PennWest

PENNWEST.COM TSX PWT NYSE PWE

Analyst Day

June 2017

Important Notices to the Readers

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This presentation should be read in conjunction with the Company's unaudited interim consolidated financial statements, management's discussion and analysis ("MD&A") for the three months ended March 31, 2017. All dollar amounts contained in this presentation are expressed in millions of Canadian dollars unless otherwise indicated.

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

Agenda

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1:00 – 1:05	**Welcome** Paul Surmanowicz, Capital Markets Lead	
1:05 – 1:15	**Introduction** David French, President and Chief Executive Officer	4
1:15 – 1:40	**Our Cost Journey** Tony Berthelet, VP, Development & Operations	10
1:40 – 2:15	**The Development Engine – Cardium** Amanda Reitenbach, Development Manager, Cardium & Deep Basin	28
2:15 – 2:30	**Break**	
2:30 – 3:05	**The Development Engine – Peace River & Alberta Viking** Jay McGilvary, Development Manager, PROP & Esther	48
3:05 – 3:20	**The Development Engine – New Ventures Opportunities** Tony Berthelet, VP, Development & Operations	71
3:20 – 3:50	**The Power of the Portfolio** David French, President and Chief Executive Officer	75
3:50 – 4:00	**Final Q&A - in addition to Q&A after key sections**	

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Introduction

What Will We Discuss Today?

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Our Cost Journey

- Transformed into an efficient and entrepreneurial intermediate E&P in the last 4 years
- From 30 dispersed assets to laser focus on 3 top tier plays
- Refined processes and reduced costs to best in class – opex from >$21/bbl to ~$14/bbl

The Development Engine

- Cardium is the foundation of low-decline, high-netback oil generating strong Free Cash Flow growth
- Peace River and Viking drive top-line production growth
- Significant running room in the Mannville and Jurassic

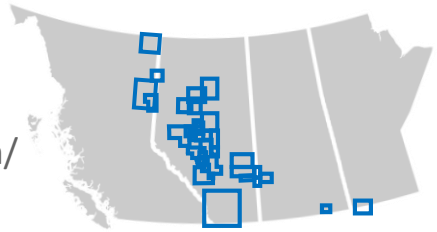
The Power of the Portfolio

- Portfolio allows flexibility under various commodity price scenarios
- 5 year plan will drive self-funded liquids-weighted growth north of US$50 WTI
- Low decline keeps us resilient sub US$50 WTI

What a Difference 4 Years Have Made

Penn West Circa 2013

30/5.5
areas of operation/
million net acres

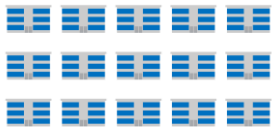


24
floors

15
executives

2,000
employees

15
field offices



Obsidian Energy

3/1.7
areas of operation/
million net acres

2.5
floors

5
executives

300
employees

4
field offices

What Obsidian Energy Means to Us

The name honours that our foundation is a natural resource that is honed to support the good of mankind. To us, the name, Obsidian Energy, reflects that we will build a bright future shaped by discipline and precision; our Company will be intentional and professional in everything we do.

Disciplined

Technically and commercially guided by clear purpose and intention, with focused resources and capability to act and learn

Relentless

Passionately driven to meet our goals and deliver meaningful results

Accountable

Deeply committed to one another, our shareholders, our partners, and our neighbours to be the company of choice

Penn West Management

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David French

President and
Chief Executive Officer

Andrew Sweerts

VP, Production &
Technical Services

David Hendry

Chief Financial Officer

Mark Hodgson

VP, Business Development &
Commercial

Tony Berthelet

VP, Development &
Operations

Robert Wood

General Counsel

A Foundation of Strong Technical Leadership

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Amanda Reitenbach

Development Manager,
Cardium & Deep Basin

Jay McGilvary

Development Manager,
PROP & Esther

Development Managers have extensive experience in waterfloods, heavy oil, and the Viking

Matching the right technical people to our assets

D&C and Production Managers have expertise in cost control and production reliability

James Manuel

Manager,
Drilling & Completions

Ryan Rawlyk

Production Manager

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1. Our Cost Journey

Our Cost Journey – Key Takeaways

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Restructured and Focused

- Balance sheet urgency drove PWT journey to the “new world”
- High-graded portfolio from 30 dispersed assets to 3 key assets
- Now a right-sized business for a 30,000 boe/d nimble operation

Capital Efficiency Step-Change

- Set cost & execution improvements across each play
- Raised our game in development execution: $65k/boe/d to <$25k/boe/d
- Comprehensive ROI analysis behind each dollar spent

Operating Cost Step-Change

- Cost improvement success: opex from >$21/bbl to ~$14/bbl
- Enforced vendor management focused on the right partner at the right cost
- Continue to reduce, optimize, and look for exit costs in remaining legacy properties

Our Journey to the “New World”

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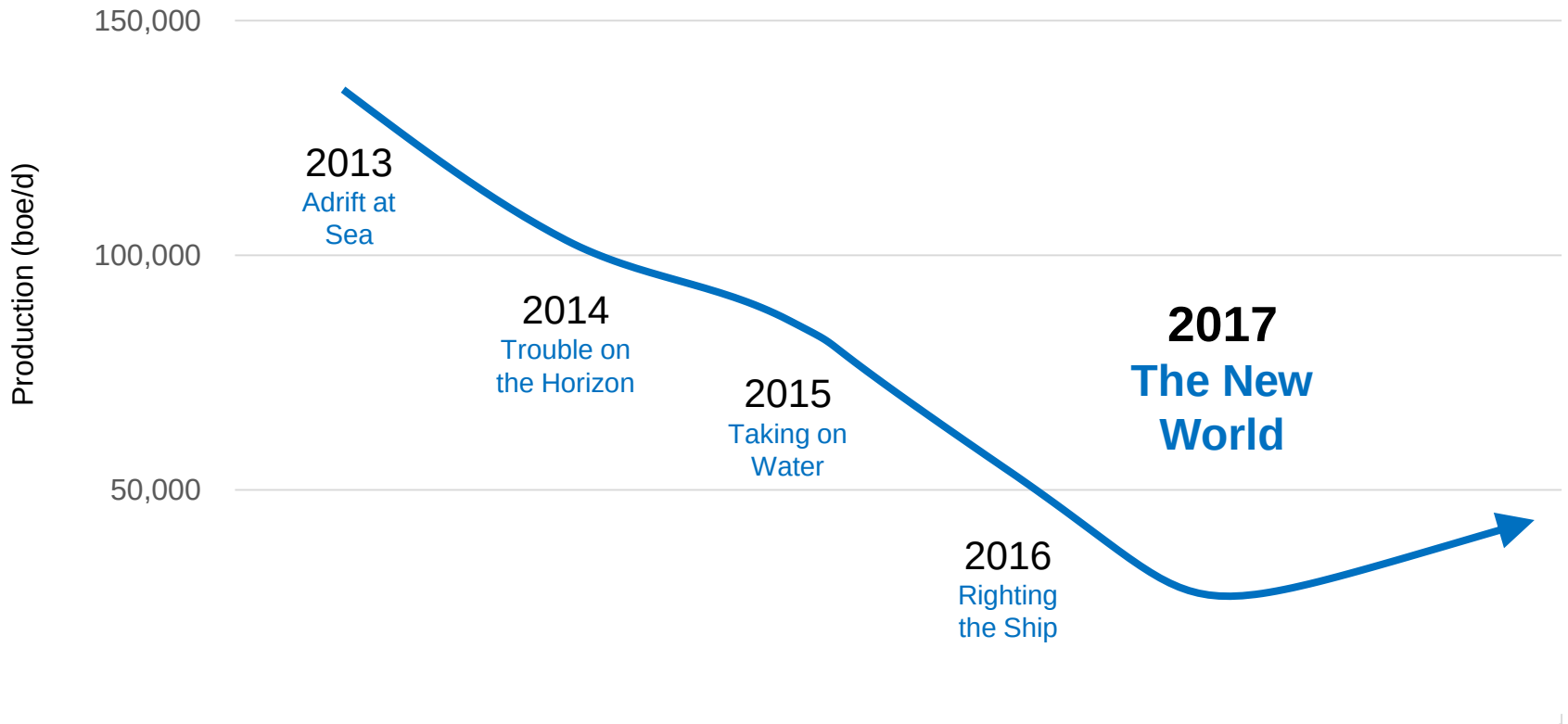

	2013	2014	2015	2016	Q2 2017	2018+
Production (boe/d)	135,284	103,989	86,357	54,990	~31,000	
Areas of Operation (#)	30	28	22	6	3	
Net Acres (millions)	5.5	4.5	4.0	2.5	1.7	
Opex ($/boe)	$20.77	$19.24	$18.96	$13.18	~$13.25	

Adrift at Sea: 2013

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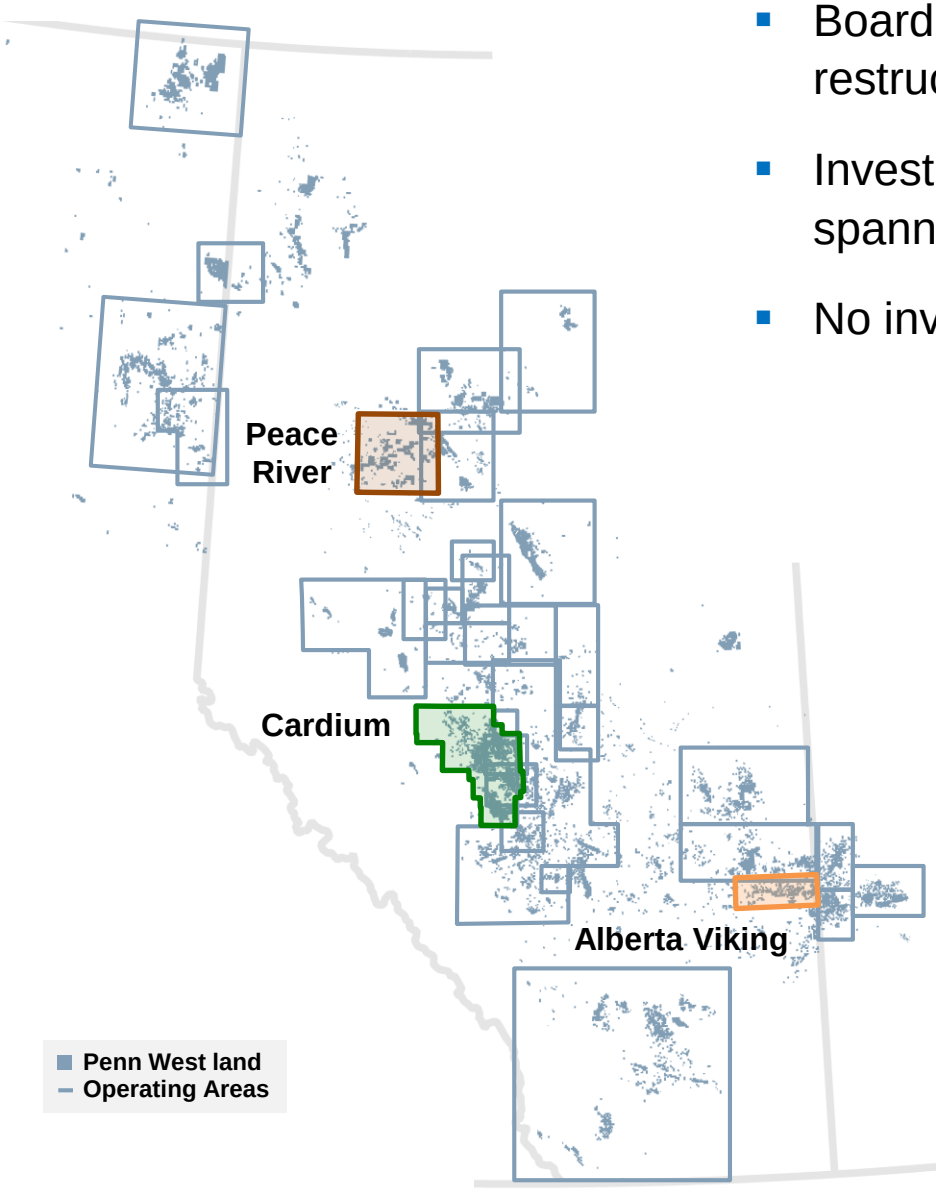
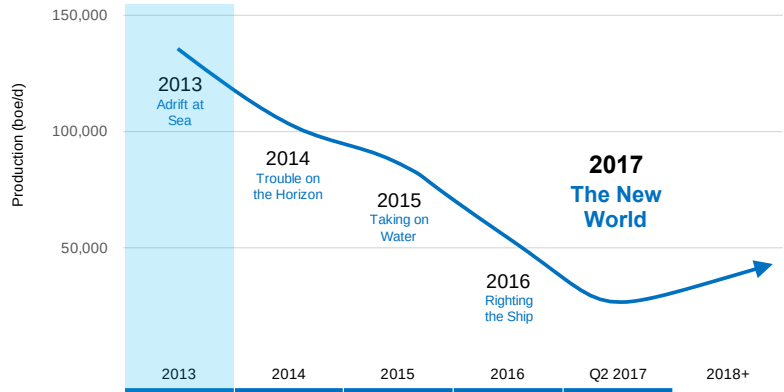


- Board and leadership changes to initiate a restructuring plan
- Investment spread across dozens of areas spanning four provinces
- No investment concentration and lack of focus



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Trouble on the Horizon: 2014

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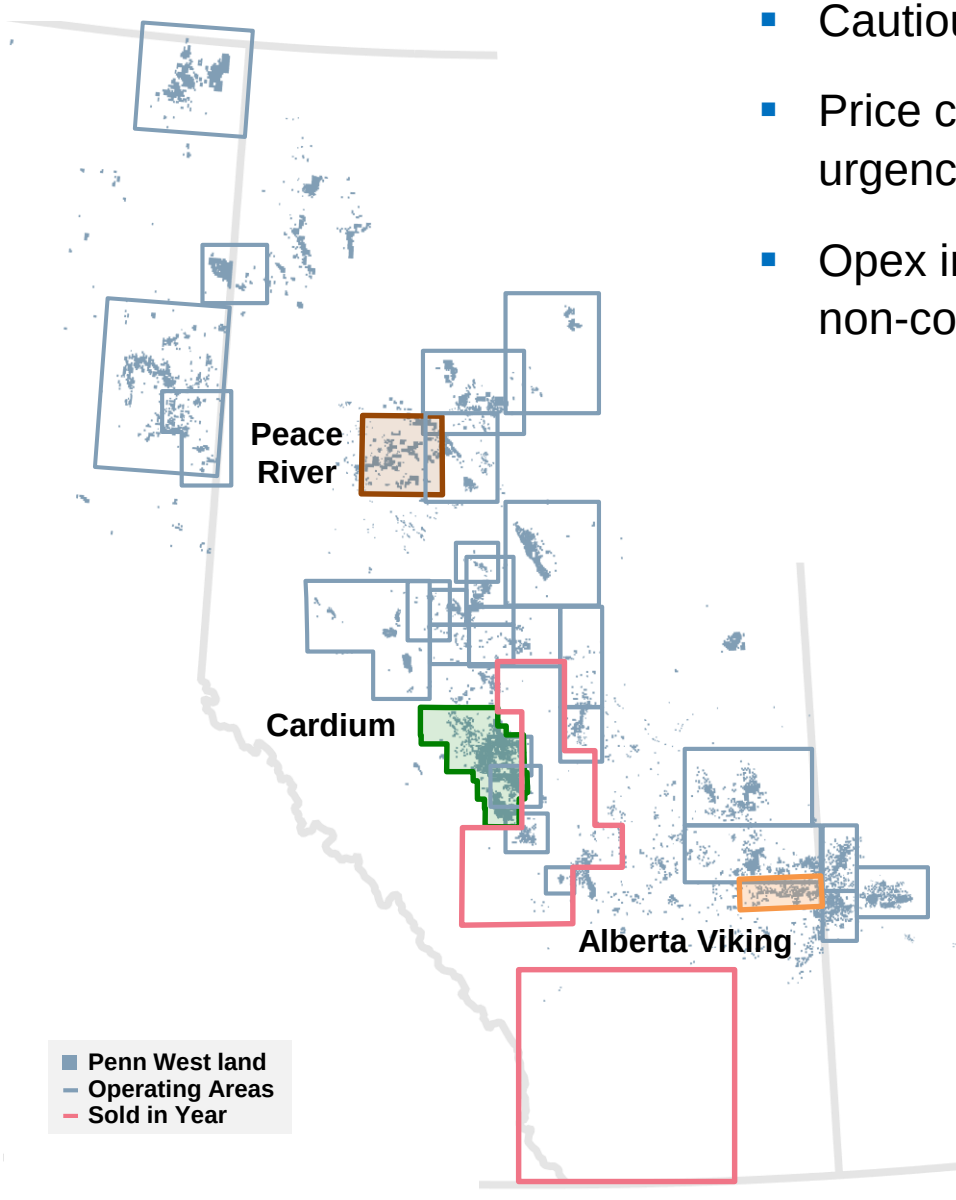
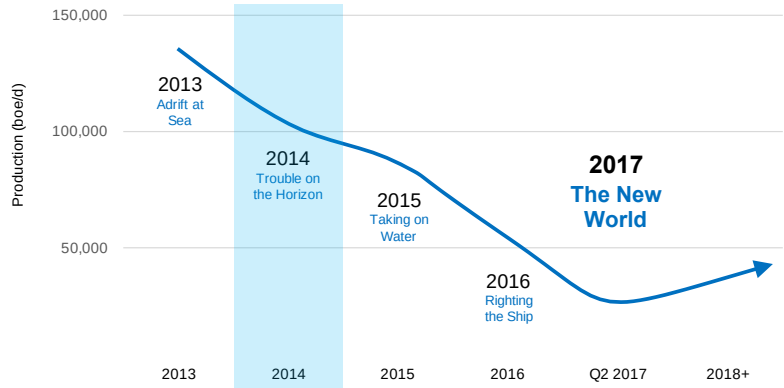
- Cautiously started to refocus and sell assets
- Price collapse late in the year increased the urgency to restructure
- Opex improvement initiatives kicked off in non-core assets





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Taking on Water: 2015

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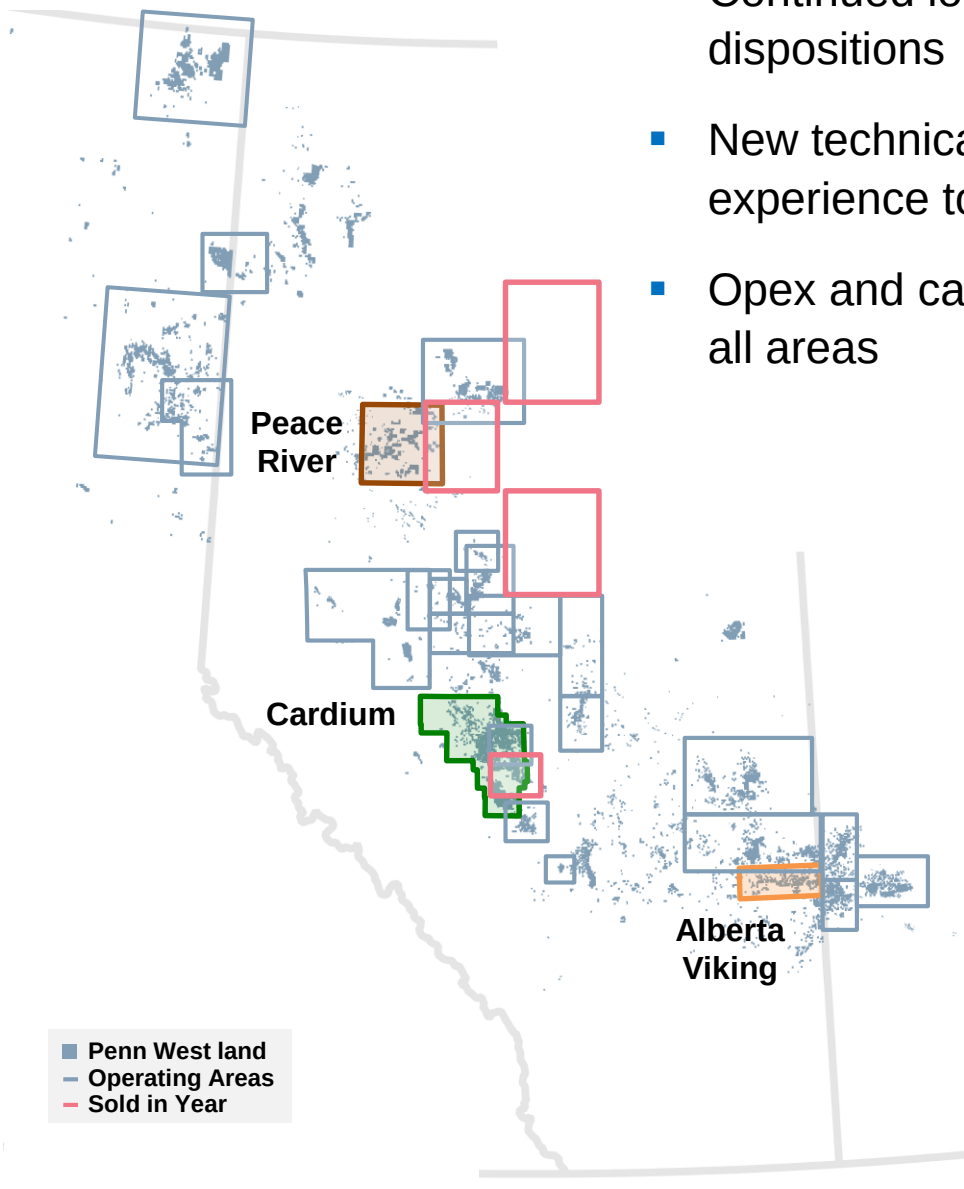
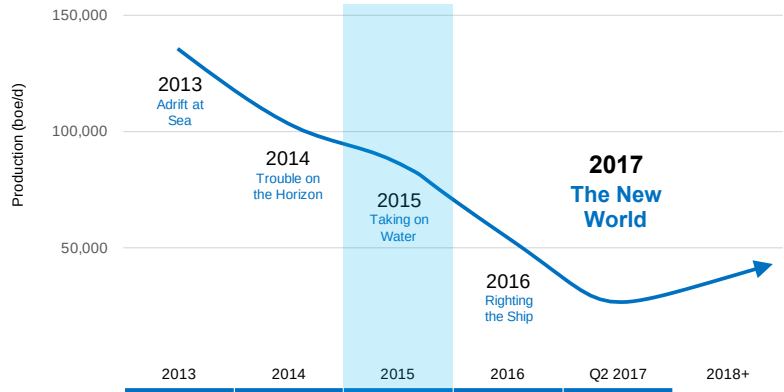


- Continued low oil prices forced major asset dispositions
- New technical team brought in with specific waterflood experience to focus the Company back on the Cardium
- Opex and capital cost savings initiatives extended to all areas



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Righting the Ship: 2016 through Q1 2017

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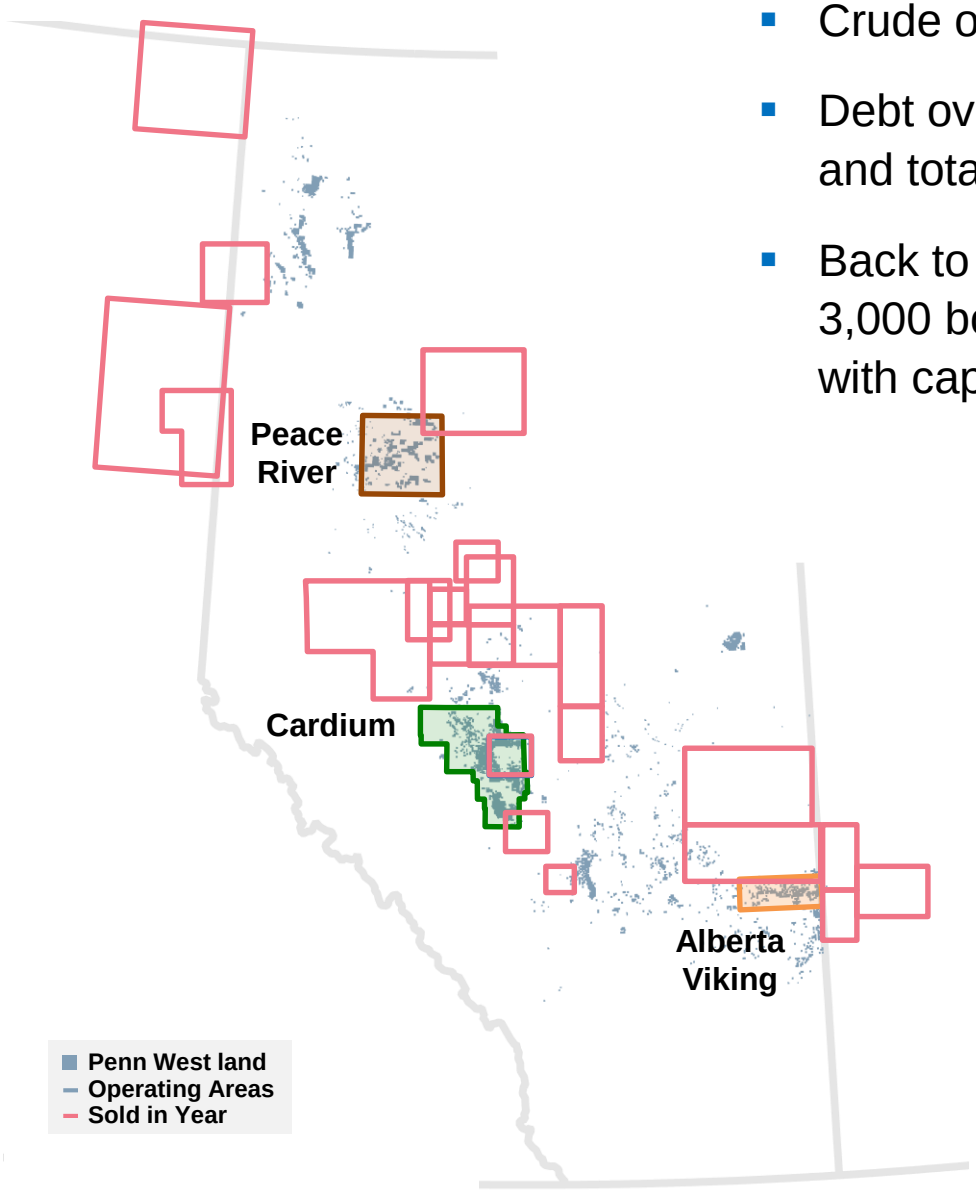
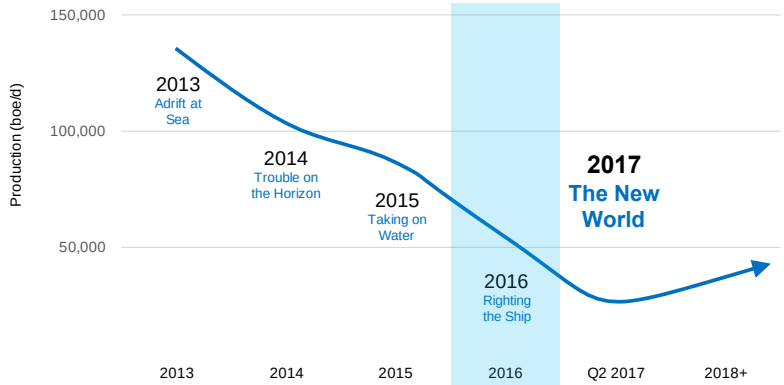


- Crude oil prices bottomed in Q1 2016
- Debt overhang resolved with Saskatchewan sale and total dispositions proceeds of ~$1.5 billion
- Back to work in H2 2016 successfully delivering 3,000 boe/d of exit production; $80MM of spend with capital efficiency below $20,000 per boe/d



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Our High-Graded Portfolio: The New World

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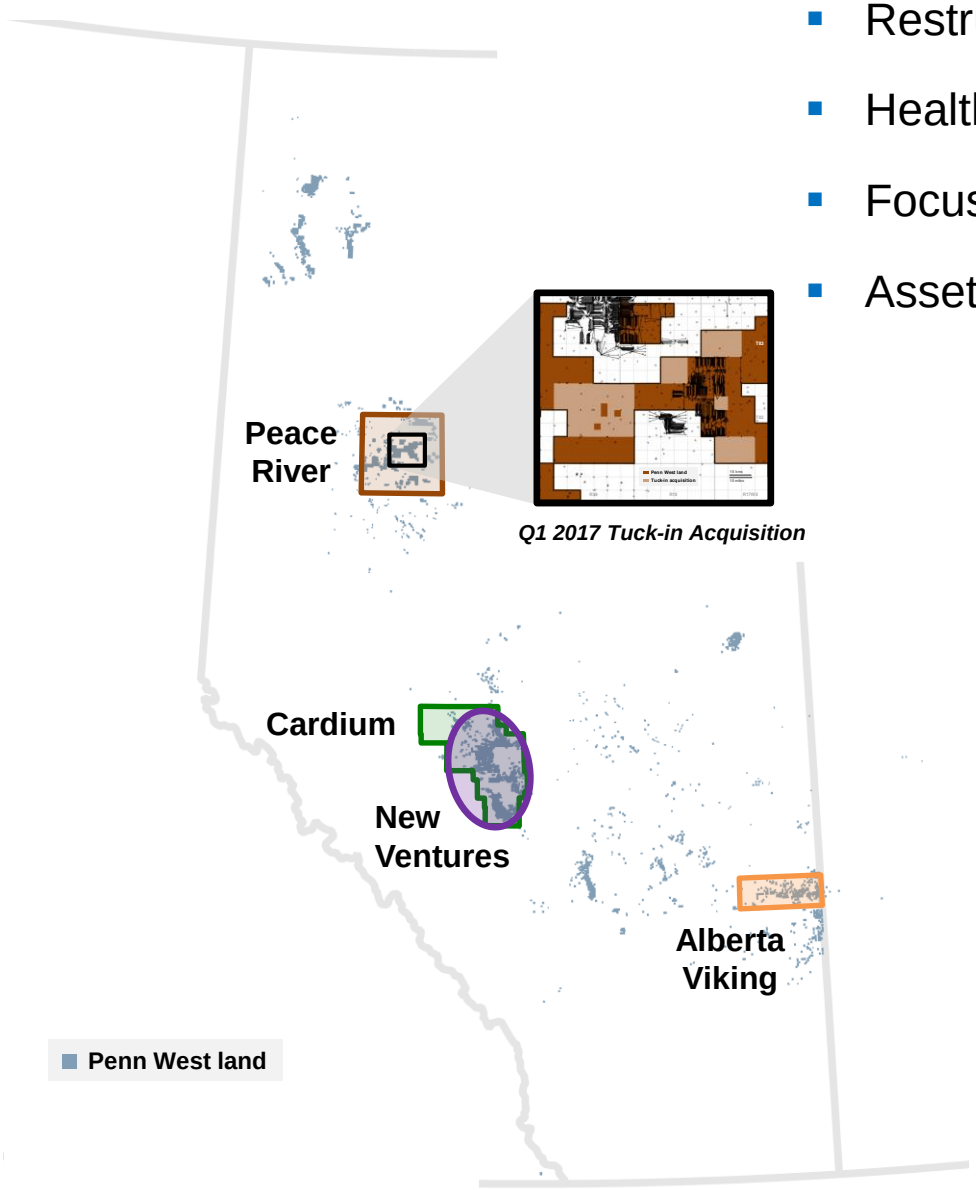
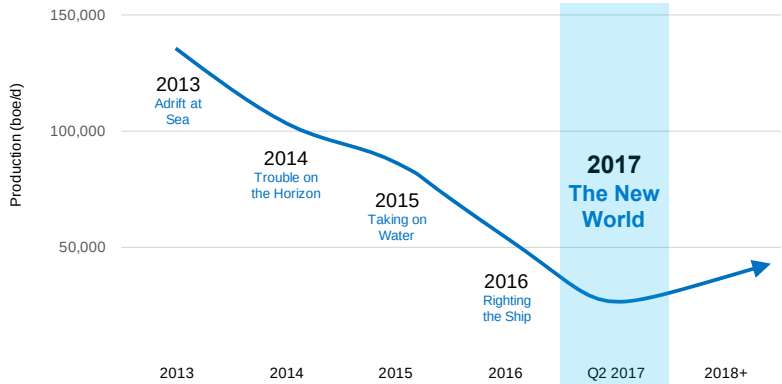


- Restructuring complete, new CEO at the helm
- Healthy balance sheet
- Focused technical team
- Assets poised for sustainable growth



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Driving a Capital Efficiency Step-Change

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- The largest driver to reduce capital costs is reducing the time to drill and complete each well

Uptime Optimization

- Minimize the flat time – maximize the use of rig hours for drilling
- Break every job down to the lowest form – each step is reviewed and optimized (Rig in BOP, connection procedure, etc.)
- Batch operations – calculated delays can result in savings

Personnel Refocus

- Match skillsets with positions – maintaining consistency builds a strong team
- Empower employees – full accountability through a flatter structure
- Encourage people to safely challenge limits

Value Based Decision Making

- Data driven solutions – identify trends and act – lookback analysis
- Manage risk – don't just avoid it (ie. simultaneous operations in PROP)
- Investigate competitors – compare, learn, and apply (if applicable)

Raised our Game in the Cardium

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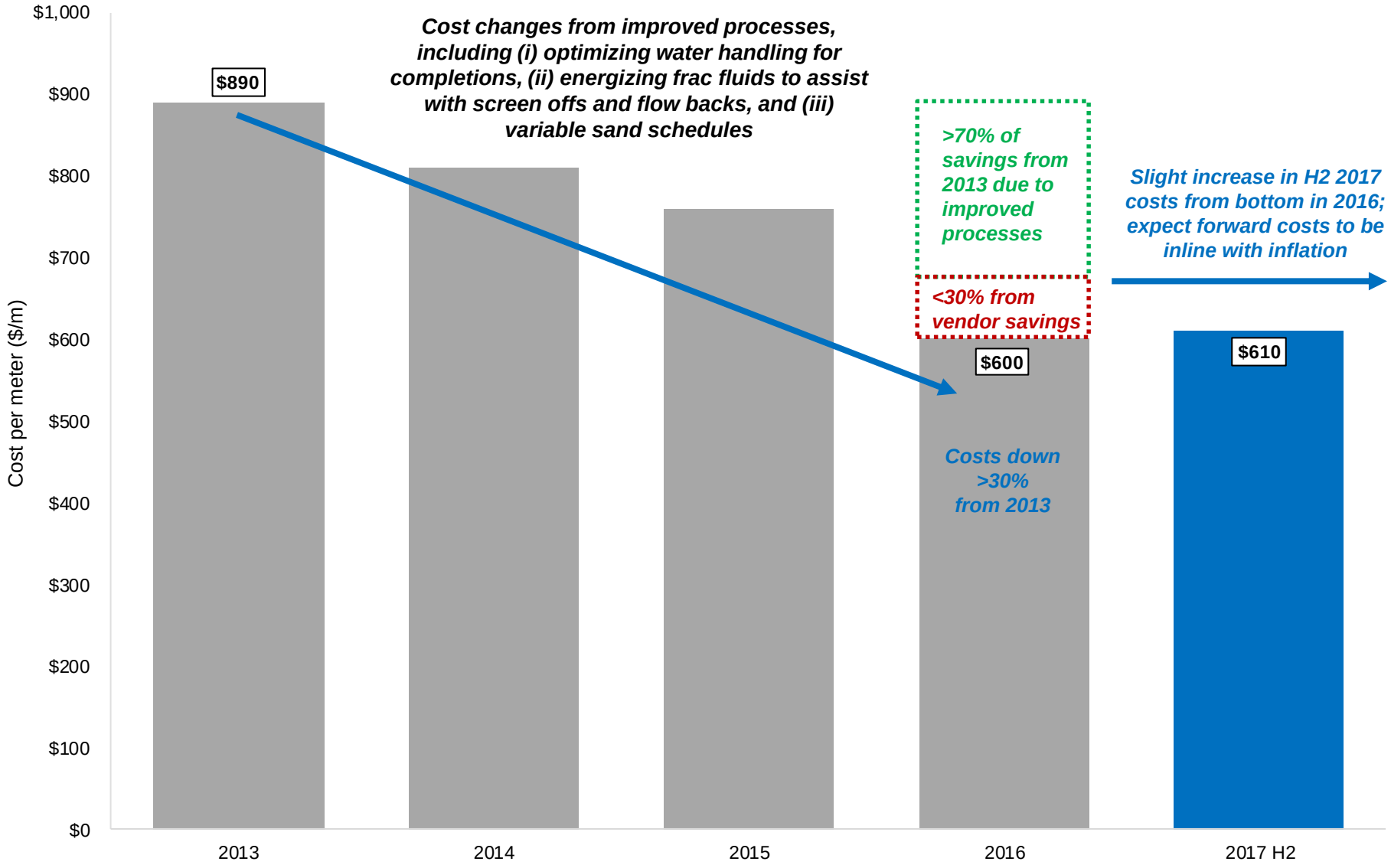
Cardium Construct, Drill, and Complete Costs



Best in Class Per Well Cardium Costs

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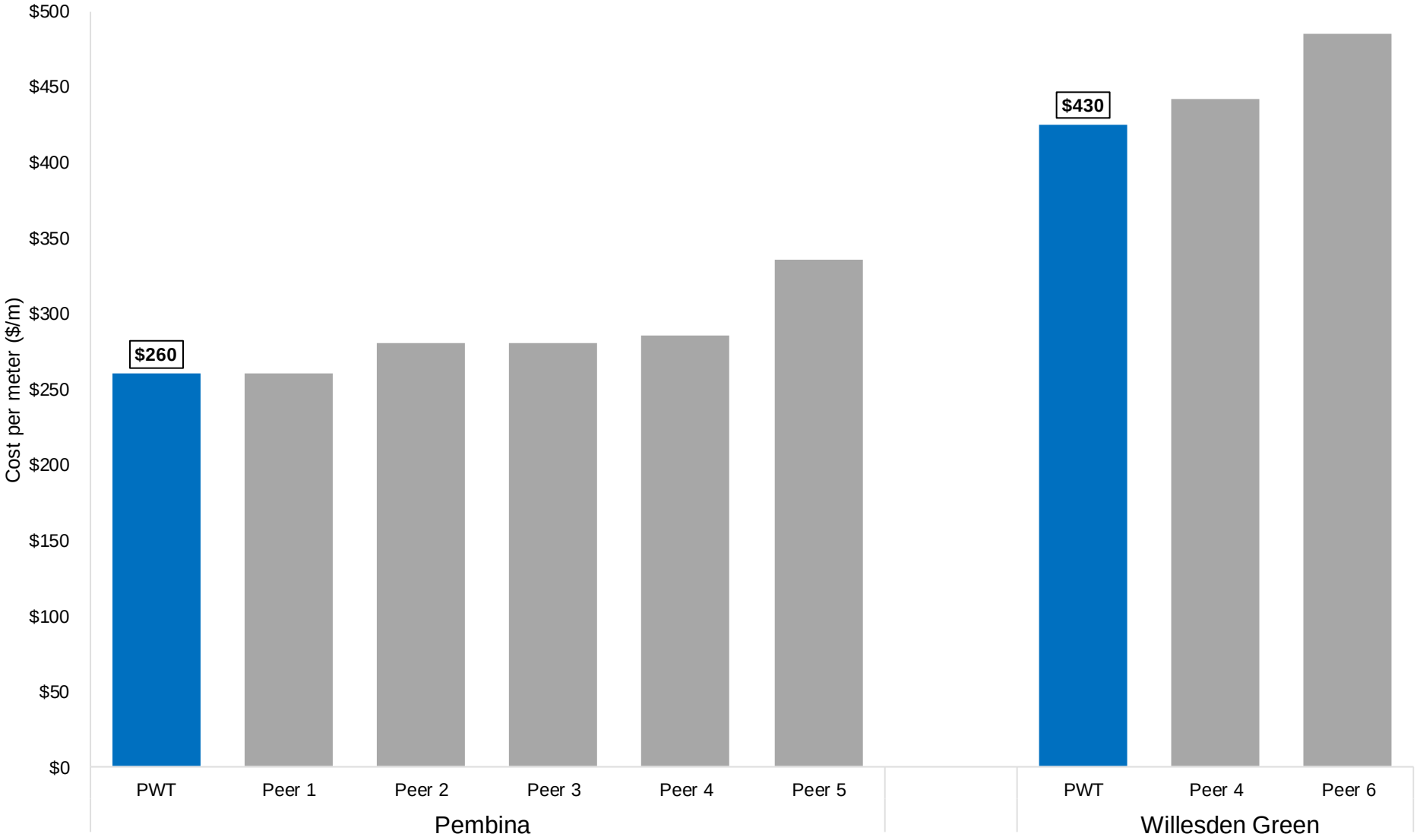
PWT has the lowest drilling costs across the Cardium



Raised our Game in Peace River

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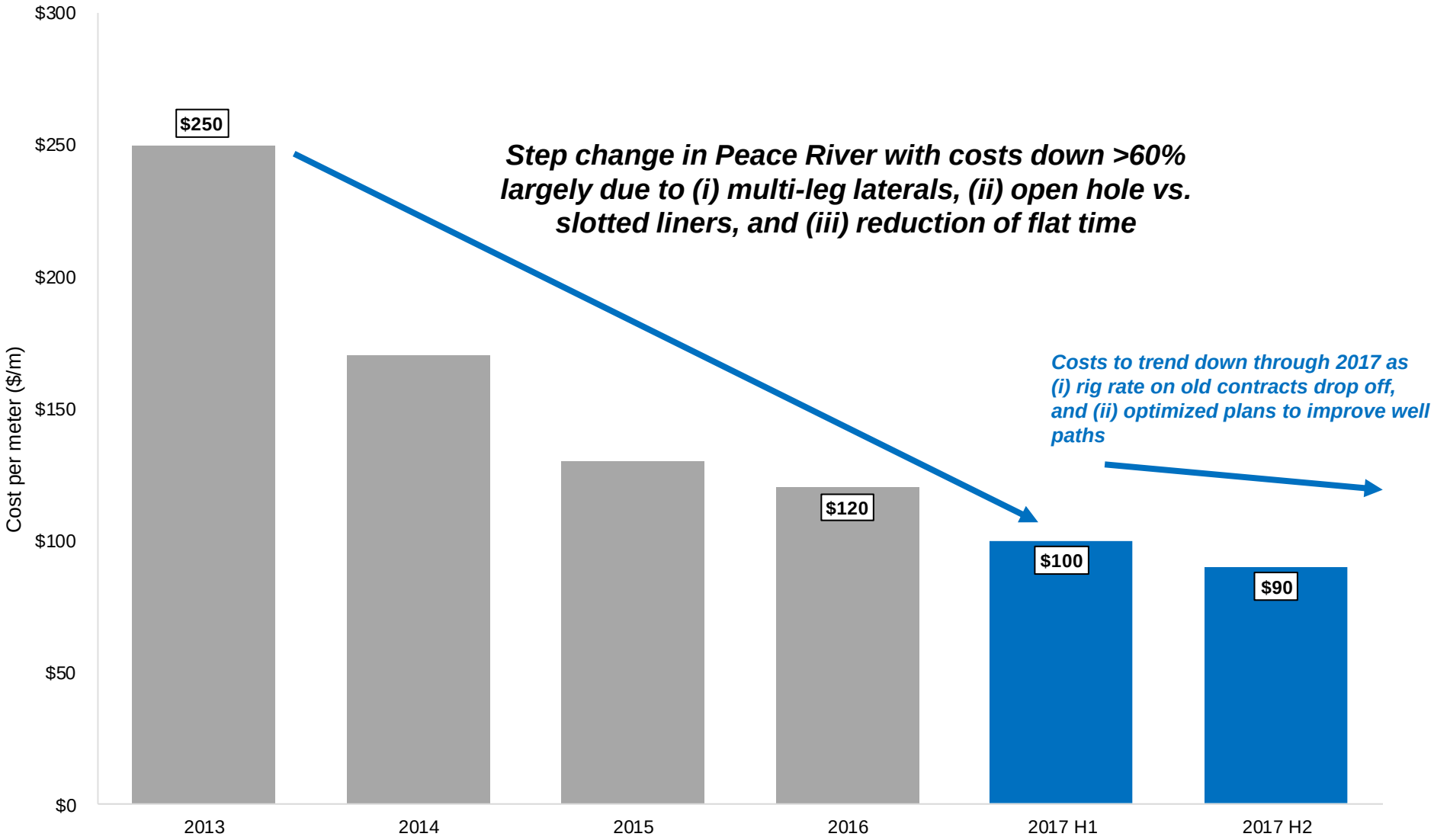
Peace River Construct, Drill, and Complete Costs



Operating Cost Step-Change

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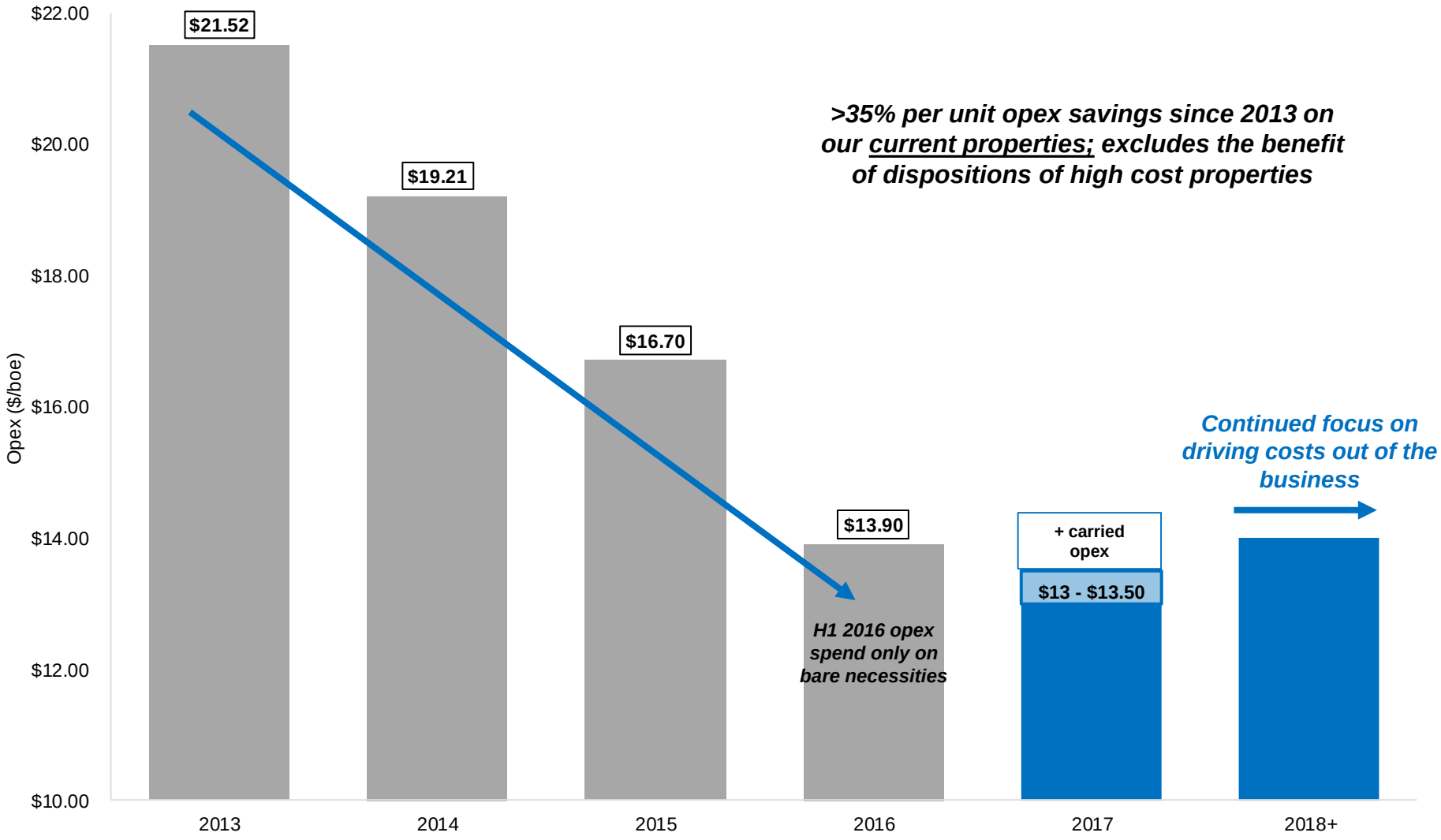
Historical Operating Costs ($/boe), excluding benefit of Peace River carry

Current PWT Properties Only



Top 3 Opex Categories Drove ~75% of Total Savings

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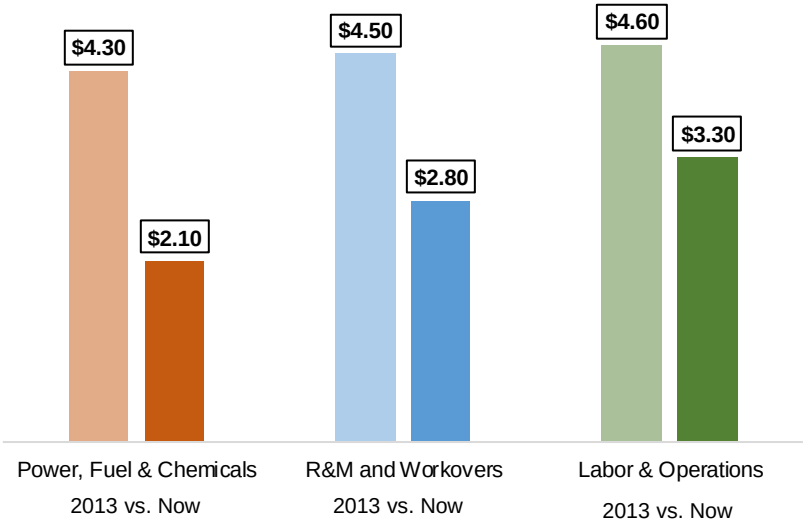
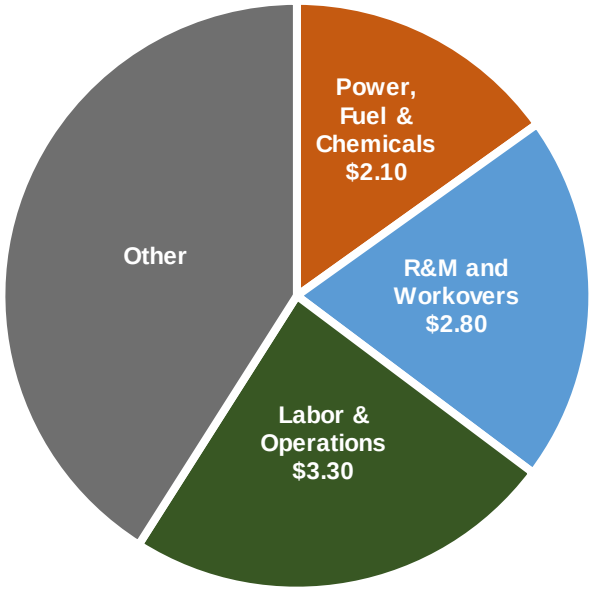
2013 vs. Current Opex ($/boe)



2017 Opex by Category ($/boe)



Power, Fuel & Chemicals

- Consolidated vendor list to manage spend
- Moved from long-term fixed price power to variable contract
- Drove spend transparency into front line team to improve cost management

R&M and Workovers

- Implementation of a Maintenance Management System
- Preventative maintenance and schedule management improved runtimes
- Improved spend visibility led to cost control

Labor & Operations

- 6 superintendents to 1 production manager
- 40 foremen to 5
- Eliminated “special projects” groups

Operating Costs Down Across All Areas

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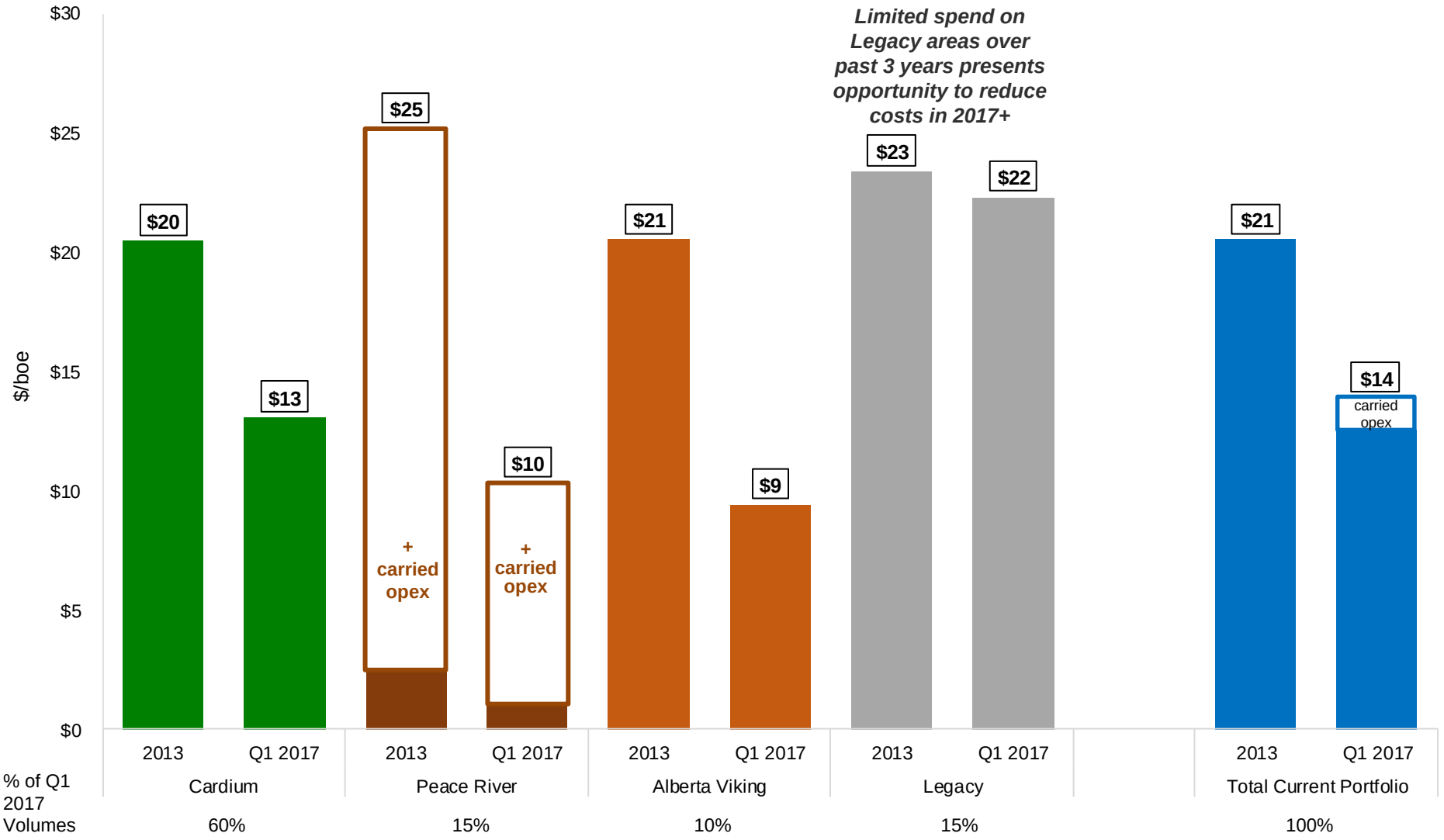
Translates to annual operating cost savings of ~$80 million



How Do We Continue the Journey?

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Power, Fuel & Chemicals

- Implement de-centralized power generation as a power hedge
- Current projects underway at Crimson Gas Plant
- Optimization of chemical usage through improved facility design (clean oil trucking)

R&M and Workovers

- Streamline workovers & well servicing execution
- Continued technical focus on reliability and uptime

Labor & Operations

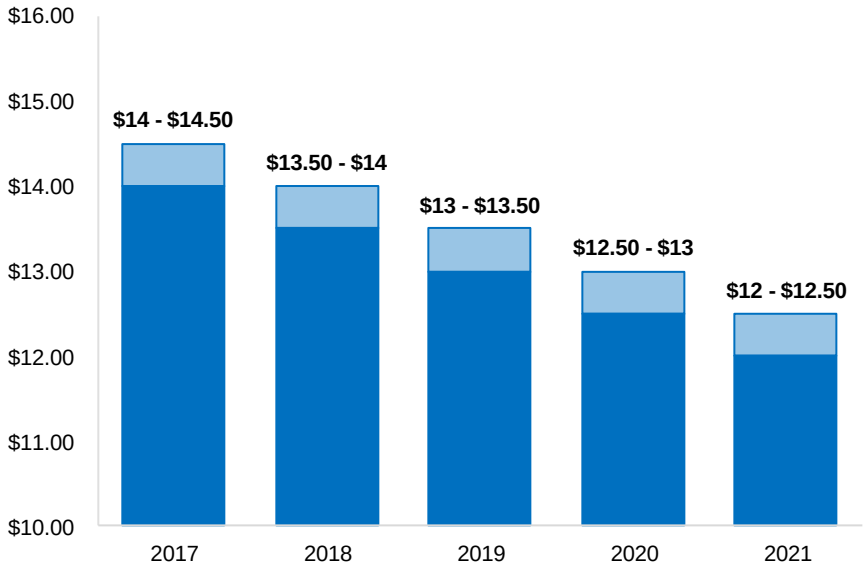
- Focus on SCADA to minimize labour cost creep due to new pads and facilities
- “Manage by Exception” – go the sites that need attention first

Crimson Power Project

- Estimate $3MM in 2018 power costs
- Install Power Generation Units in H2 2017
- Offset opex with fuel gas with upside to sell excess power into grid
- 1.5 year payout

Operating Cost Forecast, 5 Year Plan ($/boe)

Excludes benefit of carried expenses at Peace River



Our Cost Journey – Key Takeaways

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Restructured and Focused

- Balance sheet urgency drove PWT journey to the “new world”
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5 Minute Q&A

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2. The Development Engine

Cardium – Key Takeaways

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Cardium is our Foundation

- More acreage than the 2nd and 3rd largest land holders combined
- De-risked position with 2.5 - 3 billion bbls OOIP in the sweet spot of the reservoir
- Low decline, light-oil, with FCF of $70MM and growing

Waterflooding is a Proven Concept

- 60 years of intermittent waterflood history on our lands
- Consistent injection in offsetting areas show tremendous results
- Recovery rates of >30% are very achievable

Improving an Old Idea with New Technology

- Integrated development creates the most long-term value
- Vertical injectors are more reliable and economic
- Orientation is a key efficiency driver
- Five signposts to demonstrate the floods are working successfully

Penn West Has a Dominant Cardium Position

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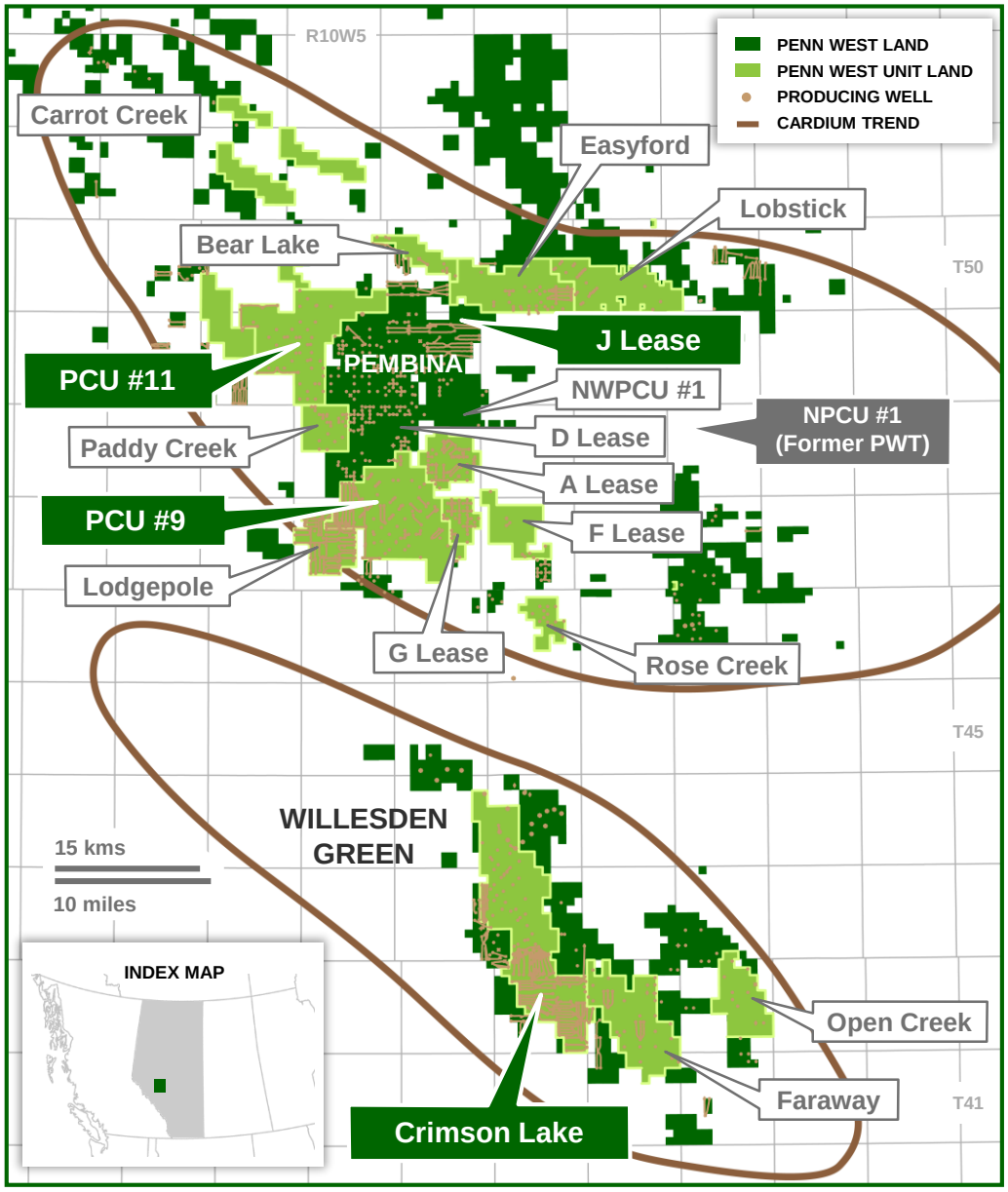

- Best and largest land position in the core of the Cardium trend to deliver unequaled upside
- After 50+ years, resource and geology is delineated and well understood
- High-netback light oil production with low decline rate of 15%
- Generates Free Cash Flow to fund growth in the balance of portfolio; ~$70MM of FCF in 2017 and growing

Key Metrics	
Land	450 sections
Production	18,603 boe/d
% Liquids	64%
Netback	$26/boe
2P Reserves	102 MMboe
Decline Rate	15%

Cardium is a Free Cash Flow Machine

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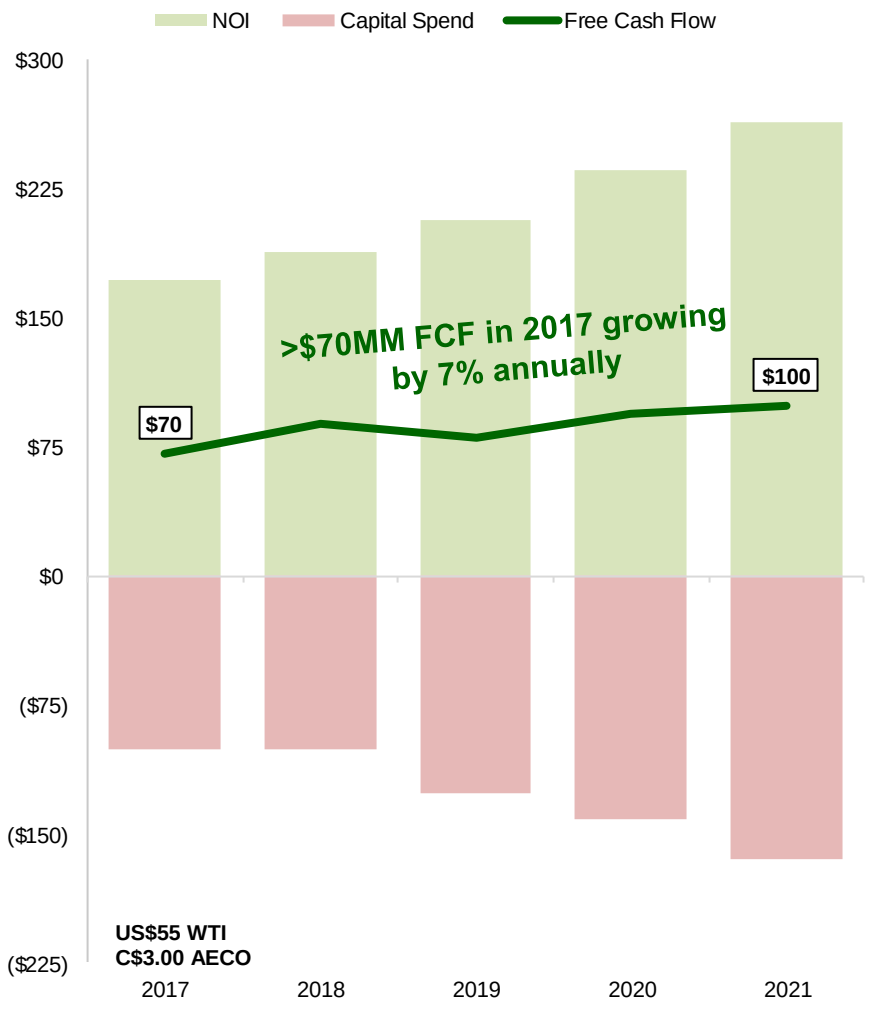
Cardium 5 Year Plan ($MM)

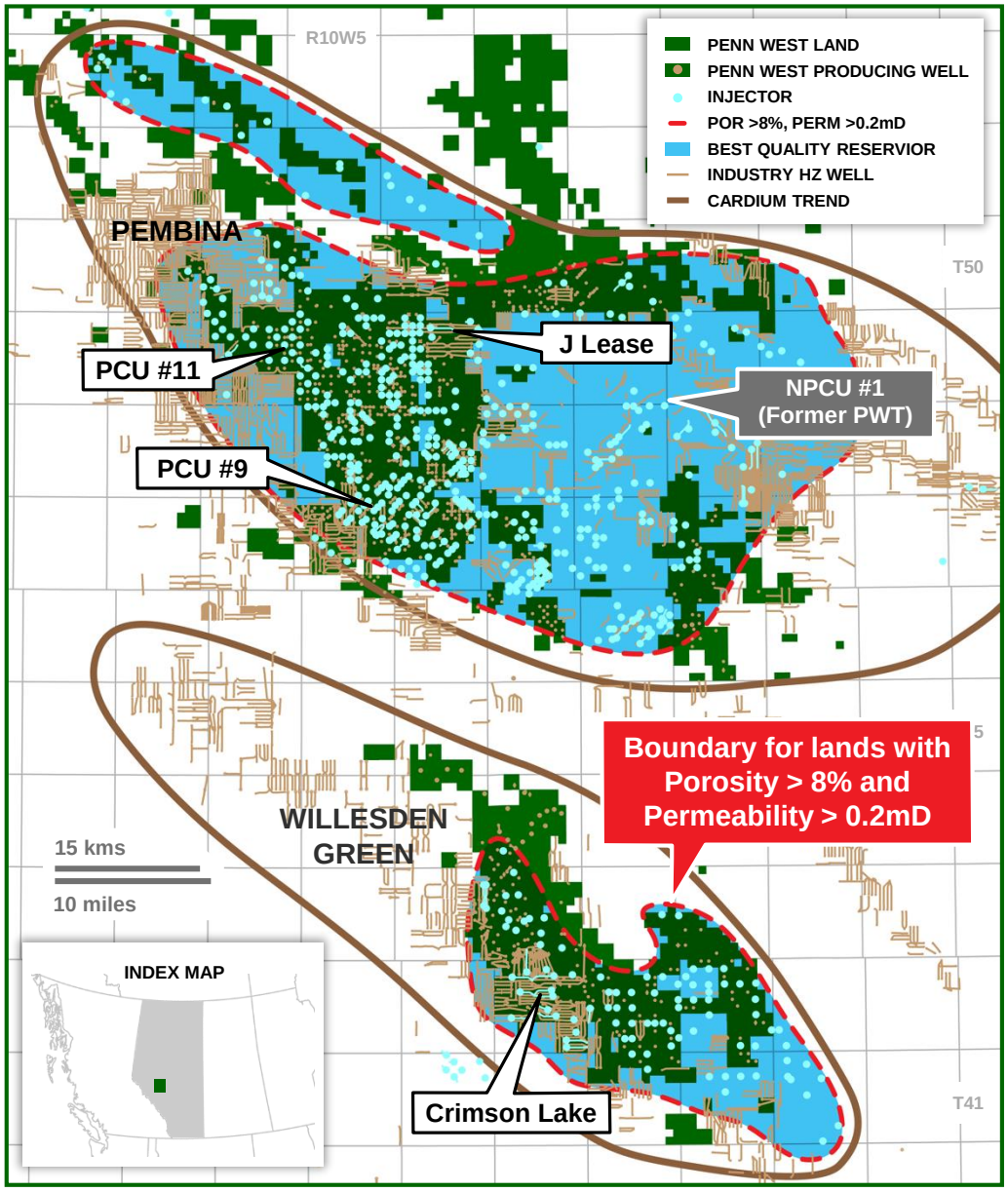


- High-netback light-oil production creates an engine of Free Cash Flow
  - ~$70MM of FCF in 2017 increasing to ~$100MM in 5 years
  - Funds higher-rate growth in Peace River, Viking, and New Ventures
- Low-decline production creates a stable base
  - Less capital required to maintain and grow corporate production volumes
- 5 year Cardium plan demonstrates
  - 7% FCF growth CAGR
  - 10% NOI growth CAGR
  - 5% production growth CAGR

Focused on Growing Cardium FCF to Build a Sustainable Business

Waterflooding is a Proven Concept

PennWest



- Best Cardium reservoir falls within the boundary where porosity > 8% and permeability > 0.2 mD
  - Where waterfloods implemented historically
  - Most peers are in outer areas of the trend where rock has lower porosity and permeability and not suitable for waterflood
- PWT dominates this core part of the play
- Waterfloods in majority of our lands have been managed inconsistently and possess huge opportunity
  - Prior operator of our acreage let the waterfloods “run to fail” beginning with oil price crash in 1980s
- Recovery potential in the core part of the play is up to 3x that of “halo” regions

Tremendous Potential with Consistent Injection

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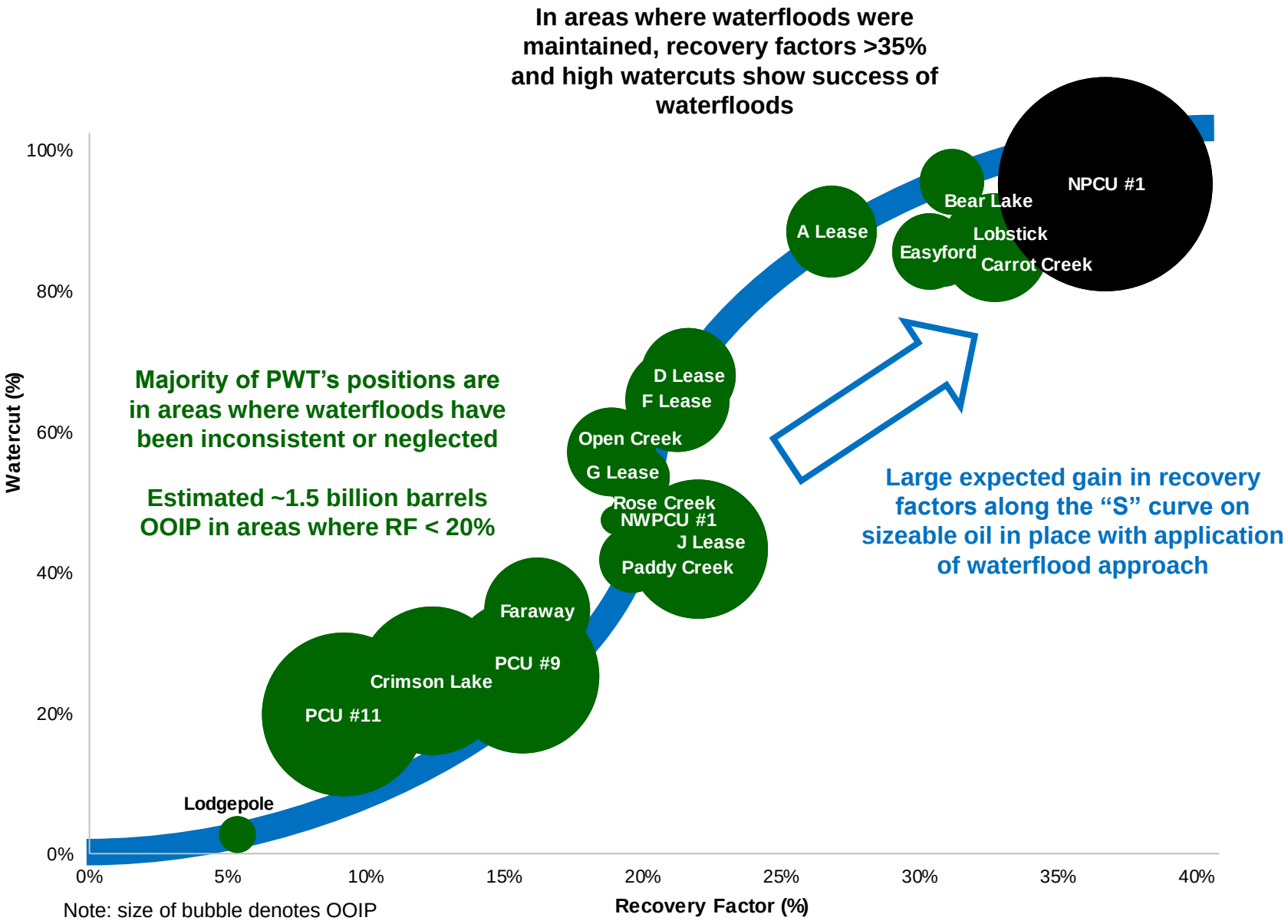

Note: size of bubble denotes OOIP

Recovery Rates >30% are Very Achievable

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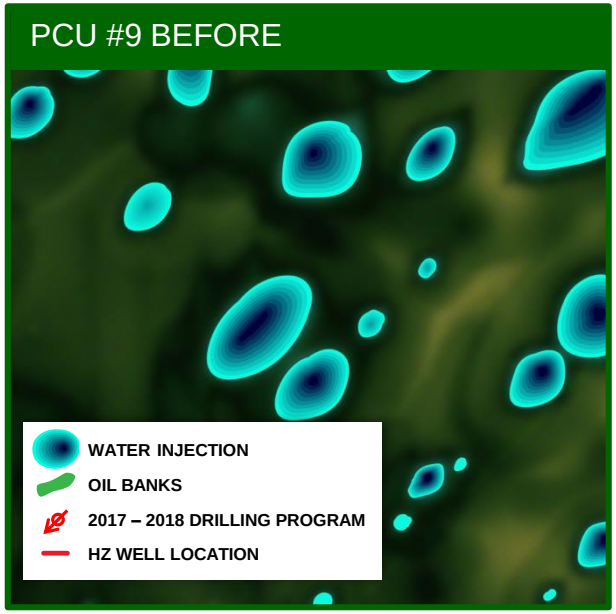
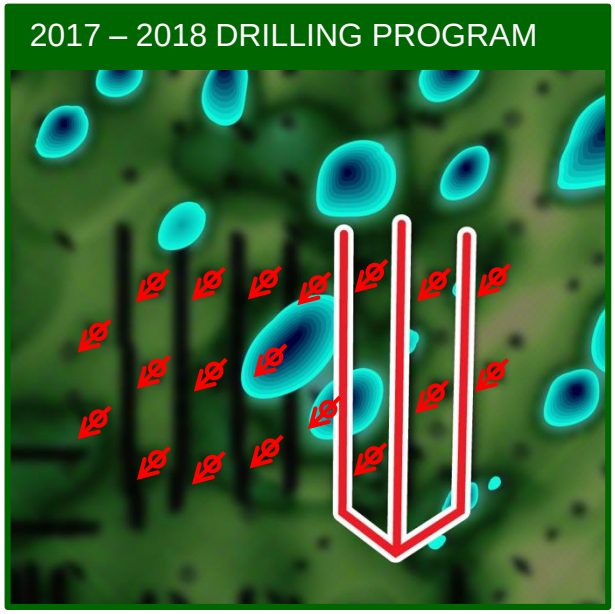
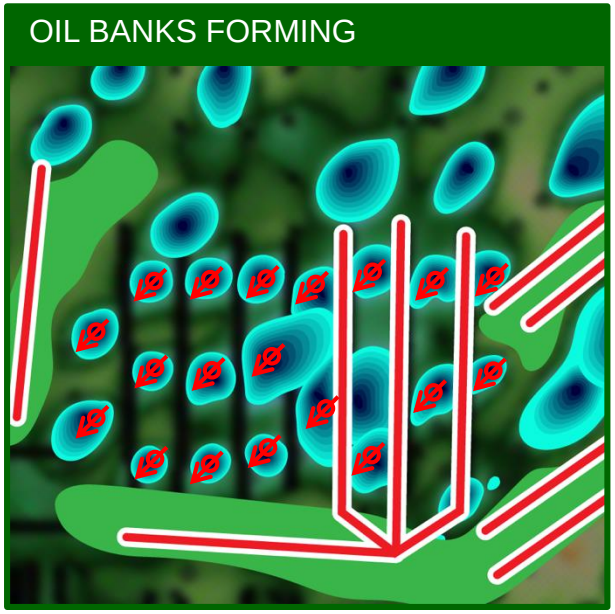
Hz infill drilling in 2014-2015 targeted large remaining OOIP in areas that had not effectively been waterflooded

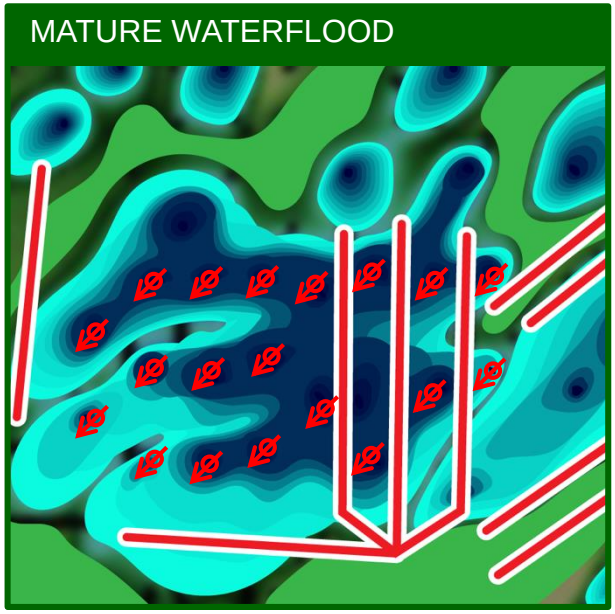




2017 program will drill 3 Hz well patterns supported by offsetting injection. Injection support for existing Hz wells added in 2017-2018

Waterflood response is observed. New injectors are creating oil banks that are expanding and sweeping out oil. Generates additional opportunities for future drilling





Waterflood complete after several decades with RF > 30%. Expanding water banks provide support to future drilling

Four Cardium Development Types

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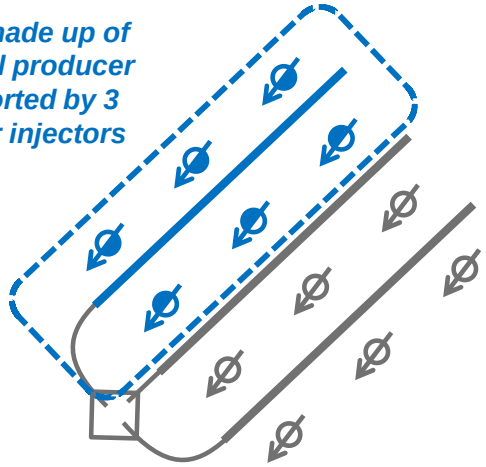
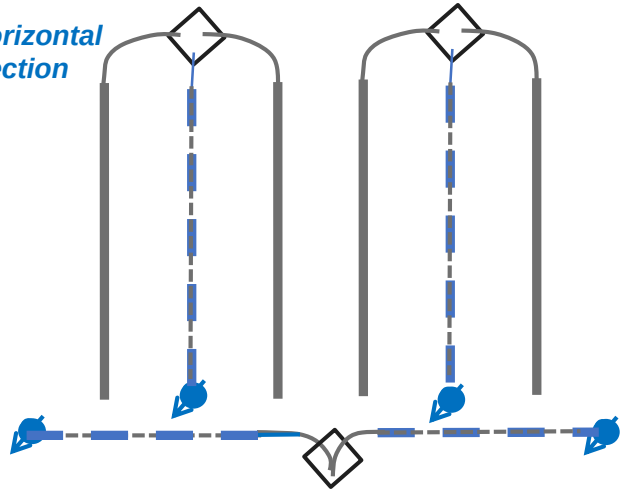
TYPE I
Hz Producers, Vert Injectors

A pattern is made up of one horizontal producer that is supported by 3 vertical water injectors



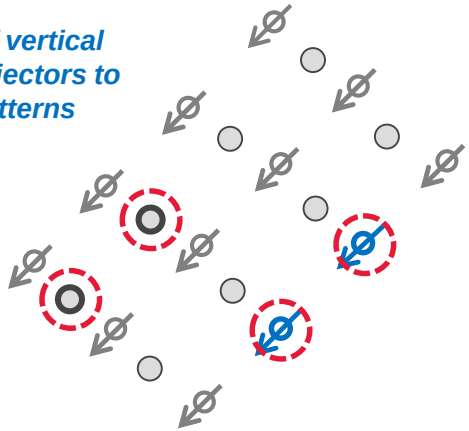
TYPE II
Hz Injector Conversions

Convert existing horizontal producers to injection



TYPE III
Vertical Infill Producers/Injectors

Infill drilling of vertical producers or injectors to complete patterns



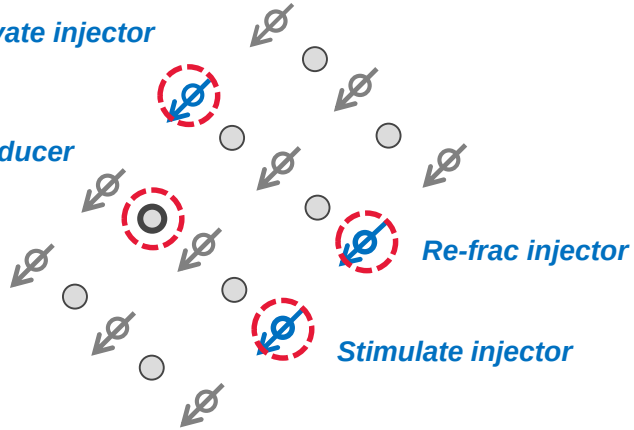
TYPE IV
No Infill/Opt Existing WF

Reactivate injector

Optimize producer

Re-frac injector

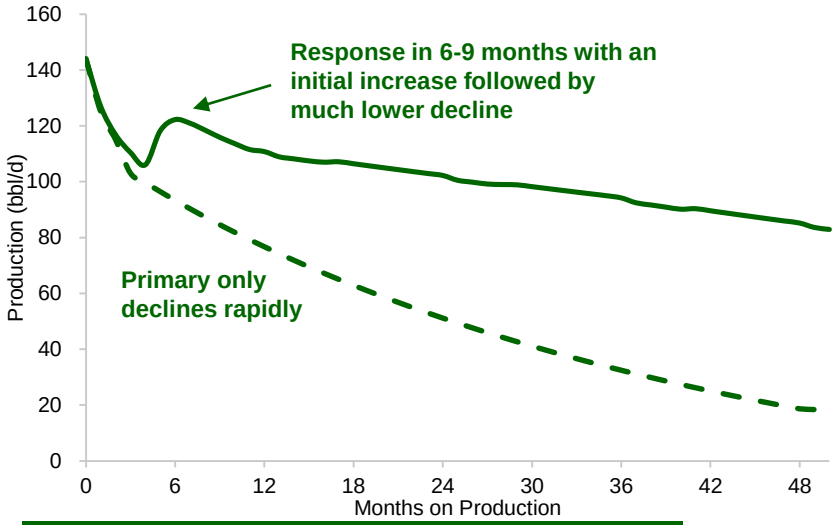
Stimulate injector



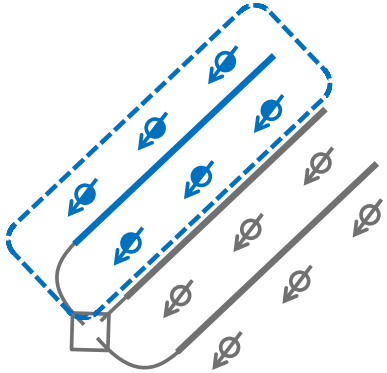
Cardium Development Requires a Flexible Approach to Provide the Best Value

Pembina Integrated Development Details

PennWest



Development focused on "Type I" patterns made up of Hz producers and 3 Vt injectors



Majority of development in Pembina will be Type I

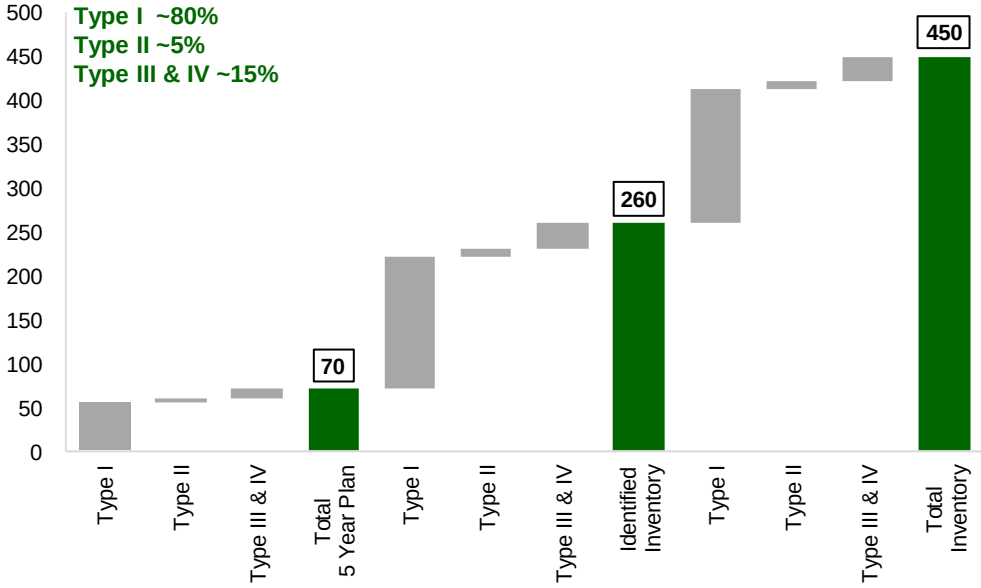
Type II and Type III will be used on a case by case basis to optimize specific patterns

Inputs	Total Cost
Cost ($MM) - 1 Hz + 3 Vt injectors	$6.3
Incremental Water Cost ($/bbl water)	$0.20

Production	Liquids (bbl)	BOE (boe)
EUR	470,000	530,000
IP(30 day)	150	185
IP(365 day)	125	150
Liquids (%)	89%	

Economic Outputs	
NPV (10%) ($MM)	$6.1
PIR (10%)	1.0
IRR (%)	35%
Payout (years)	3.1
Capital Efficiency ($/boe/d)	$42,000
F&D ($/boe)	$11.80

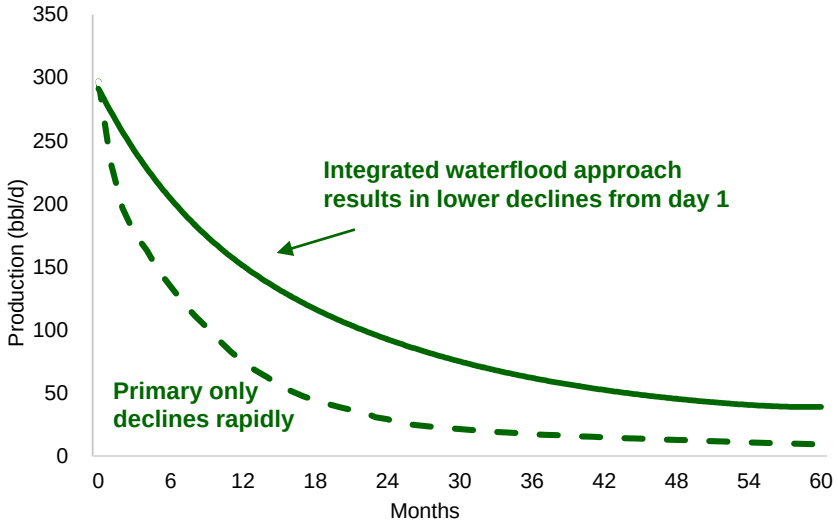
Pembina Inventory (# patterns)



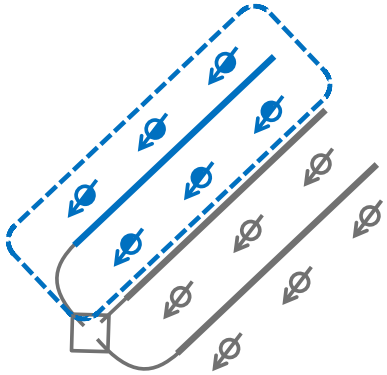
Note: WTI - US$52/bbl in 2017, US$53/bbl in 2018, escalating through 2021
AECO - C$2.90/Mcf in 2017, C$2.65/Mcf in 2018, escalating through 2021

Willesden Green Integrated Development Details

PennWest



Development focused on "Type I" patterns made up of Hz producers and 3 Vt injectors



Majority of Willesden Green will be developed using Type I

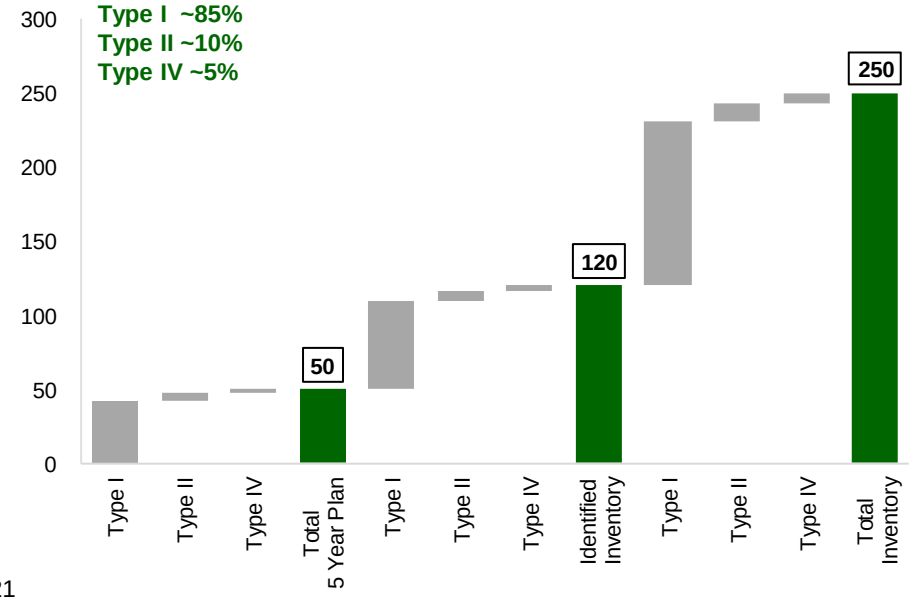
Southern portion of Crimson will be developed using Type II due to tight-spacing on existing infill wells

Inputs	Total Cost
Cost ($MM) - 1 Hz + 3 Vt injectors	$6.5
Incremental Water Cost ($/bbl water)	$0.20

Production	Liquids (bbl)	BOE (boe)
EUR	435,000	545,000
IP(30 day)	295	340
IP(365 day)	200	265
Liquids (%)	80%	

Economic Outputs	
NPV (10%) ($MM)	$5.0
PIR (10%)	0.8
IRR (%)	35%
Payout (years)	2.5
Capital Efficiency ($/boe/d)	$24,500
F&D ($/boe)	$11.95

Willesden Green Inventory (# patterns)



Note: WTI - US$52/bbl in 2017, US$53/bbl in 2018, escalating through 2021
AECO - C$2.90/Mcf in 2017, C$2.65/Mcf in 2018, escalating through 2021

Improving an Old Idea with New Technology

PennWest

Vertical Injectors

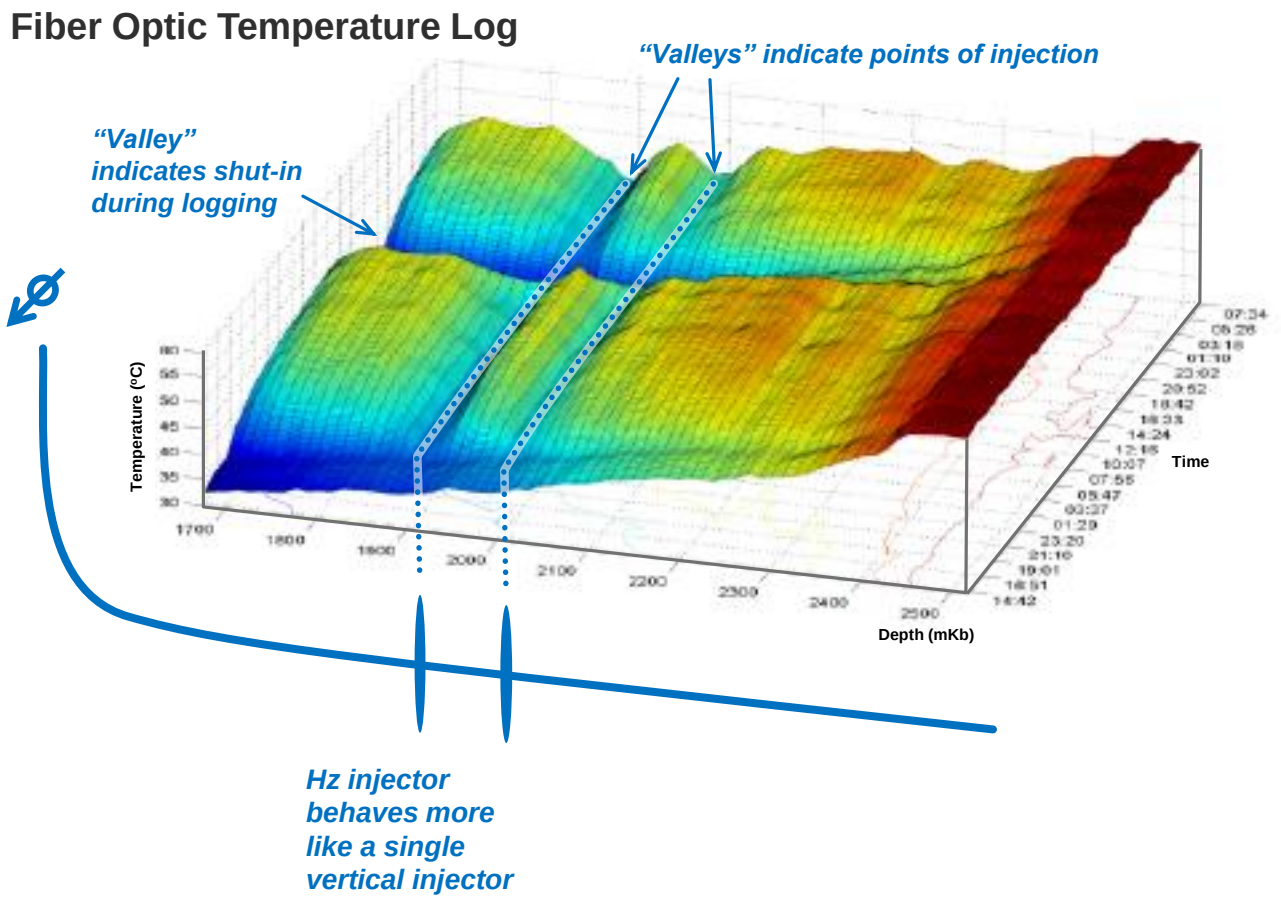
- Better point control of water injection
- Lower capital and workover costs vs. competing technologies
- Improved flexibility when dealing with breakthrough

Producer Orientation

- Reduces risk of early water breakthrough
- Improves areal sweep
- Increases recovery

The Problem with Horizontal Injectors

PennWest

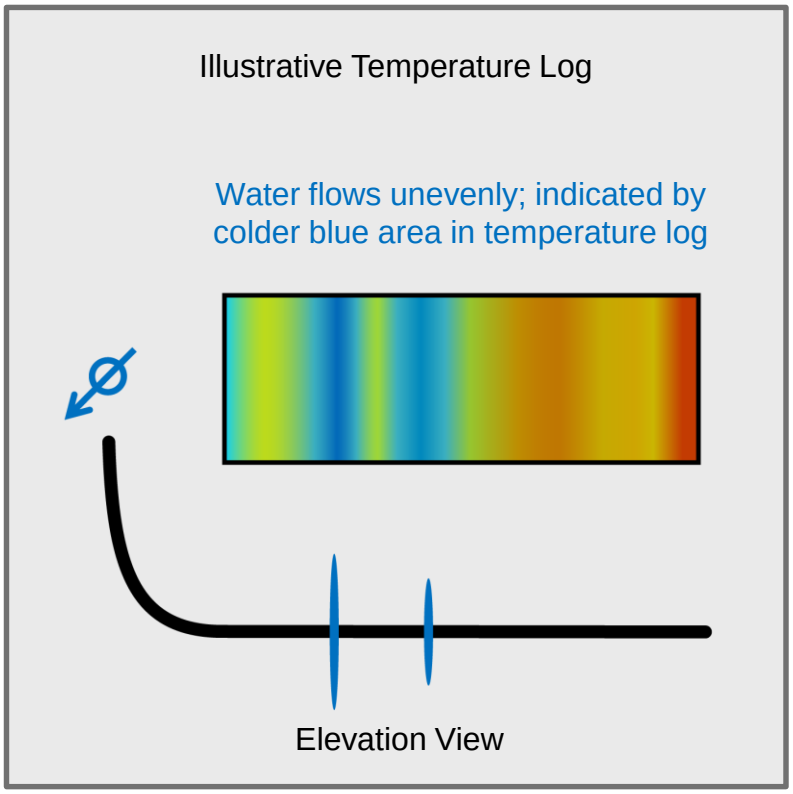


- Cardium injection in a horizontal wellbore is not distributed evenly as demonstrated by temperature logs
  - Water flows through the path of least resistance
- Plugging/fracturing behavior in injectors further reduces effectiveness
  - Expensive to analyze and remediate

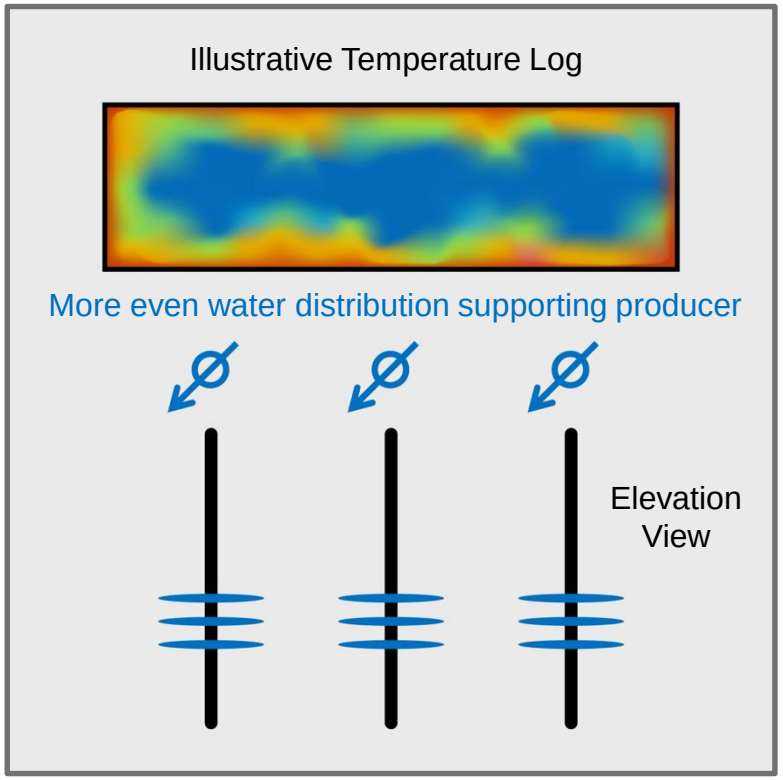
Water Injection Effectiveness Improves with Verticals

PennWest

HORIZONTAL WELLBORE



VERTICAL WELLBORES



- The use of vertical injectors can improve water distribution to better support horizontal producers
- Vertical injectors are cheaper to analyze and remediate vs horizontal injectors
- Vertical wellbores allow for greater control of injection and more efficient oil sweep

Comparison of Horizontal vs. Vertical Injectors

PennWest

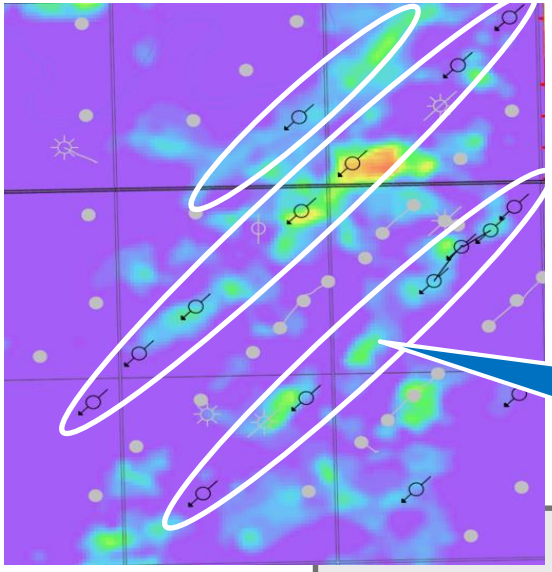
	1 Horizontal Injector	1 Horizontal with Injection Distribution System	3 Vertical Injectors
DCET Cost*	$3.6MM	$3.6MM	$2.8MM
Conversion Cost	$0.3MM	$1.0MM	
Well Workover Cost*	High ($300k - $350k range)	Very High ($500k - $550k range)	Low ($60k - $80k range)
Target Injection Rate	300 bbl/d	300 bbl/d	300 bbl/d
Advantages	• In historical cases, horizontal well spacing may be too tight to fit additional injectors. In this case, horizontal well conversion is preferred	• Attempt to control injection profile • In historical cases, horizontal well spacing may be too tight to fit additional injectors. In this case, horizontal well conversion is preferred	• Point control of water injection • Low workover cost • Easy trouble shooting with breakthrough • Often can fit new wells onto existing sites • Operations ease and control • Low execution risk
Disadvantages	• Difficult to determine at which point(s) the water is entering the reservoir • Water distribution is uneven and typically through 1 or 2 stages (=expensive vertical) • Breakthrough is difficult and expensive to control	• Expensive and complicated drill-out and installation (low pressure further complicates) • No run history in the Cardium • Expensive interventions • High potential for plugging (port size)	• Situations may arise where more than one pad is necessary • Challenges with reach over 1200m • Low interest from frac companies

Vertical Injectors are preferred ➔ But injector type will be chosen considering the fit for each situation

* Costs are based on Crimson area

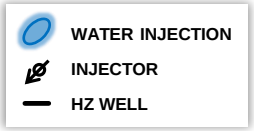
NE-SW Orientation Reduces Water Breakthrough

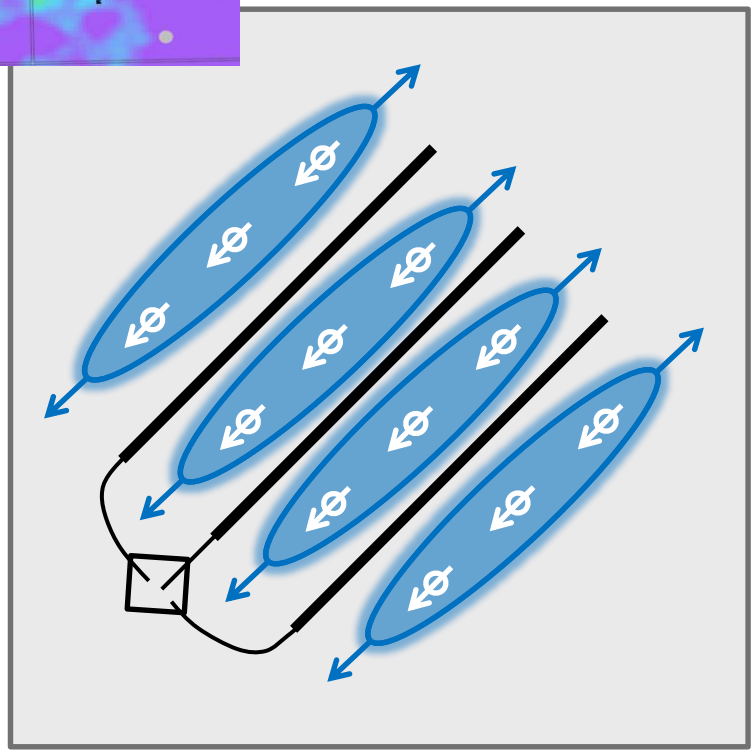
PennWest



PCU #9
Waterflood prediction
from 3D seismic

Poor pressure response due to waterflood





- Water moves along NE-SW fracture trends from 60+years of water injection
  - Visible in reservoir simulation, production data, and 3D seismic analysis
- Strong trends of high pore pressure predicted from seismic align with historical injector lines in the direction of principal stress
- **Drilling in NE-SW longitudinal orientation reduces risk of early water breakthrough to protect recovery factors and improve F&D costs**

Five Signposts of a Successful Waterflood

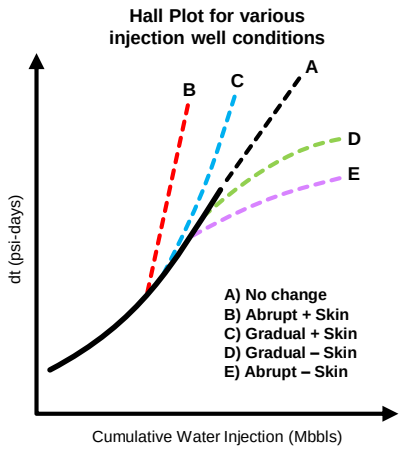
PennWest

1 Start of injection

- Have we got the wells on injection?
- Milestone for reservoir processing

2 Injection performance

- Monthly reservoir surveillance to monitor injector/producer performance
- Are injection targets being met?
- Injector performance can be measured using a Hall Plot with cumulative injection and surface pressure



3 Gas Oil Ratio (GOR) decrease

- Increasing reservoir pressure expected to result in GOR decrease; response visible generally within ~6 months
- Do we see GOR start to drop in a meaningful way and when?

4 Oil rate increase

- Once reservoir pressure reaches sufficient level an increase in the oil production rate is expected; response dependent on historical voidage in area but generally within 9-12 months
- When is the response and what is the magnitude?

5 Water breakthrough

- Watching for increased water volumes; longer-term expect to see breakthrough and increased watercuts
- Can early breakthrough be managed at surface with the injection scheme?

Signpost Demonstration in Crimson Lake

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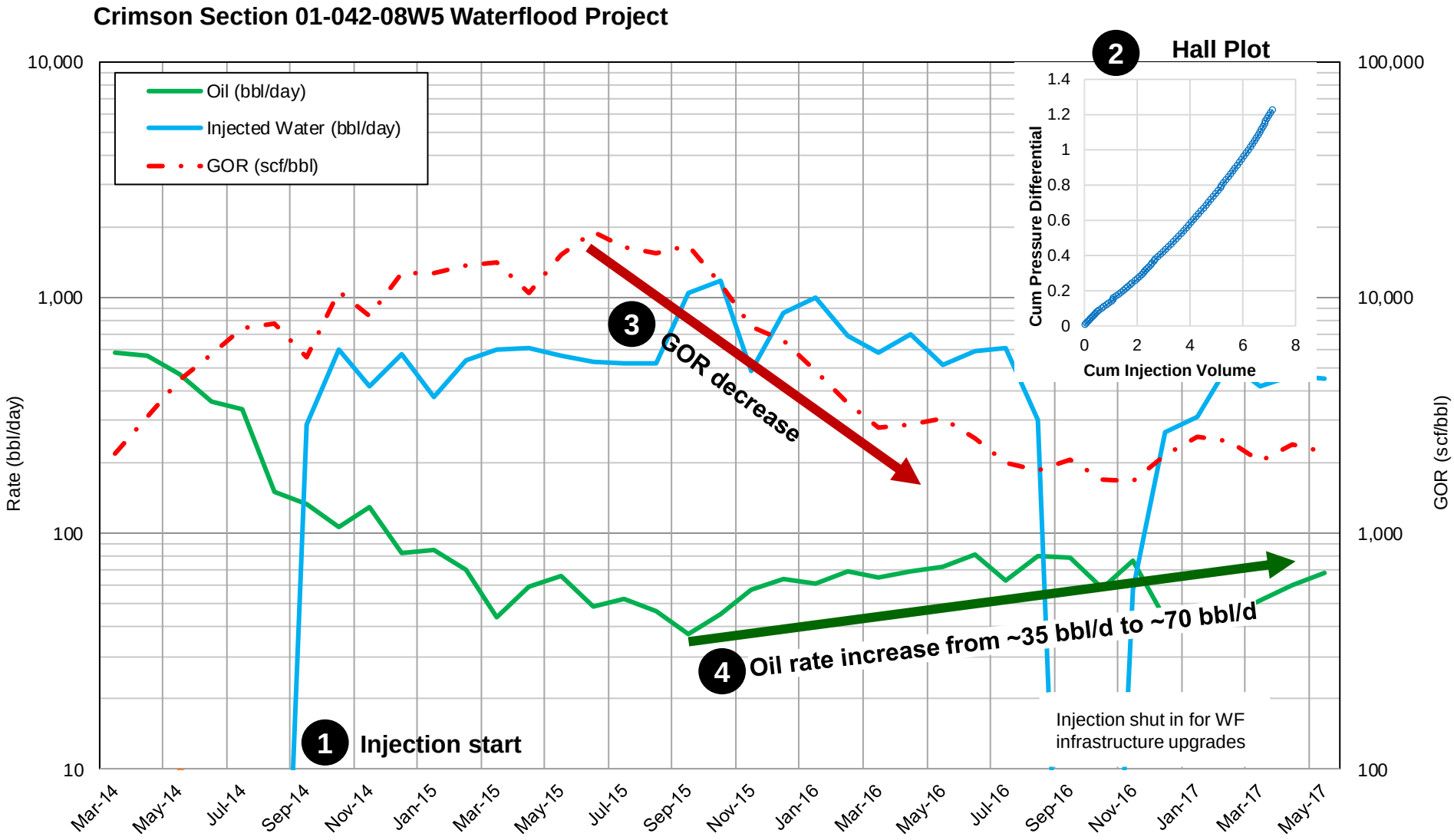


Production doubled after 12 months and no water break through

Cardium – Key Takeaways

PennWest

Cardium is our Foundation

- More acreage than the 2nd and 3rd largest holders combined
- De-risked position with 2.5 - 3 billion bbls OOIP in the sweet spot of the reservoir
- Low decline, light-oil, with FCF of $70MM and growing

Waterflooding is a Proven Concept

- 60 years of intermittent waterflood history on our lands
- Consistent injection in offsetting areas show tremendous results
- Recovery rates of >30% are very achievable

Improving an Old Idea with New Technology

- Integrated development creates the most long-term value
- Vertical injectors are more reliable and economic
- Orientation is a key efficiency driver
- Five signposts to demonstrate the floods are working successfully

5 Minute Q&A

15 Minute Break

Peace River – Key Takeaways

PennWest

Large Potential

- 235 net sections in Bluesky depositional area
- High quality pay throughout Area of Mutual Interest (AMI)
- Modestly booked reserves

De-Risked

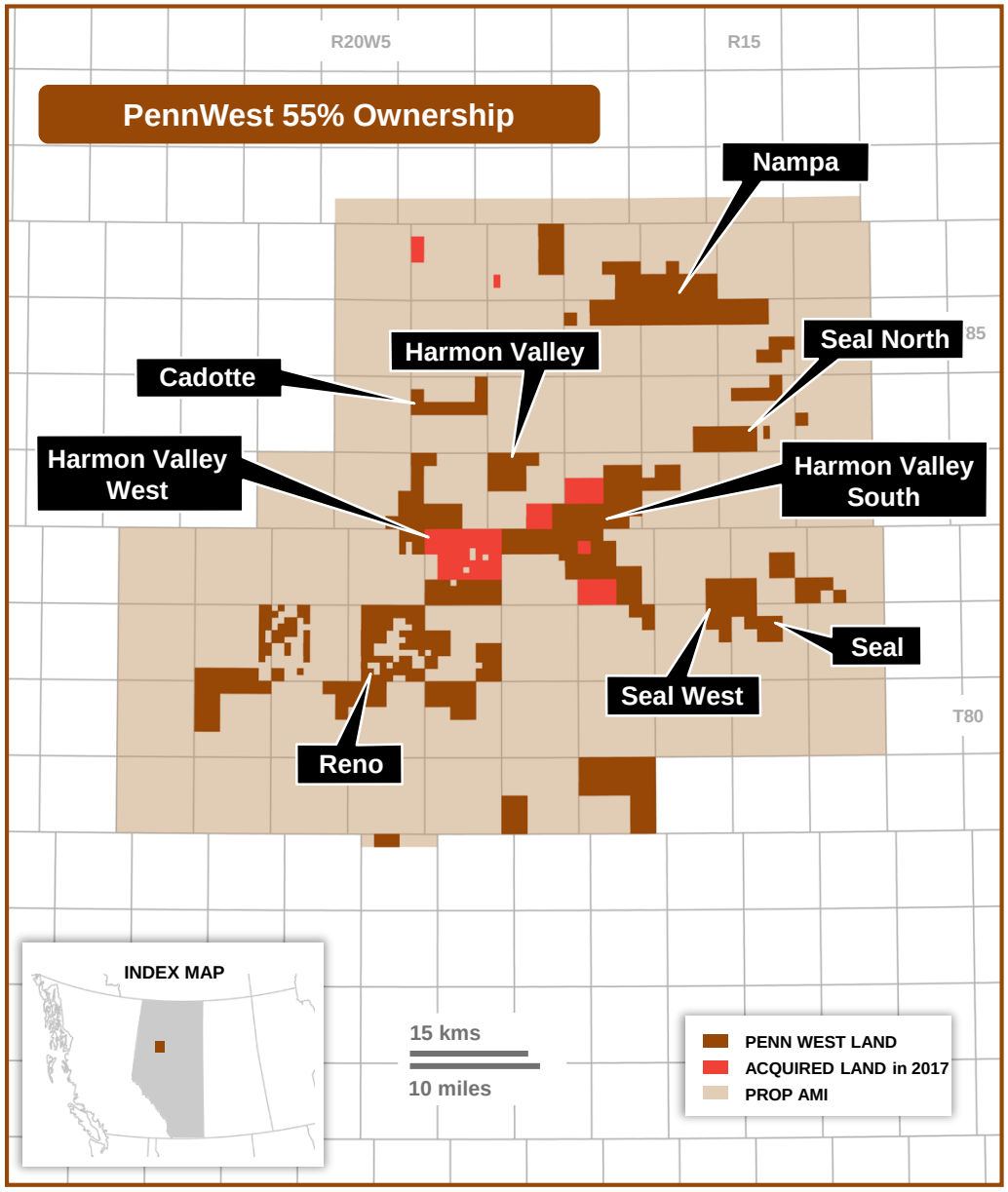
- Non-productive capital costs are minimal in the future
- Post carry economics remain robust

Manufactured Future

- Economics improve with simplicity and scale
- Record setting drilling
- More than a decade of inventory ahead

Our Position is Still Growing

PennWest

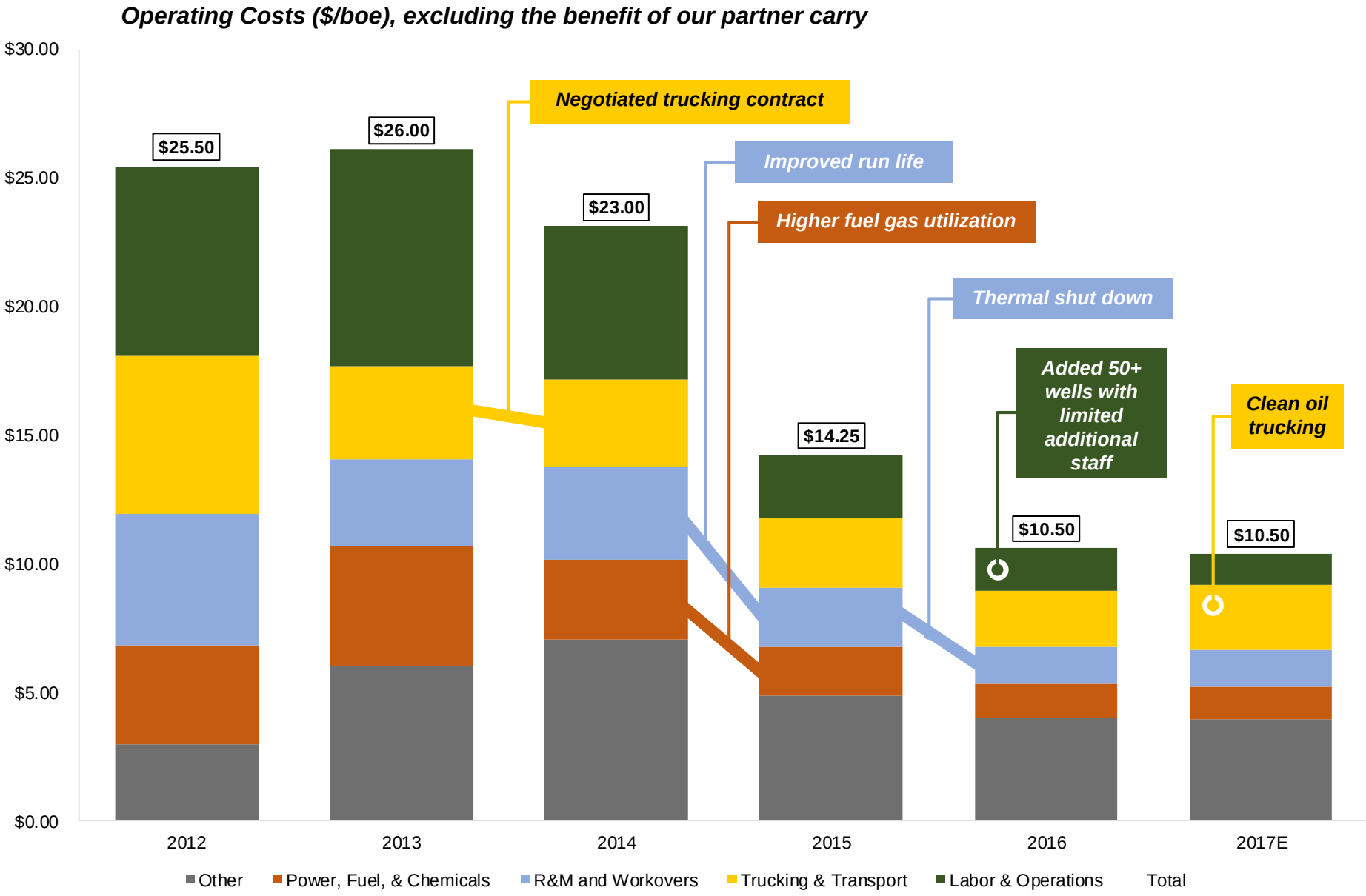


- Large contiguous position in a crude oil resource highly amenable to conventional cold-flow production
- Recent tuck-in acquisition adds ~40 locations vetted and added directly to inventory in main development areas
- Additional development inventory throughout the asset
- EOR future scales with commodity price
- Only 33 (1.5 years) primary drilling locations currently booked at YE 2016 reserves & a 13% increase of YE 2015
  - Additional reserves for recently acquired lands at YE 2017
- Primary recovery at 3-6%

Key Metrics	
Land	235 sections
Production	4,648 boe/d
% Liquids	99%
Netback	$27/boe
2P Reserves (net)	12 MMboe

Reduced Peace River Opex by >60%

PennWest

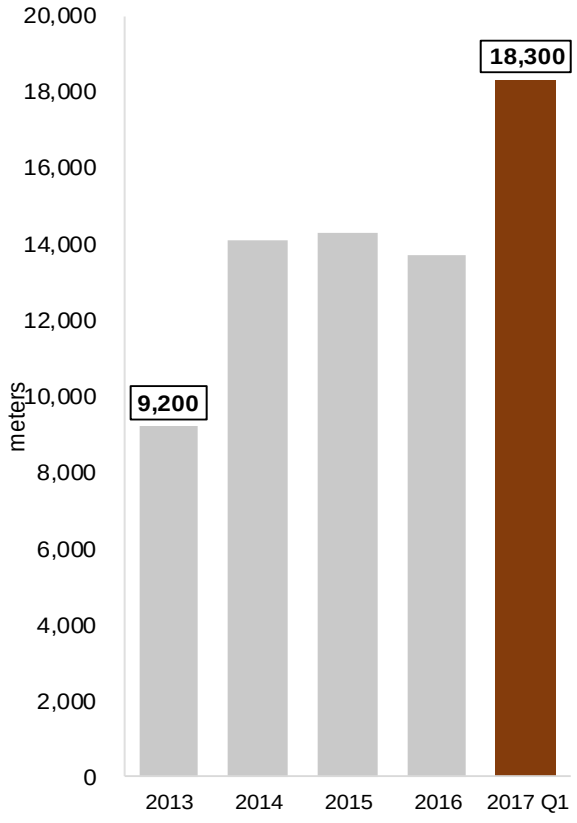


Step Change in Peace River Operations

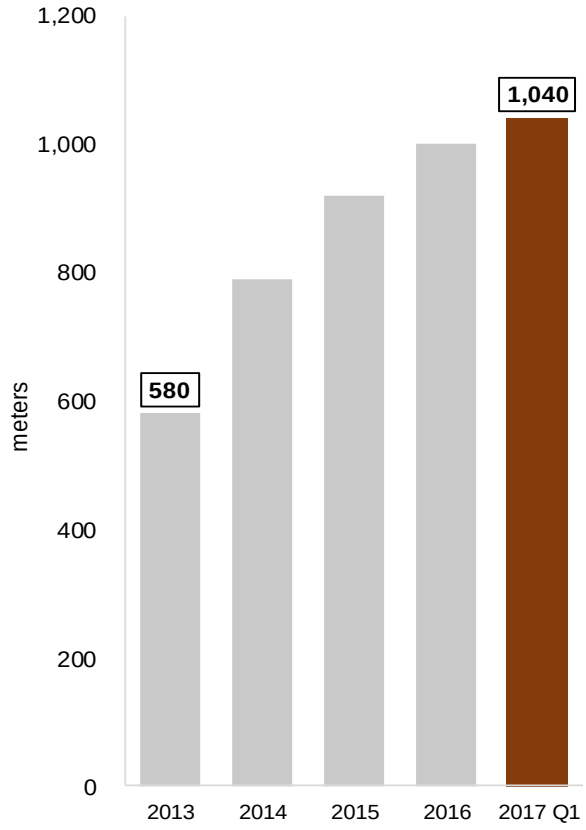
PennWest

- Significant improvement in per-well metrics in Peace River through a number of internal processes, including simultaneous operations
  - Drilling wells twice as long
  - Drilling 80% faster
  - >60% reduction in costs

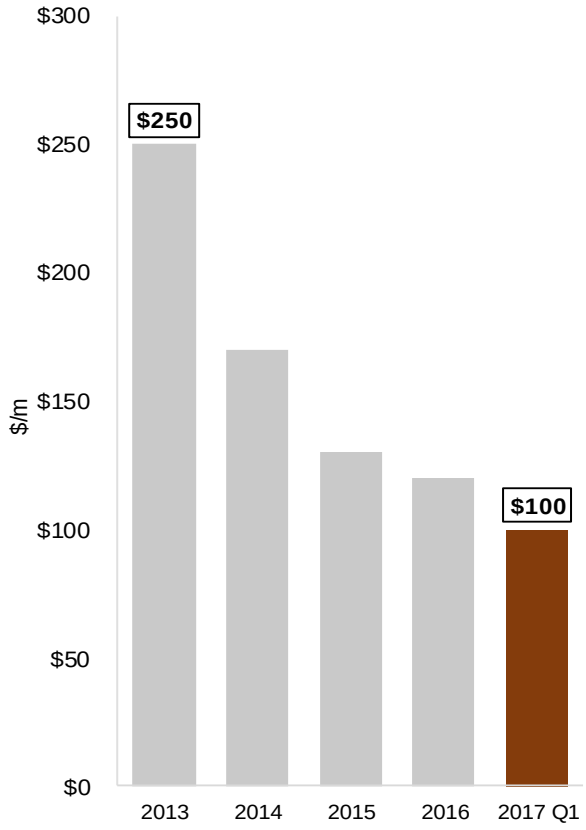
Average Well Length (m)



Meters Drilled Per Day (m/day)



Construct, Drill, Complete Cost ($/m)




N
DAY 0
February 24, 2017 -15° C
SURFACE LOCATIONS
APPROXIMATE WELL PATH
9-29
13-34
16-29
140m
APPROXIMATE WELL PATH
APPROXIMATE WELL PATH
DRILLING
FACILITIES
160m
• Drilling rig moves on site
• Facilities on site
• Pin piles
• 16-29 spuds next day

PROP 13-27-83-18W5: Day 2

PennWest

PROP 13-27-83-18W5: Day 4

PennWest

PROP 13-27-83-18W5: Day 4

PennWest

PROP 13-27-83-18W5: Day 6

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PROP 13-27-83-18W5: Day 7

PennWest

PROP 13-27-83-18W5: Day 18

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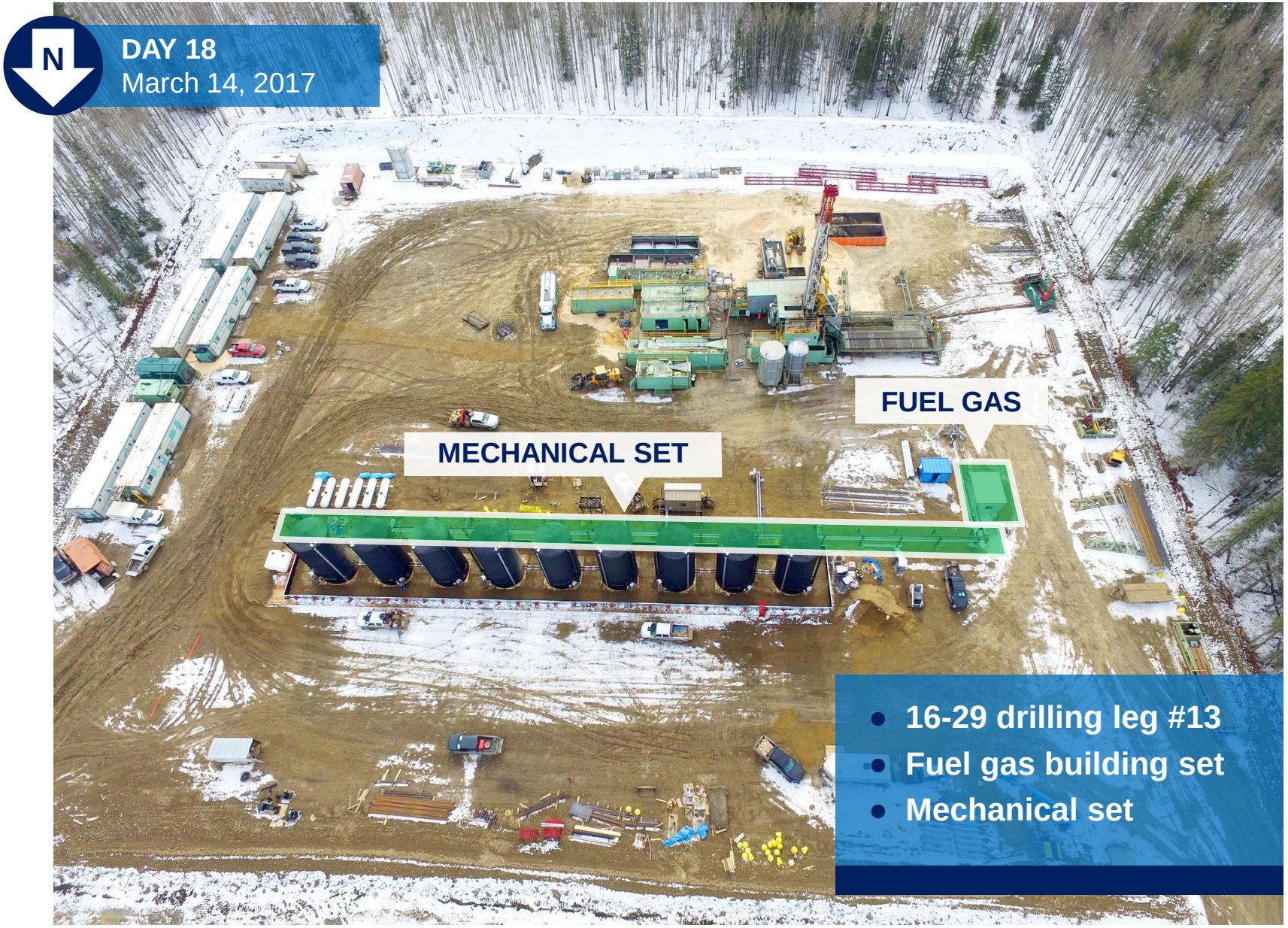
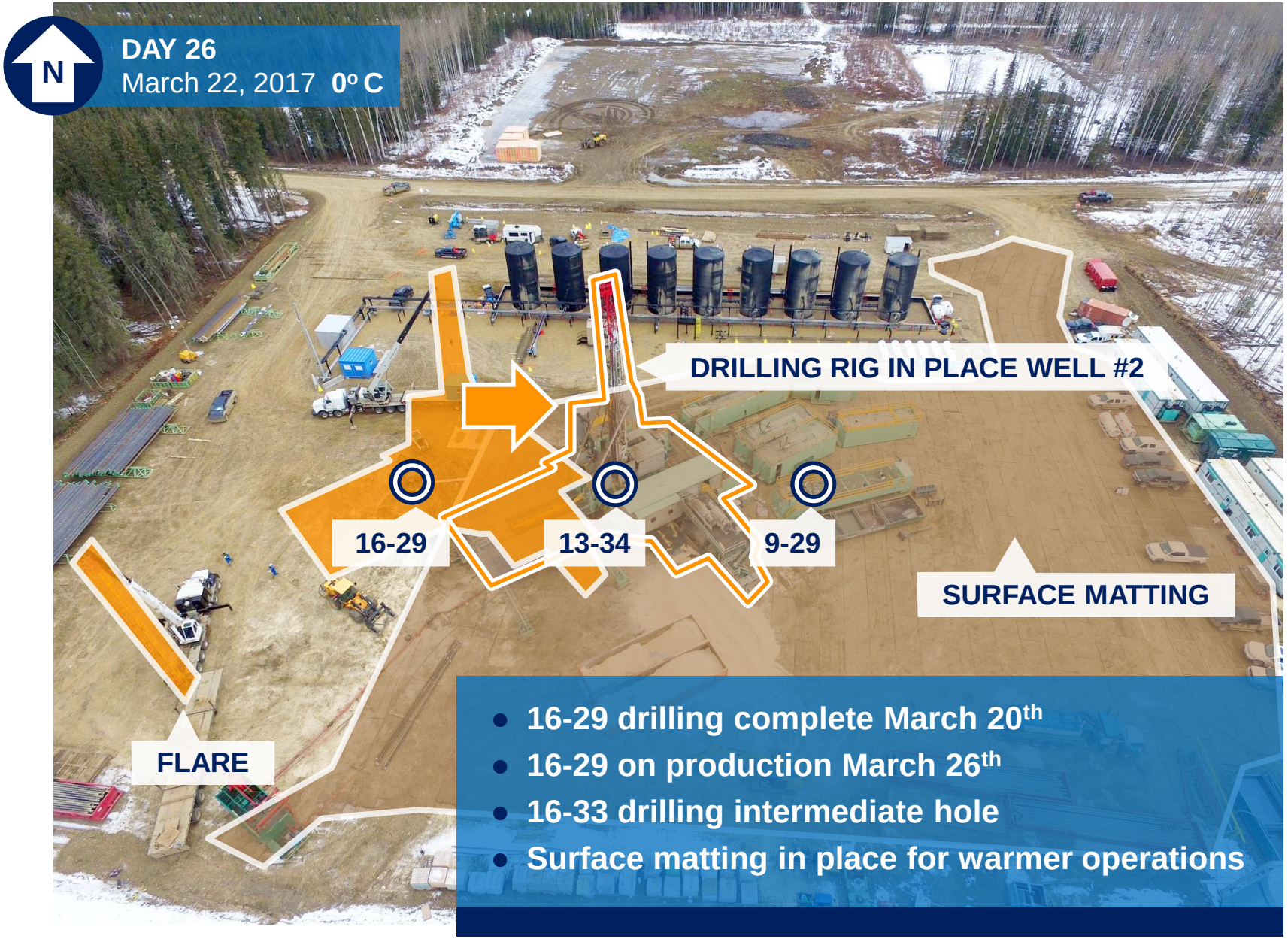


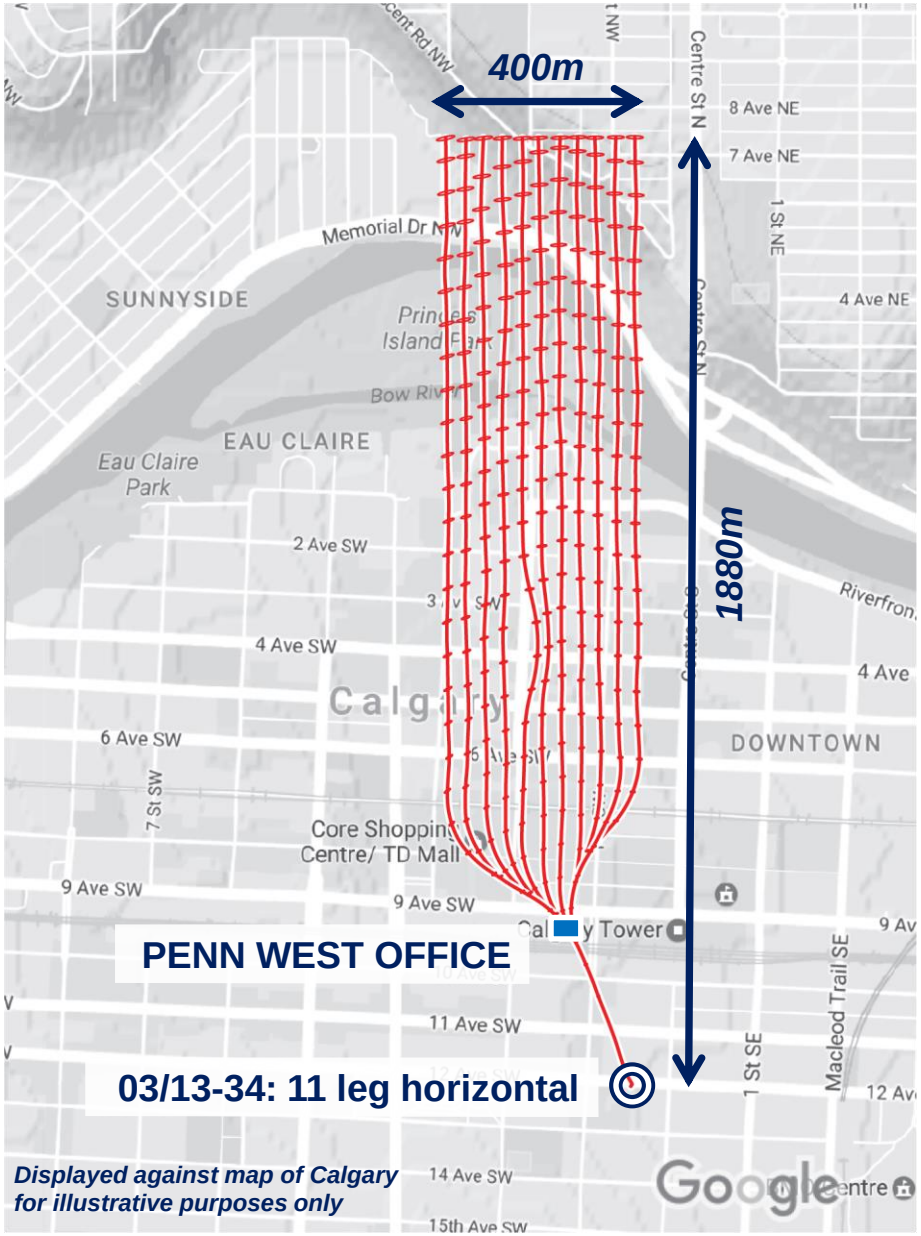
PROP 13-27-83-18W5: Day 26

PennWest



Record Setting Drilling in Peace River

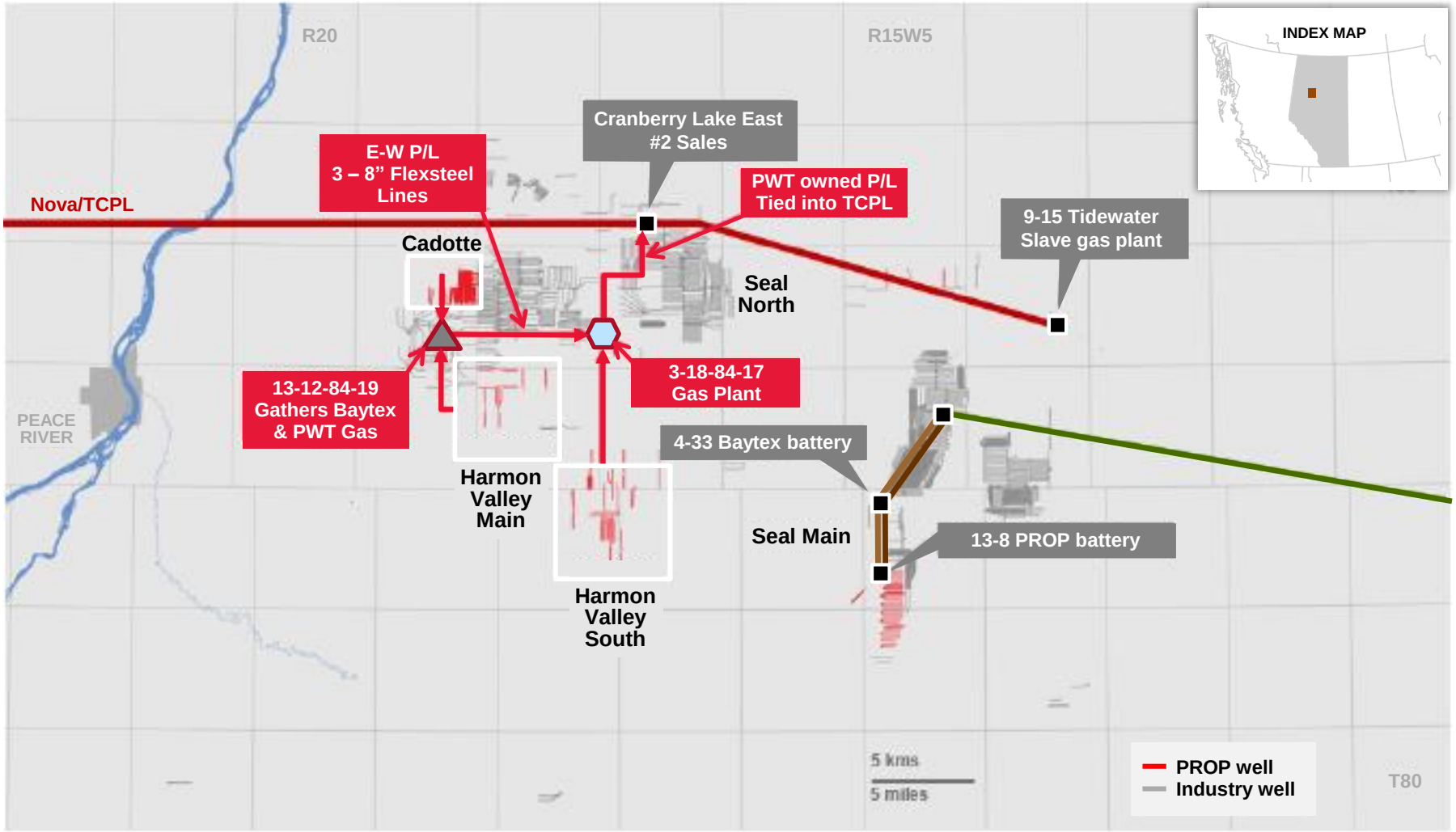
PennWest



- World record drilling in PROP in 2017 at Harmon Valley 03/13-34-83-18W5
  - 17,073 meters of open hole with a single bit and bottomhole assembly
  - $69 per meter drilled
  - 2017 drilling average of $93 per meter
- On Production April 22
  - First oil: May 19th
  - Cleaning up and producing ~100 bopd currently
- Equivalent in scale to drilling from below Penn West corporate office and draining Calgary downtown core and past Princess Island Park
- Keys to success:
  - Straight uninterrupted legs
  - Legs are ~1 mile in length
  - Geologically integrated plan with minimal steering

Plan to Capture Associated Gas Production

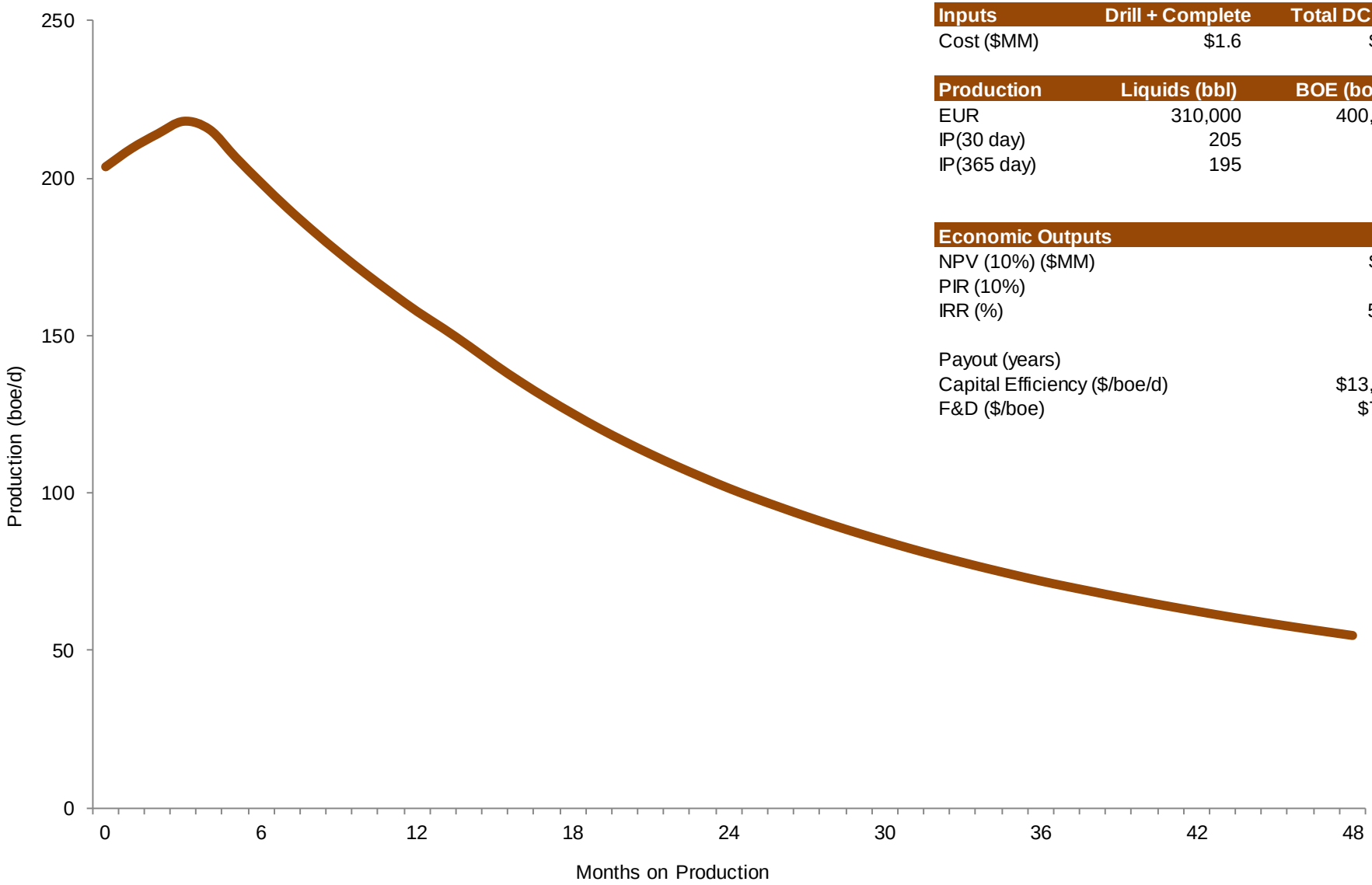
PennWest



- Directive 84 calls for the capture of associated natural gas production by Fall 2018
- Equipment procurement is underway

Peace River Economics, excluding benefit of JV carry

PennWest



Inputs	Drill + Complete	Total DCET
Cost ($MM)	$1.6	$2.8

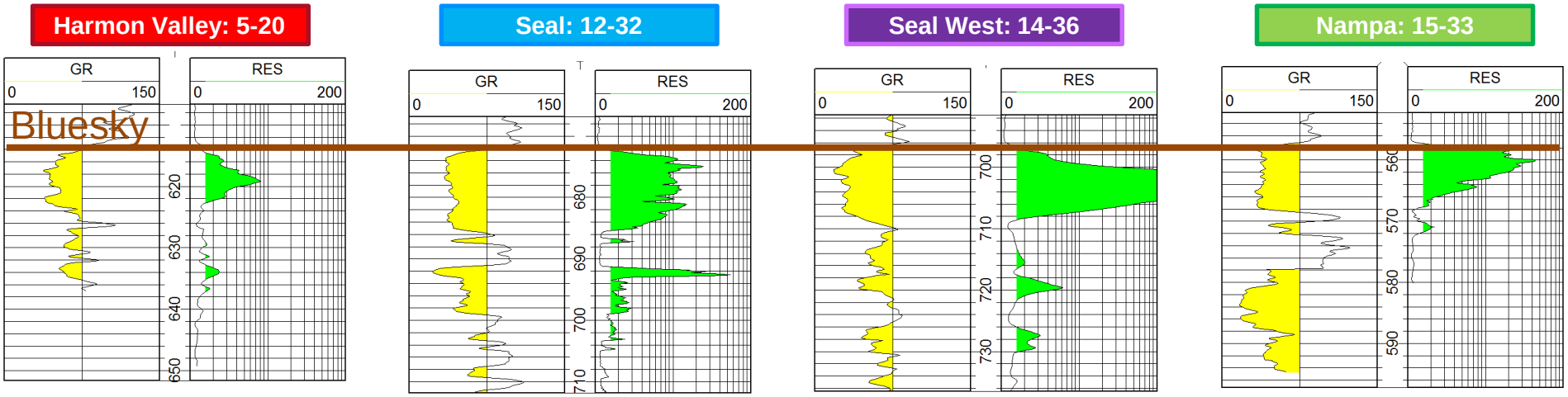
Production	Liquids (bbl)	BOE (boe)
EUR	310,000	400,000
IP(30 day)	205	215
IP(365 day)	195	210

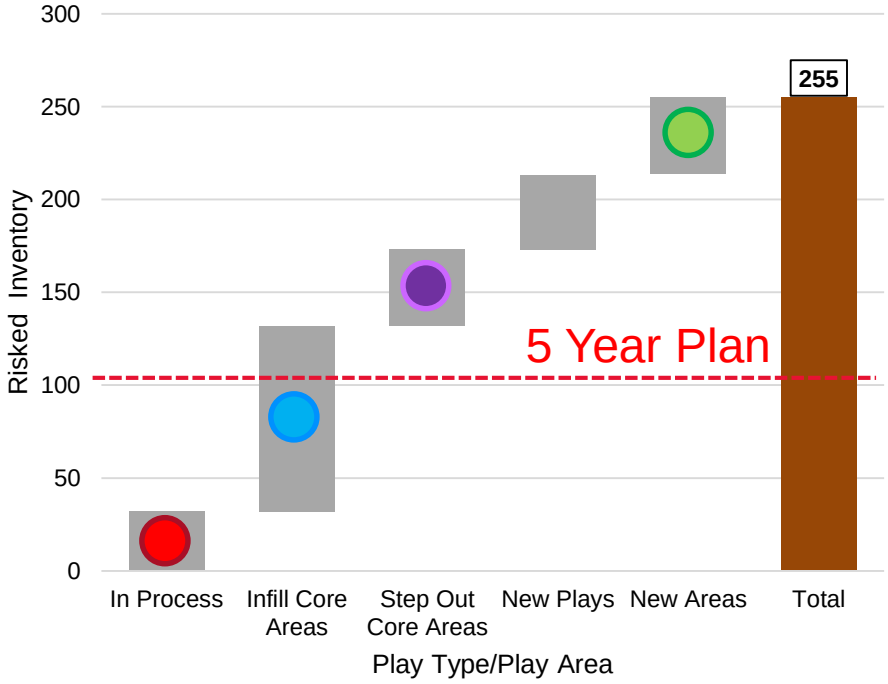
Economic Outputs	
NPV (10%) ($MM)	$2.6
PIR (10%)	0.9
IRR (%)	50%
Payout (years)	2.6
Capital Efficiency ($/boe/d)	$13,500
F&D ($/boe)	$7.00

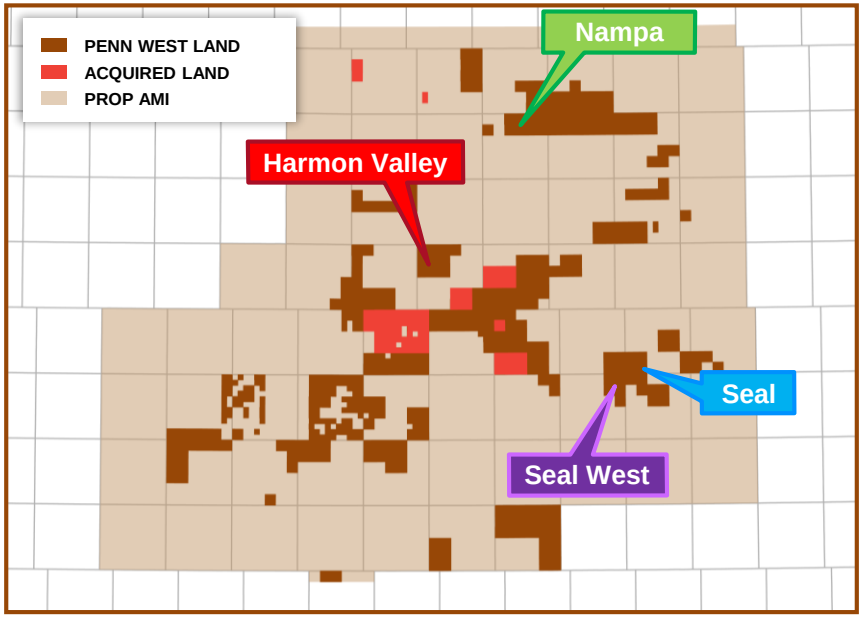
Note: Economics exclude the benefit of the carried capital and opex
Associated gas production will only be captured beginning in Sep 2018
WTI - US$52/bbl in 2017, US$53/bbl in 2018, escalating through 2021
AECO - C$2.90/Mcf in 2017, C$2.65/Mcf in 2018, escalating through 2021

We Have Only Scratched the (Sub) Surface

PennWest







Viking – Key Takeaways

PennWest

Structural Advantage

- Leading position with infrastructure ownership over entire Esther area
- GORR and WI positions in competitor lands
- Entrenched technical knowledge

Best In Class Results

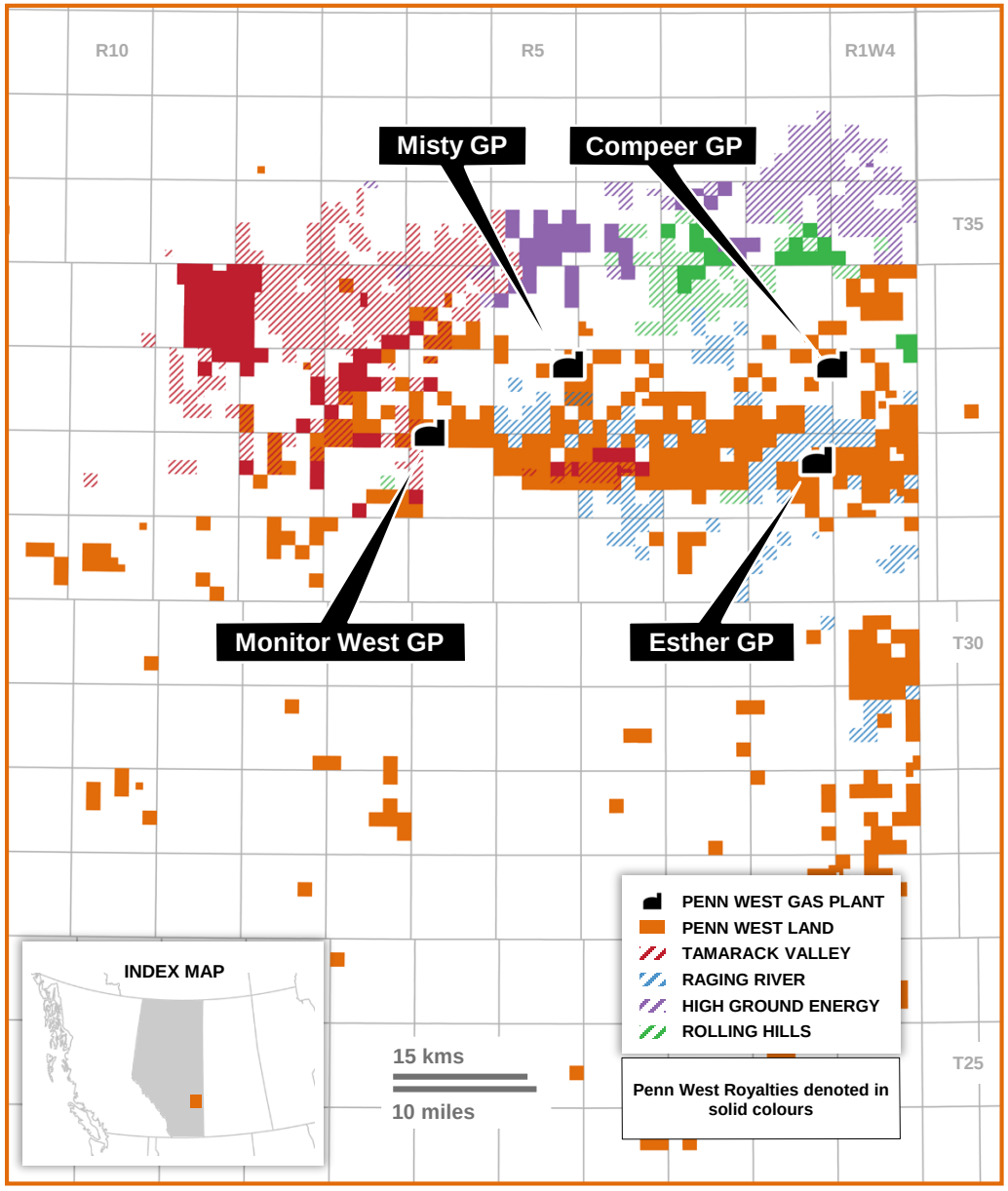
- Innovative completions approach
- Top drilling results from 2016 drilling campaign
- Approximately tripled production in the field

Inventory and Growth

- Inventory and capacity well suited for long term growth
- Unique growth lever in the portfolio

Structural Advantage in the Viking

PennWest



- Large contiguous land position criss-crossed and de-risked by peer activity
- Light-oil, high netback shorter cycle wells
- Infrastructure advantage with key owned and operated gas plants; 18 MMcf/d capacity in Esther & Compeer, currently at 90% utilization

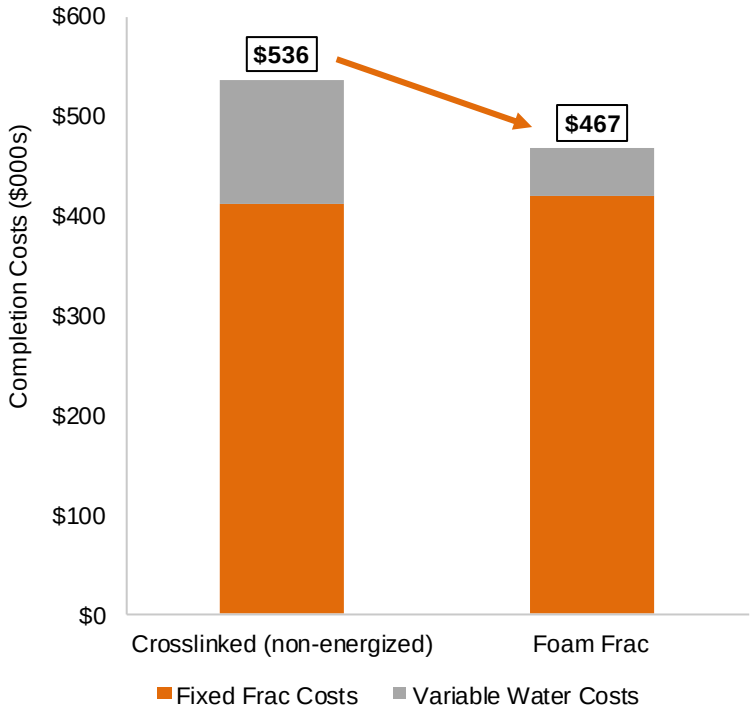
Key Metrics

Land	170 sections
Production	2,638 boe/d
% Liquids	55%
Netback	$27/boe
2P Reserves	2 MMboe

Innovative Completions Approach

PennWest

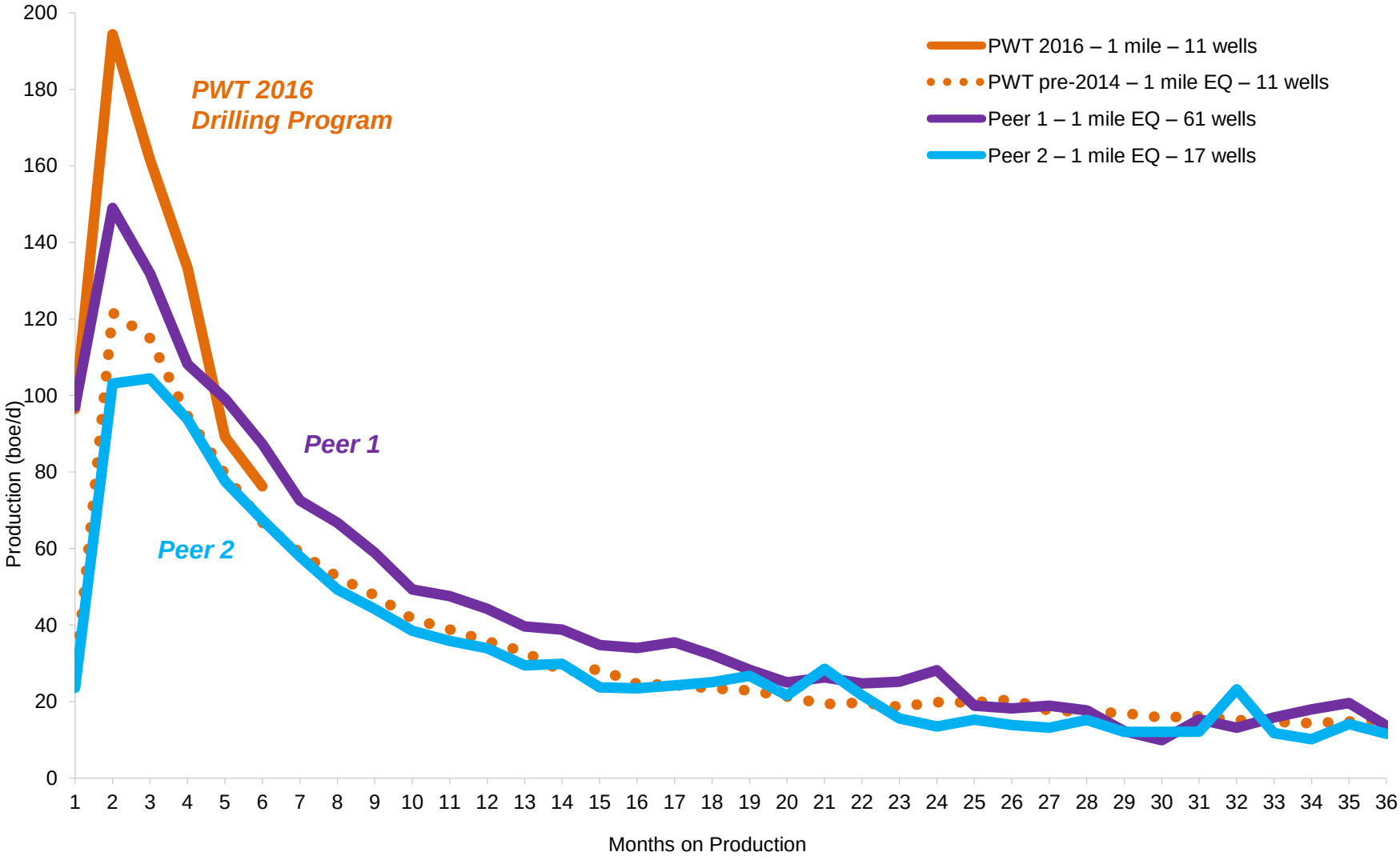
Foam vs. Crosslinked Completions Cost



- Strong technical expertise from Saskatchewan Viking transferred seamlessly to Alberta side
- PWT first operator in Alberta Viking to return to foam fracs from crosslinked gel
  - 32 stages at 15 tonnes per stage
- Frac decision driven by cost comparison, and economics, not peak rate
- Economies of scale may change this profile for competitors

Top Drilling Results from 2016 Campaign

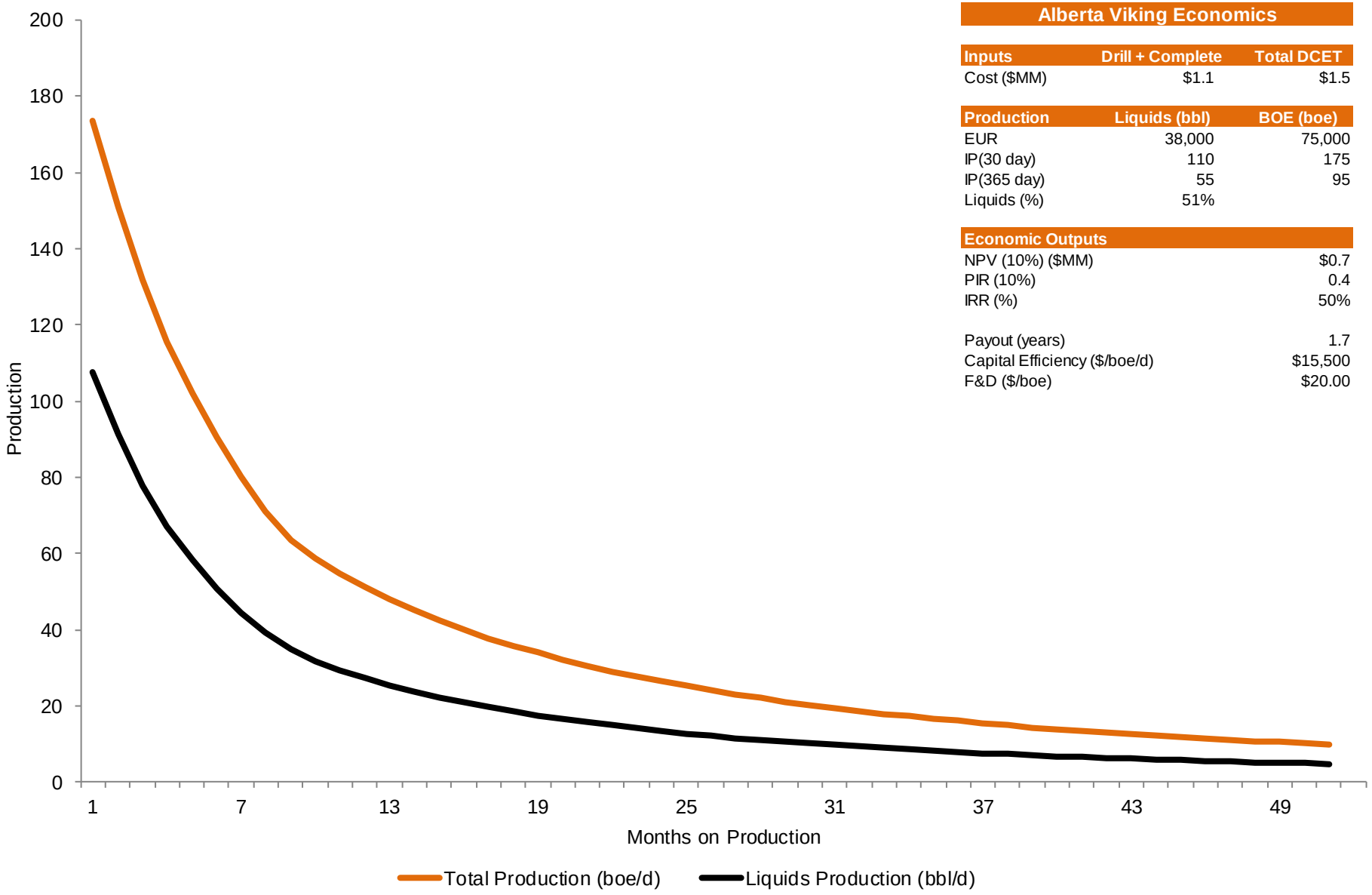
PennWest



~60% performance increase from PWT legacy Viking wells

Alberta Viking Economics

PennWest

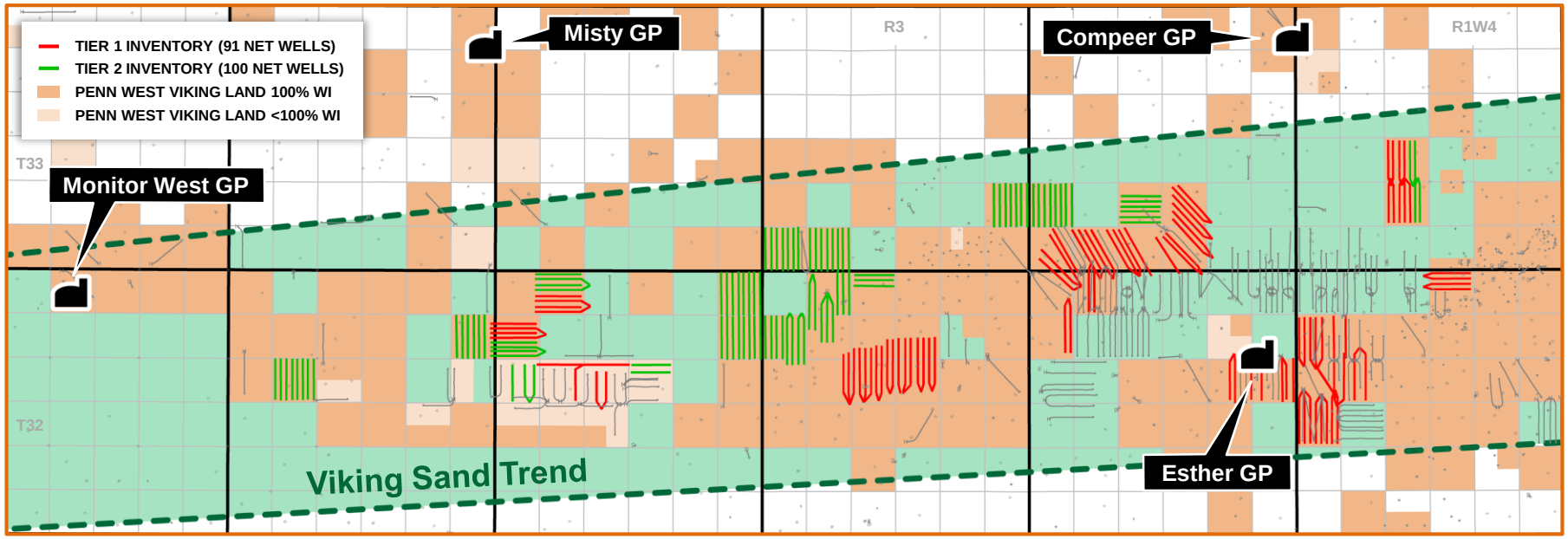


Alberta Viking Economics		
Inputs	**Drill + Complete**	**Total DCET**
Cost ($MM)	$1.1	$1.5
Production	**Liquids (bbl)**	**BOE (boe)**
EUR	38,000	75,000
IP(30 day)	110	175
IP(365 day)	55	95
Liquids (%)	51%	
Economic Outputs		
NPV (10%) ($MM)		$0.7
PIR (10%)		0.4
IRR (%)		50%
Payout (years)		1.7
Capital Efficiency ($/boe/d)		$15,500
F&D ($/boe)		$20.00

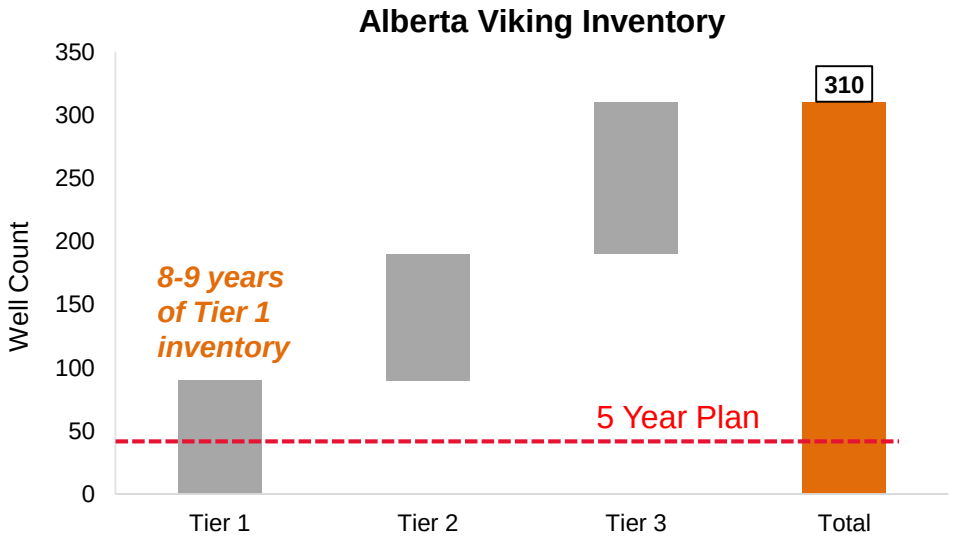
Note: WTI - US$52/bbl in 2017, US$53/bbl in 2018, escalating through 2021
AECO - C$2.90/Mcf in 2017, C$2.65/Mcf in 2018, escalating through 2021

Unique Growth Lever in Portfolio

PennWest



- **Tiers defined by performance expectations relative to type curve**
  - **Tier 1:** 100% of type curve
  - **Tier 2:** 70% of type curve
  - **Tier 3:** 50% of type curve



5 Minute Q&A

New Ventures – Key Takeaways

PennWest

Legacy Organic Opportunities

- 2017 program to review sub-Cardium rights is ongoing
- 40 locations in the 5 year plan, split between Mannville and Jurassic plays
- Plan to pursue oil-weighted Jurassic plays in 2018

Near Term Activity

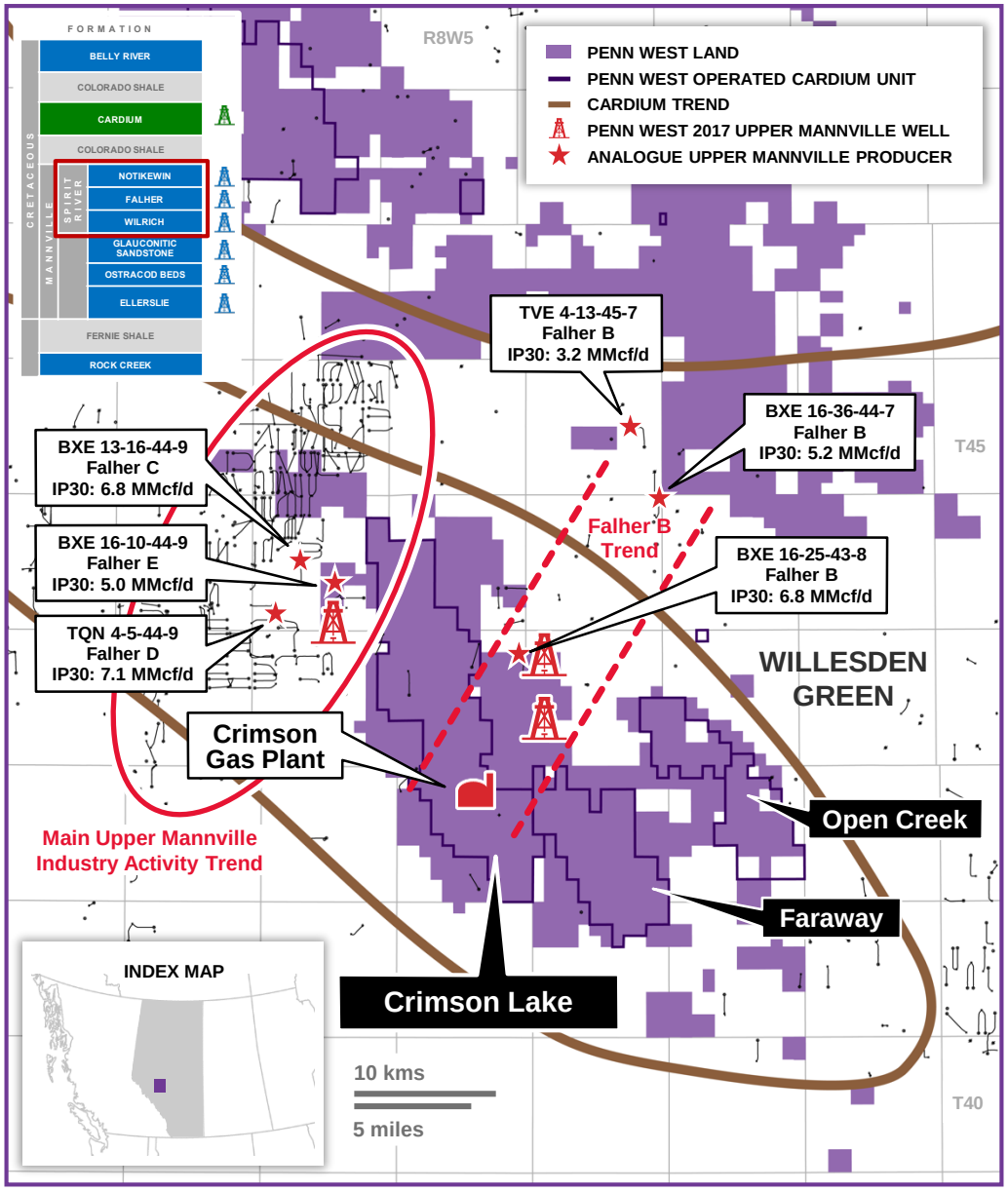
- Drilling 3 operated wells in H2 2017
- Take advantage of PWT infrastructure capacity
- Adds exciting short cycle options for 2018

Consolidation is Key

- >200 visible locations as currency
- 2018 to focus on using inventory to swap into key positions around PWT facilities

Legacy Upper Mannville Organic Opportunities

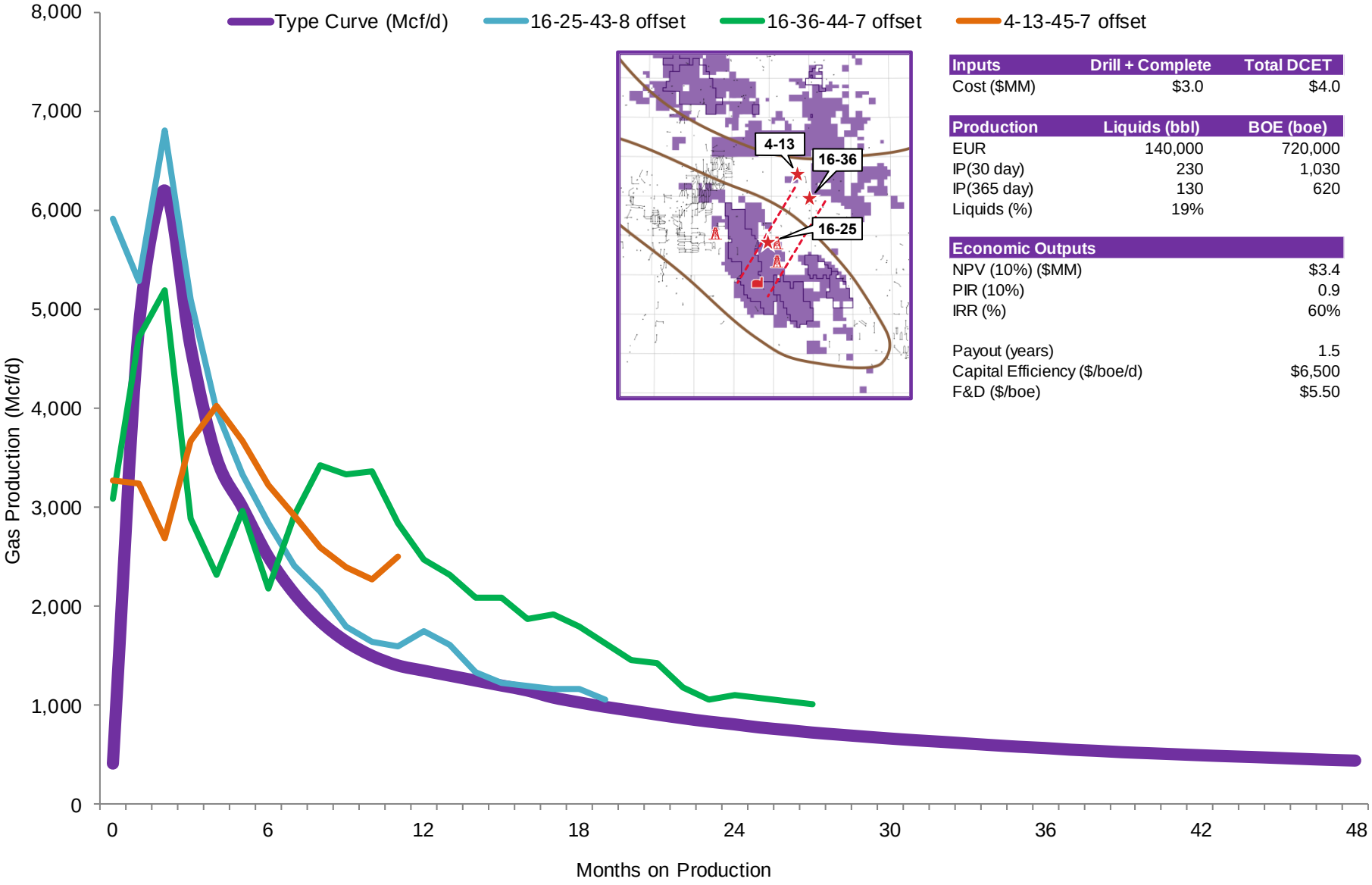
PennWest



- On track to drill 3 operated wells in Willesden Green in Q3/17
  - Targeting Upper Mannville zone
  - High-impact liquids-weighted production potential
- Production volumes to be processed in PWT operated Crimson gas plant
  - Infrastructure has available capacity and firm service
  - Flexibility to handle both low and high pressure volumes
  - Improved economics due to low processing costs
- 40 locations in 5 year plan targeting Upper Mannville, Lower Mannville and Jurassic

Mannville Fahler B Type Curve and Offsetting Wells

PennWest



Inputs	Drill + Complete	Total DCET
Cost ($MM)	$3.0	$4.0

Production	Liquids (bbl)	BOE (boe)
EUR	140,000	720,000
IP(30 day)	230	1,030
IP(365 day)	130	620
Liquids (%)	19%	

Economic Outputs	
NPV (10%) ($MM)	$3.4
PIR (10%)	0.9
IRR (%)	60%
Payout (years)	1.5
Capital Efficiency ($/boe/d)	$6,500
F&D ($/boe)	$5.50

Note: WTI - US$52/bbl in 2017, US$53/bbl in 2018, escalating through 2021
AECO - C$2.90/Mcf in 2017, C$2.65/Mcf in 2018, escalating through 2021

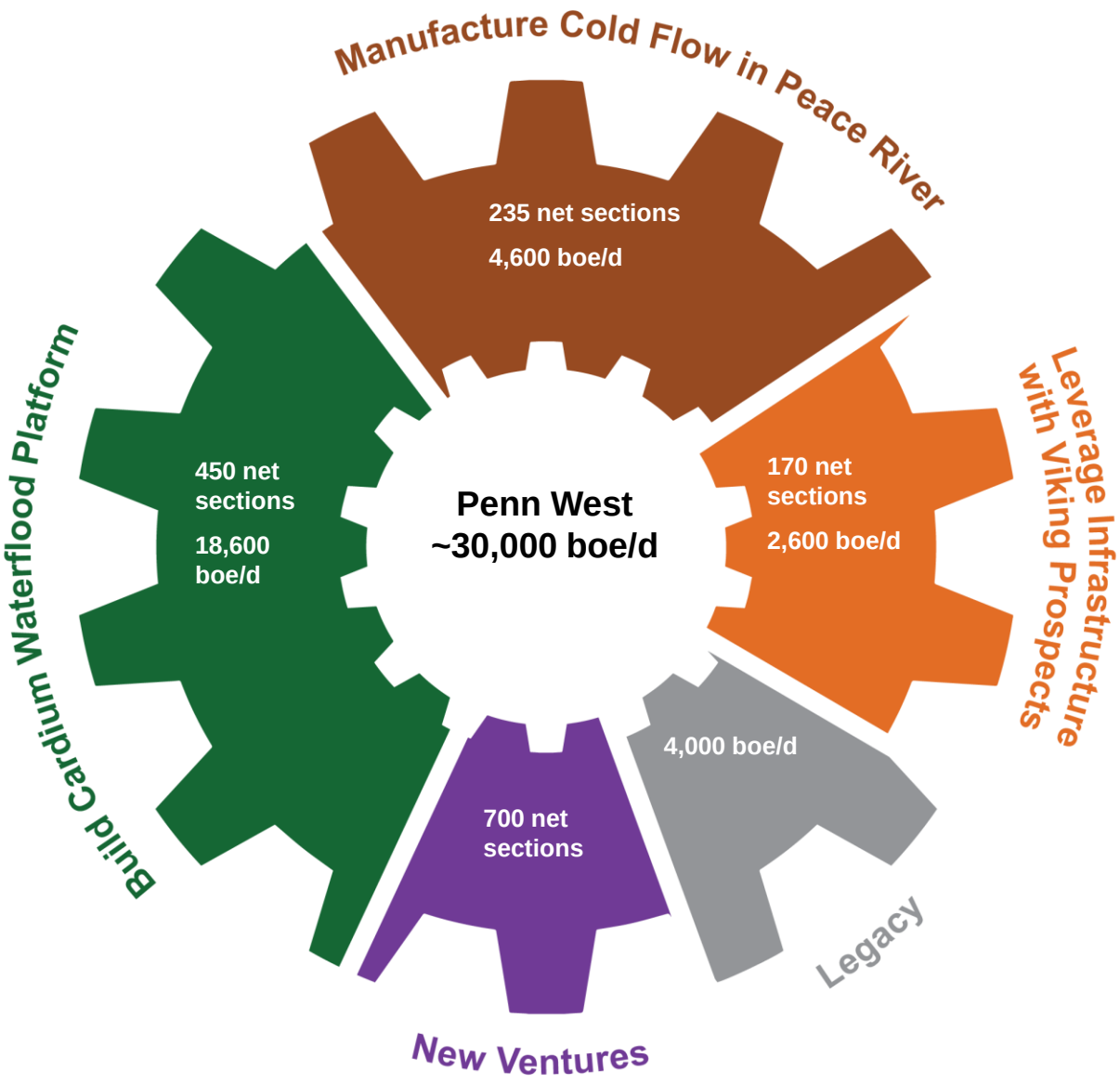
5 Minute Q&A

PennWest

3. The Power of the Portfolio

The Power of the Portfolio

PennWest



The Power of the Portfolio – Key Takeaways

PennWest

Balanced Portfolio

- Mix of shorter and longer payouts
- Toggle between oilier and gassier projects

Strong Cardium Foundation

- $70 million of FCF in 2017 and growing
- Low-decline light-oil base
- 5YP to develop 120 locations out of 700 location inventory

Torqued for Growth

- 5YP to develop <25% of shorter-cycle inventory (~100 of 255 locations in Peace River and ~40 of 310 locations in Viking)
- Seizing the opportunity in the Mannville and Jurassic, developing 40 locations in 5YP from >200 visible locations

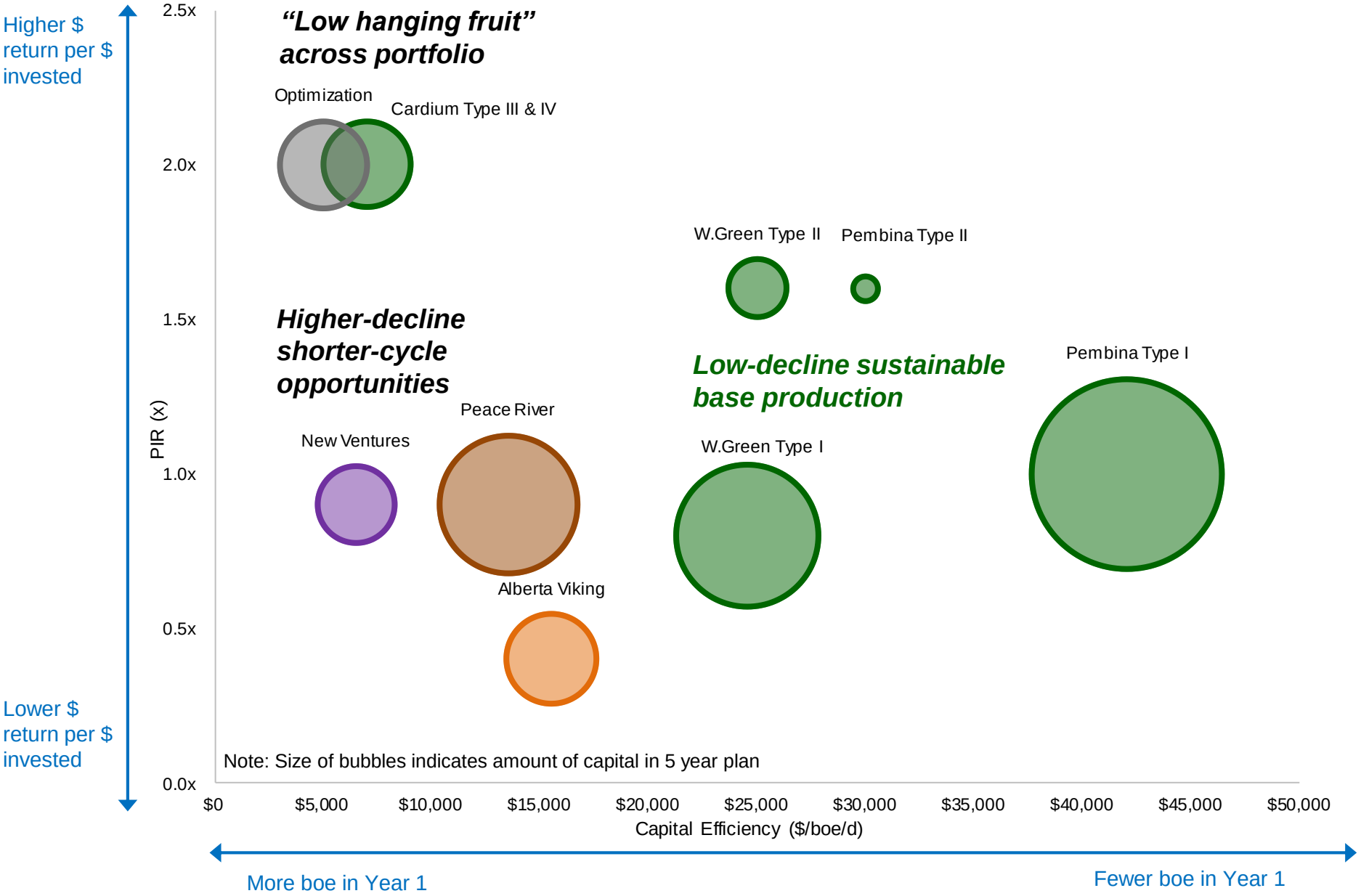
Five Year Plan

- Modest self-funded production growth at US$50 WTI
- Self-funded double-digit FFO growth at US$55 WTI
- Ability to re-allocate capital as needed

High Value Inventory That Blends Production Rates

PennWest

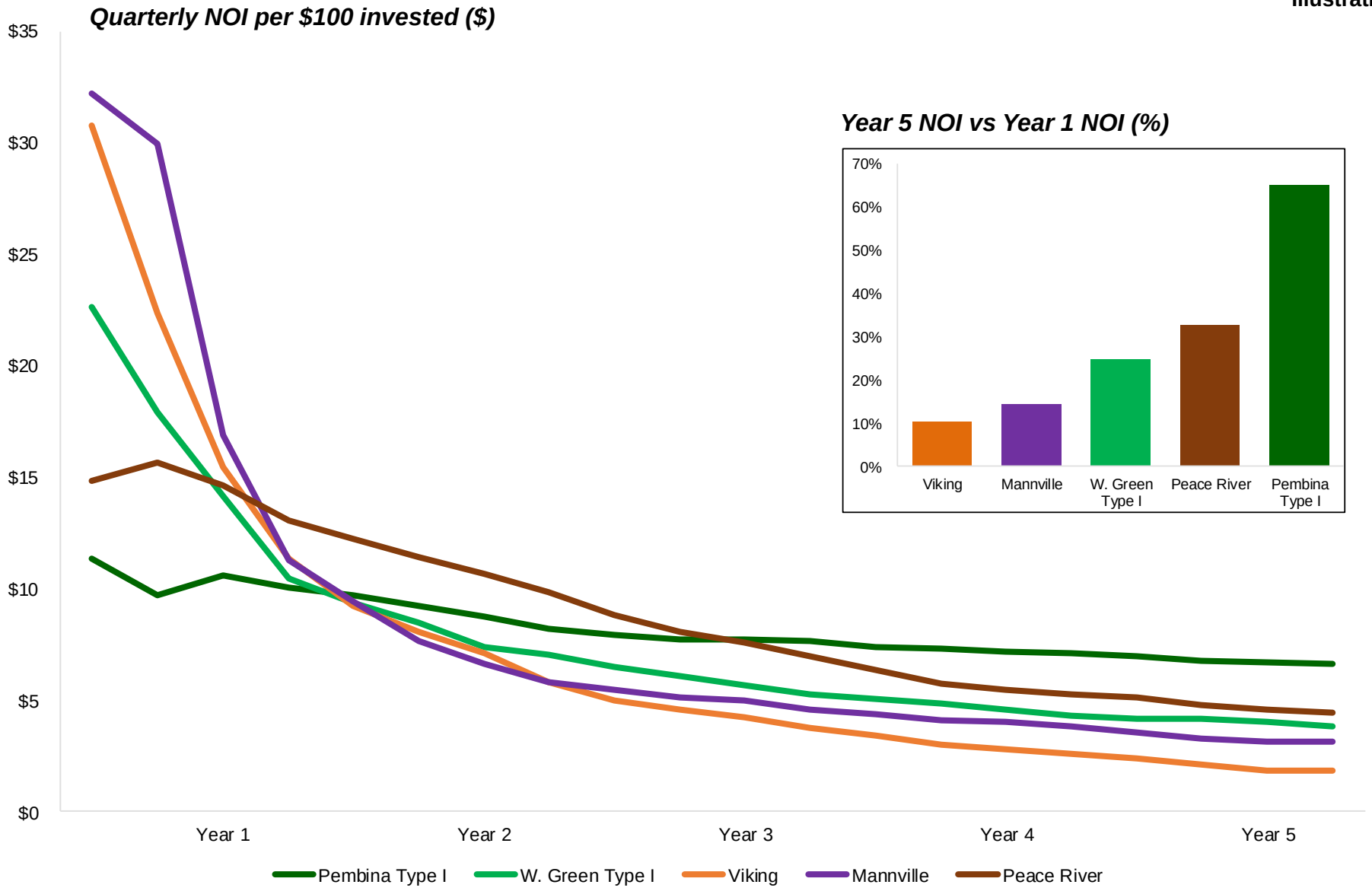
Illustrative



Portfolio Low-Decline Cash Advantage

PennWest

Illustrative



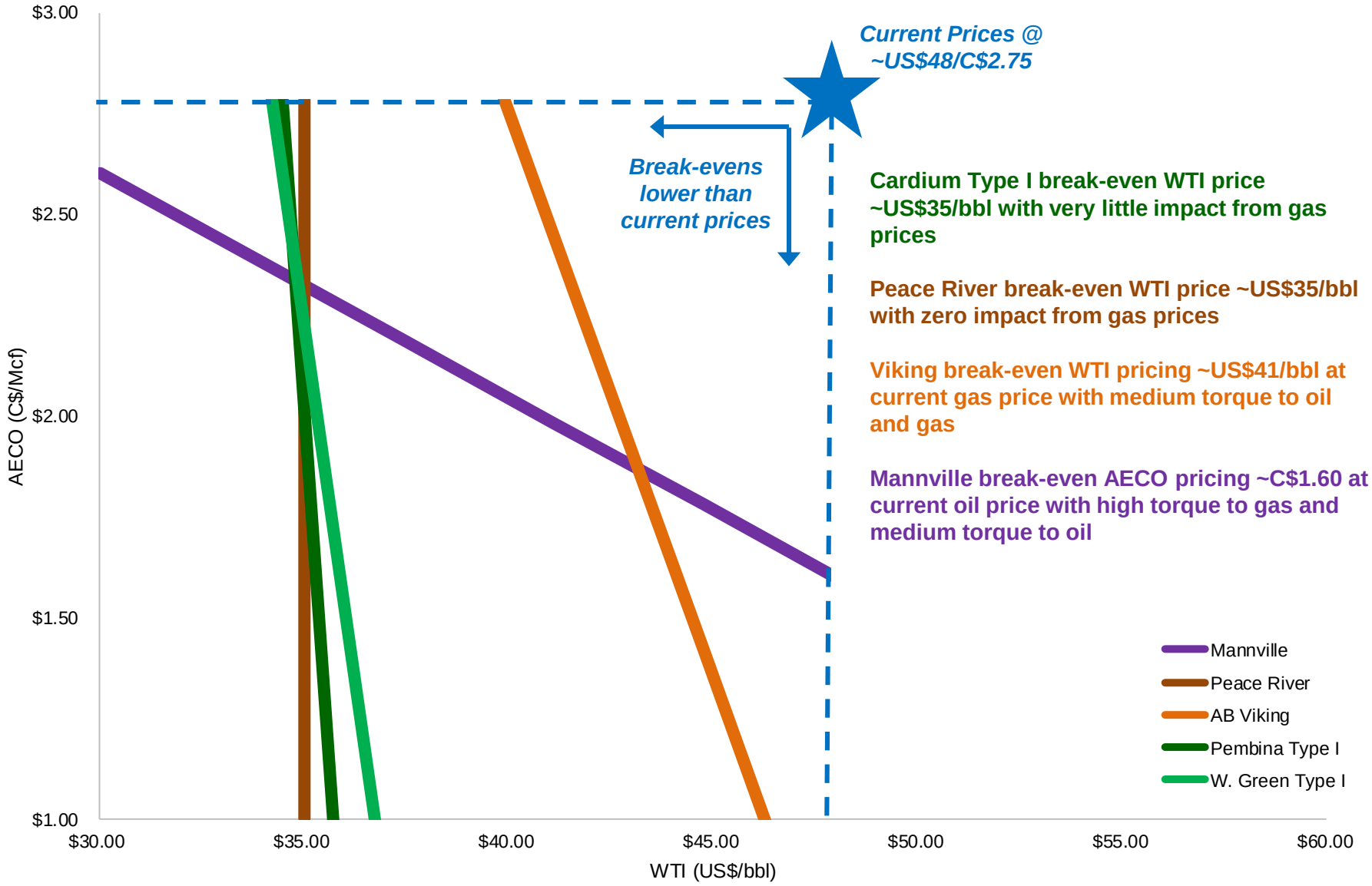
Note: WTI - US$52/bbl in Year 1, US$53/bbl in Year 2, escalating through Year 5
AECO - C$2.90/Mcf in Year 1, C$2.65/Mcf in Year 2, escalating through Year 5

Resilient Assets in Volatile Commodity Prices

PennWest

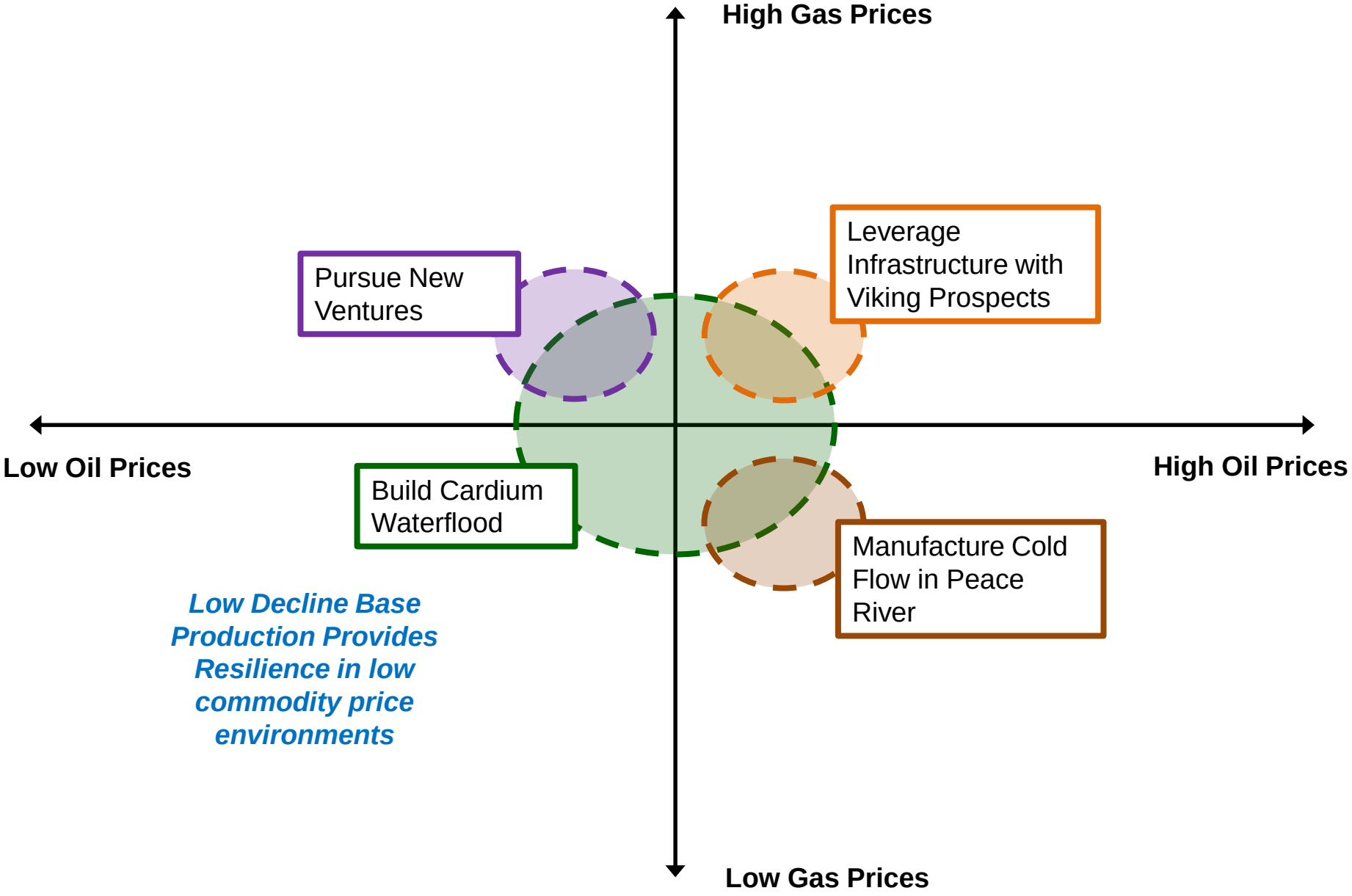
Illustrative

WTI (US$/bbl) and AECO (C$/Mcf) Required for 10% IRR (Break-even)



Optionality in Various Price Environments

PennWest



Low Decline Base Production Provides Resilience in low commodity price environments

The Tenets of our Five Year Plan

PennWest

Organic Production Growth

- Competitive growth profile through the drill-bit
- Cardium is the foundation with modest growth and high FCF
- Shorter-cycle projects to toggle growth as needed

Self Funded Capital Spending

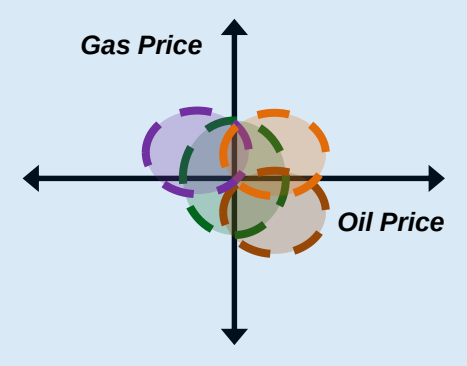
- Targeting ~100% re-investment rate in 2018+ towards growth
- Determine portfolio capital allocation based on next 6 quarters of commodity pricing

Commodity Pricing

- Current plan is based on US$55/bbl WTI and C$3.00/Mcf AECO; analysis shown on alternative WTI scenarios
- Continue to layer on 6 quarters of rolling hedges to protect downside and de-risk economics

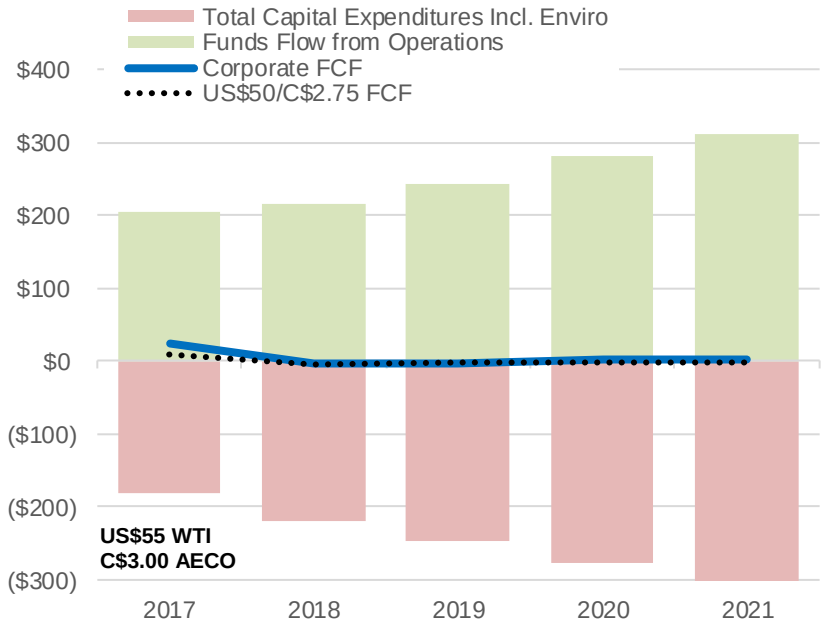
Power of the Portfolio Drives Balanced Growth

PennWest

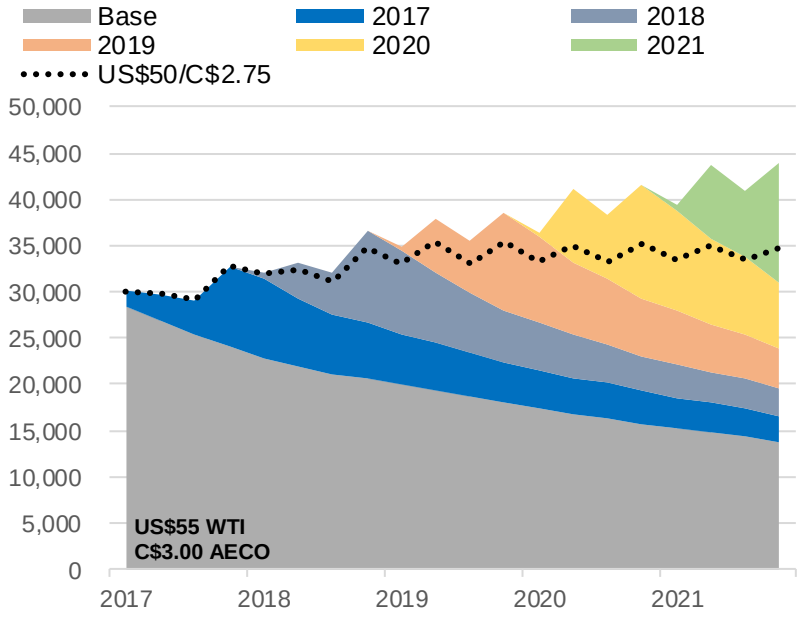


2017-2021	US$50/C$2.75	US$55/C$3.00	US$60/C$3.25
FFO CAGR (%)	3%	12%	17%
Production CAGR (%)	3%	9%	13%
Re-Investment Rate (%)	100%	100%	100%

PWT Normalized Free Cash Flow ($MM)

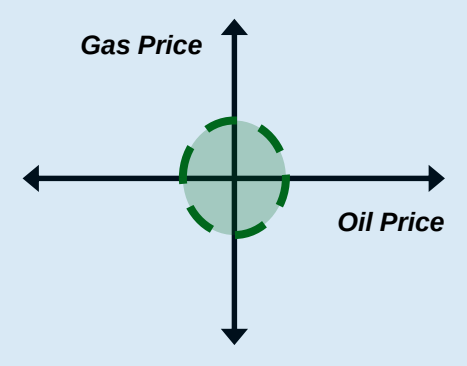


PWT Production Profile (boe/d)



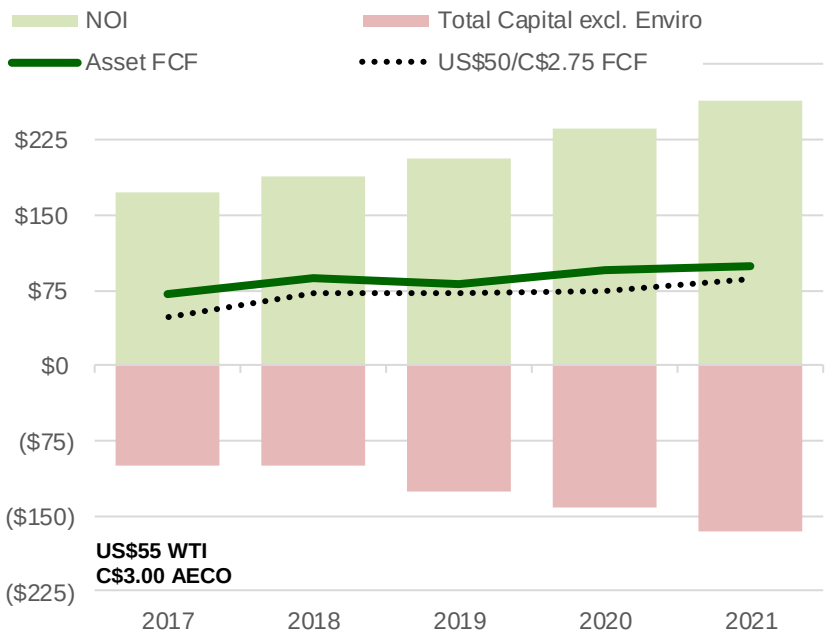
Cardium Optionality In All Environments

PennWest

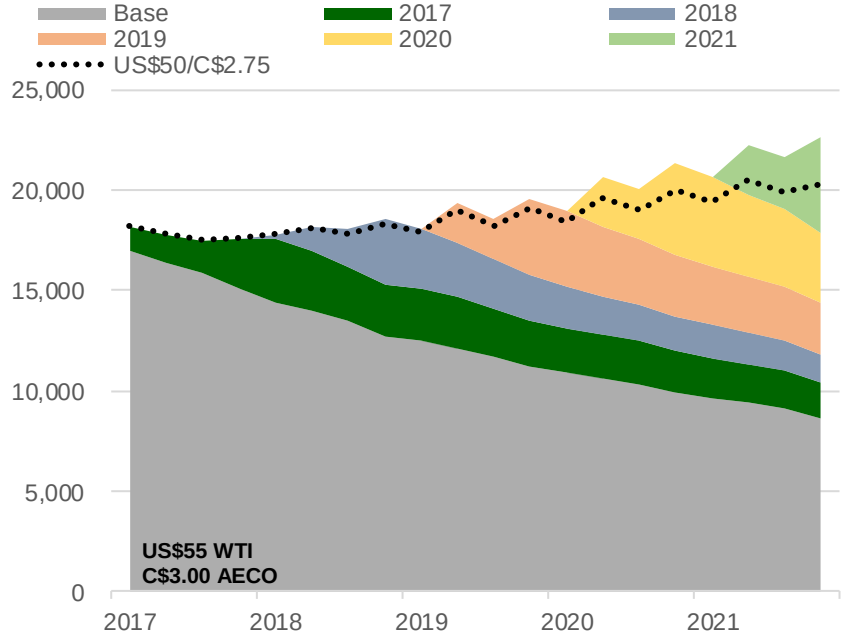


- Free Cash Flow to fund shorter-cycle projects in Peace River, Viking, and New Ventures
- Integrated waterflood to allow for modest growth and reduction of declines
- Results in more capital being available to fund growth rather than base decline mitigation

Asset Level Free Cash Flow ($MM)

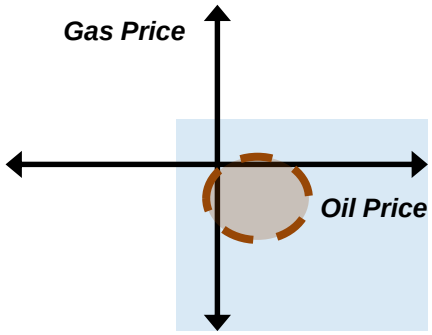


Production Profile (boe/d)



Manufacture Cold Flow in Peace River

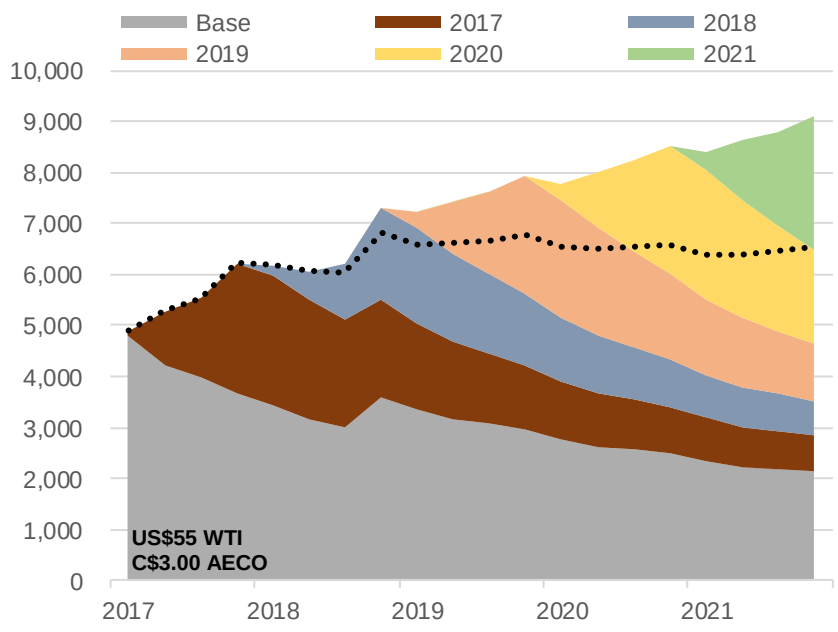
PennWest



- Attractive economics remain after JV carry finishes in 2017
- 5 year plan of ~12% production growth CAGR with ~80% sustainability ratio

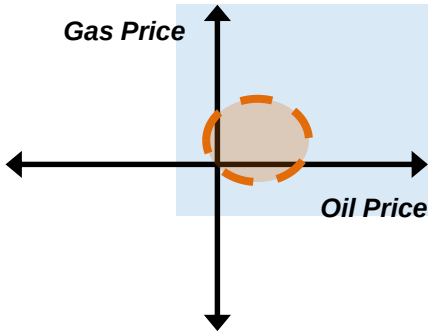
Asset Level Free Cash Flow ($MM)

Production Profile (boe/d)



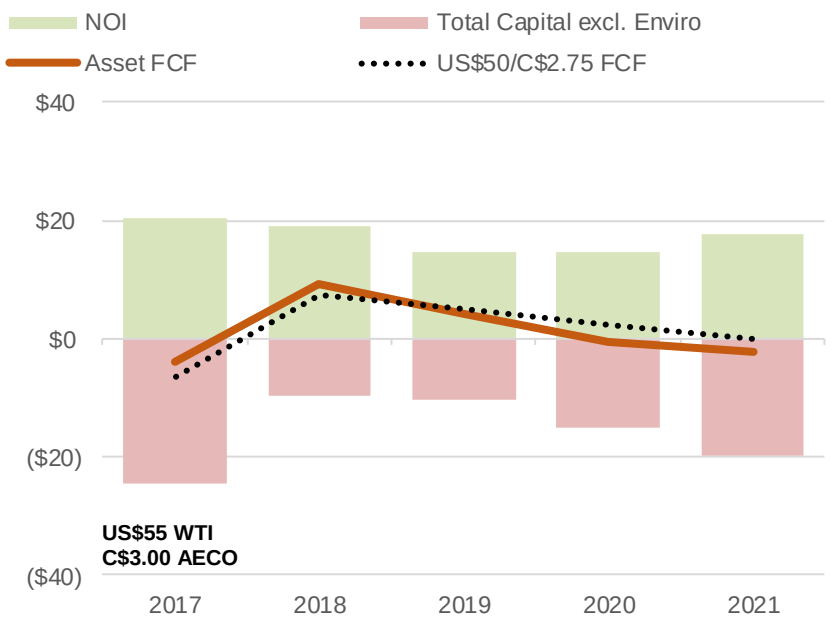
Leverage Viking Infrastructure

PennWest

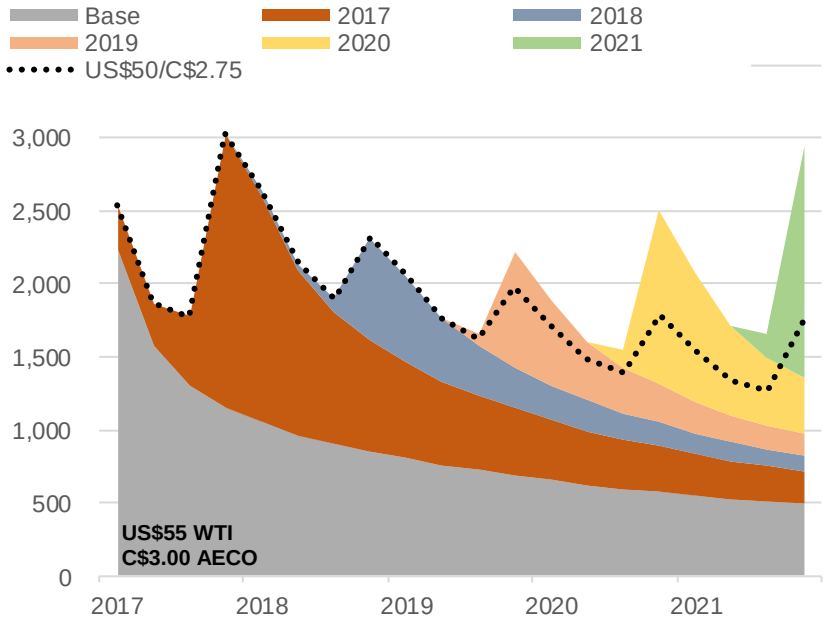


- Modest Viking development in current 5 year plan as more capital is allocated to New Ventures
- Short-cycle nature allows for higher or lower pace of development pending New Ventures results

Asset Level Free Cash Flow ($MM)

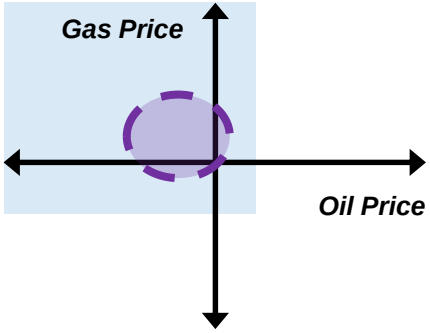


Production Profile (boe/d)



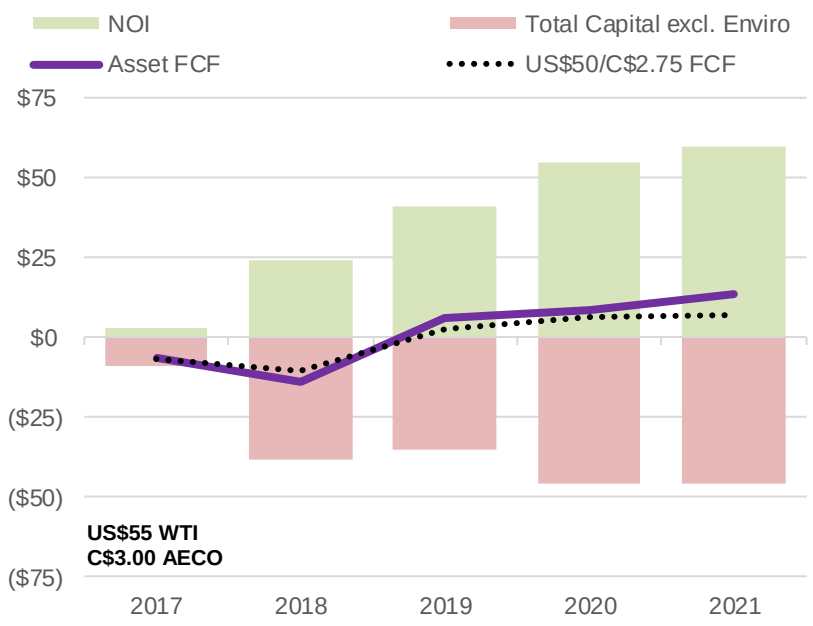
Pursue New Ventures

PennWest

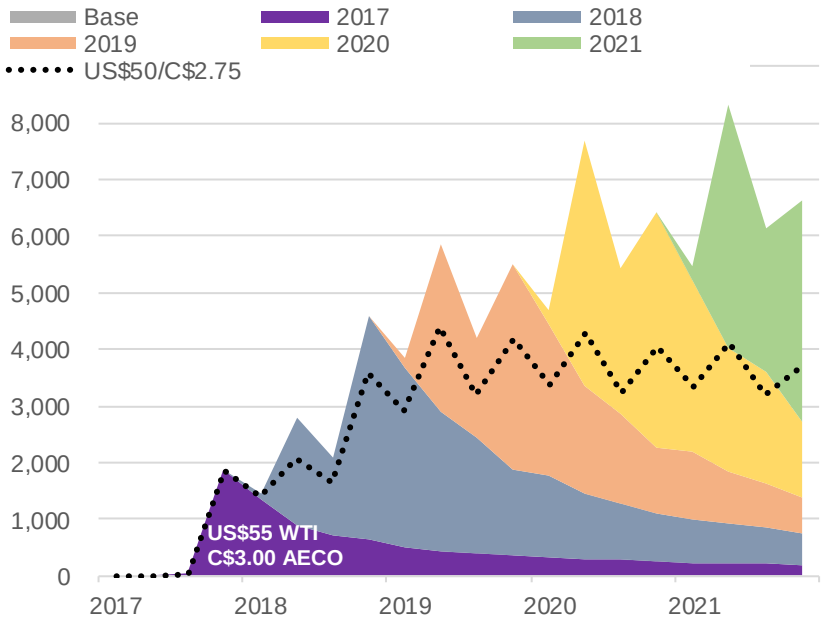


- ~40 locations in near-term inventory for 5 year plan
- To pursue oil-weighted Jurassic plays in 2018
- Ability to toggle capital up or down depending on well results

Asset Level Free Cash Flow ($MM)

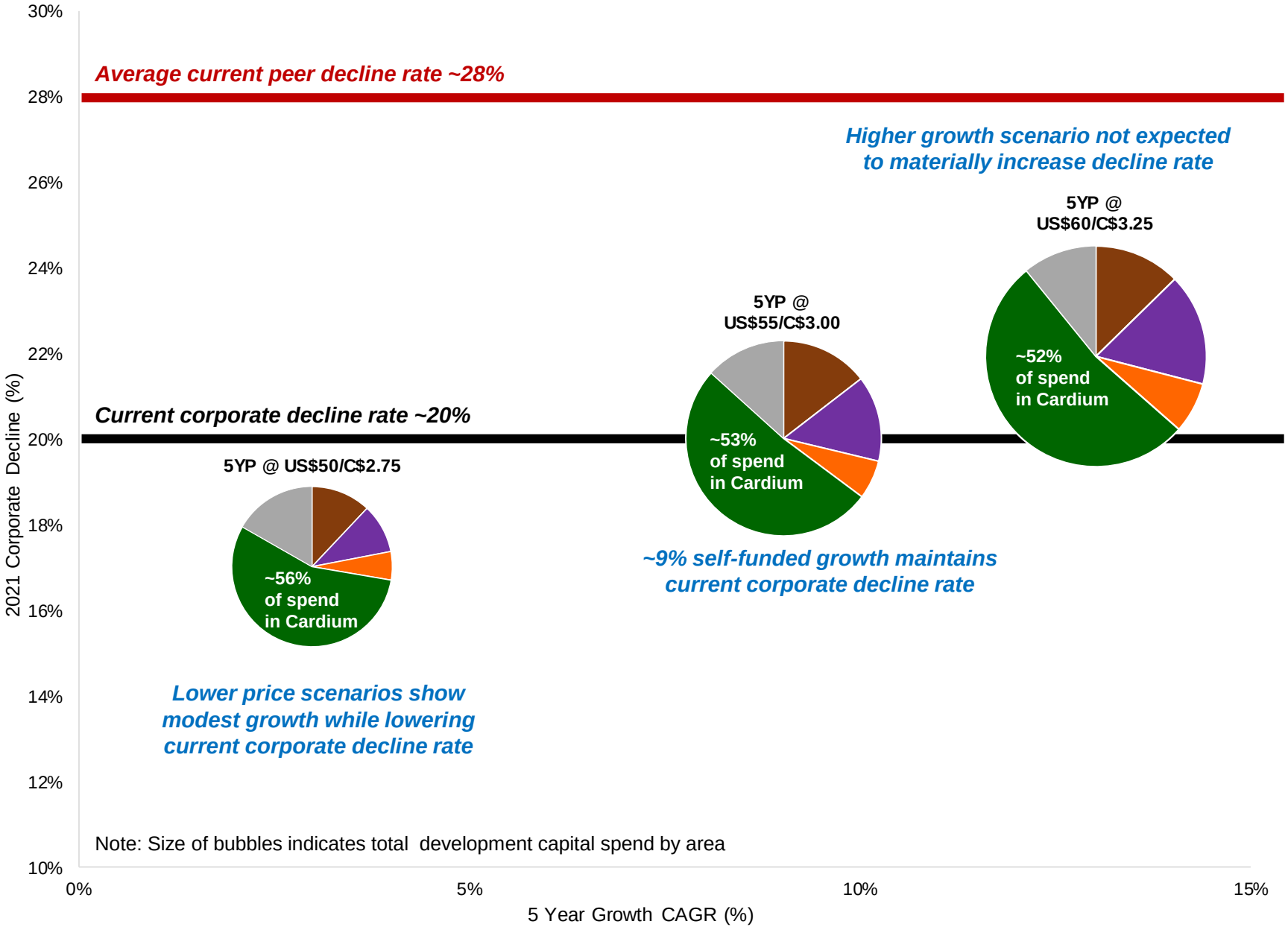


Production Profile (boe/d)



Waterfloods Maintain Low Decline While Growing

PennWest



Focus on 2017 and 2018 Sustainability

PennWest

5 Year Plan Scenarios

2017– 2021	US$50/C$2.75	US$55/C$3.00	US$60/C$3.25
FFO CAGR (%)	3%	12%	17%
Production CAGR (%)	3%	9%	13%
Re-Investment Rate (%)	100%	100%	100%

2017 & 2018 Development Scenarios

Near Term Price Consideration

i.e. US$45 / C$2.50

2017	2018
Double Digit Growth	**Maintain Production**
No Change to Capital Program	**Reduce Cash Outlays** ▪ *Minimal Non-Productive Spend i.e. facilities for future growth, enviro* ▪ *Fewer injectors in near term* ▪ *Focus on optimization* ▪ *Expect vendor savings*

Target Self Funded Development in all Commodity Price Scenarios

What Did We Learn Today?

PennWest

Our Cost Journey

- Transformed into an efficient and entrepreneurial intermediate E&P in the last 4 years
- From 30 dispersed assets to laser focus on 3 top tier plays
- Refined processes and reduced costs to best in class – opex from >$21/bbl to ~$14/bbl

The Development Engine

- Cardium is the foundation of low-decline, high-netback oil generating strong Free Cash Flow growth
- Peace River and Viking drive top-line production growth
- Significant running room in the Mannville and Jurassic

The Power of the Portfolio

- Portfolio allows flexibility under various commodity price scenarios
- 5 year plan will drive self-funded liquids-weighted growth north of US$50 WTI
- Low decline keeps us resilient sub US$50 WTI

Obsidian Energy

Disciplined

Relentless

Accountable


OBSIDIAN
ENERGY

10 Minute Q&A

PennWest

Appendix

Endnotes

PennWest

All slides should be read in conjunction with “Definitions and Industry Terms”, “Non-GAAP Measure Advisory”, “Oil and Gas Disclosures Advisory” and “Forward-Looking Advisory”

Slide 6. What a Difference 4 Years Have Made

All figures are internal estimates only and are illustrative in nature.

Slide 11. Our Cost Journey – Key Takeaways

All figures are internal estimates only and are illustrative in nature.

Slide 12 - 17. Our Journey to the “New World”

Historical production and opex are based on annual average figures. Q2 2017 production and opex are based on the midpoint of 2017 guidance of 30,500 – 31,500 boe/d and $13.00 - $13.00/boe, respectively. Opex figures are net of the JV carried expenses at Peace River. All other figures are internal estimates only and are illustrative in nature.

Slide 19. From “Worst to First” Costs in the Cardium

2017 H2 costs are based on internal estimates only, are illustrative in nature and are not to be construed as guidance for the Company.

Slide 20. Best in Class Per Well Cardium Costs

Competitor data sourced from a combination of Well Completions & Frac Database from Canadian Discovery Ltd. and internal estimates since January 1, 2015.

Slide 21. From “Worst to First” Costs in Peace River

2017 H2 costs are based on internal estimates only and are illustrative in nature and are not to be construed as guidance for the Company.

Slide 22. Operating Cost Step-Change

2018 opex are illustrative in nature and are not to be construed as guidance for the Company.

Slide 24. Operating Costs Down Across All Areas

All figures, including operating costs and % of Q1 2017 volumes, are rounded figures. Total Current Portfolio opex are net of the JV carried expenses at Peace River.

Slide 25. How Do We Continue the Journey?

Operating cost forecast is based on the company’s 5 year plan. All figures are rounded approximations and are intended to be illustrative in nature and are not to be construed as guidance for the Company.

Slide 26. Our Cost Journey – Key Takeaways

All figures are internal estimates only and are illustrative in nature.

Slide 29. Cardium – Key Takeaways

Original Oil In Place (OOIP) means Discovered Petroleum Initially In Place(DPIIP) as at December 31, 2016. OOIP/DPIIP estimates and recovery rates are as at December 31, 2016, and are based on current accepted technology and have been prepared by internal geologists and reservoir engineers. DPIIP, as defined in the Canadian Oil and Gas Evaluations Handbook (COGEH), is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of DPIIP includes production, reserves and contingent resources; the remainder is unrecoverable. There is significant uncertainty regarding the ultimate recoverability and the commercial viability to produce any portion of this OOIP/DPIIP. The Company’s average working interest in the Cardium is 79%. Notwithstanding the uncertainty regarding recoverability of OOIP/DPIIP, the Company believes that it is the most appropriate measure to properly consider the effects of the integrated waterflood program, particularly the effect of changes to recovery factor on potential ultimate resource recovery.

Free Cash Flow figures are based on the Company’s 5 year plan based on a flat US$55 WTI and C$3.00 AECO.

All other figures are internal estimates and are illustrative in nature.

Continued on the next page

Endnotes

PennWest

All slides should be read in conjunction with “Definitions and Industry Terms”, “Non-GAAP Measure Advisory”, “Oil and Gas Disclosures Advisory” and “Forward-Looking Advisory”

Slide 30. Penn West Has a Dominant Cardium Position

Free Cash Flow figures are based on the Company’s 5 year plan based on a flat US$55 WTI and C$3.00 AECO.

Land position is based on internal estimates and is rounded. Production, % Liquids, and Netback are rounded based on Q1 2017 actual results. 2P Reserves are based on year-end 2016 reserves performed by our independent auditor.

All other figures are internal estimates and are illustrative in nature.

Slide 31. Cardium is a Free Cash Flow Machine

Outputs from the Company’s 5 year plan are based on a flat US$55 WTI and C$3.00 AECO.

Slide 32. Waterflooding is a Proven Concept

All figures are internal estimates and are illustrative in nature.

Slide 33. Tremendous Potential With Consistent Injection

See comments on the uncertainty of recoverability of OOIP/DPIIP under the endnotes to slide 29 above.

Recovery factors, historical and forward looking, are based on internal Company estimates.

Slide 34. Recovery Rates >30% Are Very Achievable

See comments on the uncertainty of recoverability of OOIP/DPIIP under the endnotes to slide 29 above.

All figures are illustrative based on internal geological modeling.

Slide 36. Pembina Integrated Development Details

Type curve production and economics are based on internal estimates at WTI - US$52/bbl in 2017, US$53/bbl in 2018, escalating through 2021 and AECO - C$2.90/Mcf in 2017, C$2.65/Mcf in 2018, escalating through 2021. Inventory is based on internal estimates.

Slide 37. Willesden Green Integrated Development Details

Type curve production and economics are based on internal estimates at WTI - US$52/bbl in 2017, US$53/bbl in 2018, escalating through 2021 and AECO - C$2.90/Mcf in 2017, C$2.65/Mcf in 2018, escalating through 2021. Inventory is based on internal estimates.

Slide 41. Comparison of Horizontal vs. Vertical Injectors

All figures are internal estimates and are illustrative in nature.

Slide 43. Five Signposts of a Successful Waterflood

Reference: Waterflooding Course, William M. Cobb & James T. Smith

Slide 44. Signpost Demonstration in Crimson Lake

Hall Plot y axis is Cum (delta Pinj x dt), (kPa-days) x E06 and x axis is Cum Injection, ths. m3. Based on an injection well at 103/04-33-042-08W5.

Slide 45. Cardium – Key Takeaways

See comments under the endnotes to slide 29 above.

Continued on the next page

Endnotes

PennWest

All slides should be read in conjunction with “Definitions and Industry Terms”, “Non-GAAP Measure Advisory”, “Oil and Gas Disclosures Advisory” and “Forward-Looking Advisory”

Slide 48. Peace River – Key Takeaways

Gross sections is rounded based on internal estimates.

Slide 49. Our Position is Still Growing

Locations and recovery factors are based on internal estimates.

Land position is based on internal estimates and is rounded. Production, % Liquids, and Netback are rounded based on Q1 2017 actual results. 2P Reserves are based on year-end 2016 reserves performed by our independent auditor.

Slide 50. Reduced Peace River Opex by >60%

2017 operating costs are illustrative in nature and are not to be construed as guidance for the Company.

Slide 60. Record Setting Drilling in Peace River

World record claim based on longest open hole well with a single bit and bottomhole assembly as verified by our drilling provider.

Slide 62. Peace River Economics, excluding benefit of JV carry

Economics exclude the benefit of the carried capital and opex. Associated gas production will only be captured beginning in Sep 2018. Type curve production and economics are based on internal estimates at WTI - US$52/bbl in 2017, US$53/bbl in 2018, escalating through 2021 and AECO - C$2.90/Mcf in 2017, C$2.65/Mcf in 2018, escalating through 2021. Inventory is based on internal estimates.

Slide 63. We Have Only Scratched the (Sub) Surface

Inventory is based on internal estimates.

Slide 65. Structural Advantage in the Viking

Land position is based on internal estimates and is rounded. Production, % Liquids, and Netback are rounded based on Q1 2017 actual results. 2P Reserves are based on year-end 2016 reserves performed by our independent auditor.

Slide 65. We Have Only Scratched the (Sub) Surface

Cost comparison is based on a combination of vendor estimates and actual costs incurred.

Slide 66. Top Drilling Results from 2016 Campaign

Samples consist of ½ mile, ¾ mile and 1 mile wells rig released in the Esther area of Alberta equalized for 1 mile length.

Slide 68. Alberta Viking Economics

Type curve production and economics are based on internal estimates at WTI - US$52/bbl in 2017, US$53/bbl in 2018, escalating through 2021 and AECO - C$2.90/Mcf in 2017, C$2.65/Mcf in 2018, escalating through 2021.

Slide 69. Unique Growth Lever in Portfolio

Inventory is based on internal estimates, and should be considered illustrative, not guidance.

Slide 71. Peace River – Key Takeaways

Inventory is based on internal estimates.

Continued on the next page

Endnotes

PennWest

All slides should be read in conjunction with “Definitions and Industry Terms”, “Non-GAAP Measure Advisory”, “Oil and Gas Disclosures Advisory” and “Forward-Looking Advisory”

Slide 72. Legacy Upper Mannville Organic Opportunities

Inventory is based on internal estimates.

Slide 73. Mannville Fahler B Type Curve and Offsetting Wells

Type curve production and economics are based on internal estimates at WTI - US$52/bbl in 2017, US$53/bbl in 2018, escalating through 2021 and AECO - C$2.90/Mcf in 2017, C$2.65/Mcf in 2018, escalating through 2021. Offset well production results are based on public production well data.

Slide 78-79.

Type curve production and economics are based on internal estimates at WTI - US$52/bbl in 2017, US$53/bbl in 2018, escalating through 2021 and AECO - C$2.90/Mcf in 2017, C$2.65/Mcf in 2018, escalating through 2021. Economic analysis is performed based on internal estimates and economic assumptions and is not meant to be construed as guidance.

Slide 80. Resilient Assets in Volatile Commodity Prices

Break-even is calculated as the required WTI and/or AECO price for a project to achieve a 10% rate of return. Economic analysis is performed based on internal estimates and economic assumptions and is not meant to be construed as guidance.

Slides 82 – 86.

Company 5YP based on internal estimates and economic assumptions and is for illustrative purposes and not to be construed as guidance. The 5YP is based on WTI of US$55/bbl and AECO of C$3.00/Mcf with alternative WTI and AECO cases shown as guidance.

Slide 87. Pursue New Ventures

Inventory is based on internal estimates.

Slide 88. Waterfloods Maintain Low Decline While Growing

Current corporate decline is based on internal estimates. Average current peer decline rate is based on a combination of peer disclosures, internal estimates, and sell-side analyst reports.

Slide 89. Focus on 2017 and 2018 Sustainability

All figures are internal estimates and are illustrative in nature. For assumptions on the 5YP please see the endnotes for slides 82-86.

Definitions and Industry Terms

PennWest

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

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

ARO means asset retirement obligation.

A&D means oil and natural gas property acquisitions and divestitures.

bbl means barrel or barrels.

boe and boe/d mean barrels of oil equivalent and barrels of oil equivalent per day, respectively.

CAGR means compound annual growth rate. CAGR is calculated determining an annual average rate of growth over a period of time.

Capex means Total Capital as defined below.

Capital Expenditures includes all direct costs related to our operated and non-operated development programs including drilling, completions, tie-in, development of and expansions to existing facilities and major infrastructure, optimization and EOR activities.

Company means Penn West Petroleum or Obsidian Energy.

CEO means Chief Executive Officer.

DCET means drilling, completions, equip and tie-in costs.

D+C means drill and complete costs

Dispositions means oil and natural gas property divestitures.

Enviro means decommissioning expenditures.

EOR means Enhanced Oil Recovery.

EUR means estimated ultimate recovery.

F&D means finding and development costs.

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

FCF means Free Cash Flow, which is Funds Flow from Operations less Total Capital Expenditures

FFO means Funds Flow from Operations, detailed in the Non-GAAP measure advisory.

G&A means general and administrative expenses.

GOR means gas to oil ratio.

Hz means horizontal well.

IP means initial production, which is the average production over a specified time period.

IRR means Internal Rate of Return which is the interest rate at which the NPV equals zero.

JV means joint venture.

K means thousands.

Key Development Area means Penn West's assets in the Cardium, Alberta Viking, and Peace River areas and include additional royalty volume and minor non-core production throughout Alberta, and will form the basis of our 2017 growth projections

Liquids % means the percentage of crude oil and NGLs from the total barrels of oil equivalent of production.

Md means millidarcy.

Mmcf means million cubic feet.

MMboe means million barrels of oil equivalent.

MM means millions.

NAV means Net Asset Value.

Net Debt means Senior Debt plus bank debt plus non-cash working capital deficit, detailed in the Non-GAAP measure advisory.

NGL means natural gas liquids which includes hydrocarbon not marketed as natural gas (methane) or various classes of oil.

NOI refers to Net Operating Income which means revenue net or royalties less operating costs.

NPV means Net Present Value which is the sum of the present values of income and outgoing cash flows over a period of time.

Opex means operating costs.

PDP means Developed producing reserves as per Oil and Gas Disclosures Advisory.

PDNP means Developed non-producing reserves as per Oil and Gas Disclosures Advisory.

PIR means the profitability investment ratio, defined as the NPV divided by the discounted capital costs.

PUD means Undeveloped reserves as per Oil and Gas Disclosures Advisory.

ROI means Return on Investment.

RF means Recovery Factor.

Total Capital includes all direct costs related to our operated and non-operated development and base programs including DCET, facilities and major infrastructure capital, optimization, EOR, corporate and other capital.

Vt means vertical well.

Non-GAAP Measures Advisory

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

EBITDA is Funds Flow excluding the impact of financing expenses, realized gains/losses on foreign exchange hedges on prepayments, realized foreign exchange gains/losses on debt prepayments and restructuring expenses. EBITDA as defined by Penn West's debt agreements excludes the EBITDA contribution from assets sold in the prior 12 months and is used within Penn West's covenant calculations related to its syndicated bank facility and senior notes;

Funds Flow from Operations is cash flow from operating activities before changes in non-cash working capital and decommissioning expenditures, excluding the effects of financing related transactions from foreign exchange contracts and debt repayments/pre-payments. Funds Flow from Operations is more representative of cash related to continuing operations and is used to assess the Company's ability to fund dividend and planned capital programs. For additional information relating to Funds Flow from Operations, including a reconciliation of our Funds Flow from Operations to our cash flow from operating activities, see our latest management's discussion and analysis which is available in Canada at www.sedar.com and in the United States at www.sec.gov;

Netback is a measure of cash operating margin on an absolute or per-unit-of-production basis and is calculated as the absolute or per-unit-of-production amount of revenue less royalties, operating costs and transportation. The measure is used to assess the operational profitability of the company as well as relative profitability of individual assets. For additional information relating to netbacks, including a detailed calculation of our netbacks, see our latest management's discussion and analysis which is available in Canada at www.sedar.com and in the United States at www.sec.gov;

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

Net working capital (surplus)/deficit is accounts payable and accrued liabilities plus dividends payable less the sum of accounts receivable and other current assets. Also includes the net working capital portion of assets held for sale. We use this as a measure of net cash obligations to be settled in the near-term under the course of normal business operations.

Reserves Disclosures and Definitions

Any reference to reserves in this presentation are based on the report ("Sproule Report") prepared by Sproule Associates Limited dated February 22, 2017 where they evaluated one hundred percent of the crude oil, natural gas and natural gas liquids reserves of Penn West and the net present value of future net revenue attributable to those reserves effective as at December 31, 2016. For further information regarding the Sproule Report, see Appendix A to our Annual Information Form dated March 14, 2017 ("AIF"). It should not be assumed that the estimates of future net revenues presented herein represent the fair market value of the reserves. There is no assurance that the forecast price and cost assumptions will be attained and variances could be material. The recovery and reserves estimates of crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein. The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

Production and Reserves

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

Reserve Definitions

reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates.

- **probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- **proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

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

Developed reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

- **Developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
- **Developed non-producing reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable) to which they are assigned.

For additional reserve definitions, see "Notes to Reserves Data Tables" in our AIF.

Forward-Looking Information Advisory

PennWest

Certain statements contained in this presentation 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 presentation contains, without limitation, forward-looking statements pertaining to the following: our expected approach to development including the area-specific asset development plans; the timing and our expectations of such development activities including our expectations for self-funded growth; our expected production growth rate and weighting; the effect of the name change to the Company; our intended approach to planning and operations and the effects of that approach on operating costs and capital efficiency; that the limited spending on legacy areas in the recent past presents opportunity to reduce costs going forward; the Original Oil in Place and our ability to exploit it; that there is a large inventory that the Company can use going forward; the anticipated potential recovery factors and decline rates at various locations; that integrated development will result in the best long-term value; our ability to achieve recovery rates in excess of 30%; the various expected costs and reliability of different injector types; expectations for free cash flow and how those build a sustainable plan; the effects of our integrated waterflood approach; that high-netback light-oil production will create free cash flow and that low decline production will create a stable base; our drilling inventory at Peace River; that our non-productive capital costs are minimal in the future in the area; our plan to capture associated gas production in Peace River; our assessment of future drilling inventory and capacity in the Alberta Viking; our intended approach to fracing decisions; our ability to apply the learning in the Saskatchewan Viking to the Alberta Viking development; our intended approach to assessing and pursuing New Ventures and the future success of such ventures; and our ability to process certain production volumes at the Company operated Crimson gas plant.

The key metrics for the Cardium, Alberta Viking, Peace River and New Venture assets and the Company as a whole set forth in this presentation may be considered to be future-oriented financial information or a financial outlook for the purposes of applicable Canadian securities laws. Financial outlook and future-oriented financial information contained in this presentation are based on assumptions about future events based on management's assessment of the relevant information currently available. In particular, this presentation contains projected operational and financial information for 2017 and beyond for the Cardium, Alberta Viking , Peace River and New Venture assets and Company as a whole. The future-oriented financial information and financial outlooks contained in this presentation have been approved by management as of the date of this presentation. Readers are cautioned that any such financial outlook and future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein.

With respect to forward-looking statements contained in this document, we have made assumptions regarding, among other things: our ability to complete asset sales and the terms and timing of any such sales; the economic returns that we anticipate realizing from expenditures made on our assets; future crude oil, natural gas liquids and natural gas prices and differentials between light, medium and heavy oil prices and Canadian, WTI and world oil and natural gas prices; future capital expenditure levels; future crude oil, natural gas liquids and natural gas production levels; drilling results; future exchange rates and interest rates; future taxes and royalties; the continued suspension of our dividend; our ability to execute our capital programs as planned without significant adverse impacts from various factors beyond our control, including weather, infrastructure access and delays in obtaining regulatory approvals and third party consents; our ability to obtain equipment in a timely manner to carry out development activities and the costs thereof; our ability to market our oil and natural gas successfully; our ability to obtain financing on acceptable terms, including our ability to renew or replace our reserve based loan; our ability to finance the repayment of our senior secured notes on maturity; and our ability to add production and reserves through our development and exploitation activities. In addition, many of the forward-looking statements contained in this document are located proximate to assumptions that are specific to those forward-looking statements, and such assumptions should be taken into account when reading such forward-looking statements. Please note that illustrative examples are not to be construed as guidance for the Company and further details on assumptions can be found in the Endnotes section of the presentation.

Although Penn West believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Penn West can give no assurances that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; the possibility that the semi-annual borrowing base re-determination under our of our reserve-base loan is not acceptable to the Company or that we breach one or more of the financial covenants pursuant to our amending agreements with holders of our senior, secured notes; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to reserves, production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; interest rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to complete or realize the anticipated benefits of acquisitions or dispositions; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals; reliance on third parties; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations. Readers are cautioned that the foregoing list of factors is not exhaustive.

Additional information on these and other factors that could affect Penn West, or its operations or financial results, are included in the Company's most recently filed Management's Discussion and Analysis (See "Forward-Looking Statements" therein)), Annual Information Form (See "Risk Factors" and "Forward-Looking Statements" therein) and other reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), EDGAR website (www.sec.gov) or Penn West's website.

Unless otherwise specified, the forward-looking statements contained in this document speak only as of June 6, 2017. Except as expressly required by applicable securities laws, we do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.