internal control systems; and

(i)oversee the accounting and financial reporting processes of Obsidian Energy and the audits of the financial statements of Obsidian Energy.

2.**SPECIFIC DUTIES AND RESPONSIBILITIES**

Subject to the powers and duties of the Board, the Committee will perform the following duties:

(a)Satisfy itself on behalf of the Board that the Corporation's internal control systems are sufficient to reasonably ensure that:

(i)controllable, material business risks are identified, monitored and mitigated where it is determined cost effective to do so;

(ii)internal controls over financial reporting are sufficient to meet the requirements under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and the United States Securities Exchange Act of 1934, as amended; and

(iii)the Corporation's information security (including cybersecurity) policies and procedures are appropriate and receive reports from management at least annually on its activities to protect the Corporation from information security (including cybersecurity) risks, ensuring compliance with legal, ethical and regulatory requirements.

(b)Review all financial statements, management's discussion and analysis and earnings press releases and other disclosure containing financial information of the Corporation prior to their submission to the Board for approval and public disclosure (provided that the Committee is not required to review investor presentations that do not contain financial information or earnings guidance that has not previously been generally disclosed to the public or information that has previously been reviewed by the Committee or the Board). The process should include, but not be limited to:

(i)review of changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;

(ii)review of significant accruals, reserves or other estimates such as the impairment calculation of long-life assets;

(iii)review of accounting treatment of unusual or non-recurring transactions;

(iv)review of compliance with covenants under loan agreements;

(v)review of asset retirement obligations recommended by the Operations and Reserves Committee;

(vi)review of disclosure requirements for commitments and contingencies;

(vii)review of adjustments raised by the independent auditors, whether or not included in the financial statements;

(viii)review of unresolved differences between management and the independent auditors, if any;

(ix)review of reasonable explanations of significant variances with comparative reporting periods; and

(x)determination through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly accounted for and if appropriate, disclosed.

(c)Review, discuss and recommend for approval by the Board all financial statements and related information included in prospectuses, management discussion and analysis, information circular-proxy statements and annual information forms (including the related U.S. forms), prior to recommending Board approval.

(d)Discuss Obsidian Energy's interim results press releases, as well as financial information and earnings guidance provided to analysts and rating agencies (provided that the Committee is not required to review and discuss investor presentations that do not contain financial information or earnings guidance that has not previously been generally disclosed to the public).

(e)With respect to the appointment of independent auditors by the Board, the Committee shall:

(i)on an annual basis, receive from the auditors, and review and discuss with the auditors a formal written statement delineating all relationships the auditors have with Obsidian Energy consistent with PCAOB Rule 3526; discuss with the auditors any disclosed relationships or services that may impact the objectivity and independence of the auditors; take, or recommend that the Board take, appropriate action to oversee the independence of the auditors; determine the auditors' independence, ensure the rotation of partners on the audit engagement team in accordance with applicable law; and, in order to ensure continuing auditor independence, consider the rotation of the audit firm itself;

(ii)in its capacity as a committee of the Board, be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for Obsidian Energy, including the resolution of disagreements between management and the independent auditor regarding financial reporting, and the independent auditors shall report directly to the Committee;

(iii)review and evaluate the performance of the independent auditors;

(iv)review the basis of management's recommendation for the appointment of independent auditors and recommend to the Board appointment of independent auditors;

(v)review the terms of engagement and the overall audit plan (including the materiality levels to be applied) of the independent auditors, including the appropriateness and reasonableness of the auditors' fees;

(vi)when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and

(vii)review and pre-approve any audit and permitted non-audit services to be provided by the independent auditors' firm and consider the impact on the independence of the auditors.

(f)The Committee may delegate to one or more Committee members (the "**Delegate**") authority to pre-approve non-audit services in satisfaction of 2(e)(vii) above, subject to the fee restriction below. If such delegation occurs, the pre-approval of non-audit services by the Delegate, must be presented to the Committee at its first scheduled meeting following such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time. The fees for such non-audit services shall not exceed $100,000, either individually or in the aggregate, for a particular financial year without the approval of the Committee.

(g)At least annually, obtain and review the report by the independent auditors describing the independent auditors' internal quality control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues.

(h)Review with the independent auditors (and internal auditors, if any) their assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the independent auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Obsidian Energy and its subsidiaries.

(i)At least annually, obtain and review a report by the independent auditors describing (i) all critical accounting policies and practices used by Obsidian Energy, (ii) all alternative accounting treatments of financial information within IFRS related to material items that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the accounting firm, and (iii) other material written communications between the accounting firm and management of Obsidian Energy.

(j)Obtain assurance from the independent auditors that disclosure to the Committee is not required pursuant to the provisions of the United States Securities Exchange Act of 1934, as amended, regarding the discovery by the independent auditors of illegal acts.

(k)Review, set and approve hiring policies relating to current and former staff of current and former independent auditors.

(l)Review all pending significant litigation to ensure the accounting for and the related disclosures are sufficient and appropriate.

(m)Satisfy itself that adequate procedures are in place for the review of Obsidian Energy's public disclosure of financial information extracted or derived from Obsidian Energy's financial statements and periodically assess the adequacy of those procedures.

(n)Review and discuss major financial risk exposures and the steps management has taken to monitor and control such exposures.

(o)Establish procedures independent of management for:

(i)the receipt, retention and treatment of complaints received by Obsidian Energy regarding accounting, internal accounting controls, or auditing matters; and

(ii)the confidential, anonymous submission by employees of Obsidian Energy of concerns regarding questionable accounting or auditing matters.

(p)Review any other matters required by law, regulation or stock exchange requirement, or that the Committee feels are important to its mandate or that the Board chooses to delegate to it, including but not limited to, compliance with and reporting under *the Fighting Against Forced Labor and Child Labor in Supply Chains Act* (Canada);

(q)Establish, review and update periodically a Code of Business Conduct and Ethics and ensure that management has established systems to enforce these codes.

(r)Review management's monitoring of Obsidian Energy's compliance with the organization's Code of Business Conduct and Ethics.

(s)Review and discuss with the Chief Executive Officer, the Chief Financial Officer and the independent auditors, the matters required to be reviewed with those persons in connection with any certificates required by applicable laws, regulations or stock exchange requirements to be provided by the Chief Executive Officer and the Chief Financial Officer.

(t)Review and discuss major issues regarding accounting principles and financial statement presentations, including any significant changes in Obsidian Energy's selection or application of accounting principles.

(u)Review and discuss major issues as to the adequacy of Obsidian Energy's internal controls and any special audit steps adopted in light of material control deficiencies.

(v)Review and discuss analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS methods on the financial statements.

(w)Review and discuss the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on Obsidian Energy's financial statements.

(x)Review and discuss the type and presentation of information to be included in earnings press releases, paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information.

(y)Annually review and reassess the adequacy of the Committee's Mandate and the Committee Chair's Terms of Reference and recommend any proposed changes to the Board for consideration.

(z)Review and/or approve any other matters specifically delegated to the Committee by the Board

3.**KNOWLEDGE & EDUCATION**

Committee members shall be "financially literate" within the meaning of National Instrument 52-110 *Audit Committees* ("**NI 52-110**"), and at least one member shall be "financially sophisticated" within the meaning of Section 803(B)(2)(a)(iii) of the NYSE American Company Guide. The Committee members should have or obtain sufficient knowledge of Obsidian Energy's financial and audit policies and procedures to assist in providing advice and counsel on related matters. Members shall be encouraged as appropriate to attend relevant educational opportunities at the expense of Obsidian Energy.

4.**COMPOSITION**

(a)Committee members shall be appointed and removed by the Board and the Committee shall be composed of three directors of Obsidian Energy or such greater number as the Board may from time to time determine. Provided the Board Chair is an "independent" director as contemplated in subparagraph 4(b) below, the Board Chair shall be a non-voting ex officio member of the Committee, subject to subparagraph 5(e) below.

(b)Each member of the Committee shall be an "independent" director in accordance with the definition of "independent" in (a) NI 52-110 *Audit Committees, (b)* Sections 803(A) and 803(B)(2) of the NYSE American Company Guide and (c) Rule 10A-3 under the United States Securities Exchange Act of 1934, as amended, and in accordance with all other applicable securities laws or rules of any stock exchange on which Obsidian Energy's securities are listed for trading.

(c)All of the members of the Committee must be "financially literate" within the meaning of NI 52-110 (unless the Board has determined to rely on an applicable exemption therefrom), and each member of the Committee shall be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. In addition, at least one member of the Committee shall be "financially sophisticated" within the meaning of Section 803(B)(2)(a)(iii) of the NYSE American Company Guide.

(d)In connection with the appointment of the members of the Committee, the Board will determine whether any proposed nominee for the Committee serves on the audit committees of more than three public companies. To the extent that any proposed nominee for membership on the Committee serves on the audit committees of more than three public companies, the Board will make a determination as to whether such simultaneous services would impair the ability of such member to effectively serve on the Committee and will disclose such determination in Obsidian Energy's annual management proxy circular and annual report on Form 40-F filed with the United States Securities and Exchange Commission.

(e)The Board shall appoint the Chair of the Committee from among the Committee members.

5.**MEETINGS**

(a)The Committee shall meet at least quarterly at the call of the Committee Chair. The Committee Chair may call additional meetings as required. In addition, a meeting may be called by the Board Chair, the Chief Executive Officer, the Chief Financial Officer or any member of the Committee.

(b)As part of its job to foster open communication, the Committee shall meet at least annually with management, internal auditors (if any) and the independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee shall meet with the independent auditors and management quarterly to review Obsidian Energy's interim financials. The Committee shall also meet with management and independent auditors on an annual basis to review and discuss Obsidian Energy's annual financial statements and the management's discussion and analysis of financial conditions and results of operations.

(c)Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by other electronic means of communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting. A member may, in any manner, waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice.

(d)Agendas, with input from management and the Committee Chair, shall be circulated by the Committee Secretary (as defined below) to Committee members and relevant members of management along with appropriate meeting materials and background reading on a timely basis prior to Committee meetings.

(e)A quorum shall be a majority of the members of the Committee present in person or by telephone or video conference or by other electronic or communication medium or by a combination thereof. If an independent ex officio non-voting member's presence is required to attain a quorum, then such member shall be a voting member of the Committee for such meeting.

(f)The Committee Chair shall be a full voting member of the Committee. If the Committee Chair is unavailable or unable to attend a meeting of the Committee, the Committee Chair shall ask another member to chair the meeting, failing which a member of the Committee present at the meeting shall be chosen to preside over the meeting by a majority of the members of the Committee present at such meeting. The Chair of any Committee meeting (including, without limitation, any Chair selected in accordance with the foregoing) shall have a casting vote in the event of a tie on any matter upon which the Committee votes during such meeting.

(g)Members of the Corporation's management and such other Corporation staff as are appropriate to provide information to the Committee shall be available to attend meetings upon invitation by the Committee. The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee; however, independent directors shall always have the right to be present. As part of each Committee meeting the Committee

members will also meet "in-camera" without any members of management present, and in the Committee's discretion, without any other members of the Board who are not Committee members present.

(h)The secretary to the Committee (the "**Committee Secretary**") will be either the Corporate Secretary of Obsidian Energy or such person as may be appointed by the Chair of any such meeting in lieu thereof. The Committee Secretary shall record minutes of the meetings of the Committee, which shall be reviewed and approved by the Committee and maintained with Obsidian Energy's records by the Committee Secretary. The Committee shall report its activities and proceedings to the Board by oral or written report at the next Board meeting and by distributing the minutes of its meetings. Supporting schedules and information reviewed by the Committee shall be available for examination by any Director.

6.**RESOURCES**

(a)The Committee may retain special independent legal, accounting, financial or other consultants or advisors as it determines necessary to carry out its duties, to advise the Committee at the Corporation's expense and shall have sole authority to retain and terminate any such consultants or advisors and to approve any such consultant's or advisor's fees and retention terms, and at the expense of the Corporation.

(b)The Committee shall have access to Obsidian Energy's senior management and documents as required to fulfill its responsibilities and shall be provided with the resources necessary to carry out its responsibilities.

(c)The Committee shall have the authority to investigate any financial activity of Obsidian Energy and to communicate directly with the internal auditors (if any) and independent auditors. All employees are to cooperate as requested by the Committee.

(d)Obsidian Energy shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of: (i) compensation to any auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Obsidian Energy; (ii) compensation to any advisors employed by the Committee under paragraph 6(a) above; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties

7.**DELEGATION**

The Committee may delegate from to time to any person or committee of persons any of the Committee's responsibilities that are permitted to be delegated to such person or committee in accordance with applicable laws, regulations and stock exchange requirements.

8.**STANDARDS OF LIABILITY**

(a)Nothing contained in this Mandate is intended to expand applicable standards of liability under statutory, regulatory or other legal requirements for the Board or members of the Committee. The purposes and responsibilities outlined in this Mandate are meant to serve as guidelines rather than inflexible rules and the Committee may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities, subject to applicable statutory, regulatory and other legal requirements.

(b)The duties and responsibilities of a member of the Committee are in addition to those duties set out for a member of the Board.

Exhibit 99.2

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2025

This management's discussion and analysis of financial condition and results of operations ("MD&A") of Obsidian Energy Ltd. ("Obsidian Energy", the "Company", "we", "us", "our") should be read in conjunction with the Company's audited consolidated financial statements ("audited consolidated Financial Statements") for the year ended December 31, 2025. The date of this MD&A is February 18, 2026. All dollar amounts contained in this MD&A are expressed in millions of Canadian dollars unless noted otherwise.

For additional information, including Obsidian Energy's audited consolidated Financial Statements and Annual Information Form, please go to the Company's website at www.obsidianenergy.com, in Canada to the SEDAR+ website at www.sedarplus.ca or in the United States to the EDGAR website at www.sec.gov.

Throughout this MD&A and in other materials disclosed by the Company, we adhere to generally accepted accounting principles ("GAAP"), however the Company also employs certain non-GAAP measures to analyze financial performance, financial position, and cash flow, including funds flow from operations, netback, sales, gross revenues, net operating costs, net debt and free cash flow. Additionally, other financial measures are also used to analyze performance. These non-GAAP and other financial measures do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and therefore may not be comparable to similar measures provided by other issuers. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss) and cash flow from operating activities, as indicators of our performance.

This MD&A also contains oil and natural gas information and forward-looking statements. Please see the Company's disclosure under the headings "Non-GAAP and Other Financial Measures", "Oil and Natural Gas Information", and "Forward-Looking Statements" included at the end of this MD&A.

Annual Financial Summary

			Year ended December 31	
(millions, except per share amounts)	**2025**	2024		2023
Production revenues	**$ 599.8**	$ 817.5	$	720.6
Cash flow from operating activities	**239.8**	361.9		352.7
Basic per share [1]	**3.45**	4.76		4.36
Diluted per share [1]	**3.34**	4.57		4.19
Funds flow from operations [2]	**272.1**	432.0		377.6
Basic per share [3]	**3.92**	5.69		4.67
Diluted per share [3]	**3.79**	5.46		4.49
Net income (loss)	**35.2**	(202.6)		108.0
Basic per share	**0.51**	(2.67)		1.33
Diluted per share	**0.49**	(2.67)		1.28
Capital expenditures	**298.9**	343.1		292.5
Property acquisitions (dispositions), net [4]	**(208.0)**	83.4		0.6
Debt [5]	**184.0**	339.2		224.9
Total Assets	**$ 1,854.8**	$ 2,114.6	$	2,250.4

(1)Supplementary financial measure. See "Non-GAAP and Other Financial Measures".
(2)Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures".
(3)Non-GAAP ratio. See "Non-GAAP and Other Financial Measures".
(4)Excludes the InPlay Shares (as defined below) that were ultimately sold in August 2025 for $91.4 million. See "Pembina Disposition" for details.
(5)Includes drawings under the Company's syndicated credit facility and senior unsecured notes.

In the second quarter of 2025, the Company closed the disposition of our operated Pembina assets (the "Pembina Disposition") to InPlay Oil Corp ("InPlay"). Refer to the "Pembina Disposition" section below for further details. As a result of the Pembina Disposition, our production levels decreased compared to 2024, which resulted in lower production revenues, cash flow from operating activities and funds flow from operations. Commodity prices were also lower in 2025 compared to 2024, which also led to decreases in those figures.

In 2025, our capital program was focused on development and further delineation in Peace River and Willesden Green, including in the emerging Belly River formation. Additionally, we continued to advance our waterflood initiatives in Peace River, as we brought on-line two pilots in the area in late 2025.

In 2025, the Company's net income benefited from the Company's positive operating results and lower depletion and depreciation expense following the disposition of our operated Pembina assets partially offset by lower oil prices.

Quarterly Financial Summary
(millions, except per share and production amounts) (unaudited)

	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Three months ended	**2025**	2025	2025	2025	2024	2024	2024	2024
Production revenues	**$ 123.8**	$ 128.7	$ 136.3	$ 211.0	$ 213.6	$ 218.2	$ 208.4	$ 177.3
Cash flow from operating activities	**42.6**	45.4	55.2	96.7	115.0	110.3	77.9	58.7
Basic per share [1]	**0.63**	0.68	0.79	1.32	1.55	1.45	1.02	0.76
Diluted per share [1]	**0.62**	0.66	0.75	1.27	1.49	1.40	0.98	0.73
Funds flow from operations [2]	**56.6**	49.7	65.8	100.1	107.7	124.7	115.2	84.4
Basic per share [3]	**0.84**	0.74	0.94	1.36	1.45	1.64	1.51	1.09
Diluted per share [3]	**0.82**	0.72	0.90	1.31	1.39	1.58	1.44	1.05
Net income (loss)	**(12.3)**	16.8	15.3	15.4	(284.8)	33.2	37.1	11.9
Basic per share	**(0.18)**	0.25	0.22	0.21	(3.83)	0.44	0.48	0.15
Diluted per share	**$ (0.18)**	$ 0.24	$ 0.21	$ 0.20	$ (3.83)	$ 0.42	$ 0.46	$ 0.15
Production								
Light oil (bbl/d)	**5,443**	4,979	6,314	12,727	13,271	13,722	13,782	13,079
Heavy oil (bbl/d)	**12,782**	12,586	12,041	10,887	11,621	10,624	7,026	6,748
NGLs (bbl/d)	**2,037**	1,955	2,189	3,072	3,176	3,148	3,193	2,783
Natural gas (mmcf/d)	**46**	47	50	70	72	73	71	70
Total (boe/d)[4]	**27,971**	27,316	28,943	38,416	40,119	39,714	35,773	34,238

(1)Supplementary financial measure. See "Non-GAAP and Other Financial Measures".
(2)Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures".
(3)Non-GAAP ratio. See "Non-GAAP and Other Financial Measures".
(4)Disclosure of production on a per boe basis in this MD&A consists of the constituent product types and their respective quantities. See also "Supplemental Production Disclosure" and "Oil and Natural Gas Information".

Cash flow from Operating Activities, Funds Flow from Operations and Free Cash Flow

				Year ended December 31
(millions, except per share amounts)		**2025**		2024
Cash flow from operating activities	**$**	**239.8**	$	361.9
Change in non-cash working capital		**(30.6)**		35.7
Decommissioning expenditures		**28.8**		23.9
Equity forward contracts		**28.7**		-
Onerous office lease settlements		**0.7**		9.0
Deferred financing costs		**(1.7)**		(2.3)
Restructuring		**1.0**		-
Transaction costs		**5.4**		1.4
Other expenses		**-**		2.4
Funds flow from operations [(1)]		**272.1**		432.0
Capital expenditures		**(298.9)**		(343.1)
Decommissioning expenditures		**(28.8)**		(23.9)
Free Cash Flow [(1)]	**$**	**(55.6)**	$	65.0
Per share – funds flow from operations [(2)]				
Basic per share	**$**	**3.92**	$	5.69
Diluted per share	**$**	**3.79**	$	5.46

(1)Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures".
(2)Non-GAAP ratio. See "Non-GAAP and Other Financial Measures".

Cash flow from operating activities and funds flow from operations both decreased in 2025 compared to 2024 primarily due to lower production revenues, as a result of lower production volumes due to the disposition of our operated Pembina assets at the start of Q2 2025 and lower oil prices.

Pembina Disposition

On April 7, 2025, the Company closed the Pembina Disposition to InPlay of our operated Pembina (Cardium) assets (the "Pembina Assets"). Total consideration for the transaction included approximately $208 million of cash (inclusive of final closing adjustments), 9,139,784 common shares of InPlay, after giving effect to InPlay's consolidation of its common shares on a one for six basis effective April 14, 2025, ("InPlay Shares") and a $14.7 million value associated with acquiring InPlay's 34.6 percent interest in the Willesden Green Cardium Unit #2 property. The transaction included all the Company's assets in Pembina, with the exception of our non-operated interest in Pembina Cardium Unit #11 which we retained. The transaction had an effective date of December 1, 2024. As part of the transaction, InPlay assumed all assets and liabilities associated with the Pembina Assets, including the Company's decommissioning liabilities.

In August 2025, the Company closed the sale of all of our InPlay Shares to a third party, for proceeds of $91.4 million, resulting in a $15.2 million gain.

This transaction further strengthened our balance sheet while reducing our decommissioning liabilities by over 50 percent, with the cash proceeds from the transaction used to initially pay down outstanding debt on our syndicated credit facility at closing and subsequently used to accelerate our share buyback program.

Business Strategy

Upon close of the Pembina Disposition, the Company has a more balanced portfolio of heavy and light oil assets. In Peace River over the past two years we have more than doubled our production in the area through a focused development program. With a significant land base of greater than 700 net sections, we expect to continue to grow our Clearwater and Bluesky production through further development and delineation of existing and new fields in the area. Additionally, in 2025, we progressed on our enhanced oil recovery strategy through our waterflood initiatives and are encouraged by our results to-date. We plan to expand our efforts in the area in 2026 and beyond.

With a now more focused light oil asset base, we also expect to be able to grow our light oil assets through ongoing development. The Company began development in the Belly River formation in 2025 and has plans for future development in the formation given the strong results we have achieved and the expanded infrastructure that was recently completed in Open Creek. The pace and level of future development and growth in both our heavy and light oil assets will be subject to the macro-economic environment (commodity prices and service costs) as we look to generate acceptable returns and maintain the Company's financial strength.

In 2023, we began our return of capital initiative through our share buyback program under our normal course issuer bid ("NCIB"). This program has further enhanced shareholder returns, specifically through a focus on per share growth. Purchases under the NCIB are subject to having $65 million of liquidity and otherwise complying with the terms of our current credit facilities. We re-purchased and cancelled a total of approximately 17.2 million common shares (approximately 21 percent of our then outstanding shares) for total consideration of $143.9 million since the inception of the NCIB in 2023. We renewed our NCIB program in March 2025 and by the end of August 2025, the Company had re-purchased and cancelled the maximum number of shares allowed under our current program of 7,144,408 shares. In 2026, we are also in the process of renewing our NCIB, which should be in place in early March.

The Company continued with our environmental remediation efforts in 2025 with a focus on abandoning and reclaiming inactive fields.

Business Environment

The following table outlines quarterly averages for benchmark prices and Obsidian Energy's realized prices for the previous eight quarters.

	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Benchmark prices								
WTI oil ($US/bbl)	**$ 59.14**	$ 64.93	$ 63.74	$ 71.42	$ 70.27	$ 75.09	$ 80.57	$ 76.96
Edm mixed sweet par price (CAD$/bbl)	**76.30**	86.57	84.04	95.00	94.39	97.60	105.41	92.21
Western Canada Select (CAD$/bbl)	**66.65**	75.28	73.89	84.04	80.67	83.80	91.82	77.80
NYMEX Henry Hub ($US/mmbtu)	**3.55**	3.07	3.44	3.65	2.79	2.16	1.89	2.24
AECO 5A Index (CAD$/mcf)	**2.23**	0.60	1.69	2.17	1.48	0.69	1.18	2.50
Foreign exchange rate (US/CAD)	**1.39**	1.38	1.38	1.43	1.40	1.37	1.37	1.35
Benchmark differentials								
WTI - Edm Light Sweet ($US/bbl)	**(4.25)**	(2.20)	(2.84)	(4.98)	(2.42)	(3.35)	(3.63)	(8.65)
WTI - Western Canadian Select Heavy ($US/bbl)	**(11.19)**	(10.38)	(10.20)	(12.65)	(12.54)	(13.51)	(13.55)	(19.33)
Average sales price [1] [2]								
Light oil (CAD$/bbl)	**75.30**	86.67	91.09	99.46	96.95	100.09	107.61	94.82
Heavy oil (CAD$/bbl)	**59.10**	67.93	61.27	70.14	67.70	73.73	79.73	60.39
NGLs (CAD$/bbl)	**35.33**	36.44	39.42	53.49	44.27	48.92	48.92	50.43
Total liquids (CAD$/bbl)	**61.07**	69.56	68.11	82.21	78.88	84.04	91.64	79.08
Natural gas (CAD$/mcf)	**$ 2.38**	$ 0.91	$ 2.00	$ 2.18	$ 1.53	$ 0.86	$ 1.33	$ 2.38

(1)Excludes the impact of realized hedging gains or losses.
(2)Supplementary financial measures. See "Non-GAAP and Other Financial Measures".

Oil

In 2025, WTI oil prices averaged US$64.81 per bbl compared to US$75.72 per bbl in 2024. Despite some temporary increases as a result of geopolitical concerns, prices weakened throughout 2025 with Q1 2025 averaging US$71.42 per bbl compared to US$59.14 per bbl in Q4 2025. The weakness in WTI oil pricing was mainly due to OPEC+ increasing their output leading to concerns regarding oversupply versus demand projections.

In 2025, differentials were narrow as a result of the increased capacity from the Trans Mountain ("TMX") pipeline expansion. Despite brief periods of weakness due to concerns over US imposed tariffs, the MSW differential tightened to an average of US$3.57 per bbl in 2025, compared to US$4.51 per bbl in 2024 and the WCS differential narrowed to an average of US$11.11 per bbl in 2025, compared to US$14.73 per bbl in 2024.

The Company currently has the following oil hedging contracts in place on a weighted average basis:

Type	Volume (bbls/d)	Remaining Term		Price ($/bbl)
WTI Swap	6,127	January 2026	CAD$	84.12
WTI Swap	13,298	February 2026	US$	62.47
WTI Swap	12,800	March 2026	US$	64.13
WTI Swap	8,000	April 2026	US$	64.29
WTI Swap	2,000	May 2026	US$	63.70

Natural Gas

In 2025, both NYMEX and AECO prices remained low for the majority of the year. There were some improvements, particularly in Q4, as demand strengthened and additional LNG projects came into service. In 2025 NYMEX averaged US$3.43 per mmbtu, compared to US$2.27 per mmbtu in 2024 and AECO 5A prices increased to $1.68 per mcf in 2025, compared to $1.46 per mcf in 2024.

The Company currently has the following natural gas hedging contracts in place on a weighted average basis:

Type	Volume (mcf/d)	Remaining Term		Price ($/mcf)
AECO Swap	26,540	January 2026 - March 2026	$	3.30
AECO Swap	35,377	April 2026 - October 2026		2.68
AECO Swap	1,896	November 2026 - March 2027	$	3.73

Prepaid Equity Forward Contracts

In Q3 2025, the Company began entering into prepaid equity forward contracts in respect of our common shares to mitigate the equity price risk associated with our share-based compensation plans. Given the value of our share-based compensation plans fluctuates based on the Company's share price on the Toronto Stock Exchange ("TSX") at each period end date, entering into equity forward contracts will help reduce the volatility in our funds flow from operations. The Company currently has the following contracts in place on a weighted average basis:

Type	Share Volume	Remaining Term [(1)]		Price (C$)
Equity Forward Contract	720,000	September 2028	$	8.89
Equity Forward Contract	1,300,000	October 2028		8.72
Equity Forward Contract	550,000	November 2028		8.43
Equity Forward Contract	715,000	December 2028		8.31
Equity Forward Contract	450,000	January 2029		8.76
Equity Forward Contract	555,000	February 2029	$	10.10

(1)The Company can settle the contract, or a portion of the contract, at any time.

Foreign Exchange Forward Contracts

Subsequent to December 31, 2025, the Company began entering into foreign exchange forward contracts to mitigate the risk of changes in the $US/$CAD exchange rate on oil sales that reference $US benchmark prices and commodity hedging contracts that are settled in $US. The Company currently has the following contracts in place on a weighted average basis:

Type	Notional Amount ($millions)	Remaining Term		Price (C$)
FX forward contract	2.5	January 2026	$	1.3840
FX forward contract	19.0	February 2026		1.3719
FX forward contract	16.0	March 2026		1.3686
FX forward contract	13.5	April 2026	$	1.3650

RESULTS OF OPERATIONS

Average Sales Prices [(1)]

				Year ended December 31
		2025	2024	% change
Light oil (per bbl)	**$**	**90.96**	$ 99.95	(9)
Heavy oil (per bbl)		**64.41**	70.46	(9)
NGL (per bbl)		**42.49**	48.05	(12)
Total liquids (per bbl)		**71.05**	83.30	(15)
Realized risk management gain (loss) (per bbl)		**(0.08)**	0.20	N/A
Total liquids, net (per bbl)		**70.97**	83.50	(15)
Natural gas (per mcf)		**1.90**	1.52	25
Realized risk management gain (per mcf)		**0.40**	0.75	(47)
Natural gas net (per mcf)		**2.30**	2.27	1
Weighted average (per boe)		**53.73**	59.70	(10)
Realized risk management gain (per boe)		**0.65**	1.58	(59)
Weighted average net (per boe)	**$**	**54.38**	$ 61.28	(11)

(1)Supplementary financial measures. See "Non-GAAP and Other Financial Measures".

Performance Indicators

Obsidian Energy monitors performance based on the following three key focus areas using several qualitative and quantitative factors:

- Values – Execution of our field, health, safety, environmental and regulatory programs and our focus on operational excellence;
- Delivery – Key performance metrics include a low cost structure as compared to our industry peers and a focus on free cash flow generation; and
- Sustainability – Management of the Company's asset portfolio, financial stewardship and the goal of sustaining production and reserves and long-term competitive return on investment for our shareholders.

Values

At Obsidian Energy, the health, safety and wellness of our employees, contractors and stakeholders living within our areas of operation is paramount. Safety policies, procedures and programs developed by Obsidian Energy shall meet or exceed legislative requirements and all injuries and serious incidents are reported and investigated accordingly. Additionally, the Company is committed to mitigating the environmental impacts of our operations which includes our programs focusing on stakeholder communication, impact mitigation, resource conservation and site abandonment and reclamation. Throughout our operations, Obsidian Energy requires a high standard of professional conduct and supports a culture that ensures all individuals act with integrity and respect. These principles form the operational standards for the Company.

Delivery

In 2025, the Company continued to emphasize operational execution, focus on cost reduction initiatives and monitor our operations and development plans given volatility in commodity markets. The Company had guidance for the second half of 2025 ("H2 2025"), given the Pembina Disposition was closed in Q2 2025. All operational guidance metrics are outlined below:

- The Company's average H2 2025 production of 27,644 boe per day compared to our H2 2025 production guidance of 27,800 to 28,300 boe per day. Cold weather and significant snowfall in Peace River impacted operations in late 2025;
- Capital expenditures of $130.3 million in H2 2025 were above our H2 2025 guidance of $120.0 million to $125.0 million as the Company added incremental injector wells to our program in late 2025 to further advance our waterflood initiatives in Peace River. Additionally, we were able to accelerate a portion of our planned 2026 development program into 2025 given our development program was ahead of schedule;
- Decommissioning expenditures of $18.2 million in H2 2025 were higher than our H2 2025 guidance of $14.0 - 15.0 million. We will be able to apply the increased spending to reduce our 2026 spending obligation as mandated by the Alberta Energy Regulator;
- Net operating costs of $15.10 per boe, were higher than our H2 2025 guidance of $14.35 - $14.60 per boe mainly due to the cold weather and resultant higher repair and maintenance costs in Peace River in late 2025; and
- General & Administration ("G&A") costs per boe were $1.97 in H2 2025, which was within our H2 2025 guidance range of $1.95 - $2.05 per boe.

In 2026, we are employing a disciplined approach to our plans given the current volatility in commodity prices, and based on our commodity price forecasts results in a small free cash flow positive budget for the year (prior to any potential share repurchases) while marginally growing production. In Willesden Green, the light oil program is centered on further development in Open Creek, predominately in the Belly River formation, as we benefit from new infrastructure in the area that was constructed in late 2025. In Peace River, our capital program is a combination of primary development in both the Bluesky and Clearwater formations while also progressing waterflood projects in our Dawson and Nampa areas.

Sustainability

In 2025, the Company expanded development and delineation activities in Peace River and increased production while maintaining a steady pace of activity in our light oil assets. Our 2026 development program has begun with two rigs running in Peace River and one rig running in Willesden Green. The Company will continue to monitor commodity prices and geopolitical factors and has the operational flexibility to alter our program quickly in response to the macro environment.

Production

		Year ended December 31
Daily production	**2025**	2024	% change
Light oil (bbl/d)	**7,340**	13,463	(45)
Heavy oil (bbl/d)	**12,080**	9,016	34
NGL (bbl/d)	**2,308**	3,077	(25)
Natural gas (mmcf/d)	**53**	72	(26)
Total production (boe/d)	**30,624**	37,474	(18)

In 2025, production levels decreased compared to 2024 due to the Pembina Disposition which closed at the start of Q2 2025. Production associated with the Pembina Assets averaged approximately 11,000 boe/d in Q1 2025. For 2025, a total of 64 wells (59.1 net) were brought on production.

Average production within the Company's key development areas and within the Company's Legacy asset area was as follows:

		Year ended December 31
Daily production (boe/d) [1]	**2025**	2024	% change
Willesden Green [2]	**16,157**	25,320	(36)
Peace River	**12,927**	9,503	36
Viking	**1,258**	2,322	(46)
Legacy	**282**	329	(14)
Total	**30,624**	37,474	(18)

(1)Refer to "Supplemental Production Disclosure" for details by product type.
(2)Area was previously referred to as Cardium. In 2024 and from January 1 to April 6, 2025 includes production from the Pembina Assets.

Netbacks

			Year ended December 31	
(per boe)		**2025**		2024
Netback:				
Sales price [1] [3]	**$**	**53.73**	$	59.70
Risk management gain [2]		**0.65**		1.58
Royalties		**(6.55)**		(7.76)
Transportation		**(4.78)**		(4.22)
Net operating costs [3]		**(14.92)**		(13.85)
Netback [3]	**$**	**28.13**	$	35.45
		(boe/d)		(boe/d)
Production		**30,624**		37,474

(1)Includes the impact of commodities purchased and sold to/from third parties of $0.7 million (2024 – $1.3 million).
(2)Realized risk management gains and losses on commodity contracts.
(3)Non-GAAP ratios. See "Non-GAAP and Other Financial Measures".

The Company's netback per boe decreased in 2025 from 2024 primarily due to lower oil prices which led to lower realized prices. Transportation costs were also higher as a result of our higher production base in Peace River. Net operating costs were higher in 2025 due to increased emulsion trucking costs and processing fees due to our expanded Peace River operations.

(millions)		Year ended December 31 2025		2024
Netback:				
Sales [1] [3]	**$**	**600.5**	$	818.8
Risk management gain [2]		**7.3**		21.6
Royalties		**(73.2)**		(106.5)
Transportation		**(53.4)**		(57.9)
Net operating costs [3]		**(166.7)**		(189.3)
Netback [3]	**$**	**314.5**	$	486.7

(1)Includes the impact of commodities purchased and sold to/from third parties of $0.7 million (2024 – $1.3 million). See "Production Revenues" below for a reconciliation of "Sales" to "Production Revenues".
(2)Realized risk management gains on commodity contracts.
(3)Non-GAAP financial measures. See "Non-GAAP and Other Financial Measures" and see "Expenses - Operating" for reconciliation of net operating costs to operating costs.

Production Revenues

A reconciliation from production revenues to gross revenues is as follows:

(millions)		Year ended December 31 2025		2024
Production revenues	**$**	**599.8**	$	817.5
Sales of commodities purchased from third parties		**4.1**		7.8
Less: Commodities purchased from third parties		**(3.4)**		(6.5)
Sales [1]		**600.5**		818.8
Realized risk management gain [2]		**7.3**		21.6
Gross revenues [1]	**$**	**607.8**	$	840.4

(1)Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures".
(2)Relates to realized risk management gains on commodity contracts.

The Company's production revenues and gross revenues were lower in 2025 compared to 2024, mainly due to lower production volumes as a result of the Pembina Disposition early in Q2 2025, accompanied by lower realized prices and lower realized risk management gains on our commodity contracts.

Change in Gross Revenues [1]

(millions)		
Gross revenues – January 1 – December 31, 2024	$	840.4
Decrease in liquids production		(150.5)
Decrease in liquids prices		(65.2)
Decrease in natural gas production		(10.1)
Increase in natural gas prices		7.5
Increase in realized oil risk management loss		(2.5)
Decrease in realized natural gas risk management gain		(11.8)
Gross revenues – January 1 – December 31, 2025 [2]	$	607.8

(1)Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures".
(2)Excludes processing fees and other income.

Royalties

		Year ended December 31		
		2025		2024
Royalties (millions)	**$**	**73.2**	$	106.5
Average royalty rate [(1)]		**12%**		13%

(1)Excludes effects of risk management activities and other income.

For 2025 absolute royalties and the average royalty rate both decreased from 2024 which was largely attributed to lower production volumes due to the Pembina Disposition in Q2 2025 and lower oil prices.

Expenses

		Year ended December 31		
(millions)		**2025**		2024
Net operating [(1)]	**$**	**166.7**	$	189.3
Transportation		**53.4**		57.9
Financing		**42.1**		52.2
Share-based compensation	**$**	**11.7**	$	8.2

(1)Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures".

Operating

A reconciliation of operating costs to net operating costs is as follows:

		Year ended December 31		
(millions)		**2025**		2024
Operating costs	**$**	**183.5**	$	208.7
Less processing fees		**(10.1)**		(12.4)
Less road use recoveries		**(6.7)**		(8.6)
Add realized power risk management loss		**-**		1.6
Net operating costs [(1)]	**$**	**166.7**	$	189.3

(1)Non-GAAP financial measure. See “Non-GAAP and Other Financial Measures”.

On an absolute basis, in 2025, both operating and net operating costs were lower than in 2024, mainly due to our lower production base as a result of the Company closing the Pembina Disposition at the start of Q2 2025.

Transportation

The Company continues to utilize multiple sales points in the Peace River area to increase realized prices. New wells drilled in the Peace River area over the past year resulted in higher production and thus higher transportation costs on a per boe basis in 2025 compared to the 2024. On an absolute basis transportation costs are lower in 2025 than in 2024 due to the Pembina Disposition in early Q2 2025.

Financing

Financing expense consists of the following:

	Year ended December 31	
(millions)	**2025**	2024
Interest	**$ 22.1**	$ 31.9
Accretion on decommissioning liability	**12.2**	16.5
Accretion on office lease provision	**-**	0.3
Accretion on discount of senior unsecured notes	**0.4**	0.5
Accretion on lease liabilities	**0.4**	0.6
Loss on repurchased/redeemed senior unsecured notes	**5.3**	0.1
Deferred financing costs	**1.7**	2.3
Financing	**$ 42.1**	$ 52.2

Obsidian Energy's debt structure includes short-term borrowings under our syndicated credit facility and term financing through our senior unsecured notes. Interest charges were lower in 2025 compared to 2024 mainly due to lower drawings on our syndicated credit facility following the Pembina Disposition as the proceeds received from the transaction were used to reduce the amount outstanding under our syndicated credit facility.

The Company has a reserve-based syndicated credit facility which is subject to a semi-annual borrowing base redetermination (typically completed in May and November of each year). The aggregate amount available under the syndicated credit facility is $235.0 million and the revolving period and maturity dates are set at May 31, 2026 and May 31, 2027, respectively. Borrowings under our syndicated credit facility are available by way of either Canadian Overnight Repo Rate Average or the banks' prime lending rate plus applicable margins. Interest rate margins and standby fees on the undrawn amount of the facilities depend on the Company's debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio for the most recent four quarters.

In December 2025, the Company completed a refinancing and issued five-year senior unsecured notes for an aggregate principal amount of $175.0 million (the "2025 Notes"). The 2025 Notes have an interest rate of 8.125 percent and mature on December 3, 2030. The 2025 Notes were issued at par under a trust indenture and are direct senior unsecured obligations of Obsidian Energy ranking equal with all other present and future senior unsecured indebtedness of the Company. The Company used the net proceeds from the 2025 Notes to redeem all of our previous outstanding senior unsecured notes due July 27, 2027 ("2022 Notes") at a price of $1,029.88 per $1,000 principal amount, and to pay down indebtedness under our syndicated credit facility.

Prior to the full redemption of the 2022 Notes, in August 2025, the Company completed a partial redemption of $30.0 million of the 2022 Notes at a price of $1,029.88 per $1,000 principal amount.

At December 31, 2025, letters of credit totaling $2.5 million were outstanding (December 31, 2024 – $4.4 million) that reduce the amount otherwise available to be drawn on our syndicated credit facility.

Share-Based Compensation

Share-based compensation expense relates to options ("Options") to acquire common shares granted under the Company's Stock Option Plan (the "Option Plan"), restricted share units ("RSUs") granted under the Restricted and Performance Share Unit Plan ("RPSU plan"), deferred share units ("DSUs") granted under the Deferred Share Unit Plan ("DSU plan"), performance share units ("PSUs") granted under the RPSU plan and unrealized gains or losses under the equity forward contracts.

Share-based compensation expense consisted of the following:

			Year ended December 31
(millions)		**2025**	2024
DSUs	**$**	**1.0**	$ (0.6)
PSUs		**1.8**	(0.5)
NTIP [1]		**-**	1.1
Equity forward contract loss [2]		**0.6**	-
Liability based incentive plans	**$**	**3.4**	$ -
RSUs	**$**	**6.2**	$ 6.1
Options		**2.1**	2.1
Equity based incentive plans		**8.3**	8.2
Share-based compensation	**$**	**11.7**	$ 8.2

(1)Restricted awards outstanding under the Non-Treasury Incentive Award Plan ("NTIP") were classified as a liability and were settled in cash. There were no outstanding restricted awards under the NTIP at December 31, 2025.
(2)Relates to the equity forward contracts entered into to mitigate the Company's exposure to our share-based compensation plans.

At December 31, 2025, the Company's share price closed at $8.42 per share which was higher than the $8.36 per share on December 31, 2024. As the share price was higher, this resulted in an increase in our share-based compensation in 2025 compared to 2024. The change in share price at the balance sheet date results in a mark-to-market valuation which is used to calculate the DSU and PSU future obligations.

To mitigate the exposure to fluctuations in our share price, in the third quarter of 2025, the Company began entering into equity forward contracts and the mark-to-market valuation on these contracts is also included in share-based compensation. The unrealized loss on the equity forward contract at December 31, 2025 was based on an average valuation of $8.62 per share compared to the fair value of $8.42 per share.

General and Administrative Expenses

			Year ended December 31
(millions, except per boe amounts)		**2025**	2024
Gross	**$**	**40.4**	$ 40.8
Per boe [1]		**3.62**	2.97
Net [2]		**20.6**	20.5
Per boe [1]	**$**	**1.84**	$ 1.50

(1)Supplementary financial measure. See "Non-GAAP and Other Financial Measures".
(2)Net G&A includes the impact of overhead recoveries and capitalized G&A.

On an absolute basis, G&A was similar in 2025 compared to 2024 as staff costs were relatively consistent year-over-year. On a per boe basis, the impact of the Pembina Disposition in Q2 2025 led to higher costs in 2025 compared to 2024.

Depletion, Depreciation and Impairment

			Year ended December 31
(millions)		**2025**	2024
Depletion and depreciation ("D&D")	**$**	**180.0**	$ 247.1
PP&E Impairment	**$**	**23.2**	$ 415.3

The Company's D&D expense decreased in 2025 compared to 2024, due to the Pembina Assets being classified as assets held for sale and no longer being depleted in 2025.

The Company classified the Pembina Assets as held for sale at the end of 2024 prior to the close of the Pembina Disposition in April 2025. The Pembina Assets were recorded at the lesser of fair value less costs to sell and their carrying amount, resulting in a non-cash, before tax, impairment loss of $30.0 million (2024 - $395.4 million), primarily due to the decrease in value of the InPlay Shares from year-end 2024 to closing. The impairment was recorded within depletion, depreciation and impairment on the Consolidated Statements of Income (Loss).

Additionally, in 2025, we recorded a $6.8 million net impairment reversal (2024 - $19.9 million net impairment) in our Legacy cash generating unit ("CGU") due to a reduction in the decommissioning liability in the area. The Legacy CGU has no recoverable amount, as such changes in our decommissioning liability are expensed or recovered as applicable each period.

Taxes

			Year ended December 31
(millions)		**2025**	2024
Deferred income tax expense (recovery)	**$**	**11.8**	$ (62.5)

The deferred tax expense in 2025 was due to the Company's net income and resultant reduction of our deferred income tax asset. In 2024, the Company recorded a deferred tax recovery of $62.5 million due to the Company's net loss as a result of recognizing a $415.3 million non-cash impairment and resultant increase of our deferred income tax asset.

Tax Pools

			As at December 31
(millions)		**2025**	2024
Non-capital losses	**$**	**1,155.9**	$ 1,665.1
Undepreciated capital cost (UCC)		**453.6**	316.1
Canadian development expense (CDE)		**548.8**	319.6
Canadian exploration expense (CEE)		**6.0**	0.2
Canadian oil and gas property expense (COGPE)		**-**	85.0
Other		**50.0**	52.3
Total	**$**	**2,214.3**	$ 2,438.3

Net Income (loss)

			Year ended December 31
(millions, except per share amounts)		**2025**	2024
Net income (loss)	**$**	**35.2**	$ (202.6)
Basic per share		**0.51**	(2.67)
Diluted per share	**$**	**0.49**	$ (2.67)

In 2025, net income was the result of the Company's positive operating results combined with the Pembina Disposition which led to lower depletion and depreciation expense. Additionally, the Company recorded a $15.2 million gain in Other Income as a result of selling all of our InPlay Shares in Q3 2025. This was partially offset by the Company's lower production revenues due to the lower oil price environment and lower production volumes following the closing of the Pembina Disposition.

In 2024, the net loss was primarily due to non-cash, PP&E impairment charges as a result of classifying our Pembina Assets as held for sale. This was partially offset by the Company's higher production accompanied by positive operating results, along with realized risk management gains on our commodity contracts.

Capital Expenditures

			Year ended December 31
(millions)		**2025**	2024
Drilling and completions	**$**	**188.9**	$ 240.8
Well equipping and facilities		**95.3**	101.0
Land and geological/geophysical		**13.2**	0.5
Corporate		**1.5**	0.8
Capital expenditures	**$**	**298.9**	$ 343.1
Property acquisitions (dispositions), net		**(208.0)**	83.4
Total	**$**	**90.9**	$ 426.5

In 2025, our capital program was focused on development and further delineation in Peace River and Willesden Green, including in the emerging Belly River formation. Additionally, we continued to advance our waterflood initiatives in Peace River, as we brought on-line two pilots in the area in late 2025. Overall, capital expenditures were lower in 2025 compared to 2024 as we moderated capital spending in H2 2025 in response to lower commodity prices. During the year 64 (59.1 net) wells were brought on production, including operated and non-operated activities, of which 50 (48.4 net) wells were in Peace River and 4 (4.0 net) wells were in Willesden Green. Also, an additional 6 (2.7) non-operated wells in PCU#11 were brought on-line during the year.

Drilling

			Year ended December 31	
		2025		2024
(number of wells)	**Gross**	**Net**	Gross	Net
Oil	**70**	**62**	73	65
Gas	**1**	**1**	4	1
Injectors, stratigraphic and service	**4**	**4**	7	6
Total	**75**	**67**	84	72

The Company drilled 63 (61.4 net) operated wells, including injector wells, during 2025. In addition, the Company had a non-operated working interest in 12 (5.4 net) wells that were drilled by various partners during the year.

Environmental and Climate Change

The oil and natural gas industry has a number of environmental risks and hazards and is subject to regulation by all levels of government. Environmental legislation includes, but is not limited to, operational controls, site rehabilitation requirements and restrictions on emissions of various substances produced in association with oil and natural gas operations. Compliance with such legislation is expected to require additional expenditures and a failure to comply may result in fines and penalties which could, in the aggregate and under certain assumptions, become material.

Obsidian Energy monitors our operations for environmental impacts and allocates capital to reclamation and other activities to mitigate the impact on the areas in which the Company operates. The Company follows the Alberta Energy Regulator guidance under Directive 088 where a minimum amount of spending is required to abandon inactive sites.

Liquidity and Capital Resources

Net Debt

Net debt is the total of long-term debt and working capital deficiency as follows:

(millions)		2025		As at December 31 2024
Long-term debt				
Syndicated credit facility	**$**	**9.0**	$	225.0
Senior unsecured notes (8.125%, maturing December 3, 2030)		**175.0**		-
Senior unsecured notes (11.95%, maturing July 27, 2027)		**-**		114.2
Unamortized discount of senior unsecured notes		**-**		(1.1)
Deferred financing costs		**(4.1)**		(2.7)
Total		**179.9**		335.4
Working capital deficiency				
Accounts receivable		**(56.1)**		(88.0)
Prepaid expenses and other		**(11.0)**		(12.0)
Bank overdraft		**0.4**		0.5
Accounts payable and accrued liabilities		**155.0**		175.8
Total		**88.3**		76.3
Net debt [(1)]	**$**	**268.2**	$	411.7

(1)Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures".

Net debt decreased compared to December 31, 2024, primarily as a result of lower drawings under our syndicated credit facility. The Company applied the cash proceeds received as part of the Pembina Disposition in April 2025 as well as the proceeds received upon the sale of all of our InPlay Shares in August 2025 to our syndicated credit facility which led to the reduction.

Liquidity

The Company has a reserve-based syndicated credit facility with a borrowing limit of $235.0 million and senior unsecured notes totaling $175.0 million at December 31, 2025, due in December 2030. For further details on the Company's debt instruments please refer to the "Financing" section of this MD&A.

The Company actively manages our debt portfolio and considers opportunities to reduce or diversify our debt capital structure. In December 2025, we refinanced our existing senior unsecured notes, which provided additional term to our debt structure and additional proceeds, which we used to largely pay down our syndicated credit facility and increase the overall liquidity of the Company. Management contemplates both operating and financial risks and takes action as appropriate to limit the Company's exposure to certain risks. Management maintains close relationships with the Company's lenders and agents to monitor credit market developments. These actions and plans aim to increase the likelihood of maintaining the Company's financial flexibility and an appropriate capital program, supporting the Company's ongoing operations and ability to execute longer-term business strategies.

Investment in InPlay

In April 2025, the Company closed the Pembina Disposition. As part of the consideration, the Company received 9,139,784 InPlay Shares. InPlay paid a cash dividend of $0.09 per common share per month, resulting in the Company receiving $3.3 million in 2025. The dividend income received from InPlay was recorded within Other Income.

Subsequently in August 2025, the Company sold all of our InPlay Shares for total proceeds of $91.4 million and recorded a $15.2 million gain on the sale within Other Income.

Financial Instruments

Obsidian Energy had the following financial instruments outstanding as at December 31, 2025. Fair values are determined using external counterparty information, which is compared to observable market data. The Company limits our credit risk by executing counterparty risk procedures which include transacting only with institutions within our syndicated credit facility or companies with high credit ratings, and by obtaining financial security in certain circumstances.

Commodity contracts

	Notional Volume (mcf/d)	Remaining Term	Price (C$/mcf)	Fair value (millions)
Natural Gas				
AECO Swap	26,540	January 2026 - March 2026	$ 3.30	$ 1.0
AECO Swap	29,384	April 2026 - October 2026	2.81	2.5
AECO Swap	1,896	November 2026 - March 2027	$ 3.73	$ 0.1
Total natural gas				**$ 3.6**
Total				**$ 3.6**

The components of risk management within Income on the Consolidated Statements of Income (Loss) are as follows:

(millions)		2025		Year ended December 31 2024
Realized				
Settlement of oil contracts gain (loss)	**$**	**(0.6)**	$	1.9
Settlement of natural gas contracts gain		**7.9**		19.7
Total realized risk management gain	**$**	**7.3**	$	21.6
Unrealized				
Oil contracts gain (loss)	**$**	**(3.3)**	$	3.3
Natural gas contracts loss		**(0.2)**		(8.5)
Total unrealized risk management loss		**(3.5)**		(5.2)
Risk management gain	**$**	**3.8**	$	16.4

Prepaid Equity Forward Contracts

Obsidian Energy is exposed to equity price risk on our common share price in relation to our share-based compensation plans. Given the value of our share-based compensation plans fluctuates based on the Company's common share price on the TSX at each period end date, beginning in Q3 2025, the Company began mitigating this exposure by entering into equity forward contracts. Unrealized and realized gains/losses on our equity forward contracts for the period are recorded through share-based compensation.

	Share Volume	Remaining Term [1]	Price (C$)	Fair value (millions)
Equity				
Equity Forward Contract	720,000	September 2028	$ 8.89	$ 6.1
Equity Forward Contract	1,300,000	October 2028	8.72	10.9
Equity Forward Contract	550,000	November 2028	8.43	4.6
Equity Forward Contract	715,000	December 2028	8.31	6.0
Equity Forward Contract	55,000	January 2029	$ 8.44	$ 0.5
Total				**$ 28.1**

(1)The Company can settle the contract, or a portion of the contract, at any time.

Refer to the Business Environment section above for a full list of hedges currently outstanding including contracts that were entered into subsequent to December 31, 2025.

Based on commodity prices and equity contracts in place at December 31, 2025, the Company notes the following sensitivities:

- a $0.10 change in the price per mcf of natural gas would change pre-tax unrealized risk management by $0.9 million; and
- a 10 per cent change in our share price would change pre-tax unrealized risk management by $2.9 million.

Sensitivity Analysis

Estimated sensitivities to selected key assumptions on funds flow from operations for the 12 months subsequent to the date of this MD&A, including risk management contracts entered into to date, are based on forecasted results.

		Impact on funds flow from operations [1]	
Change of:	Change	$ millions	$/share
WTI - Price per barrel of liquids	WTI US$1.00	8.9	0.13
WCS - Price per barrel of liquids	WCS US$1.00	5.4	0.08
Liquids production	1,000 bbl/day	19.6	0.29
Price per mcf of natural gas	AECO $0.10	0.6	0.01
Natural gas production	1 mmcf/day	0.7	0.01
Effective interest rate	1%	0.2	-
Exchange rate ($US per $CAD)	$ 0.01	4.0	0.06

(1) Non-GAAP financial measure or non-GAAP ratio. See “Non-GAAP and Other Financial Measures”.

Contractual Obligations and Commitments

Obsidian Energy is committed to certain payments over the next five calendar years and thereafter as follows:

	2026	2027	2028	2029	2030	Thereafter	Total
Long-term debt [1]	**$ -**	$ 9.0	$ -	$ -	$ 175.0	$ -	$ 184.0
Transportation	**16.9**	14.5	12.0	12.1	5.7	-	61.2
Interest obligations	**14.7**	14.4	14.2	14.2	14.2	-	71.7
Lease liability	**3.3**	2.9	2.1	1.5	1.5	18.5	29.8
Decommissioning liability [2]	**8.9**	12.2	11.5	10.9	10.3	53.4	107.2
Total	**$ 43.8**	$ 53.0	$ 39.8	$ 38.7	$ 206.7	$ 71.9	$ 453.9

(1)The 2027 figure includes our syndicated credit facility which has a term-out date of May 2027. The 2030 figure includes our senior unsecured notes due in December 2030. Refer to the Financing section above for further details. Historically, the Company has successfully renewed its syndicated credit facility.
(2)These amounts represent the inflated, discounted future reclamation and abandonment costs that are expected to be incurred over the life of the Company's properties.

At December 31, 2025, the Company had an aggregate of $175.0 million in senior unsecured notes maturing in December 2030. Also, the revolving period of our syndicated credit facility is May 31, 2026, with a term out period to May 31, 2027. In the future, if the Company is unsuccessful in renewing or replacing the syndicated credit facility or obtaining alternate funding for some or all of the maturing amounts of the senior unsecured notes, it is possible that we could be required to seek other sources of financing, including other forms of debt or equity arrangements if available. Please see the Financing section of this MD&A for further details regarding our outstanding debt instruments.

The Company is involved in various litigation and claims in the normal course of business and records provisions for claims as required.

Equity Instruments

Common shares issued:	
As at December 31, 2025	67,274,326
Issuance under stock option and restricted and performance share unit plans	32,625
As at February 18, 2026	67,306,951
Options outstanding:	
As at December 31, 2025	1,978,228
Exercised	(29,980)
Forfeited	(8,130)
As at February 18, 2026	1,940,118
RSUs outstanding:	
As at December 31, 2025	1,417,152
Granted	13,670
Vested	(5,761)
Forfeited	(10,289)
As at February 18, 2026	1,414,772

Fourth Quarter Highlights

Key financial and operational results for the fourth quarter were as follows:

				Three months ended December 31	
		2025		2024	% change
Financial (millions, except per share or per boe amounts)					
Production revenues	**$**	**123.8**	$	213.6	(42)
Cash flow from operating activities		**42.6**		115.0	(63)
Basic per share [1]		**0.63**		1.55	(59)
Diluted per share [1]		**0.62**		1.49	(59)
Funds flow from operations [2]		**56.6**		107.7	(47)
Basic per share [3]		**0.84**		1.45	(42)
Diluted per share [3]		**0.82**		1.39	(41)
Net loss		**(12.3)**		(284.8)	N/A
Basic per share		**(0.18)**		(3.83)	N/A
Diluted per share		**(0.18)**		(3.83)	N/A
Capital expenditures		**65.0**		84.1	(23)
Decommissioning expenditures		**10.3**		3.5	194
G&A per boe [1]	**$**	**1.98**	$	1.39	43
Operations					
Daily production					
Light oil (bbl/d)		**5,443**		13,271	(59)
Heavy oil (bbl/d)		**12,782**		11,621	10
NGLs (bbl/d)		**2,037**		3,176	(36)
Natural gas (mmcf/d)		**46**		72	(36)
Total production (boe/d)		**27,971**		40,119	(30)
Average sales price [1] [4]					
Light oil (CAD$/bbl)	**$**	**75.30**	$	96.95	(22)
Heavy oil (CAD$/bbl)		**59.10**		67.70	(13)
NGLs (CAD$/bbl)		**35.33**		44.27	(20)
Total liquids (CAD$/bbl)		**61.07**		78.88	(23)
Natural gas (CAD$/mcf)	**$**	**2.38**	$	1.53	56
Netback per boe					
Sales price	**$**	**48.17**	$	57.94	(17)
Realized risk management gain		**2.75**		1.62	70
Royalties		**(4.81)**		(7.85)	(39)
Transportation		**(5.28)**		(4.55)	16
Net operating costs [3]		**(15.19)**		(13.91)	9
Netback [3]	**$**	**25.64**	$	33.25	(23)

(1)Supplementary financial measure. See Non-GAAP and Other Financial Measures".
(2)Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures".
(3)Non-GAAP ratio. See "Non-GAAP and Other Financial Measures".
(4)Excludes the impact of realized hedging gains or losses.

Financial

In Q4 2025, production revenues and funds flow from operations decreased from Q4 2024 as a result of lower realized oil prices and lower production volumes due to the Pembina Disposition in Q2 2025.

The net loss in Q4 2025 was primarily due to lower realized oil prices.

Operations

Capital expenditure activities continued across our Peace River and Willesden Green assets with the drilling of 5 (5.0 net) producing wells and 2 (2.0 net) injector wells in Peace River, and 6 (6.0 net) producing wells in Willesden Green, including 2 (2.0 net) wells in the Belly River formation. The Company continued to advance waterflood initiatives in the Peace River area and brought two pilots on-line.

Production in Q4 2025 decreased from the comparable period in 2024 as a result of the Pembina Disposition in Q2 2025. In December 2025, operations were impacted by extreme cold weather and significant snow in Peace River restricting our ability to truck production to sales points. Average production within the Company's key development areas was as follows:

		Three months ended December 31	
Daily production (boe/d) [(1)]	**2025**	2024	% change
Willesden Green	**12,968**	25,621	(49)
Peace River	**13,741**	12,280	12
Viking	**1,025**	1,905	(46)
Legacy	**237**	313	(24)
Total	**27,971**	40,119	(30)

(1)Refer to "Supplemental Production Disclosure" for details by product type.

Netbacks

Netbacks decreased from Q4 2024 mainly due to lower oil prices and higher transportation costs associated with a larger Peace River production base. Net operating costs were higher in Q4 2025 than in Q4 2024 due to increased emulsion trucking costs and processing fees due to our expanded Peace River operations. Late in the fourth quarter of 2025, our Peace River operations were negatively impacted by extreme cold weather and significant snowfall which resulted in higher repair & maintenance activity.

WTI prices decreased in Q4 2025, settling at US$57.87 per barrel in December which was the lowest monthly average of 2025. Concerns over a surplus of supply in the market and continued discussions on tariffs were the main drivers in the decline. For Q4 2025, WTI averaged US$59.14 per barrel.

In Q4 2025, WCS differentials continued to be narrow due to the added export capacity from the TMX pipeline expansion. In Q4 2025, the WCS differential averaged US$11.19 per bbl while the MSW differential averaged US$4.25 per bbl.

In Alberta, AECO 5A prices for Q4 2025 averaged $2.23 per mcf, up from $0.60 per mcf in Q3 2025. AECO prices closed the year higher, with increased demand and additional LNG takeaway coming online.

Non-GAAP financial measure reconciliations – Q4

A reconciliation from production revenues to sales and gross revenues for the fourth quarter is as follows:

				Three months ended December 31
(millions)		**2025**		2024
Production revenues	**$**	**123.8**	$	213.6
Sales of commodities purchased from third parties		**0.4**		1.2
Less: Commodities purchased from third parties		**(0.3)**		(1.0)
Sales [1]		**123.9**		213.8
Realized risk management gain [2]		**7.1**		6.0
Gross revenues [1]	**$**	**131.0**	$	219.8

(1)Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures".
(2)Relates to realized risk management gains on commodity contracts.

A reconciliation of operating costs to net operating costs for the fourth quarter are as follows:

				Three months ended December 31
(millions)		**2025**		2024
Operating costs	**$**	**43.5**	$	56.0
Less processing fees		**(3.0)**		(2.9)
Less road use recoveries		**(1.5)**		(2.5)
Add realized power risk management loss		**-**		0.6
Net operating costs [1]	**$**	**39.0**	$	51.2

(1)Non-GAAP financial measure. See “Non-GAAP and Other Financial Measures”.

A reconciliation of sales to netback for the fourth quarter on an absolute dollar basis are as follows:

				Three months ended December 31
(millions)		**2025**		2024
Netback:				
Sales [1] [3]	**$**	**123.9**	$	213.8
Risk management gain [2]		**7.1**		6.0
Royalties		**(12.4)**		(29.0)
Transportation		**(13.6)**		(16.8)
Net operating costs [3]		**(39.0)**		(51.2)
Netback [3]	**$**	**66.0**	$	122.8

(1)Includes the impact of commodities purchased and sold to/from third parties of $0.1 million (2024 – $0.2 million).
(2)Realized risk management gains and losses on commodity contracts.
(3)Non-GAAP financial measures. See "Non-GAAP and Other Financial Measures".

Supplemental Production Disclosure

Outlined below is production by product type for each area and in total for the periods indicated:

	Three months ended December 31		Year ended December 31	
Daily production (boe/d)	**2025**	2024	**2025**	2024
Willesden Green [(1)]				
Light oil (bbl/d)	**4,949**	12,108	**6,666**	11,919
Heavy oil (bbl/d)	**-**	63	**24**	61
NGLs (bbl/d)	**1,955**	3,081	**2,227**	2,978
Natural gas (mmcf/d)	**36**	62	**43**	62
Total production (boe/d)	**12,968**	25,621	**16,157**	25,320
Peace River				
Light oil (bbl/d)	**-**	-	**3**	-
Heavy oil (bbl/d)	**12,672**	11,423	**11,948**	8,821
NGLs (bbl/d)	**20**	9	**16**	11
Natural gas (mmcf/d)	**6**	5	**6**	4
Total production (boe/d)	**13,741**	12,280	**12,927**	9,503
Viking				
Light oil (bbl/d)	**438**	1,088	**611**	1,477
Heavy oil (bbl/d)	**91**	99	**83**	95
NGLs (bbl/d)	**37**	63	**41**	64
Natural gas (mmcf/d)	**3**	4	**3**	4
Total production (boe/d)	**1,025**	1,905	**1,258**	2,322
Legacy				
Light oil (bbl/d)	**56**	75	**60**	67
Heavy oil (bbl/d)	**19**	36	**25**	39
NGLs (bbl/d)	**25**	23	**24**	24
Natural gas (mmcf/d)	**1**	1	**1**	2
Total production (boe/d)	**237**	313	**282**	329
Total				
Light oil (bbl/d)	**5,443**	13,271	**7,340**	13,463
Heavy oil (bbl/d)	**12,782**	11,621	**12,080**	9,016
NGLs (bbl/d)	**2,037**	3,176	**2,308**	3,077
Natural gas (mmcf/d)	**46**	72	**53**	72
Total production (boe/d)	**27,971**	40,119	**30,624**	37,474

(1)Area was previously referred to as Cardium. On April 7, 2025, the Company closed the Pembina Disposition. Production associated with the Pembina Assets averaged approximately 11,000 boe/d in Q1 2025.

Reconciliation of Cash flow from operating activities to Funds flow from operations

Three months ended	**Dec. 31 2025**	Sep. 30 2025	Jun. 30 2025	Mar. 31 2025	Dec. 31 2024	Sep. 30 2024	Jun. 30 2024	Mar. 31 2024
Cash flow from operating activities	**$ 42.6**	$ 45.4	$ 55.2	$ 96.7	$ 115.0	$ 110.3	$ 77.9	$ 58.7
Change in non-cash working capital	**(17.5)**	(11.6)	4.3	(5.8)	(13.5)	6.1	29.7	13.4
Decommissioning expenditures	**10.3**	7.9	4.0	6.6	3.5	6.3	4.0	10.1
Equity forward contracts	**21.3**	7.4	-	-	-	-	-	-
Onerous office lease settlements	**-**	-	-	0.7	2.3	2.2	2.2	2.3
Deferred financing costs	**(0.3)**	(0.4)	(0.6)	(0.4)	(0.5)	(0.6)	(0.6)	(0.6)
Restructuring	**0.1**	0.1	0.7	0.1	-	-	-	-
Transaction costs	**0.1**	0.9	2.2	2.2	-	-	1.4	-
Other expenses	**-**	-	-	-	0.9	0.4	0.6	0.5
Funds flow from operations	**$ 56.6**	$ 49.7	$ 65.8	$ 100.1	$ 107.7	$ 124.7	$ 115.2	$ 84.4

Evaluation of Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in our annual filings, interim filings or other reports filed or submitted by us under securities legislation is recorded, processed, summarized and reported within the time periods specified in such securities legislation. They include controls and procedures designed to ensure that information required to be disclosed by the Company in our annual filings, interim filings or other reports that we file or submit under applicable securities legislation is accumulated and communicated to the Company's management, including our President and Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

An internal evaluation was carried out by management under the supervision and with the participation of the Company's President and Chief Executive Officer and Chief Financial Officer of the effectiveness of Obsidian Energy's disclosure controls and procedures as defined in Rule 13a-15 under the US Securities Exchange Act of 1934 (the "Exchange Act") and as defined in Canada by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") as at December 31, 2025. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that as at December 31, 2025 the disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Obsidian Energy's management, including our President and Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate ICFR, as such term is defined in Rule 13a-15 under the Exchange Act and as defined in Canada by NI 52-109. A material weakness in the Company's ICFR exists if a deficiency, or a combination of deficiencies, in our ICFR is such that there is a reasonable possibility that a material misstatement of our annual financial statements or interim financial reports will not be prevented or detected on a timely basis.

An internal evaluation was carried out by management under the supervision and with the participation of the Company's President and Chief Executive Officer and Chief Financial Officer of the effectiveness of the Company's ICFR as at December 31, 2025. The assessment was based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that as at December 31, 2025 the Company's ICFR was effective.

The effectiveness of the Company's ICFR as at December 31, 2025, has been audited by KPMG LLP, independent registered public accounting firm, as stated in their attestation report which appears with the audited financial statements.

Changes in Internal Control Over Financial Reporting

Obsidian Energy's senior management has evaluated whether there were any changes in the Company's ICFR that occurred during the period beginning on October 1, 2025 and ending on December 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. No changes to the Company's ICFR were made during the quarter.

Off-Balance-Sheet Financing

Obsidian Energy has off-balance-sheet financing arrangements consisting of operating leases. The operating lease payments are summarized in the Contractual Obligations and Commitments section.

Critical Accounting Estimates

Obsidian Energy's material accounting policies are detailed in Note 3 to our audited consolidated Financial Statements. In the determination of financial results, Obsidian Energy must make certain critical accounting estimates as follows:

Decommissioning Liability

The decommissioning liability is the present value of the Company's future statutory, contractual, legal or constructive obligations to retire long-lived assets including wells, facilities and pipelines. The liability is recorded on the balance sheet with a corresponding increase to the carrying amount of the related asset. The recorded liability increases over time to its future liability amount through accretion charges to income. Revisions to the estimated amount or timing of the obligations are reflected as increases or decreases to the recorded decommissioning liability. Actual decommissioning expenditures are charged to the liability to the extent of the then-recorded liability. Amounts capitalized to the related assets are amortized to income consistent with the depletion or depreciation of the underlying asset. Note 8 to Obsidian Energy's audited consolidated Financial Statements details the impact of these accounting standards.

Deferred Tax

Deferred taxes are recorded based on the liability method of accounting whereby temporary differences are calculated assuming financial assets and liabilities will be settled at their carrying amount. Deferred taxes are computed on temporary differences using substantively enacted income tax rates expected to apply when future income tax assets and liabilities are realized or settled.

A deferred income tax asset is recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized. Deferred income tax assets are reviewed at each reporting date and are not recognized until such time that it is probable that the related tax benefit will be realized.

Depletion and Impairments

Costs of developing oil and natural gas reserves are capitalized and depleted against associated oil and natural gas production using the unit-of-production method based on the estimated proved plus probable reserves with forecast commodity pricing.

All the Company's reserves were evaluated by GLJ Ltd., an independent, qualified reserve evaluation engineering firm. Obsidian Energy's reserves are determined in compliance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. The evaluation of oil and natural gas reserves is, by its nature, based on complex extrapolations and models as well as other significant engineering, reservoir, capital, pricing and cost assumptions. Reserve estimates are a key component in the calculation of depletion and are an important component in determining the recoverable amount in impairment tests. The determination of the recoverable amount involves estimating the higher of an asset's fair value less costs to sell or its value-in-use, the latter of which is based on its discounted future cash flows using an applicable discount rate. To the extent that the recoverable

amount, which could be based in part on its reserves, is less than the carrying amount of property, plant and equipment, a write-down against income is recorded.

Financial Instruments

Financial instruments included in the balance sheets consist of accounts receivable, fair values of derivative financial instruments, current liabilities and long-term debt. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of the instruments, the mark-to-market values recorded for the financial instruments and the market rate of interest applicable to the bank debt.

Obsidian Energy's revenues from the sale of oil, natural gas liquids and natural gas are directly impacted by changes to the underlying commodity prices. To manage our planned capital program to within funds flows from operations, financial instruments including swaps and collars may be utilized from time to time.

Substantially all the Company's accounts receivable are with customers in the oil and natural gas industry and are subject to normal industry credit risk. Obsidian Energy may, from time to time, use various types of financial instruments to reduce its exposure to fluctuating oil and natural gas prices, electricity costs, exchange rates and interest rates. The use of these financial instruments exposes us to credit risks associated with the possible non-performance of counterparties to the derivative contracts. The Company limits this risk by executing counterparty risk procedures which include transacting only with financial institutions who are members of its credit facility or those with high credit ratings as well as obtaining security in certain circumstances.

Non-GAAP and Other Financial Measures

Throughout this MD&A and in other materials disclosed by the Company, we employ certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures provided by other issuers. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss) and cash flow from operating activities, as indicators of our performance.

Non-GAAP Financial Measures

"Free cash flow" is funds flow from operations less both capital and decommissioning expenditures and the Company believes it is a useful measure to determine and indicate the funding available to Obsidian Energy for investing and financing activities, including the repayment of debt, reallocation to existing areas of operation, deployment into new ventures and return of capital to shareholders. See "Cash flow from Operating Activities, Funds Flow from Operations and Free Cash Flow" above for a reconciliation of free cash flow to cash flow from operating activities, being our nearest measure prescribed by IFRS.

"Funds flow from operations" is cash flow from operating activities before changes in non-cash working capital, decommissioning expenditures, equity forward contracts, onerous office lease settlements, the effects of financing related transactions from foreign exchange contracts and debt repayments, restructuring, transaction costs and certain other revenues and expenses and is representative of cash related to our underlying operations. Funds flow from operations is used to assess the Company's ability to fund our planned capital programs. See "Cash flow from Operating Activities, Funds Flow from Operations and Free Cash Flow" and "Reconciliation of Cash flow from operating activities to Funds flow from operations" above for reconciliations of funds flow from operations to cash flow from operating activities, being our nearest measure prescribed by IFRS.

"Gross revenues" are production revenues including realized risk management gains and losses on commodity contracts and adjusted for commodities purchased from third parties and sales of commodities purchased from third parties and is used to assess the cash realizations on commodity sales. See "Results of Operations – Production Revenues" and "Fourth Quarter Highlights – Non-GAAP financial measure reconciliations – Q4" above for a reconciliation of gross revenues to production revenues, being our nearest measure prescribed by IFRS.

"Sales" are production revenues plus sales of commodities purchased from third parties less commodities purchased from third parties and is used to assess the cash realizations on commodity sales before realized risk management gains and losses. See "Results of Operations – Production Revenues" and "Fourth Quarter Highlights

– Non-GAAP financial measure reconciliations – Q4" above for a reconciliation of gross revenues and sales to production revenues, being our nearest measure prescribed by IFRS.

“Net debt” is the total of long-term debt and working capital deficiency and is used by the Company to assess our liquidity. See “Liquidity and Capital Resources – Net Debt” above for a reconciliation of net debt to long-term debt, being our nearest measure prescribed by IFRS.

“Net operating costs” are calculated by deducting processing income, road use recoveries and realized gains and losses on power risk management contracts from operating costs and is used to assess the Company’s cost position. Processing fees are primarily generated by processing third party volumes at the Company’s facilities. In situations where the Company has excess capacity at a facility, it may agree with third parties to process their volumes to reduce the cost of operating/owning the facility. Road use recoveries are a cost recovery for the Company as we operate and maintain roads that are also used by third parties. Realized gains and losses on power risk management contracts occur upon settlement of our contracts. See “Results of Operations – Expenses – Operating” and "Fourth Quarter Highlights - Non-GAAP financial measure reconciliations - Q4" above for a reconciliation of net operating costs to operating costs, being our nearest measure prescribed by IFRS.

“Netback” is production revenues plus sales of commodities purchased from third parties less commodities purchased from third parties (sales), less royalties, net operating costs, transportation expenses and realized risk management gains and losses, and is used in capital allocation decisions and to economically rank projects. See "Results of Operations – Netbacks" and "Fourth Quarter Highlights – Non-GAAP financial measure reconciliations – Q4" above for a reconciliation of netbacks to sales and "Results of Operations – Production Revenues" and "Fourth Quarter Highlights – Non-GAAP financial measure reconciliations – Q4" above for a reconciliation of sales to production revenues, being our nearest measure prescribed by IFRS.

Non-GAAP Ratios

“Funds flow from operations – basic per share” is comprised of funds flow from operations divided by basic weighted average common shares outstanding. Funds flow from operations is a non-GAAP financial measure. See “Cash flow from Operating Activities, Funds Flow from Operations and Free Cash Flow” and “Reconciliation of Cash flow from operating activities to Funds flow from operations” above.

“Funds flow from operations – diluted per share” is comprised of funds flow from operations divided by diluted weighted average common shares outstanding. Funds flow from operations is a non-GAAP financial measure. See “Cash flow from Operating Activities, Funds Flow from Operations and Free Cash Flow” and “Reconciliation of Cash flow from operating activities to Funds flow from operations” above.

“Net operating costs per bbl”, “Net operating costs per mcf” and “Net operating costs per boe” are net operating costs divided by weighted average daily production on a per bbl, per mcf or per boe basis, as applicable. Net operating costs is a non-GAAP financial measure. See “Results of Operations – Expenses – Operating" and "Fourth Quarter Highlights - Non-GAAP financial measure reconciliations - Q4"above.

“Netback per bbl”, “Netback per mcf” and “Netback per boe” are netbacks divided by weighted average daily production on a per bbl, per mcf or per boe basis, as applicable. Management believes that netback per boe is a key industry performance measure of operational efficiency and provides investors with information that is also commonly presented by other oil and natural gas producers. Netback is a non-GAAP financial measure. See “Results of Operations – Netbacks” and "Fourth Quarter Highlights – Non-GAAP financial measure reconciliations – Q4" above.

"Sales per boe" is sales divided by weighted average daily production on a per boe basis. Sales is a non-GAAP financial measure. See “Results of Operations – Production Revenues" and "Fourth Quarter Highlights -Non-GAAP financial measure reconciliations - Q4" above.

Supplementary Financial Measures

Average sales prices for light oil, heavy oil, NGLs, total liquids and natural gas are supplementary financial measures calculated by dividing each of these components of production revenues by their respective production volumes for the periods.

“Cash flow from operating activities – basic per share” is comprised of cash flow from operating activities, as determined in accordance with IFRS, divided by basic weighted average common shares outstanding.

“Cash flow from operating activities – diluted per share" is comprised of cash flow from operating activities, as determined in accordance with IFRS, divided by diluted weighted average common shares outstanding.

"G&A gross – per boe" is comprised of general and administrative expenses on a gross basis, as determined in accordance with IFRS, divided by boe for the period.

"G&A net – per boe" is comprised of general and administrative expenses on a net basis, as determined in accordance with IFRS, divided by boe for the period.

Oil and Natural Gas Information

Barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is misleading as an indication of value.

Abbreviations

Oil		Natural Gas	
bbl	barrel or barrels	mcf	thousand cubic feet
bbl/d	barrels per day	mcf/d	thousand cubic feet per day
boe	barrel of oil equivalent	mmcf	million cubic feet
boe/d	barrels of oil equivalent per day	mmcf/d	million cubic feet per day
MSW	Mixed Sweet Blend	mmbtu	Million British thermal unit
WTI	West Texas Intermediate	AECO	Alberta benchmark price for natural gas
WCS	Western Canadian Select	NGL	natural gas liquids
		LNG	liquefied natural gas
		NYMEX	New York Mercantile Exchange price for natural gas

References to Q1, Q2, Q3 and Q4 are to the three-month periods ended March 31, June 30, September 30 and December 31, respectively.

Forward-Looking Statements

Certain statements contained in this document constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of the "safe harbour" provisions of applicable securities legislation. In particular, this document contains forward-looking statements pertaining to, without limitation, the following: that following the Pembina Disposition the Company has a more balanced portfolio of heavy and light oil assets; expectations that the Company will grow its Clearwater and Bluesky production through further development and delineation of existing and new fields in the area; the Company's plans to expand its efforts in the Peace River area in 2026 and beyond; the Company's expectations to grow its light oil assets through ongoing development; the Company's plans for future development in the Belly River formation; that the pace and level of future development and growth in both our heavy and light oil assets will be subject to macro-economic environment and the Company's intention to generate acceptable returns and maintain our financial strength; our expectations regarding our NCIB; the factors the Company monitors performance based on; that the safety policies, procedures and programs developed by the Company shall meet or exceed legislative requirements and that all injuries and serious incidents are reported and investigated accordingly; that the Company is committed to mitigating the environmental impacts

of our operations which includes our programs focusing on stakeholder communication, impact mitigation, resource conservation and site abandonment and reclamation; that we are employing a disciplined approach to our plans given the current volatility in commodity prices, and based on our commodity price forecasts results in a small free cash flow positive budget for the year (prior to any potential share repurchases) while marginally growing production; our intention to progress waterflood projects in both the Dawson and Nampa areas; expectations that the Company will continue to monitor commodity prices and have the operational flexibility to alter its program quickly in response to commodity prices; expectations in connection with the Company's compliance with environmental and safety legislation; expectations that the Company will monitor its operations for environmental impacts and allocate capital to reclamation and other activities to mitigate the impact on the areas in which it operates; how we plan to manage our debt portfolio; all information disclosed under "Sensitivity Analysis"; our future payment obligations as disclosed under "Contractual Obligations and Commitments", and in particular the amount of our decommissioning liability; that management contemplates both operating and financial risks and takes action as appropriate to limit the Company's exposure to certain risks and that management maintains close relationships with the Company's lenders and agents to monitor credit market developments, and these actions and plans aim to increase the likelihood of maintaining the Company's financial flexibility and capital program.

With respect to forward-looking statements contained in this document, the Company has made assumptions regarding, among other things: the duration and impact of tariffs that are currently in effect on goods exported from or imported into Canada, and that other than the tariffs that are currently in effect, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, reenacts tariffs that are currently suspended, or imposes new tariffs, on the import of goods from one country to the other, including on oil and natural gas, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas; that the Company does not dispose of or acquire material producing properties or royalties or other interests therein (except as disclosed herein); that regional and/or global health related events will not have any adverse impact on energy demand and commodity prices in the future; global energy policies going forward, including the continued ability and willingness of members of OPEC and other nations to agree on and adhere to production quotas from time to time; our ability to execute our plans as described herein and in our other disclosure documents and the impact that the successful execution of such plans will have on our Company and our stakeholders, including our ability to return capital to shareholders and/or further reduce debt levels; future capital expenditure and decommissioning expenditure levels; expectations and assumptions concerning applicable laws and regulations, including with respect to environmental, safety and tax matters; future operating costs and G&A costs and the impact of inflation thereon; future oil, natural gas liquids and natural gas prices and differentials between light, medium and heavy oil prices and Canadian, WTI and world oil and natural gas prices; future hedging activities; future oil, natural gas liquids and natural gas production levels; future exchange rates, interest rates and inflation rates; future debt levels; our ability to execute our capital programs as planned without significant adverse impacts from various factors beyond our control, including extreme weather events such as wild fires, droughts and flooding, infrastructure access (including the potential for blockades or other activism) and delays in obtaining regulatory approvals and third party consents; the ability of the Company's contractual counterparties to perform their contractual obligations; our ability to obtain equipment in a timely manner to carry out development activities and the costs thereof; our ability to market our oil and natural gas successfully to current and new customers; our ability to obtain financing on acceptable terms, including our ability (if necessary) to extend the revolving period and term out period of our credit facility, our ability to maintain the existing borrowing base under our credit facility, our ability (if necessary) to replace our syndicated bank facility and our ability (if necessary) to finance the repayment of our senior unsecured notes on maturity or pursuant to the terms of the underlying agreement; the accuracy of our estimated reserve volumes; and our ability to add production and reserves through our development and exploitation activities.

The future acquisition by the Company of the Company's common shares pursuant to its share buyback program (including through its NCIB), if any, and the level thereof is uncertain. Any decision to acquire common shares of the Company pursuant to the share buyback program will be subject to the discretion of the board of directors of the Company and may depend on a variety of factors, including, without limitation, the Company's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions and satisfaction of the solvency tests imposed on the Company under applicable corporate law. There can be no assurance of the number of common shares of the Company that the Company will acquire pursuant to its share buyback program, if any, in the future.

Although the Company believes that the expectations reflected in the forward-looking statements contained in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the forward-looking statements contained herein will not be correct, which may cause our actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things: the risk that (i) the tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs that have been threatened are implemented, the tariffs that are currently suspended are reactivated, the rate or scope of tariffs are increased, or new tariffs are imposed, including on oil and natural gas, (ii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Company, including by decreasing demand for (and the price of) oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets, and limiting access to financing; the possibility that we change our budgets (including our capital expenditure budgets) in response to internal and external factors, including those described herein; the possibility that the Company will not be able to continue to successfully execute our business plans and strategies in part or in full, and the possibility that some or all of the benefits that the Company anticipates will accrue to our Company and our stakeholders as a result of the successful execution of such plans and strategies do not materialize (such as our inability to return capital to shareholders and/or reduce our debt levels to the extent anticipated or at all); the impact on energy demand and commodity prices of regional and/or global health related events, and the responses of governments and the public thereto, including the risk of energy demand destruction; the risk that there is another significant decrease in the valuation of oil and natural gas companies and their securities and in confidence in the oil and natural gas industry generally, whether caused by regional and/or global health related events, the worldwide transition towards less reliance on fossil fuels and/or other factors; the risk that the financial capacity of the Company's contractual counterparties is adversely affected and potentially their ability to perform their contractual obligations; the possibility that the revolving period and/or term out period of our credit facility and the maturity date of our senior unsecured notes is not extended (if necessary), that the borrowing base under our credit facility is reduced, that the Company is unable to renew or refinance our credit facilities on acceptable terms or at all and/or finance the repayment of our senior unsecured notes when they mature on acceptable terms or at all and/or obtain new debt and/or equity financing to replace our credit facilities and/or senior unsecured notes or to fund other activities; the possibility that we are forced to shut-in production, whether due to commodity prices decreasing, extreme weather events such as wild fires, inability to access our properties due to blockades or other activism, or other factors; the risk that OPEC and other nations fail to agree on and/or adhere to production quotas from time to time that are sufficient to balance supply and demand fundamentals for oil; general economic and political conditions in Canada, the U.S. and globally, and in particular, the effect that those conditions have on commodity prices and our access to capital; industry conditions, including fluctuations in the price of oil, natural gas liquids and natural gas, price differentials for oil and natural gas produced in Canada as compared to other markets, and transportation restrictions, including pipeline and railway capacity constraints; fluctuations in foreign exchange, including the impact of the Canadian/U.S. dollar exchange rate on our revenues and expenses; fluctuations in interest rates, including the effects of interest rates on our borrowing costs and on economic activity, and including the risk that elevated interest rates cause or contribute to the onset of a recession; the risk that our costs increase due to inflation, supply chain disruptions, scarcity of labour and/or other factors, adversely affecting our profitability; unanticipated operating events or environmental events that can reduce production or cause production to be shut-in or delayed (including extreme cold during winter months, wild fires, flooding and droughts (which could limit our access to the water we require for our operations)); the risk that wars and other armed conflicts adversely affect world economies and the demand for oil and natural gas, including the ongoing war between Russian and Ukraine and/or hostilities in the Middle East and Venezuela; the possibility that fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to fossil fuels, government mandates requiring the sale of electric vehicles and/or electrification of the power grid, and technological advances in fuel economy and renewable energy generation systems could permanently reduce the demand for oil and natural gas and/or permanently impair the Company's ability to obtain financing and/or insurance on acceptable terms or at all, and the possibility that some or all of these

risks are heightened as a result of the response of governments, financial institutions and consumers to regional and/or global health related events and/or the influence of public opinion and/or special interest groups; the risk that the Company may not grow its Clearwater and Bluesky production or establish new fields as anticipated; the risk that the Company's decommissioning liabilities may be greater than anticipated; and the other factors described under "Risk Factors" in our Annual Information Form and described in our public filings, available in Canada at www.sedarplus.ca and in the United States at www.sec.gov. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this document speak only as of the date of this document. Except as expressly required by applicable securities laws, the Company does not undertake any obligation to publicly update any forward-looking statements. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

This document contains future-oriented financial information and financial outlook information (collectively, "FOFI") including all information disclosed under "Sensitivity Analysis" which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. The actual results of operations of the Company and the resulting financial results will likely vary from the amounts set forth herein and such variation may be material. The Company and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, the Company undertakes no obligation to update such FOFI. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about the Company's anticipated future business operations. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

Additional Information

Additional information relating to Obsidian Energy, including Obsidian Energy’s Annual Information Form, is available on the Company’s website at www.obsidianenergy.com, on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov.

Exhibit 99.3

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Obsidian Energy Ltd.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Obsidian Energy Ltd. (the Company) as of December 31, 2025 and 2024, the related consolidated statements of income (loss), changes in shareholders' equity, and cash flows for each of the years then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the financial performance and its cash flows for each of the years then ended, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 18, 2026 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the recoverable amount of the Willesden Green and Peace River cash generating units ("CGUs")

As discussed in Note 3 and Note 4 to the consolidated financial statements, the Company concluded that an indicator of impairment was present related to the Company's Willesden Green and Peace River CGUs. The determination of recoverable amount of a CGU involves numerous estimates, including cash flows associated with estimated proved and probable oil and gas reserves of the CGU (CGU reserves cash flows) and the discount rate. The estimation of CGU reserves cash flows in the reserve report involves the expertise of independent reserves evaluators, who take into consideration assumptions related to forecasted production volumes, royalty, operating and capital costs and commodity prices (collectively, reserve report assumptions). The Company engages independent reserves evaluators to estimate CGU reserves cash flows.

We identified the assessment of the recoverable amount of the Willesden Green and Peace River CGUs as a critical audit matter. Changes in the reserve report assumptions and the discount rate could have had a significant impact on the estimate of the recoverable amount of the CGUs. Complex auditor judgment was required to evaluate the Company's estimate of the CGUs reserves cash flows, the related reserve report assumptions, and the discount rates, which were inputs into the determination of the recoverable amount of the Willesden Green and Peace River

CGUs. Additionally, the evaluation of the recoverable amount required the involvement of valuation professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to the Company's determination of the recoverable amounts of the Willesden Green and Peace River CGUs and controls over the determination of the reserve report assumptions, the resulting CGU reserves cash flows, and the determination of the discount rates. We evaluated the competence, capabilities and objectivity of the independent reserves evaluators engaged by the Company. We evaluated the methodology used by the independent reserves evaluators to estimate the CGUs reserves cash flows for compliance with the applicable regulatory standards. We compared the 2025 actual production volumes, royalty, operating and capital costs for the Company to those assumptions used in the prior year estimate of proved reserves to assess the Company's ability to accurately forecast. We assessed the forecasted commodity prices used in the estimate of the CGUs reserves cash flows by comparing them to those published by other reserve engineering companies. We assessed the forecasted production volumes and forecasted royalty, operating and capital costs assumptions used in the current year estimate of the CGUs reserves cash flows by comparing them to historical results. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the Company's discount rates by comparing the inputs to the discount rates against publicly available market data for comparable assets and entities and assessing the resulting discount rates. The valuation professionals were involved in testing the estimate of the recoverable amount of the Willesden Green and Peace River CGUs using the CGUs reserves cash flows and the discount rates, and comparing the result to the Company's estimate of the recoverable amount.

Assessment of the impact of estimated oil and gas reserves on depletion expense

As discussed in Note 3d(ii) to the consolidated financial statements, the Company depletes its oil and gas properties using the unit-of-production method by depletable area. Except for capitalized costs of components with a useful life shorter than the reserve life of the associated property, capitalized costs for resource properties are depleted using the unit-of-production method based on production volumes before royalties in relation to total proved and probable oil and natural gas reserves by depletable area (area reserves). As discussed in Note 4 to the consolidated financial statements, the Company recorded depletion expense related to oil and gas assets and facilities of $177.9 million for the year ended December 31, 2025. The estimation of area reserves requires the expertise of independent reserves evaluators who take into consideration reserve report assumptions. The Company engages independent reserves evaluators to estimate area reserves.

We identified the assessment of the impact of estimated area reserves on depletion expense related to oil and gas assets and facilities as a critical audit matter. Changes in assumptions used to estimate area reserves could have had a significant impact on the calculation of depletion expense. Complex auditor judgment was required in evaluating the area reserves, and the related reserve report assumptions, which were used in the calculation of depletion expense.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to the calculation of depletion expense and the estimation of area reserves and the underlying reserves report assumptions. We assessed the calculation of depletion expense for compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). We evaluated the competence, capabilities and objectivity of the independent reserves evaluators engaged by the Company. We evaluated the methodology used by the independent reserves evaluators to estimate area reserves for compliance with regulatory standards. We compared 2025 actual production volumes, royalty, operating and capital costs for the Company to those assumptions used in the prior year estimate of proved reserves to assess the Company's ability to accurately forecast. We assessed the forecasted commodity prices used in the estimate of reserves by comparing them to those published by other reserves engineering companies. We assessed the forecasted production volumes and forecasted royalty, operating and capital costs assumptions used in the estimate of the area reserves by comparing them to historical results.

signed "KPMG LLP"

Chartered Professional Accountants
We have served as the Company's auditor since 2021.
Calgary, Canada

February 18, 2026

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Obsidian Energy Ltd.:

Opinion on Internal Control Over Financial Reporting

We have audited Obsidian Energy Ltd.'s (the Company) internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2025 and 2024, the related consolidated statements of income (loss), changes in shareholders' equity, and cash flows for each of the years then ended, and the related notes (collectively, the consolidated financial statements), and our report dated February 18, 2026 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

signed "KPMG LLP"

Chartered Professional Accountants
Calgary, Canada

February 18, 2026

Obsidian Energy Ltd.
Consolidated Balance Sheets

(CAD millions)	Note		2025		As at December 31 2024
Assets					
Current					
Accounts receivable	9	**$**	**56.1**	$	88.0
Risk management	9		**23.0**		8.4
Prepaid expenses and other			**11.0**		12.0
Assets held for sale	5		**-**		383.7
			90.1		492.1
Non-current					
Property, plant and equipment	4		**1,494.5**		1,349.2
Risk management	9		**8.7**		-
Deferred income tax	11		**261.5**		273.3
			1,764.7		1,622.5
Total assets		**$**	**1,854.8**	$	2,114.6
Liabilities and Shareholders' Equity					
Current					
Bank overdraft		**$**	**0.4**	$	0.5
Accounts payable and accrued liabilities			**155.0**		175.8
Current portion of long-term debt	6		**-**		3.0
Current portion of lease liabilities	7		**3.3**		2.1
Current portion of provisions	8		**8.9**		20.4
Risk management	9		**-**		1.3
Liabilities related to assets held for sale	5		**-**		72.2
			167.6		275.3
Non-current					
Long-term debt	6		**179.9**		332.4
Lease liabilities	7		**16.2**		4.5
Provisions	8		**98.3**		96.0
Other non-current liabilities			**1.2**		0.6
			463.2		708.8
Shareholders' equity					
Shareholders' capital	12		**2,084.8**		2,135.2
Other reserves	12		**109.6**		108.6
Deficit			**(802.8)**		(838.0)
			1,391.6		1,405.8
Total liabilities and shareholders' equity		**$**	**1,854.8**	$	2,114.6

Subsequent event (Note 9)
Commitments and contingencies (Note 17)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Directors of Obsidian Energy Ltd.:

"signed" *"signed"*

Gordon M. Ritchie, Chair — Raymond D. Crossley, Director

Obsidian Energy Ltd.
Consolidated Statements of Income (Loss)

(CAD millions, except per share amounts)	Note		2025		Year ended December 31 2024
Production revenues	10	**$**	**599.8**	$	817.5
Processing fees	10		**10.1**		12.4
Royalties			**(73.2)**		(106.5)
Sales of commodities purchased from third parties			**4.1**		7.8
			540.8		731.2
Other income	10		**26.7**		8.6
Risk management gain	9		**3.8**		16.4
			571.3		756.2
Expenses					
Operating	19		**183.5**		208.7
Transportation			**53.4**		57.9
Commodities purchased from third parties			**3.4**		6.5
General and administrative	19		**20.6**		20.5
Share-based compensation	13		**11.7**		8.2
Depletion, depreciation and impairment	4		**203.2**		662.4
Financing	6		**42.1**		52.2
Risk management	9		**-**		1.1
Restructuring			**1.0**		-
Transaction costs			**5.4**		1.4
Other			**-**		2.4
			524.3		1,021.3
Income (loss) before taxes			**47.0**		(265.1)
Deferred income tax (recovery)	11		**11.8**		(62.5)
Net and comprehensive income (loss)		**$**	**35.2**	$	(202.6)
Net income (loss) per share					
Basic		**$**	**0.51**	$	(2.67)
Diluted		**$**	**0.49**	$	(2.67)
Weighted average shares outstanding (millions)					
Basic	14		**69.4**		76.0
Diluted	14		**71.8**		76.0

See accompanying notes to the consolidated financial statements.

Obsidian Energy Ltd.
Consolidated Statements of Cash Flows

(CAD millions)	Note		2025		Year ended December 31 2024
Operating activities					
Net income (loss)		**$**	**35.2**	$	(202.6)
Depletion, depreciation and impairment	4		**203.2**		662.4
Financing	6		**20.0**		20.3
Share-based compensation	13		**8.3**		8.2
Unrealized risk management loss	9		**3.5**		4.7
Unrealized equity forward contract loss	9		**0.6**		-
Gain on share disposition	10		**(15.2)**		-
Deferred income tax (recovery)	11		**11.8**		(62.5)
Decommissioning expenditures	8		**(28.8)**		(23.9)
Equity forward contracts	9		**(28.7)**		-
Onerous office lease settlements	8		**(0.7)**		(9.0)
Change in non-cash working capital	15		**30.6**		(35.7)
			239.8		361.9
Investing activities					
Capital expenditures	4		**(298.9)**		(343.1)
Property acquisitions	4		**(0.3)**		(83.4)
Property dispositions	4		**208.3**		-
Proceeds from share disposition	10		**91.4**		-
Change in non-cash working capital	15		**(17.7)**		(4.0)
			(17.2)		(430.5)
Financing activities					
Increase (decrease) in syndicated credit facility	6		**(216.0)**		117.5
Issuance of senior unsecured notes	6		**175.0**		-
Issuance of term loan			**-**		50.0
Repayment of term loan			**-**		(50.0)
Repayment of senior unsecured notes	6		**(117.7)**		(3.2)
Financing fees paid			**(4.1)**		(1.8)
Lease liabilities settlements	7		**(2.1)**		(2.0)
Exercised compensation plans			**(2.0)**		(1.2)
Repurchase of common shares	12		**(54.9)**		(41.7)
Tax paid on repurchase of common shares			**(0.7)**		-
			(222.5)		67.6
Change in cash and cash equivalents			**0.1**		(1.0)
Cash and cash equivalents (overdraft), beginning of year			**(0.5)**		0.5
Cash and cash equivalents (overdraft), end of year		**$**	**(0.4)**	$	(0.5)
Supplementary information					
Cash interest paid		**$**	**22.0**	$	32.1

See accompanying notes to the consolidated financial statements.

Obsidian Energy Ltd.
Statements of Changes in Shareholders' Equity

(CAD millions)	Note	Shareholders' Capital	Other Reserves	Deficit	Total
Balance at January 1, 2025		$ 2,135.2	$ 108.6	$ (838.0)	$ 1,405.8
Net and comprehensive income		-	-	35.2	35.2
Share-based compensation	13	-	8.3	-	8.3
Issued on exercise of equity compensation plans	12	5.4	(7.3)	-	(1.9)
Repurchase of common shares for cancellation	12	(54.9)	-	-	(54.9)
Tax on repurchases of common shares	12	(0.9)	-	-	(0.9)
Balance at December 31, 2025		**$ 2,084.8**	**$ 109.6**	**$ (802.8)**	**$ 1,391.6**

(CAD millions)	Note	Shareholders' Capital	Other Reserves	Deficit	Total
Balance at January 1, 2024		$ 2,175.1	$ 104.1	$ (635.4)	$ 1,643.8
Net and comprehensive loss		-	-	(202.6)	(202.6)
Share-based compensation	13	-	8.2	-	8.2
Issued on exercise of equity compensation plans	12	2.5	(3.7)	-	(1.2)
Repurchase of common shares for cancellation	12	(41.7)	-	-	(41.7)
Tax on repurchases of common shares	12	(0.7)	-	-	(0.7)
Balance at December 31, 2024		$ 2,135.2	$ 108.6	$ (838.0)	$ 1,405.8

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

(All tabular amounts are in millions of Canadian dollars ("CAD") except numbers of common shares, per share amounts, percentages and various figures in Note 9)

1. Structure of Obsidian Energy

Obsidian Energy Ltd. (“Obsidian Energy”, the “Company”, “we”, “us” or “our”) is an exploration and production company and is governed by the laws of the Province of Alberta, Canada. The Company's registered office is located at Suite 200, 207 - 9th Avenue S.W. Calgary, Alberta, Canada T2P 1K3. The Company operates in one segment, to explore for, develop and hold interests in oil and natural gas properties and related production infrastructure in the Western Canada Sedimentary Basin directly and through investments in securities of subsidiaries holding such interests. Obsidian Energy’s portfolio of assets is managed at an enterprise level, rather than by separate operating segments or business units. The Company assesses our financial performance at the enterprise level and resource allocation decisions are made on a project basis across our portfolio of assets, without regard to the geographic location of projects. Obsidian Energy owns the petroleum and natural gas assets or 100 percent of the equity, directly or indirectly, of the entities that carry on the remainder of the oil and natural gas business of Obsidian Energy.

2. Basis of presentation and statement of compliance

a) Basis of Presentation

The annual consolidated financial statements include the accounts of Obsidian Energy and our wholly owned subsidiaries. Results from acquired properties are included in Obsidian Energy’s reported results subsequent to the closing date and results from properties sold are included until the closing date.

All intercompany balances, transactions, income and expenses are eliminated on consolidation.

Certain comparative figures have been reclassified to correspond with current period presentation.

b) Statement of Compliance

These annual consolidated financial statements are prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The annual consolidated financial statements have been prepared on a historical cost basis, except risk management assets and liabilities which are recorded at fair value as discussed in Note 9.

These annual consolidated financial statements of the Company for the year ended December 31, 2025 were approved for issuance by the Board of Directors on February 18, 2026.

3. Material accounting policies

a) Critical accounting judgments and key estimates and other accounting estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period. These and other estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in these estimates could be material. Estimates are more difficult to determine, and the range of potential outcomes can be wider, in periods of higher volatility and uncertainty. The impacts of events such as geopolitical issues, including tariffs between Canada and the United States of America (and between the United States of America and other countries), and their impact on energy markets and changes in foreign exchange, interest and inflation rates have created a higher level of volatility and uncertainty. Management has, to the extent reasonable, incorporated known facts and circumstances into the estimates made, however, actual results could differ from those estimates and those differences could be material.

Management also makes judgments while applying accounting policies that could affect amounts recorded in its consolidated financial statements. Significant judgments include the identification of cash generating units (“CGUs”) for impairment testing purposes and determining whether a CGU has an impairment or impairment reversal indicator. Additionally, management has performed an assessment of the Company’s ability to comply with liquidity requirements for the 12-month period ending December 31, 2026. This assessment includes judgments relating to future debt arrangements and production volumes, forward commodity pricing, future costs including capital, operating and general and administrative, forward foreign exchange rates, interest rates, and income taxes, all of which are subject to measurement uncertainty.

The following are the estimates that management has made in applying the Company’s material accounting policies that have a material effect on the amounts recognized in the consolidated financial statements.

i) Reserve and resource estimates

Commercial petroleum reserves are determined based on estimates of petroleum-in-place, recovery factors, forecasted production volumes and future oil and natural gas prices and forecasted costs, including operating, royalty and capital expenditures. Obsidian Energy engages an independent qualified reserve evaluator to evaluate all of the Company’s oil and natural gas reserves at each year-end.

Reserve adjustments are made annually based on actual oil and natural gas volumes produced, the results from capital programs, revisions to previous estimates, new discoveries and acquisitions and dispositions made during the year and the effect of changes in forecast future oil and natural gas prices. There are a number of estimates and assumptions that affect the process of evaluating reserves.

Proved reserves are the estimated quantities of oil, natural gas and natural gas liquids determined to be economically recoverable under existing economic and operating conditions with a high degree of certainty (at least 90 percent) those quantities will be exceeded. Proved plus probable reserves are the estimated quantities of oil, natural gas and natural gas liquids ("NGLs") determined to be economically recoverable under existing economic and operating conditions with a 50 percent degree of certainty those quantities will be exceeded. Obsidian Energy reports production and reserve quantities in accordance with Canadian practices and specifically in accordance with “Standards of Disclosure for Oil and Gas Activities” (“NI 51-101”).

The estimate of proved plus probable reserves is an essential part of the depletion calculation and the indicators of impairment or impairment reversal assessment and if necessary, the related impairment test and hence the recorded amount of oil and natural gas assets. The estimate of the cash flows associated with proved and probable reserves are a key component in the indicators of impairment or impairment reversal assessment and if necessary, the related impairment test for property, plant and equipment and the measurement of the deferred income tax asset.

Obsidian Energy cautions users of this information that the process of estimating oil and natural gas reserves is subject to a level of uncertainty. The reserves are based on current and forecast economic and operating conditions; therefore, changes can be made to future assessments as a result of a number of factors, which can include commodity prices, new technology, changing economic conditions, future reservoir performance and forecast development activity.

ii) Recoverability of asset carrying values

Obsidian Energy assesses our property, plant and equipment ("PP&E") for impairment by comparing the carrying amount to the recoverable amount of the underlying assets. The determination of the recoverable amount involves estimating the higher of an asset's fair value less costs of disposal or its value-in-use, which are based on discounted future cash flows using an applicable discount rate. Future cash flows are calculated based on estimates of future proved plus probable reserves using forecasted commodity prices and are discounted using a rate that incorporates management's current assessment of market conditions.

iii) Decommissioning liability

Obsidian Energy recognizes a provision for future abandonment activities in the consolidated financial statements at the net present value of the estimated future expenditures required to settle the estimated obligation at the balance sheet date. The measurement of the decommissioning liability involves the use of estimates and assumptions including the discount rate, the amount and expected timing of future abandonment costs and the inflation rate related thereto. The estimates were made by management and external consultants considering current costs, technology and enacted legislation.

iv) Fair value of risk management contracts

Obsidian Energy records risk management contracts at fair value with changes in fair value recognized in income. The fair values are determined using external counterparty information which is compared to observable market data.

v) Taxation

The calculation of deferred income taxes is based on a number of assumptions including the estimated future cash flows from proved and probable reserves, estimating the future periods in which temporary differences and other tax credits will reverse and the general assumption that substantively enacted future tax rates at the balance sheet date will be in effect when differences reverse.

b) Revenue

Obsidian Energy generally recognizes oil, natural gas and NGLs revenue when title passes from Obsidian Energy to the purchaser or, in the case of services, as contracted services are performed. Production revenues are determined pursuant to the terms outlined in contractual agreements and are based on fixed or variable price components. The transaction price for oil, natural gas and NGLs is based on the commodity price in the month of production, adjusted for various factors including product quality and location. Commodity prices are based on monthly or daily market indices.

Payment is typically on the 25th day of the following month. All of the Company's significant revenue streams are located in Alberta.

Obsidian Energy may purchase commodity products from third parties to utilize in blending activities and then subsequently sell these products to our customers. These transactions are presented as separate revenue and expense items in the Consolidated Statements of Income (Loss).

The Company enters into agreements for other services such as processing third party production, road usage, and other miscellaneous services. Revenue from these arrangements are recorded as processing fees or other income when control passes to the customer, which is generally when the service is provided.

c) Joint arrangements

The consolidated financial statements include Obsidian Energy's proportionate interest of jointly owned assets and liabilities and our proportionate interest of the revenue, royalties and operating expenses. A significant portion of Obsidian Energy's development and exploration activities are conducted jointly with others and involve joint operations. Under such arrangements, Obsidian Energy has the exclusive rights to our proportionate interest in the assets and the economic benefits generated from our share of the assets. Income from the sale or use of Obsidian Energy's interest in joint operations and our share of expenses is recognized when it is probable that the economic benefits associated with the transactions will flow to/from Obsidian Energy and the amounts can be reliably measured.

d) PP&E

i) Measurement and recognition

Oil and natural gas properties are included in PP&E at cost, less accumulated depletion and depreciation and any impairment losses or reversals. The cost of PP&E includes costs incurred initially to acquire or construct the item and betterment costs.

Capital expenditures are recognized as PP&E when it is probable that future economic benefits associated with the investment will flow to Obsidian Energy and the cost can be reliably measured. PP&E includes capital expenditures incurred in the development phases, acquisition of PP&E and additions to the decommissioning liability.

ii) Depletion and Depreciation

Except for components with a useful life shorter than the reserve life of the associated property, resource properties are depleted using the unit-of-production method based on production volumes before royalties in relation to total proved plus probable reserves. Natural gas volumes are converted to equivalent oil volumes based upon the relative energy content of six thousand cubic feet of natural gas to one barrel of oil. In determining our depletion base, Obsidian Energy includes estimated future costs to develop proved plus probable reserves. Changes to reserve estimates are included in the depletion calculation prospectively.

Components of PP&E that are not depleted using the unit-of-production method are depreciated on a straight-line basis over their useful life. Turnarounds of major facilities have an estimated useful life of three to five years and corporate assets have an estimated useful life of 10 years.

iii) Major maintenance and repairs

Ongoing costs to maintain properties are generally expensed as incurred. These costs include the cost of labour, consumables and small parts. The costs of material replacement parts, turnarounds and major inspections are capitalized provided it is probable that future economic benefits in excess of cost will be realized and such benefits are expected to extend beyond the current operating period. The carrying amount of a replaced part is derecognized in accordance with Obsidian Energy's derecognition policies.

iv) Impairment of oil and natural gas properties

Obsidian Energy reviews oil and natural gas properties for circumstances that indicate that CGUs may be impaired or that prior impairments can be reversed at the end of each reporting period. These indicators can be internal such as changes in estimated proved plus probable reserves in the CGU or external such as market conditions. If an indication of impairment or impairment reversal exists, Obsidian Energy completes an impairment test, which compares the estimated recoverable amount to the carrying value. The estimated recoverable amount is defined under IAS 36 ("Impairment of Assets") as the higher of an asset's or CGU's fair value less costs of disposal and its value-in-use.

Where the recoverable amount is less than the carrying amount, the CGU is considered to be impaired. Impairment losses identified for a CGU are allocated on a pro rata basis to the asset categories within the CGU. The impairment loss is recognized as an expense in income.

Value-in-use is computed as the present value of future cash flows expected to be derived from production. Present values are calculated using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Under the fair value less cost of disposal method the recoverable amount is determined using various factors, which can include external factors such as observable market conditions and comparable transactions and internal factors such as discounted cash flows related to reserve and resource studies and future development plans.

The fair value less costs of disposal values used to determine the recoverable amounts of the Company's CGUs are classified as Level 3 fair value measures as certain key assumptions are not based on observable market data but rather management's best estimates.

Impairment losses related to PP&E can be reversed in future periods if the estimated recoverable amount of the asset exceeds the carrying value. The impairment recovery is limited to a maximum of the estimated depleted historical cost if the impairment had not been recognized. The reversal of an impairment loss is recognized in depletion, depreciation and impairment.

e) Share-based payments

The fair value of restricted share units ("RSUs") granted under the Restricted and Performance Share Unit Plan ("RPSU" plan) follows the equity method and recognizes compensation expense with a corresponding increase to other reserves in shareholders' equity over the term of the units based on a graded vesting schedule. Obsidian Energy measures the fair value of units granted under this plan at the grant date using the share price from the Toronto Stock Exchange ("TSX"). The fair value is based on market prices and considers the terms and conditions of the units granted.

The fair value of options ("Options") granted under the Stock Option Plan (the "Option Plan") is recognized as compensation expense with a corresponding increase to other reserves in shareholders' equity over the term of the options based on a graded vesting schedule. Obsidian Energy measures the fair value of options granted under these plans at the grant date using the Black-Scholes option-pricing model. The fair value is based on market prices and considers the terms and conditions of the share options granted.

The fair value of deferred share units ("DSUs") granted under the Deferred Share Unit Plan ("DSU Plan"), awards granted under the Non-Treasury Incentive Award Plan ("NTIP") and performance share units ("PSUs") granted under the RPSU plan follow the liability method and are based on a fair value calculation on each reporting date using the units, awards and PSUs outstanding and Obsidian Energy's share price from the TSX on each balance sheet date. The fair value of the units, awards and PSUs is expensed over the vesting period based on a graded vesting schedule. Subsequent increases and decreases in the underlying share price result in increases and decreases, respectively, to the accrued obligation until the related instruments are settled.

f) Decommissioning liability

The decommissioning liability is the present value of Obsidian Energy's future costs of obligations for property, facility and pipeline abandonment and site restoration. The liability is recognized on the balance sheet with a corresponding increase to the carrying amount of the related asset. The Company uses the credit risk adjusted rate to discount the provision. The recorded liability increases over time to its future estimated amount through accretion charges to income. Revisions to the estimated amount or timing of the obligations are reflected prospectively as increases or decreases to the recorded liability and the related asset. Actual decommissioning expenditures, up to the recorded amount of the liability at the time, are charged to the liability as the costs are incurred. Amounts capitalized to the related assets are depleted to income consistent with the depletion or depreciation of the underlying asset.

g) Taxation

Income taxes are based on taxable income in a taxation year. Taxable income normally differs from income reported in the Consolidated Statements of Income (Loss) as it excludes items of income or expense that are taxable or deductible in other years or are not taxable or deductible for income tax purposes.

Obsidian Energy uses the liability method of accounting for deferred income taxes. Temporary differences are calculated assuming that the financial assets and liabilities will be settled at their carrying amount. Deferred income

taxes are computed on temporary differences using substantively enacted income tax rates expected to apply when deferred income tax assets and liabilities are realized or settled.

A deferred income tax asset is recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized. Deferred income tax assets are reviewed at each reporting date and are not recognized until such time that it is probable that the related tax benefit will be realized.

h) Financial instruments

Classification and Measurement of Financial Instruments

The classification of financial assets is determined by their context in Obsidian Energy's operations and by the characteristics of the financial asset's contractual cash flows.

Financial assets and financial liabilities are measured at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification, as described below:

- Cash and cash equivalents (which includes cash and bank overdrafts), accounts receivable, accounts payable and accrued liabilities, lease liabilities and long-term debt are measured at amortized cost.
- Risk management contracts, all of which are derivatives, are measured initially at fair value through profit or loss and are subsequently measured at fair value with changes in fair value immediately recorded to earnings in the Consolidated Statements of Income (Loss).

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Impairment of Financial Assets

Financial assets are assessed using an expected credit loss ("ECL") model. The ECL model applies to financial assets measured at amortized cost, a lease receivable, a contract asset or a loan commitment and a financial guarantee.

i) Embedded derivatives

An embedded derivative is a component of a contract that affects the terms of another factor. These "hybrid" contracts are considered to consist of a "host" contract plus an embedded derivative. The embedded derivative is separated from the host contract and accounted for as a derivative if the following conditions are met:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- The embedded item, itself, meets the definition of a derivative; and
- The hybrid contract is not measured at fair value or designated as held for trading.

j) Classification of debt or equity

Obsidian Energy classifies financial liabilities and equity instruments in accordance with the substance of the contractual arrangement and the definitions of a financial liability or an equity instrument.

Obsidian Energy's debt instruments currently have requirements to deliver cash at the end of the term thus are classified as liabilities.

k) Government Grants

Obsidian Energy recognizes government grants as they are received or if there is reasonable assurance that the Company is in compliance with all associated conditions. The grant is recognized within the Consolidated Statements of Income (Loss) in the period in which the income is earned or the related expenditures are incurred. If the grant relates to an asset, it is recognized as a reduction to the carrying value of the asset and amortized into income over the expected useful life of the asset through lower depletion and depreciation.

l) Share capital

Under the Company's normal course issuer bid ("NCIB"), common shares repurchased and cancelled are accounted for as a reduction in Shareholders' capital based on the total consideration paid. The total consideration paid includes any commissions or fees paid as part of the transaction.

m) Assets held for sale

The Company classifies assets as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The sale transaction must be highly probable with the asset available for immediate sale in its present condition at the balance sheet date. For the sale to be highly probable, management must be committed to a plan to sell the asset and an active program to locate a buyer has been initiated. The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value and the sale should be expected to be completed within one year from the date of classification.

n) Future accounting pronouncements

The International Accounting Standards Board issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures with the intention to clarify the date of recognition and derecognition of some financial assets and liabilities. The amendments are effective January 1, 2026 with early adoption permitted. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements has been issued which will replace IAS 1 Presentation of Financial Statements. The new standard establishes a revised structure for the consolidated statements of comprehensive profit with the intention to improve comparability across entities. IFRS 18 is effective for annual periods beginning on or after January 1, 2027 and will be applied retroactively. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

4. Property, plant and equipment

Oil and Gas assets/ Facilities, Corporate assets

Cost

	Oil and gas assets/Facilities	Corporate assets	Total
Balance at January 1, 2024	$ 11,044.6	$ 179.2	$ 11,223.8
Capital expenditures	342.3	0.8	343.1
Property acquisitions	84.9	-	84.9
Property dispositions	(1.5)	-	(1.5)
Transfer to assets held for sale	(3,256.0)	-	(3,256.0)
Change in decommissioning liability [1]	22.7	-	22.7
Balance at December 31, 2024	**8,237.0**	**180.0**	**8,417.0**
Capital expenditures [2]	**277.8**	**1.5**	**279.3**
Property acquisitions	**15.0**	**-**	**15.0**
Change in decommissioning liability [1]	**9.6**	**-**	**9.6**
Balance at December 31, 2025	**$ 8,539.4**	**$ 181.5**	**$ 8,720.9**

(1)Includes additions from drilling activity, facility capital spending, disposals from net property dispositions and changes in estimates as outlined in Note 8.
(2)Capital expenditures totaled $298.9 million including $19.6 million associated with the disposed Pembina Assets (defined below).

Accumulated depletion, depreciation and impairment

	Oil and gas assets/Facilities	Corporate assets	Total
Balance at January 1, 2024	$ 9,110.3	$ 176.7	$ 9,287.0
Depletion and depreciation	244.9	0.4	245.3
Impairments	415.3	-	415.3
Transfer to assets held for sale	(2,874.4)	-	(2,874.4)
Balance at December 31, 2024	**6,896.1**	**177.1**	**7,073.2**
Depletion and depreciation	**177.9**	**0.4**	**178.3**
Impairment reversal	**(6.8)**	**-**	**(6.8)**
Balance at December 31, 2025	**$ 7,067.2**	**$ 177.5**	**$ 7,244.7**

Net book value

		As at December 31
	2025	2024
Total	**$ 1,476.2**	$ 1,343.8

At December 31, 2025, future development costs of $1,213.2 million were included within the depletable base in the depletion and depreciation calculation (2024 - $1,699.4 million).

Right-of-use assets

The following table includes a break-down of the categories for right-of-use assets.

Cost

	Vehicle	Office	Surface	Facilities	Total
Balance, January 1, 2024	$ 10.0	$ 2.7	$ 2.1	$ -	$ 14.8
Additions (dispositions)	1.0	(1.0)	-	-	-
Balance, December 31, 2024	11.0	1.7	2.1	-	14.8
Additions (dispositions)	0.6	-	(1.3)	15.3	14.6
Balance, December 31, 2025	**$ 11.6**	**$ 1.7**	**$ 0.8**	**$ 15.3**	**$ 29.4**

Accumulated depletion, depreciation and impairment

	Vehicle	Office	Surface	Facilities	Total
Balance, January 1, 2024	$ 7.3	$ -	$ 0.3	$ -	$ 7.6
Depreciation	1.8	-	-	-	1.8
Balance, December 31, 2024	9.1	-	0.3	-	9.4
Depreciation	1.2	0.5	(0.1)	0.1	1.7
Balance, December 31, 2025	**$ 10.3**	**$ 0.5**	**$ 0.2**	**$ 0.1**	**$ 11.1**

Net book value

		As at December 31
	2025	2024
Total	**$ 18.3**	$ 5.4

Total PP&E

Total PP&E including Oil and Gas assets, Facilities, Corporate assets and Right-of-use assets is as follows:

				As at December 31
PP&E		**2025**		2024
Oil and Gas assets/Facilities, Corporate assets	**$**	**1,476.2**	$	1,343.8
Right-of-use assets		**18.3**		5.4
Total	**$**	**1,494.5**	$	1,349.2

Pembina Disposition

On April 7, 2025, the Company closed the disposition (the "Pembina Disposition") of our operated Pembina assets (the "Pembina Assets") to InPlay Oil Corp. ("InPlay"). Total consideration for the transaction included $208.3 million of cash (inclusive of final closing adjustments), 9,139,784 common shares of InPlay ("InPlay Shares") at a value of $76.2 million and a $14.7 million value associated with acquiring InPlay's 34.6 percent interest in the Willesden Green Cardium Unit #2 property.

During the third quarter of 2025, the Company sold all of our InPlay Shares for total proceeds of $91.4 million and recorded a $15.2 million gain on the sale within Other Income on the Consolidated Statements of Income (Loss).

Impairments

Willesden Green/Peace River/Viking CGUs

At December 31, 2025, the Company completed an assessment to determine if indicators of impairment existed as a result of the lower near-term commodity price environment. This resulted in the Company completing impairment tests across our Willesden Green, Peace River and Viking CGUs. The impairment tests were completed following the value-in-use method and utilized after-tax discount rates between 10.5 - 11.5 percent (pre-tax rate of 13.5 - 14.5 percent). No impairment or impairment reversal was recorded based on the tests.

The following table outlines benchmark prices and assumptions, based on an average of three independent reserve evaluators' forecasts (GLJ Ltd., McDaniel & Associates Consultants and Sproule ERCE), used in completing the impairment tests as at December 31, 2025.

		WTI ($US/bbl)		AECO ($CAD/MMbtu)		Exchange rate ($US equals $1 CAD)	Inflation rate
2026	$	59.92	$	3.00	$	0.73	0.00%
2027		65.10		3.30		0.74	2.00%
2028		70.28		3.49		0.74	2.00%
2029		71.93		3.58		0.74	2.00%
2030		73.37		3.65		0.74	2.00%
2031 – 2036	$	78.69	$	3.92	$	0.74	2.00%
Thereafter (inflation percentage)		2.00%		2.00%		-	2.00%

The following table outlines the sensitivity to possible changes of the estimated recoverable amount on the Willesden Green, Peace River and Viking CGUs based on the impairment tests completed on December 31, 2025.

		Recoverable amount		1% change in discount rate		5% change in cash flows
Willesden Green	$	908.8	$	54.6	$	67.3
Peace River		536.8		28.6		45.5
Viking	$	47.2	$	3.6	$	5.4

Pembina Assets

The Pembina Assets were classified as held for sale in 2024 and up to the disposition date in April 2025. The Pembina Assets were recorded at the lesser of fair value less costs to sell and their carrying amount, resulting in a non-cash, before tax, impairment loss of $30.0 million in 2025, primarily due to the decrease in value of the InPlay Shares at closing of the disposition. The impairment was recorded within depletion, depreciation and impairment on the Consolidated Statements of Income (Loss).

Legacy CGU

In 2025, we recorded an impairment reversal of $6.8 million in our Legacy CGU due to a reduction in the decommissioning liability in the area. The Legacy CGU has no recoverable amount, as such changes in our decommissioning liability are expensed or recovered as applicable each period.

Prior year impairments

Cardium CGU (now referred to as Willesden Green)

At December 31, 2024, as a result of the Company classifying our Pembina Assets as assets held for sale, the Company concluded that an indicator of impairment was present for the remaining assets within our Cardium CGU, predominately in Willesden Green. The Company completed an impairment test on the remaining assets following the value-in-use method and utilized an after-tax discount rate of 12.0 percent (pre-tax rate of 15.1 percent) and no further impairment or impairment reversal was recorded based on the test.

The following table outlines benchmark prices and assumptions, based on an average of three independent reserve evaluators' forecasts (GLJ Ltd., McDaniel & Associates Consultants and Sproule ERCE), used in completing the impairment test as at December 31, 2024.

	WTI ($US/bbl)	AECO ($CAD/MMbtu)	Exchange rate ($US equals $1 CAD)	Inflation rate
2025	$ 71.58	$ 2.36	$ 0.71	0.00%
2026	74.48	3.33	0.73	2.00%
2027	75.81	3.48	0.74	2.00%
2028	77.66	3.69	0.74	2.00%
2029	79.22	3.76	0.74	2.00%
2030 – 2035	$ 84.95	$ 4.03	$ 0.74	2.00%
Thereafter (inflation percentage)	2.00%	2.00%	-	2.00%

The following table outlines the sensitivity to possible changes of the estimated recoverable amount for the remaining assets within our Cardium CGU (Willesden Green) that had an impairment test completed on December 31, 2024.

	Recoverable amount	1% change in discount rate	5% change in cash flows
Willesden Green	$ 881.6	$ 51.7	$ 62.0

Legacy CGU

In 2024, we recorded a net impairment of $19.9 million in our Legacy CGU due to accelerated decommissioning spending in the area and changes to our decommissioning liability assumptions.

Peace River Acquisition

On June 26, 2024 the Company closed an asset acquisition, which included production and land in the Peace River area, for total consideration of $80.5 million, including closing adjustments. The Company funded the transaction through a $50.0 million term loan with the remainder drawn on our syndicated credit facility. The Company fully repaid the $50.0 term loan as at December 31, 2024.

Transaction costs associated with the acquisition totaled $1.4 million and were expensed.

5. Assets and liabilities held for sale

Assets and liabilities classified as held for sale consisted of the following:

				As at December 31
		2025		2024
Assets held for sale				
Prepaid expenses and other	**$**	**-**	$	2.1
Property, plant and equipment		**-**		381.6
	$	**-**	$	383.7
Liabilities related to assets held for sale				
Current portion of decommissioning liability	**$**	**-**	$	5.8
Non-current portion of decommissioning liability		**-**		66.4
	$	**-**	$	72.2

On December 31, 2024, the Company classified our Pembina Assets as assets held for sale. These assets were recorded at the lesser of fair value less costs to sell and their carrying amount, resulting in a non-cash, before-tax, impairment loss of $395.4 million. The impairment expense was recorded as additional depletion, depreciation, and impairment on the Consolidated Statements of Income (Loss).

6. Long-term debt

				As at December 31
		2025		2024
Syndicated credit facility	**$**	**9.0**	$	225.0
Senior unsecured notes				
8.125% $175.0 million, maturing December 3, 2030		**175.0**		-
11.95% $80.8 million, maturing July 27, 2027		**-**		114.2
Total		**184.0**		339.2
Unamortized discount of senior unsecured notes		**-**		(1.1)
Deferred financing costs		**(4.1)**		(2.7)
Total long-term debt	**$**	**179.9**	$	335.4
Current portion	**$**	**-**	$	3.0
Non-current portion	**$**	**179.9**	$	332.4

The Company has a reserve-based syndicated credit facility which is subject to a semi-annual borrowing base redetermination (typically completed in May and November of each year). The aggregate amount available under the syndicated credit facility is $235.0 million and the revolving period and maturity dates are set at May 31, 2026 and May 31, 2027, respectively.

In December 2025, the Company completed a refinancing and issued five-year senior unsecured notes for an aggregate principal amount of $175.0 million (the "2025 Notes"). The 2025 Notes have an interest rate of 8.125 percent and mature on December 3, 2030. The 2025 Notes were issued at par under a trust indenture and are direct senior unsecured obligations of Obsidian Energy ranking equal with all other present and future senior unsecured indebtedness of the Company. The Company used the net proceeds from the 2025 Notes to redeem all of our previous outstanding senior unsecured notes due July 27, 2027 ("2022 Notes") at a price of $1,029.88 per $1,000 principal amount, and to pay down indebtedness under our syndicated credit facility.

Prior to the full redemption of the 2022 Notes, in August 2025, the Company completed a partial redemption of $30.0 million of the 2022 Notes at a price of $1,029.88 per $1,000 principal amount.

At December 31, 2025, letters of credit totaling $2.5 million were outstanding (December 31, 2024 – $4.4 million) that reduce the amount otherwise available to be drawn on our syndicated credit facility.

Financing expense consists of the following:

	Year ended December 31	
	2025	2024
Interest	**$ 22.1**	$ 31.9
Accretion on decommissioning liability	**12.2**	16.5
Accretion on office lease provision	**-**	0.3
Accretion on discount of senior unsecured notes	**0.4**	0.5
Accretion on lease liabilities	**0.4**	0.6
Loss on repurchased/redeemed senior unsecured notes	**5.3**	0.1
Deferred financing costs	**1.7**	2.3
Financing	**$ 42.1**	$ 52.2

7. Lease liabilities

Obsidian Energy recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use asset is depreciated generally over the term of the lease. The lease liability is initially measured at the present value of the lease payments discounted at the Company's incremental borrowing rates between 6 - 10 percent based on the nature of the asset.

Total lease liabilities included in the Consolidated Balance Sheets are as follows:

	Year ended December 31	
	2025	2024
Balance, beginning of year	**$ 6.6**	$ 8.0
Additions	**14.6**	-
Accretion charges	**0.4**	0.6
Lease payments	**(2.1)**	(2.0)
Balance, end of year	**$ 19.5**	$ 6.6
Current portion	**$ 3.3**	$ 2.1
Non-current portion	**$ 16.2**	$ 4.5

The following table sets out a maturity analysis of lease payments, disclosing the undiscounted balance after December 31, 2025.

	2026	2027	2028	2029	2030	Thereafter	Total
Vehicle	**$ 1.1**	$ 0.6	$ 0.1	$ -	$ -	$ -	$ 1.8
Office	**0.7**	0.8	0.5	-	-	-	2.0
Surface	**-**	-	-	-	-	1.1	1.1
Facilities	**1.5**	1.5	1.5	1.5	1.5	17.4	24.9
Total	**$ 3.3**	$ 2.9	$ 2.1	$ 1.5	$ 1.5	$ 18.5	$ 29.8

8. Provisions

	As at December 31	
	2025	2024
Decommissioning liability	**$ 107.2**	$ 115.7
Office lease provision [(1)]	**-**	0.7
Total	**$ 107.2**	$ 116.4
Current portion	**$ 8.9**	$ 20.4
Non-current portion	**$ 98.3**	$ 96.0

(1)The office lease provision represented the leased office space which expired in January 2025.

Decommissioning liability

The decommissioning liability is based on the present value of Obsidian Energy's net share of estimated future costs of obligations to abandon and reclaim all our wells, facilities and pipelines. These estimates were made by management using information obtained from government estimates, internal analysis and external consultants assuming current costs, technology and enacted legislation.

At December 31, 2025, the decommissioning liability was determined by applying an inflation factor of 2.0 percent (December 31, 2024 - 2.0 percent) and the inflated amount was discounted using a credit-adjusted rate of 8.0 percent (December 31, 2024 – 10.0 percent) over the expected useful life of the underlying assets. Decommissioning activities occur over the life of the underlying oil and gas properties with costs extending 50 years into the future (see Note 17 for further information on timing of our decommissioning liability). At December 31, 2025, the total decommissioning liability on an undiscounted, uninflated basis was $324.0 million (December 31, 2024 - $357.0 million).

Changes to the decommissioning liability were as follows:

			Year ended December 31	
		2025		2024
Balance, beginning of year	**$**	**115.7**	$	172.6
Net liabilities added [(1)]		**2.0**		2.0
Acquisition		**-**		0.4
Increase due to changes in estimates		**7.0**		20.3
Liabilities settled		**(28.8)**		(23.9)
Transfers to liabilities for assets held for sale		**(0.9)**		(72.2)
Accretion charges		**12.2**		16.5
Balance, end of year	**$**	**107.2**	$	115.7
Current portion	**$**	**8.9**	$	19.7
Non-current portion	**$**	**98.3**	$	96.0

(1)Includes additions from drilling activity, facility capital spending and disposals related to net property dispositions.

9. Risk management

Financial instruments consist of cash (overdrafts), accounts receivable, fair values of derivative financial instruments, accounts payable and accrued liabilities and long-term debt. At December 31, 2025, the fair values of these financial instruments approximate their carrying amounts.

The fair values of all outstanding financial commodity related and equity forward contracts are reflected on the Consolidated Balance Sheets with the changes during the period recorded in income as unrealized gains or losses for financial commodity contracts and in share-based compensation for equity forward contracts.

At December 31, 2025 and 2024, the only asset or liability measured at fair value on a recurring basis was the risk management asset and liability, which was valued based on "Level 2 inputs" being quoted prices in markets that are not active or based on prices that are observable for the asset or liability.

The following table reconciles the changes in the fair value of financial instruments outstanding:

				Year ended December 31
Risk management asset (liability)		**2025**		2024
Balance, beginning of year	**$**	**7.1**	$	11.8
Unrealized gain (loss) on financial instruments:				
Oil		**(3.3)**		3.3
Natural gas		**(0.2)**		(8.5)
Equity [(1)]		**(0.6)**		-
Electricity		**-**		0.5
Equity Forward Contract		**28.7**		-
Total fair value, end of year	**$**	**31.7**	$	7.1
Current asset portion	**$**	**23.0**	$	8.4
Current liability portion		**-**		(1.3)
Non-current asset portion		**8.7**		-
Non-current liability portion	**$**	**-**	$	-

(1)Unrealized gain (loss) on equity forward contracts is included in share-based compensation expense.

Obsidian Energy records our risk management assets and liabilities on a net basis in the Consolidated Balance Sheets. At December 31, 2025 and 2024, there were no differences between the gross and net amounts.

Obsidian Energy had the following financial instruments outstanding as at December 31, 2025. Fair values are determined using external counterparty information, which is compared to observable market data. The Company limits our credit risk by executing counterparty risk procedures which include transacting only with institutions within our syndicated credit facility or companies with high credit ratings and by obtaining financial security in certain circumstances.

Commodity contracts

	Notional Volume (mcf/d)	**Remaining Term**		**Price (C$/mcf)**		**Fair value (millions)**
Natural Gas						
AECO Swap	26,540	January 2026 - March 2026	$	3.30	$	1.0
AECO Swap	29,384	April 2026 - October 2026		2.81		2.5
AECO Swap	1,896	November 2026 - March 2027	$	3.73	$	0.1
Total natural gas					**$**	**3.6**
Total					**$**	**3.6**

Subsequent to December 31, 2025, the Company entered into the following additional commodity contracts:

	Notional Volume (bbl/d)	**Remaining Term**		**Price ($/bbl)**
Oil				
WTI Swap	6,127	January 2026	CAD$	84.12
WTI Swap	13,298	February 2026	US$	62.47
WTI Swap	12,800	March 2026	US$	64.13
WTI Swap	8,000	April 2026	US$	64.29
WTI Swap	2,000	May 2026	US$	63.70

	Notional Volume (mcf/d)	**Remaining Term**		**Price (C$/mcf)**
Natural Gas				
AECO Swap	5,993	April 2026 - October 2026	$	2.03

The components of risk management on the Consolidated Statements of Income (Loss) are as follows:

		Year ended December 31	
	2025		2024
Realized			
Settlement of oil contracts gain (loss)	**$**	**(0.6)**	$ 1.9
Settlement of natural gas contracts gain		**7.9**	19.7
Total realized risk management gain	**$**	**7.3**	$ 21.6
Unrealized			
Oil contracts gain (loss)	**$**	**(3.3)**	$ 3.3
Natural gas contracts loss		**(0.2)**	(8.5)
Total unrealized risk management loss		**(3.5)**	(5.2)
Risk management gain	**$**	**3.8**	$ 16.4

Prepaid Equity Forward Contracts

Obsidian Energy is exposed to equity price risk on our common share price in relation to our share-based compensation plans. Given the value of our share-based compensation plans fluctuates based on the Company's common share price on the TSX at each period end date, the Company helps mitigate this exposure by entering into equity forward contracts. Unrealized and realized gains/losses on our equity forward contracts for the period are recorded through share-based compensation.

	Share Volume	**Remaining Term [(1)]**	**Price (C$)**	**Fair value (millions)**
Equity				
Equity Forward Contract	720,000	September 2028	$ 8.89	$ 6.1
Equity Forward Contract	1,300,000	October 2028	8.72	10.9
Equity Forward Contract	550,000	November 2028	8.43	4.6
Equity Forward Contract	715,000	December 2028	8.31	6.0
Equity Forward Contract	55,000	January 2029	$ 8.44	$ 0.5
Total				**$ 28.1**

(1)The Company can settle the contract, or a portion of the contract, at any time.

Subsequent to December 31, 2025, the Company entered into the following additional equity forward contracts:

	Share Volume	**Remaining Term**	**Price (C$)**
Equity			
Equity Forward Contract	395,000	January 2029	$ 8.81
Equity Forward Contract	555,000	February 2029	$ 10.10

Based on commodity prices and equity contracts in place at December 31, 2025, the Company notes the following sensitivities:

- a $0.10 change in the price per mcf of natural gas would change pre-tax unrealized risk management by $0.9 million; and
- a 10 per cent change in our share price would change pre-tax unrealized risk management by $2.9 million.

Foreign Exchange Forward Contracts

Obsidian Energy is exposed to fluctuations in the US/CAD exchange rate on oil sales based on US dollar benchmark prices. The Company mitigates this exposure by entering into foreign exchange forward contracts. No contracts were outstanding at December 31, 2025.

Subsequent to December 31, 2025, the Company entered into the following foreign exchange forward contracts:

	Notional Amount ($millions)	Remaining Term		Price (C$)
Foreign exchange forward contracts				
FX forward contract	2.5	January 2026	$	1.3840
FX forward contract	19.0	February 2026		1.3719
FX forward contract	16.0	March 2026		1.3686
FX forward contract	13.5	April 2026	$	1.3650

Market Risks

Obsidian Energy is exposed to normal market risks inherent in the oil and natural gas business, including, but not limited to, commodity price risk, foreign currency rate risk, credit risk, interest rate risk, liquidity risk, inflation risk, geopolitical risk and climate change risk. The Company seeks to mitigate these risks through various business processes and management controls and from time to time by using financial instruments.

The government of the United States of America continues to employ a tariff strategy on goods that are sourced in Canada and around the world. If tariffs are enforced for a prolonged period of time, it could impact the demand for energy products and, in turn, commodity prices. Production costs and supply chain expenses could also be impacted depending on the products that have tariffs placed on them. The Company will continue to monitor this situation.

Commodity Price and Foreign Currency Rate Risks

Commodity price fluctuations are among the Company's most significant exposures. Oil prices are influenced by worldwide factors, including, but not limited to, OPEC actions, world supply and demand fundamentals, pipeline capacity availability and geopolitical events. Natural gas prices are influenced by, including, but not limited to, the price of alternative fuel sources such as oil or coal and by North American natural gas supply and demand fundamentals including the levels of industrial activity, weather, storage levels and liquefied natural gas activity. In accordance with policies approved by Obsidian Energy's Board of Directors, the Company may, from time to time, manage these risks through the use of swaps or other financial instruments up to a maximum of 50 percent of forecast sales volumes, net of royalties, for the balance of any current year plus one additional year forward and up to a maximum of 25 percent, net of royalties, for one additional year thereafter. Risk management limits included in Obsidian Energy's policies may be exceeded with specific approval from the Board of Directors.

Prices received for oil are referenced in US dollars, thus Obsidian Energy's realized oil prices are impacted by Canadian dollar to US dollar exchange rates. When considered appropriate, the Company may use financial instruments to fix or collar future exchange rates to fix the Canadian dollar equivalent of oil revenues.

The Board of Directors recently approved the following modifications to our hedging policy as follows:

Oil

- Hedge up to 50% of oil production volumes net of royalties on a rolling 15-month period, with up to 80% in the prompt three months.

Natural Gas

- Hedge up to 80% of net gas production volumes on a rolling basis for the current and next gas season (i.e. current summer plus next winter season).

Foreign Exchange on Revenue

- Allow for hedges on liquid volumes (i.e. oil and natural gas liquids) in Canadian dollars on 80% of the associated direct United States foreign exchange revenue exposure, net of royalties, on a rolling 12-month basis and 50% on a rolling 13 - 18 month basis.

Credit Risk

Credit risk is the risk of loss if purchasers or counterparties do not fulfill their contractual obligations. As at December 31, 2025, the Company's maximum exposure to credit risk was $87.8 million (2024 – $96.4 million) which was comprised of $56.1 million (2024 - $88.0 million) being the carrying value of the accounts receivable and $31.7 million (2024 – $8.4 million) related to the fair value of the derivative financial assets.

The Company's accounts receivable are principally with customers in the oil and natural gas industry and are generally subject to normal industry credit risk, which includes the ability to recover unpaid receivables by retaining the partner's share of production when Obsidian Energy is the operator or the potential to net offsetting payables to mitigate exposure. Obsidian Energy continuously monitors credit risk and maintains credit policies to ensure collection risk is limited. For oil and natural gas sales and financial derivatives, a counterparty risk procedure is followed whereby each counterparty is reviewed on a regular basis for the purpose of assigning a credit limit and may be requested to provide security if determined to be prudent. For financial derivatives, the Company normally transacts with counterparties who are members of our banking syndicate or counterparties that have investment grade bond ratings. Credit events related to all counterparties are monitored and credit exposures are reassessed on a regular basis.

At December 31, 2025, $2.1 million of accounts receivable are past due (90+ days) but are considered to be collectible (2024 - $1.9 million). The lifetime expected credit losses allowances related to Obsidian Energy's commodity product sales receivables and joint venture receivables recognized in accounts receivable was nominal as at and for the years ended December 31, 2025 and 2024.

As at December 31, the following accounts receivable amounts were outstanding:

		Current		30-90 days		90+ days		Total
2025	**$**	**50.8**	**$**	**3.2**	**$**	**2.1**	**$**	**56.1**
2024	$	82.8	$	3.3	$	1.9	$	88.0

Interest Rate Risk

A portion of the Company's debt capital can be held in floating-rate bank facilities, which results in exposure to fluctuations in short-term interest rates. From time to time, Obsidian Energy may increase the certainty of our future interest rates by entering fixed interest rate debt instruments or by using financial instruments to swap floating interest rates for fixed rates or to collar interest rates. As at December 31, 2025, five percent of the Company's long-term debt instruments were exposed to changes in short-term interest rates (2024 – 66 percent).

As at December 31, 2025, a total of $175.0 million (2024 – $114.2 million) of fixed interest rate debt instruments was outstanding with a remaining term of 4.9 years (2024 – 2.6 years) and an interest rate of 8.125 percent (2024– 11.95 percent).

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial liabilities as they come due. Management utilizes short and long-term financial and capital forecasting programs to ensure credit facilities are sufficient relative to forecast debt levels and capital program levels are appropriate. Management also regularly reviews capital markets to identify opportunities to optimize the debt capital structure on a cost-effective basis. In the short term, liquidity is managed through daily cash management activities, short-term financing strategies and the use of swaps and other financial instruments to increase the predictability of cash flow from operating activities.

The following table outlines estimated future obligations for non-derivative financial liabilities as at December 31, 2025:

	Long-term debt	Accounts payable & accrued liabilities	Share-based compensation accrual	**Total**
2026	$ -	$ 136.3	$ 18.7	**$ 155.0**
2027	9.0	-	-	**9.0**
2028	-	-	1.2	**1.2**
2029	-	-	-	**-**
2030	175.0	-	-	**175.0**
Thereafter	$ -	$ -	$ -	**$ -**

Climate Change Risk

The Company has considered the impact of climate change and related risks on the amounts recorded in the financial statements for the year ended December 31, 2025. This includes, but is not limited to, the Company's impairment assessment, the timing of decommissioning liabilities, current assets and liabilities, syndicated credit facility, capital expenditures and property, plant and equipment.

The Company's financial results for 2025 were not materially impacted from a climate event. In 2025, the Company did not incur material weather related damages to our property, plant and equipment. Management is not aware of a material disruption in our supply chain or the marketers of the Company's product related to climate events. The Company will continue to monitor climate change and the potential impacts.

10. Revenue and Other Income

The Company's significant revenue and other income streams consist of the following:

		Year ended December 31
	2025	2024
Oil	**$ 527.0**	$ 723.7
NGLs	**35.8**	54.1
Natural gas	**37.0**	39.7
Production revenues	**599.8**	817.5
Processing fees	**10.1**	12.4
Oil and natural gas sales	**609.9**	829.9
Other income	**26.7**	8.6
Oil and natural gas sales and other income	**$ 636.6**	$ 838.5

Other income typically consists of road use income which totaled $6.7 million for 2025 (2024 - $8.6 million).

In 2025, the Company received dividends on our InPlay Shares (received as part of the consideration in the Pembina Disposition) and recorded this income within Other Income. InPlay paid a cash dividend of $0.09 per common share per month, resulting in the Company receiving $3.3 million in dividend income in 2025 before the Company disposed of the InPlay Shares.

In August 2025, the Company sold all of our InPlay Shares to a third party. This consisted of selling 9,139,784 InPlay Shares, at a price per InPlay Share of $10.00 for total proceeds of $91.4 million, which resulted in a $15.2 million gain on the sale of these shares which was recorded in Other Income.

11. Income taxes

The provision for income taxes reflects an effective tax rate that differs from the combined federal and provincial statutory tax rate as follows:

		Year ended December 31		
		2025		2024
Income (loss) before taxes	**$**	**47.0**	$	(265.1)
Combined statutory tax rate [(1)]		**23.0%**		23.0%
Computed income tax expense	**$**	**10.8**	$	(61.0)
Increase (decrease) resulting from:				
Share-based compensation		**0.5**		0.5
Non-taxable loss on repurchase of senior unsecured notes		**1.2**		-
Non-taxable dividend income		**(0.8)**		-
Adjustments related to prior years		**-**		(0.9)
Other		**0.1**		(1.1)
Deferred income tax expense (recovery)	**$**	**11.8**	$	(62.5)

(1)The tax rate represents the combined federal and provincial statutory tax rates for the Company and our subsidiaries for the years ended December 31, 2025 and December 31, 2024.

The net deferred income tax asset is comprised of the following:

		Balance January 1, 2025		Provision (Recovery) in Income		**Balance December 31, 2025**
Deferred tax liabilities (assets)						
PP&E	$	165.7	$	(120.4)	**$**	**45.3**
Leases		(1.7)		(2.8)		**(4.5)**
Risk Management		1.6		(0.9)		**0.7**
Decommissioning liability		(43.2)		18.6		**(24.6)**
Share-based compensation		(6.2)		0.2		**(6.0)**
Non-capital losses		(389.5)		117.1		**(272.4)**
Net deferred tax liability (asset)	$	(273.3)	$	11.8	**$**	**(261.5)**

		Balance January 1, 2024		Provision (Recovery) in Income		Balance December 31, 2024
Deferred tax liabilities (assets)						
PP&E	$	247.9	$	(82.2)	$	165.7
Leases		(4.0)		2.3		(1.7)
Risk Management		2.7		(1.1)		1.6
Decommissioning liability		(39.7)		(3.5)		(43.2)
Share-based compensation		(7.4)		1.2		(6.2)
Non-capital losses		(410.3)		20.8		(389.5)
Net deferred tax liability (asset)	$	(210.8)	$	(62.5)	$	(273.3)

As at December 31, 2025, Obsidian Energy had approximately $2.2 billion (2024 – $2.4 billion) in total tax pools, including non-capital losses of $1.2 billion (2024 - $1.7 billion). The non-capital losses are available for immediate deduction against future taxable income and expire in the years 2026 through 2041. The Company also had approximately $61.3 million of Federal Scientific Research and Experimental Development (SR&ED) credits which expire in the years 2029 through 2036.

Deferred income tax assets may only be recognized to the extent that it is probable that future taxable profits will be available against which unused tax losses and deductible temporary differences can be utilized. The Company expects to have sufficient taxable profits in future years in order to fully utilize the remaining deferred tax asset balance of $261.5 million at December 31, 2025.

At December 31, 2025, Obsidian Energy had realized and unrealized net capital losses of $839.0 million (2024 - $837.7 million). A deferred tax asset has not been recognized in respect of these losses as they may only be applied against future capital gains.

The Company has income tax filings that are subject to audit by taxation authorities, which may impact our deferred income tax position or amount. The Company does not anticipate adjustments arising from these audits and believes we have adequately provided for income taxes based on available information, however, adjustments that arise could be material.

12. Shareholders' equity

a) Authorized

i) An unlimited number of Common Shares.

ii) 90,000,000 preferred shares issuable in one or more series.

If issued, preferred shares of each series would rank on parity with the preferred shares of other series with respect to accumulated dividends and return on capital. Preferred shares would have priority over the common shares with respect to the payment of dividends or the distribution of assets.

b) Issued

Shareholders' capital	**Common Shares**		**Amount**
Balance, December 31, 2023	77,588,538	$	2,175.1
Issued pursuant to equity compensation plans [(1)]	581,084		2.5
Repurchase of common shares for cancellation	(4,484,820)		(41.7)
Tax on repurchases of common shares [(2)]	-		(0.7)
Balance, December 31, 2024	**73,684,802**		**2,135.2**
Issued pursuant to equity compensation plans [(1)]	**1,210,911**		**5.4**
Repurchase of common shares for cancellation	**(7,621,387)**		**(54.9)**
Tax on repurchases of common shares [(2)]	**-**		**(0.9)**
Balance, December 31, 2025	**67,274,326**	**$**	**2,084.8**

(1)Upon vesting or exercise of equity awards, the net benefit is recorded as a reduction of other reserves and an increase to shareholders' capital.
(2)Includes tax associated with common share repurchases less common share issuances under the Company's share-based compensation plans.

Normal course issuer bid ("NCIB")

Pursuant to our return of capital initiative to our shareholders, the Company has an NCIB with the TSX. Purchases under the NCIB are subject to having $65 million of liquidity and complying with the terms of our current credit facilities. The total consideration paid includes commissions and fees and is recorded as a reduction to Shareholders' Equity.

The Company's NCIB program consisted of the following:

			Year ended December 31	
		2025		2024
Number of common shares repurchased		**7,621,387**		4,484,820
Total consideration for common shares repurchased	**$**	**54.9**	$	41.7
Average price per share	**$**	**7.20**	$	9.30

The Company renewed our NCIB in March 2025 and subsequently repurchased and cancelled 7,144,408 common shares which is the maximum number of common shares which could be repurchased under the NCIB.

			Year ended December 31	
Other Reserves		**2025**		2024
Balance, beginning of year	**$**	**108.6**	$	104.1
Share-based compensation expense		**8.3**		8.2
Net benefit on options exercised [(1)]		**(7.3)**		(3.7)
Balance, end of year	**$**	**109.6**	$	108.6

(1)Upon exercise of options, the net benefit is recorded as a reduction of other reserves and an increase to shareholders' capital.

Preferred Shares

No Preferred Shares were issued or outstanding.

13. Share-based compensation

Share-based compensation expense relates to Options to acquire common shares granted under the Company's Option Plan, RSUs granted under the RPSU plan, DSUs granted under the DSU plan, PSUs granted under the RPSU plan and unrealized gains or losses under the equity forward contracts.

The DSU's and PSU's follow the liability method of accounting where the change in share price at the balance sheet date results in a mark-to-market valuation. Settlement of the units or awards, which can be in the form of cash or shares, only occurs when they vest. To mitigate the exposure to fluctuations in our share price, in the third quarter of 2025, the Company began entering into equity forward contracts and the mark-to-market valuation on these contracts is also included in share-based compensation.

The Options and RSU's follow the equity method of accounting where the fair value of the option or unit is calculated at the grant date and expensed over the expected life because these securities are typically settled in shares.

Share-based compensation consisted of the following:

			Year ended December 31	
		2025		2024
DSUs	**$**	**1.0**	$	(0.6)
PSUs		**1.8**		(0.5)
NTIP [(1)]		**-**		1.1
Equity forward contract loss [(2)]		**0.6**		-
Liability based incentive plans	**$**	**3.4**	$	-
RSUs	**$**	**6.2**	$	6.1
Options		**2.1**		2.1
Equity based incentive plans		**8.3**		8.2
Share-based compensation	**$**	**11.7**	$	8.2

(1)Restricted awards outstanding under the Non-Treasury Incentive Award Plan ("NTIP") were classified as a liability and were settled in cash. There were no outstanding restricted awards under the NTIP at December 31, 2025.
(2)Relates to the equity forward contracts entered into to mitigate the Company's exposure to our share-based compensation plans.

The share price used in the fair value calculation of the DSU and PSU obligations and the equity forward contracts at December 31, 2025 was $8.42 per share (2024 – $8.36). The unrealized loss on the equity forward contract at December 31, 2025 was based on an average valuation of $8.62 per share compared to the fair value of $8.42 per share.

Restricted and Performance Share Unit plan

RSU grants under the RPSU plan

Obsidian Energy awards RSU grants under the RPSU plan whereby employees receive consideration that fluctuates based on the Company's share price on the TSX. Consideration can be in the form of cash or shares purchased on the open market or issued from treasury.

	Year ended December 31	
RSUs (number of shares equivalent)	**2025**	2024
Outstanding, beginning of year	**1,559,563**	1,290,042
Granted	**859,920**	713,910
Vested [(1)]	**(848,812)**	(363,484)
Forfeited	**(153,519)**	(80,905)
Outstanding, end of year	**1,417,152**	1,559,563

(1) Vested RSUs in 2025 and 2024 were settled in shares.

The fair value and weighted average assumptions of the RSUs granted during the years were as follows:

		Year ended December 31	
		2025	2024
Average fair value of RSUs granted (per RSU)	**$**	**7.50**	$ 9.66
Expected life of RSUs (years)		**3.0**	3.0
Expected forfeiture rate		**0.1%**	0.1%

PSU grants under the RPSU plan

The RPSU plan allows Obsidian Energy to grant PSUs to employees of the Company.

The PSUs are classified as a liability on our Consolidated Balance Sheets as the PSUs are typically settled in cash. The PSU liability fluctuates based on the Company's share price on the TSX at each period end date. Employees receive consideration only when the PSUs vest.

	Year ended December 31	
PSUs (number of shares equivalent)	**2025**	2024
Outstanding, beginning of year	**635,910**	896,690
Granted	**438,140**	271,940
Vested [(1)]	**(124,610)**	(532,720)
Forfeited	**(1,620)**	-
Outstanding, end of year	**947,820**	635,910

(1) Vested PSUs in 2025 and 2024 were settled in cash.

		As at December 31	
PSU liability		**2025**	2024
Current	**$**	**1.2**	$ 1.5
Non-current		**1.2**	0.6
Total	**$**	**2.4**	$ 2.1

Option Plan

The Option Plan allows the Company to issue Options to officers, employees, directors and other service providers.

	Year ended December 31			
	2025		2024	
Options	**Number of Options**	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**2,240,120**	**$ 4.59**	2,305,489	$ 3.30
Granted	**521,070**	**7.46**	336,210	9.65
Exercised [1]	**(779,722)**	**1.64**	(401,579)	1.39
Forfeited	**(3,240)**	**9.65**	-	-
Outstanding, end of year	**1,978,228**	**$ 6.50**	2,240,120	$ 4.59
Exercisable, end of year	**1,290,527**	**$ 5.39**	1,414,406	$ 3.51

(1) Exercised options in 2025 and 2024 were settled in shares.

The weighted average trading price of the Company's common shares was $7.87 for the year ended December 31, 2025 (December 31, 2024 - $9.32).

The fair value and weighted average assumptions of the Options granted during the years were as follows:

		Year ended December 31	
	2025		2024
Average fair value of Options granted (per Option)	**$ 4.35**	$	6.41
Expected volatility	**69.5%**		76.7%
Expected life of Options (years)	**4.8**		4.5
Expected forfeiture rate	**0.1%**		0.2%

Deferred Share Unit plan

The DSU plan allows the Company to grant DSUs to non-employee directors only.

The DSU plan is classified as a liability on our Consolidated Balance Sheets as the DSUs are settled in cash. The DSU liability fluctuates based on the Company’s share price on the TSX at each period end date. Non-employee directors receive consideration only upon redemption of the DSUs following retirement from the Board of Directors, not before this date, with the consideration based on the volume-weighted-average trading price of the common shares on the TSX.

	Year ended December 31	
Deferred Share Units	**2025**	2024
Outstanding, beginning of year	**1,960,272**	1,893,280
Granted	**101,658**	66,992
Outstanding, end of year	**2,061,930**	1,960,272

		As at December 31	
DSU Liability	**2025**		2024
Current	**$ 17.5**	$	16.5
Total	**$ 17.5**	$	16.5

In 2025, none of the DSUs were redeemed (2024 - none). At December 31, 2025, the Company had no outstanding DSUs that were redeemable.

Employee retirement savings plan

Obsidian Energy has an employee retirement savings plan (the “savings plan”) for the benefit of all employees. Under the savings plan, employees may elect to contribute up to 10 percent of their salary and Obsidian Energy matches these contributions at a rate of $1.00 for each $1.00 of employee contribution; provided that in order for an employee to receive the full matching contribution they must allocate at least 25 percent (50 percent for officers) of their contribution towards the purchase of Obsidian Energy shares. Both the employee’s and Obsidian Energy’s contributions are used to acquire Obsidian Energy common shares or are placed in low-risk investments. Shares are purchased in the open market at prevailing market prices.

14. Per share amounts

The number of incremental shares included in diluted earnings per share is computed using the average volume-weighted market price of shares for the year. Obsidian Energy computes the dilutive impact of the equity instruments other than common shares assuming the proceeds received from the exercise of the in-the-money Options and the vesting of RSUs under the RPSU plan are used to purchase common shares at average market prices.

			Year ended December 31	
		2025		2024
Net income (loss)	**$**	**35.2**	$	(202.6)

The weighted average number of shares used to calculate per share amounts was as follows:

		Year ended December 31
Average shares outstanding (millions)	**2025**	2024
Basic	**69.4**	76.0
Dilutive impact [(1)]	**2.4**	-
Diluted	**71.8**	76.0

(1)Includes impact of stock options, RSUs and PSUs.

For 2025, there were 1.1 million shares on a weighted average basis (2024 – 0.7 million) related to options outstanding under the Option Plan plus RSUs and PSUs outstanding under the RPSU plan that were considered anti-dilutive and/or not in the money and that have been excluded.

15. Changes in non-cash working capital increase (decrease)

			Year ended December 31	
		2025		2024
Accounts receivable	**$**	**31.9**	$	(18.0)
Prepaid expenses and other		**1.4**		(1.3)
Accounts payable, accrued liabilities and other non-current liabilities [(1)]		**(20.4)**		(20.4)
		12.9		(39.7)
Operating activities		**30.6**		(35.7)
Investing activities		**(17.7)**		(4.0)
	$	**12.9**	$	(39.7)

(1)Includes share-based compensation plans.

16. Capital management

Obsidian Energy manages our capital to provide a flexible structure to support capital programs, production maintenance and other operational strategies. Attaining a strong financial position enables the capture of business opportunities and supports Obsidian Energy's business strategy of providing strong shareholder returns.

Obsidian Energy defines capital as the sum of shareholders' equity and debt. Shareholders' equity includes shareholders' capital, other reserves and the deficit. Debt includes drawings under our syndicated credit facility and our senior unsecured notes.

Management reviews Obsidian Energy's capital structure to allow our objectives and strategies to be met. The capital structure is reviewed based on a number of key factors including, but not limited to, current market conditions, hedging positions, trailing and forecast debt to funds flow ratios and other economic risk factors.

The Company intends to continue to identify and evaluate hedging opportunities in order to reduce our exposure to fluctuations in commodity prices and protect our future cash flows and capital programs.

		2025		As at December 31 2024
Components of capital				
Shareholders' equity	**$**	**1,391.6**	$	1,405.8
Long-term debt	**$**	**184.0**	$	339.2

17. Commitments and contingencies

Obsidian Energy is committed to certain payments over the next five calendar years and thereafter as follows:

		2026		2027		2028		2029		2030		Thereafter		Total
Long-term debt [1]	**$**	**-**	$	9.0	$	-	$	-	$	175.0	$	-	$	184.0
Transportation		**16.9**		14.5		12.0		12.1		5.7		-		61.2
Interest obligations		**14.7**		14.4		14.2		14.2		14.2		-		71.7
Lease liability		**3.3**		2.9		2.1		1.5		1.5		18.5		29.8
Decommissioning liability [2]		**8.9**		12.2		11.5		10.9		10.3		53.4		107.2
Total	**$**	**43.8**	$	53.0	$	39.8	$	38.7	$	206.7	$	71.9	$	453.9

(1)The 2027 figure includes our syndicated credit facility which has a term-out date of May 2027. The 2030 figure includes our senior unsecured notes due in December 2030. Refer to Note 6 for further details. Historically, the Company has successfully renewed its syndicated credit facility.
(2)These amounts represent the inflated, discounted future reclamation and abandonment costs that are expected to be incurred over the life of the Company's properties.

Obsidian Energy's commitments relate to the following:

- Transportation commitments relate to costs for future pipeline access.
- Interest obligations are the estimated future interest payments related to Obsidian Energy's debt instruments.
- Lease liabilities pertain to various vehicle, surface lease commitments, the office lease and various facilities that meet the definition of a lease under IFRS 16.
- The decommissioning liability represents the inflated, discounted future reclamation and abandonment costs that are expected to be incurred over the life of our properties.

The Company is involved in various litigation and claims in the normal course of business and records provisions for claims as required.

18. Related-party transactions

Operating entities

The consolidated financial statements include the results of Obsidian Energy Ltd. and our wholly owned subsidiaries, including the Obsidian Energy Partnership. Transactions and balances between Obsidian Energy Ltd. and all of our subsidiaries are eliminated upon consolidation.

Compensation of key management personnel

In 2025, key management personnel included the President and Chief Executive Officer, Chief Financial Officer, Senior Vice-Presidents, Vice Presidents and the Board of Directors. The Human Resources, Governance & Compensation Committee makes recommendations to the Board of Directors who approves the appropriate remuneration levels for management based on performance and current market trends. Compensation levels of the Board of Directors are also recommended by the Human Resources, Governance & Compensation Committee of the Board.

The remuneration of the directors and key management personnel of Obsidian Energy during the year is below.

		Year ended December 31	
		2025	2024
Salary and employee benefits	**$**	**4.6**	$ 4.4
Share-based payments [1]		**6.1**	1.9
	$	**10.7**	$ 6.3

(1)Includes changes in the fair value of PSUs, DSUs and non-cash charges related to the Option Plan and RSUs outstanding under the RPSU plan (equity method) for key management personnel.

19. Supplemental Items

In the consolidated financial statements, compensation costs are included in both operating and general and administrative expenses. For 2025, employee compensation costs of $10.9 million (2024 - $15.6 million) were included in operating expenses and $27.4 million (2024 - $26.9 million) were included in general and administrative expenses on a gross basis.

Exhibit 99.4

SUPPLEMENTARY OIL AND GAS INFORMATION - (UNAUDITED)

The disclosures contained in this section provide oil and gas information in accordance with the U.S. standard, “Extractive Activities – Oil and Gas”. Obsidian Energy’s financial reporting is prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

For the years ended December 31, 2025 and 2024, Obsidian Energy has filed our reserves information under National Instrument 51-101 – “Standards of Disclosure of Oil and Gas Activities” (“NI 51-101”), which prescribes the standards for the preparation and disclosure of reserves and related information for companies listed in Canada.

There are significant differences to the type of volumes disclosed and the basis from which the volumes are economically determined under the United States Securities and Exchange Commission (“SEC”) requirements and NI 51-101. The SEC requires disclosure of net reserves, after royalties, using 12-month average prices and current costs; whereas NI 51-101 requires gross reserves, before royalties, using forecast pricing and costs. Therefore, the difference between the reported numbers under the two disclosure standards can be material.

For the purposes of determining proved oil and natural gas reserves for SEC requirements as at December 31, 2025 and 2024, Obsidian Energy used the 12-month average price, defined by the SEC as the unweighted arithmetic average of the first day-of-the-month price for each month within the 12-month period prior to the end of the reporting period.

NET PROVED OIL AND NATURAL GAS RESERVES

Obsidian Energy engaged independent qualified reserve evaluator, GLJ Ltd. (“GLJ”), to evaluate Obsidian Energy’s proved developed and proved undeveloped oil and natural gas reserves as at December 31, 2025 and 2024. As at December 31, 2025 and 2024, all of Obsidian Energy’s oil and natural gas reserves are located in Canada. The changes in the Company’s net proved reserve quantities are outlined below.

Net reserves include Obsidian Energy’s remaining working interest and royalty reserves, less all Crown, freehold, and overriding royalties and other interests that are not owned by Obsidian Energy.

Proved reserves are those estimated quantities of oil, natural gas and natural gas liquids that can be estimated with a high degree of certainty to be economically recoverable under existing economic and operating conditions.

Proved developed reserves are those proved 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 to put the reserves on production. Proved developed reserves may be subdivided into producing and non-producing.

Proved undeveloped reserves are those reserves that are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production.

Obsidian Energy cautions users of this information as the process of estimating oil and natural gas reserves is subject to a level of uncertainty. The reserves are based on economic and operating conditions; therefore, changes can be made to future assessments as a result of a number of factors, which can include new technology, changing economic conditions and development activity.

YEAR ENDED DECEMBER 31, 2025
CONSTANT PRICES AND COSTS

Net Proved Developed and Proved Undeveloped Reserves [1]	Light and Medium Oil (mmbbl)	Heavy Oil (mmbbl)	Natural Gas (bcf)	Coal bed methane (bcf)	Natural Gas Liquids (mmbbl)	Barrels of Oil Equivalent (mmboe)
December 31, 2024	50	23	254	-	12	128
Extensions & Discoveries	1	6	7	-	-	8
Improved Recovery & Infill Drilling	1	-	6	-	-	3
Technical Revisions	-	1	30	-	2	7
Acquisitions	1	-	6	-	-	2
Dispositions	(28)	-	(83)	-	(3)	(45)
Production	(3)	(4)	(19)	-	(1)	(11)
Change for the year	(28)	3	(54)	-	(2)	(36)
December 31, 2025	22	26	201	-	11	92
Developed	11	16	111	-	5	50
Undeveloped	11	10	90	-	6	42
Total [2]	22	26	201	-	11	92

(1)Columns may not add due to rounding.
(2)Obsidian Energy does not file any estimates of total net proved oil or natural gas reserves with any U.S. federal authority or agency other than the SEC.

YEAR ENDED DECEMBER 31, 2024
CONSTANT PRICES AND COSTS

Net Proved Developed and Proved Undeveloped Reserves [1]	Light and Medium Oil (mmbbl)	Heavy Oil (mmbbl)	Natural Gas (bcf)	Coal bed methane (bcf)	Natural Gas Liquids (mmbbl)	Barrels of Oil Equivalent (mmboe)
December 31, 2023	51	12	276	-	11	121
Extensions & Discoveries	-	8	4	-	-	9
Improved Recovery & Infill Drilling	3	-	9	-	1	5
Technical Revisions	-	1	(9)	-	1	2
Acquisitions	-	5	-	-	-	5
Dispositions	-	-	-	-	-	-
Production	(5)	(3)	(26)	-	(1)	(14)
Change for the year	(1)	11	(22)	-	1	7
December 31, 2024	50	23	254	-	12	128
Developed	30	14	149	-	6	75
Undeveloped	20	9	105	-	6	53
Total [2]	50	23	254	-	12	128

(1)Columns may not add due to rounding.
(2)Obsidian Energy does not file any estimates of total net proved oil or natural gas reserves with any U.S. federal authority or agency other than the SEC.

In 2025, the Company continued development and delineation in our Peace River (heavy oil) and Willesden Green (light oil) areas. In Peace River we focused on primary development in the Clearwater and Bluesky and advanced our waterflood initiatives with two pilots in the area. In Willesden Green, we began our program mid-year and drilled wells in the Cardium as well as in the emerging Belly River formation. A total of 75 (66.8 net) wells were drilled with 64 (59.1 net) wells brought on production.

In April 2025, the Company sold our operated Pembina assets and this transaction predominately accounts for the dispositions noted in the table above.

In the prior year, in 2024, the Company accelerated activity in Peace River which led to production growth in the area. The Company remained active in our light oil assets as we maintained production levels in that area. In 2024, a total of 84 (71.6 net) wells were drilled with 82 (70.0 net) wells brought on production.

CAPITALIZED COSTS

As at December 31, ($CAD millions)		2025		2024
Proved oil and gas properties	$	8,539.4	$	8,237.0
Unproved oil and gas properties		-		-
Total capitalized costs		8,539.4		8,237.0
Accumulated depletion and depreciation		(7,067.2)		(6,896.1)
Net capitalized costs [(1)]	$	1,472.2	$	1,340.9

(1)Excludes the carrying value of proved oil and gas properties of $381.6 million classified as asset held for sale in 2024.

COSTS INCURRED

For the years ended December 31, ($CAD millions)		2025		2024
Property acquisition costs				
Proved oil and gas properties	$	15.0	$	84.9
Unproved oil and gas properties		12.7		0.5
Exploration costs [(1)]		0.5		-
Development costs [(2)]		284.2		342.3
Change in decommissioning liability estimate		9.6		22.7
Capital expenditures	$	322.0	$	450.4

(1)Cost of geological and geophysical capital expenditures and costs on exploratory plays.
(2)Includes equipping and facilities capital expenditures.

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS AND CHANGES THEREIN

The standardized measure of discounted future net cash flows is based on estimates made by GLJ for 2025 and 2024 of net proved reserves. Future cash inflows are computed based on constant prices and cost assumptions from annual future production of proved oil and natural gas reserves. Future development and production costs are based on constant price assumptions and assume the continuation of existing economic conditions. Constant prices are calculated as the unweighted arithmetic average of the first day of the month price for each month for the prior 12-month calendar period. Income taxes are calculated by applying statutory income tax rates in effect at the end of the fiscal period. The standardized measure of discounted future net cash flows is computed using a 10 percent discount factor.

Obsidian Energy cautions users of this information that the discounted future net cash flows relating to proved oil and natural gas reserves are neither an indication of the fair market value of our oil and natural gas properties, nor of the future net cash flows expected to be generated from such properties. The discounted future cash flows do not include the fair market value of exploratory properties and probable or possible oil and natural gas reserves, nor is consideration given to the effect of anticipated future changes in oil and natural gas prices, development, asset retirement and production costs and possible changes to tax and royalty regulations. The prescribed discount rate of 10 percent is arbitrary and may not reflect applicable future interest rates.

STANDARD MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS

For the years ended December 31, ($CAD millions)		2025		2024
Future cash inflows	$	4,921	$	8,266
Future production costs		(1,883)		(3,681)
Future development/ abandonment costs		(1,036)		(1,612)
Undiscounted pre-tax cash flows		2,002		2,973
Income taxes		-		(184)
Future net cash flows		2,002		2,789
Less 10% annual discount factor		(730)		(994)
Standardized measure of discounted future net cash flows	$	1,272	$	1,795

STANDARD MEASURE OF DISCOUNTED FUTURE NET CASH FLOW

For the years ended December 31, ($CAD millions)		2025		2024
Standardized measure of discounted future net cash flows at beginning of year	$	1,795	$	1,855
Oil and gas sales during period net of production costs and royalties [1]		(306)		(460)
Changes due to prices and royalties [2]		(483)		(309)
Actual development costs during the period [3]		297		342
Changes in future development costs [4]		(19)		28
Changes resulting from extensions, infills and improved recovery [5]		179		210
Changes resulting from discoveries [5]		-		-
Changes resulting from acquisitions of reserves [5]		22		72
Changes resulting from dispositions of reserves [5]		(480)		-
Accretion of discount [6]		168		172
Net change in income tax [7]		54		29
Changes resulting from other changes and technical reserves revisions plus effects on timing [5]		(47)		247
All other changes [8]		90		(390)
Standardized measure of discounted future net cash flows at end of year	$	1,272	$	1,795

(1)Company actual before income taxes, excluding general and administrative expenses.
(2)The impact of changes in prices and other economic factors on future net revenue.
(3)Actual capital expenditures relating to the exploration, development and production of oil and gas reserves.
(4)The change in forecast development costs.
(5)End of period net present value of the related reserves.
(6)Estimated as 10 percent of the beginning of period net present value and the period forecast before tax cashflow net present value.
(7)The difference between forecast income taxes at beginning of period and the actual taxes for the period plus forecast income taxes at the end of period.
(8)Includes changes due to revised production profiles, development timing, operating costs, royalty rates and actual prices received versus forecast, etc.

Exhibit 99.5

CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934

I, Stephen E. Loukas, certify that:

1. I have reviewed this annual report on Form 40-F of Obsidian Energy Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Dated: February 19, 2026

/s/ Stephen E. Loukas

Stephen E. Loukas
President and Chief Executive Officer

Exhibit 99.6

CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934

I, Peter D. Scott, certify that:

1. I have reviewed this annual report on Form 40-F of Obsidian Energy Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Dated: February 19, 2026

/s/ Peter D. Scott

Peter D. Scott
Senior Vice President and Chief Financial Officer

Exhibit 99.7

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Obsidian Energy Ltd. (the "Company") on Form 40-F for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen E. Loukas, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Stephen E. Loukas
Stephen E. Loukas
President and Chief Executive Officer

February 19, 2026

Exhibit 99.8

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Obsidian Energy Ltd. (the "Company") on Form 40-F for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter D. Scott, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Peter D. Scott
Peter D. Scott
Senior Vice President and Chief Financial Officer

February 19, 2026

Exhibit 99.9



KPMG LLP
KPMG Tower 2200, 240 Fourth Ave SW Calgary AB T2P 4H4
Canada
Tel 403 691 8000
Fax 403 691 8008

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Obsidian Energy Ltd. We consent to the use of:

- our report dated February 18, 2026 on the consolidated financial statements of Obsidian Energy Ltd. (the Company) which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the related consolidated statements of income (loss), changes in shareholders' equity and cash flows for each of the years then ended, and the related notes; and
- our report dated February 18, 2026 on the effectiveness of the Company's internal control over financial reporting as of December 31, 2025

each of which is included in the Annual Report on Form 40-F of the Company for the fiscal year ended December 31, 2025.

We also consent to the incorporation by reference of such reports in the Registration Statement No. 333-281223 on Form F-3 and in the Registration Statement No. 333-290751 on Form S-8 of the Company.

/s/ KPMG LLP
Chartered Professional Accountants Calgary, Canada
February 19, 2026

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Exhibit 99.10

February 19, 2026

Securities and Exchange Commission (SEC)

Re: Reserves Assessment and Evaluation of Canadian Oil and Gas properties of Obsidian Energy Ltd. (As of December 31, 2025))

We refer to our report dated January 23, 2026, entitled “Reserves Assessment and Evaluation of Canadian Oil and Gas Properties of Obsidian Energy Ltd. (As of December 31, 2025)” (the “GLJ Report”).

We hereby consent to the inclusion of, or incorporation by, reference of and reference to, the GLJ Report in Obsidian Energy Ltd.’s:

(i) Annual Report on Form 40-F for the year ended December 31, 2025

(ii) press release regarding 2025 year-end results;

(iii) Registration Statement (No. 333-281223) on Form F-3 of Obsidian Energy Ltd.

(collectively, the "**Disclosure Documents**").

We have read the Disclosure Documents and have no reason to believe that there are any misrepresentations in the information contained therein that is derived from the GLJ Report, or that is within our knowledge as a result of the services performed by us in connection with the GLJ Report.

Yours truly,

GLJ LTD.

Original signed by Scott M. Quinell
Scott M. Quinell, P. Eng.
Vice President, Corporate Evaluations