

FORM 51-102F3
Material Change Report

Item 1. Name and Address of Company

Pipestone Energy Corp. (the “**Company**” or “**Pipestone Energy**”)
Suite 3700, 888 – 3rd Street S.W.
Calgary, AB T2P 5C5

Item 2. Date of Material Change

August 28, 2020.

Item 3. News Release

On August 28, 2020, a news release in respect of the material change was disseminated on the Company’s SEDAR profile at www.sedar.com and through the GlobeNewswire service.

Item 4. Summary of Material Change

On August 28, 2020, the Company announced that that it has been notified by Keyera Corp. that a previously announced failure of the Waste Heat Recovery System within the Keyera Wapiti Gas Plant (the “**Keyera Plant**”) is more widespread than previously indicated, and the total scope of the issue and root cause of the outage has yet to be determined. Based on this new development, Pipestone Energy is formally suspending its 2020 production and cash flow guidance due to the timing uncertainty for a return to normal operations at the Keyera Plant. The Company’s contingent business interruption insurance includes coverage over the Keyera Plant and is expected to cover any net financial losses incurred with respect to the outage following September 16, 2020, if required.

Item 5. Full Description of Material Change

Please see the news release dated August 28, 2020 attached hereto as Schedule “A”.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis in reliance on subsection 7.1(2) of National Instrument 51-102.

Item 7. Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8. Executive Officer

Paul Wanklyn
President and Chief Executive Officer
(587) 392-8411

Item 9.**Date of Report**

September 4, 2020.

Advisory Regarding Forward-Looking Statements

This material change report contains certain information and statements (“forward-looking statements”) that constitute forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking statements relate to future results or events, are based upon internal plans, intentions, expectations and beliefs, and are subject to risks and uncertainties that may cause actual results or events to differ materially from those indicated or suggested therein. All statements other than statements of current or historical fact constitute forward-looking statements. Forward-looking statements are typically, but not always, identified by words such as “anticipate”, “estimate”, “expect”, “intend”, “forecast”, “continue”, “propose”, “may”, “will”, “should”, “believe”, “plan”, “target”, “objective”, “project”, “potential” and similar or other expressions indicating or suggesting future results or events.

Forward-looking statements are not promises of future outcomes. There is no assurance that the results or events indicated or suggested by the forward-looking statements, or the plans, intentions, expectations or beliefs contained therein or upon which they are based, are correct or will in fact occur or be realized (or if they do, what benefits Pipestone Energy may derive therefrom). In particular, but without limiting the foregoing, this news release contains forward-looking statements pertaining to the timing and extent of coverage from the Company’s business interruption insurance.

The forward-looking statements contained herein reflect management's current views, but the assessments and assumptions upon which they are based may prove to be incorrect. Although Pipestone Energy believes that its underlying assessments and assumptions are reasonable based on currently available information, undue reliance should not be placed on forward-looking statements, which are inherently uncertain, depend upon the accuracy of such assessments and assumptions, and are subject to known and unknown risks, uncertainties and other factors, both general and specific, many of which are beyond Pipestone Energy’s control, that may cause actual results or events to differ materially from those indicated or suggested in the forward-looking statements. Such risks and uncertainties include, but are not limited to, the global COVID-19 pandemic and its effects on commodity prices and financial markets; the outcome of shareholder approval for a preferred share financing to be voted on at Pipestone Energy’s annual and special shareholder meeting on September 14, 2020; volatility in market prices and demand for oil, NGLs and natural gas and hedging activities related thereto; general economic, business and industry conditions; variance of Pipestone Energy’s actual capital costs, operating costs and economic returns from those anticipated; the ability to find, develop or acquire additional reserves and the availability of the capital or financing necessary to do so on satisfactory terms; and risks related to the exploration, development and production of oil and natural gas reserves and resources. Additional risks, uncertainties and other factors are discussed in the MD&A for the period ended June 30, 2020 and in Pipestone Energy’s annual information form dated March 17, 2020, copies of which are available electronically on Pipestone Energy’s SEDAR at www.sedar.com.

The forward-looking statements contained in this material change report are made as of the date hereof and Pipestone Energy assumes no obligation to update or revise any forward-looking

statements, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. All forward-looking statements herein are expressly qualified by this advisory.

SCHEDULE “A”

NEWS RELEASE

(see attached)



NEWS RELEASE

August 28, 2020

PIPESTONE ENERGY CORP. ANNOUNCES EXTENSION TO THE UNPLANNED OUTAGE AT THE KEYERA WAPITI GAS PLANT

Calgary, Alberta, August 28, 2020 (PIPE – TSX-V) Pipestone Energy Corp. ("**Pipestone Energy**" or the "**Company**") was notified by Keyera Corp. ("**Keyera**") on August 27, 2020 that the issue relating to the Waste Heat Recovery System within the Keyera Wapiti Gas Plant ("**Keyera Plant**") is more widespread than previously indicated. The total scope of the problem and root cause of the outage has yet to be determined. As such the original estimate provided by Keyera to repair the plant and return to operations is no longer valid. In addition at this time, Keyera is unable to provide a definitive indication for the expected go-forward outage duration.

Based on this new development, Pipestone Energy is formally suspending its 2020 production and cash flow guidance due to the timing uncertainty for a return to normal operations at the Keyera Plant. It should be noted, the Company's contingent business interruption insurance includes coverage over the Keyera Plant and has a 30-day waiting period. As such it is expected to cover any net financial losses incurred by Pipestone Energy with respect to the outage post September 16, 2020 if required. When the Company receives definitive information in regards to an expected timeline for the resumption of operations at the Keyera Plant, Pipestone Energy will provide a further update to the market.

Pipestone Energy Corp.

Pipestone Energy Corp. is an oil and gas exploration and production company with its head office located in Calgary, Alberta. The company is focused on developing its pure-play condensate-rich Montney asset in the Pipestone area near Grande Prairie, Alberta. Pipestone Energy is committed to building long term value for our shareholders and values the partnerships that it is developing within its operating community. Pipestone Energy shares trade under the symbol PIPE on the TSX Venture Exchange. For more information, visit www.pipestonecorp.com.

Pipestone Energy Contacts:

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Advisory Regarding Forward-Looking Statements

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The forward-looking statements contained herein reflect management’s current views, but the assessments and assumptions upon which they are based may prove to be incorrect. Although Pipestone Energy believes that its underlying assessments and assumptions are reasonable based on currently available information, undue reliance should not be placed on forward-looking statements, which are inherently uncertain, depend upon the accuracy of such assessments and assumptions, and are subject to known and unknown risks, uncertainties and other factors, both general and specific, many of which are beyond Pipestone Energy’s control, that may cause actual results or events to differ materially from those indicated or suggested in the forward-looking statements. Such risks and uncertainties include, but are not limited to, volatility in market prices and demand for oil, NGLs and natural gas and hedging activities related thereto; the ability to successfully integrate Blackbird’s and Pipestone Oil’s historical businesses and operations; general economic, business and industry conditions; variance of Pipestone Energy’s actual capital costs, operating costs and economic returns from those anticipated; the ability to find, develop or acquire additional reserves and the availability of the capital or financing necessary to do so on satisfactory terms; and risks related to the exploration, development and production of oil and natural gas reserves and resources. Additional risks, uncertainties and other factors are discussed in the MD&A for the period ended March 31, 2020 and in Pipestone Energy’s annual information form dated March 17, 2020, copies of which are available electronically on Pipestone Energy’s SEDAR at www.sedar.com.

The forward-looking statements contained in this news release are made as of the date hereof and Pipestone Energy assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. All forward-looking statements herein are expressly qualified by this advisory.