**NEWS RELEASE**

December 8, 2020

**PIPESTONE ENERGY CORP. ANNOUNCES NEW 50 MMCF/D GAS PROCESSING AND ASSOCIATED CONDENSATE HANDLING ARRANGEMENT WITH VERESEN MIDSTREAM**

**Calgary, Alberta, December 8, 2020 (PIPE – TSX-V)** Pipestone Energy Corp. ("**Pipestone**" or the "**Company**") is pleased to announce it has entered into an agreement with Veresen Midstream LP ("**Veresen Midstream**") for an additional 50 MMcf/d of gas processing capacity at the Veresen Midstream Hythe Gas Plant ("**Hythe**"), as well as ancillary transportation and fractionation services with Pembina Pipeline and certain of its affiliates ("**Pembina**").

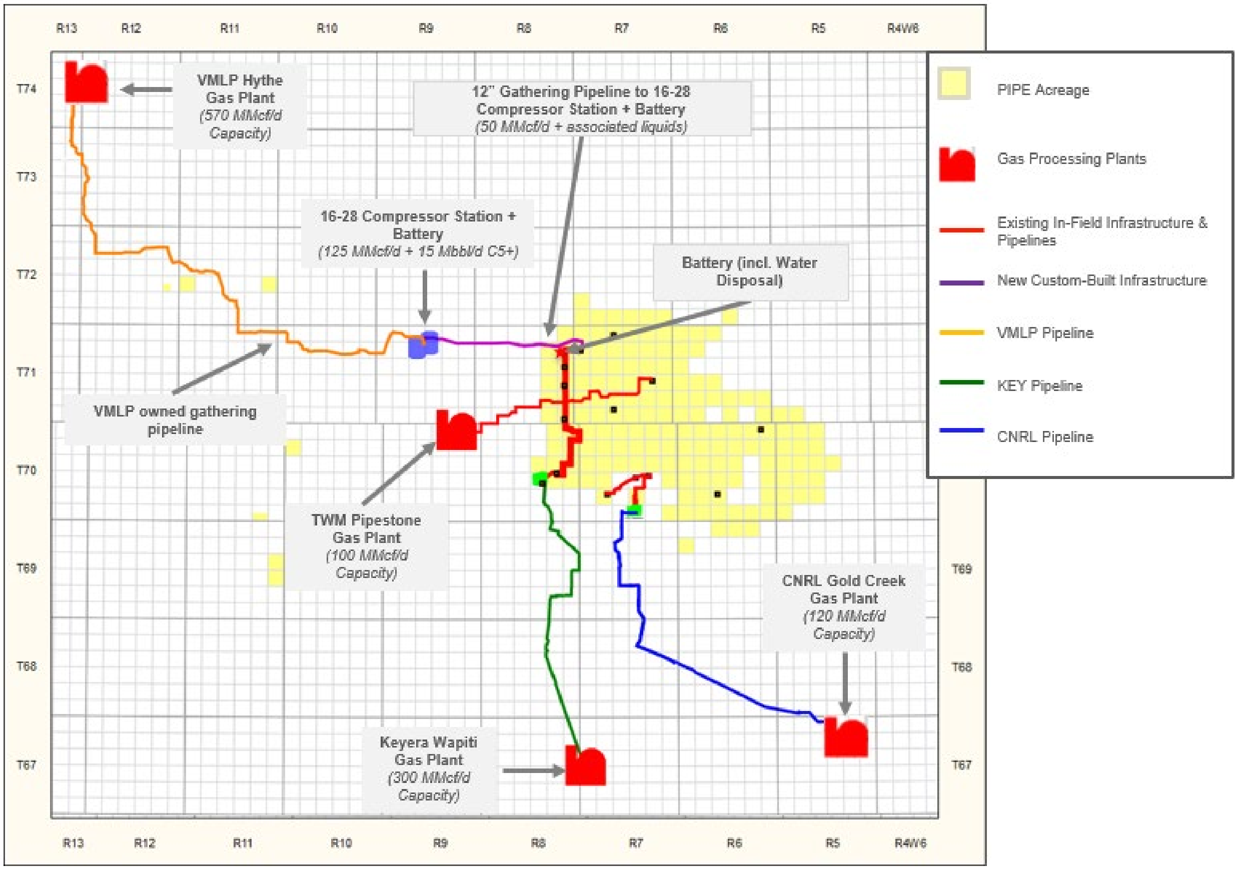
This arrangement with Veresen Midstream aligns with the Company's corporate growth profile over the next three years as previously announced and outlined below. Pipestone requires additional gas processing capacity by early 2022 (forecast annual production estimated to be 50 – 55% natural gas). In addition, this new midstream relationship enables Pipestone to diversify its gas processing alternatives by Q4 2021 and is expected to result in lower average per boe gathering and processing costs beginning in 2022.

Three-Year Corporate Plan[1]:

| | 2021 Guidance | 2022 Forecast | 2023 Forecast |
|---|---|---|---|
| Full Year Production (boe/d) | 24,000 – 26,000 | 33,000 – 35,000 | 37,000 – 40,000 |
| Cash Flow (C$ million) (2)(3) | \$120 - \$130 | \$195 | \$220 |
| Capex (C$ million) (4) | \$145 - \$155 | \$160 | \$165 |
| Free Cash Flow (3) | (\$25) | \$35 | \$55 |
| Reinvestment Rate (5) | 120% | 82% | 75% |
| YE Net Debt (C$ million) (3) | \$200 | \$165 | \$110 |
| YE RBL Draw (C$ million) | \$175 | \$145 | \$90 |
| LTM Debt / CF (x) | 1.6x | 0.8x | 0.5x |

1. *3-year plan as at November 2020, derived by utilizing, among other assumptions, historical Pipestone 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.*
2. *Price assumptions: 2021 = US\$42 WTI; \$2.50 AECO; \$0.75 CAD | 2022+ = US\$44 WTI; \$2.50 AECO; \$0.75 CAD.*
3. *See "Advisories 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.*

Veresen Midstream Arrangement Overview:

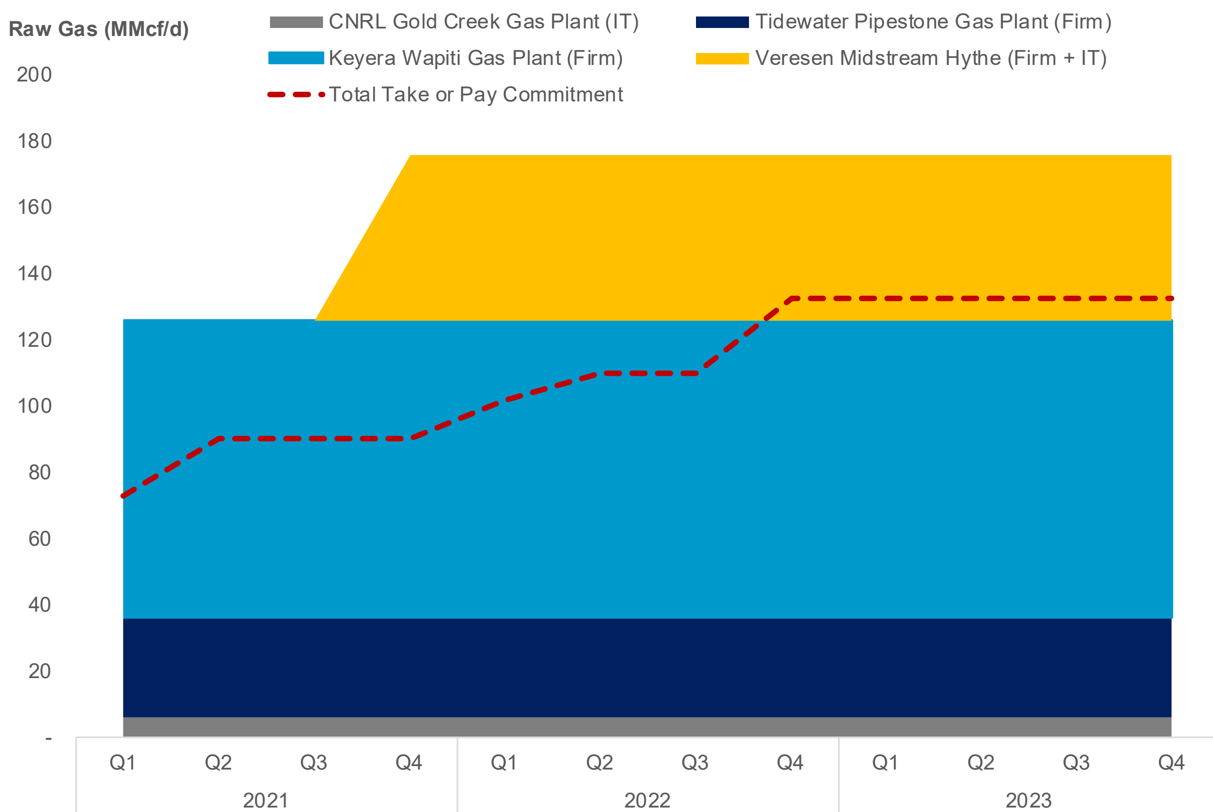



The gas processing arrangement with Veresen Midstream (the "**Arrangement**") secures 25 MMcf/d of firm priority 1 service at Hythe, with an additional 25 MMcf/d of interruptible service for a term of approximately 10 years. In addition, Veresen Midstream is funding the construction of a new gathering pipeline from Pipestone's 6-30 pad to its 16-28 compressor station and battery (the "**Battery**"), as well as additional facilities on the 6-30 pad required to accommodate up to 50 MMcf/d of raw gas and associated liquids. The firm service commences on October 1, 2021, which coincides with the expected completion of the new gathering pipeline. Pipestone will design, construct, and operate these facilities upon commissioning.

The Arrangement includes a 12-month ramp up period with no associated take-or-pay ("**TOP**") commitment, ending on September 30, 2022, at which point the Company will have TOP volumes of 22.5 MMcf/d beginning on October 1, 2022 and ending on February 28, 2033. Pipestone expects to be able to access its interruptible capacity as required through the contract term.

The Company has also secured liquids transportation and fractionation capacity with Pembina with its volume commitments proportionate to its firm gas commitment at Hythe. Firm service commences in October 2021 and TOP obligations begin in October 2022. Pipestone has also committed to bid for 10 MMcf/d of natural gas transportation from the Hythe outlet to Chicago on the Alliance Pipeline, and if available, acquire such capacity with a firm contract start date in October 2022.

Go-Forward Processing Capacity and Take-or-Pay Commitments:




**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 is committed to building long term value for our shareholders and values the partnerships that it is developing within its operating community. Pipestone shares trade under the symbol PIPE on the TSX Venture Exchange. For more information, visit www.pipestonecorp.com.

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**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 "cash flow", "free cash flow", and "net debt" 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.

*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'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's principal business activities, inclusive of ongoing capital expenditures, prior to consideration of changes in working capital.

*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 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's financial strength.

**Advisory Regarding Forward-Looking Statements**

In the interest of providing shareholders of Pipestone and potential investors information regarding Pipestone, 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 may derive therefrom).

In particular, but without limiting the foregoing, this news release contains forward-looking statements pertaining to: growth of production volumes and cashflow; strategic plans and growth strategies; our expected development activity summary and three-year corporate growth trajectory; cash flow, capex, net debt, YE RBL draw, and LTM debt / cash flow; expectations to generate free cash flow; anticipated timing of requiring additional gas processing capacity; ability to diversify gas processing alternatives; expectations of reduced gas gathering and processing costs beginning in 2022; ability to access interruptible service at the Veresen Midstream Hythe Gas Plant; and ability to access future firm transportation volumes to Chicago on the Alliance Pipeline.

With respect to the forward-looking statements contained in this news release, Pipestone 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 and current oversupply of oil caused by OPEC; 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’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’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’s future production levels and amount of future capital investment, and their consistency with Pipestone’s current development plans and budget; future capital expenditure requirements and the sufficiency thereof to achieve Pipestone’s objectives; the successful application of drilling and completion technology and processes; the applicability of new technologies for recovery and production of Pipestone’s reserves and other resources, and their ability to improve capital and operational efficiencies in the future; the recoverability of Pipestone's reserves and other resources; Pipestone’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’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’s reserves and other resources; the accuracy of geological and geophysical data and the interpretation thereof; the geography of the areas in which Pipestone conducts exploration and development activities; the timely receipt of required regulatory approvals; the access, economic, regulatory and physical limitations to which Pipestone 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 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'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'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 November 11, 2020 and in Pipestone's annual information form dated March 17, 2020, copies of which are available electronically on Pipestone'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 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.

**TSX Venture Exchange Disclaimer**

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.