

OBSIDIAN ENERGY POLICIES



EXECUTIVE INCENTIVE COMPENSATION RECOUPMENT POLICY

Approved by: Board of Directors
Date: Effective as of March 11, 2015
Amended Effective as of March 6, 2018

Purpose

This Policy has been adopted by Obsidian Energy Ltd. ("**Obsidian Energy**") to enhance its alignment with good compensation governance practices and to assist Obsidian Energy to manage its compensation related risk.

Definitions

In this Policy the following capitalized terms have the meanings set out below:

"**Applicable Rules**" means any laws, regulations and rules of any stock exchange applicable to Obsidian Energy.

"**Board**" means the board of directors of Obsidian Energy.

"**Effective Date**" means March 11, 2015.

"**Executives**" means the President and Chief Executive Officer and all officers reporting directly to him or her other than the Corporate Secretary. "**Executives**" includes former Executives and "**Executive**" means any one of the Executives.

"**Committee**" means the Human Resources and Compensation Committee of the Board.

"**Incentive Compensation**" means that portion of an Executive's compensation related in whole or in part to achieving financial or other performance goals and, as of the Effective Date, includes Obsidian Energy's short-term incentive plan (annual cash bonus), and Obsidian Energy's long-term incentive program, which consists of stock options, performance share units and incentive awards, whether or not awarded, granted or paid.

"**Overcompensation Amount**" means the portion of an Executive's Incentive Compensation relating to the year(s) subject to a Restatement which is in excess of the Incentive Compensation that the Executive would have received for such year(s) if the

Incentive Compensation had been computed in accordance with the results as restated under the Restatement, calculated on an after-tax basis to the Executive.

"Policy" means this Executive Incentive Compensation Recoupment Policy as it may be amended from time to time.

"Restatement" means a restatement of Obsidian Energy's financial statements due to Obsidian Energy's material noncompliance with any applicable financial reporting requirement under securities laws. For greater certainty, a Restatement does not include a restatement caused by a change in applicable financial reporting requirements, or applicable accounting rules or interpretations.

Application

This Policy applies to all persons who are or become Executives on or after the Effective Date and applies to all Incentive Compensation awarded, granted or paid to an Executive on or after the Effective Date.

Recoupment of Incentive Compensation

In the event that:

- (a) Obsidian Energy makes a Restatement;
- (b) an Executive engaged in willful misconduct or fraud which caused or significantly contributed to the Restatement; and
- (c) the Executive received an Overcompensation Amount,

the Board may, in its discretion, on the recommendation of the Committee, subject to Applicable Rules, determine and recover the Overcompensation Amount from the Executive as follows:

- (i) to the extent that the Overcompensation Amount has been paid, transferred or otherwise made available to the Executive, require, by written demand, the Executive to reimburse Obsidian Energy for all or part of such Overcompensation Amount (which, in the case of options or share appreciation rights awarded in respect of the year(s) subject to the Restatement which have been exercised by the Executive, means the amount, after tax, by which the fair market value of a common share of Obsidian Energy on the date of exercise or settlement exceeded the exercise price for the option or share appreciation right);
- (ii) to the extent that the Overcompensation Amount has not been paid, transferred or otherwise made available to the Executive by Obsidian Energy, cancel, or require the Executive to forfeit, the receipt or payment of all or part of such Overcompensation Amount; and
- (iii) to the extent the Overcompensation Amount is not immediately recovered upon demand from the Executive, whether by reimbursement, forfeiture and/or cancellation, deduct the Overcompensation Amount, or any

unrecovered portion thereof, from salary, wages, vacation allowances, expense reimbursement, severance, and/or any other Incentive Compensation whether or not referable to the financial years subject to a Restatement owing, awarded or payable by Obsidian Energy to the Executive or withhold, forfeit and/or cancel any Incentive Compensation to compensate for the Overcompensation Amount or any unrecovered portion thereof, and to pursue all legal and other remedies available to Obsidian Energy including, without limitation, initiating legal action against the Executive which it may deem necessary or advisable to recover all or part of the Overcompensation Amount.

In determining that an Executive's Incentive Compensation is subject to recoupment under this Policy and, if so, the amount which is subject to recoupment, and the steps to be taken to effect such recoupment, if any, the Board may take into account any factors it deems relevant, including, without limitation, its determination of the best interests of Obsidian Energy in the particular circumstances, whether a demand for payment may prejudice Obsidian Energy's interests in any related investigation or proceeding, the cost and likely outcome of any potential litigation relating to recoupment, and the effect of related tax and any third-party fines, penalties or damages imposed on the Executive.

Recoupment of Overcompensation Amounts under this Policy will be initiated by Obsidian Energy at the request of the Board on the recommendation of the Committee.

This Policy is in addition to any other action or remedy available to Obsidian Energy against the Executive or otherwise under Applicable Rules, including termination of employment for cause.

This Policy may be terminated or amended at any time by the Board.