

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 66 2/3% 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.