Obsidian Energy Ltd.
Consolidated Balance Sheets

(CAD millions, unaudited)	Note	September 30, 2026	As at December 31, 2025
Assets			
Current			
Cash		**$ 0.8**	$ -
Accounts receivable		**91.8**	56.1
Risk management	7	**37.9**	23.0
Prepaid expenses and other		**14.4**	11.0
		144.9	90.1
Non-current			
Property, plant and equipment	3	**1,652.3**	1,494.5
Risk management	7	**42.1**	8.7
Deferred income tax	11	**249.5**	261.5
		1,943.9	1,764.7
Total assets		**$ 2,088.8**	$ 1,854.8
Liabilities and Shareholders' Equity			
Current			
Bank overdraft		**$ -**	$ 0.4
Accounts payable and accrued liabilities		**208.5**	155.0
Current portion of lease liabilities	5	**3.5**	3.3
Current portion of provisions	6	**12.5**	8.9
Risk management	7	**1.4**	-
		225.9	167.6
Non-current			
Long-term debt	4	**339.1**	179.9
Lease liabilities	5	**16.0**	16.2
Provisions	6	**93.0**	98.3
Other non-current liabilities		**5.6**	1.2
		679.6	463.2
Shareholders' equity			
Shareholders' capital	9	**2,060.2**	2,084.8
Other reserves	9	**110.5**	109.6
Deficit		**(761.5)**	(802.8)
		1,409.2	1,391.6
Total liabilities and shareholders' equity		**$ 2,088.8**	$ 1,854.8

Subsequent events (Note 7)
Commitments and contingencies (Note 12)

See accompanying notes to the unaudited interim consolidated financial statements.

Obsidian Energy Ltd.
Consolidated Statements of Income

(CAD millions, except per share amounts, unaudited)	Note	Three months ended September 30 **2026**	Three months ended September 30 2025	Nine months ended September 30 **2026**	Nine months ended September 30 2025
Production revenues	8	**$ 176.4**	$ 128.7	**$ 522.8**	$ 476.0
Processing fees	8	**2.0**	1.7	**6.1**	7.1
Royalties		**(29.4)**	(16.5)	**(67.7)**	(60.8)
Sales of commodities purchased from third parties		**1.0**	0.4	**3.4**	3.7
		150.0	114.3	**464.6**	426.0
Other income	8	**1.6**	19.5	**4.6**	25.2
Risk management gain (loss)	7	**(12.2)**	3.0	**(58.3)**	(2.4)
		139.4	136.8	**410.9**	448.8
Expenses					
Operating		**42.5**	41.3	**124.5**	140.0
Transportation		**12.1**	11.2	**39.1**	39.8
Commodities purchased from third parties		**0.8**	0.3	**2.7**	3.1
General and administrative		**4.8**	4.9	**15.5**	15.5
Share-based compensation	10	**(2.9)**	7.2	**6.1**	9.9
Depletion, depreciation and impairment	3	**45.7**	44.6	**138.2**	146.6
Financing	4	**10.0**	9.1	**25.7**	30.5
Restructuring		**0.4**	0.1	**0.7**	0.9
Transaction costs		**0.2**	0.9	**1.4**	5.3
Other		**1.9**	-	**2.7**	-
		115.5	119.6	**356.6**	391.6
Income before taxes		**23.9**	17.2	**54.3**	57.2
Deferred income tax	11	**5.9**	0.4	**13.0**	9.7
Net and comprehensive income		**$ 18.0**	$ 16.8	**$ 41.3**	$ 47.5
Net income per share					
Basic		**$ 0.27**	$ 0.25	**$ 0.62**	$ 0.68
Diluted		**$ 0.26**	$ 0.24	**$ 0.60**	$ 0.66
Weighted average shares outstanding (millions)					
Basic	9	**66.4**	67.1	**66.8**	70.2
Diluted	9	**68.8**	68.9	**69.2**	72.1

See accompanying notes to the unaudited interim consolidated financial statements.

Obsidian Energy Ltd.
Consolidated Statements of Cash Flows

(CAD millions, unaudited)	Note	Three months ended September 30 **2026**	2025	Nine months ended September 30 **2026**	2025
Operating activities					
Net income		**$ 18.0**	$ 16.8	**$ 41.3**	$ 47.5
Depletion, depreciation and impairment	3	**45.7**	44.6	**138.2**	146.6
Financing	4	**2.9**	4.6	**8.9**	13.4
Share-based compensation	10	**3.1**	1.7	**8.3**	6.2
Unrealized risk management loss (gain)	7	**9.0**	(3.8)	**2.3**	2.6
Unrealized equity forward contract gain	7	**(16.1)**	(0.1)	**(27.0)**	(0.1)
Gain on share disposition	8	**-**	(15.2)	**-**	(15.2)
Deferred income tax	11	**5.9**	0.4	**13.0**	9.7
Decommissioning expenditures	6	**(4.0)**	(7.9)	**(7.0)**	(18.5)
Equity forward contracts	7	**(0.7)**	(7.3)	**(22.2)**	(7.3)
Onerous office lease settlements	6	**-**	-	**-**	(0.7)
Other		**2.6**	-	**2.6**	-
Settlement of RSUs		**(0.1)**	-	**(0.1)**	-
Change in non-cash working capital		**20.7**	11.6	**6.9**	13.1
		87.0	45.4	**165.2**	197.3
Investing activities					
Capital expenditures	3	**(75.6)**	(65.3)	**(194.4)**	(233.9)
Property acquisitions	3	**(2.8)**	(0.3)	**(101.2)**	(0.3)
Property dispositions	3	**0.1**	-	**0.1**	210.9
Proceeds from share disposition	8	**-**	91.4	**-**	91.4
Change in non-cash working capital		**21.2**	15.9	**9.9**	(12.7)
		(57.1)	41.7	**(285.6)**	55.4
Financing activities					
Increase (decrease) in syndicated credit facility	4	**(92.0)**	(47.0)	**83.0**	(158.0)
Issuance of senior unsecured notes	4	**77.1**	-	**77.1**	-
Repayment of senior unsecured notes	4	**-**	(32.4)	**-**	(34.4)
Financing fees paid		**(1.3)**	-	**(2.2)**	(0.9)
Lease liabilities settlements	5	**(1.0)**	(0.5)	**(2.9)**	(1.6)
Exercised compensation plans		**0.9**	0.9	**0.7**	(0.7)
Repurchase of common shares	9	**(13.0)**	(8.7)	**(33.2)**	(54.9)
Tax paid on repurchase of common shares		**-**	-	**(0.9)**	(0.7)
		(29.3)	(87.7)	**121.6**	(251.2)
Change in cash and cash equivalents		**0.6**	(0.6)	**1.2**	1.5
Cash and cash equivalents (overdraft), beginning of period		**0.2**	1.6	**(0.4)**	(0.5)
Cash and cash equivalents, end of period		**$ 0.8**	$ 1.0	**$ 0.8**	$ 1.0
Supplementary information					
Cash interest paid		**$ 1.6**	$ 8.8	**$ 11.3**	$ 21.8

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 income		-	-	41.3	41.3
Share-based compensation	10	-	8.3	-	8.3
Issued on exercise of equity compensation plans	9	8.9	(8.4)	-	0.5
Repurchase of common shares for cancellation	9	(33.2)	-	-	(33.2)
Tax adjustment on excess value - RSUs	11	-	1.0	-	1.0
Tax on repurchases of common shares	9	(0.3)	-	-	(0.3)
Balance at September 30, 2026		**$ 2,060.2**	**$ 110.5**	**$ (761.5)**	**$ 1,409.2**

(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		-	-	47.5	47.5
Share-based compensation	10	-	6.2	-	6.2
Issued on exercise of equity compensation plans		4.0	(4.7)	-	(0.7)
Repurchase of common shares for cancellation		(54.9)	-	-	(54.9)
Tax on repurchases of common shares		(0.9)	-	-	(0.9)
Balance at September 30, 2025		$ 2,083.4	$ 110.1	$ (790.5)	$ 1,403.0

See accompanying notes to the unaudited interim consolidated financial statements.

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 November 4, 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.

d) Future accounting pronouncements

IFRS 18 Presentation and Disclosure in Financial Statements has been issued, which will replace IAS 1 Presentation of Financial Statements. The new standard establishes a revised structure for the consolidated statements of comprehensive profit (net income). The statement of comprehensive profit (net income) will now include three categories: operating, investing and financing. Additionally, increased disclosures in the financial statements around management performance measures will be required. IFRS 18 is effective for annual periods beginning on or after January 1, 2027 and will be applied retroactively. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

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

Oil and Gas assets/ Facilities, Corporate assets

Cost		Nine months ended September 30, 2026		Year ended December 31, 2025
Balance, beginning of period	**$**	**8,720.9**	$	8,417.0
Capital expenditures		**194.4**		279.3
Property acquisitions		**102.1**		15.0
Property dispositions		**(1.0)**		-
Net decommissioning changes		**(1.1)**		9.6
Balance, end of period	**$**	**9,015.3**	$	8,720.9

Accumulated depletion and depreciation		Nine months ended September 30, 2026		Year ended December 31, 2025
Balance, beginning of period	**$**	**7,244.7**	$	7,073.2
Depletion and depreciation		**135.9**		178.3
Impairment (reversal)		**(0.9)**		(6.8)
Balance, end of period	**$**	**7,379.7**	$	7,244.7

Net book value		September 30, 2026		As at December 31, 2025
Total	**$**	**1,635.6**	$	1,476.2

Right-of-use assets

The following table presents right-of-use assets by category.

Cost		Nine months ended September 30, 2026		Year ended December 31, 2025
Balance, beginning of period	**$**	**29.4**	$	14.8
Additions		**1.6**		14.6
Balance, end of period	**$**	**31.0**	$	29.4

Accumulated amortization		Nine months ended September 30, 2026		Year ended December 31, 2025
Balance, beginning of period	**$**	**11.1**	$	9.4
Amortization		**3.2**		1.7
Balance, end of period	**$**	**14.3**	$	11.1

Net book value		September 30, 2026		As at December 31, 2025
Total	**$**	**16.7**	$	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		September 30, 2026		As at December 31, 2025
Oil and Gas assets/Facilities, Corporate assets	**$**	**1,635.6**	$	1,476.2
Right-of-use assets		**16.7**		18.3
Total	**$**	**1,652.3**	$	1,494.5

At September 30, 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 nine months of 2026, we recorded a $0.9 million impairment reversal (2025 - $15.1 million impairment reversal) in our Legacy CGU due to changes 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.

Willesden Green (Belly River) Acquisition - 2026

On June 30, 2026, the Company closed the acquisition of Belly River light oil assets in the Wilson Creek area of Willesden Green (the "Belly River Acquisition"), which added land and production that complement the Company's existing position. Total consideration was $98.0 million, inclusive of closing adjustments. The Belly River Acquisition was funded through available capacity under the Company's credit facility.

In addition, a contingent value payment (“CVP”) of up to $7.0 million may be payable in quarterly installments of up to $1.75 million from the third quarter of 2026 through the second quarter of 2027, subject to a range of average West Texas Intermediate ("WTI") oil prices in the applicable quarter. Based on the average WTI price for the third quarter of 2026, no CVP payment was made. As a result, the maximum CVP payment is now $5.25 million. As at September 30, 2026, the Company recognized a $2.6 million provision in Other expenses for potential CVP payments over the remaining three quarters, based on forecast WTI prices.

The Belly River Acquisition was accounted for as a business combination in accordance with IFRS 3, Business Combinations. The preliminary purchase price allocation is based on management's estimates of the fair values of the assets acquired and liabilities assumed and remains subject to change during the measurement period. The preliminary allocation resulted in the recognition of property, plant and equipment of $98.6 million and decommissioning liabilities of $0.6 million. Assuming the Belly River Acquisition had occurred on January 1, 2026, the combined entity would have reported the following pro forma production revenue and net income, including estimated depletion and depreciation and financing costs, for the nine months ended September 30, 2026.

		Obsidian Energy Reported		Belly River Acquisition		Pro forma
Production revenue	$	522.8	$	30.3	$	553.1
Net income	$	41.3	$	11.8	$	53.1

Transaction costs associated with the Belly River Acquisition totaled $1.3 million and were expensed.

Pembina Disposition - 2025

On April 7, 2025, the Company closed the disposition (the "Pembina 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.

4. Long-term debt

	As at	
	September 30, 2026	December 31, 2025
Syndicated credit facility	**$ 92.0**	$ 9.0
Senior unsecured notes		
8.125% $250.0 million, maturing December 3, 2030	**250.0**	175.0
Total	**342.0**	184.0
Unamortized premium of senior unsecured notes	**2.0**	-
Deferred financing costs	**(4.9)**	(4.1)
Total long-term debt	**$ 339.1**	$ 179.9
Non-current portion	**$ 339.1**	$ 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 aggregate amount available under the syndicated credit facility is $275.0 million and the current revolving period and maturity dates are May 31, 2027, and May 31, 2028, respectively.

At September 30, 2026, the Company had $250.0 million aggregate principal amount of 8.125% senior unsecured notes outstanding, maturing on December 3, 2030 (the "Notes"). In July 2026, the Company issued an additional $75.0 million aggregate principal amount of Notes. The additional Notes were issued at a price of 102.75 resulting in an effective yield of 7.186% and gross proceeds of $77.1 million. The Notes constitute direct senior unsecured obligations of Obsidian Energy and rank equally with all of the Company's existing and future senior unsecured indebtedness.

At September 30, 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 September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Interest	**$ 7.1**	$ 4.5	**$ 16.8**	$ 17.1
Accretion on decommissioning liability	**2.2**	2.5	**6.4**	9.8
Amortization on premium of senior unsecured notes	**(0.1)**	-	**(0.1)**	-
Accretion on discount of senior unsecured notes	**-**	0.1	**-**	0.3
Accretion on lease liabilities	**0.4**	0.1	**1.3**	0.3
Loss on redeemed senior unsecured notes	**-**	1.5	**-**	1.6
Deferred financing costs	**0.4**	0.4	**1.3**	1.4
Financing	**$ 10.0**	$ 9.1	**$ 25.7**	$ 30.5

5. Lease liabilities

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

		Nine months ended September 30, 2026		Year ended December 31, 2025
Balance, beginning of period	**$**	**19.5**	$	6.6
Additions		**1.6**		14.6
Accretion charges		**1.3**		0.4
Lease payments		**(2.9)**		(2.1)
Balance, end of period	**$**	**19.5**	$	19.5
Current portion	**$**	**3.5**	$	3.3
Non-current portion	**$**	**16.0**	$	16.2

6. Provisions

Decommissioning liability

At September 30, 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 September 30, 2026, the total decommissioning liability on an undiscounted, uninflated basis was $347.9 million (December 31, 2025 - $324.0 million) which includes $11.4 million for the Belly River Acquisition.

Changes to the decommissioning liability were as follows:

		Nine months ended September 30, 2026		Year ended December 31, 2025
Balance, beginning of period	**$**	**107.2**	$	115.7
Net liabilities added [(1)]		**0.9**		2.0
Acquisition		**0.6**		-
Increase (decrease) due to changes in estimates		**(2.6)**		7.0
Liabilities settled		**(7.0)**		(28.8)
Transfers to liabilities for assets held for sale		**-**		(0.9)
Accretion charges		**6.4**		12.2
Balance, end of period	**$**	**105.5**	$	107.2
Current portion	**$**	**12.5**	$	8.9
Non-current portion	**$**	**93.0**	$	98.3

(1) Includes additions from drilling activity, facility capital spending and activity related to minor 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 September 30, 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 September 30, 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)		Nine months ended September 30, 2026		Year ended December 31, 2025
Balance, beginning of period	**$**	**31.7**	$	7.1
Unrealized gain (loss) on financial instruments:				
Oil		**(0.6)**		(3.3)
Natural gas		**(1.3)**		(0.2)
Foreign exchange forward contract		**(0.4)**		-
Equity forward contracts (1)		**27.0**		(0.6)
Equity forward contracts purchased		**22.2**		28.7
Total fair value, end of period	**$**	**78.6**	$	31.7
Current asset portion	**$**	**37.9**	$	23.0
Current liability portion		**(1.4)**		-
Non-current asset portion		**42.1**		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 September 30, 2026, and December 31, 2025, there were no differences between the gross and net amounts.

Obsidian Energy had the following financial instruments outstanding at September 30, 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	500	October 2026	$	97.32	$	0.2
WTI Collar	9,450	October 2026		81.44 - 92.22		(0.9)
WTI Collar	3,000	November 2026	$	83.67 - 98.04		0.2
Total oil					**$**	**(0.5)**

	Notional Volume (mcf/d)	**Remaining Term**		**Price (C$/mcf)**		**Fair value (millions)**
Natural Gas						
AECO Swap	34,360	October 2026	$	2.71	$	1.4
AECO Swap	9,479	November 2026 - March 2027	$	2.95		0.9
Total natural gas					**$**	**2.3**
Total					**$**	**1.8**

Subsequent to September 30, 2026, the Company entered into the following additional commodity contracts:

	Notional Volume (bbl/d)	Remaining Term	Price (US$/bbl)
Oil			
WTI Swap	137	October 2026	$ 96.85
WTI Collar	200	October 2026	87.00 - 93.75
WTI Collar	4,300	November 2026	91.70 - 101.40
WTI Collar	750	December 2026	97.00 - 107.00
WTI Collar	1,200	January 2027 - June 2027	$ 82.81 - 95.44

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	$ 19.6	October 2026	$ 1.4110	$ (0.2)
FX forward contract	19.6	November 2026	1.4088	(0.2)
FX forward contract	$ 14.0	December 2026	$ 1.4088	(0.1)
Total				**$ (0.5)**

Subsequent to September 30, 2026, the Company entered into the following additional foreign exchange forward contracts:

	Notional Amount ($ millions)	Remaining Term	Price (C$)
Foreign exchange forward contracts			
FX forward contract	$ 7.1	December 2026	$ 1.4200

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

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Realized				
Settlement of oil contracts loss	**$ (6.1)**	$ (4.0)	**$ (64.0)**	$ (6.3)
Settlement of natural gas contracts gain	**3.7**	3.2	**9.4**	6.5
Settlement of foreign exchange contracts loss	**(0.8)**	-	**(1.4)**	-
Total realized risk management gain (loss)	**$ (3.2)**	$ (0.8)	**$ (56.0)**	$ 0.2
Unrealized				
Oil contracts gain (loss)	**$ (7.7)**	$ 4.6	**$ (0.6)**	$ (1.2)
Natural gas contracts loss	**(2.5)**	(0.8)	**(1.3)**	(1.4)
Foreign exchange contracts gain (loss)	**1.2**	-	**(0.4)**	-
Total unrealized risk management gain (loss)	**(9.0)**	3.8	**(2.3)**	(2.6)
Risk management gain (loss)	**$ (12.2)**	$ 3.0	**$ (58.3)**	$ (2.4)

Prepaid Equity Forward Contracts

Obsidian Energy is exposed to equity price risk on our common share price in relation to our share-based compensation plans. Given the value of our share-based compensation plans fluctuates based on the Company's common share price on the Toronto Stock Exchange ("TSX") at each period end date, the Company mitigates 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 (see note 10 for the Consolidated Statements of Income impact).

	Share Volume	Remaining Term [(1)]	Price (C$)	Fair value (millions)
Equity				
Equity Forward Contract	720,000	September 2028	$ 8.89	$ 10.6
Equity Forward Contract	1,300,000	October 2028	8.72	19.1
Equity Forward Contract	550,000	November 2028	8.43	8.1
Equity Forward Contract	715,000	December 2028	8.31	10.5
Equity Forward Contract	450,000	January 2029	8.76	6.6
Equity Forward Contract	680,000	February 2029	10.18	10.0
Equity Forward Contract	710,000	April 2029	13.82	10.4
Equity Forward Contract	85,000	June 2029	15.10	1.3
Equity Forward Contract	50,000	August 2029	$ 13.70	$ 0.7
Total	**5,260,000**		**$ 9.69**	**$ 77.3**

(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:

	Nine months ended September 30, 2026	Year ended December 31, 2025
Balance, beginning of period	**$ 28.1**	$ -
Prepaid equity forward contracts share purchases	**22.2**	28.7
Unrealized settlement gain (loss) on equity forward contracts	**27.0**	(0.6)
Balance, end of period	**$ 77.3**	$ 28.1
Current portion	**$ 35.2**	$ 19.4
Non-current portion	**$ 42.1**	$ 8.7

Subsequent to September 30, 2026, the Company entered into the following additional equity forward contracts:

	Share Volume	Remaining Term	Price (C$)
Equity			
Equity Forward Contracts	220,000	November 2029	$ 15.87

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 ongoing conflicts in the Middle East, together with the continued Russia-Ukraine conflict have contributed to uncertainty in global energy markets, resulting in volatile commodity prices. If these conflicts continue for a prolonged period, they could lead to further disruptions in the supply of energy products, increased commodity price volatility and adversely impact the Company's financial condition. The Company will continue to monitor these situations.

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 September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Oil	**$ 158.0**	$ 118.3	**$ 466.8**	$ 419.9
NGLs	**10.5**	6.5	**30.1**	29.2
Natural gas	**7.9**	3.9	**25.9**	26.9
Production revenues	**176.4**	128.7	**522.8**	476.0
Processing fees	**2.0**	1.7	**6.1**	7.1
Oil and natural gas sales	**178.4**	130.4	**528.9**	483.1
Other income	**1.6**	19.5	**4.6**	25.2
Oil and natural gas sales and other income	**$ 180.0**	$ 149.9	**$ 533.5**	$ 508.3

Other income typically consists of road use income which totaled $4.6 million in the first nine months of 2026 (2025 - $5.2 million).

In 2025, the Company received dividends on our InPlay Shares (received as part of the consideration in the Pembina Disposition) and recorded this income within Other Income. During the third quarter of 2025, InPlay paid a cash dividend of $0.09 per common share per month, resulting in the Company receiving $0.8 million during the period before the Company disposed of the InPlay Shares. For the first nine months of 2025, the Company received $3.3 million in dividend income.

In August 2025, the Company sold all of our InPlay Shares to a third party. This consisted of selling 9,139,784 InPlay Shares, at a price per InPlay Share of $10.00 for total proceeds of $91.4 million, which resulted in a $15.2 million gain on the sale of these shares which was recorded in Other Income.

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)	**1,238,084**	**8.9**
Repurchase of common shares for cancellation	**(2,508,410)**	**(33.2)**
Tax on repurchases of common shares (2)	**-**	**(0.3)**
Balance, September 30, 2026	**66,004,000**	**$ 2,060.2**

(1) Upon vesting or exercise of equity awards, the net benefit is recorded as a reduction of other reserves and an increase to shareholders' capital.
(2) Includes tax associated with common share repurchases less common share issuances under the Company's share-based compensation plans.

Normal course issuer bid ("NCIB")

Pursuant to our return of capital initiative to our shareholders, the Company has an NCIB with the TSX. Purchases under the NCIB are subject to having $65 million of liquidity and complying with the terms of our current credit facilities. The total consideration paid includes commissions and fees and is recorded as a reduction to Shareholders' Equity.

The Company's NCIB program consisted of the following:

	Nine months ended September 30	
	2026	2025
Number of common shares repurchased	**2,508,410**	7,621,387
Total consideration for common shares repurchased	**$ 33.2**	$ 54.9
Average price per share	**$ 13.23**	$ 7.20

Earnings per share - Basic and Diluted

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

	Three months ended September 30		Nine months ended September 30	
Average shares outstanding (millions)	**2026**	2025	**2026**	2025
Basic	**66.4**	67.1	**66.8**	70.2
Dilutive impact (1)	**2.4**	1.8	**2.4**	1.9
Diluted	**68.8**	68.9	**69.2**	72.1

(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 September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
DSUs	**$ 6.8**	$ 3.3	**$ 13.9**	$ 2.1
PSUs	**3.3**	2.3	**10.9**	1.7
Equity forward contracts gain (1)	**(16.1)**	(0.1)	**(27.0)**	(0.1)
Liability based incentive plans	**$ (6.0)**	$ 5.5	**$ (2.2)**	$ 3.7
RSUs	**$ 1.6**	$ 1.1	**$ 4.7**	$ 4.7
Options	**1.5**	0.6	**3.6**	1.5
Equity based incentive plans	**3.1**	1.7	**8.3**	6.2
Share-based compensation	**$ (2.9)**	$ 7.2	**$ 6.1**	$ 9.9

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

The DSU and PSU obligations are measured at fair value based on the Company's share price at the balance sheet date. At September 30, 2026, the share price used to measure these obligations was $14.69 per share, compared to $11.61 per share at June 30, 2026, $8.42 per share at December 31, 2025, and $9.07 per share at September 30, 2025.

Unrealized gains and losses on the prepaid equity forward contracts are measured by comparing the contracts' fair value at each reporting date, including the change in fair value of contracts purchased during the period. The unrealized gain for the first nine months of 2026 was based on the September 30, 2026, closing share price of $14.69 per share compared to the weighted average forward price for all of our equity forward contracts of $9.69 per share. For the third quarter of 2026, the unrealized gain recognized in the period reflected quarter-over-quarter changes in our share price, including the impact of equity forward contracts entered into during the quarter at an average fair value of $11.63 per share.

The weighted average trading price of the Company's common shares was $13.60 for the first nine months of 2026 (2025 - $7.67).

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)	**Nine months ended September 30, 2026**	Year ended December 31, 2025
Outstanding, beginning of period	**1,417,152**	1,559,563
Granted	**719,990**	859,920
Vested	**(575,342)**	(848,812)
Forfeited	**(71,099)**	(153,519)
Outstanding, end of period	**1,490,701**	1,417,152

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

	Nine months ended September 30	
	2026	2025
Average fair value of RSUs granted (per RSU)	**$ 10.75**	$ 7.86
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)	**Nine months ended September 30, 2026**	Year ended 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 September 30, 2026		As at December 31, 2025
Current	**$**	**5.4**	$	1.2
Non-current		**5.6**		1.2
Total	**$**	**11.0**	$	2.4

Option Plan

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

	Nine months ended September 30, 2026		Year ended December 31, 2025	
Options	**Number of Options**	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	**1,978,228**	**$ 6.50**	2,240,120	$ 4.59
Granted	**1,657,530**	**10.57**	521,070	7.46
Exercised	**(894,156)**	**3.63**	(779,722)	1.64
Forfeited	**(41,270)**	**10.37**	(3,240)	9.65
Outstanding, end of period	**2,700,332**	**$ 9.89**	1,978,228	$ 6.50
Exercisable, end of period	**634,249**	**$ 9.24**	1,290,527	$ 5.39

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

	Nine months ended September 30		
	2026		2025
Average fair value of Options granted (per Option)	**$ 4.51**	$	4.35
Expected volatility	**48.2%**		69.5%
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	Nine months ended September 30, 2026	Year ended December 31, 2025
Outstanding, beginning of period	**2,061,930**	1,960,272
Granted	**66,049**	101,658
Outstanding, end of period	**2,127,979**	2,061,930

DSU Liability		As at September 30, 2026		As at December 31, 2025
Current	**$**	**31.4**	$	17.5
Total	**$**	**31.4**	$	17.5

At September 30, 2026, the Company had no outstanding DSUs that were redeemable.

11. Deferred income tax asset

		Nine months ended September 30, 2026		Year ended December 31, 2025
Balance, beginning of period	**$**	**261.5**	$	273.3
Deferred income tax expense		**(13.0)**		(11.8)
Tax adjustment on excess value - RSUs		**1.0**		-
Balance, end of period	**$**	**249.5**	$	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.