



2020 ESG REPORT



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Who we are

Message From our CEO

Our management team is pleased to present Pipestone Energy Corp's inaugural ESG Report and 2021 initiatives. Pipestone Energy's goal is to create a sustainable and profitable business which is respectful of the communities where we operate and generates the lowest possible impact on the environment. We have set a goal of net zero scope 1 and 2 carbon emissions by 2035 and are highly confident that we will reach this goal.

Our team is proud of our achievements to date and the progress we have made in Pipestone's young history. Our low carbon emissions ranking places us among the top performing peers in the Canadian energy and production sector in our first full year of production operations. We have become a trusted operator in the communities where we operate and have earned our social license through diligence, transparency and commitment to our stakeholders. Our mantra is continuous improvement in all areas of our operation.

2020 represents the first full year of production from our newly built field operations in Alberta. Pipestone operates in a rural area proximal to the communities of Grande Prairie, Wembley and Dimsdale in NW Alberta. We are a significant natural gas and liquids producer in 2021 expected to average approximately 80 million cubic feet per day of natural gas and 11,000 barrels per day of natural gas liquids. Pipestone Energy owns approximately 140 contiguous sections of mineral rights which we believe to be highly prospective in multiple benches of the Montney formation.

Canadian environmental standards and the strong regulatory environment for the operation of oil and gas projects in Alberta places us in one of the strongest jurisdictions in the world. Pipestone Energy's target is to achieve best practice operating procedures which meet or exceed all standards laid out by regulators.

We take our social responsibility to the landowners and stakeholders very seriously and strive to set the gold standard among our neighbours when operating in the field. Our commitment to safety, communication and transparency is paramount for Pipestone Energy. Our management, employees and the many contractors who work for us all share our commitment to the highest possible safety standards to protect our ongoing operations and the community at large.

Pipestone Energy operates in a world where the responsibility of energy companies to lower their contribution to atmospheric greenhouse gases is critically important. Our facilities and infrastructure are all newly built and have been designed with state-of-the-art standards to minimize fugitive emissions, and target zero flaring under normal operating conditions.

Our infrastructure is designed and built to support the substitution of natural gas for diesel in both the drilling and completions operations thereby substantially reducing the CO₂ emissions from our operation.

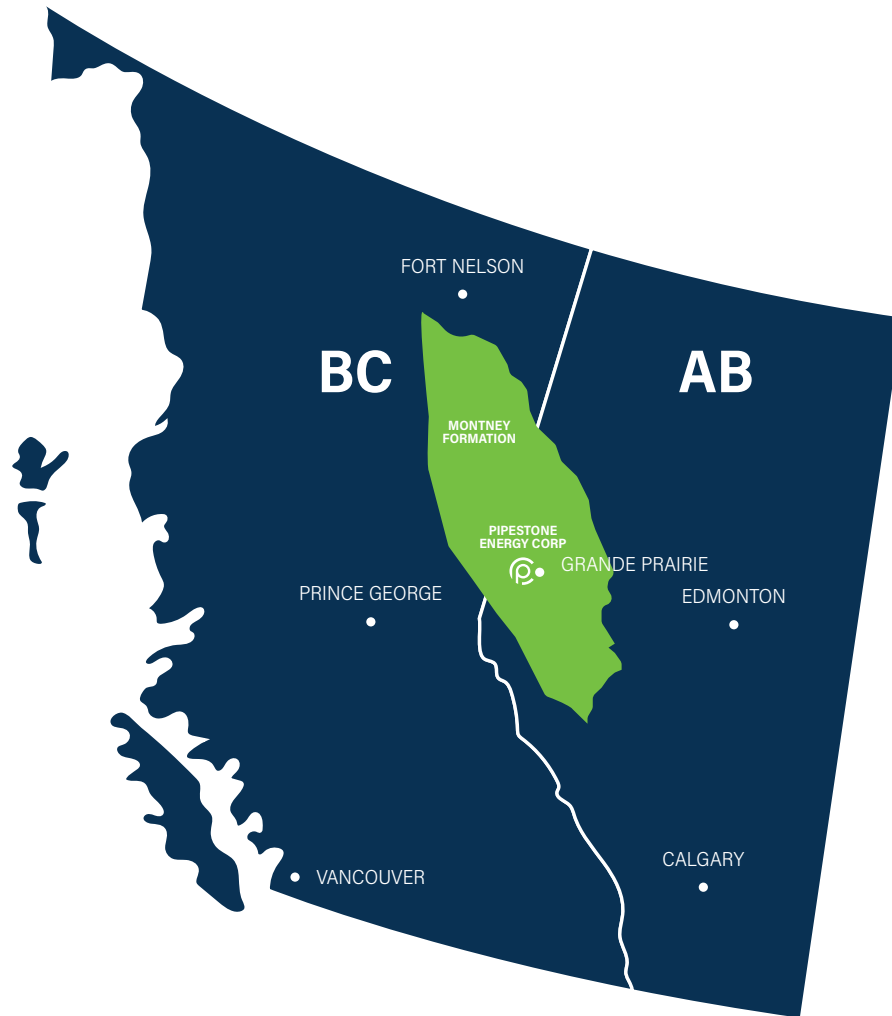
Our field location near the energy service centers of Grande Prairie and Wembley greatly reduces the amount of traffic involved in providing services to our operations.

We have invested in a significant water handling system to transport both water used in completions and produced water thereby reducing to a minimum our use of truck transportation of fluids. Not only is this a significant reduction in emissions generation, but substantially lowers our impact on the community in terms of road traffic and noise.

Pipestone Energy is committed to a high standard of corporate governance through a diversified and independent board, management team and staff.



Paul Wanklyn
 President & Chief Executive Officer, Director



Pipestone Energy's goal is to be a strong positive force in the community where we operate. Our team is committed to this goal as evidenced by the valuable work our ESG committee has generated in this inaugural ESG report. Our committee members include Dustin Hoffman, Craig Nieboer, Brent Harrison, Travis Belak, Kendal Timberlake, and Chris Soby. Thank you for all your time and effort in setting the baseline for Pipestone Energy as we establish practices to continue to improve on our excellent existing operation. Our HSE & Reserves Committee provides Board oversight to the ESG committee.

I believe Pipestone has one of the strongest teams in the energy business who are motivated to build a successful, sustainable, and responsible company.

Our aspirational goal includes working towards a net zero target by 2035. Technology which exists today will be employed in Canada to electrify our operations through fuel switching, fully electrifying our drilling rigs, frac fleets and field facilities. We have begun to utilize solar panels to power field facilities, and plan to use commercial EVs to provide services. With a starting point near the leading edge of all producers in Canada, we believe this goal is achievable.



Paul Wanklyn
President & Chief Executive Officer, Director

The Pipestone Energy Story

While the world of sustainability can be overwhelmed by diverse and often polarizing perspectives, we have chosen to focus our report on what we believe are the most important issues to our stakeholders. We are proud of our business, our responsible development practices, and our industry. We are pleased to share our first ESG report with you.

This report reflects the contributions from our diverse team, and was guided by discussions with our neighbours and our partners. The report focuses on the topics that we believe are most important to our stakeholders and has been presented in a way that is informative and balanced.

As the world-wide effort to transition to a low-carbon economy continues, we believe we have a responsibility to do our part. We are committed to responsible development, and this commitment is demonstrated by our industry leading Scope 1 and Scope 2 emissions per boe; our industry top-quartile LMR score; our commitment to improve and continue to lower our carbon footprint and GHG emissions and pursuing initiatives like the EO100 certification. While we are proud of these results and initiatives, we strive for continuous improvement.

Moving forward, we will ensure that our actions consider those impacted by our business – now and in the future. We will continue to be transparent and balanced in our reporting, and we will strive to improve our metrics and our disclosures over time.


PIPESTONE ENERGY

NET ZERO

TARGET 2035
see page 16 for The Road to Net Zero Initiatives for further details


About Us

Pipestone Energy is a low-cost energy producer dedicated to all our stakeholders. We are committed to responsible development of our assets and generating strong investment returns from our liquids-rich Montney Project located between Wembley and Grande Prairie in northwest Alberta.

The corporate headquarters of Pipestone Energy Corp (also referred to as Pipestone Energy, we, our, and the company) is in Calgary, Alberta and our field operations are headquartered in Grande Prairie, Alberta.

In alignment with our culture, we differentiate ourselves by supporting an open and competitive business environment, focused on success for all stakeholders.

The Grande Prairie area is a business, infrastructure and commercial hub for Alberta's oil and natural gas industry. Maintaining a local community focused presence in the Grande Prairie area is vital to our ongoing success. Through both our Grande Prairie area and Calgary employees, we engage and consult with the people of the region as we plan, build and responsibly operate our Pipestone Wembley Project.

Pipestone Energy is engaged in the exploration for, and development and production of, oil and natural gas liquids (including condensate, butane and propane) herein collectively referenced as "liquids" as well as natural gas. Pipestone Energy is committed to building long term value for all its stakeholders and values the partnerships that we are developing within its operating community. Pipestone Energy trades on the Toronto Stock Exchange under the symbol PIPE.

Condensate accounted for 30% of our sales volume and 57% of our revenue in 2020. In 2020, we achieved a significant milestone, as our annual average production reached 15,570 barrels of oil equivalent (boe) per day, up from 4,762 boe/day in 2019 making us one of the fastest growing producers in Canada. Pipestone Energy continued its impressive growth trajectory in 2021 where in Q1 2021 we averaged 21,595 boe/day of which 33% was high value condensate production.



15,570 ^{BOE/D}
AVERAGE 2020 PRODUCTION



~25,000 ^{BOE/D}
FORECASTED AVERAGE 2021 PRODUCTION

2020 Key Statistics

- » Average production of 15,570 boe/d.
- » Canada's fastest growing producer of high-value condensate.
- » Focused on operational excellence through execution, optimization and cost control.
- » Invested \$104.6 million in development activities.

Operations Overview

Located in the Montney formation, our Pipestone Wembley Project is a world-class asset. The project is located just outside of Grande Prairie, Alberta and covers more than 90,000 net acres.

The Montney is a geological formation covering 130,000 square kilometres, running 700 kilometres north to south and traversing the provincial boundary between northwest Alberta and northeast British Columbia. The Montney accounts for approximately 45% of Canada's natural gas production or approximately 8.2 Bcf per day. It also accounts for the majority of Canada's total supply of condensate.

Pipestone Energy employs multi-well, pad-based horizontal drilling and hydraulic multi-stage fracturing in this formation to maximize well productivity while minimizing surface disturbance.





Our Strategy

Pipestone Energy seeks to differentiate itself based on three key strategic principles:



Stakeholder Commitment

Recognizing that in a competitive world, only those who serve the diverse needs of their stakeholders will earn their support and continue to thrive in the long term.



Resource Quality and Focus on Capital Efficiency

Focusing on our high quality Montney asset base and combining technology and operational efficiency to deliver low cost production, excellent full-cycle returns and significant and sustainable free cash flow from our liquids-rich natural gas resource.



Financial Sustainability

Building a financially stable company with a strong balance sheet that can return capital to shareholders and maintain itself through all market cycles.

Our Approach to ESG

We believe that companies must prioritize and serve the needs of all its stakeholders and society as a whole, and it is society who grants each company their social license to operate. With this mindset, we see ourselves as being in the service business. To thrive in the long term, we believe companies must serve the needs of their stakeholders well and this is ingrained in our culture.

At Pipestone Energy, we strive to differentiate ourselves and deliver on our commitments to all stakeholders by:

- › Making a positive impact on the communities we operate in. Because we are operating in stakeholders' backyards, we must be respectful of their land and community.
- › Conducting our business in a way that protects the environment.
- › Meeting or exceeding all regulations and proactively supporting the development of new policies that enable our industry to better serve society.
- › Engaging with our communities in the planning of our projects, being transparent with our future plans and including them in benefits that come from our development.
- › Treating our people, partners, suppliers and service providers fairly.
- › Providing a safe, healthy and respectful work environment for our people and recognizing their talent and contributions.
- › Managing the investments of our shareholders and capital providers responsibly and ethically to deliver value to them.

Equitable Origin Certification

Responsible Developer Certification: In April 2021, we began the journey towards the certification as a responsible producer under the EO100™ Standard for Responsible Energy Development.

Why Do We Want to Obtain Certification?

Equitable Origin has created the world's first stakeholder-led, independent, voluntary standards system for energy development. Their framework for evaluation provided a holistic and independent assessment of the ESG factors important to each participating company's stakeholder groups.

We know it will take a significant amount of time and resources to achieve this certification, but we believe these investments will prove beneficial given our fundamental goals of stakeholder service, responsible development and creating value for our shareholders.

What Does the Certification Entail?

EO100™ certification is awarded to companies that meet or exceed certain criteria for environmental, social and governance (ESG) performance evaluated by Equitable Origin. Far from a 'check-the-box' exercise, certification requires exacting standards and assurance procedures that must be proven through rigorous internal and third-party assessments of ESG performance across an organization and at the site level.

For Pipestone Energy, this will include independent interviews with our stakeholders, and technical inspections of our facilities. While there is no guarantee of certification, we see the value in the process and welcome a third-party evaluation of our ESG performance. We are confident with our commitment we can obtain this certification.

ESG Reporting

Our first ESG report marks an important step in our company's evolution. We believe all our stakeholders will find this information helpful in assessing Pipestone Energy's ESG performance against our industry peers.

Framework

We used the Task Force on Climate-related Financial Disclosures (TCFD) as framework for 'what' to report and the Sustainability Accounting Standards Board (SASB) Materiality Map for 'how' to report.

Scope of This Report

Our 2020 ESG report focuses on activities, project examples and performance data from 2020. This report also provides updates on specific 2021 activities and looks forward at our continuous improvement initiatives.



Report Assurance

Assurance



We recognize the value of external assurance for data and, as such, we have received external verification for our GHG emissions data. Assurance is part of our commitment to annual reporting of GHG emissions.

Data Collection



We strive to collect accurate and verifiable data in a consistent and rigorous manner. The company uses a variety of data collection and management processes in the context of sustainability management and reporting.

Approval



The content of this report was vetted by Pipestone Energy's Reserves and HSE Board Committee as described in our Disclosure, Trading and Confidentiality Policy and was approved by our Board of Directors.

In 2020, we compiled our first formal materiality assessment to help determine the content of this report and inform our future sustainability work. The assessment combined guidance from the GRI Standards and the Sustainability Accounting Standards Board (SASB) and was completed in three stages:



1. Topic Identification

To identify topics for prioritization, we extracted topics from peer reports, consulted the GRI Standards and SASB framework for reporting, and reviewed reporting best practices.



2. Prioritization

Utilizing the ESG Committee, Executive and Board input and discussion.



3. Validation

The prioritized topics were validated by the Executive team. To ensure we adapt to stakeholder and societal expectations, we will reassess these material topics on an annual basis along with changes to our business, recent ESG/sustainability trends and expectations from our direct stakeholders and society.

Results

Our top ESG priorities are those ESG topics that can have a high impact on the success of our business and are of high interest to our stakeholders. Our materiality map shows these topics prioritized relative to others. The topics in the center are considered most material and we provide more content on these topics than others in this report.

Materiality Map





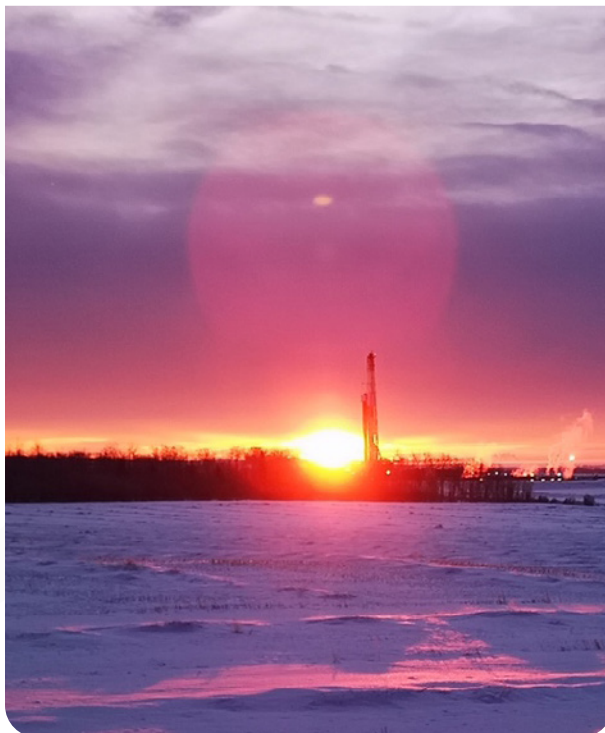
Environment

GHG Emissions & Climate Strategy

Why is Managing our GHG Emissions and Developing a Climate Strategy Material to our Business?

Public Policy Initiatives

We understand that impacts related to GHG emissions are increasingly becoming more and more important to our stakeholders, and that it is our responsibility to mitigate these impacts. Our operations are subject to GHG emissions regulations, including carbon pricing policies, that are constantly evolving and that impact our financial performance. Having a climate strategy helps mitigate climate-related risks to our business and will shape our future in an ever-evolving industry and society.



Understanding Climate-related Risks and Opportunities

1. Demand for Natural Gas is Forecasted to Increase

The world's demand for energy continues to grow, and while the transition to a lower carbon economy is driving greater diversity of supply, the International Energy Agency (IEA) anticipates oil and natural gas will remain dominant energy sources for decades to come. As the cleanest-burning fossil fuel, natural gas is expected to replace coal as the second-largest global energy source by 2040. According to the IEA, gas demand is forecasted to increase by more than 40% as the population reaches nine billion and economic growth raises living standards in many emerging economies.

2. Canada as a Supplier of Choice

Canada has the potential to be the supplier of choice for meeting this growing demand as the country's vast reserves, political stability and ESG practices make it a reliable and competitive provider of sustainably produced energy. Pipestone Energy's strategy is built upon this opportunity.

3. Pipestone Energy Corp. Is a Low-carbon Intensity Producer

Our goal is to be one of the lowest carbon intensity natural gas producers on a per-barrel of oil equivalent basis. We achieved this status among our peers through our commitment to innovation and the adoption of best practices in energy efficiency and emissions management.

4. Taking Carbon Pricing Into Account

In 2020, Pipestone Energy Corp. will be subject to carbon taxes under the provincial Technology Innovation and Emissions Reduction (TIER) program, which has achieved federal equivalency under the Greenhouse Gas Pollution Pricing Act (GGPPA).



Board Oversight

Evaluating climate-related risks, opportunities and GHG emissions are part of our risk management process, which is reported to our Board of Directors. Our emissions profile is determined in accordance with recognized standards and provincial regulatory requirements and is subject to third-party verification.

Pricing Carbon Into New Investments

When considering investments or operating plans, we evaluate the respective GHG footprint of our decisions, and aim to effectively reduce our GHG emissions intensity throughout the life cycle of our assets. We also assess and rank each emissions reduction project based on the net cost per reduction of CO₂e (dollars per tonne). Directly connecting the emissions, benefits and environmental impact helps us make decisions that support the kind of sustainable operations expected by our stakeholders and Indigenous communities where we operate.

GHG Mitigation Technologies

We believe cost-effective reductions will come from the development of new and evolving technologies and strategies. On an annual basis, we review new technologies and their potential benefits to our operations. The cost of deployment of new technologies and other proven strategies varies from year-to-year.

Sources of Emissions

GHG emissions from our operations can be classified as Scope 1 or Scope 2. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased power.

Scope 1 Emissions

Pipestone Energy's Scope 1 emissions are primarily generated by the combustion of natural gas by our compressors, power generators, flares and process heaters. The remaining Scope 1 emissions are mostly comprised of methane from sources including:

- » Releases during routine venting that may be required from time to time for operations and maintenance.
- » Unintentional fugitive emissions related to leakage from fuel gas.
- » Incomplete combustion of gas by stationary combustion equipment.
- » Natural gas for the heating and operation of our field and office locations.

Flares are installed as required at our facilities. Flares are required to facilitate the safe combustion and release of process gas in the event of a process upset. Each flare continuously burns a purge gas stream that is required to maintain safe flare operations. The flares emit both carbon dioxide (CO₂) and methane as not all the methane is combusted by the flare. Consistent with other industry peers, Pipestone Energy Scope 1 emissions do not include third-party facility processing emissions.

Scope 2 Emissions

Pipestone Energy's Scope 2 emissions result from the use of utility-supplied power.

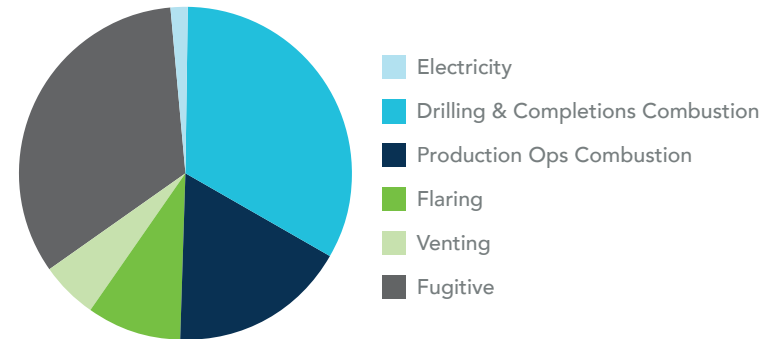
GHG Emissions

To track our GHG emissions and measure performance, we have developed a reporting approach that includes our mandatory and voluntary reporting requirements.

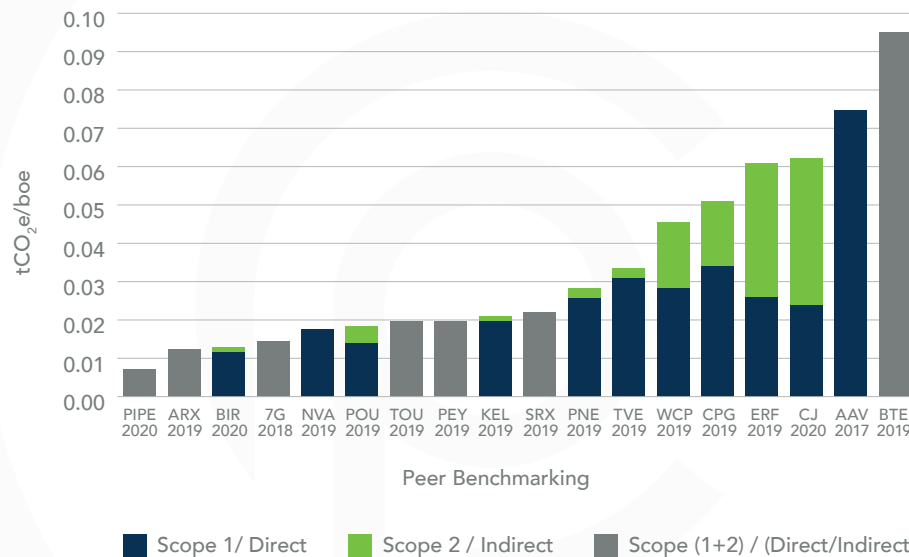
In 2020 our emissions intensity was 0.0072 tonnes of CO₂e per boe, which is our baseline year. On a per boe basis, this puts us among the lowest emitters in comparison to our peers. We've already made significant progress in reducing methane emissions at Pipestone Energy and we're continuing to work on ways to further reduce emissions.

Pipestone 2020 GHG Emissions

40,996 tonnes CO₂e (0.0072/BOE)



Peer Emissions Intensity Comparison



All data in the above chart is obtained from publicly-available resources as disclosed by the individual company.



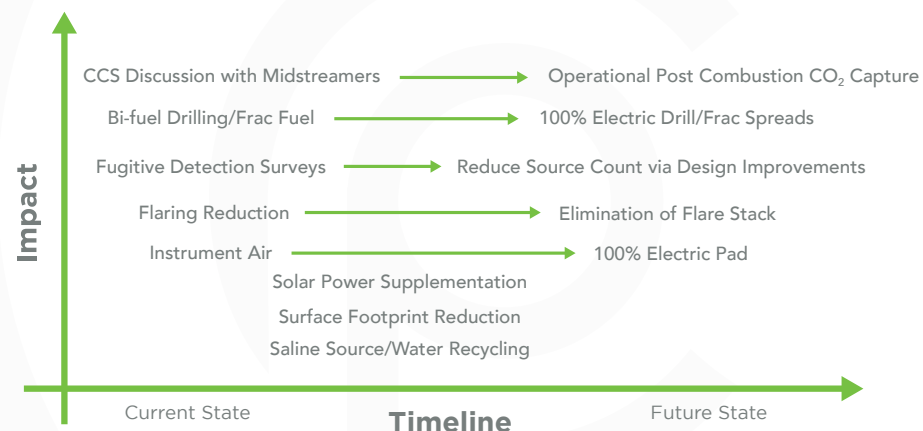
Emissions Reduction Activities

Newly drilled and completed wells are tested “inline” which means gas is captured and directed through our pipeline infrastructure to processing facilities rather than being flared during the initial flow-back/clean-up and test periods. This greatly reduces greenhouse gas emissions and reduces our visual impact in the community. We follow detailed gas conservation rules in Alberta. This means we don’t have routine flaring at our sites. Because we have H2S content in our gas we do maintain pilots on our flare systems should there be an operational need to have non-routine flaring due to upset or unsafe conditions.

For all drilling and completions activities, we utilize bi-fuel systems to reduce our consumption of diesel. Diesel powered engines have traditionally powered rigs and frac fleets and are now running effectively and with reduced emissions on natural gas. The nature of our pad site development allows Pipestone Energy to have ready access to natural gas for both drilling and completions operations, setting us apart from some other operators.

To further reduce the venting of methane, our operating sites use a combination of low bleed devices, electric actuated devices, and air powered instrumentation. We also conduct fugitive emissions surveys to check for leaks and losses of methane. If a fugitive emission source is discovered, it is immediately repaired where possible or tagged and prioritized for repair.

The Road to Net Zero Initiatives



Initiative	Ongoing/Implemented	Future State
Carbon Capture & Sequestration	Early stage discussions with midstream partners	Post combustion CO ₂ capture in place at midstream facilities
Drilling Fuel Substitution	Bi-fuel implemented	Highline power to rig eliminates 100% of diesel
Frac Fuel Substitution	Bi-fuel implemented	100% natural gas generation electric spread
Pad Facility Design	Moved from group/test to wet meter design eliminated ~50% of potential fugitive emission source	Utilize multi-phase flow meter to further reduce footprint/valving
Pad Electrification	Highline power to padsites eliminates fuel gas consumption and on-site power generation	Waste heat recovery to reduce electrical demand
Pad Pneumatics	Instrument Air at pads/batteries	Electric actuated controllers
Solar Power Supplementation	Utilizing solar power on smaller pad sites	Solar supplementation at all sites where warranted, solar install at field shop
Fugitive Detection Surveys	1st baseline fugitive emission survey completed, all leaks eliminated	Detailed field data collection and routine surveys to reduce volume from baseline survey
Flaring Reduction	Zero flaring during normal operations	Redesign padsites to eliminate flare stack
Sand Delivery	Utilizing local terminal to reduce truck count and fuel consumption	Utilize electric truck fleet to eliminate diesel usage, direct to site sand slurry pipeline

Hydraulic Fracturing

We plan for the optimal balance between maximum well productivity and mitigation of the environmental impact of inputs used in the hydraulic fracturing process, which includes water, sand and chemicals.

Managing the Impacts of Hydraulic Fracturing

Water is the primary component in hydraulic fracturing fluids. The quantum of water used depends on the type of fluid selected. Pipestone Energy's main completion method is slickwater hydraulic fracturing which uses minimal chemical additives. This fluid carries proppant (typically sand) to prop open the fracture. Without the sand proppant, the weight of the rock above would close the fracture shut again and the hydrocarbon resource would not flow.

Before introducing a new chemical into our fracturing fluid, we work with the chemical supplier to review the toxicity and safe handling guidelines. We do not use diesel or any hydrocarbon-based fluid as a fracture fluid.

Pipestone Energy Corp participates in the online FracFocus Chemical Disclosure Registry which provides information on hydraulic fracturing, fracturing fluids, groundwater and surface water protection. The information disclosed on FracFocus.ca complies with AER Directive 059.

How Does Hydraulic Fracturing Work?

Hydraulic fracturing has been in use across the Western Canadian Sedimentary Basin for more than 60 years. It is a technique that injects high-pressure fluids and sand to fracture the reservoir rock and open the natural fractures in the formation. This process creates a pathway for the hydrocarbons to flow from the formation rock, through the wellbore and to the surface for collection and distribution. This process reduces the number of wells needed to recover the resource, significantly reducing surface and land disturbance.

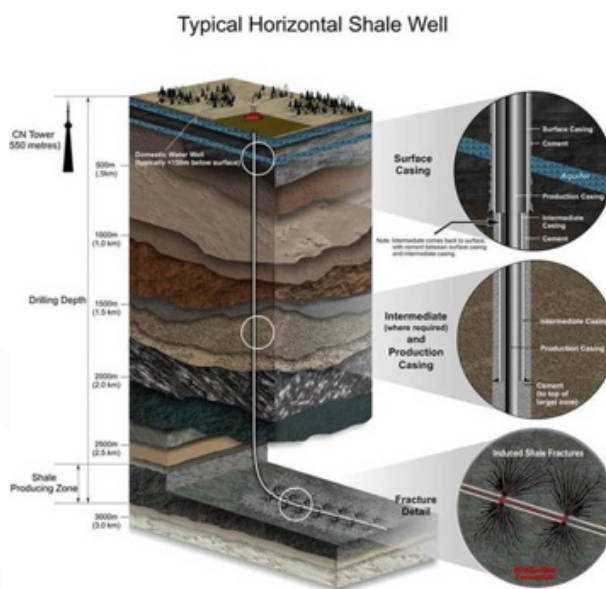


Water

To make certain we are operating in a safe and effective manner, we follow all Alberta Energy Regulator (AER) directives, rules and regulations, as well as industry recommended practices with respect to water use.

1. Protecting Groundwater

Protection of groundwater starts with effective wellbore design and the proper execution of wellbore construction procedures. Every wellbore has an engineered steel casing system that is cemented externally to prevent any fluids from migrating from the wellbore to groundwater aquifers.



Source: Ovintiv Inc.

2. Water Consumption

Our community stakeholders and neighbors are concerned about a clean and reliable water supply and so is Pipestone Energy. We demonstrate our commitment to protection of water sources by using practices in our sourcing, handling, storing, and disposing of water that meet or exceed government and industry standards. We comply with provincial regulations for safe and responsible use of water, and we follow industry standards for water use. Most of our water used in 2020 was sourced under government licence and approval from private dugouts and the Wapiti River. Withdrawal rates and volumes are closely measured and monitored to ensure compliance with temporary diversion licences. A combination of temporary and permanent pipelines are used to move the water to our pad sites.

3. Alternative Water Sourcing

Completing our wells using modern multi-stage fracturing techniques requires significant volumes of water. We are committed to managing the impact of our water use by pursuing techniques that help us reduce, re-use and recycle. Our goal is to use less fresh water by seeking non-potable sources and to recycle flowback water as much as commercially possible. We have also explored alternative sources such as municipal wastewater and testing deeper non-potable groundwater sources from brackish and deep saline-water formations well below the freshwater aquifers that are used for drinking water and agriculture.

Safe handling and disposal of sour produced water is paramount to Pipestone Energy. Our produced water is disposed of through deep well injection, where we inject the wastewater in geologic formations far below freshwater aquifers. We also utilize pipelines to transfer produced water safely and economically within our field to reduce the amount of produced water transport trucks on the road.

Spills & Reportable Incidents

We are committed to meeting all regulatory requirements in the jurisdictions where we operate.

Responsible Operations

LMR Rating

The Pipestone Energy Corp. Liability Management Rating (LMR) in Alberta is industry leading given the nature of our asset base. The AER use a liability management rating (LMR) to help us assess a company's ability to address its abandonment, remediation, and reclamation obligations. The LMR is calculated as a ratio of a company's deemed assets (production) to its deemed liabilities (abandonment and reclamation costs). As of January 2021, our LMR was at 43, nearly eight times higher than the industry average LMR. To put it in another perspective, only 7% of operators have an LMR above 10. This clearly distinguishes Pipestone Energy as a standout operator and positions us well for the future.

As part of our comprehensive Health and Safety (H&S) program, we have systems to track changes to regulations and strategies to ensure compliance to meet our goal of safe production. When incidents occur that affect the environment,

we conduct detailed investigations to determine the root cause and implement changes to improve our performance and prevent future occurrences.

Alberta Energy Regulator Inspection Compliance

The AER routinely conducted inspections of our operations in 2020 including well sites, pipelines and drilling activities. These inspections resulted in two non-compliance issues that were deemed low-risk. Action plans were developed to address all instances of non-compliance and were completed to the satisfaction of the AER.

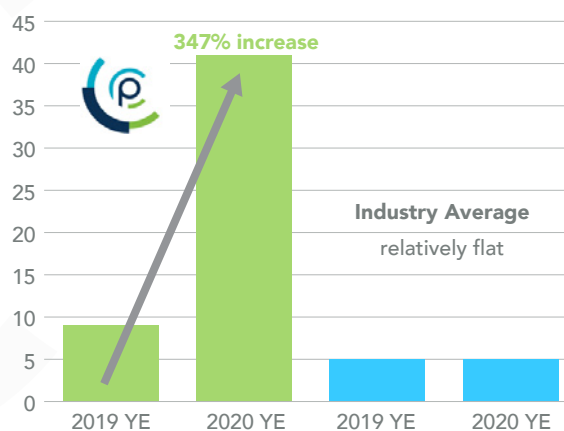
No Issues Of Significant Non-compliance

Pipestone Energy was not subject to any fines and was not involved in any regulatory hearings or alternative dispute resolution meetings in 2020.

Spill Prevention & Response

We aim to continually improve our environmental performance while preparing for unforeseen events and emergency situations. Pipestone Energy experienced three total reportable spills in 2020 with a total volume of 1.32 bbls all of which was recovered and resulted in negligible environmental impact.

Among Best-in-class LMR and Improving



Source: AER website and public data



43_{LMR}
 8X BETTER THAN AVERAGE

Biodiversity

We continuously strive to minimize our disturbance on land and water resources throughout the life cycle of our assets. Our Planning and Construction teams collaborate to assess environmental risks and ensure these risks are mitigated during the construction of our facilities.

Protection of the environment is central to our approach to sustainable development – we are committed to developing and implementing best practices for environmental management. Our operations are guided by our Health, Safety and Environment Policy, as well as our commitment to regulatory compliance, stakeholder engagement and collaboration with industry peers, government and independent experts.

Minimizing our Land Footprint

Minimizing our land footprint is a priority when it comes to designing, building and operating our production and wellsite facilities. Early in the planning stages for a new well pad, we identify opportunities to place pad sites to minimize visual impacts and environmental impacts. Our approach to well pad design enables us to maximize the amount of reserves we can access from each well pad, minimizing our disturbance on the surface. By using horizontal directional drilling, each well pad occupies less than one percent of the surface area when fully built out with approximately 30 wells, providing the ability to access nearly 2,250 acres of subsurface resource.

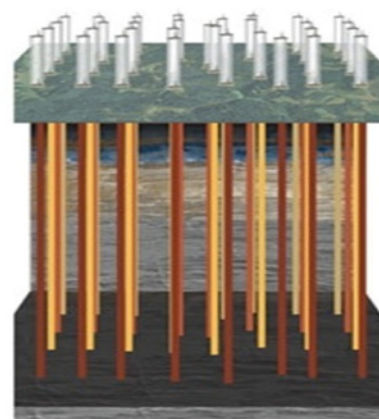
Our legacy in biodiversity offsets dates back to 2015. We believed at the time that the best way to offset this impact was through planting trees in the northwest Alberta corridor that we operate in. The planting of trees was used to both restore habitat, as it replaces trees that are cleared as part of well pad and other development activity, and it also aims to offset the CO₂e that is emitted through the flaring of natural gas.

We partnered with The Carbon Farmer, an Alberta owned and operated company, to plant 2,500 native trees in northwestern Alberta, which restored approximately 15,000 square meters (14,576 m² or 3.6 acres) of boreal forest on conserved land that was cleared historically for farming.

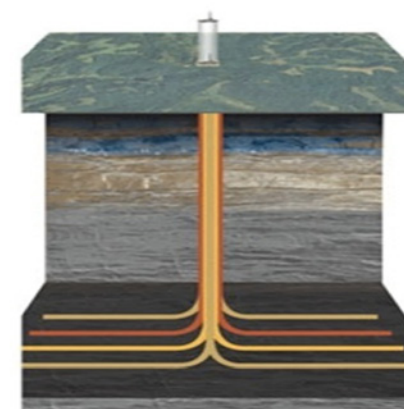
Looking forward, Pipestone Energy has entered into an agreement to partner with Project Forest at a Platinum Forest level to plant and manage the growth of 18,000 trees in the greater Grande Prairie area. This rewilding project will contribute to the conservation and biodiversity goals of lands owned by the Alberta Conservation Association. The North Kamisak Lake Conservation Site and the public that use the area will benefit directly from this endeavour, as will the greater society through:

- › New forests
- › Recreational spaces
- › Wildlife habitat
- › Cleaner water
- › A forest legacy that will last a lifetime
- › Permanence
- › Any and all benefits of forests in addition to carbon capture

More information on this exciting partnership and initiative will be published by Pipestone Energy as the project progresses.



Traditional Vertical Well Spacing:
32 Separate Padsites Needed for 32 Wells.



Idealized Horizontal Well Spacing:
1 Padsite Yields up to 32 Wells.



Safety

A premier culture of safety is fundamental to the sustainability of our business.

Why is Safety Material to Our Business?

Both worker and public safety are of the highest importance to us. We care deeply about keeping our people and the communities in which we operate safe. Our ability to build and operate facilities and provide a safe workplace for our workers is vital to Pipestone Energy and is essential to our long-term sustainability.



Targets

Performance against H&S targets is reviewed by senior management and is tied to annual compensation on the company scorecard for all executives and employees.

H&S is managed across the company through our Operational Management system comprised of the following Elements:

- Element 1.**
Commitment & Accountability
- Element 2.**
Policies, Standards & Objectives
- Element 3.**
Organization, Resources & Capability
- Element 4.**
Stakeholders & Customers
- Element 5.**
Risk Assessment & Control
- Element 6.**
Asset Design & Integrity
- Element 7.**
Plans & Procedures
- Element 8.**
Execution of Activities
- Element 9.**
Monitoring, Reporting & Learning
- Element 10.**
Assurance, Review & Improvement

Emergency Response Preparedness

The purpose of emergency preparedness and response is to establish a decision framework and action plan so that Pipestone Energy can quickly and effectively respond to an emergency. The overall goal is to protect public safety and minimize impacts to the environment through implementation of an ERP.

An ERP is a comprehensive plan to protect the public that includes criteria for assessing an emergency situation and procedures for mobilizing response personnel and agencies and for establishing communication and coordination among the parties. It is a key component of emergency preparedness and response. The type and amount of information contained within an ERP is determined by the potential hazard(s) identified. An ERP addresses an emergency scenario, potential hazards to the public, and systems required for effective response.

Pipestone Energy has a responsibility to ensure that we are fully prepared and capable of responding to any level of emergency. Emergency preparedness and response includes all activities done prior to an emergency so that designated personnel are ready and able to respond quickly and appropriately, as well as those activities that take place during the incident. This includes activities such as:

- › Identifying hazards.
- › Preparing and maintaining ERPs and response procedures.
- › Ensuring that the ERPs identify sufficient resources and equipment for use by response personnel during an emergency.
- › Designating response personnel and ensuring that they are suitably equipped to carry out their duties through training, drills, and exercises.

2020 Progress

- › Health and Safety Policy established and approved by Board.
- › Alcohol and Drug Policy and Program established and implemented.
- › Pipestone Energy adopted a paperless management system software solution 'SiteDocs' to help monitor in real time documentation that is being filled out and to respond quickly to hazards, incidents, or disciplinary actions happening on site. This type of monitoring brought a new type of accountability to our supervisors and contractors and allows us to maintain a higher standard of safety company wide.
- › Health and Safety Practices consolidated and made available in SiteDocs.
- › Continuing to build our Health and Safety Procedures.
- › Health and Safety Committee (HSC) established with first meeting held June 24, 2020.
- › Adopted longer term alignment and direction to IOGP 510 "Operating Management System Framework" for our management system framework.

Incident Management

When an incident does occur, we conduct an investigation and collect information in our management software that provides an effective, auditable solution for analyzing data. This analysis is used to identify trends and system improvement recommendations. We also conduct incident and critical near-miss reviews to understand causes and develop effective corrective action plans. Contractors are involved in these sessions, and corrective actions are monitored to completion.

Worker Safety

Pipestone Energy is committed to conducting its activities in a manner that protects the health and safety of its workers and the public while minimizing the company's impact on the environment. Fostering a culture that prioritizes safety above all else is key to a sustainable future for our business.

Personnel at every level of the organization are required to be aware of, and to comply with, all our policies.

In Fulfilling This Commitment Pipestone Energy Will:

- › Comply with health and safety laws and regulations, requirements and industry standards applicable to our activities.
- › Identify and assess health and safety hazards arising from our activities and adopt fit for purpose measures to eliminate or mitigate the potentially negative health and safety impacts associated with such activities.
- › Ensure all personnel have the authority, responsibility and support to stop work when an unsafe situation is recognized or suspected.
- › Ensure that our workforce understands that working safely is a condition of employment and that all workers are responsible for their own health and safety as well as the health and safety of those around them.
- › Commit to always doing what is right when it comes to the health and safety of our workforce and the public; if it cannot be done safely it should not be done at all.
- › Monitor, measure and communicate to stakeholders our environmental performance.

Process Safety

Process safety focuses on preventing catastrophic outcomes through systematic identification and management of risks in worksites engaged in potentially hazardous processes. Process safety is a proactive form of risk assessment combined with engineering that focuses on preventing catastrophic fires, explosions, accidental chemical releases, and structural collapses, especially in facilities that use, process, and handle hazardous materials. Process safety involves the prevention of leaks, spills, equipment malfunctions, corrosion, component failures, and upset conditions that present serious risks to the health and safety of workers and potentially the public.

In adopting the API RP 754 as a framework for measuring activity, status and performance, the recommended practice document classifies process safety indicators into four tiers of leading and lagging indicators. Pipestone Energy commenced assessment and classification of process safety incidents in 2020 and report Tier I and II internally to raise awareness of staff and leadership. We plan to continue to mature our process safety program in conjunction with our overall safety management system.

Contractor Management

Contractors make up a significant portion of our workforce and play a critical role in our H&S performance. It is our responsibility to keep them safe. All contractors are made aware of our policies and procedures and are required to comply with them accordingly. Contractor performance is regularly monitored, and corrective actions are taken as appropriate to address any incidents and help prevent future occurrences.

Safety Performance and Trends

We have been relentless in the pursuit of a safety culture where we continuously strive to improve our practices and performance. We expect all workers to report all incidents, complaints and concerns. In 2020, no workers had recordable injuries on Pipestone Energy worksites. There have been no work-related fatalities at any of our operations to-date.



2020 TRIF
OF ZERO



Photo of drilling rig working for Pipestone Energy.

COVID-19

The coronavirus COVID-19 pandemic is the defining global health crisis of our time and the greatest collective challenge citizens of the world have faced since World War Two. Since its emergence in Asia late last year, the virus has spread to every continent except Antarctica.

In the early days of 2020, Pipestone Energy recognized the emerging risk of COVID-19 and ensured our business continuity efforts were in good order through an effective pandemic response plan and disaster recovery plan for IT.

On March 17, 2020 Pipestone Energy leadership made the decision to shut down the Calgary office and have staff work remotely to protect the health, safety and well being of our team and ensure everyone could execute on our business plan. This decision was also in alignment with the Municipal/Provincial and Federal guidance.

The lockdown situation was monitored with a daily update meeting of the Business Continuity and Pandemic Team to ensure all were informed of the many developments taking place locally and across the country. In turn staff received updates on a weekly basis and leaders increased all efforts to stay in touch with all staff via Microsoft Teams. Each day, ensuring “business as normal” was our top priority and ensuring everyone felt connected. During these meetings we discussed the well being of the team, resources that everyone could access to help with any stress experienced from the Pandemic, what a return to the office would look like, how we could best prepare for a return and started to formulate our Return to Office Plan. Our IT team did a great job of ensuring that we were set up to work remotely ahead of the lockdown. During the time we were remote we proved to work very effectively remotely with few issues experienced.

When the Alberta government moved to Stage I relaunch in early May, Pipestone Energy discussed options for how we would choose to open our office back up. We finalized our Return to Office Plan and announced to our team that we would open our office on May 19, 2020 to low risk workers as defined by AHS using our online COVID-19 Risk Assessment form in SiteDocs to determine risk level. People that were considered high risk were advised to continue working remotely. Low risk workers also had to review and sign off on the Pipestone Energy Return to Office plan dated May 7, 2020 which described precautions and controls in detail. All low-risk workers continue to complete a daily COVID-19 Self-Assessment form in SiteDocs before leaving for work to confirm they are feeling well and pose little risk to others by attending the office.

The return to office plan includes detailed guidance for:

- ▶ PPE
- ▶ Office cleaning
- ▶ When to stay home and isolate
- ▶ Building safety
- ▶ Guidance for various exposure scenarios that all meet or exceed AHS guidance, reflective of a risk adverse approach we have adopted

The Pipestone Energy Business Continuity and Pandemic Team continue to meet weekly to be briefed on the latest developments on the COVID-19 front and review updates on staff and develop continued communication to staff to ensure our plan stays top of mind and create great awareness. We utilize our EFAP provider Homewood Health and our benefits provider Sunlife to augment our communication and information for staff.



We educated staff on Lumino Health which is our virtual health care provider. Lumino was added as part of our benefits package with Sunlife at no additional cost due to the COVID-19 Pandemic. We also have aligned with an independent medical firm to provide timely medical advice for the company and staff inclusive of COVID-19. We hosted and encouraged all staff to partake in an upcoming flu vaccination clinic to be held in house and at no cost to staff.

From an Information Technology aspect, Pipestone Energy further prepared for long-term working remotely by learning from individual worker connectivity and hardware challenges experienced between March 18 and May 18.

On December 8, 2020 public health orders required non-essential workers to work remotely and Pipestone Energy followed that guidance, keeping only key operational staff in the office focused on the capital execution program. As of June 14, 2021, all staff returned to the office.



Supporting the community through the pandemic by helping to fund a water station and supply water bottles at Wembley Elementary School.

Indigenous Engagement

We acknowledge the homeland of the many diverse First Nations and Metis people whose ancestors have walked this land since time immemorial. We are grateful to work, live and learn on the traditional territory of Treaties 7 and 8.

Respecting Aboriginal and treaty/Indigenous rights supports our social licence to operate. Aboriginal and treaty/Indigenous rights are essential to our core values and provide an opportunity to generate positive impacts. We strive to identify opportunities to drive economic benefits for Indigenous communities through contracting and education.

Canadian Council for Aboriginal Businesses (CCAB) Progressive Aboriginal Program (PAR)

Pipestone Energy supports certified members of the CCAB PAR program. PAR program participants are committed to prosperity in Aboriginal communities.

Pipestone Energy partners with CDN Controls ("CDN") to provide Electrical & Instrumentation expertise and services. CDN Controls is categorized as a "Committed" member of the PAR program and is currently working toward Bronze level certification. Pipestone Energy and CDN Controls have a shared ESG vision by maximizing local labour participation, collaborating with Indigenous communities, and implementing an ESG-focused project mindset. Furthermore, CDN Controls provides direct training and employment opportunities to local Indigenous groups. Pipestone Energy and CDN Controls have made a commitment to complete all joint project work with two of CDN's Indigenous partners, Kelly Lake Cree Nation and Aseniwuche Winewak Nation (AWN). This approach will allow us to increase our participation in Indigenous community investment.

The ESG metrics gathered with CDN will form a baseline for future ESG targets on joint Pipestone Energy-CDN work. These efforts have demonstrated our commitment to include ESG into all aspects of our business, including our supply chain – establishing an important precedent for producer-contractor ESG performance.

In addition to CDN Controls, Pipestone Energy is working with the following Certified PAR Companies: Schlumberger, Firemaster Oilfield Service, Ernst & Young, Bank of Montreal, MNP Calgary, Telus, Xpera Risk Mitigation. Our policy is to preferentially select service providers that are either certified PAR members or are known to support Indigenous initiatives.

Emerging Leaders Program

Pipestone Energy is an industry partner with CDN Controls on a newly created "Emerging Leaders Program" for Indigenous communities. This was developed jointly by CDN, the Southern Alberta Institute of Technology (SAIT) and AWN, with a focus on foundational leadership and communication skills to support career development into supervisory and leadership roles. There is a shortage of quality educational opportunities, meaningful work experience and a broad understanding of what different career opportunities may be available for Indigenous youth. The program is designed with a focus specific to the Cree culture and removes common barriers, such as academic pre-requisites. It will be delivered in Q3/Q4 2021 to ~50 community members and staff at AWN.

Indigenous Consultation

The provincial government has established policies and procedures for consulting with Indigenous communities on their traditional lands. The province ensures operators fulfill their duty to consult with Indigenous communities before any crown held surface dispositions for oil and gas operations are approved. These established guidelines detail the information required for Indigenous communities to be informed of the planned project, and provide an opportunity for the community to advise whether it has any concerns.

Key ESG Metrics for CDN Controls-Pipestone Energy Partnership Work-to-date:

- 】 6.9% Indigenous employment
- 】 5.2% female employment
- 】 95% local employment
- 】 \$404,054 local wages paid
- 】 \$5,000 grant for the CDN "Emerging Leaders Program" with AWN*
- 】 TRIF: 0.0
- 】 Thorough implementation of COVID-19 procedures to maintain a safe work environment
- 】 All projects successfully completed on time and on budget

*The above Metrics are inclusive of: 6-30 (6 well pad), 3-12 pre-wire; 3-12 MCC and site work; 8-15 (3 well pad); 6-13 (3 well pad); 14-4 (single well pad); Water injection well

Community & Local Impacts

Pipestone Energy's Approach to Community Engagement

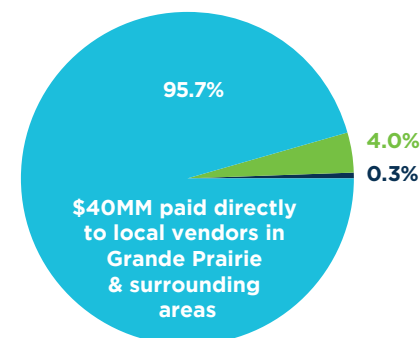
Pipestone Energy is committed to a respectful relationship with the Wembley and greater Grande Prairie area residents and local Government. We strive to be a trusted neighbor and community partner. Pipestone Energy invests directly in the community, hiring locally and maintaining strong civic partnerships. A vast majority of our corporate spend is focused here. As a local Energy company, Pipestone Energy is proud to pay municipal taxes, donate to local charities and sponsor local events. We hire local employees, contractors, and service providers. In 2020 we donated over \$100,000 directly to local charities. We will continue to nurture our affiliations with residents, schools and non-profit organizations. We have a shared goal to support the community through regional energy investment.

Local Economic Impact

Pipestone Energy invested a total of \$223MM for goods and services in 2020. The capital deployed was largely for drilling and completing wells and building production facilities. According to Government of Alberta finance estimates of economic multipliers, this level of oil and natural gas capital investment generated more than 200 direct and indirect jobs, paying more than \$23MM in labour wages. Approximately \$5MM was paid to governments, municipalities and regulators, funds that help pay for public services such as health care, education, and local infrastructure requirements. Pipestone Energy team included 53 people in 2020, approximately half in Grande Prairie and half in Calgary. In addition, greater than 700 contractors and suppliers contributed specific expertise and services to our work.

» Contractors and suppliers	>700
» Government payments	\$5MM
» Jobs generated	200
» Wages	\$23MM
» GDP impact	\$82MM
» Total invested	\$223MM

2020 Spending Allocation (\$223MM)



- Alberta
- Other Canadian Provinces
- Outside of Canada



\$100,000
DONATED TO CHARITY IN 2020



Pipestone Energy is a proud sponsor of the Resource Centre for Suicide Prevention and the Tough Enough to Talk About It program. In 2020 we donated \$5,000 and in 2021 we contributed \$7,500.



\$20,000

DONATED TO HYTHE NURSING
HOME IN GRANDE PRAIRIE
FOR A NEW SENIORS BUS

Hythe Nursing Home
Foundation
extends a
sincere

thank you
to

Pipestone Energy Corporation
for its
extraordinary contribution
of \$20,000
to the
Hythe Continuing Care Centre
Bus Project



Fund a flight with Stars



Volunteering at the drop in centre where we sponsored a meal



FUNDED LUNCH
FOR A DAY
5,800
LUNCHES



BROWN BAGGING FOR
Calgary's Kids
LUNCHES PROGRAMS SOCIAL CHANGE

Human Resources: The Pipestone Energy Team

At Pipestone Energy we believe that our success is driven by our greatest resource, our people.

Human Resources Philosophy

We commit to providing everyone with a work environment that is safe, respectful, and fair. Ensuring that we have an aligned and engaged team is a foundation of our success.

At Pipestone Energy, our goal is to adopt a culture that is motivated, committed to excellence, is respectful, where everyone shares the goal of operating with a high degree of integrity, responsibility, and empowerment. We pride ourselves on the team we have created today and the accomplishments that team has made together.

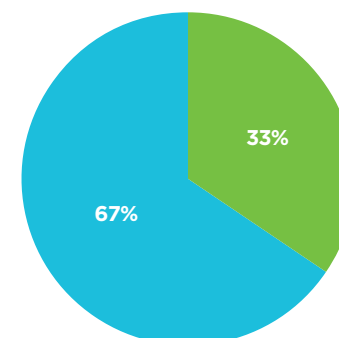
We believe in fair and equitable compensation for all our employees. We strive to ensure internal equity and parity with the industry standard. Our talent philosophy is to attract, retain and develop a great group of motivated people.

Team Profile

As of May 2021, the Pipestone Energy Team is made up of 52 workers. 30 employees and 22 contractors in both Grande Prairie and Calgary.

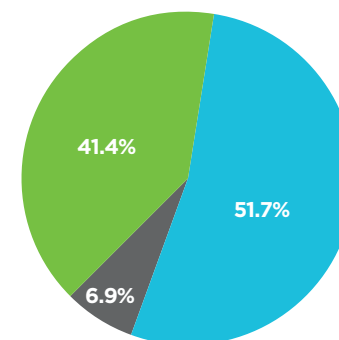
- › Turn over – in 2020 we had 0 voluntary resignations
- › Age groups – 30 and under: 2 employees; 30-49: 17 employees; over 50: 11 employees
- › Gender – 10 women and 20 men

2020 Gender Diversity (Permanent Staff)



- Men in workforce
- Women in workforce

2020 Age Diversity (Permanent Staff)



- 30 years and under
- 30 to 50
- Over 50

Employee Testimonials

"Pipestone is a true leader emphasizing the creation of value for all stakeholders, including investors, the environment, the community, our team and our families. We are a diverse and multi-faceted team that is focused on maximizing value and increasing efficiencies, all while building a healthy life balance. It has been a genuine privilege, as the Production/Operations Engineer, to be an integral part of the team at Pipestone. At Pipestone, I contribute directly to maximizing production, facility design



We are a diverse and multi-faceted team that is focused on maximizing value and increasing efficiencies, all while building a healthy life balance.

and planning, and full cycle analytics from wellhead to midstream sales. Our strength is our Team! Each of us has been selected and given the opportunity to grow and evolve, based on our unique skillsets, all within the guidance of true collaborative Leaders. I am proud to be a part of Pipestone's legacy, as Pipestone is a part of mine, as we move forward into a future of unprecedented change."

Jeff Woo – Senior Production Engineer

"Pipestone has been instrumental to the growth of my career. Through the freedoms and guidance that Pipestone has provided I've been able to carve out a career that is both challenging and engaging. Growing with the company has allowed me to gain knowledge about the industry from many different disciplines providing me with a well-rounded skill set. The friendly and respectful work environment is a cut above."

Ryan Hawkwood – Budget & Planning Lead

"I started working at Pipestone in September 2019 as an accounts payable analyst. In my role I take care of the invoice processing, sending out payments, and supporting the accounting team. Pipestone creates an environment that supports learning and the growth of employees. I am grateful to feel as though I have a range of mentors I can reach out to that care about my growth and development in this industry. Showing up to work everyday is made enjoyable with such a supportive and welcoming team. I look forward to what other opportunities will be made available through continuing with my time at Pipestone."

Katelyn Comandante – Accounts Payable Analyst

"From the second I stepped into the office for my interview in October 2019, I knew I wanted to work for Pipestone Energy Corp. There was a feeling of excitement within this new Corporation. The President and CEO, Paul Wanklyn, even came into my interview to talk about the company culture of Pipestone! I was hired as the Receptionist/Administrative Assistant, and since the fall of 2020, I am also the EPAP Administrator for the Production department. I love the variety of my workload! Pipestone is the first company I have worked for where ALL employees participate in the company incentive plans and benefits – inclusion is one of the greatest values within a company and Pipestone embraces/treats every employee equally!"

Heather Ford – Administrative Assistant & Reception



Employee Testimonial Group.

Employee Testimonials

"I have had the pleasure of working at Pipestone Energy and its predecessor company since early 2015 in various financial roles and capacities. It has been an exciting journey to see both our team and Montney asset evolve over this timeframe. We remain one of the few uniquely positioned companies that has a high-quality asset that is still in its infancy stage of development and continues to grow at an impressive pace. I am very proud to be part of a dynamic, focused team that is highly dedicated to serving its stakeholders while upholding top-tier ESG standards as we continue to relentlessly pursue and execute on our corporate goals."

Travis Belak – Manager, Financial Reporting & Taxation



I have been with Pipestone Energy Corp. since the beginning and it has been exciting to be part of a fast-growing company and I love how much they give back to the community in so many ways.

"I have been with Pipestone Energy Corp. since the beginning and it has been exciting to be part of a fast-growing company and I love how much they give back to the community in so many ways. The company culture is like no other. Everyone looks out for each other, and this starts right at the top. My background is GeoScience and Pipestone has given me the opportunity to pursue a career in land by supporting me with the education and endless mentorship to ensure my success. I feel challenged in my role as a Surface Land Administrator and love that I'm always learning more every day. I look forward to helping the team reach its targets while having fun along the way."

Connie Paftaluta – Surface Land/Geoscience Technician

"I started my position as the Office Administrator at Pipestone Energy Corp. June 2019 in the Grande Prairie office. Having worked with a few of the contractors at a previous company it did not take long to know that this was going to be an incredible position and role for me to take on. The grassroots culture that Pipestone has built is exemplified by everyone in the organization. I can honestly say that in my 25+ year career in the Administration field I have never had the CEO of any company phone me directly to welcome me to the team on my first day. That is just one of the many things that make working for Pipestone so great. The fact that giving back to the communities that we work in and around, as well as hiring local based companies, is so important and is something that you don't always see in any industry. We say we want to be great neighbours to our communities, and we mean it. Our field staff take the time to listen to any concern brought to us during all aspects of our operations and they do everything they can to mitigate the impact we have on residents, wildlife and the surrounding area. The communication between our Head Office in Calgary and our local office is excellent, and flows seamlessly in both directions, and across divisions. I have enjoyed my first 2 years with Pipestone Energy Corp. and look forward to many more years with this amazing team!"

Jamie Querin – Office Administrator, Grand Prairie

Training & Development

Pipestone Energy supports employee professional development. It is our philosophy to encourage employees to develop their skills and to prepare themselves for advancement and promotion opportunities as the company continues to grow.

In 2020, as we grew our business, we targeted certain areas of training for the whole team. We developed and delivered our own in-house training programs for Drug & Alcohol and Respectful Workplace Programs. Customized training is also offered on our first Safety Management System and our first Employee handbook. Through quarterly town halls our executive team delivered presentations on our business plan and performance to assist with greater team alignment.

We pay for professional designation memberships, any required training such as First Aid, H2S Alive and courses that enhance our team's performance, safety and capability on an individual basis.

At Pipestone Energy we promote regular, open and honest communication and "check-ins" between employees and their leaders in addition to completing annual performance reviews. Through these performance reviews and check-in's individual learning and development opportunities are discussed and pursued.

Diversity in the Workforce

Pipestone Energy is dedicated to providing equal opportunities to all employees and applicants with respect to employment. We are committed to providing equal employment opportunity which applies to all terms and conditions of employment, including hiring, placement, promotion, termination, layoff, recall, transfer, leave of absence, compensation, and training.

As outlined in our Employee Handbook, we value individual differences and diversity in our workforce. We employ individuals from different age groups and ethnicities, with diverse education, experience, and expertise.

Pipestone Energy expressly prohibits any form of unlawful employee harassment or discrimination based on any of the protected grounds as defined by the Alberta Human Rights Act. See our Respectful Workplace Program for more detail.





Governance & Business Practices

Sustainability Risks & Opportunities

Our Board of Directors and leadership team believe strong corporate governance is essential for superior performance and stakeholder service.

Board of Directors

The Board of Directors (Board) oversees the conduct of the business of the company and the activities of the leadership team, who are responsible for the day-to-day management of the business. The Board of Directors oversees management's processes to identify sustainability risks, mitigate or manage such risks, and manage the company's performance around material sustainability topics that have been identified.

The Board of Directors has a Reserves and Health, Safety, Environment Committee (Reserves and HSE Committee) with a mandate that includes overseeing Pipestone Energy's public reporting related to the Company's petroleum and natural gas reserves, and the policies and management systems designed to meet or exceed applicable laws and regulations and evaluate performance with respect to: (i) maintaining the health and safety of all persons associated with the operations of Pipestone Energy; (ii) preserving the environment; and (iii) the relationship of Pipestone Energy within the local communities where we operate.

The Board of Directors also has a Compensation and Governance Committee, and an Audit Committee, which are mandated to oversee governance in their respective areas.

Executive Leadership

Led by the President & CEO, the senior leadership team is responsible for the company's sustainability strategy. The Chief Operating Officer (COO) is responsible for overseeing the implementation of the strategy. The President & CEO is responsible for making major managerial decisions on operations and resource management, and for guiding the strategic direction for Pipestone on a variety of matters including sustainable development. The President & CEO is also a member of the Board of Directors and reports to the Board on Pipestone's sustainability performance on a quarterly basis with support from the leadership team.

ESG Team

In 2020, the Company established an ESG committee. The roles of the Chief Operating Office (COO) and the Chief Financial Officer (CFO) were expanded to include oversight of sustainability, government relations, Indigenous engagement, community engagement and communications. With guidance from the COO and CFO, the ESG committee is responsible for ESG reporting and disclosure and the ongoing development of strategies and performance management on sustainability. This is done in collaboration with other business functions across the organization.

Leadership Team

Sustainability risks are evaluated, prioritized and managed by the senior leadership team, and these risks and corresponding mitigating actions are reported to various Board committees and/or the Board of Directors on a regular basis. The Board committees and the Board provide the senior leadership team with feedback regarding the company's risk management processes.



The ESG Committee.

ESG Policies

Our policies provide our people with guidance on how to conduct business on behalf of Pipestone Energy and engage with our stakeholders based on our commitment to sustainable development. The following policies help govern sustainability at Pipestone Energy:

- » Corporate Code of Conduct Policies and Procedures
- » Diversity Policy
- » Health, Safety and Environment Policy
- » Respectful Workplace Policy
- » Whistleblower Policy
- » Drug and Alcohol Policy
- » Environment Policy
- » Audit Related Hiring Policy
- » Employee Privacy Policy
- » External Privacy Policy
- » Investment Policy
- » Related Party Transactions Policy

Operational Management System Supporting ESG

Pipestone Energy established an Operational Management System (see page 21 for details). It is based on IOGP 510 "Operating Management System Framework". The management system uses input from stakeholders, compliance obligations, risk and opportunity processes, and impact assessments based on our operations to drive continuous improvement and support ESG efforts across the company.



Business Ethics

Why are Ethics Important to Our Business?

Having a strong ethical business culture is critical to our business. It allows us to focus our time and energy on our performance and supports all our other business functions.

Why are Ethics of Importance to Our Stakeholders?

Acting ethically allows us to maintain the trust of our people, our communities, and our investors.

Management Approach

At Pipestone Energy, we pride ourselves on our reputation as an ethical, high-performance company, employer, partner, and member of the local communities where we operate. Our management approach includes five elements:

1. Policies

Pipestone Energy's Business Corporate Code of Conduct Policies and Procedures serves as a guide for the behaviour and standards of conduct we require of all Pipestone Energy personnel. The Business Corporate Code of Conduct Policies and Procedures sets out our approach to giving and receiving gifts, corruption, and illegal financial activities, and specifically prohibits employees from receiving and giving bribes or facilitation payments.

2. Board Oversight

The Board of Directors is responsible for establishing policies and processes for the company to operate at all times, in accordance with applicable laws. The Board is also responsible for ensuring management has implemented procedures to both comply and monitor compliance with these policies and processes.

3. Reporting Concerns

One of the key mechanisms through which suspected violations of our policies is reported is through our confidential and anonymous whistleblower hotline in accordance with our Whistleblower Policy. We encourage our employees, consultants, service providers and other

stakeholders to bring forward any concerns regarding suspected violations of any of our policies or procedures, including those pertaining to Pipestone Energy accounting practices, audits, financial reporting or internal controls. Such concerns may be raised with a supervisor, a member of our leadership team or through the whistleblower hotline.

4. Resolving Concerns

Our Whistleblower Investigation team is responsible for managing these reports. The team includes the Chair of the Audit Committee and our CFO and may include the Chair of the Board and/or the President and CEO, if determined to be appropriate. The company has never been subject to any legal or regulatory fines or any settlements associated with violations of bribery, corruption or anti-competitive standards.

5. Training

In 2020, mandatory policy training and sign-off was rolled out to all employees for the following policies:

- » Pipestone Energy's Code of Conduct and Ethics, Policy and Procedures, which includes:
 - » Governing Disclosure
 - » Confidentiality
 - » Insider Trading
 - » The Whistleblower Policy
- » Respectful Workplace Program
- » Drugs and Alcohol Program
- » Employee Handbook

Board & Leadership Diversity

At Pipestone Energy, we recognize the benefits of diversity for better decision-making.

Board Diversity Policy

Pipestone Energy's Diversity Policy sets out our approach to diversity with respect to appointments to the Board and the promotion or hiring of individuals as executive officers or into other senior management positions. Our policy states that we recognize the benefits of diversity, including gender diversity with respect to nominations to the Board and the promotion and hiring of individuals into the management team, that we are committed to a merit-based system for such appointments and that we aim to increase the diversity of our Board and management team over time.

We believe our company's needs are best served by identifying and screening fully qualified candidates for these roles with reference to the skills, experience, expertise and leadership qualities that will be required for the individual to be effective in the role for which he or she is a candidate. Pipestone Energy is actively recruiting to add a new board member to bring additional diversity to our outstanding board.



Notes:
 (1) Chair of the Board
 (2) Chair of Committee
 (3) Independent Director

Pipestone Energy Board Members

(effective June 29, 2021)



Gordon M. Ritchie
 Chairman of the Board and Chair, Compensation & Governance.
 Independent



Bill Lancaster
 Chair, Audit Committee.
 Independent



John Rossall
 Chair, Reserves & HSE Committee.
 Independent



Robert Tichio
 Independent



Jesal Shah
 Independent



Garth Braun
 Non-Independent



Paul Wanklyn
 Non-Independent

Advocacy

We are committed to transparent disclosure in our approach to advocacy and public policy engagement and to taking a collaborative approach that appropriately and responsibly balances stakeholder concerns.

Public Policy Initiatives

We are involved in industry associations and various public policy initiatives including:

- › Advancing the development of additional market access for Alberta's natural gas and natural gas liquids.
- › Creating fulsome reporting on renewable power initiatives that could help support future government supported incentive programs.
- › Supporting collaborative Indigenous partnerships with our service providers.
- › Providing feedback on the upgrade of local roads that benefit area stakeholders.
- › Delivering evidence for the use of 9 vs 8 axle transport units to reduce industrial road traffic.



Alberta Energy Regulator

Pipestone Energy actively engages on public policy initiatives that support the competitiveness of the energy sector and ensure the protection and strengthening of the industry's environmental, social and economic sustainability. This includes engagement and consultation with the Alberta Energy Regulator on various topics including:

- › Well Abandonment (Directive 020)
- › Injection and Disposal Wells (Directive 051)
- › Requirements for Site-Specific Liabilities Assessment (Directive 001)
- › Pressure Delivery of Testing Oil and Gas Wells (Directive 040) Fluid Type Determination of Oil and Gas Wells
- › Oil and Gas Conservation Regulation

Responsible Supply Chain

Through an effective contractor management system our vendors to adhere to our culture, company policies and best practices related to sustainability performance, as well as applicable laws and regulations, while providing services for us.

ComplyWorks – a platform that measures and reports the state of compliance performance across the organization – is used to ensure all of our employees and contractors are aware of the rules and regulations governing their area of work, requiring sign-off before work can begin. We use a system to track all reportable and non-reportable spills, however minor they may be, with mandatory root cause identification to help us continually improve.



We Work With Suppliers to Foster Three Areas of Performance:

1. Robust Health, Safety and Environmental Practices



Pipestone Energy's suppliers are screened for suitability and alignment with various criteria, including health, safety and environmental performance. We monitor supplier performance to ensure their continued alignment and compliance with our policies and expectations.

2. Common Sustainability Goals



It is important for us to work with like-minded suppliers who recognize the importance of sustainability. We endeavour to work with suppliers who are willing to help the company find innovative solutions to help reduce our environmental footprint and foster social and economic benefits for local communities.

3. Local and Indigenous Procurement



We believe having a strong roster of local vendors makes the community stronger, creates more opportunities, generates more taxes for local, provincial and federal governments, and helps build a strong economy. The majority of our work goes to local contractors and suppliers who meet our requirements and can perform the work at a competitive price. We actively engage and promote the development of Indigenous suppliers or suppliers working with Indigenous groups in our area.



Appendix

Performance Data

Activity	Units	2020
Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas	boe/day	15,570
Number of offshore sites	number	0
Number of terrestrial sites	number	0

Greenhouse Gas Emissions	Units	2020
Gross global scope 1 emissions	metric tonnes CO ₂ e	40,251
Indirect emissions	metric tonnes CO ₂ e	745
Intensity (scope 1 and scope 2)	metric tonnes CO ₂ e/boe	40,996
Methane emissions	percentage	38.67%
Covered under emissions-limiting regulations	percentage	100%
Flared hydrocarbons	metric tonnes CO ₂ e	3,805
Other combustion	metric tonnes CO ₂ e	13,573
Process emissions	metric tonnes CO ₂ e	7,019
Vented emissions	metric tonnes CO ₂ e	2,233
Fugitive emissions	metric tonnes CO ₂ e	13,620
Flared gas	thousand m ³	1,664
Vented gas	thousand m ³	149
Solution gas conservation rate	percentage	N/A

Air Emissions	Units	2020
NO _x (excluding N ₂ O)	metric tonnes	25
SO _x	metric tonnes	0
Volatile organic compounds	metric tonnes	0.62
Particulate matter	metric tonnes	0.012

Water	Units	2020
Total fresh water withdrawn	m ³	331,619
Total fresh water consumed	m ³	331,619
Volume of produced water and flowback generated	m ³	421,046
Water discharged	percentage	0%
Water injected	percentage	100%
Water recycled	percentage	0%
Hydrocarbon content in discharged water	metric tonnes	N/A
Hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	percentage	100
Hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	percentage	0

Biodiversity Impacts	Units	2020
Number and aggregate volume of hydrocarbon spills	number; barrels	3; 1.32
Volume of hydrocarbon spills in Arctic	barrels	0
Volume of hydrocarbon spills impacting shorelines with ESI rankings 8-10	barrels	0
Volume of hydrocarbon spills recovered	barrels	1.32
Proved reserves in or near sites with protected conservation status or endangered species habitat	percentage	1.02
Probable reserves in or near sites with protected conservation status or endangered species habitat	percentage	0.42

Reclamation	Units	2020
Active wells (net – operated)	wells	56 Wells (Producing, Disposal, Cased & Testing)
Inactive wells (net – operated)	wells	23 Wells (Abandoned, Standing, Suspended)
Shut-in wells (net – operated)	percentage	0%
Suspended wells (net – operated)	percentage	17%
Abandoned wells (net – operated)	wells	9 Wells
Active wells (net – non-operated)	wells	2 Wells (Producing)
Inactive wells (net – non-operated)	wells	3 Wells (Abandoned, Suspended)
Shut-in wells (net – non-operated)	percentage	0%
Suspended wells (net – non-operated)	percentage	12.50%
Abandoned wells (net – non-operated)	wells	1 Well
Active reclamation ongoing (gross)	wells	3
Certificates received (gross)	wells	0

Reclamation	Units	2020
Shut-in wells (net – non-operated)	percentage	0%
Suspended wells (net – non-operated)	percentage	12.50%
Abandoned wells (net – non-operated)	wells	1 Well
Active reclamation ongoing (gross)	wells	3
Certificates received (gross)	wells	0
Reportable spills	count	3
Reportable non-pipeline spills	count	3
Reportable pipeline spills	count	0
Total volume of reportable spills	m ³	0.2
Volume of non-pipeline reportable spills	m ³	0.2
Volume of pipeline reportable spills	m ³	0
Pipeline incident rate	incident/1,000 kilometres	0
Number of fines and penalties	count	0

Health & Safety	Units	2020
Lost-time frequency – employee	cases/200,000 work hours	0
Lost-time frequency – contractor	cases/200,000 work hours	0
Recordable frequency – employee	cases/200,000 work hours	0
Recordable frequency – contractor	cases/200,000 work hours	0
Fatalities – employee/contractor	cases/200,000 work hours	0
Near miss frequency rate – employee	rate	0
Near miss frequency rate – contractor	rate	0.66
Average hours of health, safety, and emergency response training – employee	hours	40
Average hours of health, safety, and emergency response training – contractor	hours	40

Social	Units	2020
Workforce profile	count	53
Full-time	count	25
Part-time	count	4
Contractors and temporary employees	count	24

Social	Units	2020
Employees by Location		
Field (permanent)	count	1
Office (permanent)	count	28
Field (contractors and temporary)	count	17
Office (contractors and temporary)	count	7
Gender Diversity (Permanent Only)		
Women in workforce	percentage	34.5%
Supervisory/professional positions	percentage	34.5%
Management and executive team	percentage	0%
Board of directors	percentage	14%
Employee Age Categories		
30 years and under	count	2
30 to 50	count	15
Over 50	count	12
Voluntary turnover	percentage	0
Total spending on training	\$	\$7,220.54
Spending per employee	\$	\$248.98
Security, Human Rights & Rights of Indigenous Peoples		
Proved reserves in or near areas of conflict	percentage	0
Probable reserves in or near areas of conflict	percentage	0
Proved reserves in or near Indigenous land	percentage	0
Probable reserves in or near Indigenous land	percentage	0
Community Relations		
Number and duration of non-technical delays	number; days	0

Business Ethics & Transparency	Units	2020
Proved reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	percentage	0
Probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	percentage	0

Critical Incident Risk Management	Units	2020
Process Safety Event rates for Loss of Primary Containment of greater consequence (Tier 1)	rate	0.33

Economic	Units	2020
Value generated	millions of \$	\$136.0
Value distributed to:		
Suppliers	millions of \$	\$197.4
Providers of capital	millions of \$	\$10.7
Governments	millions of \$	\$5.2
Employees	millions of \$	\$8.3
Landowners	millions of \$	\$0.8
Communities	millions of \$	\$0.1
Net value retained (distributed)	millions of \$	\$-86.5

Reserves Valuation & Capital Expenditures	Units	2020
Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	MMbbl; Bcf	0
Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	metric tonnes CO ₂ e	Not Disclosed
Amount invested in renewable energy, revenue generated by renewable energy sales	reporting currency	0

(Proved Reserves)	Oil	Total
(Scenario)	(MMbbl)	(MMboe)
Current Policies Scenario (base)	13.0	33.0
New Policies Scenario	13.0	33.0
Sustainable Development Scenario	13.0	33.0

Methodology used to collect activity data and calculate Scope 1 and Scope 2 emissions includes Canadian Association of Petroleum Producers "Calculating Greenhouse Gas Emissions" (2003); American Petroleum Institute "Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry" (2009); and Western Climate Initiative "Final Essential Requirements of Mandatory Reporting – 2011 Amendments for Harmonization of Reporting in Canadian Jurisdictions" (December 21, 2011).

Economic value generated comprises sales of condensate and other natural gas liquids, crude oil, natural gas, and other income, before the reduction of any royalty obligations and gains and losses on risk management contracts. All figures are presented on an accrual basis.

Economic value distributed to suppliers comprises all operating, transportation, and general and administrative costs as well as capital expenditures that are paid to suppliers other than employees, landowners, governments, and for purposes of charitable donations. All figures presented on an accrual basis.

Economic value distributed to providers of capital includes interest expense paid, other bank fees, debt issuance costs and dividends paid-in-kind on convertible preferred shares.

Economic value distributed to governments includes crown royalty obligations, corporate income taxes, property and business taxes, carbon taxes, provincial sales taxes, as well as consideration paid to governments for surface rights of Crown-owned land and government licenses, fees, and permits. Excludes contributions to government pension plans and government employment insurance premiums made on behalf of employees. All figures presented on an accrual basis. Due to the use of different reporting frameworks, figures presented will not necessarily conform to those presented in Pipestone Energy's annual reporting under the Extractive Sector Transparency Measures Act ("ESTMA"). For more information or to view Pipestone Energy's annual ESTMA report, please refer to Pipestone Energy's website at www.pipestonecorp.com.

Economic value distributed to employees comprise salaries, employee benefits, and compensation associated with Pipestone Energy's share-based compensation plans. All figures presented on an accrual basis.

Economic value distributed to landowners comprise land access payments and royalty obligations to individuals and corporations associated with non-Crown owned lands.

Economic value distributed to communities comprise contributions to charitable and not-for-profit organizations.

Economic value retained represents Economic value generated minus total Economic value distributed as presented herein. Economic value retained does not have any standard meaning prescribed by International Financial Reporting Standards ("IFRS") and should not be confused with retained earnings, net income, comprehensive income, or any other measure prescribed by IFRS. May not be comparable to similar measures presented by other entities.

Reserves analysis completed by McDaniel & Associates Consultants Ltd.

SASB Disclosures

Specific Sustainable Industry Classification System

Topic	Accounting Metric	Category	Unit of Measure	Code	Pipestone Energy Corp.
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	Quantitative	Metric tons CO ₂ -e (t), Percentage (%)	EM-EP-110a.1	40,251 CO ₂ -e (t) 38.67% 100%
	Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions	Quantitative	Metric tons CO ₂ -e	EM-EP-110a.2	1 – 3,805.3 CO ₂ -e (t) 2 – 13,573.3 CO ₂ -e (t) 3 – 7,019 CO ₂ -e (t) 4 – 2,233 CO ₂ -e (t) 5 – 13,620.4 CO ₂ -e (t)
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	EM-EP-110a.3	Net zero emissions by 2035
					Pipestone's long-term ambition is to reach net zero emissions by 2035. This will require ongoing focus on technology solutions beyond those that are commercial and economic today. We continue to identify opportunities to participate in longer-term solutions to address emissions from our operations and beyond. This includes extensive collaboration efforts with our peers, academics, other industries and entrepreneurs from around the world.
Air Quality	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) volatile organic compounds(VOCs), and (4) particulate matter (PM ₁₀)	Quantitative	Metric tons (t)	EM-EP-120a.1	1 – 24.58 t 2 – 0.0 t 3 – 0.62 t 4 – 0.012 t

Topic	Accounting Metric	Category	Unit of Measure	Code	Pipestone Energy Corp.
Water Management	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m ³), Percentage (%)	EM-EP-140a.1	1 – 331,619.02 m ³ 2 – 331,619.02 m ³ 3 – 0%, 0%
	Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water	Quantitative	Thousand cubic meters (m ³), Percentage (%), Metric tons (t)	EM-EP-140a.2	421,046.8 m ³ 1 – 0 % discharged, no hydrocarbon discharged 2 – 100 % injected 3 – 0 % recycled
	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	Quantitative	Percentage (%)	EM-EP-140a.3	100%
	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline ²	Quantitative	Percentage (%)	EM-EP-140a.4	0%
Biodiversity Impacts	Description of environmental management policies and practices for active sites	Discussion and Analysis	n/a	EM-EP-160a.1	<p>Pipestone Energy Corp. is committed to conducting its activities in a manner that protects the health and safety of its workers and the public while minimizing the Company's impact on the environment. Fostering a culture that prioritizes safety above all else is key to a sustainable future for our business.</p> <p>In fulfilling this commitment Pipestone Energy Corp will:</p> <ul style="list-style-type: none"> » manage compliance with all environmental laws and regulations, requirements and recognized industry standards and practices applicable to our activities. » identify and assess environmental risks arising from our activities and adopt fit for purpose measures to eliminate or mitigate the potentially negative environmental impacts associated with such activities. » require our workforce to comply with our established environmental practices, and provide the tools and training for them to do so. » communicate to our workforce our expectations regarding environmental performance and the necessity for adherence to these expectations. » monitor, measure and communicate to stakeholders our environmental performance.

Topic	Accounting Metric	Category	Unit of Measure	Code	Pipestone Energy Corp.
Biodiversity Impacts	Number of aggregate volume of hydrocarbons spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	Quantitative	Number, Barrels (bbls)	EM-EP-160a.2	Spills – 3 1.32 bbls Arctic – 0 Shoreline – 0 Recovered 1.32 bbls
	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Quantitative	Percentage (%)	EM-EP-160a.3	Proved – 1.02% Probable – 0.42%
2 Note to EM-EP-140a.4 – The entity shall disclose its policies and practices related to ground and surface water quality management.					
Security, Human Rights & Rights of Indigenous Peoples	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Quantitative	Percentage (%)	EM-EP-210a.1	Proved – 0% Probable – 0%
	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Quantitative	Percentage (%)	EM-EP-210a.2	Proved – 0% Probable – 0%
	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Discussion and Analysis	n/a	EM-EP-210a.3	<p>Pipestone operations are not proximal to a reserve. A vast majority of Pipestones activity is located on Privately owned lands. As a result, direct engagement with Indigenous groups is not required.</p> <p>If future operations occur on Crown held lands, Pipestone will consult with local reserves as required by AER regulations. Pipestone supports the Aseniwuche Winewak Nation (AWN) by a cash contribution to the Emerging Leaders program. Pipestone preferentially selects contractors that align with our ESG initiatives along with direct support to the Indigenous community. As an Pipestone has a preferred supplier relationship with CDN Controls who are currently working toward Bronze Level Certification with the Canadian Council for Aboriginal Businesses (CCAB) Progressive Aboriginal Program (PAR).</p> <p>Pipestone has not conducted operations in areas of conflict.</p>
Community Relations	Discussion of process to manage risks and opportunities associated with community rights and interests	Discussion and Analysis	n/a	EM-EP-210b.1	<p>Pipestone manages business risk associated with operating in the community by committing to being a good neighbor. Pipestone contributes to local charities, sports teams, local schools and Community facilities. Pipestone continually engages with proximal residents. Any concerns are remedied where possible. Pipestone looks for opportunities to help neighbors by planting trees, grading roads, fencing, gravel where required etc. Pipestone posts reduced speed limits in our area of operations and are strictly enforced for all Pipestone employee and service providers. Pipestone limits traffic during school bus hours, maintains dust control and keeps roads in safe condition.</p>
	Number and duration of non-technical delays	Quantitative	Number, Days	EM-EP-210b.2	0-0

Topic	Accounting Metric	Category	Unit of Measure	Code	Pipestone Energy Corp.
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees	Quantitative	Rate, Hours (h)	EM-EP-320a.1	1 – TRIR – 0.0 2 – Fatality – 0.0 3 – NMFR – 0.66 4 – Full time 40 hrs, contract 40 hrs, short service 40 hrs
	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifestyle	Discussion and Analysis	n/a	EM-EP-320a.2	<p>Pipestone Energy Corp. is committed to conducting its activities in a manner that protects the health and safety of its workers and the public while minimizing the Company's impact on the environment. Fostering a culture that prioritizes safety above all else is key to a sustainable future for our business. Personnel at every level of the organization are required to be aware of, and to comply with, all our policies.</p> <p>In fulfilling this commitment Pipestone Energy Corp will:</p> <ul style="list-style-type: none"> » comply with health and safety laws and regulations, requirements and industry standards applicable to our activities. » identify and assess health and safety hazards arising from our activities and adopt fit for purpose measures to eliminate or mitigate the potentially negative healthy and safety impacts associated with such activities. » ensure all personnel have the authority, responsibility and support to stop work when an unsafe situation is recognized or suspected. » ensure that our workforce understands that working safely is a condition of employment and that all workers are responsible for their own health and safety as well as the health and safety of those around them. » commit to always doing what is right when it comes to the health and safety of our workforce and the public; if it cannot be done safely it should not be done at all. » monitor, measure and communicate to stakeholders our safety performance.

Topic	Accounting Metric	Category	Unit of Measure	Code	Pipestone Energy Corp.
Reserves Valuation & Capital Expenditures	Sensitivity of hydrocarbons reserve levels to future price projection scenarios that account for a price on carbon emissions	Quantitative	Million barrels (MMbbls), Million standard cubic feet (MMscf)	EM-EP-420a.1	Nil, current PDP reserve life index is short enough that minimal impact at current carbon tax projections.
	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	Quantitative	Metric tons (t) CO ₂ -e	EM-EP-420a.2	Not disclosed
	Amount invested in renewable energy, revenue generated by renewable energy sales	Quantitative	Reporting currency	EM-EP-420a.3	0
	Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets	Discussion and Analysis	n/a	EM-EP-420a.4	Price and Demand are the major factors that influence development pace. Federal Carbon Tax and Alberta TIER programs influence the technology being employed to process hydrocarbons in the least carbon intensive manner possible. Reducing flaring, fuel and venting is primary focus with some capital being deployed.
Business Ethics & Transparency	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Quantitative	Percentage (%)	EM-EP-510a.1	0%
	Description of the management system for prevention of corruption and bribery throughout the value chain	Discussion and Analysis	n/a	EM-EP-510a.2	<p>The Pipestone Corporate Code of Conduct Policies and Procedures document covers:</p> <ul style="list-style-type: none"> » Code of Business Conduct and Ethics » Policy and Procedures Governing Disclosure » Policy and Procedures Governing Confidentiality » Policy and Procedures Governing Insider Trading » Whistleblower Policy <p>This requires annual review and commitment by all employees.</p>
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion and Analysis	n/a	EM-EP-530a.1	Pipestone monitor regulatory and policy proposals and are prepared to engage in, and support industry efforts where required to improve factors affecting the industry.

Topic	Accounting Metric	Category	Unit of Measure	Code	Pipestone Energy Corp.
Critical Incident Risk Management	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	Quantitative	Rate	EM-EP-540a.1	0.33
	Description of management systems used to identify and mitigate catastrophic and tail-end risks	Discussion and Analysis	n/a	EM-EP-540a.2	As a part of our Operating Management System framework (aligned with IOGP 510), we ensure processes are in place to identify and manage critical risk controls/barriers to prevent a major incident.

Table 2. Activity Metrics

Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas	Quantitative	Thousand barrels per day (Mbbbl/day); Million standard cubic feet per day (MMscf/day)	EM-EP-000.A	1 – 6.730 Mbbbl/day 2 – 53.039 MMscf/day 3 – 0 Mbbbl/day 4 – 0 MMscf/day
Number of offshore sites	Quantitative	Number	EM-EP-000.B	0
Number of terrestrial sites	Quantitative	Number	EM-EP-000.C	0

Reader Advisory

Advisory Regarding Forward-looking Statements

This report 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 report contains forward-looking statements pertaining to: our net zero carbon emissions target; GHG reduction by 2025; the development and use of technology in order to reduce emissions; 2021 production; the pursuit of the EO100 certification and what it will entail; development and the generation of investment returns; continuous improvement initiatives; future demand for natural gas; Canada being a supplier of choice; the aim to reduce emission intensity throughout the life cycle of assets; emission reduction activities and initiatives around net zero initiatives, including through carbon capture and sequestration, drilling fuel substitution and solar power supplementation; the balance between productivity and environmental impacts; the use of water; a biodiversity partnership and biodiversity

commitments and benefits; worker health and safety commitments and the maturation of Pipestone's safety program and management; indigenous community investment and the emerging leaders program; indigenous peoples consultation; future change; and involvement in public policy initiatives and possible results.

Information and statements regarding Pipestone Energy's reserves also are forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities predicted or estimated and can be profitably produced in the future.

With respect to the forward-looking statements contained in this report, 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; 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, including their ability to reduce emissions; 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; 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 May 12, 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.

The forward-looking statements contained in this report 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 report contains references to "free cash flow" 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 these metrics may not be comparable to similar measures presented by other issuers.

"Free cash flow" should not be considered an alternative to, or more meaningful than, cash flow – operating activities as determined in accordance with IFRS, as an indicator of financial performance. Free cash flow is presented to assist management and investors in analyzing

operating performance by the business in the stated period. Free cash flow equals cash flow – operating activities plus change in non-cash working capital less capital expenditures.

Third-party Information

This presentation contains statistical data, market research and industry forecasts that were obtained from government or other industry publications and reports or are based on estimates derived therefrom and management's knowledge of, and experience in, the markets in which Pipestone Energy operates. Government and industry publications and reports generally indicate that they have obtained information from sources believed to be reliable, but do not guarantee its accuracy or completeness. Often, such information is provided subject to specific terms and conditions limiting the liability of the provider, disclaiming any responsibility therefor, and/or limiting a third party's ability to rely thereon. No author of any such publication or report has consulted for or advised or counselled Pipestone Energy or is in any way associated with the companies. Further, organizations that are proponents of the Canadian oil and gas industry may present information in a manner that is different from, and potentially more favourable to the industry than, information presented by an entirely independent source. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Market and industry data is subject to variation and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any survey. Pipestone Energy has not verified any data from third party sources referred to in this presentation or assessed any underlying assumptions relied upon by such sources.

Reserves Disclosure

General

Unless otherwise indicated, reserves estimates have been prepared by McDaniel's, Pipestone Energy's independent qualified reserves evaluators in accordance with the COGE Handbook and NI 51-101 and have an effective date of December 31, 2020.

Information in this presentation regarding Pipestone Energy's estimated reserves and production is expressed on a net Pipestone Energy (as applicable) interest basis, being its respective working interest (operating and non-operating) share after deduction of royalty obligations plus any royalty interest.

Reserves volumes attributed to Pipestone Energy's properties are estimates only. There is no assurance that the estimated reserves can or will be recovered. Actual reserves may be greater or less than those estimated, and the difference may be material. There is no assurance that the forecast prices and cost assumptions applied in evaluating the reserves will be attained, and variances between actual and forecast prices and costs may be material.

The determination of oil and gas reserves involves estimating subsurface accumulations of oil, NGLs (including condensate) and natural gas that cannot be exactly measured. The preparation of estimates is subject to an inherent degree of associated risk and uncertainty, including factors that are beyond Pipestone Energy's, as applicable, control. The estimation and classification of reserves is a complex process involving the application of professional judgment combined with geological and engineering knowledge to assess whether specific classification criteria have been satisfied. It requires significant judgments based on available geological, geophysical, engineering, and economic data as well as forecasts of commodity prices and anticipated costs. As circumstances change and additional data becomes available, whether through the results of drilling, testing and production or from economic factors such as changes in product prices or development and production costs, reserves estimates also change. Revisions may be positive or negative.

In addition to the information disclosed in this presentation, more detailed information is 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.

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.

Production

References to natural gas and condensate production in this report 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 report consists of the constituent product types and their respective quantities as disclosed in the following table:

	Tight Oil (bbls/d)	Shale Gas (Mcf/d)	Condensate (bbls/d)	Other NGLs (bbls/d)	Total NGLs (bbls/d)	Total (boe/d)
2020 Average Production	102	53,039	4,626	2,002	6,628	15,570
2019 Average Production	52	15,751	1,744	341	2,085	4,762
Q1 2021 Production	91	70,527	7,004	2,745	9,749	21,595