



NEWS RELEASE

November 14, 2019

PIPESTONE ENERGY CORP. REPORTS THIRD QUARTER 2019 RESULTS AND PROVIDES AN OPERATIONS UPDATE

Calgary, Alberta, November 14, 2019 (PIPE – TSX-V) Pipestone Energy Corp. ("Pipestone Energy" or the "Company") is pleased to report its Q3 2019 financial and operational results, provide an update on its production ramp-up, as well as an accelerated completion program within its capital guidance. The Company has filed its unaudited financial statements and related management's discussion and analysis ("MD&A") for the quarter ended September 30, 2019 on SEDAR. A conference call has been scheduled for Thursday, November 14 at 9:00 a.m. Mountain Daylight Time (11:00 a.m. Eastern Daylight Time) for interested investors, analysts, brokers and media representatives.

"I am extremely pleased to report that Pipestone Energy started production operations North of the Wapiti River into the new Keyera compression facility and Tidewater plant in September, earlier than originally forecast", stated Paul Wanklyn, President and Chief Executive Officer.

"When we announced the formation of Pipestone Energy Corp, one year ago, we made some bold promises to our investors. Since that time, we have met or exceeded all of our expectations including;

- ✓ *An ambitious development program to deliver a ten-fold production increase in 2019 with exit guidance of 14,000 to 16,000 boe/d. We remain on-track to meet or exceed this goal. During October, we estimate our sales production averaged approximately 11,400 boe/d, approximately half of which came from condensate and NGLs. This was produced despite normal third-party start-up challenges causing intermittent run-times at both facilities and restricted production. While only 14 wells have produced for more than 30 days since commissioning, producing wells are performing at our expectations.*
- ✓ *Our team has also done an exceptional job in stewarding capital throughout the year. Completion operations at our recent 9-14 pad achieved pacesetter performance at an average cost of \$4.0 million per well for a 3,000-metre lateral. Pipestone infrastructure projects were also completed at lower than budgeted cost which, combined with the realized DCET cost efficiencies, has afforded Pipestone the opportunity to accelerate the completion of six wells on the 6-24 pad from Q1 2020 into the 4th quarter of 2019, while remaining within our capital guidance ceiling of \$155 million.*

In summary, our team has done an excellent job in achieving our key development milestones in 2019. Our initial production comes from three pad-sites approximately 10 kilometres apart, giving us high confidence in the quality of the resource across our core area. All aspects of the business plan remain on track to meet or exceed expectations including the generation of compelling full-cycle returns on capital in the next 12 months."



THIRD QUARTER 2019 CORPORATE HIGHLIGHTS

- The Company commenced production ramp-up into the Keyera Corporation ("Keyera") Pipestone Compressor Station and Tidewater Midstream and Infrastructure Ltd. ("Tidewater") Pipestone Gas Plant with average production of ~4,700 boe/d (46% condensate, 53% total liquids) over the full month of September. Subsequent to the end of the third quarter, field estimates of sales production for the month of October are approximately 11,400 boe/d (43% condensate, 50% total liquids), which includes approximately 450 boe/d attributable to partial month production from legacy wells into the Gold Creek facility south of the Wapiti River. For the month of October, condensate-gas-ratios ("CGR") as measured at the wellhead, averaged 152 bbl/MMcf from the 3-1 pad, and 82 bbl/MMcf from the 15-14 pad. During its first 20 calendar days of production, the CGR from the 6-24 pad averaged 237 bbl/MMcf. These early results are in-line with the Company's expectations and support the medium-term development focus north of the 3-1 pad along Pipestone Energy's completed in-field gathering system;
- During Q3, the Company entered into a \$30 million midstream transaction with Tidewater. The transaction will provide the capital required to construct the East Battery. The initial \$14 million of capital received by Pipestone Energy from the sale of the equipment to Tidewater in mid-August was allocated to accelerate a three-well completion program at the 9-14 pad in the Eastern portion of the acreage position in late Q3 2019. The approximately \$16 million remaining balance will be funded by Tidewater in installments as construction commences after break-up in mid-2020;
- During Q3, Pipestone Energy successfully completed 3 wells (3 net) with an average lateral length of approximately 3,000 metres at its 9-14 pad-site. These wells were completed utilizing limited entry ("XLE") high intensity plug and perf designs with proppant loading of 2.5 T/M and are scheduled to be brought on-stream in early 2020. The completion costs incurred in Q3 2019 with respect to these wells were \$4.0 million per well;
- In early September, drilling operations commenced at the 6-24 pad-site. A total of six wells are being drilled on the 6-24 pad this fall. Two wells were drilled, and rig released in September, the remaining four wells are expected to be drilled in Q4 2019. Afterwards, the rig will be moved to the 6-30 pad and commence drilling out another six well pad, two of which are estimated to be rig released prior to year end. Completion of the six new wells on the 6-24 pad are being accelerated into Q4 2019 from Q1 2020 within the previously disclosed 2019 capital guidance ceiling of \$155 million; and
- Pipestone Energy continued its robust commodity price risk management program, which is primarily designed to reduce cash flow volatility, enhance certainty regarding funding availability for the Company's capital expenditure program, and service debt.

Pipestone Energy Corp. – Financial and Operating Highlights

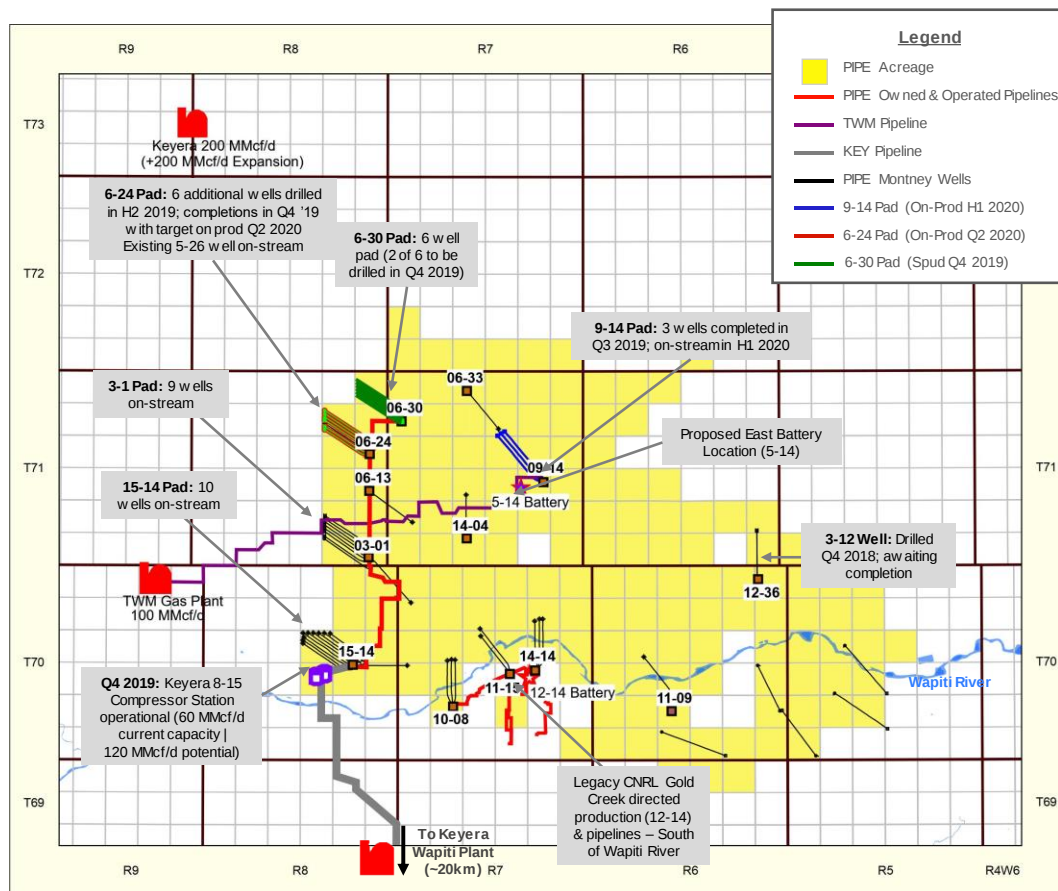
(\$ thousands, except per unit and per share)	Three months ended September		Nine months ended September	
	2019	2018	2019	2018
Financial				
Sales of liquids and natural gas	\$ 7,808	\$ -	\$ 13,725	\$ 1,569
Cash used in operating activities	(6,626)	(361)	(20,188)	(378)
Funds flow from (used in) operations ⁽¹⁾	(2,734)	(512)	(13,820)	100
Per share, basic and diluted ⁽²⁾	(0.01)	(0.01)	(0.07)	0.00
Loss	(1,409)	(1,349)	(842)	(2,519)
Per share, basic and diluted ⁽²⁾	(0.01)	(0.03)	(0.00)	(0.05)
Capital expenditures	29,434	5,428	125,737	49,012
Net acquisitions	\$ 98	\$ 1,098	214	1,098
Working capital (end of period)			20,893	10,332
Bank debt (end of period)			156,983	52,187
Shareholders' equity (end of period)			382,687	85,661
Available funding (end of period) ⁽³⁾			\$ 32,655	\$ 16,560
Cash return on invested capital (CROIC) (%) ⁽³⁾	NMN ⁽⁷⁾	NMN ⁽⁷⁾	NMN ⁽⁷⁾	NMN ⁽⁷⁾
Return on capital employed (ROCE) (%) ⁽³⁾	NMN ⁽⁷⁾	NMN ⁽⁷⁾	NMN ⁽⁷⁾	NMN ⁽⁷⁾
Shares outstanding (end of period) ⁽²⁾			189,627	52,782
Weighted-average basic shares outstanding	189,627	52,782	187,949	52,782
Weighted-average diluted shares	189,627	52,782	187,949	52,782
Operations				
Production				
Condensate and crude oil (bbls/d)	1,112	-	600	97
Natural gas liquids (NGL) (bbls/d)	139	-	82	-
Natural gas (Mcf/d)	7,298	-	4,011	-
Total (boe/d) ⁽⁴⁾	2,467	-	1,351	97
Condensate and crude oil (% of total)	45	-	44	100
Total liquids (% of total production)	51	-	50	100
Benchmark prices				
Crude oil – WTI (C\$/bbl)	\$ 74.52	\$ 79.52	\$ 75.82	\$ 83.62
Condensate – Edmonton Condensate	68.24	80.30	70.21	83.37
Natural gas – AECO 5A (C\$/GJ)	0.96	1.19	1.49	1.43
Average realized prices ⁽⁵⁾				
Condensate and crude oil (per bbl)	65.17	-	66.36	59.50
NGL (per bbl)	12.57	-	19.43	-
Natural gas (per Mcf)	1.46	-	2.21	-
Netbacks				
Revenue (per boe)	34.40	-	37.21	59.50
Royalties (per boe)	(1.85)	-	(1.95)	(4.19)

	Three months ended September		Nine months ended September	
(\$ thousands, except per unit and per share)	2019	2018	2019	2018
Operating expenses (per boe)	(15.29)	-	(15.27)	(9.80)
Transportation (per boe)	(5.65)	-	(7.26)	-
Operating netback (per boe) ⁽³⁾	11.61	-	12.73	45.51
Funds flow netback (per boe) ⁽³⁾	\$ (12.04)	\$ -	\$ (37.48)	\$ 3.73

All defined terms are references to Pipestone Energy Corp.'s Q3 2019 Management Discussion & Analysis.

- (1) See "Additional subtotal – Funds flow from operations" under "Critical Accounting Judgments, Estimates and Policies" in the Q3 2019 Management Discussion & Analysis and see Advisories for further details.
- (2) The number of common shares has been adjusted retrospectively to reflect the 10:1 share consolidation, as well as the 0.5996 exchange ratio, as part of the Corporate Acquisition.
- (3) See "Non-GAAP measures" in the Q3 2019 Management Discussion & Analysis and see Advisories for further details.
- (4) For a description of the boe conversion ratio, see "Basis of Barrel of Oil Equivalent".
- (5) Figures calculated before hedging.
- (6) IFRS 16, Leases, was adopted on January 1, 2019 using the modified retrospective approach; therefore, comparative information was not restated. See "Critical Accounting Judgments, Estimates and Policies".
- (7) NMN – not meaningful number at this time as Pipestone Energy was at a pre-production stage.

2019 CAPITAL PROGRAM AND OPERATIONS UPDATE





Pipestone Energy is forecast to complete the previously disclosed scope of its 2019 capital program well under its capital guidance range of \$145 to \$155 million. As a result, the Company has elected to accelerate the completion of six wells on its 6-24 pad from Q1 2020 into December 2019 with approximately \$20 million of the capital costs to be incurred prior to year-end. These wells will be equipped and brought on production during Q2 2020. The resulting net capital guidance for 2019 remains within the top-end of our previously announced 2019 guidance at approximately \$155 million. The Company expects to release its 2020 production, cash flow and capital guidance in late January 2020.

Pipestone Energy Montney Operated Horizontal Well Status Summary

	Current (Nov 2019)	Dec 31, 2019 (Estimate)
North of Wapiti River ⁽¹⁾ (Keyera Wapiti & Tidewater Pipestone Processing Facilities)		
Drilled	32 ⁽²⁾	34 ⁽²⁾
Drilled + Completed	26	32
Tied-In / Available for Production	20	20
South of Wapiti River ⁽¹⁾ (CNRL Gold Creek Processing Facility)		
Drilled + Completed	9	9
Tied-In / On-Production	8	8

(1) Tied-In / Available for Production is a subset of the Drilled + Completed category which is a subset of the Drilled category.

(2) Excludes the 12-36 delineation well.

Initial Production Results:

In late August 2019, Pipestone Energy completed installation of the necessary facilities to produce from the 15-14 (10 wells) and 3-1 (9 wells) pads. The single 5-26 well, which is located on the 6-24 pad, was tied-in and available for production in late October, resulting in 20 wells currently on or available for production North of the Wapiti River. Beginning in mid-September, Pipestone Energy commenced initial start-up production from wells located North of the Wapiti River at both the 15-14 and 03-01 pad-sites. September production from these two pads averaged ~4,700 boe per calendar day for the full month (comprised of 46 percent condensate and 53 percent total liquids). The start-up of these pad-sites coincided with the commissioning of the Keyera Pipestone Compressor Station and the Tidewater Pipestone Sour Gas Plant. Normal start-up challenges experienced during the commissioning of these third-party processing facilities resulted in disruptions and limitations to Pipestone Energy's production and had caused shrinkage rates in excess of typical plant operating conditions.

In October 2019, based on field estimates, total Company sales volumes averaged approximately 11,400 boe/d (comprised of 43 percent condensate and 50 percent total liquids), approximately 450 boe/d was attributable to production from South of the Wapiti River which was restarted mid-October. North of the Wapiti River production in October continued to be affected by significant third-party facility downtime and other capacity restrictions. The early results observed by Pipestone Energy are in-line with the Company's expectations and support the medium-term development focus north of the 3-1 pad along Pipestone Energy's completed in-field gathering system.



All 20 tied-in wells North of the Wapiti River have been tested and produced since start-up, but at no point have all the tied-in wells produced simultaneously. Based on the observed production performance to date, the Company is re-affirming its 2019 exit guidance of 14,000 – 16,000 boe/d for average December production.

Drilling & Completions:

Pipestone Energy is currently drilling 6 wells on the 6-24 pad with the final well expected to rig release in late November. Drilling operations are going extremely well with new pacesetter results on one of the wells, which achieved a drill cost of \$1.85 MM and a spud to rig release time of 13.3 days. Following the 6-24 pad, the rig will move to the 6-30 pad to commence drilling 6 wells, 2 of which should be rig released prior to year end.

Pipestone Energy successfully completed 3 wells (3 net) with an average lateral length of approximately 3,000 metres at its 9-14 pad-site. These wells were completed utilizing high intensity XLE plug and perf designs with proppant loading of 2.5 T/M and will be brought on-stream in early 2020. The completion costs excluding capital related to science oriented special analysis and extended flow test capital were \$4.0 million per well.

Completions operations on the 6-24 pad are expected to commence in early December. These wells will be completed utilizing a similar frac design to the 9-14 pad, and with an average of 7,500 tonnes per well. Operations are expected to be finished by mid-December with remaining work, including initial flowback operations, to resume in early January.

Risk Management:

During and subsequent to the third quarter, the Company took advantage of recent increases in future Canadian natural gas pricing ("AECO") to layer on a meaningful hedge position for Q4 2019 and 2020, weighted towards the typically volatile summer months. Pipestone Energy has 35,000 gigajoules ("GJ") per day hedged at a weighted average swap price of C\$1.60 per GJ for next summer, which compares favourably to April to September 2019, where AECO averaged ~C\$1.14 per GJ. These gas hedges, coupled with 3,300 barrels per day of oil hedged for 2020 at approximately CAD \$79 per barrel, are expected to reduce cash flow volatility and support the Company's development objectives for 2020.

OUTLOOK

Since closing the successful merger with Blackbird on January 4th, 2019, the Company has met all of the critical development and capital expenditure milestones required to achieve its 2019 exit production guidance of 14,000 to 16,000 boe per day for December 2019. The commissioning of the third-party processing facilities and the September start-up of the North of the Wapiti River production ahead of schedule reaffirms this guidance.

The Company's 2019 net capital investment program continues to be on-track, on-time, and has been achieved under budget. Based on this performance, Pipestone Energy is accelerating six completions at its 6-24 pad-site into December 2019 from Q1 2020. The planned capital expenditures to be incurred in 2019 towards these six completions is approximately \$20 million. The resulting net capital guidance for 2019 remains within the top-end of our previously announced 2019 guidance at approximately \$155 million. The 2019 capital program has been focused on drilling, completing, and tying-in condensate-rich Montney



wells, and on the build-out of the required infrastructure that will enable Pipestone Energy to grow efficiently in future years. Based on the infrastructure build-out completed in 2019, Pipestone Energy has the capacity to grow its production to approximately 33,000 boe/d without incurring additional significant infrastructure expenditures. Consequently 2020 capital guidance, which is expected to be released by the end of January 2020, will be primarily weighted towards drilling and completion activity.

Pipestone Energy is in the initial stage of executing a multi-year development strategy that is focused on generating top decile, full-cycle investment returns and exceed cashflow generation hurdles based on a flat future price deck of US\$55 per bbl WTI crude oil. Given its current outlook on commodity prices, and the actions taken to capture these prices through its hedging program, Pipestone Energy is confident it can meet its future development objectives.

**Conference Call November 14, 2019
9:00 a.m. MT (11:00 a.m. ET)**

Pipestone Energy will host a conference call on November 14, 2019, starting at 9:00 a.m. MT (11:00 a.m. ET). To participate please dial toll free in North America (866) 953-0776 or International (630) 652-5852 and enter 3363228 when prompted.

An archived recording of the conference call will be available shortly after the event and will be available until November 21, 2019. To access the replay please dial toll free in North America (855) 859-2056 or International (404) 537-3406 and enter 3363228 when prompted. The conference call will also be archived on the Pipestone Energy Corp website at www.pipestonecorp.com.

Advisory Regarding Non-GAAP Measures

This new release includes references to financial measures commonly used in the oil and natural gas industry. The terms “operating netback”, “funds flow netback” and “available funding” are not defined under IFRS, which have been incorporated into Canadian GAAP, as set out in Part 1 of the Chartered Professional Accountants Canada Handbook – Accounting, are not separately defined under GAAP, and may not be comparable with similar measures presented by other companies.

Management believes the presentation of the non-GAAP measures provide useful information to investors and shareholders as the measures provide increased transparency and the opportunity to better analyze and compare performance against prior periods.

Operating netback and funds flow netback

Operating netback is calculated on a per-unit-of-production basis and is determined by deducting royalties, operating and transportation expenses from liquids and natural gas sales, after adjusting for realized commodity financial derivative instrument gains or losses.

Funds flow netback reflects funds flow on a per-unit-of-production basis and is determined by dividing funds flow by total production on a per-boe basis. Funds flow netback can also be determined by deducting G&A, transaction costs and cash financing expenses and adding financing income on a per-unit-of-production basis from the operating netback.



Operating netback and funds flow netback are common metrics used in the oil and natural gas industry and are used by Company management to measure operating results on a per boe basis to better analyze and compare performance against prior periods, as well as formulate comparisons against peers.

Available funding

Available funding is comprised of adjusted working capital and undrawn portions of the Company's credit facility. Adjusted working capital is comprised of current assets less current liabilities on the Company's consolidated statement of financial position and excludes the current portion of financial derivative instruments and lease liabilities. The available funding measure allows management and others to evaluate the Company's short-term liquidity.

Advisory Regarding Forward-Looking Statements

In the interest of providing shareholders of Pipestone Energy and potential investors information regarding Pipestone Energy, this news release 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: reduction of D&C capex on a go-forward basis; expectations of timing for the generation of full-cycle returns on capital; receipt of funding from Tidewater and timing to commence construction of East Battery; timing to bring Pipestone Energy's 9-14 pad wells on-stream; drilling plans on Pipestone Energy's 6-24 pad and 6-30 pad; timing for production from 6-24 pad; production capacity from infrastructure build-out; timing to release 2020 guidance and expectations of weighting of allocation of capital in 2020; condensate-gas-ratios ("CGR") on a go-forward basis; Pipestone Energy's 2019 capital guidance range; and Pipestone Energy's 2019 exit production guidance.

With respect to the forward-looking statements contained in this news release, Pipestone Energy has assessed material factors and made assumptions regarding, among other things: future commodity prices and currency exchange rates, including consistency of future oil, natural gas liquids (NGLs) and natural gas prices with current commodity price forecasts; the ability to integrate Blackbird's and Pipestone Oil's historical businesses and operations and realize financial, operational and other synergies from the combination transaction completed on January 4, 2019; Pipestone Energy's continued ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the predictability of future results based on past and current experience; the predictability and consistency of the legislative and regulatory regime



governing royalties, taxes, environmental matters and oil and gas operations, both provincially and federally; Pipestone Energy's ability to successfully market its production of oil, NGLs and natural gas; the timing and success of drilling and completion activities (and the extent to which the results thereof meet expectations); Pipestone Energy's future production levels and amount of future capital investment, and their consistency with Pipestone Energy's current development plans and budget; future capital expenditure requirements and the sufficiency thereof to achieve Pipestone Energy's objectives; the successful application of drilling and completion technology and processes; the applicability of new technologies for recovery and production of Pipestone Energy's reserves and other resources, and their ability to improve capital and operational efficiencies in the future; the recoverability of Pipestone Energy's reserves and other resources; Pipestone Energy's ability to economically produce oil and gas from its properties and the timing and cost to do so; the performance of both new and existing wells; future cash flows from production; future sources of funding for Pipestone Energy's capital program, and its ability to obtain external financing when required and on acceptable terms; future debt levels; geological and engineering estimates in respect of Pipestone Energy's reserves and other resources; the accuracy of geological and geophysical data and the interpretation thereof; the geography of the areas in which Pipestone Energy conducts exploration and development activities; the timely receipt of required regulatory approvals; the access, economic, regulatory and physical limitations to which Pipestone Energy may be subject from time to time; and the impact of industry competition.

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 Blackbird's management information circular dated November 21, 2018, a copy of which is 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.

Initial Production Rates and Short-Term Test Rates

This document may disclose test rates of production for certain wells over short periods of time, which are preliminary and not determinative of the rates at which those or any other wells will commence production



and thereafter decline. Short-term test rates are not necessarily indicative of long-term well or reservoir performance or of ultimate recovery. Although such rates are useful in confirming the presence of hydrocarbons, they are preliminary in nature, are subject to a high degree of predictive uncertainty as a result of limited data availability and may not be representative of stabilized on-stream production rates.

Production over a longer period will also experience natural decline rates, which can be high in the Montney play and may not be consistent over the longer term with the decline experienced over an initial production period. Initial production or test rates may also include recovered “load” fluids used in well completion stimulation operations. Actual results will differ from those realized during an initial production period or short-term test period, and the difference may be material.

Basis of Barrel of Oil Equivalent

Petroleum and natural gas reserves and production volumes are stated as a “barrel of oil equivalent” (boe), derived by converting natural gas to oil equivalency in the ratio of 6,000 cubic feet of gas to one barrel of oil. Readers are cautioned that boe figures may be misleading, particularly if used in isolation. A boe conversion ratio of 6,000 cubic feet of gas to one barrel of oil is based on energy equivalency, which is primarily applicable at the burner tip, and does not represent a value equivalency at the wellhead.

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. 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.

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