



Q1 2026 QUARTERLY REPORT

For the three months ended March 31, 2026



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Abbreviations and Acronyms

AECO: Alberta benchmark price for natural gas
bbbl: barrels (oil or natural gas liquids)
bbbl/day or **bbbl/d:** barrels per day
boe: barrels of oil equivalent
(based on 6 mcf of natural gas equaling one barrel of oil)
boe/d: barrels of oil equivalent per day
ESG: Environmental, Social and Governance
GJ: gigajoule
LNG: Liquefied Natural Gas
mcf: thousand cubic feet (natural gas)
mcf/d: thousand cubic feet per day
mmbtu: million British thermal unit
mmcf: million cubic feet
mmcf/day or **mmcf/d:** million cubic feet per day
MSW: Mixed Sweet Blend
MW: megawatt
MWh: megawatt-hour
NGL: natural gas liquids
NYSE American: New York Stock Exchange American
NYMEX: New York Mercantile Exchange price for natural gas
TSX: Toronto Stock Exchange
WCS: Western Canadian Select
WTI: West Texas Intermediate

Conversions of Units

| IMPERIAL | | METRIC |
|-----------------|---|--------------------|
| 1 ton | = | 0.907 tonnes |
| 1.102 tons | = | 1 tonne |
| 1 acre | = | 0.40 hectares |
| 2.5 acres | = | 1 hectare |
| 1 bbl | = | 0.159 cubic metres |
| 6.29 bbl | = | 1 cubic metre |
| 1 mcf | = | 28.2 cubic metres |
| 0.035 mcf | = | 1 cubic metre |
| 1 mile | = | 1.61 kilometres |
| 0.62 miles | = | 1 kilometre |

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2026

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 unaudited interim condensed consolidated financial statements for the three months ended March 31, 2026 and the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2025. The date of this MD&A is May 6, 2026. All dollar amounts contained in this MD&A are expressed in millions of Canadian dollars unless noted otherwise.

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") 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.

Quarterly Financial Summary

(millions, except per share and production amounts) (unaudited)

| Three months ended | Mar. 31 2026 | Dec. 31 2025 | Sep. 30 2025 | Jun. 30 2025 | Mar. 31 2025 | Dec. 31 2024 | Sep. 30 2024 | Jun. 30 2024 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Production revenues | \$ 148.7 | \$ 123.8 | \$ 128.7 | \$ 136.3 | \$ 211.0 | \$ 213.6 | \$ 218.2 | \$ 208.4 |
| Cash flow from operating activities | 40.0 | 42.6 | 45.4 | 55.2 | 96.7 | 115.0 | 110.3 | 77.9 |
| Basic per share ⁽¹⁾ | 0.59 | 0.63 | 0.68 | 0.79 | 1.32 | 1.55 | 1.45 | 1.02 |
| Diluted per share ⁽¹⁾ | 0.59 | 0.62 | 0.66 | 0.75 | 1.27 | 1.49 | 1.40 | 0.98 |
| Funds flow from operations ⁽²⁾ | 61.0 | 56.6 | 49.7 | 65.8 | 100.1 | 107.7 | 124.7 | 115.2 |
| Basic per share ⁽³⁾ | 0.91 | 0.84 | 0.74 | 0.94 | 1.36 | 1.45 | 1.64 | 1.51 |
| Diluted per share ⁽³⁾ | 0.91 | 0.82 | 0.72 | 0.90 | 1.31 | 1.39 | 1.58 | 1.44 |
| Net income (loss) | (18.7) | (12.3) | 16.8 | 15.3 | 15.4 | (284.8) | 33.2 | 37.1 |
| Basic per share | (0.28) | (0.18) | 0.25 | 0.22 | 0.21 | (3.83) | 0.44 | 0.48 |
| Diluted per share | \$ (0.28) | \$ (0.18) | \$ 0.24 | \$ 0.21 | \$ 0.20 | \$ (3.83) | \$ 0.42 | \$ 0.46 |
| Production | | | | | | | | |
| Light oil (bbl/d) | 6,189 | 5,443 | 4,979 | 6,314 | 12,727 | 13,271 | 13,722 | 13,782 |
| Heavy oil (bbl/d) | 12,390 | 12,782 | 12,586 | 12,041 | 10,887 | 11,621 | 10,624 | 7,026 |
| NGLs (bbl/d) | 2,088 | 2,037 | 1,955 | 2,189 | 3,072 | 3,176 | 3,148 | 3,193 |
| Natural gas (mmcf/d) | 48 | 46 | 47 | 50 | 70 | 72 | 73 | 71 |
| Total (boe/d) ⁽⁴⁾ | 28,733 | 27,971 | 27,316 | 28,943 | 38,416 | 40,119 | 39,714 | 35,773 |

(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

| (millions, except per share amounts) | Three months ended March 31 | | | |
|---|-----------------------------|--------|----|---------|
| | | 2026 | | 2025 |
| Cash flow from operating activities | \$ | 40.0 | \$ | 96.7 |
| Change in non-cash working capital | | (12.1) | | (5.8) |
| Decommissioning expenditures | | 1.7 | | 6.6 |
| Equity forward contracts | | 31.2 | | - |
| Onerous office lease settlements | | - | | 0.7 |
| Deferred financing costs | | (0.4) | | (0.4) |
| Restructuring | | 0.2 | | 0.1 |
| Transaction costs | | - | | 2.2 |
| Other expenses | | 0.4 | | - |
| Funds flow from operations ⁽¹⁾ | | 61.0 | | 100.1 |
| Capital expenditures | | (79.7) | | (128.4) |
| Decommissioning expenditures | | (1.7) | | (6.6) |
| Free Cash Flow ⁽¹⁾ | \$ | (20.4) | \$ | (34.9) |
| Per share – funds flow from operations ⁽²⁾ | | | | |
| Basic per share | \$ | 0.91 | \$ | 1.36 |
| Diluted per share | \$ | 0.91 | \$ | 1.31 |

(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 Q1 2026 compared to Q1 2025 primarily due to lower production revenues, as a result of lower production volumes due to the disposition of our operated Pembina assets (the "Pembina Disposition") at the start of Q2 2025.

Pembina Disposition

On April 7, 2025, the Company closed the Pembina Disposition to InPlay Oil Corp ("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. 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

The Company has a balanced portfolio of heavy and light oil assets following the close of the Pembina Disposition in 2025. In Peace River over the past few 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, we continue to progress our enhanced oil recovery strategy through our waterflood initiatives and are encouraged by our results to-date. We have expanded these efforts in the area in 2026 and will continue to build on the success that we have had to-date.

Additionally, we also expect to grow our light oil assets through ongoing development. The Company began development in the Belly River formation in 2025 and has advanced our plans in 2026 with further activity in the formation given the strong results we have achieved and the expanded infrastructure that we completed in Open Creek in late 2025. 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 have re-purchased and cancelled a total of approximately 18.8 million common shares (approximately 23 percent of our outstanding shares when our NCIB program began) for total consideration of \$162.9 million since the inception of the NCIB in 2023.

Furthermore, in 2025, the Company began mitigating our share-based compensation exposure by entering into prepaid equity forward contracts. To-date the Company has entered into contracts on a total of 5,125,000 shares at a weighted average share price of \$9.56. The expiry dates range from 2028 - 2029, however, the Company can monetize these contracts at our discretion.

The Company continued with our environmental remediation efforts in Q1 2026 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.

| | Q1 2026 | Q4 2025 | Q3 2025 | Q2 2025 | Q1 2025 | Q4 2024 | Q3 2024 | Q2 2024 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Benchmark prices | | | | | | | | |
| WTI oil (\$US/bbl) | \$ 71.93 | \$ 59.14 | \$ 64.93 | \$ 63.74 | \$ 71.42 | \$ 70.27 | \$ 75.09 | \$ 80.57 |
| Edm mixed sweet par price (CAD\$/bbl) | 93.39 | 76.30 | 86.57 | 84.04 | 95.00 | 94.39 | 97.60 | 105.41 |
| Western Canada Select (CAD\$/bbl) | 79.19 | 66.65 | 75.28 | 73.89 | 84.04 | 80.67 | 83.80 | 91.82 |
| NYMEX Henry Hub (\$US/mmbtu) | 5.04 | 3.55 | 3.07 | 3.44 | 3.65 | 2.79 | 2.16 | 1.89 |
| AECO 5A Index (CAD\$/mcf) | 2.01 | 2.23 | 0.60 | 1.69 | 2.17 | 1.48 | 0.69 | 1.18 |
| Foreign exchange rate (\$US/CAD\$) | 1.37 | 1.39 | 1.38 | 1.38 | 1.43 | 1.40 | 1.37 | 1.37 |
| Benchmark differentials | | | | | | | | |
| WTI - Edm Light Sweet (\$US/bbl) | (3.76) | (4.25) | (2.20) | (2.84) | (4.98) | (2.42) | (3.35) | (3.63) |
| WTI - Western Canadian Select Heavy (\$US/bbl) | (14.13) | (11.19) | (10.38) | (10.20) | (12.65) | (12.54) | (13.51) | (13.55) |
| Average sales price ⁽¹⁾ ⁽²⁾ | | | | | | | | |
| Light oil (CAD\$/bbl) | 97.23 | 75.30 | 86.67 | 91.09 | 99.46 | 96.95 | 100.09 | 107.61 |
| Heavy oil (CAD\$/bbl) | 69.40 | 59.10 | 67.93 | 61.27 | 70.14 | 67.70 | 73.73 | 79.73 |
| NGLs (CAD\$/bbl) | 37.11 | 35.33 | 36.44 | 39.42 | 53.49 | 44.27 | 48.92 | 48.92 |
| Total liquids (CAD\$/bbl) | 74.47 | 61.07 | 69.56 | 68.11 | 82.21 | 78.88 | 84.04 | 91.64 |
| Natural gas (CAD\$/mcf) | \$ 2.38 | \$ 2.38 | \$ 0.91 | \$ 2.00 | \$ 2.18 | \$ 1.53 | \$ 0.86 | \$ 1.33 |

(1) Excludes the impact of realized hedging gains or losses.

(2) Supplementary financial measures. See "Non-GAAP and Other Financial Measures".

Oil

In Q1 2026, WTI prices averaged US\$71.93 per bbl. Oil prices started the year low, averaging US\$60.26 per bbl in January but increased throughout the quarter with WTI averaging US\$91.00 per bbl in March. The increase in oil prices was mainly due to the conflict in the Middle East between US, Israel and Iran, which halted transit through the Strait of Hormuz, disrupting roughly 20% of global oil and refined product flows.

In Q1 2026, WCS differentials averaged US\$14.13 per bbl, wider than the average of US\$11.19 per bbl in Q4 2025. Differentials weakened in the quarter as seasonal demand eased amidst a well-supplied market. The MSW differential averaged US\$3.76 per barrel in Q1 2026.

The Company currently has the following oil hedging contracts in place on a weighted average basis:

| Type | Volume (bbls/d) | Remaining Term | Price (US\$/bbl) |
|------------|--------------------|-------------------|---------------------|
| WTI Swap | 13,100 | May 2026 | \$ 67.45 |
| WTI Swap | 12,075 | June 2026 | 71.56 |
| WTI Swap | 8,950 | July 2026 | 76.15 |
| WTI Swap | 2,250 | August 2026 | 81.20 |
| WTI Swap | 1,375 | September 2026 | 82.14 |
| WTI Collar | 750 | June 2026 | 86.00 - 92.25 |
| WTI Collar | 5,050 | August 2026 | \$ 80.25 - 87.69 |

Natural Gas

In Q1 2026, NYMEX futures prices averaged US\$5.04 per mmbtu, an increase from US\$3.55 per mmbtu in Q4 2025. The increase was driven by cold weather throughout North America, particularly in February which increased demand and led to a strong February price of US\$7.46 per mmbtu. In Alberta, AECO 5A prices averaged \$2.01 per mcf, a decrease from Q4 2025 which averaged \$2.23 per mcf. AECO prices remained low due to ongoing supply growth and high inventory levels.

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 | 35,377 | May 2026 - October 2026 | \$ 2.68 |
| AECO Swap | 4,739 | November 2026 - March 2027 | \$ 3.31 |

Foreign Exchange Forward Contracts

The Company enters 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 | 19.6 | May 2026 | \$ 1.3700 |
| FX forward contract | 20.3 | June 2026 | 1.3732 |
| FX forward contract | 19.2 | July 2026 | 1.3714 |
| FX forward contract | 18.5 | August 2026 | 1.3715 |
| FX forward contract | 4.0 | September 2026 | \$ 1.3750 |

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 | 680,000 | February 2029 | | 10.18 |
| Equity Forward Contract | 710,000 | April 2029 | \$ | 13.82 |
| Total share volume | 5,125,000 | Weighted average price | \$ | 9.56 |

(1) The Company can settle the contract, or a portion of the contract, at any time.

RESULTS OF OPERATIONS

Average Sales Prices ⁽¹⁾

| | Three months ended March 31 | | |
|--|-----------------------------|----------|----------|
| | 2026 | 2025 | % change |
| Light oil (per bbl) | \$ 97.23 | \$ 99.46 | (2) |
| Heavy oil (per bbl) | 69.40 | 70.14 | (1) |
| NGL (per bbl) | 37.11 | 53.49 | (31) |
| Total liquids (per bbl) | 74.47 | 82.21 | (9) |
| Realized risk management loss (per bbl) | (9.33) | (0.10) | 9,230 |
| Total liquids, net (per bbl) | 65.14 | 82.11 | (21) |
| Natural gas (per mcf) | 2.38 | 2.18 | 9 |
| Realized risk management gain (per mcf) | 0.45 | 0.46 | (2) |
| Natural gas net (per mcf) | 2.83 | 2.64 | 7 |
| Weighted average (per boe) | 57.57 | 61.11 | (6) |
| Realized risk management gain (loss) (per boe) | (5.96) | 0.78 | N/A |
| Weighted average net (per boe) | \$ 51.61 | \$ 61.89 | (17) |

(1) Supplementary financial measures. See "Non-GAAP and Other Financial Measures".

Production

| | Three months ended March 31 | | |
|--------------------------|-----------------------------|--------|----------|
| | 2026 | 2025 | % change |
| Daily production | | | |
| Light oil (bbl/d) | 6,189 | 12,727 | (51) |
| Heavy oil (bbl/d) | 12,390 | 10,887 | 14 |
| NGL (bbl/d) | 2,088 | 3,072 | (32) |
| Natural gas (mmcf/d) | 48 | 70 | (31) |
| Total production (boe/d) | 28,733 | 38,416 | (25) |

In Q1 2026, production levels decreased compared to 2025 due to the Pembina Disposition which we closed at the start of Q2 2025. Production associated with the Pembina Assets averaged approximately 11,000 boe/d in Q1 2025 consisting of light oil, NGLs and natural gas. Additionally, as a result of our focus on Peace River development over the past few years, the Company has increased heavy oil production volumes. In Q1 2026, we drilled 20 (17.8 net) wells, including injector wells and non-operated activity, and a total of 21 (15.5 net) wells were brought on production.

Average production within the Company's key development areas and within the Company's Legacy asset area was as follows:

| Daily production (boe/d) ⁽¹⁾ | Three months ended March 31 | | |
|---|-----------------------------|-----------------------|-------------|
| | 2026 | 2025 | % change |
| Willesden Green/PCU #11 | 14,263 | 24,967 ⁽²⁾ | (43) |
| Peace River | 13,270 | 11,609 | 14 |
| Viking | 920 | 1,520 | (39) |
| Legacy | 280 | 320 | (13) |
| Total | 28,733 | 38,416 | (25) |

(1) Refer to "Supplemental Production Disclosure" for details by product type.

(2) Includes production from the Pembina Assets of approximately 11,000 boe/d.

Netbacks

| (per boe) | Three months ended March 31 | | |
|--|-----------------------------|--------------|-----------------|
| | 2026 | | 2025 |
| Netback: | | | |
| Sales price ⁽¹⁾⁽³⁾ | \$ | 57.57 | \$ 61.11 |
| Risk management gain (loss) ⁽²⁾ | | (5.96) | 0.78 |
| Royalties | | (5.00) | (8.22) |
| Transportation | | (5.25) | (4.85) |
| Net operating costs ⁽³⁾ | | (14.60) | (15.72) |
| Netback ⁽³⁾ | \$ | 26.76 | \$ 33.10 |

| | (boe/d) | (boe/d) |
|-------------------|---------------|---------------|
| Production | 28,733 | 38,416 |

(1) Includes the impact of commodities purchased from and sold to third parties of \$0.2 million for Q1 2026 (2025 – \$0.3 million). See "Production Revenues" below for a reconciliation of "Sales" to "Production revenues".

(2) Realized risk management gains (losses) on commodity contracts.

(3) Non-GAAP ratios. See "Non-GAAP and Other Financial Measures".

The Company's netback decreased in Q1 2026 compared to Q1 2025, mainly due to a realized risk management loss on our outstanding oil hedges. This was partially offset by lower net operating costs, as higher cost production was sold in the Pembina Disposition, and lower royalties due to lower oil prices, particularly in January and February.

| (millions) | Three months ended March 31 | |
|--|-----------------------------|-----------------|
| | 2026 | 2025 |
| Netback: | | |
| Sales ^{(1) (3)} | \$ 148.9 | \$ 211.3 |
| Risk management gain (loss) ⁽²⁾ | (15.4) | 2.7 |
| Royalties | (12.9) | (28.4) |
| Transportation | (13.6) | (16.8) |
| Net operating costs ⁽³⁾ | (37.6) | (54.4) |
| Netback ⁽³⁾ | \$ 69.4 | \$ 114.4 |

(1) Includes the impact of commodities purchased from and sold to third parties of \$0.2 million for Q1 2026 (2025 – \$0.3 million). See "Production Revenues" below for a reconciliation of "Sales" to "Production revenues".

(2) Realized risk management gains (losses) 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) | Three months ended March 31 | |
|---|-----------------------------|-----------------|
| | 2026 | 2025 |
| Production revenues | \$ 148.7 | \$ 211.0 |
| Sales of commodities purchased from third parties | 0.6 | 2.0 |
| Less: Commodities purchased from third parties | (0.4) | (1.7) |
| Sales ⁽¹⁾ | 148.9 | 211.3 |
| Realized risk management gain (loss) ⁽²⁾ | (15.4) | 2.7 |
| Gross revenues ⁽¹⁾ | \$ 133.5 | \$ 214.0 |

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

(2) Relates to realized risk management gains (losses) on commodity and foreign exchange contracts.

The Company's production revenues and gross revenues were lower in Q1 2026 compared to Q1 2025, mainly due to lower production volumes as a result of the Pembina Disposition in Q2 2025. Additionally, our gross revenues were impacted by a realized risk management loss on our outstanding oil hedges.

Change in Gross Revenues ⁽¹⁾

| (millions) | | |
|---|-----------|--------------|
| Gross revenues – January 1 – March 31, 2025 | \$ | 214.0 |
| Decrease in liquids production | | (51.8) |
| Decrease in liquids prices | | (7.1) |
| Decrease in natural gas production | | (4.3) |
| Increase in natural gas prices | | 0.8 |
| Increase in realized oil risk management loss | | (17.1) |
| Decrease in realized natural gas risk management gain | | (1.0) |
| Gross revenues – January 1 – March 31, 2026 ⁽²⁾ | \$ | 133.5 |

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

(2) Excludes processing fees and other income.

Royalties

| | Three months ended March 31 | | |
|-------------------------------------|-----------------------------|------|---------|
| | | 2026 | 2025 |
| Royalties (millions) | \$ | 12.9 | \$ 28.4 |
| Average royalty rate ⁽¹⁾ | | 9% | 13% |

(1) Excludes effects of risk management activities and other income.

In Q1 2026, the decrease in absolute royalties from Q1 2025 was largely attributed to our lower production base due to the Pembina Disposition in Q2 2025. The decrease in average royalty rate was mainly due to lower oil prices, specifically in January and February.

Expenses

| (millions) | Three months ended March 31 | | |
|------------------------------|-----------------------------|------|---------|
| | | 2026 | 2025 |
| Net operating ⁽¹⁾ | \$ | 37.6 | \$ 54.4 |
| Transportation | | 13.6 | 16.8 |
| Financing | | 7.4 | 12.7 |
| Share-based compensation | \$ | 0.2 | \$ 2.9 |

(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:

| (millions) | Three months ended March 31 | | |
|------------------------------------|-----------------------------|-------|---------|
| | | 2026 | 2025 |
| Operating costs | \$ | 41.2 | \$ 59.0 |
| Less processing fees | | (2.1) | (2.8) |
| Less road use recoveries | | (1.5) | (1.8) |
| Net operating costs ⁽¹⁾ | \$ | 37.6 | \$ 54.4 |

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

On an absolute basis, both operating and net operating costs have decreased compared to Q1 2025 mainly due to the sale of higher cost production pursuant to the Pembina Disposition, which was partially offset by the growth in Peace River production, which has higher water handling costs. We have implemented a number of water handling initiatives to help reduce trucking costs, which will continue to be a focus as we further expand our Peace River production base.

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 Q1 2026 compared to Q1 2025. On an absolute basis transportation costs are lower in Q1 2026 compared to Q1 2025 due to the Pembina Disposition in early Q2 2025.

Financing

Financing expense consists of the following:

| (millions) | Three months ended March 31 | |
|---|-----------------------------|---------|
| | 2026 | 2025 |
| Interest | \$ 4.5 | \$ 7.5 |
| Accretion on decommissioning liability | 2.1 | 4.6 |
| Accretion on discount of senior unsecured notes | - | 0.1 |
| Accretion on lease liabilities | 0.4 | 0.1 |
| Deferred financing costs | 0.4 | 0.4 |
| Financing | \$ 7.4 | \$ 12.7 |

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 Q1 2026 compared to Q1 2025 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 Company completed our semi-annual borrowing base redetermination in April 2026. The aggregate amount available under the syndicated credit facility remained at \$235.0 million and the revolving period and maturity dates are now set at May 31, 2027 and May 31, 2028, respectively.

At March 31, 2026, the Company had senior unsecured notes outstanding totaling \$175.0 million which mature on December 3, 2030. The senior unsecured notes were issued at par under a trust indenture and at an interest rate of 8.125 percent. The senior unsecured notes are direct senior unsecured obligations of Obsidian Energy ranking equal with all other present and future senior unsecured indebtedness of the Company.

At March 31, 2026, letters of credit totaling \$2.5 million were outstanding (December 31, 2025 – \$2.5 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:

| (millions) | Three months ended March 31 | |
|--|-----------------------------|--------|
| | 2026 | 2025 |
| DSUs | \$ 10.3 | \$ 0.3 |
| PSUs | 7.5 | 0.5 |
| Equity forward contracts gain ⁽¹⁾ | (19.8) | - |
| Liability based incentive plans | \$ (2.0) | \$ 0.8 |
| RSUs | \$ 1.5 | \$ 1.7 |
| Options | 0.7 | 0.4 |
| Equity based incentive plans | 2.2 | 2.1 |
| Share-based compensation | \$ 0.2 | \$ 2.9 |

(1) Relates to the equity forward contracts entered into to mitigate the Company's exposure to our share-based compensation plans.

The change in share price at the balance sheet date results in a mark-to-market valuation which is used to calculate the PSU and DSU future obligations. The share price used in the fair value calculation of the DSU and PSU obligations at March 31, 2026 was \$13.22 per share compared to \$8.42 per share on December 31, 2025 and \$8.43 per share on March 31, 2025. The share price used for the unrealized gain on the equity forward contract at March 31, 2026 was \$13.22 per share compared to the weighted average valuation of \$8.95 per share.

General and Administrative Expenses ("G&A")

| (millions, except per boe amounts) | Three months ended March 31 | |
|------------------------------------|-----------------------------|---------|
| | 2026 | 2025 |
| Gross | \$ 10.5 | \$ 10.9 |
| Per boe ⁽¹⁾ | 4.08 | 3.14 |
| Net ⁽²⁾ | 5.5 | 5.6 |
| Per boe ⁽¹⁾ | \$ 2.12 | \$ 1.61 |

(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 Q1 2026 compared to Q1 2025 as staff levels were relatively consistent year-over-year. On a per boe basis, the impact of the Pembina Disposition in Q2 2025 and resultant lower production levels led to higher costs in Q1 2026 compared to Q1 2025.

Depletion, Depreciation and Impairment

| (millions) | Three months ended March 31 | |
|------------------------------------|-----------------------------|---------|
| | 2026 | 2025 |
| Depletion and depreciation ("D&D") | \$ 46.0 | \$ 43.2 |
| PP&E Impairment (reversal) | \$ (0.1) | \$ 12.1 |

The Company's D&D expense increased in Q1 2026 from Q1 2025, primarily due to higher production levels. The assets associated with the Pembina Disposition were classified as assets held for sale in Q1 2025 and were no longer being depleted.

In the first quarter of 2026, we recorded a \$0.1 million impairment reversal (2025 - \$0.1 million impairment) in our Legacy cash generating unit ("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 either expensed or recovered each period.

Taxes

| (millions) | Three months ended March 31 | |
|--|-----------------------------|--------|
| | 2026 | 2025 |
| Deferred income tax expense (recovery) | \$ (5.9) | \$ 5.0 |

The Company previously recognized a deferred tax asset, as we expect to have sufficient taxable profits in future years in order to fully utilize the remaining deferred tax asset balance. The deferred income tax recovery in Q1 2026 was due to the Company's net loss driven largely by risk management hedging losses.

The deferred income tax expense in Q1 2025 was due to the net income recorded in that period and resultant reduction of our deferred income tax asset.

Net Income (Loss)

| (millions, except per share amounts) | Three months ended March 31 | | | |
|--------------------------------------|-----------------------------|--------|------|------|
| | 2026 | | 2025 | |
| Net income (loss) | \$ | (18.7) | \$ | 15.4 |
| Basic per share | | (0.28) | | 0.21 |
| Diluted per share | \$ | (0.28) | \$ | 0.20 |

Net loss in Q1 2026 was primarily the result of a realized and unrealized risk management loss on our outstanding hedging position during the period.

Capital Expenditures

| (millions) | Three months ended March 31 | | | |
|---------------------------------|-----------------------------|------|------|-------|
| | 2026 | | 2025 | |
| Drilling and completions | \$ | 59.1 | \$ | 87.8 |
| Well equipping and facilities | | 17.4 | | 33.8 |
| Land and geological/geophysical | | 3.1 | | 6.4 |
| Corporate | | 0.1 | | 0.4 |
| Capital expenditures | \$ | 79.7 | \$ | 128.4 |
| Property acquisitions | | 0.6 | | - |
| Total | \$ | 80.3 | \$ | 128.4 |

In Q1 2026, capital expenditures were focused on development activities in Peace River and Willesden Green, including further progress on our waterflood initiatives in the Peace River area. Overall, capital expenditures were lower in Q1 2026 than Q1 2025 as we moderated capital spending in the period in response to lower commodity prices for most of the quarter.

For Q1 2026, 21 (15.5 net) wells were brought on production, including operated and non-operated activities, which included 5 (5.0 net) wells in Peace River, 6 (6.0 net) wells in Willesden Green and 10 (4.5 net) wells in PCU #11.

Drilling

| (number of wells) | Three months ended March 31 | | | |
|--------------------------------------|-----------------------------|-----|-------|-----|
| | 2026 | | 2025 | |
| | Gross | Net | Gross | Net |
| Oil | 16 | 14 | 31 | 27 |
| Injectors, stratigraphic and service | 4 | 4 | - | - |
| Total | 20 | 18 | 31 | 27 |

The Company drilled 16 (16.0 net) operated wells, including 4 (4.0 net) injector wells, during Q1 2026. In addition, the Company had non-operated working interests in 4 (1.8 net) wells that were drilled by various partners during the period.

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) | March 31, 2026 | December 31, 2025 |
|--|-----------------|-------------------|
| As at | | |
| Long-term debt | | |
| Syndicated credit facility | \$ 74.0 | \$ 9.0 |
| Senior unsecured notes (8.125%, maturing December 3, 2030) | 175.0 | 175.0 |
| Deferred financing costs | (3.7) | (4.1) |
| Total | 245.3 | 179.9 |
| Working capital deficiency | | |
| Cash | (1.5) | - |
| Accounts receivable | (90.5) | (56.1) |
| Prepaid expenses and other | (11.3) | (11.0) |
| Prepaid equity forward contracts ⁽¹⁾ | (59.3) | (28.1) |
| Bank overdraft | - | 0.4 |
| Accounts payable and accrued liabilities | 197.1 | 155.0 |
| Total | 34.5 | 60.2 |
| Net debt ⁽²⁾ | \$ 279.8 | \$ 240.1 |

(1) The Company includes prepaid equity forward contracts in our working capital deficiency given we have paid for these contracts upon entering into them and the corresponding share-based compensation liabilities are included in Accounts Payable and Accrued Liabilities.

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

Net debt increased compared to December 31, 2025, primarily as a result of higher drawings under our syndicated credit facility due to our development activity, our return of capital initiative through our share buyback program and the purchase of prepaid equity forwards contracts.

Liquidity

The Company currently has a reserve-based syndicated credit facility with a borrowing limit of \$235.0 million and senior unsecured notes totaling \$175.0 million, 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.

Financial Instruments

Obsidian Energy had the following financial instruments outstanding at March 31, 2026. 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 (bbl/d) | Remaining Term | Price (US\$/bbl) | Fair value (millions) |
|------------------|-------------------------------|----------------|---------------------|--------------------------|
| Oil | | | | |
| WTI Swap | 13,550 | April 2026 | \$ 65.93 | \$ (18.4) |
| WTI Swap | 13,100 | May 2026 | 67.45 | (13.1) |
| WTI Swap | 12,075 | June 2026 | 71.56 | (6.8) |
| WTI Swap | 8,250 | July 2026 | 75.71 | (1.6) |
| WTI Swap | 2,250 | August 2026 | 81.20 | 0.4 |
| WTI Collar | 750 | June 2026 | 86.00 - 92.25 | 0.1 |
| WTI Collar | 5,050 | August 2026 | \$ 80.25 - 87.69 | \$ 1.1 |
| Total oil | | | | \$ (38.3) |

| | Notional Volume (mcf/d) | Remaining Term | Price (C\$/mcf) | Fair value (millions) |
|--------------------------|-------------------------------|----------------------------|--------------------|--------------------------|
| Natural Gas | | | | |
| AECO Swap | 35,377 | April 2026 - October 2026 | \$ 2.68 | \$ 8.5 |
| AECO Swap | 4,739 | November 2026 - March 2027 | \$ 3.31 | \$ 0.3 |
| Total natural gas | | | | \$ 8.8 |
| Total | | | | \$ (29.5) |

Foreign exchange forward contracts

| | Notional Amount (\$ millions) | Remaining Term | Price (C\$) | Fair value (millions) |
|---|-------------------------------------|----------------|-------------|--------------------------|
| Foreign exchange forward contracts | | | | |
| FX forward contract | 19.5 | April 2026 | \$ 1.3665 | \$ (0.4) |
| FX forward contract | 19.6 | May 2026 | 1.3700 | (0.3) |
| FX forward contract | 20.3 | June 2026 | 1.3732 | (0.2) |
| FX forward contract | 19.2 | July 2026 | 1.3714 | (0.2) |
| FX forward contract | 18.5 | August 2026 | 1.3715 | (0.2) |
| FX forward contract | 4.0 | September 2026 | \$ 1.3750 | \$ - |
| Total | | | | \$ (1.3) |

The components of risk management within Income on the Consolidated Statements of Income (Loss) are as follows:

| (millions) | Three months ended | |
|---|--------------------|------------------|
| | 2026 | March 31 2025 |
| Realized | | |
| Settlement of oil contracts loss | \$ (17.4) | \$ (0.2) |
| Settlement of natural gas contracts gain | 1.9 | 2.9 |
| Settlement of foreign exchange contracts gain | 0.1 | - |
| Total realized risk management gain (loss) | \$ (15.4) | \$ 2.7 |
| Unrealized | | |
| Oil contracts loss | \$ (38.3) | \$ (10.3) |
| Natural gas contracts gain (loss) | 5.2 | (4.9) |
| Foreign exchange contracts loss | (1.3) | - |
| Total unrealized risk management loss | (34.4) | (15.2) |
| Risk management loss | \$ (49.8) | \$ (12.5) |

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 | \$ 9.5 |
| Equity Forward Contract | 1,300,000 | October 2028 | 8.72 | 17.2 |
| Equity Forward Contract | 550,000 | November 2028 | 8.43 | 7.3 |
| Equity Forward Contract | 715,000 | December 2028 | 8.31 | 9.4 |
| Equity Forward Contract | 450,000 | January 2029 | 8.76 | 5.9 |
| Equity Forward Contract | 680,000 | February 2029 | 10.18 | 9.0 |
| Equity Forward Contract | 80,000 | April 2029 | \$ 13.28 | \$ 1.0 |
| Total | | | | \$ 59.3 |

(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 March 31, 2026.

Based on commodity prices and contracts in place at March 31, 2026, the Company notes the following sensitivities:

- a \$1.00 change in the price per barrel of liquids would change pre-tax unrealized risk management by \$1.7 million;
- a \$0.10 change in the price per mcf of natural gas would change pre-tax unrealized risk management by \$0.8 million;
- a \$0.01 change in the CAD/US foreign exchange rate would change pre-tax unrealized risk management by \$0.5 million; and
- a \$1.00 change in our share price would change pre-tax unrealized risk management by \$4.5 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.

| Change of: | Impact on funds flow from operations ⁽¹⁾ | | |
|-----------------------------------|---|-------------|----------|
| | Change | \$ millions | \$/share |
| WTI - Price per barrel of liquids | WTI US\$1.00 | 6.5 | 0.10 |
| WCS - Price per barrel of liquids | WCS US\$1.00 | 5.2 | 0.08 |
| Liquids production | 1,000 bbl/day | 25.0 | 0.37 |
| Price per mcf of natural gas | AECO \$0.10 | 0.7 | 0.01 |
| Natural gas production | 1 mmcf/day | 0.5 | 0.01 |
| Effective interest rate | 1% | 0.3 | 0.01 |
| Exchange rate (\$US per \$CAD) | \$ 0.01 | 5.0 | 0.07 |

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

Contractual Obligations and Commitments

As at March 31, 2026, Obsidian Energy was 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⁾ | \$ - | \$ 74.0 | \$ - | \$ - | \$ 175.0 | \$ - | \$ 249.0 |
| Transportation | 13.0 | 16.0 | 12.5 | 12.1 | 5.7 | - | 59.3 |
| Interest obligations | 17.3 | 15.9 | 14.2 | 14.2 | 14.2 | - | 75.8 |
| Lease liability | 2.5 | 3.1 | 2.2 | 1.5 | 1.5 | 18.5 | 29.3 |
| Decommissioning liability ⁽²⁾ | 7.2 | 12.2 | 11.5 | 10.9 | 10.3 | 55.1 | 107.2 |
| Total | \$ 40.0 | \$ 121.2 | \$ 40.4 | \$ 38.7 | \$ 206.7 | \$ 73.6 | \$ 520.6 |

(1) The 2027 figure includes our syndicated credit facility which had a term-out date of May 2027 at March 31, 2026. Subsequent to March 31, 2026, the Company completed our semi-annual borrowing base redetermination and the term-out date was extended to May 2028. 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 our 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 March 31, 2026, the Company had an aggregate of \$175.0 million in senior unsecured notes maturing in December 2030. Also, at March 31, 2026, the revolving period of our syndicated credit facility was May 31, 2026, with a term out period to May 31, 2027. Subsequent to March 31, 2026, the Company completed our semi-annual borrowing base redetermination which resulted in the revolving period and maturity dates under the syndicated credit facility being extended to May 31, 2027 and May 31, 2028, respectively. 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 March 31, 2026 | 66,612,757 |
| Issuance under Option and RPSU Plans | 226,511 |
| Repurchase and cancellation of common shares | (62,500) |
| As at May 6, 2026 | 66,776,768 |
| Options outstanding: | |
| As at March 31, 2026 | 3,121,075 |
| Exercised | (226,111) |
| Forfeited | (17,910) |
| As at May 6, 2026 | 2,877,054 |
| RSUs outstanding: | |
| As at March 31, 2026 | 1,555,656 |
| Granted | 2,130 |
| Vested | (783) |
| Forfeited | (26,602) |
| As at May 6, 2026 | 1,530,401 |

Supplemental Production Disclosure

Outlined below is production by product type for each area and in total for Q1 2026 and 2025.

| Daily production (boe/d) | Three months ended March 31 | |
|---|-----------------------------|--------|
| | 2026 | 2025 |
| <i>Willesden Green/PCU #11 ⁽¹⁾</i> | | |
| Light oil (bbl/d) | 5,733 | 11,835 |
| Heavy oil (bbl/d) | - | 75 |
| NGLs (bbl/d) | 2,021 | 2,991 |
| Natural gas (mmcf/d) | 39 | 60 |
| Total production (boe/d) | 14,263 | 24,967 |
| <i>Peace River</i> | | |
| Light oil (bbl/d) | - | - |
| Heavy oil (bbl/d) | 12,276 | 10,690 |
| NGLs (bbl/d) | 13 | 15 |
| Natural gas (mmcf/d) | 6 | 5 |
| Total production (boe/d) | 13,270 | 11,609 |
| <i>Viking</i> | | |
| Light oil (bbl/d) | 400 | 824 |
| Heavy oil (bbl/d) | 89 | 90 |
| NGLs (bbl/d) | 30 | 44 |
| Natural gas (mmcf/d) | 2 | 3 |
| Total production (boe/d) | 920 | 1,520 |
| <i>Legacy</i> | | |
| Light oil (bbl/d) | 56 | 68 |
| Heavy oil (bbl/d) | 25 | 32 |
| NGLs (bbl/d) | 24 | 22 |
| Natural gas (mmcf/d) | 1 | 2 |
| Total production (boe/d) | 280 | 320 |
| <i>Total</i> | | |
| Light oil (bbl/d) | 6,189 | 12,727 |
| Heavy oil (bbl/d) | 12,390 | 10,887 |
| NGLs (bbl/d) | 2,088 | 3,072 |
| Natural gas (mmcf/d) | 48 | 70 |
| Total production (boe/d) | 28,733 | 38,416 |

(1) For Q1 2025, includes production from the Pembina Assets. 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 | Mar. 31 2026 | Dec. 31 2025 | Sep. 30 2025 | Jun. 30 2025 | Mar. 31 2025 | Dec. 31 2024 | Sep. 30 2024 | Jun. 30 2024 |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Cash flow from operating activities | \$ 40.0 | \$ 42.6 | \$ 45.4 | \$ 55.2 | \$ 96.7 | \$ 115.0 | \$ 110.3 | \$ 77.9 |
| Change in non-cash working capital | (12.1) | (17.5) | (11.6) | 4.3 | (5.8) | (13.5) | 6.1 | 29.7 |
| Decommissioning expenditures | 1.7 | 10.3 | 7.9 | 4.0 | 6.6 | 3.5 | 6.3 | 4.0 |
| Equity forward contracts | 31.2 | 21.3 | 7.4 | - | - | - | - | - |
| Onerous office lease settlements | - | - | - | - | 0.7 | 2.3 | 2.2 | 2.2 |
| Deferred financing costs | (0.4) | (0.3) | (0.4) | (0.6) | (0.4) | (0.5) | (0.6) | (0.6) |
| Restructuring | 0.2 | 0.1 | 0.1 | 0.7 | 0.1 | - | - | - |
| Transaction costs | - | 0.1 | 0.9 | 2.2 | 2.2 | - | - | 1.4 |
| Other expenses | 0.4 | - | - | - | - | 0.9 | 0.4 | 0.6 |
| Funds flow from operations | \$ 61.0 | \$ 56.6 | \$ 49.7 | \$ 65.8 | \$ 100.1 | \$ 107.7 | \$ 124.7 | \$ 115.2 |

Changes in Internal Control Over Financial Reporting (“ICFR”)

Obsidian Energy’s senior management has evaluated whether there were any changes in the Company’s ICFR that occurred during the period beginning on January 1, 2026 and ending on March 31, 2026 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.

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" 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" 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 fees and road use recoveries 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. See "Results of Operations – Expenses – Operating" 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" above for a reconciliation of netbacks to sales and "Results of Operations – Production Revenues" 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" 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" 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" 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

| | |
|-------|-----------------------------------|
| bbl | barrel or barrels |
| bbl/d | barrels per day |
| boe | barrel of oil equivalent |
| boe/d | barrels of oil equivalent per day |
| MSW | Mixed Sweet Blend |
| WTI | West Texas Intermediate |
| WCS | Western Canadian Select |

Natural Gas

| | |
|--------|--|
| mcf | thousand cubic feet |
| mcf/d | thousand cubic feet per day |
| mmcf | million cubic feet |
| mmcf/d | million cubic feet per day |
| mmbtu | Million British thermal unit |
| AECO | Alberta benchmark price for natural gas |
| 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: the expected growth in production of our Clearwater and Bluesky assets through further development and delineation of existing and new fields; the belief that we have a balanced portfolio of heavy and light oil and the anticipated benefits thereof; that we continue to progress our enhanced oil recovery strategy through our waterflood initiatives, that we are encouraged by our results to date, and the expected benefits of such initiatives; the continued development of our light oil assets through ongoing development; that the Company's pace and level of future development and growth will be subject to the macro-economic environment and the Company's intention to generate acceptable returns and maintain our financial strength; our environmental remediation efforts including our focus on abandoning and reclaiming inactive fields; our hedges; our expectation that entering into equity forward contracts will help reduce volatility in our funds flow from operations; our belief that our water handling initiatives will help reduce trucking costs, and that such initiatives will continue to be a focus as we further expand our Peace

River production base; the expectation that compliance with environmental legislation will require additional expenditures and a failure to comply may result in fines and penalties and the effect of such fines and penalties; our intention to monitor our operations for environmental impacts and allocate capital to reclamation and other activities in the areas we operate; our intention to follow the Alberta Energy Regulator guidance under Directive 088; our intention to use multiple sales points in the Peace River area and the anticipated benefits in connection therewith; our expectations in connection with taxable profits and the Company's ability to utilize its remaining deferred tax asset balance; the terms and conditions under our syndicated credit facility and senior unsecured notes and our expectations if the Company is unsuccessful in renewing or replacing them in the future; our involvement with various litigation in the normal course of business and the anticipated effects thereof; 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"; that the Company actively manages our debt portfolio and considers opportunities to reduce or diversify our debt capital structure; that management contemplates both operating and financial risks and takes action as appropriate to limit the Company's exposure to certain risks; 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 and the anticipated benefits in connection therewith; and that the Company limits credit risk by executing counterparty risk procedures which include transacting only with institutions within its syndicated credit facility or companies with high credit ratings, and by obtaining financial security in certain circumstances.

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, flooding and drought, 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, 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; risks associated with the mandatory joint review of the Canada-United States-Mexico Agreement ("CUSMA") on July 1, 2026, including the risk that the members ultimately withdrawing from CUSMA, which could result in a significant increase in trade barriers, which could in turn have a material adverse effect on the Canadian and U.S. economies, and by extension the Canadian oil and natural gas industry and the Company; 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 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 that the amount of energy demand destruction and/or the length of the decreased demand exceeds our expectations; 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, particularly between Iran, the United States and Israel; the possibility that fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to hydrocarbons, 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 a regional and/or global health related event and/or the influence of public opinion and/or special interest groups; 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 document was made as of the date of this document 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 document 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.

Obsidian Energy Ltd.
Consolidated Balance Sheets

| (CAD millions, unaudited) | Note | March 31, 2026 | December 31, 2025 |
|---|------|-------------------|-------------------|
| As at | | | |
| Assets | | | |
| Current | | | |
| Cash | | \$ 1.5 | \$ - |
| Accounts receivable | | 90.5 | 56.1 |
| Risk management | 7 | 41.5 | 23.0 |
| Prepaid expenses and other | | 11.3 | 11.0 |
| | | 144.8 | 90.1 |
| Non-current | | | |
| Property, plant and equipment | 3 | 1,528.8 | 1,494.5 |
| Risk management | 7 | 28.2 | 8.7 |
| Deferred income tax | 11 | 267.9 | 261.5 |
| | | 1,824.9 | 1,764.7 |
| Total assets | | \$ 1,969.7 | \$ 1,854.8 |
| Liabilities and Shareholders' Equity | | | |
| Current | | | |
| Bank overdraft | | \$ - | \$ 0.4 |
| Accounts payable and accrued liabilities | | 197.1 | 155.0 |
| Current portion of lease liabilities | 5 | 3.2 | 3.3 |
| Current portion of provisions | 6 | 10.2 | 8.9 |
| Risk management | 7 | 41.2 | - |
| | | 251.7 | 167.6 |
| Non-current | | | |
| Long-term debt | 4 | 245.3 | 179.9 |
| Lease liabilities | 5 | 16.1 | 16.2 |
| Provisions | 6 | 97.0 | 98.3 |
| Other non-current liabilities | | 3.6 | 1.2 |
| | | 613.7 | 463.2 |
| Shareholders' equity | | | |
| Shareholders' capital | 9 | 2,072.0 | 2,084.8 |
| Other reserves | 9 | 105.5 | 109.6 |
| Deficit | | (821.5) | (802.8) |
| | | 1,356.0 | 1,391.6 |
| Total liabilities and shareholders' equity | | \$ 1,969.7 | \$ 1,854.8 |

Subsequent events (Note 4, 7 and 9)

Commitments and contingencies (Note 12)

See accompanying notes to the unaudited interim consolidated financial statements.

Obsidian Energy Ltd.
Consolidated Statements of Income (Loss)

| (CAD millions, except per share amounts, unaudited) | Note | Three months ended March 31 | |
|---|------|--------------------------------|----------------|
| | | 2026 | 2025 |
| Production revenues | 8 | \$ 148.7 | \$ 211.0 |
| Processing fees | 8 | 2.1 | 2.8 |
| Royalties | | (12.9) | (28.4) |
| Sales of commodities purchased from third parties | | 0.6 | 2.0 |
| | | 138.5 | 187.4 |
| Other income | 8 | 1.5 | 1.8 |
| Risk management loss | 7 | (49.8) | (12.5) |
| | | 90.2 | 176.7 |
| Expenses | | | |
| Operating | | 41.2 | 59.0 |
| Transportation | | 13.6 | 16.8 |
| Commodities purchased from third parties | | 0.4 | 1.7 |
| General and administrative | | 5.5 | 5.6 |
| Share-based compensation | 10 | 0.2 | 2.9 |
| Depletion, depreciation and impairment | 3 | 45.9 | 55.3 |
| Financing | 4 | 7.4 | 12.7 |
| Restructuring | | 0.2 | 0.1 |
| Transaction costs | | - | 2.2 |
| Other | | 0.4 | - |
| | | 114.8 | 156.3 |
| Income (loss) before taxes | | (24.6) | 20.4 |
| Deferred income tax (recovery) | 11 | (5.9) | 5.0 |
| Net and comprehensive income (loss) | | \$ (18.7) | \$ 15.4 |
| Net income (loss) per share | | | |
| Basic | | \$ (0.28) | \$ 0.21 |
| Diluted | | \$ (0.28) | \$ 0.20 |
| Weighted average shares outstanding (millions) | | | |
| Basic | 9 | 67.3 | 73.5 |
| Diluted | 9 | 67.3 | 76.4 |

See accompanying notes to the unaudited interim consolidated financial statements.

Obsidian Energy Ltd.
Consolidated Statements of Cash Flows

Three months ended
March 31

| (CAD millions, unaudited) | Note | 2026 | 2025 |
|---|------|---------------|---------------|
| Operating activities | | | |
| Net income (loss) | | \$ (18.7) | \$ 15.4 |
| Depletion, depreciation and impairment | 3 | 45.9 | 55.3 |
| Financing | 4 | 2.9 | 5.2 |
| Share-based compensation | 10 | 2.2 | 2.1 |
| Unrealized risk management loss | 7 | 34.4 | 15.2 |
| Unrealized equity forward contract gain | 7 | (19.8) | - |
| Deferred income tax (recovery) | 11 | (5.9) | 5.0 |
| Decommissioning expenditures | 6 | (1.7) | (6.6) |
| Equity forward contracts | 7 | (11.4) | - |
| Onerous office lease settlements | 6 | - | (0.7) |
| Change in non-cash working capital | | 12.1 | 5.8 |
| | | 40.0 | 96.7 |
| Investing activities | | | |
| Capital expenditures | 3 | (79.7) | (128.4) |
| Property acquisitions | 3 | (0.6) | - |
| Change in non-cash working capital | | (1.6) | 30.7 |
| | | (81.9) | (97.7) |
| Financing activities | | | |
| Increase in syndicated credit facility | 4 | 65.0 | 14.5 |
| Lease liabilities settlements | 5 | (0.9) | (0.6) |
| Exercised compensation plans | | (1.3) | (1.8) |
| Repurchase of common shares | 9 | (18.1) | (9.6) |
| Tax paid on repurchase of common shares | | (0.9) | (0.7) |
| | | 43.8 | 1.8 |
| Change in cash and cash equivalents | | 1.9 | 0.8 |
| Cash and cash equivalents (overdraft), beginning of period | | (0.4) | (0.5) |
| Cash and cash equivalents, end of period | | \$ 1.5 | \$ 0.3 |
| Supplementary information | | | |
| Cash interest paid | | \$ 0.9 | \$ 11.0 |

See accompanying notes to the unaudited interim consolidated financial statements.

Obsidian Energy Ltd.
Statements of Changes in Shareholders' Equity

| (CAD millions, unaudited) | Note | Shareholders' Capital | Other Reserves | Deficit | Total |
|---|------|--------------------------|-------------------|-------------------|-------------------|
| Balance at January 1, 2026 | | \$ 2,084.8 | \$ 109.6 | \$ (802.8) | \$ 1,391.6 |
| Net and comprehensive loss | | - | - | (18.7) | (18.7) |
| Share-based compensation | 10 | - | 2.2 | - | 2.2 |
| Issued on exercise of equity compensation plans | 9 | 5.5 | (6.8) | - | (1.3) |
| Repurchase of common shares for cancellation | 9 | (18.1) | - | - | (18.1) |
| Tax adjustment on excess value - RSUs | 11 | - | 0.5 | - | 0.5 |
| Tax on repurchases of common shares | 9 | (0.2) | - | - | (0.2) |
| Balance at March 31, 2026 | | \$ 2,072.0 | \$ 105.5 | \$ (821.5) | \$ 1,356.0 |

| (CAD millions, unaudited) | 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 | | - | - | 15.4 | 15.4 |
| Share-based compensation | 10 | - | 2.1 | - | 2.1 |
| Issued on exercise of equity compensation plans | 9 | 2.1 | (3.9) | - | (1.8) |
| Repurchase of common shares for cancellation | 9 | (9.6) | - | - | (9.6) |
| Tax on repurchases of common shares | 9 | (0.1) | - | - | (0.1) |
| Balance at March 31, 2025 | | \$ 2,127.6 | \$ 106.8 | \$ (822.6) | \$ 1,411.8 |

See accompanying notes to the unaudited interim consolidated financial statements.

Notes to the Unaudited Interim Consolidated Financial Statements

(All tabular amounts are in millions of Canadian dollars except numbers of common shares, per share amounts, percentages and various figures in Note 7)

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 unaudited condensed interim consolidated financial statements ("interim 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.

b) Statement of Compliance

These interim consolidated financial statements are prepared in compliance with IAS 34 "Interim Financial Reporting" and accordingly do not contain all of the disclosures included in Obsidian Energy's annual audited consolidated financial statements. These interim consolidated financial statements should be read in conjunction with Obsidian Energy's audited annual consolidated financial statements as at and for the year ended December 31, 2025. Additionally, these interim consolidated financial statements were prepared using the same accounting policies as in the annual consolidated financial statements as at and for the year ended December 31, 2025, except as described below.

These interim consolidated financial statements were approved for issuance by the Board of Directors on May 6, 2026.

c) Material Accounting Policies

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 Company adopted the amendments on their effective date of January 1, 2026. This adoption had no material impact on our interim consolidated financial statements.

3. Property, plant and equipment ("PP&E")

Oil and Gas assets/ Facilities, Corporate assets

| Cost | Three months ended | | Year ended | |
|-------------------------------|---------------------------|----------------|--------------------------|----------------|
| | March 31, 2026 | | December 31, 2025 | |
| Balance, beginning of period | \$ | 8,720.9 | \$ | 8,417.0 |
| Capital expenditures | | 79.7 | | 279.3 |
| Property acquisitions | | 1.5 | | 15.0 |
| Property dispositions | | (0.9) | | - |
| Net decommissioning changes | | (0.4) | | 9.6 |
| Balance, end of period | \$ | 8,800.8 | \$ | 8,720.9 |

| Accumulated depletion and depreciation | Three months ended | | Year ended | |
|---|---------------------------|----------------|--------------------------|----------------|
| | March 31, 2026 | | December 31, 2025 | |
| Balance, beginning of period | \$ | 7,244.7 | \$ | 7,073.2 |
| Depletion and depreciation | | 45.0 | | 178.3 |
| Impairment reversal | | (0.1) | | (6.8) |
| Balance, end of period | \$ | 7,289.6 | \$ | 7,244.7 |

| Net book value | March 31, 2026 | | December 31, 2025 | |
|-----------------------|-----------------------|----------------|--------------------------|----------------|
| | | | As at | |
| Total | \$ | 1,511.2 | \$ | 1,476.2 |

Right-of-use assets

The following table includes a break-down of the categories for right-of-use assets.

| Cost | Three months ended | | Year ended | |
|-------------------------------|---------------------------|-------------|--------------------------|-------------|
| | March 31, 2026 | | December 31, 2025 | |
| Balance, beginning of period | \$ | 29.4 | \$ | 14.8 |
| Additions | | 0.3 | | 14.6 |
| Balance, end of period | \$ | 29.7 | \$ | 29.4 |

| Accumulated amortization | Three months ended | | Year ended | |
|---------------------------------|---------------------------|-------------|--------------------------|-------------|
| | March 31, 2026 | | December 31, 2025 | |
| Balance, beginning of period | \$ | 11.1 | \$ | 9.4 |
| Amortization | | 1.0 | | 1.7 |
| Balance, end of period | \$ | 12.1 | \$ | 11.1 |

| Net book value | March 31, 2026 | | December 31, 2025 | |
|-----------------------|-----------------------|-------------|--------------------------|-------------|
| | | | As at | |
| Total | \$ | 17.6 | \$ | 18.3 |

Total PP&E

Total PP&E including Oil and Gas assets/Facilities, Corporate assets and Right-of-use assets is as follows:

| PP&E | As at | |
|---|----------------|-------------------|
| | March 31, 2026 | December 31, 2025 |
| Oil and Gas assets/Facilities, Corporate assets | \$ 1,511.2 | \$ 1,476.2 |
| Right-of-use assets | 17.6 | 18.3 |
| Total | \$ 1,528.8 | \$ 1,494.5 |

At March 31, 2026, the Company completed an assessment to determine if indicators of impairment or an impairment reversal were present. No indicators were noted for our Willesden Green, Peace River and Viking cash generating units ("CGUs").

During the first quarter of 2026, we recorded a \$0.1 million impairment reversal (2025 - \$0.1 million impairment) 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 either expensed or recovered each period.

Pembina Disposition

On April 7, 2025, the Company closed the disposition of our operated 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") 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).

4. Long-term debt

| | As at | |
|---|----------------|-------------------|
| | March 31, 2026 | December 31, 2025 |
| Syndicated credit facility | \$ 74.0 | \$ 9.0 |
| Senior unsecured notes | | |
| 8.125% \$175.0 million, maturing December 3, 2030 | 175.0 | 175.0 |
| Total | 249.0 | 184.0 |
| Deferred financing costs | (3.7) | (4.1) |
| Total long-term debt | \$ 245.3 | \$ 179.9 |
| Non-current portion | \$ 245.3 | \$ 179.9 |

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 Company completed our semi-annual borrowing base redetermination in April 2026. The aggregate amount available under the syndicated credit facility remained at \$235.0 million and the revolving period and maturity dates are now set at May 31, 2027 and May 31, 2028, respectively.

At March 31, 2026, the Company had senior unsecured notes outstanding totaling \$175.0 million which mature on December 3, 2030. The senior unsecured 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.

At March 31, 2026, letters of credit totaling \$2.5 million were outstanding (December 31, 2025 – \$2.5 million) that reduce the amount otherwise available to be drawn on our syndicated credit facility.

Financing expense consists of the following:

| | Three months ended March 31 | |
|---|-----------------------------|---------|
| | 2026 | 2025 |
| Interest | \$ 4.5 | \$ 7.5 |
| Accretion on decommissioning liability | 2.1 | 4.6 |
| Accretion on discount of senior unsecured notes | - | 0.1 |
| Accretion on lease liabilities | 0.4 | 0.1 |
| Deferred financing costs | 0.4 | 0.4 |
| Financing | \$ 7.4 | \$ 12.7 |

5. Lease liabilities

Total lease liabilities included in the Consolidated Balance Sheets are as follows:

| | Three months ended | | Year ended |
|------------------------------|--------------------|---------|-------------------|
| | March 31, 2026 | | December 31, 2025 |
| Balance, beginning of period | \$ 19.5 | \$ 6.6 | 6.6 |
| Additions | 0.3 | | 14.6 |
| Accretion charges | 0.4 | | 0.4 |
| Lease payments | (0.9) | | (2.1) |
| Balance, end of period | \$ 19.3 | \$ 19.5 | 19.5 |
| Current portion | \$ 3.2 | \$ 3.3 | 3.3 |
| Non-current portion | \$ 16.1 | \$ 16.2 | 16.2 |

6. Provisions

Decommissioning liability

At March 31, 2026, the decommissioning liability was determined by applying an inflation factor of 2.0 percent (December 31, 2025 - 2.0 percent) and the inflated amount was discounted using a credit-adjusted rate of 8.0 percent (December 31, 2025 - 8.0 percent) over the expected useful life of the underlying assets, currently extending over 50 years into the future. At March 31, 2026, the total decommissioning liability on an undiscounted, uninflated basis was \$327.4 million (December 31, 2025 - \$324.0 million).

Changes to the decommissioning liability were as follows:

| | Three months ended | | Year ended |
|---|--------------------|----------|-------------------|
| | March 31, 2026 | | December 31, 2025 |
| Balance, beginning of period | \$ 107.2 | \$ 115.7 | 115.7 |
| Net liabilities added ⁽¹⁾ | 0.2 | | 2.0 |
| Increase (decrease) due to changes in estimates | (0.6) | | 7.0 |
| Liabilities settled | (1.7) | | (28.8) |
| Transfers to liabilities for assets held for sale | - | | (0.9) |
| Accretion charges | 2.1 | | 12.2 |
| Balance, end of period | \$ 107.2 | \$ 107.2 | 107.2 |
| Current portion | \$ 10.2 | \$ 8.9 | 8.9 |
| Non-current portion | \$ 97.0 | \$ 98.3 | 98.3 |

(1) Includes additions from drilling activity, facility capital spending and activity related to net property acquisitions (dispositions).

7. 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 March 31, 2026, the fair values of these financial instruments approximate their carrying amounts.

The fair values of all outstanding financial commodity contracts 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 March 31, 2026 and December 31, 2025, 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:

| Risk management asset (liability) | Three months ended | | Year ended |
|--|---------------------------|-------------|-------------------|
| | March 31, 2026 | | December 31, 2025 |
| Balance, beginning of period | \$ | 31.7 | \$ 7.1 |
| Unrealized gain (loss) on financial instruments: | | | |
| Oil | | (38.3) | (3.3) |
| Natural gas | | 5.2 | (0.2) |
| Foreign exchange forward contract | | (1.3) | - |
| Equity forward contracts ⁽¹⁾ | | 19.8 | (0.6) |
| Equity forward contracts purchased | | 11.4 | 28.7 |
| Total fair value, end of period | \$ | 28.5 | \$ 31.7 |
| Current asset portion | \$ | 41.5 | \$ 23.0 |
| Current liability portion | | (41.2) | - |
| Non-current asset portion | | 28.2 | 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 March 31, 2026 and December 31, 2025, there were no differences between the gross and net amounts.

Obsidian Energy had the following financial instruments outstanding at March 31, 2026. 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 (bbl/d) | Remaining Term | Price (US\$/bbl) | Fair value (millions) |
|------------------|-------------------------------|----------------|---------------------|--------------------------|
| Oil | | | | |
| WTI Swap | 13,550 | April 2026 | \$ 65.93 | \$ (18.4) |
| WTI Swap | 13,100 | May 2026 | 67.45 | (13.1) |
| WTI Swap | 12,075 | June 2026 | 71.56 | (6.8) |
| WTI Swap | 8,250 | July 2026 | 75.71 | (1.6) |
| WTI Swap | 2,250 | August 2026 | 81.20 | 0.4 |
| WTI Collar | 750 | June 2026 | 86.00 - 92.25 | 0.1 |
| WTI Collar | 5,050 | August 2026 | \$ 80.25 - 87.69 | \$ 1.1 |
| Total oil | | | | \$ (38.3) |

| | Notional Volume (mcf/d) | Remaining Term | Price (C\$/mcf) | Fair value (millions) |
|--------------------------|-------------------------------|----------------------------|-----------------|--------------------------|
| Natural Gas | | | | |
| AECO Swap | 35,377 | April 2026 - October 2026 | \$ 2.68 | \$ 8.5 |
| AECO Swap | 4,739 | November 2026 - March 2027 | \$ 3.31 | \$ 0.3 |
| Total natural gas | | | | \$ 8.8 |
| Total | | | | \$ (29.5) |

Subsequent to March 31, 2026, the Company entered into the following additional commodity contracts:

| | Notional Volume (bbl/d) | Remaining Term | Price (US\$/bbl) |
|------------|----------------------------|----------------|------------------|
| Oil | | | |
| WTI Swap | 700 | July 2026 | \$ 81.29 |
| WTI Swap | 1,375 | September 2026 | \$ 82.14 |

The components of risk management within Income on the Consolidated Statements of Income (Loss) are as follows:

| | Three months ended March 31 | |
|---|-----------------------------|------------------|
| | 2026 | 2025 |
| Realized | | |
| Settlement of oil contracts loss | \$ (17.4) | \$ (0.2) |
| Settlement of natural gas contracts gain | 1.9 | 2.9 |
| Settlement of foreign exchange contracts gain | 0.1 | - |
| Total realized risk management gain (loss) | \$ (15.4) | \$ 2.7 |
| Unrealized | | |
| Oil contracts loss | \$ (38.3) | \$ (10.3) |
| Natural gas contracts gain (loss) | 5.2 | (4.9) |
| Foreign exchange contracts loss | (1.3) | - |
| Total unrealized risk management loss | (34.4) | (15.2) |
| Risk management loss | \$ (49.8) | \$ (12.5) |

Foreign Exchange Forward Contracts

Obsidian Energy is exposed to fluctuations in the US/CAD exchange rate on oil sales based on the US dollar benchmark prices. The Company mitigates this exposure by entering into foreign exchange forward contracts.

| | Notional Amount (\$ millions) | Remaining Term | Price (C\$) | Fair value (millions) |
|---|-------------------------------------|----------------|-------------|--------------------------|
| Foreign exchange forward contracts | | | | |
| FX forward contract | 19.5 | April 2026 | \$ 1.3665 | \$ (0.4) |
| FX forward contract | 19.6 | May 2026 | 1.3700 | (0.3) |
| FX forward contract | 20.3 | June 2026 | 1.3732 | (0.2) |
| FX forward contract | 19.2 | July 2026 | 1.3714 | (0.2) |
| FX forward contract | 18.5 | August 2026 | 1.3715 | (0.2) |
| FX forward contract | 4.0 | September 2026 | \$ 1.3750 | \$ - |
| Total | | | | \$ (1.3) |

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 Toronto Stock Exchange ("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 | \$ 9.5 |
| Equity Forward Contract | 1,300,000 | October 2028 | 8.72 | 17.2 |
| Equity Forward Contract | 550,000 | November 2028 | 8.43 | 7.3 |
| Equity Forward Contract | 715,000 | December 2028 | 8.31 | 9.4 |
| Equity Forward Contract | 450,000 | January 2029 | 8.76 | 5.9 |
| Equity Forward Contract | 680,000 | February 2029 | 10.18 | 9.0 |
| Equity Forward Contract | 80,000 | April 2029 | \$ 13.28 | \$ 1.0 |
| Total | | | | \$ 59.3 |

(1) The Company can settle the contract, or a portion of the contract, at any time.

Changes to the prepaid equity forward contracts balance were as follows:

| | Three months ended March 31, 2026 | Year ended December 31, 2025 |
|---|--------------------------------------|---------------------------------|
| Balance, beginning of period | \$ 28.1 | \$ - |
| Prepaid equity forward contracts share purchases | 11.4 | 28.7 |
| Unrealized settlement gain (loss) on equity forward contracts | 19.8 | (0.6) |
| Balance, end of period | \$ 59.3 | \$ 28.1 |
| Current portion | \$ 31.1 | \$ 19.4 |
| Non-current portion | \$ 28.2 | \$ 8.7 |

Subsequent to March 31, 2026, the Company entered into the following additional equity forward contracts:

| | Share Volume | Remaining Term | Price (C\$) |
|--------------------------|-----------------|----------------|-------------|
| Equity | | | |
| Equity Forward Contracts | 630,000 | April 2029 | \$ 13.89 |

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 conflict in the Middle East between Iran, Israel and the United States, has impacted the global supply of oil and liquid natural gas and resulted in volatile commodity prices. If the conflict continues for a prolonged period of time, it could lead to further fluctuations in the supply of energy products and commodity prices and impact the Company's financial condition. The Company will continue to monitor this situation.

Other than the aforementioned risk, there have been no material changes to these risks from those discussed in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2025.

8. Revenue and Other Income

The Company's significant revenue streams consist of the following:

| | Three months ended March 31 | |
|--|-----------------------------|----------|
| | 2026 | 2025 |
| Oil | \$ 131.4 | \$ 182.4 |
| NGLs | 7.0 | 14.8 |
| Natural gas | 10.3 | 13.8 |
| Production revenues | 148.7 | 211.0 |
| Processing fees | 2.1 | 2.8 |
| Oil and natural gas sales | 150.8 | 213.8 |
| Other income | 1.5 | 1.8 |
| Oil and natural gas sales and other income | \$ 152.3 | \$ 215.6 |

Other income typically consists of road use income which totaled \$1.5 million in the first quarter of 2026 (2025 - \$1.8 million).

9. Shareholders' equity

Issued

| Shareholders' capital | Common Shares | Amount |
|---|---------------|------------|
| 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 |
| Issued pursuant to equity compensation plans ⁽¹⁾ | 838,431 | 5.5 |
| Repurchase of common shares for cancellation | (1,500,000) | (18.1) |
| Tax on repurchases of common shares ⁽²⁾ | - | (0.2) |
| Balance, March 31, 2026 | 66,612,757 | \$ 2,072.0 |

(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, in the first quarter of 2026, the Company renewed our 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:

| | Three months ended March 31 | |
|---|-----------------------------|-----------|
| | 2026 | 2025 |
| Number of common shares repurchased | 1,500,000 | 1,157,874 |
| Total consideration for common shares repurchased | \$ 18.1 | \$ 9.6 |
| Average price per share | \$ 12.07 | \$ 8.29 |

Subsequent to March 31, 2026 and up to May 6, 2026, the Company repurchased and cancelled an additional 62,500 common shares at an average price of \$13.55 per share for total consideration of \$0.8 million.

Earnings per share - Basic and Diluted

The weighted average number of shares used to calculate per share amounts was as follows:

| | Three months ended March 31 | |
|---------------------------------------|-----------------------------|------|
| | 2026 | 2025 |
| Average shares outstanding (millions) | | |
| Basic | 67.3 | 73.5 |
| Dilutive impact ⁽¹⁾ | - | 2.9 |
| Diluted | 67.3 | 76.4 |

(1) Includes impact of stock options, restricted share units and performance share units.

10. Share-based compensation

Share-based compensation expense relates to options to acquire common shares ("Options") 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.

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, beginning 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:

| | Three months ended March 31 | |
|--|-----------------------------|--------|
| | 2026 | 2025 |
| DSUs | \$ 10.3 | \$ 0.3 |
| PSUs | 7.5 | 0.5 |
| Equity forward contracts gain ⁽¹⁾ | (19.8) | - |
| Liability based incentive plans | \$ (2.0) | \$ 0.8 |
| RSUs | \$ 1.5 | \$ 1.7 |
| Options | 0.7 | 0.4 |
| Equity based incentive plans | 2.2 | 2.1 |
| Share-based compensation | \$ 0.2 | \$ 2.9 |

(1) Relates to the equity forward contracts entered into to mitigate the Company's exposure to our share-based compensation plans.

The change in share price at the balance sheet date results in a mark-to-market valuation which is used to calculate the PSU and DSU future obligations. The share price used in the fair value calculation of the DSU and PSU obligations at March 31, 2026 was \$13.22 per share compared to \$8.42 per share on December 31, 2025 and \$8.43 per share on March 31, 2025. The share price used for the unrealized gain on the equity forward contract at March 31, 2026 was \$13.22 per share compared to the weighted average valuation of \$8.95 per share.

The weighted average trading price of the Company's common shares was \$10.46 for the first quarter of 2026 (2025 - \$7.93).

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.

| RSUs (number of shares equivalent) | Three months ended | Year ended |
|------------------------------------|--------------------|-------------------|
| | March 31, 2026 | December 31, 2025 |
| Outstanding, beginning of period | 1,417,152 | 1,559,563 |
| Granted | 712,180 | 859,920 |
| Vested | (563,387) | (848,812) |
| Forfeited | (10,289) | (153,519) |
| Outstanding, end of period | 1,555,656 | 1,417,152 |

The fair value and weighted average assumptions of the RSUs granted during the periods were as follows:

| | Three months ended March 31 | |
|--|-----------------------------|---------|
| | 2026 | 2025 |
| Average fair value of RSUs granted (per RSU) | \$ 10.73 | \$ 7.52 |
| Expected life of RSUs (years) | 3.0 | 3.0 |
| Expected forfeiture rate | 5.7% | 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.

| PSUs (number of shares equivalent) | Three months ended | Year ended |
|---|---------------------------|-------------------|
| | March 31, 2026 | December 31, 2025 |
| Outstanding, beginning of period | 947,820 | 635,910 |
| Granted | - | 438,140 |
| Vested | (239,360) | (124,610) |
| Forfeited | (4,550) | (1,620) |
| Outstanding, end of period | 703,910 | 947,820 |

| PSU liability | As at | |
|----------------------|-----------------------|-------------------|
| | March 31, 2026 | December 31, 2025 |
| Current | \$ 4.0 | \$ 1.2 |
| Non-current | 3.6 | 1.2 |
| Total | \$ 7.6 | \$ 2.4 |

Option Plan

The Option Plan allows the Company to issue Options to officers, employees, directors and other service providers.

| Options | Three months ended | | Year ended | |
|----------------------------------|---------------------------|-----------------------|------------|-----------------------|
| | Number of | Weighted | Number of | Weighted |
| | Options | Average | Options | Average |
| | | Exercise Price | | Exercise Price |
| Outstanding, beginning of period | 1,978,228 | \$ 6.50 | 2,240,120 | \$ 4.59 |
| Granted | 1,649,760 | 10.56 | 521,070 | 7.46 |
| Exercised | (498,783) | 2.24 | (779,722) | 1.64 |
| Forfeited | (8,130) | 8.29 | (3,240) | 9.65 |
| Outstanding, end of period | 3,121,075 | \$ 9.32 | 1,978,228 | \$ 6.50 |
| Exercisable, end of period | 1,029,622 | \$ 7.76 | 1,290,527 | \$ 5.39 |

The fair value and weighted average assumptions of the Options granted during the periods were as follows:

| | Three months ended March 31 | |
|--|-----------------------------|---------|
| | 2026 | 2025 |
| Average fair value of Options granted (per Option) | \$ 4.50 | \$ 4.38 |
| Expected volatility | 48.1% | 69.7% |
| Expected life of Options (years) | 3.5 | 4.8 |
| Expected forfeiture rate | 0.1% | 0.1% |

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.

| Deferred Share Units | Three months ended March 31, 2026 | Year ended December 31, 2025 |
|----------------------------------|--|---|
| Outstanding, beginning of period | 2,061,930 | 1,960,272 |
| Granted | 27,434 | 101,658 |
| Outstanding, end of period | 2,089,364 | 2,061,930 |

| DSU Liability | March 31, 2026 | As at December 31, 2025 |
|----------------------|-----------------------|------------------------------------|
| Current | \$ 27.8 | \$ 17.5 |
| Total | \$ 27.8 | \$ 17.5 |

At March 31, 2026, the Company had no outstanding DSUs that were redeemable.

11. Deferred income tax asset

| | Three months ended March 31, 2026 | Year ended December 31, 2025 |
|--|--|---|
| Balance, beginning of period | \$ 261.5 | \$ 273.3 |
| Deferred income tax recovery (expense) | 5.9 | (11.8) |
| Tax adjustment on excess value - RSUs | 0.5 | - |
| Balance, end of period | \$ 267.9 | \$ 261.5 |

The Company has recognized a deferred tax asset, as we expect to have sufficient taxable profits in future years in order to fully utilize the remaining deferred tax asset balance. The deferred tax asset is reduced by net income for the period on an after-tax basis.

12. Commitments and contingencies

The Company is involved in various litigation and claims in the normal course of business and records provisions for claims as required.

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Corporate Information

DIRECTORS

Gordon M. Ritchie ⁽¹⁾

Chair
Calgary, Alberta

Shani Bosman ⁽²⁾⁽³⁾

Director
Victoria, British Columbia

John Brydson ⁽²⁾⁽³⁾

Director
Greenwich, Connecticut

Raymond D. Crossley ⁽¹⁾⁽³⁾

Director
Calgary, Alberta

Michael J. Faust ⁽¹⁾⁽²⁾

Director
Kasilof, Alaska

Edward H. Kernaghan ⁽¹⁾⁽²⁾

Director
Toronto, Ontario

Stephen E. Loukas

Director
Greenwich, Connecticut

SENIOR OFFICERS

Stephen E. Loukas

President and Chief Executive Officer

Peter D. Scott

Senior Vice President and Chief Financial Officer

Gary Sykes

Senior Vice President, Commercial and Development

Mark Hawkins

Vice President, Legal, General Counsel and Corporate Secretary

Jay McGilvary

Vice President, Development

Cliff Swadling

Vice President, Operations

(1) Member of the Operations & Reserves Committee

(2) Member of the Human Resources, Governance & Compensation Committee

(3) Member of the Audit Committee

INDEPENDENT RESERVE EVALUATOR

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Calgary, Alberta

AUDITORS

KPMG LLP
Calgary, Alberta

BANKERS

Royal Bank of Canada
Bank of Montreal
ICBC Standard Bank Plc

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