

A black and white photograph of a city skyline, likely Calgary, Alberta, Canada. The image shows a dense cluster of skyscrapers, including the Calgary Tower, and a large, curved stadium in the foreground. The sky is overcast with clouds. The bottom portion of the image is overlaid with a purple, faceted geometric pattern.

Additional Details on Proposed Long Term Incentive (LTI) Plan Amendments

July 2020

Contents

- What features are contained within the OBE LTI Plans?
- How are the OBE LTI Plans approved?
- How do the proposed amendments change the plans and what are the limitations?
- What is the value of the proposed 2020 LTI Plan and how does it compare with our Peers?
- How does the maximum percentage dilution of the proposed LTI Plans compare with our Peers?
- Q&A's



What features are contained within the OBE LTI Plans?

- The OBE LTI Plan* includes all security-based compensation (SBC) including the RPSU Plan and the Stock Option Plan (SOP)
- There are three primary award tools to employees and insiders within the LTI Plan - Restricted Share Units, Performance Share Units & Stock Options

Restricted & Performance Share Units (RPSUs)

Restricted Share Units

Future payments in either OBE Shares or cash based on the value of an OBE Share at the time of vesting. Each grant of Restricted Share Units typically vests one-third per year over three years

Performance Share Units

Future payout in either cash or OBE Shares between 0% and 200% contingent upon shareholder returns relative to a peer group of companies over the performance period of three years

Stock Options

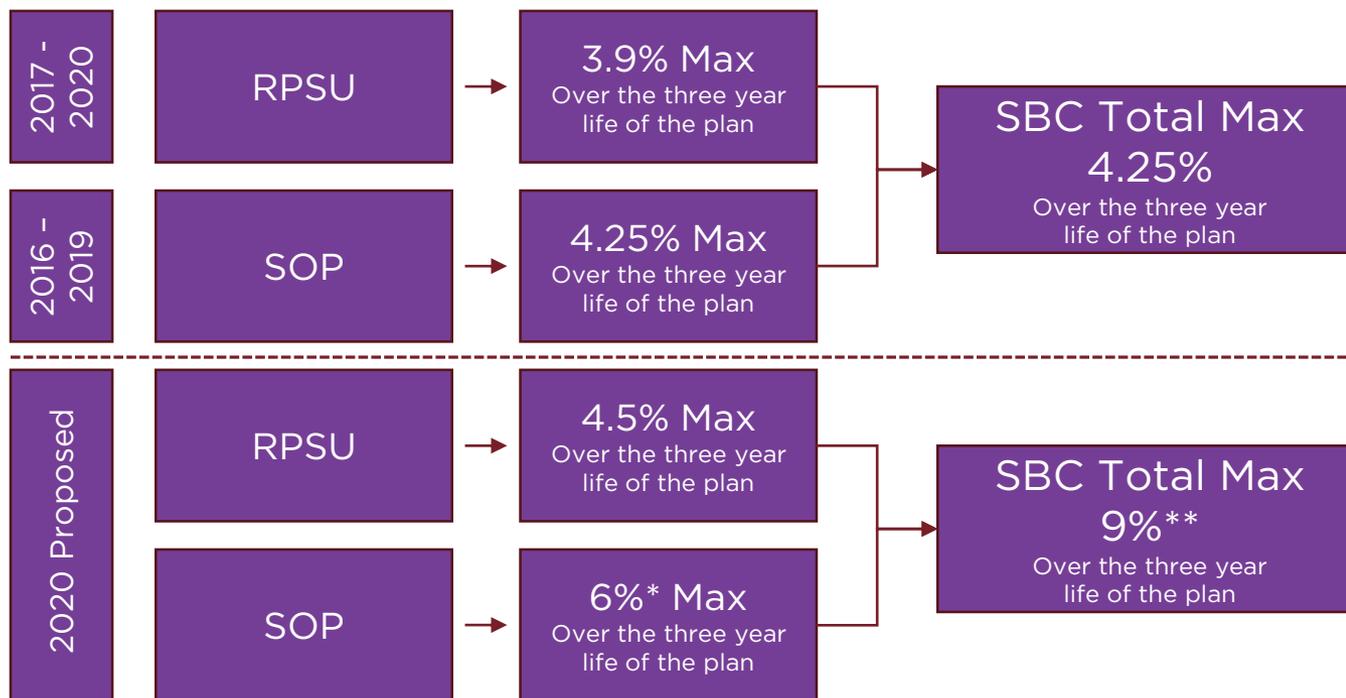
Stock options are only exercised if the price of OBE Shares exceeds that of the grant price and the stock option has vested. Stock options typically vest one-quarter per year over four years and expire at five years

** The foregoing description of the plans and amendments to the plans are qualified in its entirety by the 2020 Management Information Circular and Proxy Statements (Circular) and the full text of the plans attached therein. Please see our website, SEDAR or EDGAR for a copy.*

How are the OBE LTI Plans approved?

- The OBE RPSU and Stock Options Plans are both rolling plans and therefore require shareholder approval every three years pursuant to the rules of the TSX in order to be eligible for use
- The RPSU Plan was last voted on in 2017 and achieved 95% shareholder support. The Stock Option Plan was last voted on in 2016 and achieved 88% shareholder support
- The OBE Human Resources, Governance & Compensation Committee (HRG&C), in consultation with our compensation advisor Mercer (Canada) Ltd., is responsible for recommending amendments to the LTI Plans to the Board of Directors (BoD)
- The OBE BoD unanimously approved the amendments to the LTI Plans prior to the shareholders vote at the Annual General Meeting (AGM) and the amended LTI Plans are provided in the Circular
- The proposed amendments are subject to final approval by the shareholders at the AGM

How do the proposed amendments change the plans and what are the limitations?



- SBC includes all issued and outstanding RPSUs and Stock Options from prior grants
- All SBC is subject to the limits contained within the 3 year plan approval to a maximum of 9%
 - The SOP grant rate is controlled by an additional restriction of a 2% rolling three year average
 - The RPSU grant rate is controlled by a 4.5% maximum during the 3 year plan approval

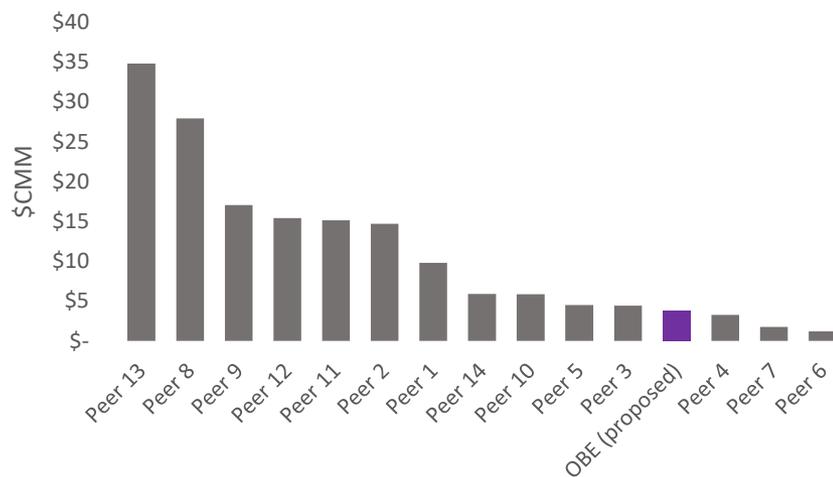
* The 9% SOP limit is functionally a 6% limit when you take into account the fact that the SOP requires a rolling 2% average over three years. The SOP was not renewed in 2019 and is being proposed to be renewed at the AGM.

** For the purpose of clarity, if the RPSU plan has been utilized to 4.5%, the SOP will also have a maximum of 4.5% as it is subject to all other issued SBC to a maximum of 9% over the three year plan duration.

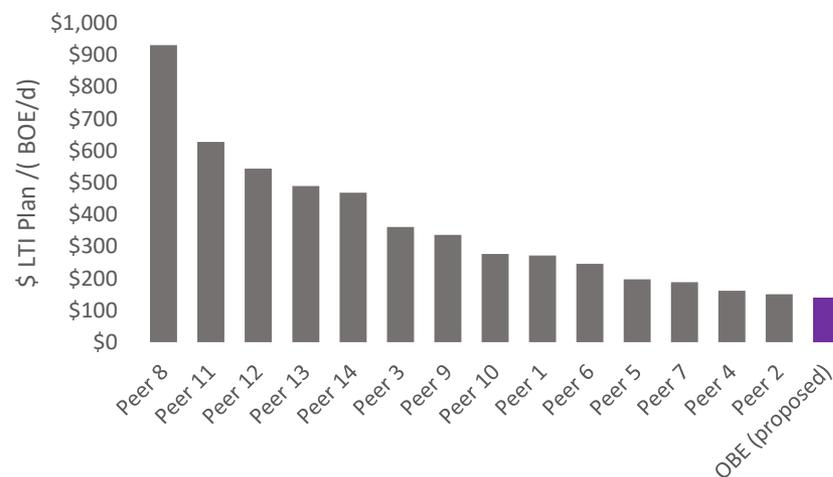
What is the value of the proposed 2020 LTI Plan and how does it compare with our Peers?

- The 2020 LTI Plans are calculated as the maximum proposed dilution at the current share price*
 - Annual grant decision awards are made by the BoD within the plan guidelines at the time of grant
- OBE's proposed 2020 LTI Plan amendments place it 11th out of 14 in our identified peer group (per our Circular on an absolute \$ value basis)
- OBE's proposed 2020 LTI plan represents the best in peer group value to shareholders in achieving the lowest absolute cost of plan per BOE managed

Absolute Dollar Amount of Proposed 2020 LTI Plan

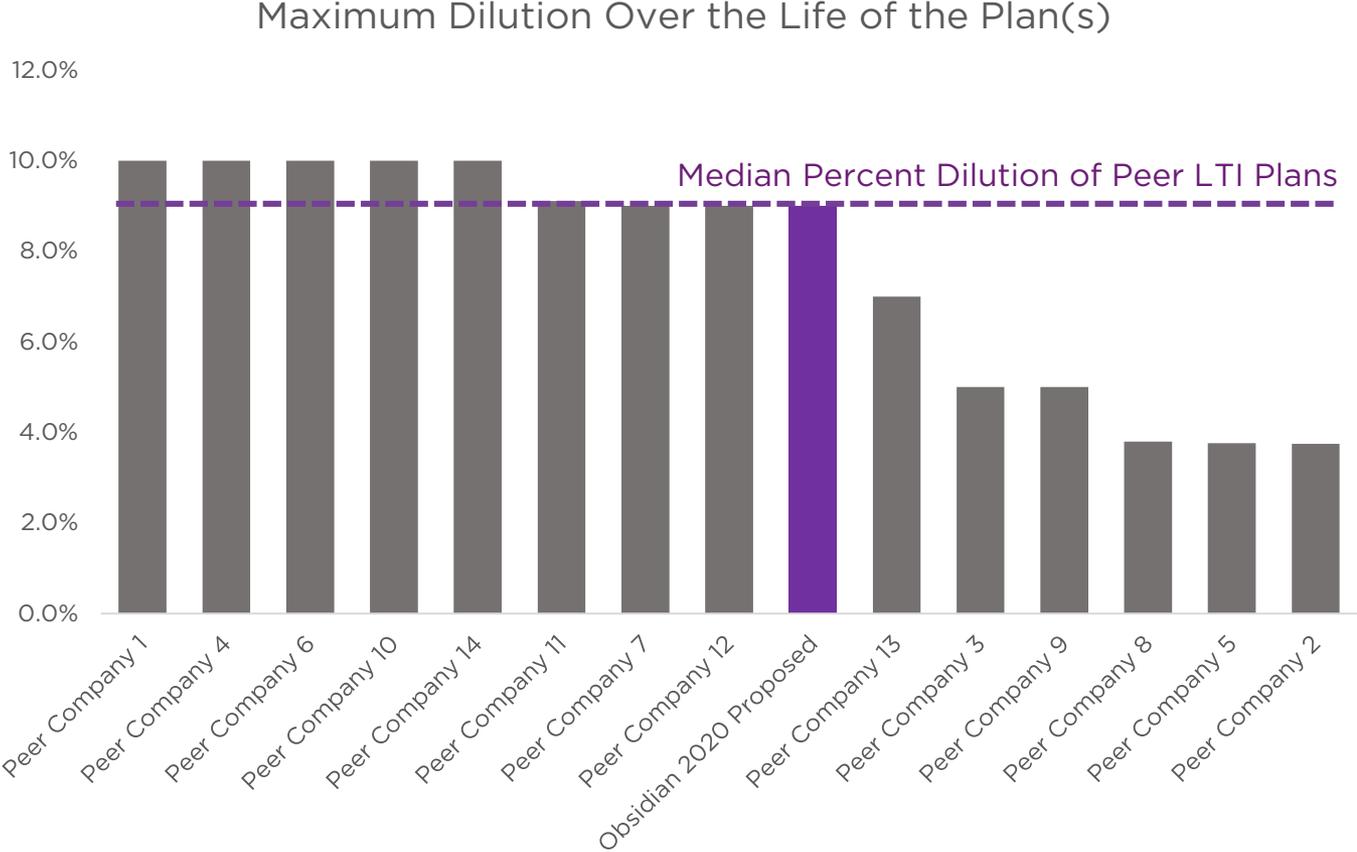


Max Dilution Value of LTI Plan (3 YR)/ 2019 Avg BOE/d



* OBE share price calculated at July 6, 2020

How does the maximum percentage dilution of the proposed LTI Plans compare with our Peers?



Note: Peer Companies are as disclosed OBE's Circular: Athabasca Oil Corp., Baytex Energy Corp., Cardinal Energy Ltd., Crew Energy Inc., InPlay Oil Corp. Journey Energy Inc., Kelt Exploration Ltd., NuVista Energy Ltd., Surge Energy Inc., Tamarack Valley Energy Ltd., TORC Oil & Gas Ltd., Whitecap Resources Inc., and Yangarra Resources Ltd.

The grant rate and dilution information is as is disclosed in their most recent management information circular and proxy statement.

Questions & Answers

Q&A - 1

- Why did you suspend the current stock option plan and are now introducing it again?
 - The current stock option plan was suspended by the Company's previous Board and Management. The current Board and Management reviewed compensation levels with our compensation consultant Mercer (Canada) Ltd. and structured a plan that was both competitive with that of peers while managing to dilution given current share price levels. In contrast to RPSUs, stock options are not dilutive unless the share price trades above the exercise price when it has vested and the holder exercises the stock option.
- Why did you increase the amount of maximum dilution under the plans from 3.9% to 9% of shares issued and outstanding?
 - Upon reviewing our peer group, in conjunction with our compensation expert Mercer (Canada) Ltd., it was clear that OBE's prior plan was low in comparison to most peers. Our increase brings us in line with the peer group. It is worth noting that in 2019, OBE's plan decreased from 4.25% to 3.9% due to the expiration of the Stock Option Plan.



Q&A - 2

- Why did you increase the level of stock options that could be granted to insiders from 2% to 10% within any one year?
 - It is important to note that OBE is not able to grant 10% stock options per year, options fall under the SBC plan which limits the maximum cumulative dilution over the 3 year plan approval to 9%. This change was done to reflect current TSX guidelines, to be consistent with our RPSU plan (which was previously approved by shareholders) and to provide flexibility to the Board in hiring any new executives (note our current President and CEO serves on an interim basis).
- What does the 2% average annual grant rate over three years mean on the stock option plan?
 - If approved, the stock option plan has a three year approval term. Over that term there is a limit on how many options can be issued regardless of the other conditions in the plan, such as the 9% (subject to all SBC) cumulative dilution level. Over the three year term pursuant to the stock option plan approval process, OBE cannot issue more than an average of 2% per year in stock options. For instance, this year the Board has approved a prospective grant of stock options, subject to shareholder approval of the plan, of up to 917,400 options to existing employees. This represents a grant rate of 1.25%. If the grant rate was above 2%, in subsequent year(s) the grant rate would need to comply with the three year average of 2%. This condition ensures that over the life of the plan that dilution is effectively managed.

Q&A - 3

- Why did you propose to allow Directors to be granted stock options under the plan?
 - Directors were not eligible to receive stock options during 2020 as annual Board compensation elections were made prior to the start of the year and cannot be changed during the year. As such, no stock options were or will be granted to directors in 2020. In addition, OBE's directors are committing that they will not receive stock options in 2021 or 2022.
- Are the Directors Deferred Share Units (DSU's) Dilutive - why not just pay them in cash?
 - DSU's are not dilutive. Our DSU plan provides to the Non-Management directors, on a deferred cash payment basis, a cash payment based on the volume weighted average trading price of the OBE Shares on the TSX for the five trading days immediately preceding the date of payment. When redeemed, each DSU entitles the holder to a payment equal to the then current cash equivalent of the market price per OBE Share, as calculated in accordance with the DSU Plan, thereby forming an additional alignment between directors' interests and remuneration and the interests of Shareholders and Shareholder returns. This value is calculated and remunerated upon the Non-Management director retiring from the Board. Each Non-Management director is required to receive a minimum of 50% of their annual Board retainer in the form of DSUs. Note that all Obsidian directors took all their 2019 compensation in DSU's. Please see our Circular for more details on this plan.

Forward Looking Statement Advisory

Certain statements contained in this document constitute forward-looking statements or information (collectively "forward-looking statements"). 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 particular, this presentation contains, without limitation, forward-looking statements pertaining to the following: when we will seek approval again from the shareholders on the LTI plans; that annual grant decisions will be made by the BoD within the plan guidelines at the time of the grant; the possible number of stock options that will be granted in connection with the prospective grant, subject to shareholder approval of the amendments at the AGM; and that OBE directors have committed that they will not receive stock options in 2021 or 2022.

Although we believe 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 and assumptions 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 predictions, forecasts, projections and other forward-looking statements will not occur, 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. Important factors that could cause actual results and events to differ from those described in the forward-looking statements can be found in our public filings (including our Annual Information Form) available in Canada at www.sedar.com 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 July 12, 2020. Except as expressly required by applicable securities laws, we do 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 in this document are expressly qualified by this cautionary statement.

BOE ADVISORY

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 crude 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 crude 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.