



NEWS RELEASE

HIGHPINE OIL & GAS LIMITED ANNOUNCES RECORD PRODUCTION, FUNDS FLOW AND PROFITABILITY IN THE SECOND QUARTER OF 2008 AND EXPANDED 2008 CAPITAL BUDGET

Calgary, Alberta, August 5, 2008 - Highpine Oil & Gas Limited (TSX: HPX) ("**Highpine**" or the "**Company**") announces record financial and operational results for the second quarter ended June 30, 2008. Production of 20,486 boe/d is a 14% increase over the same period last year and is the first time the Company has posted a quarter in excess of 20,000 boe/d. Record production combined with unprecedented commodity prices in the quarter resulted in funds flow from operations of \$112.9 million (\$1.64 per diluted share), a 141% increase from the \$46.9 million (\$0.68 per diluted share) recorded in the same period in 2007. Earnings in the quarter of \$31.5 million (\$0.46 per diluted share) compare to earnings of \$1.1 million (\$0.02 per diluted share) reported in the second quarter of 2007. Net debt at the end of the quarter stands at \$46.7 million, down from \$133.1 million at the end of the first quarter of this year. The board of directors of Highpine has also approved an increase in the Company's 2008 capital budget to \$175 million.

"Another strong operational quarter has helped to drive our financial performance over this period. Never before has Highpine achieved results such as these for cash flows and profitability", commented Mr. Jonathan Lexier, President and Chief Executive Officer. "Our debt elimination objective has all but been achieved that provides unrivalled financial flexibility to pursue opportunities. We still have an active capital program for the remainder of the year, with a number of exciting prospects yet to drill. We have augmented our plans for the later half of the year to include additional Rock Creek drilling, as well as seismic on a number of new exploration prospects. An additional \$25 million in capital spending in 2008 has been approved for this purpose. We continue to focus on evaluating new opportunities through acquisition as well."

Notable second quarter highlights included:

- Production averaged 20,486 boe/d in the second quarter of 2008 up 14% from 17,933 boe/d in the same period in 2007. This production level was achieved despite 765 boe/d lost due to planned and unplanned turnaround activity in the quarter.
- Liquids prices realized in the quarter increased 75% to \$116.70/boe compared to \$66.57/boe for the second quarter of 2007. Average natural gas prices for the quarter increased 38% to \$11.30/mcf compared to \$8.19/mcf for same period in 2007.
- In the second quarter, funds flow from operations was \$112.9 million (\$1.64 per diluted share), a 141% increase from the \$46.9 million (\$0.68 per diluted share) recorded in the same period in 2007. This was a quarterly record for Highpine.
- Operating costs in the quarter averaged \$11.18/boe compared to \$10.16/boe in the same period in 2007 largely due to unexpected workovers related to wells with electrical submersible pumps. Operating costs through the year are expected to have an average unit cost similar to actual costs achieved in the first half of the year due to higher power costs and upward industry pressure on general service costs.

- Operating netbacks were \$62.77/boe compared to \$32.44/boe for the same period in 2007.
- Net capital expenditures during the quarter were \$27.9 million, compared to \$24.7 million in the second quarter of 2007. Capital expenditures were on budget with lower activity planned due to spring break-up.
- Net general and administrative expenses in the second quarter of 2008 were \$1.62/boe a decrease of 22% from \$2.08/boe in the same period in 2007.
- At quarter end, net debt of \$46.7 million, expressed as a ratio of annualized cash flow, was 0.1:1.

OPERATIONS UPDATE

Production volumes in the second quarter averaged 20,486 boe/d, during a period in which production was shut-in due to turnaround activity at Easyford, Blaze Brazeau and Baytex North Battery. Downtime due to maintenance at these facilities amounted to 765 boe/d for the quarter.

Second quarter net capital expenditures were \$27.9 million, as compared to \$24.7 million for the second quarter in 2007. The lower expenditures in the quarter as compared to the first quarter of 2008 were related to spring break-up where 4 wells (3.3 net) were rig released with drilling resulting in a 24% success rate. The lower success rate in the second quarter was related to the abandonment of the 8-10-52-5 W5M and 16-13-50-7 W5M wells. Other capital expenditures in the quarter were focused on the completion of wells drilled in the first quarter and facilities projects and tie-ins at Pembina and Joffre.

The Board of Directors of Highpine have approved an increase in the 2008 capital budget to \$175 million. This additional capital of \$25 million will be used largely to fund an expanded Brazeau area Rock Creek drilling program and several new exploration projects. Drilling plans for the second half of 2008 amount to 35 gross wells (29.9 net).

An ERCB hearing of a Highpine 6 well Nisku drilling program was concluded in June, and a decision is expected by the end of September 2008.

On July 1, 2008, Highpine assumed operatorship of the Easyford Battery, a facility 66% owned by the Company. Assuming responsibility of the facility should provide for several operational efficiencies, better responsiveness and cost savings.

EXPLORATION UPDATE

In the second quarter Highpine drilled to depth and cased a Nisku test at 16-14-50-7 W5M. The well encountered 25 meters of Nisku reef with 3 meters of oil pay. A follow-up location has been identified, up-dip from the well, on lands currently held by Highpine. There are no plans to complete or test 16-14 at this time. This recent drilling reconfirms Highpine's confidence in its inventory of more than 50 separate undrilled reef features in the Pembina Nisku fairway on lands held by Highpine.

Highpine is currently preparing to drill at Caroline 7-25-34-7 W5M, targeting the Ostracod formation. This high reserve target is expected to encounter sweet gas with some natural gas liquids. The well should reach total depth at the end of August.

Plans for winter acquisition programs for 3-D seismic have commenced for 4 Devonian target areas within Alberta.

The first well of the Company's Rock Creek sweet gas program was recently cased at 4-11-48-11 W5M, where a total of 6 vertical wells and 5 horizontal wells are planned for 2008. Industry has successfully drilled over 50 horizontal wells in the past 2 years. Highpine plans to apply this

technology to its extensive land holdings in the greater Brazeau-Pembina area. Other properties in the gas fairway present numerous additional opportunities that will be pursued for the remainder of 2008.

FINANCIAL UPDATE

At the end of the second quarter, net debt was \$46.7 million compared to \$133.1 million at the end of the first quarter of 2008. The net debt was comprised of bank debt of \$38.9 million and a working capital deficiency of \$7.8 million at the end of the second quarter. As at August 5, 2008 the Company has bank debt of approximately \$22.0 million.

Pursuant to the normal course issuer bid the Company purchased and cancelled 34,400 class A common shares in the second quarter of 2008. To date, a total of 796,000 class A common shares have been purchased by the Company pursuant to the normal course issuer bid at an average price of \$12.40 per share.

Highpine does not market products through either SemCAMS ULC or the SemCanada Crude Company, and as a result has no financial exposure to these entities.

FINANCIAL AND OPERATING RESULTS

	Three months ended June 30,			Six months ended June 30,		
	2008	2007	% Change	2008	2007	% Change
<i>(\$000s, except per share and share numbers)</i>						
Financial						
Total revenue ⁽¹⁾	187,563	103,769	81	327,874	189,680	73
Cash from operations ⁽²⁾	112,873	46,869	141	187,113	91,499	104
Per share – diluted	1.64	0.68	141	2.73	1.35	102
Net earnings (loss)	31,533	1,060	2,875	41,988	(5,346)	-
Per share – diluted	0.46	0.02	2,220	0.61	(0.08)	-
Net debt ⁽³⁾	46,671	178,170	(74)	46,671	178,170	(74)
Total assets	1,020,913	1,415,081	(28)	1,020,913	1,415,081	(28)
Capital expenditures ⁽⁴⁾	27,911	24,670	13	60,399	100,492	(40)
Total shares outstanding (#)	68,230	67,744	1	68,230	67,744	1
Weighted average shares Outstanding – diluted (#)	68,676	68,489	-	68,541	67,676	1
Operating						
Average daily production						
Crude oil and NGLs (<i>bbls/d</i>)	14,273	11,025	29	13,923	10,888	28
Natural gas (<i>mcf/d</i>)	37,281	41,449	(10)	35,913	40,604	(12)
Total (<i>boe/d</i>)	20,486	17,933	14	19,909	17,655	13
Average selling prices ⁽⁵⁾						
Crude oil and NGLs (<i>\$/bbl</i>)	116.70	66.57	75	105.24	65.01	62
Natural gas (<i>\$/mcf</i>)	11.30	8.19	38	9.96	8.21	21
Total (<i>\$/boe</i>)	101.87	59.86	70	91.56	58.97	55
Wells drilled – gross (net) (#)						
Oil	- (-)	1(0.8)	-	2(2.0)	3(2.2)	-
Natural Gas	1(0.8)	- (-)	-	15(6.8)	9(5.9)	-
Abandoned / other	3(2.5)	1(0.2)	-	5(3.3)	6(4.4)	-
Total	4(3.3)	2(1.0)	-	22(12.1)	18(12.5)	-
Drilling success rate (%)	24	75	-	73	78	-

(\$000s, except per share and share numbers)	Three months ended June 30,			Six months ended June 30,		
	2008	2007	% Change	2008	2007	% Change
Operating netback (\$/boe)						
Oil and natural gas sales	101.87	59.86	70	91.56	58.97	55
Royalties	28.73	16.77	71	26.87	16.92	59
Operating costs	11.18	10.16	10	11.18	9.69	15
Transportation costs	(1.13)	1.10	(203)	(0.71)	1.06	(167)
Realized hedging gain (loss)	(0.32)	0.61	(152)	(0.12)	0.87	(114)
Operating netback	62.77	32.44	94	54.10	32.17	68

(1) Total revenue includes realized and unrealized hedging losses and gains.

(2) Cash from operations is calculated as cash flow from operating activities before the change in non-cash working capital and abandonment expenditures.

(3) Net debt includes working capital excluding unrealized financial instruments and the current portion of future income taxes.

(4) Capital expenditures include property acquisitions and are presented net of proceeds of disposals.

(5) The average selling prices reported are before hedging activities.

ADDITIONAL INFORMATION

Highpine's complete results for the period ended June 30, 2008, including Management's Discussion and Analysis and Unaudited Consolidated Financial Statements are available on SEDAR at <http://www.sedar.com/> and on the Company's website at <http://www.highpineog.com/>.

CONFERENCE CALL

Highpine will host a conference call for analysts, investors and interested parties, to discuss its financial and operational results at 8:00 a.m. MDT, on Wednesday, August 6, 2008. Jonathan Lexier, President and Chief Executive Officer, as well as members of Highpine's executive team, will be in attendance.

The call can be accessed toll free by dialing Canada and USA: 1-800-319-4610; Outside Canada and USA: 1-604-638-5340. Please phone in 10-15 minutes prior to the start of the call. The conference call will also be broadcast live over the internet on Highpine's website located at <http://www.highpineog.com/>. Digital Playback will be available until September 6, 2008 in North America Toll Free: 1-800-319-6413, Pin Code: 6639 followed by the # sign.

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".

Reader Advisory

Certain information regarding Highpine in this news release including management's assessment of future plans, capital expenditures and operations 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 (<http://www.sedar.com>) and at Highpine's website (<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 "funds flow" is not a recognized measure under Canadian generally accepted accounting principles ("GAAP"). Management believes that in addition to cash flow from operating activities, funds flow is a useful supplemental measure. Investors are cautioned, however, that this measure should not be construed as an alternative to cash flow from operating activities determined in accordance with GAAP as an indication of Highpine's performance. Highpine's method of calculating funds 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 funds from operations as cash from operating activities before the change in non-cash working capital related to operating activities and abandonment expenditures.

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