



Obsidian Energy Modern Slavery Report 2025

Obsidian Energy Ltd. (“Obsidian Energy“, the “Company“, “we“, “us” or “our“) and our wholly-owned subsidiaries are providing this report (the “Report“) in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* in Canada (the “Act“). This Report outlines our actions and mitigations related to the Act for the period from January 1, 2025 to December 31, 2025. Obsidian Energy shares are listed on both the Toronto Stock Exchange in Canada and the NYSE American Exchange in the United States under the symbol “OBE“.

Introduction

Obsidian Energy is a Canadian oil and natural gas company, with operations and assets based in Alberta. This Report outlines the key steps and actions that Obsidian Energy took in 2025 to prevent the potential occurrence of modern slavery as well as the various factors evaluated to reduce the risk of forced or child labour.

Prevent & Reduce

In 2025, we maintained the initiatives we implemented over the past couple years, to prevent and reduce the risk of both forced and child labour in our supply chain. Key steps include the following:

- Maintained our Internal Steering Committee with representatives across the Company, including Legal, Supply Chain, Finance and Operations. The mandate of this group is to stay current on the Act, including any applicable amendments and identify the Company’s risks to ensure compliance;
- Reviewed the Company’s risk assessment of our vendors and suppliers from the prior year to identify if there were any areas of concern or significant changes from the prior year for modern slavery;
- Continued communication with key vendors and suppliers with supply chains that have offshore regions to ascertain that these vendors and suppliers had evaluated their supply chains for evidence of forced or child labour and that there were no changes from the prior year;
- Continued to have our master service agreements (MSA’s) with vendors and suppliers, requiring compliance with the requirements under the Act on a go-forward basis to become a vendor for the Company;
- Monitored compliance requirements for existing vendors and suppliers to ensure they are attesting they are complying with the Act in order to continue as an acceptable vendor by the Company; and
- Maintaining training requirement on the Act and education on modern slavery to all staff during 2025 (was implemented for all staff in 2024).

Structure & Activities

Obsidian Energy is an intermediate-sized oil and gas producer with a well-balanced portfolio of high-quality assets, primarily in the Peace River, Willesden Green and Viking areas in Alberta. The Company’s business is to explore for, develop and hold interests in oil and natural gas properties and related production infrastructure in the Western Canada Sedimentary Basin.

At December 31, 2025, we had approximately 220 staff, including employees and contractors, all located in Alberta, who execute and support our operations. Our supply chain includes various businesses who provide goods and services for our Company, which include vendors and suppliers. The Company's operations are located within Alberta and therefore companies within our supply chain are either based in Alberta or provide service or goods to the Company through operations in the province or neighboring provinces. The parties that support our Company are required to adhere to high ethical standards, including the prevention and identification of forced labour and child labour.

Additional information on our operations by area are as follows:

Peace River Development Area (Heavy Oil)

The Peace River development area is a heavy oil play located in Northwestern Alberta. Peace River is a high-quality, stable, cold-flow heavy oil Bluesky resource with Clearwater upside within the heart of the Peace River Oilsands region. At December 31, 2025, Obsidian Energy had over 700 net sections of developed and undeveloped land in the area, providing substantial opportunity for future development. Additionally, the Company progressed several waterflood initiatives in the area in 2025 and will continue to build on this success in future years. In 2025, average production was 12,927 boe/d in Peace River.

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. Average production in the area was 16,157 boe/d which included our Pembina assets (~11,000 boe/d) up to April 2025 when the Company closed a sale of those assets.

Viking Development Area (Light Oil)

Our Viking development area is located in Eastern Alberta along the Alberta/Saskatchewan border. Obsidian Energy has approximately 129 net sections of developed and undeveloped land in this sweet, light oil development play with associated natural gas. As a result, this asset offers economic returns and provides the Company with the opportunity to drill through the typical spring break-up period due to favourable ground conditions in the area. In 2025, average Viking production was 1,258 boe/d.

Further information related to the Company's operations, structure and industry conditions are included in the Company's Annual Information Form for the year-ended December 31, 2025 which may be accessed through the SEDAR+ website (www.sedarplus.ca), EDGAR website (www.sec.gov) or on our website (www.obsidianenergy.com).

Policies and Procedures

Obsidian Energy makes it a priority to educate all stakeholders so they have a clear understanding of our approach to business operations and our expectations for regulatory compliance. We work diligently to build and maintain relationships with external stakeholders, and provide employees and contractors with education and training in order to understand and abide by regulations. Policies and procedures exist to facilitate the efficient and effective management of our operations. Compliance with those policies and procedures is a condition of working with Obsidian Energy. The following policies require that both staff and suppliers act appropriately and assist us to comply with the Act:

Code of Business Conduct and Ethics

The Code of Business Conduct and Ethics supports the culture of Obsidian Energy. Our commitment is to act with integrity. We hold one another accountable to comply with our shared values. Throughout the Code of Business Conduct and Ethics, there are examples of actions or behaviours that are required or prohibited. In addition to complying with these rules, Obsidian Energy demands a high standard of professional conduct, including the exercise of good judgment. If actions cannot be characterized as ethical, such that they enhance the effectiveness and reputation of Obsidian Energy, then those actions contravene the Code of Business Conduct and Ethics regardless of the absence of a specific prohibition.

Whistleblower Policy

At Obsidian Energy our policies, procedures, and financial controls are the foundation for our governance. Our representatives report suspected non-compliance and we, in turn, support those that raise concerns. We understand that asking questions and reporting concerns provides us with the opportunity to intervene and to continue to improve. The Whistleblower Policy supports our culture through procedures for the receipt, review and retention of complaints from representatives or others.

Due Diligence Processes

The Company actively conducts due diligence on all vendors and suppliers. Once approved, all vendors and suppliers are expected to adhere to all our policies and procedures, including maintaining compliance with applicable laws and regulations. Obsidian Energy completes the following key steps as part of our due diligence in relation to forced or child labour in our operations and supply chain:

- Onboarding of new vendors and suppliers to work for the Company requires a vendor sponsor, as well as an approver of the vendor from within the Company's management team who has completed training on the Act and the topic of modern slavery;
- During the onboarding process, the supply chain team completes an assessment which includes the requirement to comply with the Company's MSA's which further includes the condition of adherence to the Act (including, but not limited to, that they are not aware of any breaches of the Act in their own operations);
- Ongoing monitoring of our vendors and suppliers including a required annual questionnaire attesting compliance with the Act; and
- Requirements for all potential matters of non-compliance with the Act are expected to be reported to senior management.

The Company has established a systematic approach, where vendors and suppliers are required to respond to questions specific to requirements in the Act in a vendor compliance database. This annual requirement allows the Company to identify any vendors and suppliers who have not completed appropriate due diligence as required by the Act or who may have identified a risk for forced or child labour within their supply chains. Information provided through these questions allows the Company to complete a thorough follow-up to address potential risks of forced and child labour within our supply chain by providing assurance that our vendors and suppliers have addressed these risks within their operations or supply chains. Vendors and suppliers who do not answer the questions or are found to be in non-compliance with the Act are not approved to work for Obsidian Energy.

Assessing Modern Slavery Risks

Obsidian Energy is committed to assessing our modern slavery risks. In 2025, there were no significant changes to the detailed risk assessment that we previously completed in 2024. Key information that we reviewed in 2025 included, but is not limited to, the following:

- Reviewed the Company's policies and procedures, including our Code of Business Conduct and Ethics, with a focus on providing clarity for staff and contactors abiding with the applicable laws and regulations;
- Reviewed existing policies in place for vendors and suppliers in an effort to help prevent modern slavery;
- Ensured that our contracts and agreements with our vendors and suppliers include clauses adhering specifically to the Act and the prevention of modern slavery;
- Reviewed our previously completed supply chain mapping that outlined if there were potential areas of concern where modern slavery could occur in our operations and/or supply chain; and
- Ensured that there were no material changes to the applicable laws and regulations related to modern slavery with internal and external counsel to ensure we have a strong understanding of the requirements under the Act.

Obsidian Energy did not identify any high-risk areas as a result of this assessment. The Company plans to regularly review our modern slavery risk assessment and developments so Obsidian Energy is current and compliant with the most recent rules and regulations. This will allow the Company to have an understanding of the risks associated with modern slavery and preventative measures that help us ensure that the risk around forced or child labour in our operations and supply chain remains low or nonexistent.

Remediation Measures

The Company did not identify any instances of forced or child labour in our operations or supply chain in 2025. As a result, the Company did not have to implement any measures to remediate forced or child labour.

Obsidian Energy recognizes the importance of ongoing monitoring to remain aware of the risks around modern slavery and to ensure that these risks remain low within our operations and supply chain. Our Internal Steering Committee will continue to review our risk assessment and monitor vendor compliance. If a situation arises in the future requiring remediation, the Company will implement the required measures to resolve it.

Training

At Obsidian Energy, all staff and personnel are required to comply with our Code of Business Conduct and Ethics in addition to all the Company's policies and procedures. New staff and personnel to the Company complete training on our Code of Business Conduct and Ethics and, on an annual basis, all staff and personnel are required to re-certify their understanding as part of refresher training. Compliance with the Code of Business Conduct and Ethics supports the culture of Obsidian Energy and outlines our commitment to act with integrity throughout our business.

In 2025, all staff were required to complete training on the Act as well as education around modern slavery. The Company plans to continue these training initiatives on an annual basis.

Effectiveness Assessment

In 2025, the Company reviewed the previously completed assessment of our modern slavery risks. No significant changes were noted and as such we believe that the risk of forced or child labour in our operations and supply chain remains low. We have strong due diligence practices in place for our vendors and suppliers, and governance practices that monitor and require compliance with our policies, procedures and all applicable laws. The Company's staff and contractors are all located in Canada and are required to complete an attestation of their understanding on our Code of Business Conduct and Ethics on at least an annual basis.

Obsidian Energy recognizes that we have an ongoing duty to evaluate and report on the risks associated with modern slavery. Our Internal Steering Committee will continue to monitor the requirements under the Act and evaluate the effectiveness of our policies and procedures in place to identify and reduce the risk around forced or child labour in our operations and supply chain. We will regularly review and update our modern slavery risk assessment processes and identify emerging trends and incorporate feedback. Working with senior management, our Internal Steering Committee will continue to review these risks and, if needed, take appropriate actions to address deficiencies.

Board Approval and Attestation

This Report was approved by the Board of Obsidian Energy and is signed on its behalf by Stephen Loukas, President & Chief Executive Officer and Director. This Report was submitted to the Minister of Public Safety and Emergency Preparedness in Canada and is available on our website at www.obsidianenergy.com.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the period of January 1, 2025 to December 31, 2025.

Dated May 12, 2026

"signed"

Stephen Loukas
President & Chief Executive Officer and Director, Obsidian Energy Ltd.