

THE ARRANGEMENT

Background to the Arrangement

The Arrangement is the result of an extensive review of strategic alternatives by Pipestone followed by lengthy arm's length negotiations between Pipestone (led by the Pipestone Special Committee) and Strathcona. The following is a summary of key meetings, negotiations, discussions and actions involving the various parties that led to Pipestone executing the Arrangement Agreement with Strathcona on July 31, 2023.

Over the last approximately 18 months, the Pipestone Special Committee and the Pipestone Board, together with the assistance of Pipestone management, financial advisors and legal counsel, undertook a comprehensive evaluation of strategic alternatives available to Pipestone. This evaluation resulted in, among other things, numerous negotiations with several credible counterparties, the assessment of Pipestone's standalone plan with management of Pipestone, execution of several non-disclosure agreements, discussions with various stakeholders, the receipt of numerous non-binding written proposals and verbal proposals for a number of potential transactions, including the acquisition of Pipestone or a combination of Pipestone with other transaction counterparties, with a range of cash and equity consideration mixes, which proposals included those solicited by Pipestone and unsolicited inbound approaches, all of which the Pipestone Special Committee and Pipestone Board carefully considered and assessed with a view of maximizing and unlocking long-term value for the Pipestone Shareholders and considering the interests of Pipestone's other stakeholders.

In total, BMO Capital Markets assisted the Pipestone Board in reviewing over 75 potential counterparties, including acquisition, combination and acquiror candidates. Five potential candidates, including Strathcona, expressed varying degrees of interest at various points in time, in pursuing a transaction with Pipestone, and in certain cases, by submitting more than one proposal throughout this time period. At the relevant times, the submitted proposals from each of these five candidates were evaluated and compared both relative to any other proposal open at that time, if any, and to Pipestone's status quo business plan, and input was confidentially sought from significant shareholders about the proposal(s) under consideration and terms applicable to them, always with a view to determining the best interests of Pipestone. The foregoing occurred with assistance from Pipestone's financial and legal advisors and management.

The Pipestone Board and management of Pipestone, as part of their ongoing mandate to act in the best interests of Pipestone, continuously consider and assess Pipestone's performance, growth prospects, capital requirements, overall corporate strategy and long-term strategic plans with a view to strengthening its business and enhancing value for the Pipestone Shareholders and considering the interests of its other stakeholders. In the context of this ongoing mandate, management of Pipestone regularly reviewed potential acquisition and disposition opportunities with the Pipestone Board.

At the quarterly meeting of the Pipestone Board held on March 8, 2022, management of Pipestone and the Pipestone Board had a strategy discussion which included a broad discussion on potential paths to achieving relevant scale, and the importance thereof, as well as corporate sale opportunities. Based on market conditions and the stage of development of Pipestone, management recommended that Pipestone consider corporate sale opportunities. A discussion followed with the Pipestone Board on a potential combination candidate ("**Party A**") with whom the Pipestone Board wished to explore a potential opportunity. The Pipestone Board also discussed the formation of a special committee and retaining advisors to assist Pipestone with its consideration of opportunities.

Also in March 2022, Pipestone invited BMO Capital Markets to provide an overview of general market conditions, perspectives regarding Pipestone's standalone plan, and preliminary observations regarding potential strategic alternatives for Pipestone, which BMO Capital Markets subsequently provided to and reviewed with the Pipestone Board in April 2022. As part of the Pipestone Board's continued evaluation of strategic alternatives, BMO Capital Markets assisted the Pipestone Board in reviewing over 75 potential acquisition, combination and acquiror candidates, which list was then narrowed to 14 potential transaction counterparties, including Party A. The Pipestone Board then authorized BMO Capital Markets to, on a no-

names basis, contact the other 13 potential transaction counterparties identified (not including Party A), to solicit their feedback on their willingness to evaluate a potential combination or an acquisition transaction with a Montney-focused producer.

On March 21, 2022, Pipestone and Party A entered into a confidentiality agreement and commenced a mutual due diligence review process.

At the quarterly meeting of the Pipestone Board held on May 10, 2022, management provided the Pipestone Board with an update on the ongoing due diligence process and presented its initial views with respect to Party A. Following a detailed discussion at the meeting, including an overview provided by MT, Pipestone's legal counsel, of the Pipestone Board's duties and responsibilities in their review and evaluation of any potential transaction, the Pipestone Board decided to continue discussions with Party A and to continue pursuing a review of other potential strategic alternatives available to Pipestone. The Pipestone Board also discussed establishing a special committee to assist the Pipestone Board with its strategic alternatives review process and the appropriate timing and composition thereof.

On May 23, 2022, the Pipestone Board established the Pipestone Special Committee composed solely of independent directors to, among other things, review, consider and evaluate the business, financial condition and opportunities of Pipestone and its strategic direction and objectives, together with any reasonable alternatives to the status quo that may be available to Pipestone (including, without limitation, seeking transactions that would enhance value to the Pipestone Shareholders) and any proposals of interested parties that may be received in connection with such review and, in conjunction therewith, to consider and evaluate any proposed transactions that may be available to Pipestone. The Pipestone Special Committee is currently composed of Ms. Kimberly Anderson and Messrs. Garth Braun, Gordon Ritchie and John Rossall.

The Pipestone Special Committee first met on May 27, 2022 and received the feedback that BMO Capital Markets had received from the no-names outreach to the 13 potential transaction counterparties. On June 7, 2022, the Pipestone Special Committee formally engaged BMO Capital Markets as its exclusive financial advisor in connection with Pipestone's review of strategic alternatives.

Following the preparation of relevant documentation and finalization of the proposed process with the input of management and the Pipestone Board, and taking into consideration, among other things, the feedback received from the 13 potential transaction counterparties as part of the previously conducted no-names outreach, the Pipestone Special Committee authorized BMO Capital Markets to commence contacting eight such parties (not including Party A) for a confidential auction process (the "**2022 Process**") to solicit interest in a potential transaction involving an acquisition of, or a business combination with, Pipestone. One additional party was admitted to the 2022 Process subsequent to the commencement of the initial outreach as a result of such party expressing unsolicited interest in evaluating a potential transaction with Pipestone. Interested parties were sent a form of non-disclosure and standstill agreement (each, an "**NDA**") for review and execution prior to receipt of any confidential information with respect to Pipestone. All nine of the participants in the 2022 Process executed an NDA, received access to a virtual data room of Pipestone and participated in presentations conducted by Pipestone management, which allowed each participant to evaluate the opportunity to submit a non-binding proposal by no later than July 20, 2022.

On June 13, 2022 and June 22, 2022, the Pipestone Special Committee met with representatives of BMO Capital Markets and management to receive a presentation on a potential transaction with Party A as well as an update on the 2022 Process.

On July 18, 2022, Party A submitted a written non-binding proposal to Pipestone ("**Party A Proposal 1**"). The Pipestone Special Committee carefully considered Party A Proposal 1 and evaluated it with the assistance of BMO Capital Markets and MT. After such consideration, Party A Proposal 1 was determined, among other things, not to be of sufficient value to warrant further discussion with Party A.

As part of the 2022 Process, both verbal and written non-binding proposals were received from three interested parties. While Strathcona signed an NDA and was provided access to the virtual data room, it did not submit a proposal as part of the 2022 Process.

On July 22, 2022, the Pipestone Board met to consider the non-binding proposals received. To assist in its review, BMO Capital Markets presented a summary of the non-binding proposals received to the Pipestone Board and the Pipestone Special Committee who then discussed the merits of the proposals based on comparative factors. Following the discussion, BMO Capital Markets was instructed to further engage and negotiate with two of the parties ("**Party B**" and "**Party C**", respectively).

A key condition of Party B's written non-binding proposal ("**Party B Proposal 1**") required that Pipestone's three significant shareholders enter into "hard" lock-up agreements with Party B. As a result, concurrent with further engagement with Party B, Pipestone confidentially shared Party B Proposal 1 with its three significant shareholders and began engaging with their representatives to determine their willingness to enter into a "hard" lock-up agreement with Party B in respect of the proposed transaction with Party B.

On July 27, 2022, Party B submitted a revised non-binding proposal ("**Party B Proposal 2**"), which provided for an increase in the value of the offer made in Party B Proposal 1. Also on July 27, 2022, Party C submitted a written non-binding proposal ("**Party C Proposal 1**").

On July 28, 2022, the Pipestone Board met to consider Party B Proposal 2 and Party C Proposal 1. To assist in its review, BMO Capital Markets presented a summary of the received non-binding proposals and the Pipestone Board and Pipestone Special Committee who discussed the merits of the non-binding proposals based on comparative factors. Following discussion, the Pipestone Special Committee and Pipestone Board determined Party B Proposal 2 to be superior to Party C Proposal 1 and instructed BMO Capital Markets to further engage and negotiate with Party B.

On August 1, 2022, the Pipestone Special Committee met to further consider Party B Proposal 2. A representative of one of Pipestone's significant shareholders was invited to attend the meeting to provide his initial views on the potential transaction with Party B, including his views in respect of the "hard" lock-up condition. Management of Pipestone was also invited to attend the meeting to provide their view of the proposal as well as certain considerations with respect to the forward-looking business plan and operations of Pipestone. An *in-camera* session was held at the end of the meeting with members of the Pipestone Special Committee and BMO Capital Markets and MT.

Immediately following the Pipestone Special Committee meeting, the Pipestone Board met to consider Party B Proposal 2. At the meeting, management of Pipestone provided their then current assessment of the go-forward business plan, representatives of BMO Capital Markets reviewed the material financial terms of the proposal and the nominee directors of two significant Pipestone Shareholders presented their positions in respect of the proposed transaction. MT also reviewed the fiduciary duties and responsibilities of the Pipestone Board in connection with the consideration of Party B Proposal 2.

On August 3, 2022, the Pipestone Special Committee and the Pipestone Board met to consider feedback it had received from Pipestone's significant shareholders as well as the proposed response to Party B's proposal. Prior to the meeting, one of Pipestone's significant shareholders had indicated that it was not satisfied with the nature of the consideration being offered in Party B Proposal 2.

In the days following, various discussions with Party B occurred with respect to the terms of Party B Proposal 2 and the terms of the letter of intent that Party B proposed to enter into with Pipestone as a condition to continuing negotiations. A written revised non-binding proposal was provided by Party B on August 5, 2022 ("**Party B Proposal 3**").

On August 8, 2022, the Pipestone Board met to consider Party B Proposal 3. A representative of one of Pipestone's significant shareholders was again invited to attend the meeting and such representative requested that he be permitted to discuss the proposal directly with Party B. The significant shareholder

representative and its nominee director left the meeting and following discussion, including a consideration of Party B's hard lock-up condition, the Pipestone Board authorized BMO Capital Markets to facilitate and attend a meeting between Party B and the significant shareholder.

On August 9, 2022, further to discussions between BMO Capital Markets, Party B and the representative of one of Pipestone's significant shareholders, a further revised non-binding proposal was received from Party B which provided for a change in the nature of the consideration being offered ("**Party B Proposal 4**"). Party B Proposal 4 was confidentially shared with Pipestone's three significant shareholders.

The Pipestone Board met at its quarterly meeting held on August 9, 2022 and again on August 10, 2022 with representatives of BMO Capital Markets and MT to review Party B Proposal 4. At the meeting the Pipestone Board conducted a detailed review of the alternatives available to Pipestone and considered the likelihood of the "hard" lock-up condition being satisfied. While feedback from one of its significant shareholders had not been received to date, the nominee directors of the other two significant shareholders indicated their support for Party B Proposal 4. Following this discussion, an *in camera* session was held with the members of the Pipestone Special Committee to consider Party B Proposal 4. Following detailed discussion and consideration, the Pipestone Special Committee resolved to recommend to the Pipestone Board that Pipestone move forward with Party B Proposal 4. The other directors were requested to rejoin the meeting and approved the entering into of a non-binding letter of intent (the "**Party B LOI**") with respect to Party B Proposal 4.

Pipestone and Party B entered into the Party B LOI on August 10, 2022, following which the parties conducted fulsome mutual due diligence and negotiated definitive agreements. The Pipestone Special Committee held meetings on August 16, 19, 24 and 29, 2022 to receive updates on the proposed transaction. During this period, Pipestone also received correspondence from one of its significant shareholders advising that, while initially supportive of the proposed transaction, it was no longer supportive.

On September 2, 2022, the Pipestone Special Committee met to receive an update on due diligence, the status of the definitive agreements with Party B and an update on the then current market conditions. The Pipestone Special Committee was also advised that one of Pipestone's significant shareholders had indicated that it would not enter into a lock-up agreement with Party B and another significant shareholder had not provided an indication as to whether it would be prepared to enter into a lock-up agreement with Party B. As a result, the "hard" lock-up condition in the Party B LOI could not be met. Following further discussion, the Pipestone Special Committee authorized BMO Capital Markets to contact to Party B to advise them that Pipestone would not be in a position to deliver the required lock-up agreements.

Later on September 2, 2022, Party B submitted a further revised proposal ("**Party B Proposal 5**"), which provided for the same value of the offer as that reflected in the Party B LOI, but reflected another change in form of consideration. The requirement that all three significant shareholders of Pipestone enter into a "hard" lock-up agreement with Party B was retained in Party B Proposal 5. Following further discussions between BMO Capital Markets and Party B, Party B advised that it would not proceed with the proposed transaction without entering into hard lock-up agreements with all three significant shareholders of Pipestone.

The Pipestone Special Committee met with representatives of BMO Capital Markets and MT on September 4 and 6, 2022 to consider Party B Proposal 5 and related discussions. Following a detailed discussion which included further discussion with BMO Capital Markets and a review of the Pipestone directors' fiduciary duties from MT, a determination was made to terminate the Party B LOI and not pursue further discussions with Party B due to, among other things, the inability of Pipestone to satisfy the "hard" lock-up agreement condition.

On November 9, 2022, Pipestone announced that, as a result of current and expected inflationary pressures and technical constraints, it was moderating its forecasted annual growth rate over the next three years and shifting its focus toward maximizing free cash flow generation and shareholder returns. The Pipestone

Board declared an inaugural quarterly dividend of \$0.03 per Pipestone Share payable in the first quarter of 2023 and its intention to initiate a substantial issuer bid on approximately the same timeline.

In January 2023, discussions with Party A re-commenced and the parties began updating their prior due diligence.

On January 31, 2023, the Chair of the Pipestone Board was contacted by the Chair of an arm's length third party ("**Party D**") who indicated that Party D was interested in pursuing a potential transaction with Pipestone. Party D had been invited to participate in the 2022 Process but did not submit a proposal.

The Pipestone Special Committee met on February 7, 2023 and February 13, 2023 to receive updates on the status of due diligence and valuation discussions with Party A and to consider a response to Party D. Following detailed discussions at such meetings, which included discussions with BMO Capital Markets and operational updates from management, the Pipestone Special Committee recommended providing Party D with access to Pipestone's confidential information to allow Party D to update its due diligence from the 2022 Process. The Pipestone Special Committee also recommended re-engaging with certain other potential transaction counterparties, including certain of the parties who participated in the 2022 Process.

Following the Pipestone Special Committee recommendation, BMO Capital Markets contacted five parties, including Party B, Party C and Party D, but not including Strathcona to gauge their interest in re-engaging in discussions relating to a potential change of control transaction with Pipestone. BMO Capital Markets requested interested parties submit non-binding proposals by March 13, 2023 (the "**2023 Process**").

On February 23, 2023, the Pipestone Special Committee met with BMO Capital Markets to receive an update on ongoing discussions with Party A.

On February 24, 2023, Pipestone received an unsolicited initial proposal (the "**Strathcona Initial Proposal**") from Strathcona pursuant to which Strathcona proposed to acquire all of the issued and outstanding Pipestone Shares on the basis of Pipestone Shareholders owning 7.19%, on a fully diluted basis, of the company resulting from the proposed combination of Pipestone and Strathcona.

On March 2, 2023, the Pipestone Special Committee met to review the Strathcona Initial Proposal. BMO Capital Markets also provided a summary of the ongoing discussions with various parties as part of the 2023 Process and other perspectives with respect to the Strathcona Initial Proposal and discussions with Party A. At the meeting, the members of the Pipestone Special Committee were advised by MT of their fiduciary duties and discussed the 2023 Process conducted to date. At the meeting the Pipestone Special Committee determined not to provide a counter proposal to Strathcona at that time.

On March 14, 2023, the Pipestone Special Committee met to review the results of the 2023 Process. BMO Capital Markets advised that none of the parties invited to participate in the 2023 Process had submitted a non-binding proposal prior to the deadline. Following further review and discussion, the Pipestone Special Committee recommended continuing discussions with Party A to determine if an acceptable exchange ratio could be negotiated.

A meeting of the Pipestone Board was held on March 15, 2023 to receive an update on the current discussions with Party A and the Strathcona Initial Proposal as well as an update from BMO Capital Markets with respect to the 2023 Process. The directors indicated their support for continued discussions with Party A.

On March 27, 2023, the Pipestone Special Committee met to review BMO Capital Markets' analysis of exchange ratios with respect to a potential transaction between Pipestone and Party A. Discussions between the parties continued through early April 2023 to determine if an acceptable exchange ratio could be agreed upon. During the course of those discussions, Pipestone and Party A were unable to agree on an exchange ratio that was acceptable to both parties.

On April 12, 2023, the Pipestone Board held a meeting at which the Pipestone Special Committee advised the Pipestone Board of the outcome of the exchange ratio discussions with Party A. Given the significant divergent views on valuation between Pipestone and Party A, the Pipestone Board agreed with the Pipestone Special Committee's recommendation that discussions with Party A should be terminated. The Pipestone Board also revisited the Strathcona Initial Proposal and agreed that an increase in the exchange ratio would be required in order to warrant further pursuit of a potential transaction with Strathcona.

At various times during April 2023, Pipestone, BMO Capital Markets and Strathcona held various discussions regarding the relative valuation of the two parties. Strathcona submitted a revised non-binding proposal to Pipestone on April 28, 2023 (the "**Strathcona Revised Proposal**").

On May 5, 2023, the Pipestone Special Committee met to review the Strathcona Revised Proposal. Following discussion with BMO Capital Markets and MT, the Pipestone Special Committee determined the exchange ratio was still below what they would recommend and determined not to submit a counter proposal to Strathcona. An update was also provided to the Pipestone Board at the quarterly board meeting held on May 9, 2023.

Further non-binding proposals were submitted by Strathcona on each of May 15, 23 and 29, 2023, ultimately increasing the proposed ownership of Pipestone Shareholders of the company resulting from the proposed combination of Pipestone and Strathcona from 7.19%, on a fully diluted basis, outlined in the Strathcona Initial Proposal to 8.90%, on a fully diluted basis, in the May 29, 2023 non-binding proposal (the "**Strathcona Further Revised Proposal**"). The Pipestone Special Committee and Pipestone Board met informally several times throughout May and early June 2023 to consider each of the revised proposals and to consider acceptable Pipestone Shareholder ownership ranges in a transaction with Strathcona.

On June 2, 2023, Pipestone received an unsolicited outreach from Party B whereby Party B indicated it may be interested in again considering a transaction with Pipestone.

Also on June 2, 2023, the Pipestone Board met to consider the Strathcona Further Revised Proposal, the outreach from Party B and to receive an operational update. Following discussion, the Pipestone Board agreed with the Pipestone Special Committee's recommendation to pursue discussions with both Strathcona and Party B.

Following further discussions between the Chair of the Pipestone Board and the Executive Chairman of Strathcona, on June 3, 2023, Strathcona submitted a written non-binding letter of intent to acquire Pipestone (the "**Strathcona Final Revised Proposal**"), which provided for the ownership position of Pipestone Shareholders in the company resulting from the proposed combination of Pipestone and Strathcona of 8.90%, on a fully diluted basis, and a six week binding exclusivity clause, among other conditions.

On June 9, 2023, Party A submitted a written non-binding proposal for a business combination of Pipestone and Party A (the "**Party A Proposal 2**").

On June 13, 2023, Party B verbally advised Pipestone that it would not be submitting a proposal.

On June 14, 2023, at a meeting of the Pipestone Board, representatives of BMO Capital Markets and the Pipestone Special Committee reviewed the Strathcona Final Revised Proposal and Party A Proposal 2. The directors also reviewed and considered the current business plan of Pipestone and the option of maintaining the status quo. During the course of the meeting, a director informed the Pipestone Board that they would not support either of the proposed transactions based on the current proposals. An *in camera* session was held at the end of the meeting with the members of the Pipestone Special Committee and its advisors. Following a thorough discussion and review of the alternatives available to Pipestone, the members of the Pipestone Special Committee indicated their support for continuing discussions with Strathcona. The Pipestone Special Committee also unanimously determined that Party A Proposal 2 was insufficient and determined to notify Party A of the rejection of Party A Proposal 2.

After ongoing discussions with Strathcona where a revised proposal was offered, the Pipestone Special Committee met on June 19, 2023 to consider the latest Strathcona proposal. Following a detailed review of the most recent proposal, the Pipestone Special Committee resolved to recommend that the Pipestone Board approve entering into a letter of intent with Strathcona substantially on the terms most recently proposed by Strathcona.

The Pipestone Board then met on June 22, 2023, to receive the Pipestone Special Committee's recommendation. During the meeting, MT provided the directors with a summary of their fiduciary duties in connection with the letter of intent. Following a detailed review and discussion and following the recommendation of the Pipestone Special Committee, the Pipestone Board approved the entering into of a letter of intent with Strathcona substantially on the terms most recently proposed by Strathcona. One director abstained from voting on the resolution. The Pipestone Board also agreed with the Pipestone Special Committee's recommendation to retain an independent financial advisor to provide a fairness opinion on any transaction eventually negotiated with Strathcona.

An amended letter of intent (the "**Letter of Intent**") was submitted by Strathcona on June 26, 2023, which provided for, among other things, an increase in the ownership position of Pipestone Shareholders in the company resulting from the proposed combination of Pipestone and Strathcona to 9.00%, on a fully diluted basis. The Letter of Intent was accepted by Pipestone on June 26, 2023. The Letter of Intent provided for an exclusivity period expiring on July 31, 2023 with a view to completing all due diligence and finalizing definitive binding agreements by such date.

On June 27, 2023, Pipestone and Strathcona entered into the Confidentiality Agreement. Between July 6, 2023 and July 31, 2023, the parties and their respective advisors conducted extensive mutual due diligence and exchanged and negotiated drafts of the Arrangement Agreement and the Plan of Arrangement. Strathcona also exchanged and negotiated drafts of a Support Agreement with the Significant Shareholder. Throughout this period, the Pipestone Special Committee was kept informed of the ongoing negotiations and status of the definitive agreements being negotiated.

On July 14, 2023, the Pipestone Board approved the engagement of RJL as an independent financial advisor to Pipestone for the purposes of delivering a formal fairness opinion to the Pipestone Board in connection with the proposed transaction with Strathcona and, thereafter, Pipestone entered into a formal engagement letter with RJL to that effect. Prior to executing the engagement letter, RJL confirmed to the Pipestone Board that it was free of conflicts to act as independent financial advisor to the Pipestone Board.

On July 26, 2023, Pipestone received an unsolicited non-binding proposal (the "**Party D Proposal**") from Party D which provided for a highly conditional offer to acquire all of the issued and outstanding Pipestone Shares for a combination of cash and shares of Party D. As the Letter of Intent prohibited Pipestone from engaging in any discussions with respect to alternate transactions, Pipestone did not engage in any discussions with Party D in reliance on legal advice from MT.

The Pipestone Special Committee met on July 28, 2023 to consider the status of due diligence and negotiation of definitive agreements with Strathcona as well as the Party D Proposal. At the meeting, BMO Capital Markets presented a summary of the 2023 Process and provided financial analysis with respect to the Party D Proposal and the Letter of Intent. The Pipestone Special Committee considered, in consultation with BMO Capital Markets and MT, the difference in consideration between the two proposals as well as the significant conditions attached to the Party D Proposal and risk of non-completion on the terms contained therein or at all, among other factors. Following a detailed review and consideration of the alternatives, the Pipestone Special Committee unanimously determined it was in the best interests of Pipestone to continue negotiating the current transaction with Strathcona.

On July 30, 2023, the Pipestone Special Committee met to receive an update on the status of negotiations with Strathcona in respect of the final terms and conditions of the Arrangement Agreement and to otherwise further consider the proposed transaction with Strathcona. MT provided the members of the Pipestone Special Committee with an overview of the material terms of the Arrangement, including a summary of the material terms and conditions set forth in the Arrangement Agreement, Plan of Arrangement and Support

Agreements. As part of the ongoing negotiations, following Strathcona's review of Pipestone's Incentive Securities, Strathcona agreed to increase the consideration offered to 9.05% of the pro forma business, on a fully diluted basis.

On July 31, 2023, the Pipestone Board met to consider the proposed transaction, the draft Arrangement Agreement, Plan of Arrangement and Support Agreements and the recommendation of the Pipestone Special Committee. MT provided members of the Pipestone Board with an overview of the material terms of the Arrangement Agreement, Plan of Arrangement and Support Agreements. BMO Capital Markets verbally delivered its fairness opinion to the Pipestone Special Committee and reported its conclusion to the effect that, subject to certain assumptions, limitations and qualifications, as at the date of such opinion, the consideration to be received by the Pipestone Shareholders pursuant to the Arrangement was fair, from a financial point of view, to the Pipestone Shareholders. RJL then presented its analysis and verbally delivered its fairness opinion to the Pipestone Board and reported its conclusion to the effect that, based upon and subject to the assumptions, limitations and qualifications indicated, as at July 31, 2023, the consideration to be received by the Pipestone Shareholders pursuant to the Arrangement was fair, from a financial point of view, to the Pipestone Shareholders. Following the presentations by all advisors, the Pipestone Special Committee, taking into account the BMO Fairness Opinion and the matters it considered relevant, including those set forth under "*Reasons For and Anticipated Benefits of the Arrangement*", unanimously: (i) determined that the Arrangement and entry into the Arrangement Agreement by Pipestone are in the best interests of Pipestone and the Pipestone Shareholders; (ii) determined that the Arrangement is fair to the Pipestone Shareholders; and (iii) resolved to recommend that the Pipestone Board approve the Arrangement.

After further discussion and having received the unanimous recommendation of the Pipestone Special Committee in favour of the Arrangement and taking into account the RJL Fairness Opinion and such other matters as it considered relevant, including those set forth under "*Reasons For and Anticipated Benefits of the Arrangement*", the Pipestone Board: (i) determined that the Arrangement is fair to the Pipestone Shareholders; (ii) determined that the Arrangement and entry into the Arrangement Agreement by Pipestone are in the best interests of Pipestone and the Pipestone Shareholders; (iii) approved the Arrangement and the entering into of the Arrangement Agreement by Pipestone; and (iv) resolved to recommend that the Pipestone Shareholders vote in favour of the Arrangement. One director voted against the aforementioned resolutions.

The Arrangement Agreement and the Support Agreements were then finalized and executed effective July 31, 2023 and a press release announcing the transaction was issued on August 1, 2023. On August 22, 2023, Pipestone and Strathcona agreed to amend and restate the Arrangement Agreement, providing for certain amendments to the original Arrangement Agreement and the Plan of Arrangement.

Between the signing of the Arrangement Agreement on July 31, 2023 and the approval of this Circular, no further proposals or indications of interest were made to Pipestone by any party.

On August 24, 2023, the Pipestone Board approved this Circular and other procedural matters related thereto and to the Arrangement.

Reasons For and Anticipated Benefits of the Arrangement

In reaching its determination, approval and recommendation in respect of the Arrangement and the Arrangement Resolution, the Pipestone Board considered many factors, including the terms and conditions of the Arrangement Agreement, various strategic factors and potential advantages and disadvantages of the Arrangement and the elements of the Arrangement Agreement that provide protection to the Pipestone Shareholders. Without limiting the generality of the foregoing, the benefits, risks and other factors considered by the Pipestone Board included the following:

- Continued Ownership Stake in a Highly Differentiated Producer: AmalCo will operate in three core areas, each with meaningful scale and inventory, and a balance of heavy oil, condensate/natural

gas liquids and natural gas production. AmalCo is expected to be strongly positioned against other large oil-weighted Canadian producers on production growth rate, netback, reserve life and free cash flow generation;

- Achieves the Size and Scale Required for Market Relevance: The Arrangement is a compelling opportunity to create the fifth largest liquids producer in Canada measured by production and reserves, significantly increasing the combined entity's market relevance, which is expected to garner incremental institutional investor interest, improve access to capital and drive increased long-term value for Pipestone Shareholders;
- Significantly Increases Reserve Life versus Pipestone as a Standalone Entity: Pipestone has a standalone proved plus probable reserve life of 18 years, which increases to 38 years for AmalCo on a pro forma basis following completion of the Arrangement, providing Pipestone Shareholders with participation in decades of future drilling inventory;
- Increased Growth Potential versus Pipestone as a Standalone Entity: Pipestone's future production growth may be constrained by current infrastructure and egress capacity. AmalCo is expected to have substantial excess infrastructure and egress capacity, as well as debottlenecking, brownfield and greenfield growth opportunities, giving AmalCo the potential to substantially increase production above current levels depending on, among other factors, commodity prices;
- Enhanced Free Cash Flow Profile versus Standalone Pipestone: AmalCo is expected to have higher operating netbacks and lower capital intensity than Pipestone as a standalone entity, leading to improved free cash flow generation;
- AmalCo Has Lower Technical Risk than Pipestone as a Standalone Entity: Pipestone's eastern acreage is in the early stages of delineation, with limited drilling results to date, while AmalCo's substantially larger and more diverse asset base has decades of well delineated inventory, de-risking go-forward drilling;
- AmalCo is Expected to have an Extended Tax Horizon versus Standalone Pipestone: Pipestone is expected to be taxable on a standalone basis in the near-term, while AmalCo is expected to have substantial tax pools, which will delay AmalCo's tax horizon by several years;
- Other Alternatives Extensively Solicited and Considered: The Arrangement Agreement was the result of an extensive strategic review process undertaken by management of Pipestone, the Pipestone Board and the Pipestone Special Committee, with assistance from their respective financial advisors and Pipestone's external legal counsel, and a comprehensive negotiation process with Strathcona. The Arrangement Agreement includes terms and conditions that are fair in the judgment of the Pipestone Board and the Pipestone Special Committee;
- Other Alternatives are Unfavourable: The other alternatives that had been investigated by Pipestone and the risks and possible benefits of pursuing such alternatives;
- Strong Pipestone Shareholder and Management Support: The Arrangement has the support of the Supporting Shareholders, who collectively hold approximately 39% of the Pipestone Shares. Each of the Supporting Shareholders has entered into a Support Agreement pursuant to which they have agreed, among other things, to vote in favour of the Arrangement and otherwise support the Arrangement, subject to the terms and conditions set forth in the applicable Support Agreement. See "*The Arrangement – Support Agreements*";
- BMO Fairness Opinion: BMO Capital Markets provided the BMO Fairness Opinion, the full text of which can be found at Appendix "D" which provided that, as of the date of such opinion and based upon and subject to certain assumptions, limitations and qualifications set forth therein, the

consideration to be received by Pipestone Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Pipestone Shareholders;

- RJL Fairness Opinion: RJL provided the RJL Fairness Opinion, the full text of which can be found at Appendix "E" which provided that, as of the date of such opinion and based upon and subject to certain assumptions, limitations and qualifications set forth therein, the consideration to be received by Pipestone Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Pipestone Shareholders;
- Shareholder Approval: The Arrangement Resolution must be approved by not less than 66²/₃% of the votes cast by Pipestone Shareholders present in person (virtually) or represented by proxy at the Meeting;
- Superior Proposals: Under the Arrangement Agreement, until the time that the Arrangement Resolution is approved, the Pipestone Board retains the ability to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement;
- Right of Pipestone to Terminate the Arrangement Agreement: The ability of Pipestone to terminate the Arrangement Agreement upon payment of the Termination Fee to Strathcona in certain circumstances;
- Court Approval: The Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair to the Pipestone Shareholders and other affected parties; and
- Dissent Rights: Registered Pipestone Shareholders may, upon compliance with certain conditions and in certain circumstances, exercise Dissent Rights and make application to be paid the fair value of their Pipestone Shares.

The foregoing summary of the information and factors considered by the Pipestone Board is not intended to be exhaustive of the factors considered by them in reaching their respective conclusions and making their recommendations. In their evaluation of the Arrangement, individual members of the Pipestone Board evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of Pipestone, and based upon the advice of the Pipestone Board's legal and financial advisors and the Pipestone Special Committee's financial advisor. In view of the numerous factors considered in connection with their evaluation of the Arrangement, the Pipestone Board found it impracticable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching their determinations and recommendations in respect of the Arrangement. In addition, individual members of the Pipestone Board may have given different weights to different factors. The determinations and recommendations of the Pipestone Board were made after considering all of the information and factors involved.

Financial Advisors and Fairness Opinions

Pursuant to an engagement letter dated effective as of March 15, 2022, Pipestone engaged BMO Capital Markets to act as financial advisor to the Pipestone Special Committee in connection with the evaluation of potential strategic alternatives and to provide customary financial advisory and investment banking services in relation thereto. In connection with the evaluation of potential strategic alternatives, the Pipestone Special Committee requested that BMO Capital Markets deliver an opinion regarding the fairness, from a financial point of view, of the consideration to be received by the Pipestone Shareholders pursuant to the Arrangement.

On July 31, 2023, BMO Capital Markets provided the verbal BMO Fairness Opinion to the Pipestone Special Committee (which was subsequently confirmed by delivery of the written BMO Fairness Opinion) which provides that, as of the date of such opinion, and based upon and subject to certain assumptions, limitations

and qualifications as set forth therein, the consideration to be received by the Pipestone Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Pipestone Shareholders.

Pursuant to an engagement letter dated July 14, 2023, Pipestone engaged RJL to act as its financial advisor in connection with the Arrangement. As part of this mandate, RJL was requested to provide the Pipestone Board with an opinion as to whether the consideration payable pursuant to the Arrangement is fair, from a financial point of view, to the Pipestone Shareholders.

On July 31, 2023, RJL provided the verbal RJL Fairness Opinion to the Pipestone Board (which was subsequently confirmed by delivery of the written RJL Fairness Opinion) which provides that, as of the date of such opinion, and based upon and subject to certain assumptions, limitations and qualifications as set forth therein, the consideration to be received by the Pipestone Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Pipestone Shareholders.

The full text of the BMO Fairness Opinion and the RJL Fairness Opinion, which set out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the applicable Fairness Opinion, are attached as Appendix "D" and Appendix "E" to this Information Circular, respectively. The summaries of the Fairness Opinions in this Information Circular are qualified in their entirety by reference to the full text of the applicable written Fairness Opinion. The Pipestone Board encourages the Pipestone Shareholders to read the written Fairness Opinions in their entirety. The Fairness Opinions are not intended to be and do not constitute a recommendation to any Pipestone Shareholder on whether to vote in favour of the Arrangement Resolution or as an opinion concerning the trading price or value of the Pipestone Shares following the announcement of the Arrangement. The Fairness Opinions were part of a number of factors taken into consideration by the Pipestone Special Committee and Pipestone Board in making their determinations and recommendations in respect of the Arrangement described below.

Each of BMO Capital Markets and RJL will be paid a fixed fee for delivery of the BMO Fairness Opinion and the RJL Fairness Opinion, respectively, regardless of the outcome of the Arrangement. BMO Capital Markets will also be paid a fee that is contingent on the completion of the Arrangement. If the Arrangement is completed, the BMO Fairness Opinion fee will be credited against any fee payable upon completion of the Arrangement. Pipestone has also agreed to reimburse both of BMO Capital Markets and RJL for reasonable out-of-pocket expenses and to indemnify each of BMO Capital Markets and RJL in respect of certain liabilities that might arise in connection with the Arrangement.

Recommendation of the Pipestone Board

Following an extensive review and analysis of the Arrangement and consideration of a number of relevant factors, including, among other things, the BMO Fairness Opinion and the terms and conditions of the Arrangement Agreement, the Pipestone Special Committee has unanimously: (i) determined that the Arrangement is fair to the Pipestone Shareholders; (ii) determined that the Arrangement and entry into the Arrangement Agreement by Pipestone are in the best interests of Pipestone; and (iii) recommended that the Pipestone Board approve the Arrangement.

Following an extensive review and analysis of the Arrangement and consideration of a number of relevant factors, including, among other things, the unanimous recommendation of the Pipestone Special Committee, the RJL Fairness Opinion and the terms and conditions of the Arrangement Agreement, the Pipestone Board has: (i) determined that the Arrangement and entry into the Arrangement Agreement by Pipestone are in the best interests of Pipestone and the Pipestone Shareholders; (ii) approved the Arrangement and the entering into of the Arrangement Agreement by Pipestone; (iii) determined that the Arrangement is fair to the Pipestone Shareholders; and (iv) resolved to recommend that the Pipestone Shareholders vote in favour of the Arrangement.

The Pipestone Board recommends that Pipestone Shareholders vote FOR the Arrangement Resolution.