



October 16, 2020

Dear Shareholders:

You are invited to attend a special meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (the “**Common Shares**”) of Obsidian Energy Ltd. (“**Obsidian Energy**” or the “**Corporation**”), which is to be held at the corporate head office of Obsidian Energy, located at 200 – 207 9th Avenue SW Calgary, Alberta on Monday, November 23, 2020, at 9:00 a.m. (Mountain Standard Time). At the Meeting, you will be asked to consider and, if thought advisable, pass an ordinary resolution (the “**Issuance Resolution**”) approving the issuance of up to 72,282,992 Common Shares to the holders (“**Bonterra Shareholders**”) of common shares (“**Bonterra Shares**”) of Bonterra Energy Corp. (“**Bonterra**”) in connection with the exchange offer (the “**Offer**”) made by the Corporation to Bonterra Shareholders to purchase all of the Bonterra Shares.

On September 21, 2020, Obsidian Energy formally commenced its Offer to purchase all of the Bonterra Shares, including any Bonterra Shares that may become issued and outstanding after September 21, 2020 but prior to 5:00 p.m. (Mountain Standard Time) on January 4, 2021, unless the Offer is extended, accelerated or withdrawn by the Corporation. Bonterra Shareholders who accept the Offer will be entitled to receive, in exchange for their Bonterra Shares, two (2) Common Shares per Bonterra Share tendered to the Offer.

Under the policies of the Toronto Stock Exchange (the “**TSX**”), in order for the Corporation to issue Common Shares to the Bonterra Shareholders in connection with the Offer, the Issuance Resolution must be approved by a majority of votes cast by Shareholders present in person or represented by proxy at the Meeting. The TSX has conditionally approved the listing of the Common Shares to be issued by the Corporation under the Offer. Such listing is subject to the Corporation fulfilling all listing requirements of the TSX. As at the date hereof, the Corporation will, subject to any future issuance of Bonterra Shares or securities convertible or exchangeable into Bonterra Shares, issue approximately up to 72,282,992 Common Shares under the Offer. The resulting share ownership percentages of Obsidian Energy after the closing of the transaction will be approximately 52% to Shareholders and 48% to Bonterra Shareholders (calculated on a non-diluted basis).

Obsidian Energy believes that the Offer represents a unique and compelling opportunity to create a larger, well-positioned Cardium leader, with a far superior future than either company could achieve on a standalone basis. By combining the companies, Shareholders are expected to benefit from being part of a stronger, Cardium-focused company, with a lower cost structure and improved capital efficiency, generating substantially more free cash flow than either company could standalone. With increased cash flow available to accelerate debt repayment, the combined entity could achieve an improved financial position and create a clear path to significant share price appreciation. The benefits of this transaction include:

- **Creates the Cardium Champion** with enhanced scale and capital markets relevance
- **Up to C\$100 million expected in identified financial, operational and other synergies over the first three years resulting in significantly improved free cash flow and improved leverage ratios versus the two companies standalone**
- **Synergy realizations allow for the potential for significant per share value appreciation** as the benefits accrue to Shareholders

THE OBSIDIAN BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ISSUANCE RESOLUTION.

The accompanying Notice of Meeting and Management Information Circular of the Corporation contains a description of the Offer, Bonterra and certain risk factors associated with the Offer and the issuance of the Common Shares under the Offer. Please give this material your careful consideration; should you require assistance, please consult your financial, legal, tax or other professional advisors.

Yours very truly,

(signed) “*Stephen E. Loukas*”

Stephen E. Loukas
Interim President and Chief Executive Officer
Obsidian Energy Ltd.