



# Obsidian Energy Ltd.

2022 Guidance Presentation

January 24, 2022



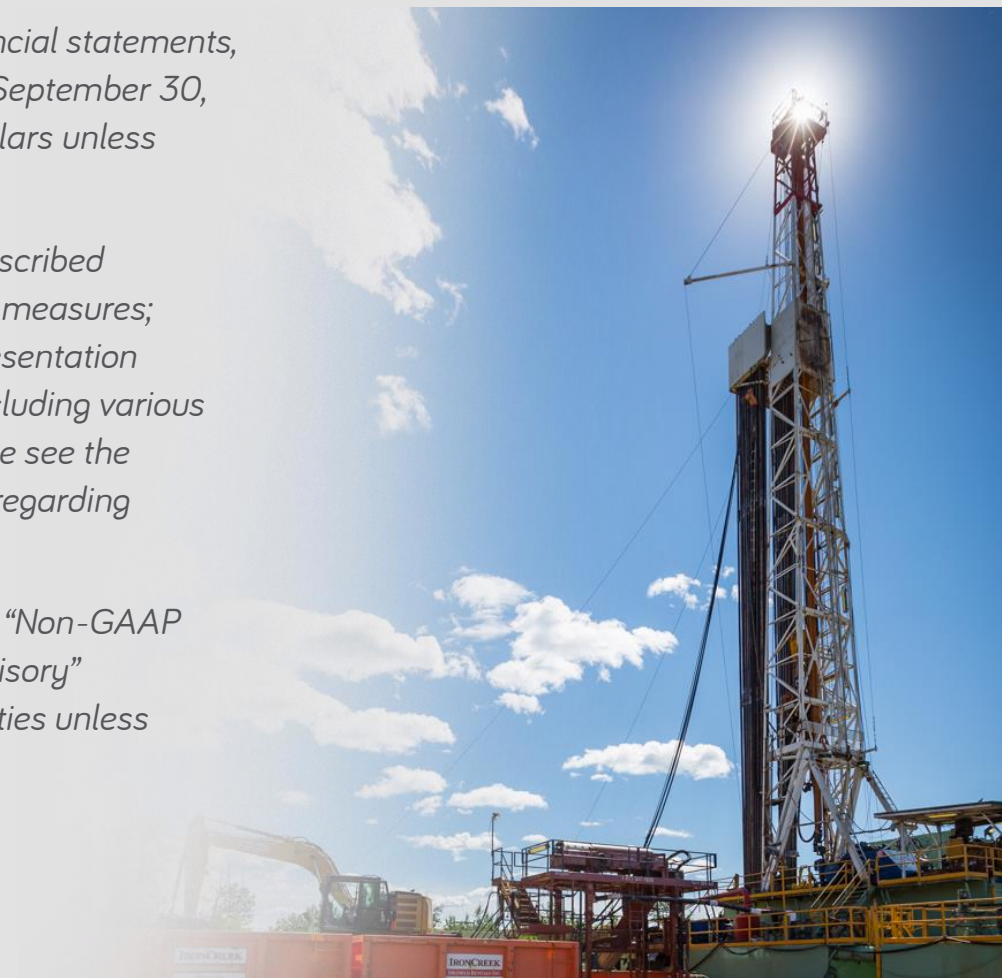


# ADVISORY

*This presentation should be read in conjunction with the Company's unaudited consolidated financial statements, Management's Discussion and Analysis ("MD&A") for the three months and nine months ended September 30, 2021. All dollar amounts contained in this presentation are expressed in millions of Canadian dollars unless otherwise indicated.*

*Certain financial measures included in this presentation do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and therefore are considered Non-GAAP measures; accordingly, they may not be comparable to similar measures provided by other issuers. This presentation also contains oil and gas disclosures, various industry terms, and forward-looking statements, including various assumptions on which such forward-looking statements are based and related risk factors. Please see the Company's disclosures located in the Endnotes at the end of this presentation for further details regarding these matters.*

*All slides in this presentation should be read in conjunction with "Definitions and Industry Terms", "Non-GAAP Measure Advisory", "Oil and Gas Information Advisory", "Reserves Disclosure and Definitions Advisory" and "Forward-Looking Information Advisory". All locations are considered to be drilling opportunities unless otherwise noted.*



# INVESTMENT HIGHLIGHTS

An efficient producer with operational strength, providing growth potential



## PRODUCTION

Low decline, oil-weighted asset base with significant underlying reserves and peer leading well results



## WILLESDEN GREEN & PEMBINA ASSETS

Largest acreage holder in a world class, low decline, light oil Cardium resource



## PEACE RIVER ASSETS

High-quality cold-flow, low decline heavy oil Bluesky resource  
Potential upside emerging from Clearwater oil play



## INFRASTRUCTURE

Control of strategic infrastructure allows production growth with minimal spend



## OPTIONALITY

Flexible and responsive to commodity price changes at minimal cost  
Additional upside via diverse asset base, waterflood management and EOR projects



## ESG

Committed to strong ESG practices, including minimizing environmental impact

# CORPORATE OVERVIEW

World class assets and experienced team delivering value

People, assets, discipline, return-focus and execution strength

## CORPORATE SUMMARY

Production 2021E	24,605 boe/d
Production mix (2021E)	66% oil and liquids
Reserves (2P, YE 2020)	128 MMboe
Reserve Life Index (2P, YE 2020)	14 years
PDP decline (YE 2020)	18%
Tax pools (YE 2020)	\$2,525 million

## MARKET SUMMARY

Shares outstanding*	80.8 million
Market capitalization	\$598 million
Net Debt (Q3 2021)	\$428 million
Enterprise value	\$1,026 million

\* Post-PROP Acquisition of November 24, 2021



### HEADQUARTERS

Calgary, Alberta



### OPERATIONAL EXPERTISE

Proven track record as one of the most efficient companies amongst peers



### STRONG TEAM

Experienced team of ~240 full-time staff and contractors delivering results year-over-year

**PEACE RIVER**  
2,974 boe/d 2021 Q3\*\*  
Cold flow heavy oil

**CARDIUM**  
19,807 boe/d 2021 Q3  
Light oil conventional development

**VIKING**  
822 boe/d 2021 Q3  
Higher GOR oil play

See endnotes for additional information

\*\* Pre-PROP Acquisition volumes; acquisition added ~2,400 boe/d on close of November 24, 2021



# 2021 HIGHLIGHTS

Successful year provides strong foundation for growth in 2022

- ▶ Acquired remaining 45% interest in the Peace River Oil Partnership
  - ▶ Successful equity issue with oversubscribed subscription offering
- ▶ Successfully completed 2021 development program with quick transition into 2022
  - ▶ Successful return to Pembina Cardium development with well performance at or above expectations
  - ▶ Continued strong performance of Willesden Green Cardium program
  - ▶ Return to Peace River development, representing a new core area with solid Bluesky production and significant Clearwater potential
- ▶ Repaid ~\$85 million of syndicated credit facility and senior notes since January 1, 2021
- ▶ Reduced decommissioning liability with the downhole abandonment of 292 wells (11% of our inactive inventory) and 184 kilometres of pipelines

# FOCUSING ON 2022

Building our strategy and plans for the year



We will evaluate and determine the right balance between production growth, debt repayment and return of capital to maximize stakeholder value as we move forward through 2022

## OPERATIONS

- ▶ First-half weighted development program that utilizes four rigs
  - ▶ Three in the Cardium formation
  - ▶ One in Peace River, targeting both Bluesky and Clearwater formations
- ▶ Current forecasted year-over-year production growth of ~13% (annualized, net of 2021 PROP acquisition)
- ▶ Utilize operational flexibility to expand development program in second half if appropriate
- ▶ First half Clearwater exploration program to appraise formation's potential
- ▶ Diligence across drilling and operating activities to manage cost pressures in labour, services, power and steel

## FINANCIAL

- ▶ Expect continued strong commodity price environment, contributing to substantial FCF
- ▶ Refinance debt facilities to incorporate senior and subordinated debt during the first half of 2022
  - ▶ Provide a stable capital source with operational liquidity and a longer-term maturity profile
- ▶ Continue to reduce debt levels to reach targeted leverage ratios of <1.0x Net Debt to FFO
- ▶ Application submitted to list on NYSE American

# 2022 GUIDANCE

Balancing production growth, debt reduction from FCF generation and the potential for returns of capital

## 2022E

Average production <sup>1</sup>	29,100 – 30,100 boe/d		
Capital expenditures	\$143 – \$149 million		
Decommissioning expenditures <sup>2</sup>	\$14 million		
Net operating expenses	\$12.00 – \$12.90/boe		
General & administrative	\$1.55 – \$1.65/boe		
<i>Based on midpoint of above guidance and forecast</i>			
WTI	US\$70.00/bbl	US\$75.00/bbl	US\$80.00/bbl
FFO <sup>3</sup>	\$309 million	\$326 million	\$345 million
FCF <sup>3</sup>	\$149 million	\$166 million	\$185 million
Net Debt <sup>4</sup>	\$271 million	\$254 million	\$235 million
Net Debt to FFO <sup>4</sup>	0.9X	0.8X	0.7X

1 Mid-point of guidance range: 11,800 bbl/d light oil, 5,175 bbl/d heavy oil, 2,450 bbl/d NGLs and 61.1 mmcf/d natural gas. Average production volumes does not include any forecasted production associated with Clearwater exploratory capital expenditures.

2 Decommissioning expenditures do not include grants and allocations to be utilized by the Company under the ASRP.

3 Pricing assumptions outlined are forecasted for the full year of 2022 and includes AEEO forward strip pricing and risk management (hedging) adjustments as of January 21, 2022. Guidance FFO and FCF includes approximately \$19 million of estimated charges for full year 2022 related to the deferred share units, performance share units and non-treasury incentive plan cash compensation amounts which are based on a share price of \$8.00 per share. The charge is primarily due to the Company's increased share price in 2022 compared to the closing price on December 31, 2021, of \$5.21 per share.

4 Net Debt figures estimated as at December 31, 2022.

# LEADING CARDIUM PLAY AREAS

Our growth foundation with >25 years of drilling opportunities for future development

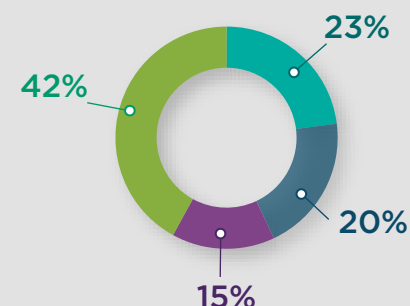
## FIELD HISTORY

- ▶ One of North America's most significant light oil fields
- ▶ Development since the 1950's; various phases has kept field producing for over 70 years
- ▶ Advances in horizontal and halo drilling since late 2000's rejuvenated the field

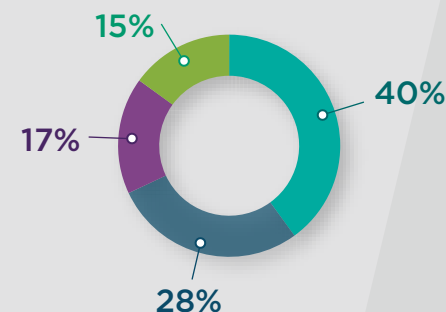
## OUR CARDIUM ASSETS

- ▶ Largest acreage holder with >25 years of drilling opportunities at current drilling rates
- ▶ Focus on Willesden Green acreage (Crimson and East Crimson) since mid-2018 resulted in best-in-class wells
- ▶ Low cost, high return optimization programs and field management in Pembina yield strong results, keeping production decline rates low

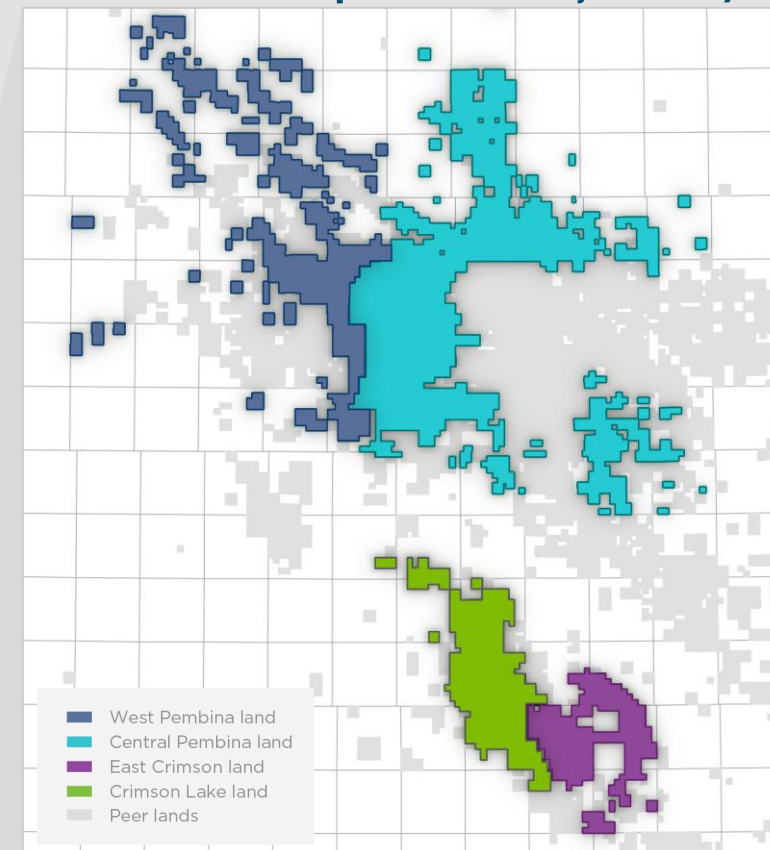
CARDIUM PRODUCTION (Q3 2021)



CARDIUM 2P LOCATIONS



Q3 2021 Cardium production ~19,800 boe/d



171 net booked 2P Cardium locations

See endnotes for additional information



# OUR 2022 DEVELOPMENT PROGRAM

First half drilling program started early in 2022, targeting Cardium and PROP areas

## 29 wells (28.0 net) front-half weighted drilling program

- ▶ Further demonstrates strength of asset base and operational excellence
- ▶ Four-rig continuous drill program in H1 2022 with three rigs Cardium focused and one Peace River
- ▶ ~13% annualized production growth from 2021 (20% including PROP acquisition interest)
- ▶ Development program allows for expansion in second half depending on commodity prices and corporate strategy



### WILLEDEN GREEN

- ▶ 12 Cardium wells (12.0 net)

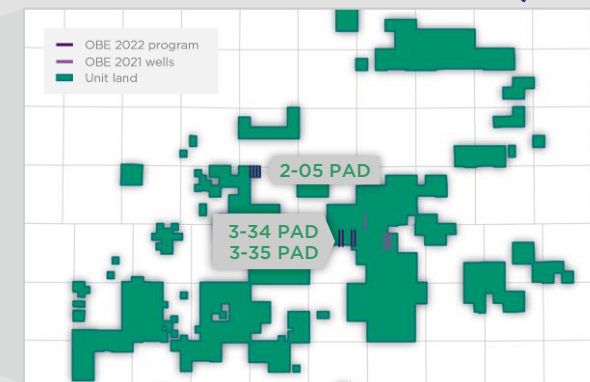
### PEMBINA

- ▶ 5 wells (4.5 net)
- ▶ 2 deeper target vertical wells (1.5 net)

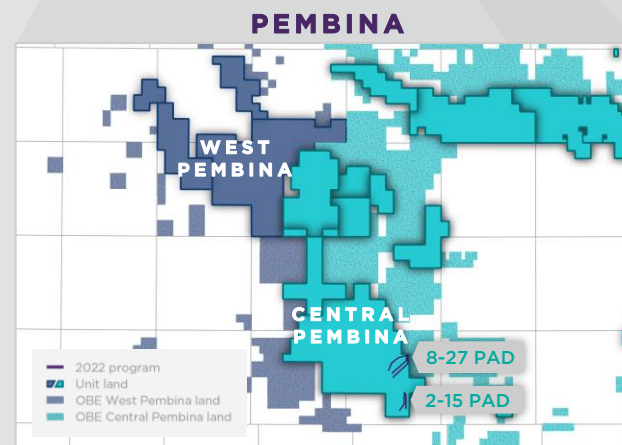
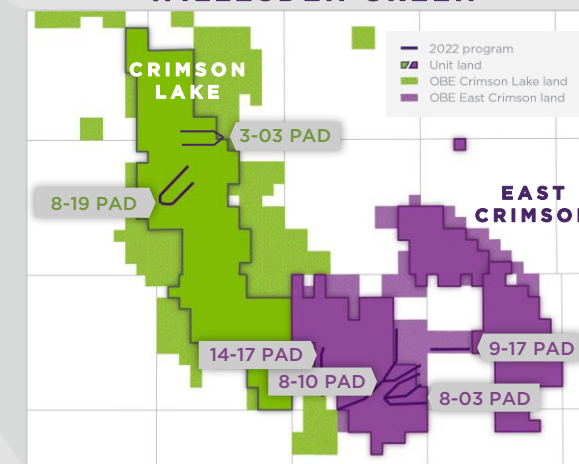
### PROP

- ▶ 6 Bluesky wells
- ▶ 4 Clearwater appraisal wells

### PEACE RIVER OIL PROPERTY (PROP)



### WILLEDEN GREEN

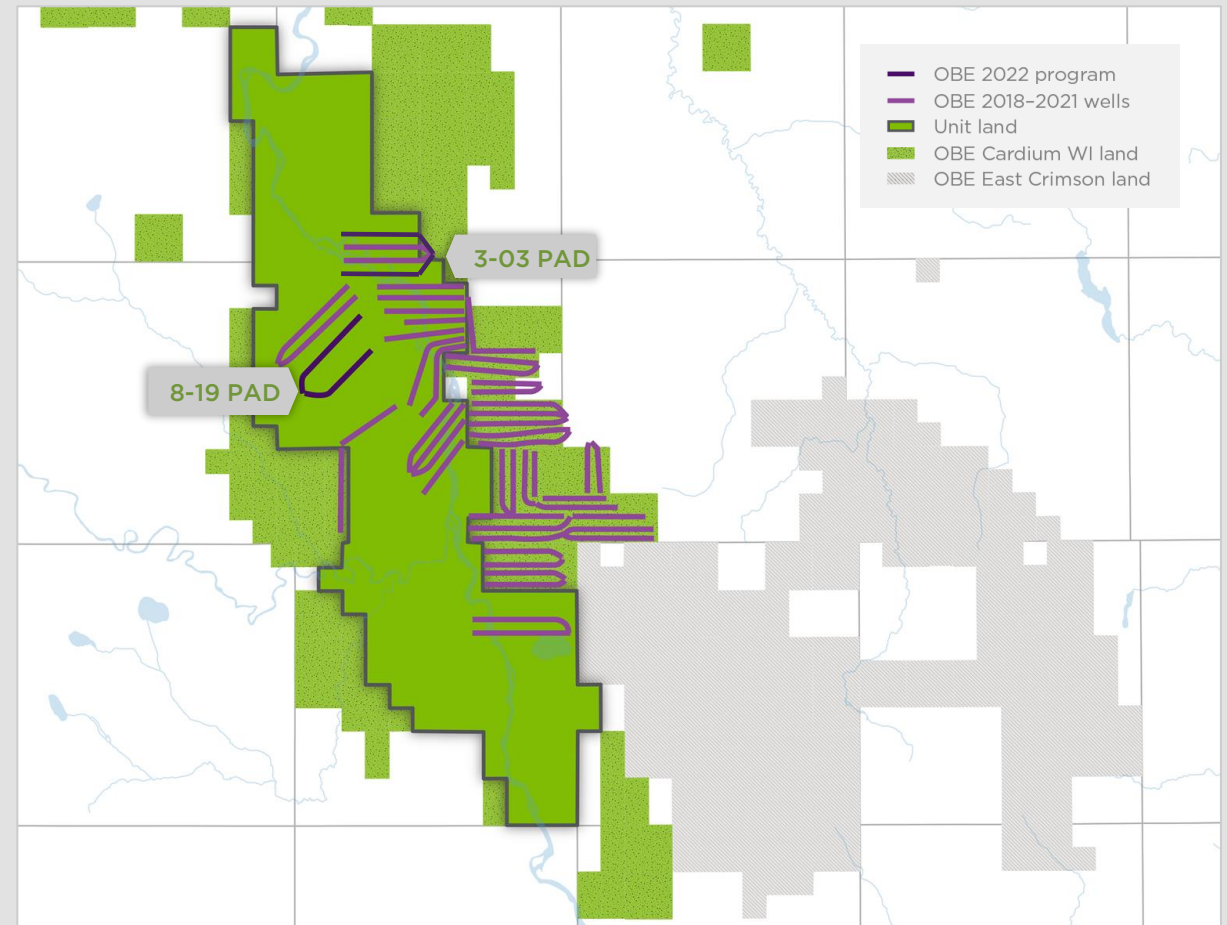


See endnotes for additional information

# WILLESDEN GREEN – CRIMSON LAKE

Cornerstone for revitalized primary development on Cardium acreage

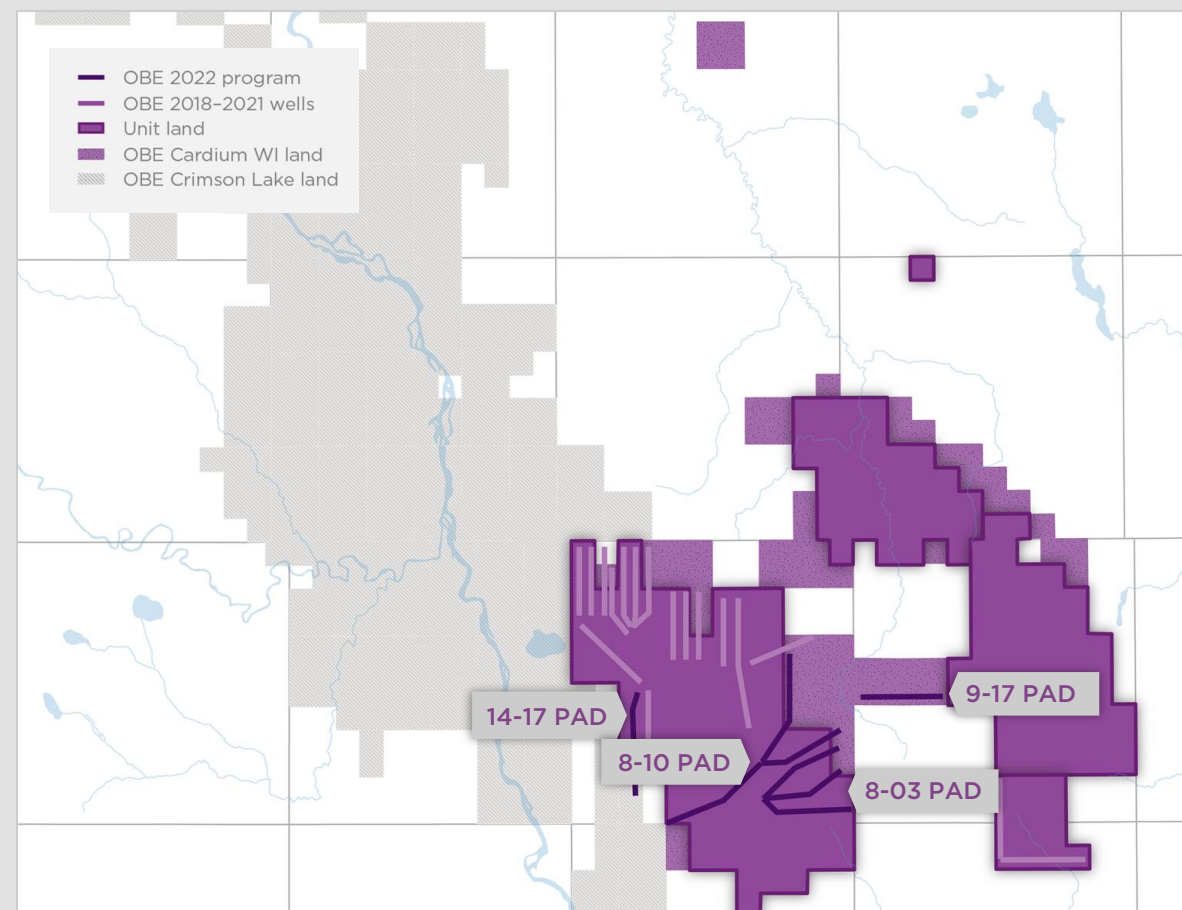
- ▶ Top quality reservoir with banked oil from historical pressure maintenance
- ▶ Historically under-developed due to challenges for vertical drilling
- ▶ Horizontal development proving strong returns and quick payouts
- ▶ Existing flexible infrastructure allows ability to maximize production with minimal infrastructure spend
- ▶ 2022 development:
  - ▶ Two rigs operating in Willesden Green
  - ▶ Pad 3-03 (two wells)
  - ▶ Pad 8-19 (two wells)



# WILLESDEN GREEN – EAST CRIMSON

Eastward extension of successful Crimson Lake development program

- ▶ Horizontal development proving strong returns and quick payouts
- ▶ Flexible, operated infrastructure shared with Crimson Lake
- ▶ Combination of pressure supported edge drilling and underdeveloped unit fairways
- ▶ Area de-risked by peer drilling, supporting revitalized development
- ▶ 2022 development:
  - ▶ Two rigs operating in Willesden Green
  - ▶ Pad 8-03 (three wells)
  - ▶ Pad 8-10 (three wells)
  - ▶ Pad 9-17 (one well)
  - ▶ Pad 14-17 (one well)

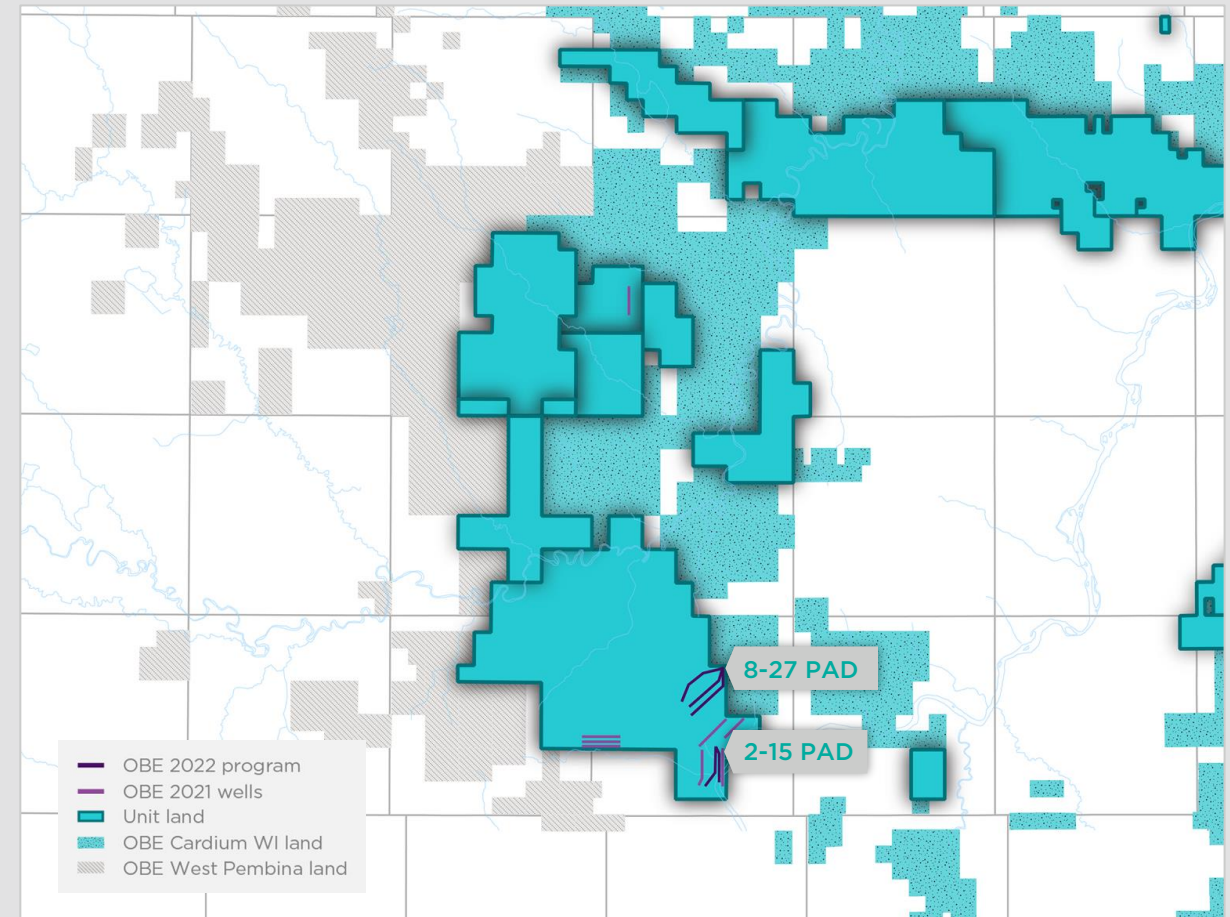




# CENTRAL PEMBINA

Centre of low declines supports horizontal drilling and future growth through waterfloods

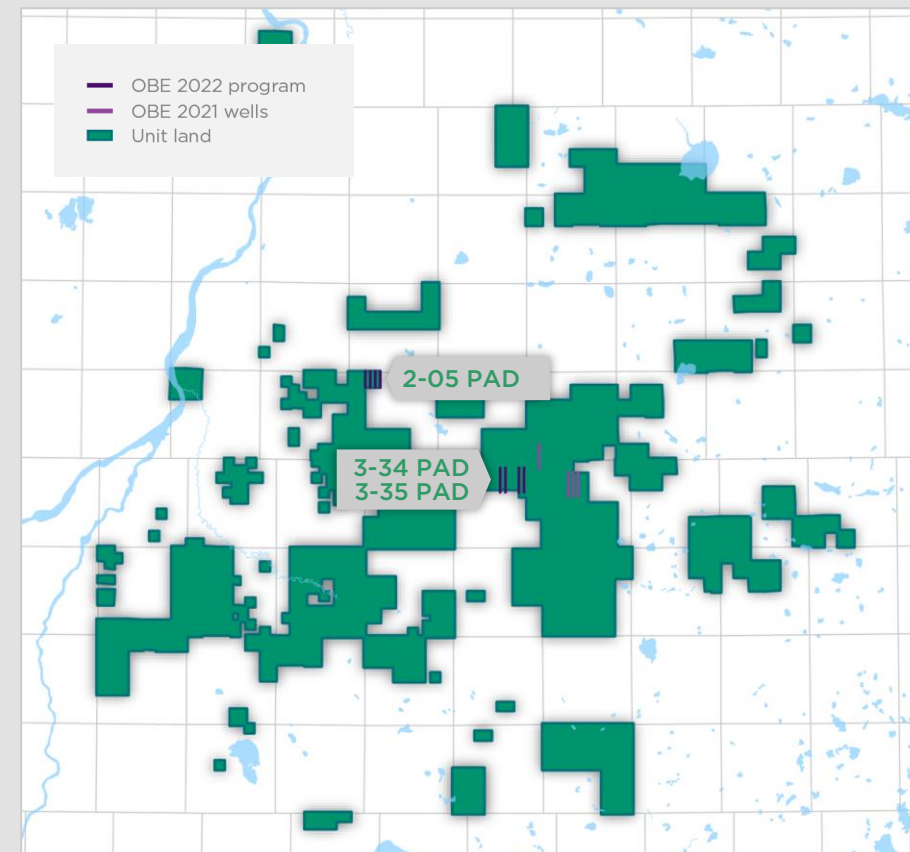
- ▶ Low decline, pressure-maintained development
- ▶ Ability to de-risk opportunities and add additional locations through geological and reservoir modelling
- ▶ Existing wells and infrastructure allow growth in scale with minimal capital cost
- ▶ Successful return to Pembina development in 2021
  - ▶ 5 wells drilled on two pads (2-16 and 7-17)
  - ▶ Strong production results
- ▶ 2022 development:
  - ▶ One rig
  - ▶ Pad 2-15 (two wells)
  - ▶ Pad 8-27 (three wells)
  - ▶ Two deeper target vertical wells



# PEACE RIVER OIL PARTNERSHIP (PROP)

Full ownership in high-quality cold-flow heavy oil Bluesky resource with Clearwater upside

- ▶ Reliable and steady Bluesky production with shallow declines
- ▶ Large, contiguous cold-flow heavy oil resource developed with multi-leg horizontal wells
- ▶ Significant historical capital investment with substantial owned infrastructure
- ▶ Multiple sales points allows for pricing optimization
- ▶ Successful return to PROP development in 2021
  - ▶ 3 wells on production late December:
    - ▶ >500 bbl/d heavy oil per well (last seven-day production)
  - ▶ Fourth well to be brought on production in January
- ▶ 2022 development:
  - ▶ Pad 3-34 (two wells)
  - ▶ Pad 3-35 (two wells)
  - ▶ Pad 2-05 (two wells)

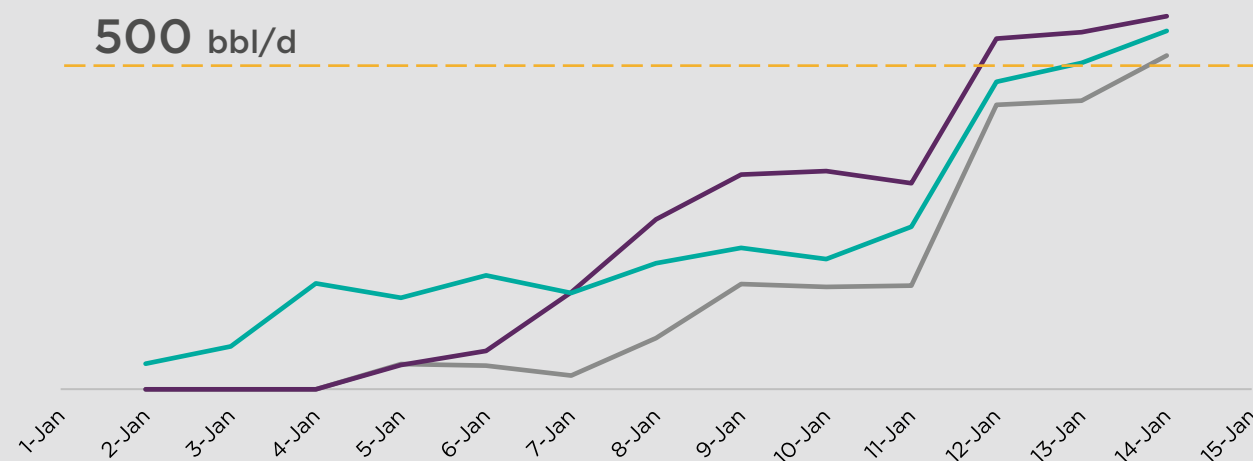


100% ownership in the producing Bluesky formation  
with compelling potential upside in the emerging Clearwater play

# PEACE RIVER DRILLING UPDATE

Successful return to Bluesky development with three wells each currently producing at ~500 bbl/d of oil

## 6-31 PAD PRODUCTION TO DATE (bbl/d)



- ▶ Drilled four Bluesky wells in the late 2021
  - ▶ Pad 6-31: three wells on production at 1,500 bbl/d+
- ▶ Currently drilling the two wells on the 3-35 pad
- ▶ Drilling assist in de-risking the play edge, while infill drilling generates additional future location opportunities

	6-31 PAD			12-25 PAD
	102/04-30	102/03-30	102/02-30	104/09-35
# horizontal legs	16	10	11	9
Total horizontal lateral length	26,293 metres	19,767 metres	19,804 metres	9,935 metres
Last seven-day production	476 bbl/d	481 bbl/d	583 bbl/d	Clean up

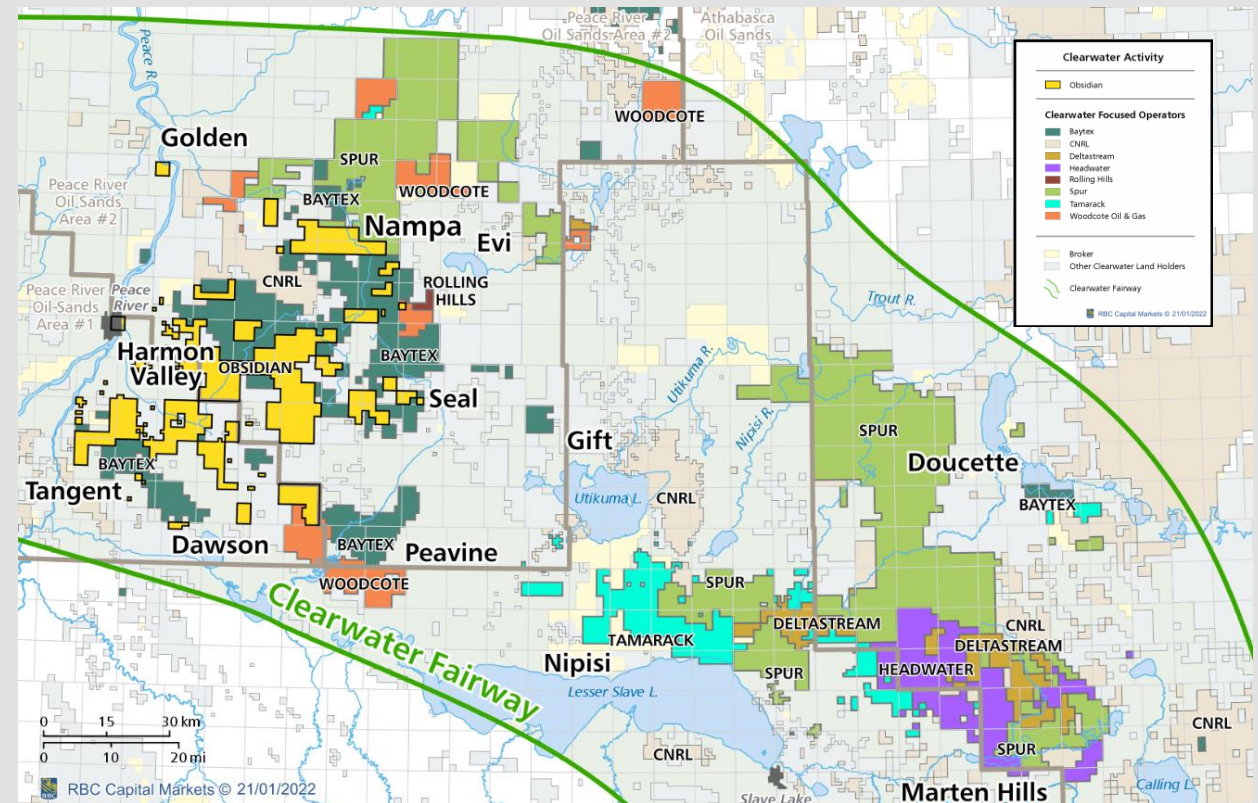




# PROP CLEARWATER POTENTIAL

Market excitement over emerging Clearwater formation play

- ▶ 473 sections with Clearwater heavy oil rights
  - ▶ 65+ Clearwater drilling opportunities currently identified in the Dawson field alone
- ▶ Leverage Bluesky operational experience
- ▶ Competitive royalty structure with low royalty rates
- ▶ Substantial opportunity for future development with significant recent well results
- ▶ Late 2021: Drilled first Clearwater well in Dawson area with experienced partner
  - ▶ On production in January 2022
  - ▶ Well producing oil while in its clean up phase
- ▶ 2022 program:
  - ▶ Current guidance includes \$10 million exploration program with ability to increase based on results of first half drilling



# OPTIMIZATION PROGRAM RESULTS IN STRONG RETURNS

Modest capital spend results in improved existing well performance, maintaining production in Central Pembina

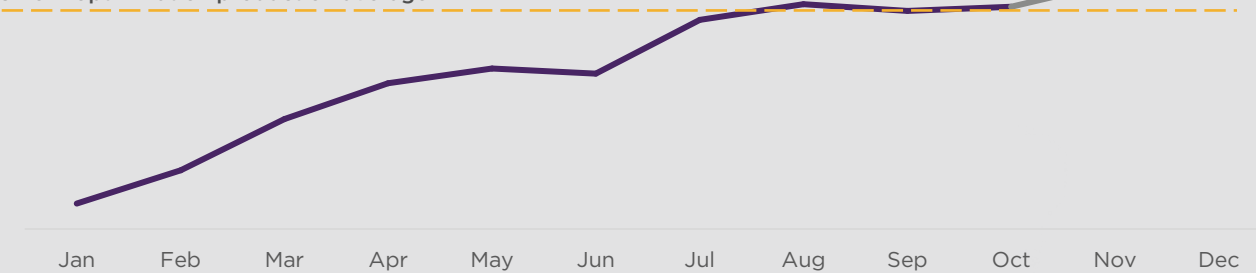
- ▶ Low-cost, high value growth opportunities with minimal capital expenditures
- ▶ Multi-year opportunities of low-cost projects to increase base production, minimize decline, reduce operating costs and maximize reserve recovery
  - ▶ Optimization program assists in de-risking future development opportunities
- ▶ Capital efficient projects help increase PDP reserves
  - ▶ <\$10,000 boe/d capital efficiency (12-month)
  - ▶ \$5.21/boe reserve additions (2020, PDP basis)
- ▶ 2022E spend of \$8.1 million focused on wellbore reactivations and recompletions

## 2021 TOTAL OPTIMIZATION PROGRAM PRODUCTION

(boe/d)

**+945 boe/d (70% oil)**

Q3 2021 optimization production average



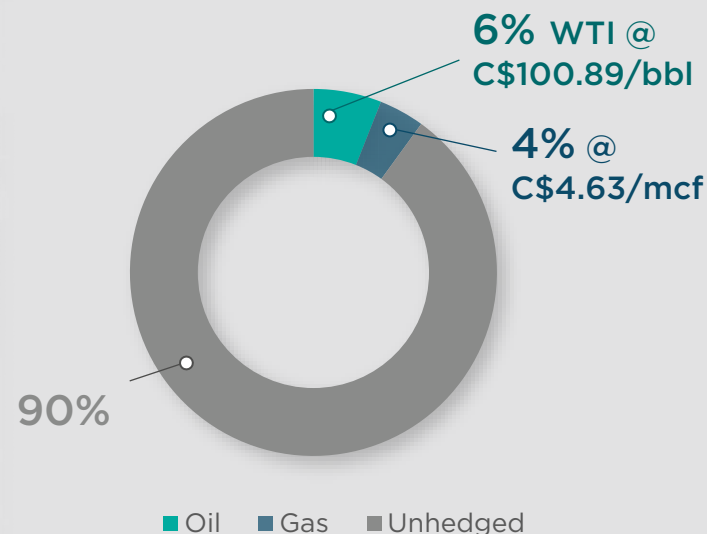
See endnotes for additional information

# HEDGING PRODUCTION TO PRESERVE CASH FLOW

Building out our hedge position as appropriate



## 2022 YTD\*



\*2022 YTD represents hedged positions as at January 21, 2022, based on midpoint of 2022E full year guidance.

FINANCIAL	Notional Volume	Pricing (CAD)
<b>Oil - WTI</b>		
January 2022	8,016 bbl/d	\$98.82/bbl
February 2022	7,750 bbl/d	\$101.81/bbl
March 2022	2,750 bbl/d	\$104.31/bbl
<b>Gas - AECO</b>		
January - March 2022	25,591 mcf/d	\$4.63/mcf

PHYSICAL	Notional Volume	Pricing (USD)
<b>Heavy Oil Differential<sup>1</sup></b>		
January 2022	1,350 bbl/d	(\$31.50)/bbl
February - March 2022	1,150 bbl/d	(\$31.50)/bbl

<sup>1</sup> Hedged on a USD basis and inclusive of WCS differential, quality, and transportation charges.

Hedging as shown does not include PROP Energy 45 Limited Partnership's (our wholly owned limited recourse subsidiary) financial hedges, which represent ~3% of production.. Please refer to our release of January 24, 2022, for more details.

See endnotes for additional information



# WHY INVEST IN OBSIDIAN ENERGY?

Obsidian Energy offers upside potential for shareholders

- ▶ Strategy focused on maintaining operational excellence, improving our debt leverage and delivering top quartile total shareholder returns
- ▶ Dominant Cardium land position and deep opportunity inventory of high-return wells that can be used to accelerate development at appropriate WTI levels
- ▶ New core area at PROP with compelling Bluesky production and significant Clearwater potential for future oil production growth
- ▶ Low decline production profile and strong FCF generation allows for initial focus on debt reduction
  - ▶ Forecast target leverage of <1.0x Net Debt/FFO in 2022
- ▶ Trades at a significant discount in both reserve values as well as market trading peer comparables
- ▶ Significant tax pools allow for Obsidian Energy to be a non-cash taxpayer for at least five years

# Endnotes

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# ENDNOTES

## Slide 4: Corporate Overview

Market capitalization and enterprise value was determined with share price at the close of business on January 21, 2022. Common shares outstanding was determined at close of business December 31, 2021 taking into account the impact of the additional shares post-PROP Acquisition. Net Debt and tax pools are based on September 30, 2021 and December 31, 2020 financials, respectively.

Reserves (2P), RLI, is based on 2P, reserve numbers as disclosed in our press release dated February 17, 2021, titled "Obsidian Energy Releases 2020 Reserves Results".

Q3 2021 Asset Production is broken down as follows:

Cardium: Light Oil – 9,988 bbl/d, Heavy Oil – 60 bbl/d, NGL – 2,127 bbl/d, Gas – 46 mmcf/d

Viking: Light Oil – 177 bbl/d, Heavy Oil – 122 bbl/d, NGL – 49 bbl/d, Gas – 3 mmcf/d

PROP: Heavy Oil – 2,974 bbl/d, NGL – 2 bbl/d, Gas – 3 mmcf/d

Legacy: Light Oil – 149 bbl/d, Heavy Oil – 57 bbl/d, NGL – 35 bbl/d, Gas – 2 mmcf/d

2021E Production Guidance calculated post-PROP Acquisition of remaining working interest on November 24, 2021. Mid-point of 2021 Production Guidance Range: 10,660 bbl/d light oil, 2,900 bbl/d heavy oil, 2,205 bbl/d NGLs and 53.6 mmcf/d natural gas.

## Slide 7: 2022 Guidance

2022E Guidance: Ranges for FFO and FCF calculated using WTI prices between US\$70/bbl - US\$80/bbl, a C\$3.50/GJ AECO price and a \$1.26x CADUSD FX. Risk management (hedging) adjustments incorporated into 2022 guidance as at January 21, 2022. FCF and production profiles (11,800 bbl/d light oil, 5,175 bbl/d heavy oil, 2,450 bbl/d NGL and 61.1 mmcf/d natural gas) based on midpoint of capital expenditures guidance, \$14 MM decommissioning expenditures and includes a 28 well (net) drilling program. OPEX modelled at \$12.45/boe and G&A modelled at \$1.57/boe

## Slide 8: Leading Cardium Play Areas

Individual play fairways are Obsidian Energy defined trends displaying similar reservoir and geological characteristics. Booked locations reflects locations as defined by our Independent, Qualified Reserves Evaluator in their 2020 reserves evaluation; net locations may not add up due to rounding.

## Slide 9: Our 2022 Development Program

No locations have been assigned to land where Obsidian Energy is not the operator.

## Slide 14: Peace River Drilling Update

Readers are cautioned that initial production rates and/or production test results disclosed herein, particularly those short in duration, may not necessarily be indicative of long-term performance or of ultimate recovery and therefore should not be relied upon for investment or other purposes.

## Slide 15: PROP Clearwater Potential

Drilling opportunities include both booked locations per NI 51-101 standards and our internal, unrisks assessment on a gross basis, which are subject to change without notice. No locations have been assigned to land where Obsidian Energy is not the operator.

## Slide 16: Optimization Program Results in Strong Returns

Production and capital costs are both based on internal estimates and excludes non-operated development wells.

## Slide 17: Hedging Production to Preserve Cash Flow

Current Hedge Position and the weighted average price, or the "Exercise Price" is current as of January 21, 2022. All financial hedges have been executed in Canadian dollars.



# DEFINITIONS AND INDUSTRY TERMS

**2021E** means expectations for 2021 based on internal assumptions and estimates

**2022E** means forecast expectations for 2022 based on internal assumptions and estimates

**PDP** means proved developed producing reserves as per Oil and Gas Disclosures Advisory

**1P** means proved reserves as per Oil and Gas Disclosures Advisory

**2P** means proved plus probable reserves as per Oil and Gas Disclosures Advisory

**AECO** means Alberta benchmark price for natural gas

**AER** is the Alberta Energy Regulator

**ARO** means asset retirement obligation

**ASRP** means Alberta Site Rehabilitation Program

**bbl** means barrels of oil

**bbl/d** means barrels of oil per day

**Bcf** means billion cubic feet

**boe and boe/d** means barrels of oil equivalent and barrels of oil equivalent per day, respectively

**CAD** means Canadian Dollar

**Capital efficiency** is a indicator of production added normalized by the spend amount. It is calculated by taking our forecasted or realized incremental, daily average production for 365 days after the project is completed, divided by the spending on the project

**Company, Obsidian Energy or OBE** means Obsidian Energy Ltd.; as applicable

**DCE&T** means drilling, completion, equip and tie-in

**Decommissioning** means decommissioning expenditures

**DSU** means a deferred share unit granted under the DSU Plan

**EOR** means enhanced oil recovery

**Free Cash Flow (FCF)** is FFO less capital and decommissioning expenditures

**FX** means foreign exchange rate, in our case typically refers to C\$ to US\$ exchange rates

**Funds Flow from Operations (FFO)** is cash flow from operating activities before changes in non-cash working capital, decommissioning expenditures, onerous office lease settlements, the effects of financing related transactions from foreign exchange contracts and debt repayments, restructuring charges, transaction costs and certain other expenses and is representative of cash related to continuing operations. FFO is used to assess the combined entity's ability to fund planned capital programs

**G&A** means general and administrative costs

**Independent, Qualified Reserve Estimator** refers to Sproule Associates Limited

**Legacy** refers to a collection of all OBE properties outside of our core development areas of Cardium (Central), PROP, and Alberta Viking

**Liquids** means crude oil and NGLs

**LTM** means last twelve months

**M** means thousands

**mcf** means thousand cubic feet

**mcf/d** means thousand cubic feet per day

**MM** means millions

**MMbbl** means millions of barrels

**MMboe** means million barrels of oil equivalent

**mmcf** means million cubic feet

**mmcf/d** means million cubic feet per day

**Netback** is the per unit of production amount of revenue less royalties, net operating expenses, transportation expenses and realized risk management gains and losses, and is used in capital allocation decisions and to economically rank projects

**NPV** means net present value, before tax discounted at 10%

**NTIP** means a non-treasury incentive plan offering either cash or shares purchased on the open market in the Company

**OPEX** means operating expenses

**PROP** means Peace River Oil Partnership

**PROP Acquisition** refers to the acquisition of the remaining 45% interest in PROP, which closed November 24, 2021

**PSU** means a performance share unit issued under the Award Plan

**2020 Reserves** references are based on the report prepared by Sproule Associates Limited dated February 10, 2021 attributable to the Company's reserves effective as at December 31, 2020. For additional reserve definitions, see the February 17, 2021 Release

**RLI** means Reserve Life Index

**ROI** means Return on Investment

**USD** means United States Dollar

**WCS** means Western Canadian Select

**WTI** means West Texas Intermediate

**YE** means year end

# NON-GAAP MEASURES ADVISORY

In this presentation, we refer to certain financial measures that are not determined in accordance with IFRS. These measures as presented do not have any standardized meaning prescribed by IFRS and therefore they may not be comparable with calculations of similar measures for other companies. We believe that, in conjunction with results presented in accordance with IFRS, these measures assist in providing a more complete understanding of certain aspects of our results of operations and financial performance. You are cautioned, however, that these measures should not be construed as an alternative to measures determined in accordance with IFRS as an indication of our performance. These measures include the following:

**Cash** cost is sum of operating costs, transport costs and G&A on a \$/boe basis.

**Cash Flow** is FFO before changes in any non-cash working capital changes and decommissioning liabilities.

**Debt** is bank debt and senior notes.

**Enterprise Value or EV** is a measure of total value of the applicable company calculated by aggregating the market value of its common shares at a specific date, adding its total Debt and subtracting its cash and cash and cash equivalents.

**Free cash flow (FCF)** is FFO less capital and decommissioning expenditures.

**Free Cash Flow Yield** is calculated by taking FCF divided by the Company's market capitalization. Free cash flow yield is a metric of operating performance and acts as an indicator of a Company's ability to satisfy its debts and obligations, and potential cash returns to shareholders.

**Funds Flow from Operations (FFO)** is cash flow from operating activities before changes in non-cash working capital, decommissioning expenditures, onerous office lease settlements, the effects of financing related transactions from foreign exchange contracts and debt repayments, restructuring charges, transaction costs and certain other expenses and is representative of cash related to continuing operations. FFO is used to assess the combined entity's ability to fund planned capital programs.

**Net Debt** is the amount of long-term debt, comprised of senior notes and bank debt, plus net working capital (surplus)/deficit. Net Debt is a measure of leverage and liquidity.

**Netback** is the per unit of production amount of revenue less royalties, net operating expenses, transportation expenses and realized risk management gains and losses, and is used in capital allocation decisions and to economically rank projects.

## **Notice to Shareholders in the United States**

The financial information presented herein has been prepared in accordance with Canadian GAAP and is subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of U.S. companies presented in accordance with U.S. GAAP.

Reconciliations of these non-GAAP measures to IFRS are provided on the next slides.

# NON-GAAP MEASURES RECONCILIATIONS

NET DEBT (in \$ millions)	Q3 2021
Long-term debt	
Syndicated credit facility	\$340.0
Senior notes	\$58.9
Deferred interest	\$1.6
Deferred financing costs	(\$3.5)
<b>Total long-term debt</b>	<b>\$397.0</b>
Working capital deficiency	
Cash	(\$4.0)
Accounts receivable	(\$56.5)
Prepaid expenses and other	(\$12.0)
Accounts payable and accrued liabilities	\$103.6
<b>Total working capital deficiency</b>	<b>\$31.1</b>
<b>Net Debt</b>	<b>\$428.1</b>

NET OPERATING EXPENSES (in \$ millions, per boe)	2022E
Operating costs	\$146 - \$149
Processing fees	(\$7 - \$8)
Road use recoveries	(\$5 - \$6)
<b>Net operating expenses</b>	<b>\$132 - \$137</b>
<b>Net operating expenses/boe</b>	<b>\$12.00 - \$12.90/boe</b>

FFO and FCF (in \$ millions)	2022E		
	US\$70 WTI	US\$75 WTI	US\$80 WTI
Cash flow from operating activities	\$260	\$275	\$292
Change in non-cash working capital	\$22	\$24	\$26
Decommissioning expenditures	\$14	\$14	\$14
Onerous office lease settlements	\$9	\$9	\$9
Realized foreign exchange loss – debt maturities	\$2	\$2	\$2
Restructuring charges	\$1	\$1	\$1
Other expenses	\$1	\$1	\$1
<b>FFO</b>	<b>\$309</b>	<b>\$326</b>	<b>\$345</b>
Capital expenditures	(\$146)	(\$146)	(\$146)
Decommissioning expenditures	(\$14)	(\$14)	(\$14)
<b>FCF</b>	<b>\$149</b>	<b>\$166</b>	<b>\$185</b>

	2022E		
NET DEBT (in \$ millions, except ratio)	US\$70 WTI	US\$75 WTI	US\$80 WTI
Total long-term debt	\$286	\$271	\$254
Total working capital surplus	(\$15)	(\$17)	(\$19)
<b>Net Debt</b>	<b>\$271</b>	<b>\$254</b>	<b>\$235</b>
FFO	\$309	\$326	\$345
<b>Year-end Net Debt to FFO</b>	<b>0.9X</b>	<b>0.8X</b>	<b>0.7X</b>



# OIL AND GAS INFORMATION 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.

## Drilling Opportunities

This presentation discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) drilling opportunities. Proved locations and probable locations are derived from the Sproule Report and account for drilling locations that have associated proved and/or probable reserves, as applicable. Drilling opportunities are internal estimates based on our prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Drilling opportunities do not have attributed reserves or resources.

Corporately, the Company has 221 gross booked proved locations and 268 gross booked probable locations as set forth in the Sproule Report at December 31, 2020.

Drilling opportunities have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that we will drill all drilling opportunities and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the drilling opportunities have been derisked by drilling existing wells in relative close proximity to such drilling opportunities, other drilling opportunities are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves or production.

## Test Results and Initial Production Rates

Readers are cautioned that initial production rates and/or production test results disclosed herein, particularly those short in duration, may not necessarily be indicative of long-term performance or of ultimate recovery and therefore should not be relied upon for investment or other purposes.

# 2020 RESERVES DISCLOSURE AND DEFINITIONS

Unless otherwise noted, any reference to 2020 reserves in this presentation are based on the report (“**Sproule Report**”) prepared by Sproule Associates Limited dated February 1, 2021 where they evaluated one hundred percent of the crude 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, 2020. For further information regarding the Sproule Report, see our Release. It should not be assumed that the estimates of future net revenues presented herein 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 crude 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 crude oil, natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein. The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

## Production and Reserves

The use of the word “gross” in this presentation (i) in relation to our interest in production and reserves, means our working interest (operating or non-operating) share before deduction of royalties and without including our royalty interests, (ii) in relation to wells, means the total number of wells in which we have an interest, and (iii) in relation to properties, means the total area of properties in which we have an interest. The use of the word “net” in this presentation (i) in relation to our interest in production and reserves, means our working interest (operating or non-operating) share after deduction of royalty obligations, plus our royalty interests, (ii) in relation to our interest in wells, means the number of wells obtained by aggregating our working interest in each of our gross wells, and (iii) in relation to our interest in a property, means the total area in which we have an interest multiplied by the working interest owned by us. Unless otherwise stated, production volumes and reserves estimates in this presentation are

## Reserve Definitions

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 the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates.

- **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.
- **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.

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

**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.

**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.

**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.

**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.

For additional reserve definitions, see the Release.

# FORWARD-LOOKING INFORMATION ADVISORY

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. 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 presentation contains, without limitation, forward-looking statements pertaining to the following: our decline rates; our expected drilling opportunities; commitment to ESG practices; our optionality to changing commodity prices; that there is additional upside via our diverse asset base, waterflood management and EOR projects; our full year 2021 guidance including production, production mix, RLI, tax pools; our expectations for production growth, debt repayment and return of capital to maximize stakeholder value; our expectations for cost management; our expectations for FCF based on certain pricing and the targeted leverage ratio for 2022; to refinance the debt facilities during the first half of 2022; our full year 2022 guidance including average production, capital and decommissioning expenditures, net operating expenses and general & administrative expenses, FFO, FCF, Net Debt and year-end debt to FFO based on different assumptions; our 2022 development program, on production and on stream dates, annualized production growth and second half expansion possibility; our expected drilling and completion costs; that our existing flexible infrastructure allows ability to maximize production and growth with minimal infrastructure spend in certain locations; that there is potential upside emerging from Clearwater formation oil play and our expected 2022 capital spend in the play; our belief that in PROP that the drilling will assist in de-risking the play edge, while in-fill drilling generates additional future location opportunities; our expected optimization spend for 2022; our hedging program; and the reasons to invest in Obsidian Energy.

The key metrics for the Company set forth in this presentation may be considered to be future-oriented financial information or a financial outlook for the purposes of applicable Canadian securities laws. Financial outlook and future-oriented financial information contained in this presentation are based on assumptions about future events based on management's assessment of the relevant information currently available. In particular, this presentation contains projected operational and financial information for 2022 and beyond for the Company. The future-oriented financial information and financial outlooks contained in this presentation have been approved by management as of the date of this presentation. Readers are cautioned that any such financial outlook and future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein.

With respect to forward-looking statements contained in this document, the Company has made assumptions regarding, among other things: that the Company does not dispose of or acquire material producing properties or royalties or other interests therein other than stated herein (provided that, except where otherwise stated, the forward-looking statements contained herein (including our 2022 guidance) do not assume the completion of any disposition or acquisition); the impact of regional and/or global health related events, including the ongoing COVID-19 pandemic, on energy demand and commodity prices; that the Company's operations and production will not be disrupted by circumstances attributable to the COVID-19 pandemic and the responses of governments and the public to the pandemic; 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; our ability to qualify for (or continue to qualify for) new or existing government programs created as a result of the COVID-19 pandemic (including the ASRP) or otherwise, and obtain financial assistance therefrom, and the impact of those programs on our financial condition; 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; future capital expenditure and decommissioning expenditure levels; future operating costs and G&A costs; future crude 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 crude oil, natural gas liquids and natural gas production levels, including that we will not be required to shut-in production due to low commodity prices or the further deterioration of commodity prices; future exchange rates and interest 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, wild fires, infrastructure access and delays in obtaining regulatory approvals and third party consents; 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 continue 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 to renew or replace our syndicated bank facility and our ability to finance the repayment of our senior notes on maturity; and our ability to add production and reserves through our development and exploitation activities. In addition, many of the forward-looking statements contained 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.



# FORWARD-LOOKING INFORMATION ADVISORY (CONT.)

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 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; 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 possibility that the Company ceases to qualify for, or does not qualify for, one or more existing or new government assistance programs implemented in connection with the COVID-19 pandemic and other regional and/or global health related events or otherwise, that the impact of such programs falls below our expectations, that the benefits under one or more of such programs is decreased, or that one or more of such programs is discontinued; the impact on energy demand and commodity prices of regional and/or global health related events, including the ongoing COVID-19 pandemic, and the responses of governments and the public to the pandemic, including the risk that the amount of energy demand destruction and/or the length of the decreased demand exceeds our expectations; 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 the COVID-19 pandemic persists or worsens; the risk that the COVID-19 pandemic adversely affects the financial capacity of the Company's contractual counterparties 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 notes 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 notes when they mature on acceptable terms or at all and/or obtain debt and/or equity financing to replace one or both of our credit facilities and senior notes; 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 notes; the possibility that we are forced to shut-in production due to commodity prices failing to rise or decreasing further or changes to existing government curtailment programs or the imposition of new programs; the risk that OPEC, Russia 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 crude 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 crude oil, natural gas liquids and natural gas, price differentials for crude 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 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 and flooding); the possibility that fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to hydrocarbons 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 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 and consumers to the ongoing COVID-19 pandemic; and the other factors described under "Risk Factors" in our Annual Information Form and described in our public filings, available in Canada at [www.sedar.com](http://www.sedar.com) and in the United States at [www.sec.gov](http://www.sec.gov). Readers are cautioned that this list of risk factors should not be construed as exhaustive.

Unless otherwise specified, the forward-looking statements contained in this document speak only as of January 23, 2022. Except as expressly required by applicable securities laws, we do not undertake any obligation to publicly update or revise any forward. Please note that illustrative examples are not to be construed as guidance for the Company and further details on assumptions can be found in the Endnotes section of the presentation