



## NEWS RELEASE

### HIGHPINE OIL & GAS LIMITED PROVIDES UPDATE BASED ON ALBERTA ROYALTY ANNOUNCEMENT

**Calgary, Alberta,** October 29, 2007 - Highpine Oil & Gas Limited (TSX: HPX) ("**Highpine**") has prepared an estimate of the potential effect on cash flow of the announced Alberta royalty rate changes. If enacted, the changes to the royalty rates would become effective only on January 1, 2009.

If the changes were enacted and applicable today and based on the company's interpretation of publicly available information, Highpine estimates that the potential effect on cash flow from current production would result in an approximate reduction of 29% (based on a benchmark constant price deck of WTI USD \$70/bbl and AECO CDN \$6.00/MMbtu and using a par foreign exchange ratio) and that the potential effect on before tax discounted cash flows (discounted at 10%) would result in an approximate reduction of 27%.

Given the methodology used in the proposed royalty regime, the effects on cash flow will be affected by depths and productivity of wells. The actual effect of the Alberta royalty rate changes on Highpine will be determined based on the actual legislation enacted, the production rates, commodity prices and product mix after January 1, 2009.

Highpine believes that the royalty changes produce a number of anomalous and discriminatory results for companies engaged in high-risk oil exploration. Highpine intends to continue to work with the Government of Alberta to address what it believes to be these unintended consequences of a number of the proposed changes.

Highpine is a Calgary-based oil and natural gas company engaged in exploration for and the acquisition, development and production of natural gas and crude oil in western Canada. Highpine's current exploration and development efforts are focused in the West Pembina Nisku and West Central Alberta Gas Fairway, both located in Central Alberta. The company's class A common shares trade on the Toronto Stock Exchange under the symbol "HPX".

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**Reader Advisory**

Certain information regarding Highpine in this news release including management's assessment of future plans and operations and the effect on Highpine and its cash flow from changes to royalty rates in Alberta may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, risks associated with sour hydrocarbons, changes to the proposed royalty regime prior to implementation and thereafter, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, capital expenditure costs, including drilling, completion and facilities costs, unexpected decline rates in wells, delays in projects and/or operations resulting from surface conditions, wells not performing as expected, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the forgoing list of factors is not exhaustive. Additional information on these and other factors that could effect Highpine's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)) and at Highpine's website ([www.highpineog.com](http://www.highpineog.com)). Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Highpine does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Boes may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf to one bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

The term "cash flow" is not a recognized measure under Canadian generally accepted accounting principles ("GAAP"). Management believes that in addition to net earnings, cash flow is a useful supplemental measure as it provides an indication of the results generated by Highpine's principal business activities before the consideration of how these activities are financed or how the results are taxed. Investors are cautioned, however, that this measure should not be construed as an alternative to net earnings determined in accordance with GAAP as an indication of Highpine's performance. Highpine's method of calculating cash flow may differ from other companies, especially those in other industries and accordingly may not be comparable to measures used by other companies. Highpine calculates cash from operations as cash from operating activities before the change in non-cash working capital related to operating activities.