



NEWS RELEASE

March 10, 2021

PIPESTONE ENERGY CORP. REPORTS FOURTH QUARTER AND FULL YEAR 2020 RESULTS, ACHIEVEMENT OF 2020 GUIDANCE AND PROVIDES AN UPDATE TO ITS 2021 GUIDANCE AND 3 YEAR BUSINESS PLAN

Calgary, Alberta, March 10, 2021 (PIPE – TSX) Pipestone Energy Corp. (“**Pipestone Energy**” or the “**Company**”) is pleased to report its Q4 and full year 2020 financial and operational results, as well as provide an update to its development program and corporate guidance for 2021 and its three-year outlook.

“I am very excited to provide our fourth quarter and full year 2020 results, as well as revised 2021 guidance and an updated three-year business plan”, said Paul Wanklyn, President and CEO. “Due to the improvement in forecast oil and condensate prices, we have shifted the fully-financed three-year capital spending profile forward, accelerating the timeframe to reaching our production target of ~40,000 boe/d and material free cashflow generation. At our base price forecast of US\$55 WTI, free cash flow of \$40 million is expected in 2022, increasing to \$125 million of free cash flow in 2023. At US\$65 WTI, in line with current oil prices, this would increase to approximately \$190 million of free cash flow in 2023. Pipestone expects to be well positioned to accelerate shareholder value through initiatives including, but not limited to, accelerated de-leveraging, share buybacks or paying a dividend.”

FOURTH QUARTER 2020 CORPORATE HIGHLIGHTS

- Pipestone Energy achieved record production results in Q4 2020 and on a full year basis in 2020. Production averaged 15,570 boe/d (comprised of 30% condensate and 43% total liquids) for the year ended December 31, 2020. In Q4 2020, production averaged 17,734 boe/d (comprised of 31% condensate and 44% total liquids). Production has continued to ramp-up into calendar 2021 with January and February averaging approximately 20,500 boe/d (comprised of 33% condensate and 46% total liquids);
- As a result of improved commodity pricing from the third quarter of 2020, the Company generated revenue and adjusted funds flow from operations of \$45.9 million and \$11.1 million, respectively, during the three months ended December 31, 2020;
- The Company executed the remainder of its 2020 capital program, including all planned projects except for the drilling of 1.0 well (gross & net) that was deferred into Q1 2021. Pipestone Energy continued to deliver improved capital efficiencies and enhance value through the drillbit as it deployed a total of \$43.7 million of capital in the fourth quarter of 2020;
- In 2020, as previously reported, Pipestone Energy delivered 71% growth in Proved Developed Producing reserves with a strong recycle ratio of 2.0 times. This was achieved during a very challenging year for industry cashflows and capital spending with WTI averaging approximately US\$39 per barrel and condensate differentials experiencing significant volatility. The Company also increased Proved plus Probable reserve volumes by 24% to 228 MMboe, while the associated Future Development Costs decreased 16% to \$936 million; and



- On December 16, 2020, Pipestone Energy completed its up listing and began trading on the TSX. The Company's graduation to the TSX marks an important milestone in the continued growth and evolution of the business.

Pipestone Energy Corp. – Financial and Operating Highlights

	Three months ended December 31,		Year ended December 31,	
(\$ thousands, except per unit and per share amounts)	2020	2019	2020	2019
Financial				
Sales of liquids and natural gas	\$ 45,853	\$ 48,796	\$ 135,950	\$ 62,521
Cash from operating activities	10,086	30,750	41,638	10,562
Adjusted funds flow from operations ⁽¹⁾	11,088	16,608	40,498	2,788
Per share, basic ⁽²⁾	0.06	0.09	0.21	0.01
Per share, diluted ⁽²⁾⁽⁶⁾	0.04	0.09	0.15	0.01
Loss	(1,846)	(13,143)	(17,277)	(13,985)
Per share, basic and diluted ⁽²⁾	(0.01)	(0.07)	(0.09)	(0.07)
Capital expenditures	43,740	36,457	104,593	162,194
Working capital deficit (end of period)			(48,603)	(12,015)
Bank debt (end of period)			133,466	163,048
Net debt (end of period) ⁽¹⁾			170,629	169,027
Shareholders' equity (end of period)			355,058	370,075
Available funding (end of period) ⁽¹⁾			\$ 53,785	\$ 41,891
Annualized cash return on invested capital (CROIC) ⁽¹⁾	8.1%	13.4%	7.5%	NMN ⁽⁵⁾
Annualized return on capital employed (ROCE) ⁽¹⁾	1.7%	5.0%	0.5%	NMN ⁽⁵⁾
Shares outstanding (end of period) ⁽²⁾			190,799	189,783
Weighted-average number of basic shares outstanding ⁽²⁾	190,698	189,743	190,288	188,401
Weighted-average number of diluted shares outstanding ⁽²⁾⁽⁶⁾	274,758	189,777	274,401	188,419
Operations				
Production				
Condensate (bbls/d)	5,493	5,284	4,626	1,744
Other Natural Gas Liquids (NGLs) (bbls/d)	2,235	1,110	2,002	341
Total NGLs (bbls/d)	7,728	6,394	6,628	2,085
Crude oil (bbls/d)	93	60	102	52
Natural gas (Mcf/d)	59,479	50,588	53,039	15,751
Total (boe/d) ⁽³⁾	17,734	14,885	15,570	4,762
Condensate and crude oil (% of total production)	31%	36%	30%	38%
Total liquids (% of total production)	44%	43%	43%	45%
Benchmark prices				
Crude oil – WTI (C\$/bbl)	\$ 55.41	\$ 75.16	\$ 52.39	\$ 75.66
Condensate – Edmonton Condensate (C\$/bbl)	55.86	74.95	49.82	71.40
Natural gas – AECO 5A (C\$/GJ)	2.52	2.35	2.12	1.70
Average realized prices ⁽⁴⁾				
Condensate (per bbl)	50.31	71.20	44.94	70.01
Other NGLs (per bbl)	18.03	13.38	15.55	14.42
Total NGLs (per bbl)	40.97	61.15	36.06	60.89



	Three months ended December 31,		Year ended December 31,	
(\$ thousands, except per unit and per share amounts)	2020	2019	2020	2019
Crude oil (per bbl)	43.54	62.17	37.46	66.91
Natural gas (per Mcf)	2.99	2.68	2.42	2.59
Netbacks				
Revenue (per boe)	28.10	35.63	23.86	35.97
Realized gain (loss) on commodity risk management contracts (per boe) ⁽⁷⁾	(1.34)	(0.51)	2.46	(0.47)
Royalties (per boe)	(1.25)	(1.60)	(0.73)	(1.68)
Operating expenses (per boe)	(12.22)	(13.51)	(11.18)	(13.89)
Transportation (per boe)	(3.17)	(3.26)	(3.46)	(4.12)
Operating netback (per boe) ⁽¹⁾	10.12	16.75	10.95	15.81
Adjusted funds flow netback (per boe) ⁽¹⁾	\$ 6.80	\$ 12.13	\$ 7.11	\$ 1.60

⁽¹⁾ See "Advisory Regarding Non-GAAP Measures" section of the MD&A dated March 10, 2021 and within this press release 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 that closed on January 4, 2019.

⁽³⁾ For a description of the boe conversion ratio, see "Basis of Barrel of Oil Equivalent". References to crude oil in production amounts are to the product type "tight oil" and references to natural gas in production amounts are to the product type "shale gas". References to total liquids include oil and natural gas liquids (including condensate, butane and propane).

⁽⁴⁾ Figures calculated before hedging.

⁽⁵⁾ NMN – not meaningful number at this time as Pipestone Energy had minimal production throughout the majority of 2019.

⁽⁶⁾ Weighted-average number of diluted shares outstanding for the purposes of calculating diluted adjusted funds flow from operations per share in the 2020 periods presented includes 83,917,840 common shares that are issuable at the discretion of preferred shareholders as of December 31, 2020 for no additional proceeds to the Company. The preferred shares have a total convertible value of \$71.3 million at December 31, 2020 and are convertible at \$0.85 per common share.

⁽⁷⁾ Realized gain (loss) on commodity risk management contracts reclassified to be included under operating netback for 2020, prior period figures have been adjusted to conform with current presentation.

2020 GUIDANCE ACHIEVED

Pipestone Energy achieved or exceeded all previously set guidance targets for 2020. A summary of the Company's guidance and actual results for the year ended December 31, 2020 is shown below:

	2020 Guidance	2020 Actual	Result
Full Year Production (boe/d)	15,000 – 16,000	15,570	Achieved ✓
Cash Flow (C\$ million) ⁽¹⁾	\$38.0	\$40.5	Achieved ✓
Capex (C\$ million) ⁽²⁾	\$108.0	\$102.0	Achieved ✓
YE Net Debt (C\$ million) ⁽¹⁾	\$175.0	\$170.6	Achieved ✓
LTM Debt / CF (x)	4.6x	4.2x	Achieved ✓

⁽¹⁾ See "Advisory Regarding Non-GAAP Measures".

⁽²⁾ Excludes capitalized G&A.

UPDATED THREE-YEAR DEVELOPMENT PLAN ⁽¹⁾

Pipestone Energy has modified its three-year development plan to reflect the improvements in WTI futures prices and a stronger medium-term fundamental outlook for crude oil. Capital spending in 2021 and 2022 has been increased moderately with a commensurate decrease in expected 2023 capital expenditures, resulting in virtually the same total spending over the 3-year period. This shift in capital allows Pipestone to reach its infrastructure and processing capacity by early 2023, improving free cash flow generation and providing the Company with flexibility to evaluate options to deliver shareholder value. At US\$55 WTI,



Pipestone forecasts free cash flow of \$40 million in 2022 and \$125 million in 2023 (5%/17% free cash flow yield⁽¹⁾), which would increase to \$75 million in 2022 and \$190 million in 2023 (10%/26% free cash flow yield⁽¹⁾) at US\$65 WTI.

1. Free cash flow yield is calculated as $EBITDA - Interest - Capital Expenditures = Free Cash Flow / Current Enterprise Value$ (~\$725 million at a share price of \$1.99 per share).

	Base Price: 2021 Guidance	Base Price: 2022 Forecast	Base Price: 2023 Forecast	Upside Oil Price: 2023 Forecast
Price Forecast	US\$55 WTI \$2.50 AECO \$0.785 CAD	US\$55 WTI \$2.50 AECO \$0.785 CAD	US\$55 WTI \$2.50 AECO \$0.785 CAD	US\$65 WTI \$2.50 AECO \$0.785 CAD
Full Year Production (boe/d)	24,000 – 26,000 ⁽¹⁾	33,000 – 36,000	37,000 – 40,000	37,000 – 40,000
Cash Flow (C\$ million) ⁽²⁾⁽³⁾	\$140 - \$150	\$235	\$255	\$320
Capex (C\$ million) ⁽⁴⁾	\$155 - \$165	\$195	\$130	\$130
Free Cash Flow (C\$ million) ⁽³⁾	(\$15)	\$40	\$125	\$190
Reinvestment Rate ⁽⁵⁾	103%	83%	51%	41%
YE Net Debt (C\$ million) ⁽³⁾	\$185	\$145	\$20	\$0
LTM Debt / Cash Flow (x)	1.2x	0.6x	0.1x	0.0x

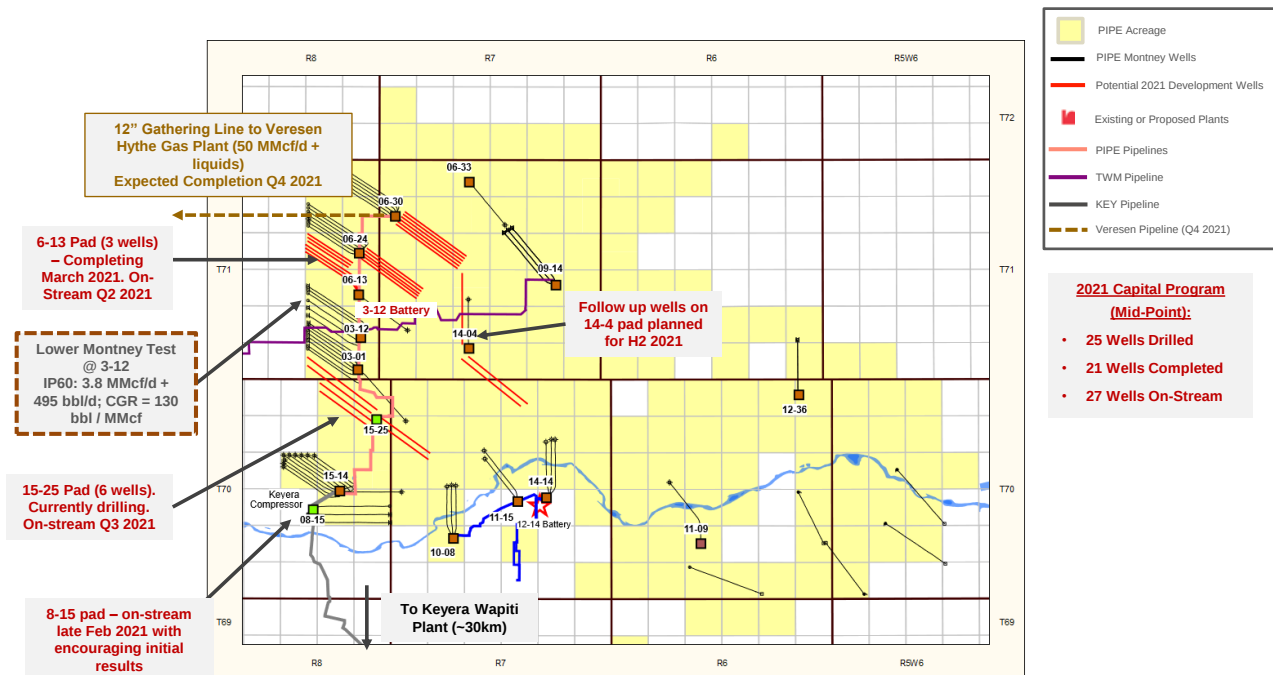
- 1) 3-year plan as at March 2021, derived by utilizing, among other assumptions, historical Pipestone Energy production performance and current capital and operating cost assumptions held flat for illustration only. Budgets and forecasts beyond 2021 have not been finalized and are subject to a variety of factors and as a result forecast results for 2022 and 2023 may change materially. Where a range is not provided, guidance and forecast values represent the mid-point estimate. 2021 production guidance incorporates currently known planned midstream outages.
- 2) Price assumptions: 2021+ = US\$55 WTI; \$2.50 AECO; \$0.785 CAD, unless noted otherwise.
- 3) See "Advisory Regarding Non-GAAP Measures". Net debt excludes convertible preferred shares as there is no cash settled liability and includes adjusted working capital deficit.
- 4) Capex includes all anticipated DCE&T, infrastructure and other capital expenditures, but excludes capitalized G&A.
- 5) Reinvestment Rate is calculated as Capex divided by Cash Flow for each given year. For 2021, the mid-point estimates were used.

Modified 2021 Capital Program and Guidance

In 2021, Pipestone Energy plans to execute a continuous drilling program focused on development along the North-South gathering system. The Company expects to drill 25 and complete 21 new wells this year, with total capital spending of \$155 - \$165 million (increased from \$145 - \$155 million guidance previously), approximately 90% of which will be on drilling, completion, and equip & tie-in costs ("DCE&T"). The increased capital reflects additional wells drilled in the second half of 2021, increased average lateral length and additional 3.5 T/M high intensity completion tests based on the performance of previous high intensity well results observed thus far. An estimated 27 new wells will be brought on production in 2021. Pipestone Energy's production guidance range for 2021 remains unchanged at 24,000 – 26,000 boe/d.

OPERATIONS UPDATE

Updated Pipestone Energy Capital Program Map:



Production & Facilities:

During Q4 2020, production averaged 17,734 boe/d (31% condensate, 44% total liquids), a quarterly record for Pipestone Energy. During January and February 2021, production continued to ramp up and averaged approximately 20,500 boe/d (comprised of 33% condensate and 46% total liquids) for the two months, based on field estimates, as the six-well 3-12 pad was gradually brought on production in January 2021 followed by the three well 8-15 pad brought on in late February 2021. Early performance results on both new pads are at or above type curve expectations. March 2021 month to date production is estimated at >23,000 boe/d.

Pipestone has commenced procurement and construction of the gathering pipeline and associated facilities that will connect the 6-30 pad to the Veresen Midstream battery and compressor station. Currently, operations are on track to meet the expected start-up timing of Q4 2021.

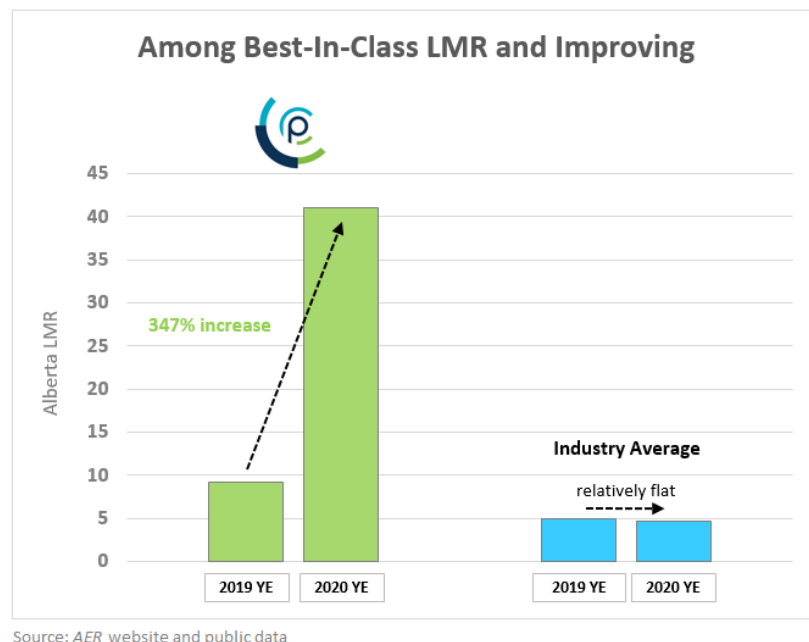
Drilling & Completions:

In mid-January 2021, the Company commenced its 2021 drilling campaign by drilling 3 wells on the 6-13 pad-site, which finished in February 2021. The three wells on the 6-13 pad were drilled for an average cost of \$2.0 million per well with an average lateral length of 2,633 metres. Completion operations for the 6-13 pad are scheduled for March 2021 with on-stream timing during Q2 2021.

Subsequently, Pipestone has begun drilling 6 wells on the 15-25 pad with scheduled on-stream timing forecast for Q3 2021.

ESG UPDATE

Pipestone Energy believes that the responsible development of its Montney asset and the surrounding environment will be critical to its long-term success and the ability to generate sustainable returns for shareholders. The Liability Management Rating (“LMR”) is a measure designed by the Alberta Energy Regulator to help assess a company’s ability to address their abandonment and reclamation obligations. The LMR ratio is calculated by dividing a company’s deemed assets (i.e. production) by its deemed liabilities (i.e. abandonment and reclamation costs). Pipestone Energy has differentiated itself as an industry leader with an exceptionally strong LMR of 41.1 at December 31, 2020 as illustrated below:



Pipestone Energy continues to advance its ESG initiatives on all fronts, including the reduction of greenhouse gas emissions, and plans on releasing its inaugural ESG report in the second quarter of 2021.

Conference Call - Q4 2020 and Full Year 2020 Financial Results

A conference call has been scheduled for March 10th, 2021 at 9:00 a.m. Mountain Daylight Time (11:00 a.m. Eastern Daylight Time) for interested investors, analysts, brokers, and media representatives.

Conference Call Details:

Toll-Free: (866) 953-0776
 International: (630) 652-5852
 Conference ID: 7587763



An archived recording of the conference call will be available shortly after the event and will be available until March 19, 2021. To access the replay please dial toll free in North America (855) 859-2056 or International (630) 652-5852 and enter 7587763 when prompted.

Pipestone Energy Corp.

Pipestone Energy is an oil and gas exploration and production company focused on developing its large contiguous and condensate-rich Montney asset base in the Pipestone area near Grande Prairie. Pipestone Energy is fully funded to grow its production from 15.6 Mboe/d in 2020 to 35 Mboe/d (midpoint) in 2022, while maintaining a conservative leverage profile. Beginning in 2022, the Company expects to generate annual free cash flow above growth and maintenance expenditures. Pipestone Energy is committed to building long term value for our shareholders while maintaining the highest possible environmental and operating standards, as well as being an active and contributing member to the communities in which it operates. Pipestone Energy shares trade under the symbol PIPE on the TSX. For more information, visit www.pipestonecorp.com.

Pipestone Energy Contacts:

Paul Wanklyn
President and Chief Executive Officer
(587) 392-8407
paul.wanklyn@pipestonecorp.com

Craig Nieboer
Chief Financial Officer
(587) 392-8408
craig.nieboer@pipestonecorp.com

Dan van Kessel
VP Corporate Development
(587) 392-8414
dan.vankessel@pipestonecorp.com

Advisory Regarding Non-GAAP Measures

Non-GAAP measures

This press release includes references to financial measures commonly used in the oil and natural gas industry. The terms “adjusted funds flow from operations”, “cash flow”, “free cash flow”, “reinvestment rate”, “operating netback”, “adjusted funds flow netback”, “net debt”, “available funding”, “CROIC”, and “ROCE” 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.

Adjusted funds flow from operations

Pipestone Energy uses “adjusted funds flow from operations” (cash from operating activities before changes in non-cash working capital and decommissioning provision costs incurred), a measure that is not



defined under IFRS. Adjusted funds flow from operations should not be considered an alternative to, or more meaningful than, cash from operating activities, income (loss) or other measures determined in accordance with IFRS as an indicator of the Company's performance. Management uses adjusted funds flow from operations to analyze operating performance and leverage and believes it is a useful supplemental measure as it provides an indication of the funds generated by Pipestone Energy's principal business activities prior to consideration of changes in working capital.

Cash flow

"Cash flow" is a non-GAAP measure that is calculated as cash from operating activities plus changes in non-cash working capital and decommissioning provision costs incurred, and is not defined under IFRS. Cash flow should not be considered an alternative to, or more meaningful than, cash from operating activities, income (loss) or other measures determined in accordance with IFRS as an indicator of the Company's performance. Management uses cash flow to analyze operating performance and leverage and believes it is a useful supplemental measure as it provides an indication of the funds generated by Pipestone Energy's principal business activities prior to consideration of changes in working capital.

Free cash flow

"Free cash flow" is a non-GAAP measure that is calculated as cash from operating activities plus changes in non-cash working capital and decommissioning provision costs incurred, less capital expenditures incurred, and is not defined under IFRS. Free cash flow should not be considered an alternative to, or more meaningful than, cash from operating activities, income (loss) or other measures determined in accordance with IFRS as an indicator of the Company's performance. Management uses free cash flow to analyze operating performance and leverage and believes it is a useful supplemental measure as it provides an indication of the funds generated by Pipestone Energy's principal business activities, inclusive of ongoing capital expenditures, prior to consideration of changes in working capital.

Reinvestment rate

"Reinvestment rate" is a non-GAAP measure that is calculated as Capex divided by Cash Flow in a period. Pipestone Energy uses this measure to determine how much of its Cash Flow is reinvested as capital under different business planning scenarios.

Operating netback and Adjusted funds flow netback

Operating netback is calculated on either a total dollar or per-unit-of-production basis and is determined by deducting royalties, operating and transportation expenses from liquids and natural gas sales adjusted for realized gains/losses on commodity risk management contracts.

Adjusted funds flow netback reflects adjusted funds flow from operations on a per-unit-of-production basis and is determined by dividing adjusted funds flow by total production on a per-boe basis. Adjusted funds flow netback can also be determined by deducting G&A, transaction costs, cash financing expenses, adding financing income and adjusting for realized gains/losses on interest rate risk management contracts on a per-unit-of-production basis from the operating netback. Refer to "Financial and Operating Results" section above for further details.

Operating netback and adjusted 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.



Net debt

Net debt is a non-GAAP measure that equals bank debt outstanding plus adjusted working capital. The Company does not consider its convertible preferred share obligation to be part of net debt as this represents a non-cash obligation that will ultimately be settled by conversion into Pipestone Energy common shares and reclassified from a liability to share capital on the Company's statement of financial position. Net debt is considered to be a useful measure in assisting management and investors to evaluate Pipestone Energy's financial strength.

Available funding and Adjusted working capital

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 risk management contracts and lease liabilities. The available funding measure allows management and others to evaluate the Company's short-term liquidity.

CROIC and ROCE

Adjusted EBITDA is calculated as profit or loss before interest, income taxes, depletion and depreciation, adjusted for certain non-cash and extraordinary items primarily relating to unrealized gains and losses on risk management contracts. Adjusted EBITDA is used to calculate CROIC. Adjusted EBIT is calculated as adjusted EBITDA less depletion and depreciation. Adjusted EBIT is used to calculate ROCE.

CROIC is determined by dividing adjusted EBITDA by the gross carrying value of the Company's oil and gas assets at a point in time. For the purposes of the CROIC calculation, the net carrying value of the Company's exploration and evaluation assets, property and equipment and ROU assets, is taken from the Company's consolidated statement of financial position, and excludes accumulated depletion and depreciation as disclosed in the financial statement notes to determine the gross carrying value.

ROCE is determined by dividing adjusted EBIT by the carrying value of the Company's net assets. For the purposes for the ROCE calculation, net assets are defined as total assets on the Company's consolidated statement of financial position less current liabilities at a point in time.

CROIC and ROCE allow management and others to evaluate the Company's capital spending efficiency and ability to generate profitable returns by measuring profit or loss relative to the capital employed in the business.

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: strategic plans and growth strategies, including a three-year development plan; estimated production and increased free cash flow generation; increases in capital spending and expected decreases in capital expenditures; timing for reaching infrastructure and processing capacity; commencement of a development program to be optimized by continuous drilling and development along the North-South gathering system; expected timing for the drilling, completion of and production from wells in 2021; connection date of Pipestone Energy’s 6-30 pad to the Veresen Midstream battery and compressor station; onstream timing for pad 6-13 and 15-25; and timing for the release of the Corporation’s ESG report. 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 economic impacts of the COVID-19 pandemic; 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 the MD&A dated March 10, 2021 and in Pipestone Energy's annual information form dated March 10, 2021, copies of which are available electronically on Pipestone Energy's SEDAR at www.sedar.com.

Certain information in this news release is "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure of the company's reasonable expectations of our anticipate results. The financial outlook is provided as of the date of this news release. Readers are cautioned that this financial outlook may not be appropriate for other purposes.

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.

Oil and Gas Measures

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.

Reserves included herein were prepared by an independent qualifies reserves evaluator, have an effective date of December 31, 2020 unless otherwise stated and are stated on a company gross basis (working interest before deduction of royalties without the inclusion of any royalty interest) unless otherwise noted. In addition to the information disclosed in this MD&A, more detailed information will be included in Pipestone Energy's annual information form for the year ended December 31, 2020, which is available on the Company's website at www.pipestonecorp.com and on SEDAR at www.sedar.com

DCE&T

This document contains certain other oil and gas metrics, including DCE&T (drilling, completion, equip and tie-in costs), which do not have standardized meanings or standard methods of calculation and therefore



such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon. DCE&T includes all capital spent to drill, complete, equip and tie-in a well.

Recycle Ratio

Recycle ratio means operating netback divided by finding and development costs for the particular reserves category. The calculation of finding and development costs includes all exploration and development capital for the year plus the change in future development capital for the year, unless specifically noted otherwise. This total capital including the change in the future development capital is divided by the change in reserves for the year.

CGR

Any references herein to "CGR" mean condensate/gas ratio and is expressed as a volume of condensate (expressed in barrels) per million cubic feet (mmcf) of natural gas.

Production

References to natural gas and condensate production in this press release refer to the shale gas and natural gas liquids (which includes condensate), respectively, product types as defined in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities. References to liquids include tight oil and natural gas liquids (including condensate, butane and propane).

Disclosure of production on a per boe basis in this press release consists of the constituent product types and their respective quantities as disclosed in the following table:

Production

References to natural gas and condensate production in this press release refer to the shale gas and natural gas liquids (which includes condensate), respectively, product types as defined in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities. References to liquids include tight oil and natural gas liquids (including condensate, butane and propane).

Disclosure of production on a per boe basis in this press release consists of the constituent product types and their respective quantities as disclosed in the following table:

	Condensate (bbls/d)	Other NGLs (bbls/d)	Total NGLs (bbls/d)	Crude Oil ⁽¹⁾ (bbls/d)	Natural Gas ⁽²⁾ (Mcf/d)	Total (boe/d)
January & February 2021 Average (Field Estimate)	6,765	2,665	9,430	NMN ⁽³⁾	66,420	20,500

⁽¹⁾ References to crude oil in production amounts are to the product type "tight oil".

⁽²⁾ References to natural gas in production amounts are to the product type "shale gas".

⁽³⁾ NMN – not meaningful number.