NEWS RELEASE
December 12, 2019

PIPESTONE ENERGY CORP. ANNOUNCES A $225 MILLION SYNDICATED RESERVE BASED LOAN AND ACHIEVEMENT OF 2019 EXIT PRODUCTION GUIDANCE

Calgary, Alberta, December 12, 2019 (PIPE – TSX-V) Pipestone Energy Corp. (**"Pipestone Energy"** or the **"Company"**) is pleased to announce that it has successfully re-financed its existing credit facilities with a $225 million Reserve Based Loan ("**RBL**"), which provides meaningful financial flexibility going forward. Additionally, the Company achieved its previously announced 2019 exit production guidance in November 2019, with average estimated sales production of ~15,700 boe/d (~44% liquids).

Credit Facility Refinancing

The RBL consists of a $195 million syndicated revolving facility ("**Syndicated Facility**") and a $30 million bi-lateral operating facility ("**Operating Line**"). The Syndicated Facility includes an accordion feature, which provides for a $25 million increase to the borrowing capacity, subject to the mutual consent of its lenders. The revolving period of the RBL currently ends on November 30, 2020 with an additional one-year term out period thereafter if the revolving period is not extended. The borrowing base on the facility will be redetermined bi-annually in the spring and fall each year. The syndicate consists of four banks, including National Bank Financial Inc. and Bank of Montreal as Co-Lead Arrangers and National Bank Financial Inc. as the Sole Bookrunner with Alberta Treasury Branch, and Canadian Western Bank rounding out the syndicate.

The RBL fully replaces the $198.5 million two-year first lien credit facility (the "**Credit Facility**"), which consisted of a $168.5 million term loan, a $10 million revolving credit facility, and a $20 million letter of credit facility. At closing, the Company has a total draw of approximately $164 million on its Syndicated Facility, cash and cash equivalents of approximately $28 million and an estimated working capital deficit (excluding cash) of $26 million. As a result, at closing Pipestone's net debt position is approximately $162 million. In addition, the Company has outstanding letters of credit totaling $14 million allocated towards its Operating Line availability.

Production Results:

Despite continuing third-party midstream start-up challenges, the Company has achieved its 2019 exit production guidance one-month ahead of the original schedule. In November 2019, based on field estimates, total Company sales volumes averaged approximately 15,700 boe/d (comprised of 36% condensate and 44% total liquids), near the top end of its 2019 exit guidance of 14,000 to 16,000 boe/d.

Capital Program:

The Company successfully finished drilling six (6) wells with an average lateral length of 2,600 metres on its 6-24 pad in late November for an estimated average cost of $2.2 million per well. These wells are currently being completed using Pipestone's limited entry or "XLE" design, and are expected to be on-stream by the end of Q1 2020.

After drilling operations on the 6-24 pad ended, the rig was moved to the 6-30 pad to drill six (6) wells with an average lateral length of 2,650 metres. The rig is slated to batch drill all six surface holes prior to year end with main hole drilling to follow until late Q1 2020. Completion operations will commence thereafter.

Risk Management

In recent weeks, the price of Edmonton Condensate ("**EdCon**") moved from a discount to a premium to West Texas Intermediate ("**WTI**"). The Company has taken advantage of this rally by physically selling 2,000 bbl/d of its January condensate production at a weighted average premium of US$2.90/bbl to WTI.

Pipestone Energy Corp.

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

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Advisory Regarding Forward-Looking Statements

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: exit guidance; drilling and completion plans, as applicable, on Pipestone Energy's 6-24 pad and 6-30 pad; and timing to bring the 6-24 wells on-stream.

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.

Advisory Regarding Non-GAAP Measures

This news release contains a reference to "net debt", which is a term commonly used in the oil and natural gas industry but without any standardized meaning or method of calculation prescribed by International Financial Reporting Standards ("IFRS") or applicable law. Accordingly, Pipestone Energy's determination of this metric may not be comparable to similar measures presented by other issuers.

"Net debt" is a non-GAAP measure that equals total debt outstanding + negative working capital – cash and cash equivalents. Total debt is calculated as long-term debt, long-term debt due within one year and short-term debt. Net debt is considered to be a useful measure in assisting management and investors to evaluate Pipestone Energy's financial strength.

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.