



NEWS RELEASE

July 23, 2019

PIPESTONE ENERGY CORP. ANNOUNCES A MIDSTREAM TRANSACTION TO FUND THE ACCELERATION OF A THREE WELL COMPLETION PROGRAM TO DELINEATE ITS EASTERN MONTNEY ACREAGE.

Calgary, Alberta, July 23, 2019 (PIPE – TSX-V) Pipestone Energy Corp. (“Pipestone Energy” or the “Company”) is pleased to announce it has entered into a strategic midstream transaction (the “Midstream Transaction”) with Tidewater Midstream and Infrastructure Ltd. (“Tidewater”). The initial capital to be received by Pipestone Energy from Tidewater pursuant to the Midstream Transaction will be deployed to accelerate a three-well completion program at its 9-14-71-07W6 (“9-14”) well pad. The Midstream Transaction includes the physical extension of a pre-existing infrastructure arrangement with Tidewater.

MIDSTREAM TRANSACTION

Pipestone Energy has entered into an agreement with Tidewater to finance the construction of its East Battery (5-14-71-07W6), which will service the 9-14 well pad. The East Battery is designed to handle 30 MMcf/d of raw gas compression, 5,400 bbl/d of condensate production and associated water disposal. The raw gas and condensate will be transported through the existing Tidewater-owned gathering system and into the Tidewater Pipestone Sour Gas Plant which is scheduled to be completed in September 2019.

Paul Wanklyn, CEO of Pipestone said, *“We are very pleased with this transaction from a strategic and financial standpoint as it allows us to advance our completion activities and facility construction in a highly prospective area significantly eastward from our current development activity. This transaction expands the current agreement with Tidewater to include all the significant functional units supporting Pipestone’s continued development in Tidewater-directed gas and condensate production. We are highly confident in Tidewater’s ability to advance their Pipestone plant infrastructure and the expanded relationship will benefit both companies in the future.”*

Key Terms of the Midstream Transaction:

- Pipestone Energy has entered into a 10-year integrated compression, gathering and processing agreement;
- Tidewater to purchase existing East Battery tangible equipment from Pipestone Energy for approximately \$14 million (“Tranche A”), which is being funded on-closing scheduled for August 15th, 2019.;
- Tidewater to provide up to an additional approximately \$16 million to fund the remaining capital required to complete the East Battery over the next 12 months (“Tranche B”);
- Pipestone Energy to construct the facility, and will contract operate the East Battery once commissioned;
- In conjunction with this transaction, Pipestone Energy has relinquished its purchase options for the Tidewater Sour Gas Plant and associated gas gathering system; and
- Pipestone Energy has also made a commitment to the second phase of Tidewater’s Pipestone Sour Gas Plant for 20 MMcf/d of processing, contingent on: a) Tidewater reaching a final investment decision by December 31, 2019, and b) Tidewater commissioning this second phase by Q2 2022.



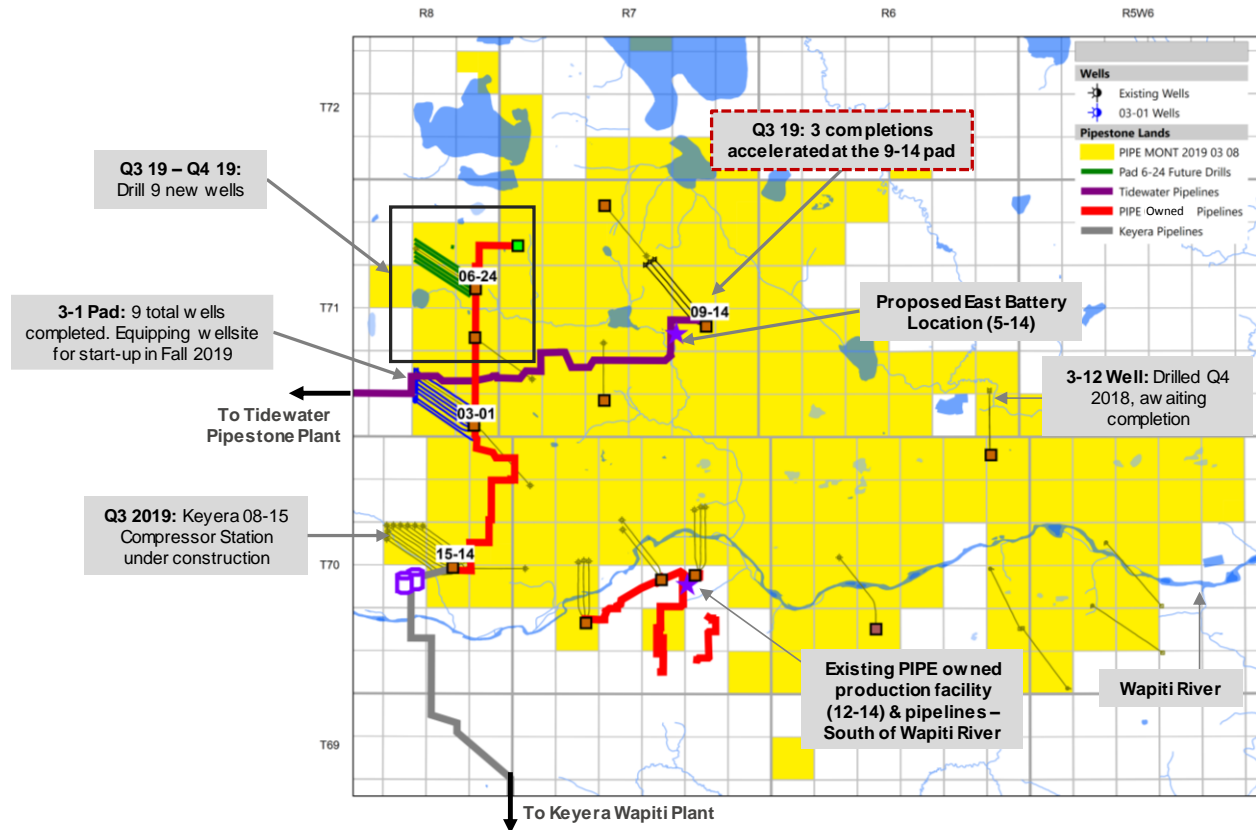
Transaction Rationale:

- Proceeds from Tranche A will allow Pipestone Energy to accelerate the completion of three drilled uncompleted wells on its 9-14 pad in Q3 2019, which otherwise were not expected to be completed until mid-2020;
- Provides non-dilutive capital to construct the East Battery on an accelerated timeline;
- Tidewater is a strategic partner and is expected to be a long-term owner of the assets given the integration with their existing gathering and processing facilities.

2019 CAPITAL PROGRAM REVISION

In conjunction with the Midstream Arrangement, the Company has elected to accelerate the completion of three wells, which have been landed in two of the four prospective Montney zones, located on the 9-14 pad, which is approximately six miles east of the current development corridor. Pipestone Energy will utilize a high intensity plug and perf fracture program on these delineation wells. The proceeds from Tranche A are expected to fully fund the completion expenditures and as such on a net basis will not change the Company's 2019 capital expenditure guidance range of \$145 - \$165 million. The information garnered from completing and testing the 9-14 pad will enhance the Company's understanding of its extensive acreage base and improve its ability to optimize the East Battery facility design and location. The 9-14 pad is not expected to contribute meaningfully to the Company's production until mid-2020.

Revised Pipestone Energy 5 Quarter Capital Program Overview (Q4 2018 – Q4 2019)



Pipestone Energy Montney Operated Horizontal Well Status Summary

	Current (July 2019)	Sept 30, 2019 (Estimate)	Dec 31, 2019 (Estimate)
North of Wapiti River ⁽¹⁾ (Keyera Wapiti & Tidewater Pipestone Processing Facilities)			
Drilled	27	29	36
Drilled + Completed	23	26	26
Tied-In / Available for Production		20	20
South of Wapiti River ⁽¹⁾ (CNRL Gold Creek Processing Facility)			
Drilled + Completed	9	9	9
Tied-In / On-Production	8	8	8

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



PIPESTONE ISSUES LONG TERM INCENTIVE AWARDS

Pipestone is pleased to report that the board of directors of Pipestone Energy have approved the issuance of 192,647 restricted share units (“**RSUs**”) and 288,970 performance share units (“**PSUs**”) to certain officers of the Company under the long term incentive plan for the Company (the “**LTIP**”). The RSUs are subject to vesting as to one-third on each anniversary of the award date and the PSUs are subject to vesting in July 2022. All of the RSUs and PSUs were issued at the current trading price of PIPE’s shares on the TSX Venture Exchange (“**TSXV**”) and are subject to forfeiture in certain circumstances.

The Company has made an application to the TSXV pursuant to TSXV Policy 4.4 – Incentive Stock Options for approval of the LTIP. The LTIP and the grants approved to date are subject to TSXV and shareholder approval. Following the completion of these grants to certain officers, Pipestone Energy has the following long-term incentive awards outstanding, all of which are governed by the LTIP: (a) 12,696,438 legacy pre-amalgamation Blackbird Energy Inc. stock options entitling the holders thereof to acquire 1,269,643 Common Shares (as a result of the 10:1 share consolidation pursuant to the amalgamation of Blackbird Energy Inc. with Pipestone Oil Corp. to form Pipestone Energy on January 4, 2019); (b) 96,000 new Options entitling the holder thereof to acquire 96,000 Common Shares; (c) 468,970 PSUs entitling the holders thereof to acquire up to 937,940 Common Shares; and (d) 518,981 RSUs entitling the holders thereof to acquire 518,981 Common Shares, all subject to the terms thereof and the LTIP, are outstanding.

SECOND QUARTER 2019 RESULTS CONFERENCE CALL

Pipestone expects to release its second quarter 2019 results and updated operational report before market open on Thursday, August 8th, 2019 with a conference call scheduled for 9:00 AM Mountain Time (11:00 AM Eastern Time) for interested investors, analysts, brokers and media representatives.

**Conference Call August 8, 2019
9:00 a.m. MT (11:00 a.m. ET)**

Pipestone Energy will host a conference call on August 8, 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 2595762 when prompted.

An archived recording of the conference call will be available shortly after the event and will be available until August 15, 2019. To access the replay please dial toll free in North America (855) 859-2056 or International (404) 537-3406 and enter 2595762 when prompted. The conference call will also be archived on Pipestone Energy’s website at www.pipestonecorp.com.

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: Pipestone Energy’s raw gas and condensate being transported through the existing Tidewater-owned gathering system and into the Tidewater Pipestone Sour Gas Plant; timing of completion of the Tidewater Pipestone Sour Gas Plant; closing of the funding of Tranche A from Tidewater; timing for Tidewater to provide additional funding required to complete the East Battery; accelerated timing for the completion of three drilled uncompleted wells on Pipestone’s 9-14 pad; timing for production from the 9-14 pad; Tidewater’s future ownership of the East Battery facilities; Pipestone Energy’s 2019 capital guidance range; and Pipestone Energy’s proposed drilling locations and entry points per well.

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.



Information and statements regarding Pipestone Energy's reserves and resources also are forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources exist in the quantities predicted or estimated and can be profitably produced in the future. In addition, with respect to the type curves and test rates, there is no certainty that future wells will generate results to match type curves or test rates presented herein.

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.

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.

Pipestone Energy Contacts:

Paul Wanklyn
President and Chief Executive Officer
(403) 228-8684
paul.wanklyn@pipestonecorp.com

Craig Nieboer
Chief Financial Officer
(403) 206-0966
craig.nieboer@pipestonecorp.com



Dan van Kessel
VP Corporate Development
(403) 228-8688
dan.vankessel@pipestonecorp.com