GIBSON ENERGY

MANAGEMENT'S DISCUSSION & ANALYSIS

2022 SECOND QUARTER REPORT

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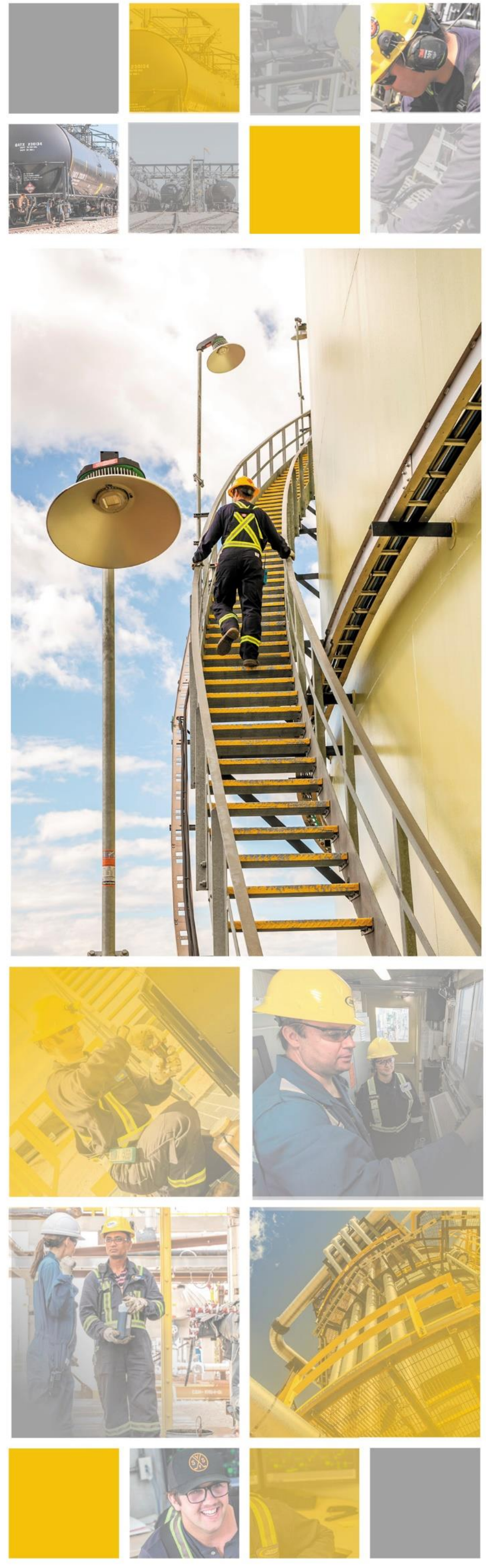

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Basis of Presentation

The following MD&A was prepared and approved by the Board of Gibson Energy Inc. ("we", "our", "us", "Gibson", "Gibson Energy" or the "Company") as of August 2, 2022 and should be read in conjunction with the unaudited condensed consolidated financial statements and related notes of the Company for the three and six months ended June 30, 2022 and 2021, the audited consolidated financial statements and related notes of the Company for the years ended December 31, 2021 and 2020, which were prepared under International Financial Reporting Standards as issued by the International Accounting Standards Board, also referred to as GAAP. Amounts are stated in thousands of Canadian dollars except volumes and per share data, unless otherwise noted. The unaudited condensed consolidated financial statements do not include all the annual disclosures required by IFRS and should be read in conjunction with the audited consolidated financial statements and related notes for the fiscal year ended December 31, 2021. Additional information about Gibson, including our AIF for the year ended December 31, 2021 is available on our SEDAR profile at www.sedar.com and on our website at www.gibsonenergy.com. This MD&A contains forward-looking statements and specified financial measures and readers are cautioned that this MD&A should be read in conjunction with the Company's disclosures under "Forward-Looking Information" and "Specified Financial Measures". For a list of common terms or abbreviations used in this MD&A, refer to "Terms and abbreviations".

Specified Financial Measures

The Company has identified certain specified financial measures that management believes provide meaningful information in assessing the Company's underlying performance. Readers are cautioned that these measures do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. Refer to the "Specified Financial Measures" section of this MD&A for a list and description, including reconciliations to the most directly comparable GAAP measures, of such measures.

BUSINESS OVERVIEW

Gibson is a Canadian-based liquids infrastructure company with its principal businesses consisting of the storage, optimization, processing, and gathering of crude oil and refined products. Headquartered in Calgary, Alberta, the Company's operations are focused around its core terminal assets located at Hardisty and Edmonton, Alberta, and also include the Moose Jaw Facility and an infrastructure position in the United States.

CONSOLIDATED FINANCIAL RESULTS

	Three months ended June 30,			Six months ended June 30,		
($ thousands, except where noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Revenue	3,195,704	1,674,756	1,520,948	5,884,156	3,284,488	2,599,668
Segment Profit (1)	116,088	123,118	(7,030)	253,713	238,227	15,486
Adjusted EBITDA (2)	113,572	127,678	(14,106)	234,232	230,740	3,492
Net income	35,919	32,363	3,556	87,889	65,140	22,749
Cash flow from operating activities	15,847	76,624	(60,777)	321,583	120,201	201,382
Distributable cash flow (2)	73,938	92,409	(18,471)	153,057	156,162	(3,105)
Growth capital including equity investments (3)	18,013	41,444	(23,431)	53,841	69,963	(16,122)
Basic income per share ($/share)	0.24	0.22	0.02	0.60	0.45	0.15
Diluted income per share ($/share)	0.24	0.22	0.02	0.59	0.44	0.15
Dividends declared	54,196	51,279	2,917	108,771	102,545	6,226
Dividends ($/share)	0.37	0.35	0.02	0.74	0.70	0.04

	Trailing twelve months ended June 30,		
	2022	**2021**	**Change**
Ratios			
Net debt to adjusted EBITDA ratio (4,5)	3.0	3.2	(0.2)
Debt to capitalization ratio	49%	48%	1%
Interest coverage ratio	10.8	9.3	1.5
Dividend payout ratio (4)	73%	73%	-

(1) Total segment profit is a total of segments measure. See the "Specified Financial Measures" section of this MD&A for more information.

(2) Adjusted EBITDA and distributable cash flow are non-GAAP financial measures. See the "Specified Financial Measures" section of this MD&A for information on each non-GAAP financial measure.

(3) Growth Capital including equity investments is a supplementary financial measure. See the "Specified Financial Measures" section of this MD&A for more information.

(4) Net debt to adjusted EBITDA ratio and dividend payout ratio are non-GAAP financial ratios. See the "Specified Financial Measures" section of this MD&A for more information.

(5) Long-term debt as at June 30, 2022, and 2021 was $1,576.2 million and $1,530.0 million, respectively. See the "Specified Financial Measures" section of this MD&A for more information.

- Revenue of $3,195.7 million and $5,884.2 million increased by $1,520.9 million and $2,599.7 million for the three and six months ended June 30, 2022, compared to $1,674.8 million and $3,284.5 million for the three and six months ended June 30, 2021, primarily due to higher commodity prices from the Marketing segment.
- Segment profit of $116.1 million decreased by $7.0 million for the three months ended June 30, 2022, compared to $123.1 million for the three months ended June 30, 2021, primarily due to a $19.9 million payment for the present value of the remaining term of a rail loading contract recorded in the second quarter of 2021, partially offset by a $5.0 million one-time fee earned within the infrastructure segment and an increase in share of profit from Company's equity investments in the current quarter. Segment profit of $253.7 million increased by $15.5 million for the six months ended June 30, 2022, compared to $238.2 million for the six months ended June 30, 2021, primarily due to an increase in Marketing segment profit of $24.5 million and the impact of items for the three month period noted above.
- Adjusted EBITDA of $113.6 million decreased by $14.1 million for the three months ended June 30, 2022, compared to $127.7 million for the three months ended June 30, 2021, primarily due to the factors impacting segment profit as noted above, slightly higher general and administrative expenses in the current period as well as the impact of removing the unrealized gains and losses on financial instruments recorded in both periods from the Adjusted EBITDA. Adjusted EBITDA of $234.2 million increased by $3.5 million for the six months ended June 30, 2022, compared to $230.7 million for the six months ended June 30, 2021, primarily due to the factors impacting segment profit for the six month period described above, as well as the impact of removing the unrealized gains and losses on financial instruments recorded in both periods from the Adjusted EBITDA.
- Net income of $35.9 million and $87.9 million increased by $3.5 million and $22.8 million for the three and six months ended June 30, 2022, compared to $32.4 million and $65.1 million for the three and six months ended June 30, 2021, primarily due to higher depreciation expense in the comparative period due to an asset impairment charge recorded in the second quarter of 2021, the factors discussed above, and lower income tax expenses in the comparative period due to a reversal of an accrued non-deductible item in the first quarter of 2021.
- Cash flow from operating activities of $15.8 million and $321.6 million decreased by $60.8 million and increased by $201.4 million for the three and six months ended June 30, 2022, compared to $76.6 million and $120.2 million for the three and six months ended June 30, 2021, primarily due to changes in working capital items.
- Distributable cash flow of $73.9 million and $153.1 million decreased by $18.5 million and $3.1 million for the three and six months ended June 30, 2022, compared to $92.4 million and $156.2 million for the three and six months ended June 30, 2021, primarily due to changes in Adjusted EBITDA and lower current income tax expense in prior periods as described above.
- Growth capital expenditures including equity investments was $53.8 million for the six months ended June 30, 2022, primarily directed towards projects at the Edmonton Terminal and a fuel switching project at the Moose Jaw Facility that will increase throughput capacity, improve margins and reduce emissions. During the second quarter of 2022, both the fuel switching project at the Moose Jaw Facility and the biofuels blending project at the Edmonton Terminal were placed in service. The Company now expects to deploy growth capital of $100.0 million to $125.0 million and maintenance capital of $25 million to $30 million in 2022.
- During the three months ended June 30, 2022, the Company purchased for cancellation 1.5 million common shares at an average price of $25.63 per common share for total consideration of $39.3 million. For the six months ended June 30, 2022, the Company has repurchased a total of 2.3 million common shares at an average price of $25.40 for a total consideration of $58.6 million.
- On April 27, 2022, the Company amended its $750 million Revolving Credit Facility and extended its maturity date from April 2026 to April 2027.
- The Company declared quarterly dividends of $0.37 per common share for the six months ended June 30, 2022, compared to $0.35 per common share for the six months ended June 30, 2021. Total dividends declared for the three and six months ended June 30, 2022, were $54.2 million and $108.8 million, compared to $51.3 million and $102.5 million for the six months ended June 30, 2021.

SUBSEQUENT EVENTS

- On July 25, 2022, the Company announced Ms. Diane Kazarian joining the Board.

- On August 2, 2022, the Board declared a quarterly dividend on its outstanding common shares of $0.37 per common share, for the second quarter of 2022. The common share dividend is payable on October 17, 2022, to shareholders of record at the close of business on September 30, 2022.

RESULTS OF OPERATIONS AND TRENDS IMPACTING THE BUSINESS

Gibson regularly evaluates its long-range strategic plan in order to assess the implications of emerging macroeconomic, societal, political and industry trends, and how these trends have the potential to affect Gibson's business and prospects over the short-term and the medium to long-term. Management has identified the primary risk factors that could have a material impact on the financial results and operations of the Company. Such risk factors are described in the "Risk Factors" section of the 2021 year end MD&A and AIF, which have been updated as appropriate in this MD&A. The Company's financial and operational performance is potentially affected by a number of factors, including, but not limited to, the factors described within the "Forward-Looking Information" section of this MD&A. This MD&A contains forward-looking statements based on Company's current expectations, estimates, projections and assumptions. This information is provided to assist readers in understanding the Company's future plans and expectations and may not be appropriate for other purposes.

The Company's senior management evaluates segment performance based on a variety of measures depending on the segment being evaluated, including segment profit, segment revenue and volumes. The Company defines segment profit as revenue less cost of sales (excluding depreciation, amortization and impairment charges) and operating expenses. Segment profit also includes the Company's share of equity pick up from equity accounted investees. Segment revenue presented in the tables below include inter-segment revenue, as this is considered more indicative of the level of each segment's activity. Profit by segment excludes depreciation, amortization, accretion, impairment charges, stock-based compensation, and corporate expenses such as income taxes, interest and general and administrative expenses, as senior management looks at each period's earnings before corporate expenses and non-cash items, as one of the Company's important measures of segment performance. The exclusion of depreciation, amortization and impairment expense could be viewed as limiting the usefulness of segment profit as a performance measure because it does not take into account, in current periods, the implied reduction in value of the Company's capital assets (such as, tanks, pipelines and connections, and plant and equipment) caused by use, aging and wear and tear. Repair and maintenance expenditures that do not extend the useful life, improve the efficiency or expand the operating capacity of the Company's capital assets are charged to operating expense as incurred. Adjusted EBITDA is a non-GAAP financial measure that, as described in "Specified Financial Measures", adjusts for certain non-cash items that are not reflective of ongoing operations while still being included in the segment profit.

The Company's segment analysis involves an element of judgment relating to the allocations between segments. Inter-segment sales, cost of sales and operating expenses are eliminated on consolidation. Transactions between segments and within segments are valued at prevailing market rates. The Company believes that the estimates with respect to these allocations and rates are reasonable.

The following is a discussion of the Company's segmented results of operations for the three and six months ended June 30, 2022, and 2021:

INFRASTRUCTURE

The Infrastructure segment is comprised of a network of oil infrastructure assets that include oil terminals, rail loading and unloading facilities, gathering pipelines, a crude oil processing facility and other small terminals. The primary facilities within this segment include the Hardisty and Edmonton Terminals, which are the principal hubs for aggregating and exporting oil and refined products out of the WCSB; the DRU which is located adjacent to the Hardisty Terminal; gathering pipelines which are connected to the Hardisty Terminal; an infrastructure position located in the U.S.; and the Moose Jaw Facility, which is impacted by maintenance turnarounds typically occurring within the spring every few years.

The Company is responding to the energy transition and evaluating strategic opportunities including advancing select projects and investing in new technologies. Desire for low carbon alternatives by customers, increasing competition and changes in demand could have an impact on the nature of services offered as the Company executes on those plans. Geopolitical instability in certain regions of the world and concern regarding energy security may have short and medium term impacts on the desirability of Canadian oil and gas, impacting the demand for the Company's infrastructure. The Company placed two significant projects relating to the energy transition in service, allowing increased throughput of the Moose Jaw facility and the blending of biofuels at the Edmonton Terminal. The Infrastructure segment primarily derives revenue from stable long-term take-or-pay agreements with investment grade counterparties. Such trends could also impact Company's ability to renew or renegotiate these contracts and may impact operational and financial results of the Infrastructure segment.

The following table sets forth the operating results from the Company's Infrastructure segment for the three and six months ended June 30, 2022, and 2021:

	Three months ended June 30,			Six months ended June 30,		
($ thousands, except volumes)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Volumes (in thousands of bbls)	121,885	110,341	11,544	240,977	224,134	16,843
Revenue	135,021	144,118	(9,097)	264,104	267,921	(3,817)
Operating expenses & other (1)	25,204	26,545	(1,341)	47,310	42,073	5,237
Segment profit	109,817	117,573	(7,756)	216,794	225,848	(9,054)
Adjusted EBITDA (2)	111,827	117,838	(6,011)	220,815	226,382	(5,567)

(1) *Includes the Company's share of equity pick up from equity accounted investees.*
(2) *Adjusted EBITDA is a non-GAAP financial measure. See the "Specified Financial Measures" section of this MD&A for information on each non-GAAP financial measure.*

Operational performance

In the three and six months ended June 30, 2022, compared to the three and six months ended June 30, 2021:

Infrastructure volumes increased by 11.5 million barrels or 10%, and 16.8 million barrels or 8%, largely attributable to increased throughput at the Hardisty and Edmonton terminals from certain customers utilizing their existing tankage.

During the quarter, the Company also completed a turnaround at the Moose Jaw Facility, during which the fuel switching project was completed to increase the throughput capacity of the facility. The turnaround, which occurs every few years, led to lower utilization of the available capacity at the Moose Jaw Facility.

Financial performance

In the three and six months ended June 30, 2022, compared to the three and six months ended June 30, 2021:

Revenue decreased by $9.1 million or 6% and $3.8 million or 1%, primarily driven by a $19.9 million payment for the present value of the remaining term of a rail loading contract in the second quarter of 2021, partially offset by a $5.0 million one-time fee earned at our terminals, higher throughput fees earned at the Edmonton terminal and higher activity levels within the Canadian pipelines business.

Operating expenses and other decreased by $1.3 million in the three month period, primarily driven by an increase in the Company's share of profit from its equity investments, partially offset by a turnaround at the Moose Jaw Facility as noted above which resulted in incurring maintenance costs that did not occur in the comparative period, and higher power and utility costs. Operating expenses and other increased by $5.2 million in the six month period, primarily driven by the reversal of an accrual in the first quarter of 2021 pertaining to a regulatory matter, partially offset by an increase in the Company's share of profit from its equity investments and higher power and utility costs.

As a result of the factors discussed above, adjusted EBITDA and segment profit decreased by $6.0 million and $7.8 million, in the three month period and $5.6 million and $9.1 million in the six month period. In addition, adjusted EBITDA was also impacted by non-cash adjustments related to the Company's share of profit from equity accounted investees.

MARKETING

The Marketing segment involves the purchasing, selling, storing and optimizing of hydrocarbon products as part of supplying the Moose Jaw Facility and marketing its refined products as well as helping to drive volumes through the Company's key infrastructure assets. The Marketing segment also engages in optimization opportunities which are typically location, quality and time-based. The hydrocarbon products include crude oil, natural gas liquids, road asphalt, roofing flux, frac oils, light and heavy straight run distillates and an oil-based mud product. The Marketing segment sources the majority of its hydrocarbon products from Western Canada as well as the Permian basin and markets those products throughout Canada and the U.S.

The Marketing segment is exposed to commodity price fluctuations arising between the time contracted volumes are purchased and the time they are sold, as well as being exposed to pricing differentials between different geographic markets and/or hydrocarbon qualities. These risks are managed by purchasing and selling products at prices based on the same or similar indices or benchmarks, and through physical and financial contracts that include energy-related forward contracts, swaps, futures, options and other hedging instruments. Fair values of these derivative contracts fluctuate depending on the commodity prices and can impact segment profits in the form of realized or unrealized gains and losses, often offset by physical inventories, that can change significantly period over period. During the first quarter of 2022, as a result of the war in Ukraine and related sanctions against Russia, commodity prices have drastically increased and the trend continued during the second quarter. For more information about the risks associated with our use of financial instruments please refer to "Quantitative and Qualitative Disclosures about Market Risks" and "Risk Factors" in this MD&A.

Canadian road asphalt activity, related to refined products, is affected by the impact of weather conditions on road construction. Road asphalt demand peaks during the summer months when most of the road construction activity in Canada takes place. In the off-peak demand months for road asphalt, the demand for roofing flux continues. Demand for wellsite fluids is dependent on overall well drilling and completion activities, with activity normally the busiest in the winter months. Demand for natural gas liquids is also highest in the colder months of the year.

	Three months ended June 30,			Six months ended June 30,		
($, except where noted)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
WTI average price ($USD/bbl)	108.41	66.07	42.34	101.35	61.96	39.39
WCS average differential ($USD/bbl)	12.80	11.49	1.31	13.67	11.98	1.69
Average foreign exchange rates ($CAD/$USD)	1.28	1.23	0.05	1.27	1.25	0.02

The following table sets forth operating results from the Company's Marketing segment for the three and six months ended June 30, 2022, and 2021:

	Three months ended June 30,			Six months ended June 30,		
($ thousands, except volumes)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Volumes (in thousands of bbls)	52,102	56,544	(4,442)	110,190	105,083	5,107
Revenue	3,125,415	1,587,371	1,538,044	5,776,334	3,134,768	2,641,566
Cost of sales and other expenses	3,119,144	1,581,826	1,537,318	5,739,415	3,122,389	2,617,026
Segment profit	6,271	5,545	726	36,919	12,379	24,540
Adjusted EBITDA (1)	12,395	18,515	(6,120)	33,003	21,765	11,238

(1) Adjusted EBITDA is a non-GAAP financial measure. See the "Specified Financial Measures" section of this MD&A for information on each non-GAAP financial measure.

Operational performance

In the three and six months ended June 30, 2022, compared to the three and six months ended June 30, 2021:

Marketing volumes decreased by 4.4 million barrels or 8% and increased by 5.1 million barrels or 5%. The change in volumes was mainly due to the availability of time and location-based opportunities within the Crude Marketing business in the respective periods, as well as reduced refined products volume due to the Moose Jaw Facility turnaround.

Financial performance

In the three and six months ended June 30, 2022, compared to the three and six months ended June 30, 2021:

Revenue increased by $1,538.0 million or 97% and $2,641.6 million or 84%, and cost of sales and other expenses increased by $1,537.3 million or 97% and $2,617.0 million or 84%. The increase in revenue and cost of sales and other expenses was primarily due to higher average prices for crude, refined and other products.

Adjusted EBITDA decreased by $6.1 million or 33% and increased by $11.2 million or 52%. The decrease in the three month period was primarily due to reduced location and time-based opportunities as additional egress out of the WCSB has become available. The increase in the six month period was largely driven by location and time-based opportunities for Crude Marketing available in each period.

Segment profit increased by $0.7 million or 13% and $24.5 million or 198%, due to the same factors as Adjusted EBITDA, as well as the impact of unrealized gains and losses on financial instruments recorded in both periods.

EXPENSES

	Three months ended June 30,			Six months ended June 30,		
($ thousands)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
General and administrative	10,650	8,675	1,975	19,586	17,407	2,179
Depreciation and impairment	29,309	42,080	(12,771)	59,417	73,281	(13,864)
Right-of-use depreciation	6,765	7,693	(928)	13,175	15,754	(2,579)
Amortization and impairment	1,941	2,124	(183)	3,862	4,146	(284)
Stock based compensation	4,703	4,284	419	10,858	13,236	(2,378)
Foreign exchange (gain)/loss	(19)	(69)	50	1,183	223	960
Net interest expense	15,765	15,783	(18)	30,686	30,771	(85)
Income taxes	11,055	10,185	870	27,057	18,269	8,788

In the three and six months ended June 30, 2022, compared to the three and six months ended June 30, 2021:

General and administrative, excluding depreciation and amortization

General and administrative expenses increased by $2.0 million and $2.2 million, primarily due to higher spending on technology initiatives, combined with the resumption of certain activities after the lifting of many COVID restrictions during the current periods.

Depreciation and impairment

Depreciation and impairment decreased by $12.8 million and $13.9 million, primarily due to an impairment charge of $11.5 million recorded in the second quarter of 2021.

Right-of-use asset depreciation

Right-of-use asset depreciation decreased by $0.9 million and $2.6 million due to a reduction in the number of rail cars leased, primarily through expiring leases not being renewed or renewed at reduced rates.

Amortization and impairment

Amortization and impairment expense was relatively consistent.

Stock based compensation

For the three months ended June 30, 2022, stock based compensation was relatively consistent. For the six months ended June 30, 2022, the decrease in stock based compensation over the prior period was primarily due to higher PSUs issued in the first quarter of 2021.

Foreign exchange (gain)/loss not affecting segment profit

For the three months ended June 30, 2022, foreign exchange (gain)/loss not affecting segment profit was relatively consistent. For the six months ended June 30, 2022, the decrease in the foreign exchange (gain)/loss resulted from the weakening of the Canadian dollar relative to US$.

Net interest expense

Net interest expense was relatively consistent.

Income taxes

Deferred income tax expense was $1.5 million and $8.0 million and current income tax expense was $9.5 million and $19.1 million for the three and six months ended June 30, 2022, compared to deferred income tax expense of $3.1 million and $2.6 million and current income tax expense of $7.0 million and $15.7 million for the three and six months ended June 30, 2021. The changes in current and deferred income tax expense were primarily due to higher taxable income in the current period as well as the reversal of an accrued non-deductible item in the first quarter of 2021.

The effective tax rate was 23.5% during the three and six months ended June 30, 2022, compared to 23.9% and 21.9% during the three and six months ended June 30, 2021, primarily due to the reversal of an accrued non-deductible item recorded in the first quarter of 2021.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth a summary of the Company's quarterly results for each of the last eight quarters:

($ thousands, except per share amounts)	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	3,195,704	2,688,452	2,119,027	1,807,633	1,674,756	1,609,732	1,320,689	1,364,213
Net income	35,919	51,970	43,917	35,996	32,363	32,777	12,442	17,550
Adjusted EBITDA [(1)]	113,572	120,660	103,762	110,716	127,678	103,062	81,888	100,825
Earnings per share								
Basic ($/share)	0.24	0.35	0.30	0.25	0.22	0.22	0.09	0.12
Diluted ($/share)	0.24	0.35	0.29	0.24	0.22	0.22	0.08	0.11

(1) Adjusted EBITDA is a non-GAAP financial measure. See "Specified Financial Measures" section of this MD&A for information for the definition and reconciliations of Adjusted EBITDA.

For more details on the specific factors driving the periodic movements, refer to "Results of Operations". The following identifies the key drivers in segment profitability over the last eight quarters:

Infrastructure – The Infrastructure segment has progressively commissioned new storage capacity and related infrastructure, typically underpinned by long-term, stable fee-based contracts. Select significant drivers and /or select projects put into service over the past eight quarters include:

- The Biofuels Blending project was placed into service during the second quarter of 2022
- The Moose Jaw fuel switching project was placed into service during the second quarter of 2022
- The DRU commenced operations in the third quarter of 2021
- The Company received a payment for the present value of the remaining term of a rail loading contract in the second quarter of 2021
- The first quarter of 2021 benefited from a one-time reversal of an accrual pertaining to a regulatory matter
- 1.5 million barrels of additional tankage that was placed into service at Hardisty in the fourth quarter of 2020
- The Company's terminal, located at Wink, Texas, U.S., that was placed into service in the third quarter of 2020

Marketing – The Marketing segment's activities, including its location, quality and time-based strategies as well as the sale of refined products, are highly impacted by various factors that often fluctuate quarter over quarter. While certain of these variables, including exposure to the underlying commodity, are actively managed, the specific profit drivers for the Marketing segment generally vary from period to period. Throughout most of the COVID-19 pandemic the opportunities and margins available to both Crude Marketing and Moose Jaw Refined Products were more limited, though Crude Marketing was able to find certain opportunities in the volatile market environment immediately following its onset.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity Sources

($ thousands)	Coupon Rate	Maturity	June 30, 2022	December 31, 2021
Revolving Credit Facility	floating	2027	185,000	270,000
Senior unsecured notes	2.45%	2025	325,000	325,000
Senior unsecured notes	2.85%	2027	325,000	325,000
Senior unsecured notes	3.60%	2029	500,000	500,000
Unsecured hybrid notes (1)	5.25%	2080	250,000	250,000
Unamortized issue discount and debt issue costs			(8,814)	(9,391)
Total debt outstanding			1,576,186	1,660,609
Lease liability			73,917	81,779
Cash and cash equivalents			(38,753)	(62,688)
			1,611,350	1,679,700
Total share capital			2,011,599	1,997,255
Total capital			3,622,949	3,676,955

(1) The unsecured hybrid notes are included in the above total capital calculation in accordance with the Company's view of its capital structure which includes shareholders' equity and long-term debt, lease liabilities and working capital. The unsecured hybrid notes and associated interest payments are excluded from the definition of consolidated debt for the purposes of debt to capitalization as well as the consolidated interest coverage covenant ratios

The Company's primary liquidity and capital resource needs are to fund ongoing capital expenditures on growth opportunities, its working capital needs and its dividend. In addition, the Company must service its debt, including interest payments. The Company expects to source funds required to service its debt from cash and cash equivalents, cash flow from operations, its credit facility and by accessing the capital markets. The Company currently anticipates its cash flow from operations, the majority of which is derived from long-term take-or-pay contracts, to be sufficient to meet its operating obligations, fund capital expenditures and pay its dividend. Where the Company generates cash flow in excess of its dividends and capital investment opportunities, and its financial position is deemed sufficiently strong by the Company, increased use of the NCIB may be pursued in order to return cash to shareholders. As a result of taking a disciplined and proactive approach, the Company has successfully extended the maturity of its debt portfolio and reduced the weighted average borrowing cost. However, as a continuing result of COVID-19 pandemic, the changes in macro environment and recent interest rate hikes from the central banks, the Company's ability to access financing in the capital markets at attractive terms could be adversely impacted. Refer to "Risk Factors" in the Company's 2021 year end MD&A and this MD&A for more information. The Company continues to monitor the situation and remains satisfied that its disciplined approach employed with respect to its capital structure is appropriate given the characteristics and operations of the underlying asset base.

The Company may adjust its capital structure as a result of changes in current or expected economic and/or market conditions or its underlying business. Adjustments to the capital structure may result in refinancing or renegotiating its existing debt, issuance of new debt, issuance of equity or hybrid securities and the repurchase of common shares. The Company's current NCIB expires August 30, 2022. During the six months ended June 30, 2022, the Company purchased for cancellation 2.3 million common shares at an average price of $25.40 per common share for total consideration of $58.6 million.

As at June 30, 2022, the Company had a cash balance of $38.8 million and had the ability to utilize borrowings under the Revolving Credit Facility of $565.0 million. In addition, the Company has two bilateral demand facilities, which are available for use for general corporate purposes or letters of credit, totaling $150.0 million under which it had issued letters of credit totaling $35.2 million (December 31, 2021 - $35.0 million).

Cash flow summary

The Company's operating cash flow is generally impacted by the overall profitability and working capital requirements within the Company's segments, the Company's ability to invoice and collect from customers in a timely manner and the Company's ability to efficiently implement the Company's growth strategy and manage costs.

The following table summarizes the Company's sources and uses of funds for the three and six months ended June 30, 2022, and 2021 from operations:

Statement of cash flows	**Three months ended June 30,**			**Six months ended June 30,**		
($ thousands)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Cash inflow (outflow):						
Operating activities	15,847	76,624	(60,777)	321,583	120,201	201,382
Investing activities	(23,801)	(27,535)	3,734	(71,652)	(47,324)	(24,328)
Financing activities	(7,725)	(46,480)	38,755	(273,765)	(67,990)	(205,775)
Net increase in cash and cash equivalents	(15,679)	2,609	(18,288)	(23,834)	4,887	(28,721)

Cash inflow from operating activities

Cash inflow from operating activities was $15.8 million and $321.6 million for the three and six months ended June 30, 2022, compared to $76.6 million and $120.2 million in the three and six months ended June 30, 2021. The changes were primarily driven by the following:

- The change in both the three and six month periods was primarily driven by changes in items of working capital balances, largely related to increasing commodity prices and timing of the related settlements. Changes in the working capital during the three months ended June 30, 2022, resulted in cash outflow of $86.5 million compared to cash outflow of $42.4 million in the prior period. Changes in the working capital during the six months ended June 30, 2022, resulted in cash inflow of $110.0 million compared to cash outflow of $86.2 million in the prior period.

Cash inflow and outflow from operating activities and working capital requirements for the Marketing segment are strongly influenced by the amount of inventory purchased and subsequently held in storage, as well as by the commodity prices at which inventory is bought and sold. Commodity prices and inventory demand fluctuate over the course of the year in relation to general market forces and seasonal demand for certain products, and, accordingly, working capital requirements related to inventory also fluctuate with changes in commodity prices and demand. The primary drivers of working capital requirements are the collection of amounts related to sales of products such as crude oil, asphalt and other products and fees for services associated with the Company's Infrastructure segment. Offsetting these collections are payments for purchases of crude oil and other products, primarily within the Marketing segment, and other expenses. Historically, the Marketing segment has been the most variable with respect to generating cash flows and working capital due to the impact of crude oil price levels and the volatility that price changes and crude oil grade basis changes have on the cash flows and working capital requirements of this segment (refer to "Results of Operations" for more details).

Cash outflow from investing activities

Cash outflow from investing activities was $23.8 million and $71.7 million in the three and six months ended June 30, 2022, compared to $27.5 million and $47.3 million in the three and six months ended June 30, 2021, and consists primarily of capital expenditures related to the construction of infrastructure at the Edmonton Terminal and the Moose Jaw Facility. The three month period activity was relatively consistent with the comparative period. The six month period over period increase primarily resulted from the timing of settlement for incurred capital and the relative stage of construction of each of these projects and higher proceeds from sale of assets in the comparative period. For a summary of capital expenditures, see the "Capital expenditures and equity investments" discussion included in this MD&A.

Cash outflow from financing activities

Cash outflow from financing activities was $7.7 million and $273.8 million in three and six months ended June 30, 2022, compared to a cash outflow from financing activities of $46.5 million and $68.0 million in the three and six months ended June 30, 2021. The changes are due to the net draw on the Revolving Credit Facility of $95.9 million and net repayment of $85.0 million in the three and six months ended June 30, 2022, compared to the net draws of $22.3 million and $80.0 million in the prior periods. Additional factors impacting the period over period change includes the repurchase of common shares under the NCIB of $39.3 million and $58.6 million and proceeds from exercise of stock options of $8.6 million and $23.6 million, for the three and six months ended June 30, 2022, compared to insignificant amounts in the prior periods.

Credit Ratings and Covenants

The Company's ability to access debt in the capital markets depends, in part, on the credit ratings determined by rating agencies for the Company's debt. A downgrade could increase the interest rates applicable to borrowings under the revolving credit facilities or increase the interest rate applicable on any new or restructured debt issuances. Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

Rating agencies will regularly evaluate our financial strength. A credit rating downgrade could impair the Company's ability to enter into arrangements with suppliers or counterparties and could limit its access to private and public credit markets in the future and increase the costs of borrowing. The Company's senior unsecured notes are rated, on a solicited basis, by DBRS Limited as 'BBB (low)' and Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, as 'BBB-'.

The Company is also required to meet certain specific and customary affirmative and negative financial covenants under its revolving credit facility, including the maintenance of certain financial ratios, requiring the Company to maintain a total consolidated debt to capitalization ratio not greater than 65% as well as to maintain a minimum consolidated interest coverage ratio of no less than 2.5 to 1.0. The consolidated total debt to capitalization ratio represents the ratio of all debt obligations on the financial statements to total capitalization (total debt plus total shareholders' equity, including certain adjustments). The consolidated interest coverage ratio represents the ratio of Consolidated EBITDA (as defined by the revolving credit facility) to consolidated cash interest expense calculated in accordance with the revolving credit facility. Refer to the terms defined in the revolving credit facility, which is available at www.sedar.com.

As at June 30, 2022, the total consolidated debt to capitalization ratio was 49% and the consolidated interest coverage ratio was 10.8 to 1.0. The covenant tests used for debt purposes excludes all of the unsecured hybrid notes, and the interest thereon, in the calculation.

As at June 30, 2022, the Company was in compliance with all existing covenants under the senior unsecured notes, unsecured hybrid notes and revolving credit facility.

For additional information regarding these financial covenants, refer to various debt agreements available on SEDAR at www.sedar.com.

Dividends

The Company is currently paying quarterly dividends to holders of common shares. The amount and timing of any future dividends payable by the Company will be at the discretion of the Board and to be established on the basis of, among other items, the Company's earnings, funding requirements for operations, the satisfaction of a solvency calculation, and the terms of the Company's debt agreements and indentures. In addition, in connection with Company's dividend policy, after each fiscal year end the Board will formally review the annual dividend amount. During the second quarter of 2022, the Board declared dividends of $0.37 per common share.

Contractual obligations and contingencies

The following table presents, as at June 30, 2022, the Company's obligations, and commitments to make future payments under contracts and contingent commitments:

		Payments due by period			
($ thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long-term debt	1,585,000	-	-	510,000	1,075,000
Interest payments on long-term debt	969,948	48,350	96,700	81,439	743,459
Lease and other commitments (1)	78,167	27,843	35,012	14,391	921
Total contractual obligations	2,633,115	76,193	131,712	605,830	1,819,380

(1) Lease and other commitments relate to office leases, rail cars, vehicles, field buildings, and various equipment leases

The Company is involved in various claims and actions arising in the course of operations and is subject to various legal actions and exposures. Accruals for litigation, claims and assessments are recognized if the Company determines that the loss is probable and the amount can be reasonably estimated. The Company believes it has made adequate provisions for such legal claims. Although the outcome of these claims is uncertain, the Company does not expect these matters to have a material adverse effect on the Company's financial position, cash flows or operational results. If an unfavorable outcome were to occur, there exists the possibility of a material adverse impact on the Company's consolidated net income or loss in the period in which the outcome is determined.

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. These requirements, in addition to the contractual agreements and management decisions, result in the recognition of estimated decommissioning obligations and environmental remediation. Estimates of decommissioning obligations and environmental remediation costs can change significantly based on such factors as operating experience and changes in legislation and regulations.

CAPITAL EXPENDITURES AND EQUITY INVESTMENTS

($ thousands)	**Three months ended June 30, 2022**	**Six months ended June 30, 2022**
Infrastructure	17,638	46,558
Marketing	-	5,361
Corporate and other projects	375	1,922
Growth capital	18,013	53,841
Equity investments	-	-
Replacement capital	5,660	7,828
Total capital expenditures & equity investments	23,673	61,669

The Company continues to invest capital primarily in expanding and augmenting existing terminals and associated infrastructure at the Hardisty Terminal, the Edmonton Terminal, its Moose Jaw Facility and in the U.S. The Company also continues to engage in numerous commercial discussions for additional infrastructure. The following represents key activities with respect to major growth projects during the six months ended June 30, 2022:

- The Company placed in-service the biofuels blending project at the Edmonton Terminal facilitating the storage, blending and transportation of renewable diesel in the second quarter of 2022. The project was completed on time and on budget.
- The Company placed in-service the fuel switching project at the Moose Jaw Facility in the second quarter of 2022, which was completed on time and on budget.
- The Company continued construction on the previously announced 435,000-barrel tank at the Edmonton Terminal, under a long-term, take-or-pay contract with a new investment grade customer, expected to be placed in-service in 2023. The project is currently expected to be completed on time and on budget.

Marketing growth capital represents the capitalization of line fill to support infrastructure assets. Corporate and other projects represent spending on information technology initiatives at the corporate and business unit level.

Replacement capital expenditures intend to keep the Company's existing infrastructure reliably and safely operating. These expenditures include replacement of existing infrastructure, maintenance work which extends the economic life, scheduled tank and pipeline inspections.

The Company now expects to deploy between $100 million and $125 million in growth capital and $25 million to $30 million in maintenance capital in 2022, while directing additional funds towards share repurchases, consistent with its capital allocation philosophy.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial performance or financial condition.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares and preferred shares issuable in series. The number of preferred shares, in the aggregate, which may be issued and outstanding at any time shall be limited to a number equal to but not more than twenty percent (20%) of the number of issued and outstanding common shares at the time of issuance of any preferred shares. As at June 30, 2022, there were 146.5 million common shares outstanding and no preferred shares outstanding. In addition, under the Company's equity incentive plan, there were an aggregate of 2.4 million restricted share units, performance share units and deferred share units outstanding and 0.5 million stock options outstanding as at June 30, 2022.

As at June 30, 2022, awards available to grant under the equity incentive plan were approximately 2.9 million.

As at July 29, 2022, 146.4 million common shares, 2.4 million restricted share units, performance share units and deferred share units and 0.5 million stock options were outstanding.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is involved in various commodity related marketing activities that are intended to enhance the Company's operations and increase profitability. These activities often create exposure to price risk between the time contracted volumes are purchased and sold and to foreign exchange risk when contracts are in different currencies (Canadian dollar versus U.S. dollar). The Company is also exposed to various market risks, including volatility in (i) crude oil, refined products, natural gas and NGL prices, (ii) interest rates, and (iii) currency exchange rates. The Company utilizes various derivative instruments from time to time to manage commodity price, interest rate, currency exchange rate, and, in certain circumstances, to realize incremental margin during volatile market conditions. The Company's commodity trading and risk management policies and procedures are designed to establish and manage to an approved level of risk. The Company has a Commodity Risk Management Committee that has direct responsibility to oversee the Company's risk policies, trading controls and procedures. Additionally, certain aspects of corporate risk management are handled within the Risk Management Group. The Company's approved strategies are intended to mitigate risks that are inherent in the Company's Marketing business. To hedge the risks discussed above, the Company engages in risk management activities that the Company categorizes by the risks the Company is hedging and by the physical product that is creating the risk. The following discussion addresses each category of risk.

Commodity Price Risk. The Company typically hedges its exposure to price fluctuations with respect to crude oil, refined products, natural gas, differentials and NGLs, and expected purchases and sales of these commodities (relating primarily to crude oil, roofing flux and purchases of NGL). The derivative instruments utilized consist primarily of futures and option contracts traded on the New York Mercantile Exchange, the Intercontinental Exchange and over-the-counter transactions. The Company's policy is to transact only in commodity derivative products for which the Company physically transacts, and to structure the Company's hedging activities so that price fluctuations for those products do not materially affect the net cash the Company ultimately receives from its commodity related marketing activities.

Although the Company generally seeks to maintain a position that is substantially balanced within the Company's various commodity purchase and sales activities, the Company may experience net unbalanced positions as a result of a strategy to take advantage of anticipated market opportunities and/or production, transportation and delivery variances as well as logistical issues associated with inclement weather conditions.

The intent of the Company's risk management strategy is to hedge the Company's margin. However, the Company has not designated nor attempted to qualify for hedge accounting. Thus, changes in the fair values of the Company's derivatives are recognized in earnings and result in greater potential for earnings volatility.

The fair value of futures contracts is based on quoted market prices obtained from the Chicago Mercantile Exchange. For positions where independent quotations are not available, an estimate is provided, or the prevailing market price at which the positions could be liquidated is used. All derivative positions offset existing or anticipated physical exposures. Price-risk sensitivities were calculated by assuming 15% volatility in crude oil, differentials and NGL related prices, regardless of term or historical relationships between the contractual price of the instruments and the underlying commodity price. In the event of an increase or decrease in prices, the fair value of the Company's derivative portfolio would typically increase or decrease, offsetting changes in the Company's physical positions. A 15% favorable change in crude oil and NGL prices would increase the Company's net income by $11.9 million and $15.5 million as of June 30, 2022, and 2021. A 15% unfavorable change in crude oil and NGL prices would decrease the Company's net income by $11.9 million and $15.5 million as of June 30, 2022, and 2021. However, these changes may be offset by the use of one or more risk management strategies.

Interest rate risk. The Company's long-term debt, excluding the revolving credit facility, accrues interest at fixed interest rates and accordingly, changes in market interest rates do not expose the Company to future interest cash outflow variability. As at June 30, 2022, the Company had $185.0 million (December 31, 2021 – $270.0 million) drawn under the Revolving Credit Facility which is subject to interest rate risk, as borrowings bear interest at a rate equal to, at the Company's option, either the Canadian Prime Rate, U.S. LIBOR, U.S. Base Rate or Canadian Bankers' Acceptance Rate, plus an applicable margin based on the Company's total leverage ratio. A 1% increase or decrease in interest rates would, based on current rates and balances, decrease or increase the Company's net income by $1.9 million (as at December 31, 2021 – $2.7 million).

Currency exchange risks. The Company's monetary assets and liabilities in foreign currencies are translated at the period-end rate. Exchange differences arising from this translation are recorded in the Company's statement of operations. In addition, currency exposures can arise from revenue and purchase transactions denominated in foreign currencies. Generally, transactional currency exposures are naturally hedged (i.e. revenue and expenses are approximately matched), but, where appropriate, are covered using forward exchange contracts or currency swaps. The foreign currency forward exchange contracts including currency swaps entered into by the Company, although effective hedges from an economic perspective, have not been designated as hedges for accounting purposes, and therefore any gains and losses on such forward exchange contracts impact the Company's earnings. The Company expects to continue to enter into financial derivatives, primarily forward contracts and currency swaps, to reduce foreign exchange volatility.

As at June 30, 2022, the Company had no U.S. dollar denominated debt as part of its draw on its revolving credit facility.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions. Predicting future events is inherently an imprecise activity and, as such, requires the use of judgment especially in times of increased volatility and uncertainty. Actual results may vary from estimates in amounts that may be material. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the Company's condensed consolidated financial statements. There have been no significant adjustments to critical accounting policies, judgements and estimates during the six months ended June 30, 2022, from those disclosed in the Company's 2021 year end consolidated financial statements and MD&A.

ACCOUNTING POLICIES

Adoption of new accounting standards:

The Company adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with applicable transitional provisions.

- The annual improvements process addresses issues in the 2018-2021 reporting cycles including changes to IFRS 9, Financial Instruments, IFRS 1, First Time Adoption of IFRS, IFRS 16, Leases, and IAS 41, Biological Assets. These improvements are effective for periods beginning on or after January 1, 2022;
- IAS 37 – Provisions ("IAS 37"), has been amended to clarify (i) the meaning of "costs to fulfil a contract", and (ii) that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. These amendments are effective for periods beginning on or after January 1, 2022; and
- IAS 16 – Property, Plant and Equipment ("IAS 16"), has been amended to (i) prohibit an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly), (ii) clarify that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset, and (iii) require certain related disclosures. These improvements are effective for periods beginning on or after January 1, 2022.

New and amended standards and interpretations issued but not yet adopted:

The Company has assessed the impact of the following amendments to the standards and interpretations applicable for future periods and do not expect these to have a material impact on the Company's consolidated financial statements at the adoption date:

- IAS 1 – Presentation of Financial Statements ("IAS 1"), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023;
- IAS 12 – Income Taxes ("IAS 12"), has been amended to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. These amendments are effective for periods beginning on or after January 1, 2023.

DISCLOSURE CONTROLS & PROCEDURES

Based on the evaluation of the design and operating effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's DC&P and ICFR were effective as at June 30, 2022. There have been no changes in ICFR that occurred during the period beginning January 1, 2022, and ended on June 30, 2022, that has materially affected or is reasonably likely to materially affect the Company's ICFR.

SPECIFIED FINANCIAL MEASURES

The Company uses several financial measures when assessing its results and measuring overall performance. Some of these financial measures are not calculated in accordance with GAAP. NI 52-112 prescribes disclosure requirements that apply to non-GAAP financial measures, non-GAAP ratios, supplementary financial measures, capital management measures, and total of segments measures.

NON-GAAP FINANCIAL MEASURES

The Company uses non-GAAP financial measures that do not have standardized meanings under GAAP and that therefore may not be comparable to similar measures used by other companies. Presenting non-GAAP financial measures helps readers to better understand how management analyzes results, shows the impacts of specified items on the results of the reported periods, and allows readers to assess results without the specified items if they consider such items not to be reflective of the underlying performance of the Company's operations. The non-GAAP financial measures used by the Company are adjusted EBITDA and distributable cash flow. Management considers these to be important supplemental measures of the Company's performance and believes these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures. Readers are encouraged to evaluate each adjustment and the reasons the Company considers it appropriate for supplemental analysis. Readers are cautioned, however, that these measures should not be construed as an alternative to net income, cash flow from operating activities, segment profit, gross profit or other measures of financial results determined in accordance with GAAP as an indication of the Company's performance.

Noted below is the additional information about the composition of these non-GAAP financial measures, including the quantitative reconciliation, as required by NI 52-112:

a) Adjusted EBITDA

Adjusted EBITDA helps readers to better understand how management analyzes results, shows the impacts of specified items on the results of the reported periods, and allows readers to assess results without the specified items if they consider such items not to be reflective of the underlying performance of the Company's operations. Adjusted EBITDA is defined as earnings before net interest, tax, depreciation, amortization and impairment charges, and specific non-cash charges, including but not limited to unrealized gain/loss on derivative financial instruments, stock-based compensation, adjustment for equity accounted investees (to remove non-cash charges), and corporate foreign exchange gain/loss. These adjustments are made to exclude non-cash charges and other items that are not reflective of ongoing earning capacity of the operations.

Noted below is the reconciliation to the most directly comparable GAAP measures of the Company's segmented and consolidated adjusted EBITDA for the three and six months ended June 30, 2022, and 2021:

Three months ended June 30	**Infrastructure**		**Marketing**		**Corporate & Adjustments**		**Total**	
($ thousands)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Segment Profit	109,817	117,573	6,271	5,545	-	-	116,088	123,118
Unrealized loss on derivative financial instruments	-	-	6,124	12,970	-	-	6,124	12,970
General and administrative	-	-	-	-	(10,650)	(8,675)	(10,650)	(8,675)
Adjustments to share of profit from equity accounted investees	2,010	265	-	-	-	-	2,010	265
Adjusted EBITDA	111,827	117,838	12,395	18,515	(10,650)	(8,675)	113,572	127,678

Six months ended June 30	**Infrastructure**		**Marketing**		**Corporate & Adjustments**		**Total**	
($ thousands)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Segment Profit	216,794	225,848	36,919	12,379	-	-	253,713	238,227
Unrealized (gain) / loss on derivative financial instruments	-	-	(3,916)	9,386	-	-	(3,916)	9,386
General and administrative	-	-	-	-	(19,586)	(17,407)	(19,586)	(17,407)
Adjustments to share of profit from equity accounted investees	4,021	534	-	-	-	-	4,021	534
Adjusted EBITDA	220,815	226,382	33,003	21,765	(19,586)	(17,407)	234,232	230,740

($ thousands)	Three months ended June 30, 2022	2021
Net Income	35,919	32,363
Income tax expense	11,055	10,185
Depreciation, amortization, and impairment charges	38,015	51,897
Net finance costs	15,765	15,783
Unrealized loss on derivative financial instruments	6,124	12,970
Stock based compensation	4,703	4,284
Adjustments to share of profit from equity accounted investees	2,010	265
Corporate foreign exchange gain	(19)	(69)
Adjusted EBITDA	113,572	127,678

($ thousands)	Six months ended June 30, 2022	2021
Net Income	87,889	65,140
Income tax expense	27,057	18,269
Depreciation, amortization, and impairment charges	76,454	93,181
Net finance costs	30,686	30,771
Unrealized (gain) / loss on derivative financial instruments	(3,916)	9,386
Stock based compensation	10,858	13,236
Adjustments to share of profit from equity accounted investees	4,021	534
Corporate foreign exchange loss	1,183	223
Adjusted EBITDA	234,232	230,740

b) Distributable Cash Flow

Distributable cash flow is used to assess the level of cash flow generated and to evaluate the adequacy of internally generated cash flow to fund dividends and is frequently used by securities analysts, investors, and other interested parties. Changes in non-cash working capital are excluded from the determination of distributable cash flow because they are primarily the result of fluctuations in product inventories or other temporary changes. Replacement capital expenditures and lease payments are deducted from distributable cash flow as there is an ongoing requirement to incur these types of expenditures. The Company may deduct or include additional items in its calculation of distributable cash flow. These items would generally, but not necessarily, be items of an unusual, non-recurring, or non-operating in nature. The following is a reconciliation of distributable cash flow from operations to its most directly comparable GAAP measure, cash flow from operating activities:

	Three months ended June 30,		Six months ended June 30,	
($ thousands)	2022	2021	2022	2021
Cash flow from operating activities	15,847	76,624	321,583	120,201
Adjustments:				
Changes in non-cash working capital and taxes paid	96,932	50,243	(93,721)	105,224
Replacement capital	(5,660)	(4,227)	(7,828)	(6,610)
Cash interest expense, including capitalized interest	(14,137)	(13,361)	(27,756)	(26,435)
Lease payments	(9,524)	(9,806)	(20,120)	(20,506)
Current income tax	(9,520)	(7,064)	(19,101)	(15,712)
Distributable cash flow	73,938	92,409	153,057	156,162

($ thousands)	Twelve months ended June 30, 2022	2021
Cash flow from operating activities	418,188	271,213
Adjustments:		
Changes in non-cash working capital and taxes paid	13,880	123,561
Replacement capital	(23,818)	(15,142)
Cash interest expense, including capitalized interest	(55,539)	(50,441)
Lease payments	(36,308)	(41,449)
Current income tax	(28,435)	(12,552)
Distributable cash flow	287,968	275,190

NON-GAAP FINANCIAL RATIOS

The Company uses non-GAAP ratios that do not have standardized meanings under GAAP and that therefore may not be comparable to similar measures used by other companies. A non-GAAP ratio is a ratio in which at least one component is a non-GAAP financial measure. The Company uses non-GAAP ratios to present aspects of its financial performance or financial position, including dividend payout ratio and net debt to adjusted EBITDA ratio. Noted below is the additional information about the composition of these ratios as required by NI 52-112.

a) Dividend Payout Ratio

Dividend payout ratio is a non-GAAP ratio defined as dividends declared divided by distributable cash flow, on a rolling 12-month basis. This measure is used by securities analysts, investors and others as an indication of the Company's ability to generate cash flows to continue to pay dividends, and the proportion of cash generated that is used to pay dividends to shareholders.

	Twelve months ended June 30, 2022	2021
Distributable cash flow	287,968	275,190
Dividends declared	211,379	201,781
Dividend payout ratio	73%	73%

b) Net Debt to Adjusted EBITDA Ratio

Net debt to adjusted EBITDA is a non-GAAP ratio, which uses net debt divided by adjusted EBITDA. The Company, lenders, investors and analysts use this ratio to monitor the Company's capital structure, financing requirements and measuring its ability to cover debt obligations over time. Net debt is not a standardized financial measure under GAAP and may not be comparable with measures disclosed by other companies and is a capital management measure.

Net debt is total borrowings (including 'current and non-current borrowings', and lease liabilities), less unsecured hybrid notes and cash and cash equivalents. Unsecured hybrid notes are excluded as the Company views this as part of its equity.

	Twelve months ended June 30, 2022	2021
Long-term debt	1,576,186	1,530,041
Lease liabilities	73,917	91,069
Less: unsecured hybrid debt	(250,000)	(250,000)
Less: cash and cash equivalents	(38,753)	(58,454)
Net debt	1,361,350	1,312,656
Adjusted EBITDA	448,710	413,453
Net debt to adjusted EBITDA ratio	3.0	3.2

Supplementary Financial Measures

A supplementary financial measure is a financial measure that: (a) is not reported in the Company's consolidated financial statements, and (b) is, or is intended to be, reported periodically to represent historical or expected financial performance, financial position, or cash flows. The supplementary financial measures the Company uses are identified below:

- Growth capital expenditures reflect projects intended to improve the Company's profitability directly or indirectly.

- Growth capital including equity investments includes both growth capital, and amounts invested in the Company's equity investments intended to improve the investments profitability directly or indirectly.
- Replacement capital expenditures intend to keep the Company's existing infrastructure reliably and safely operating. These expenditures include replacement of existing infrastructure, maintenance work which extends the economic life, scheduled tank and pipeline inspections.

Capital Management Measures

The financial reporting framework used to prepare the financial statements requires disclosure that help readers assess the Company's capital management objectives, policies, and processes, as set out in IFRS in IAS 1 – Presentation of Financial Statements ("IAS 1"). The Company has its own methods for managing capital and liquidity, and IFRS does not prescribe any particular calculation method. In addition to GAAP measures, the Company uses capital management measures net debt and total capital.

The composition, usefulness and quantitative reconciliation of capital management measures are presented in "Liquidity, Capital Resources and Capital Structure" section of this MD&A.

Total of Segments Measures

The Company uses the sum of the total segment revenue and the segment profit of its business segments (namely, Infrastructure and Marketing) in the analysis performed under the "Operating results" section within this MD&A. Using this method to analyze results, that is, by reflecting inter-segment revenue and profit within segment metrics, the Company can evaluate the relative performance of each segment on a standalone basis.

The Company defines segment profit as revenue less cost of sales (excluding depreciation, amortization and impairment charges) and operating expenses. Segment profit also includes the Company's share of equity pick up from equity accounted investees. Segment profit excludes depreciation, amortization, accretion, impairment charges, stock-based compensation, and corporate expenses such as income taxes, interest and general and administrative expenses, as senior management looks at each period's earnings before corporate expenses and non-cash items, as one of the Company's important measures of segment performance.

	Three months ended June 30,		**Six months ended June 30,**	
($ thousands)	**2022**	**2021**	**2022**	**2021**
Segment revenue				
Infrastructure	135,021	144,118	264,104	267,921
Marketing	3,125,415	1,587,371	5,776,334	3,134,768
Total segment revenue	3,260,436	1,731,489	6,040,438	3,402,689
Revenue – inter-segmental	(64,732)	(56,733)	(156,282)	(118,201)
Total revenue – external	3,195,704	1,674,756	5,884,156	3,284,488
Segment profit				
Infrastructure	109,817	117,573	216,794	225,848
Marketing	6,271	5,545	36,919	12,379
Total segment profit	116,088	123,118	253,713	238,227

	Three months ended June 30,		**Six months ended June 30,**	
($ thousands)	**2022**	**2021**	**2022**	**2021**
Gross Profit	79,710	71,749	175,207	144,349
Depreciation, amortization and impairment	35,829	49,464	72,098	88,396
Gain and loss on sale of assets	147	562	5,406	1,514
Other income	227	542	773	2,365
Corporate foreign exchange gains and losses	175	801	229	1,603
Segment profit	116,088	123,118	253,713	238,227

RISK FACTORS

Shareholders and prospective investors should carefully evaluate risk factors noted by the Company before investing in the Company's securities, as each of these risks may negatively affect the trading price of the Company's securities, the amount of dividends paid to shareholders and the ability of the Company to fund its debt obligations, including debt obligations under its outstanding notes and any other debt securities that the Company may issue from time to time. Other than those risks noted below there have been no material changes to the risk factors presented in the Company's December 31, 2021, MD&A and AIF, which are available on SEDAR at www.sedar.com.

International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global energy and financial markets, as well as increased cybersecurity risks. The global economy has been greatly affected by the war between Russia and Ukraine. The ongoing conflict and associated sanctions levied against Russia have led to sharp increases in, and supply shortages of, key commodities. Uncertainty regarding the duration and ultimate effects of the war have raised global concerns over the potential for major disruptions in oil and natural gas supply and continuing commodity price volatility. Any additional sanctions or other international action may have a destabilizing effect on commodity prices and global economies more broadly. Specifically, as a major exporter of oil and natural gas, any disruption of supply of oil and natural gas from Russia may cause a supply shortage globally and significantly impact commodity prices. Volatility in commodity prices may adversely affect the Company's business, financial condition, and results of operations. For example, maintained elevated or significant increases in commodity prices could materially increase operating costs and decrease profit margins, whereas reductions in commodity prices may affect oil and natural gas activity levels and therefore adversely affect the demand for, or price of, the Company's services.

The extent and duration of the current Russian-Ukrainian conflict and any related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this MD&A and in the Company's December 31, 2021, MD&A and AIF, including those relating to commodity price volatility and global financial conditions. Long-term or unforeseeable impacts, including on the Company, its stakeholders and counterparties on which it relies, may materialize and may have an adverse effect on the Company's business, results of operation and financial condition. The Company may continue to experience materially adverse impacts to its business as a result of the war's global economic impact, even after the conflict has subsided.

Inflation and Interest Rates

The Company does not believe that inflation has had a material effect on its business, financial condition or results of operations to date. That said, if the Company's capital, development, operation or labour costs become subject to significant inflationary pressures over an extended period of time, the Company may not be able to fully offset such higher costs through corresponding increases in commodity prices and the prices charged for services. Further, there can be no assurance that any governmental action to mitigate inflationary cycles will be taken or be effective. Central banks have increased interest rates in response to inflation, and additional rate increases are expected. Governmental action, such as the imposition of higher interest rates or wage controls, may also negatively impact the Company's costs and magnify the impacts of other risks identified in this MD&A and in the Company's December 31, 2021, MD&A and AIF, including those relating to the Company's indebtedness, other financial risks and as set out under the heading "*Risk Factors – Interest Rate Risk*" in the 2021 AIF. Continued inflation, any governmental response thereto, or the Company's inability to offset inflationary effects may have a material adverse effect on the Company's business, results of operations, financial condition or value of its share price.

Supply Chain Disruptions

Ongoing supply chain disruptions and resulting shortages, as a result of the COVID-19 pandemic or otherwise, may hinder the Company's ability to execute projects in a timely manner and may increase the Company's development, operating and construction costs. Any such cost overruns, or unanticipated delays in the completion or commercial development of the Company's projects or disruptions to the Company's operations as a result of supply chain constraints may have a material adverse effect on the Company's profitability, cash flow and financial position.

FORWARD-LOOKING INFORMATION

Certain statements and information included or referred to in this MD&A constitute forward-looking information (as such term is defined under applicable Canadian securities laws). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking information. The use of any of the words "anticipate", "plan", "continue", "target", "must", "commit", "estimate", "expect", "extend", "remain", "future", "intend", "may", "can", "will", "project", "should", "could", "would", "believe", "predict", "forecast", "long-term", "potential", "possibility" and similar expressions of future outcomes or statements regarding an outlook are intended to identify forward-looking information. Forward-looking information, included or referred to in this MD&A includes, but is not limited to statements with respect to:

- *the effect of the COVID-19 (including its variants) pandemic and governmental responses thereto on the Company's business, operations, financial condition and access to financing;*
- *achieving the targets including but not limited to growth capital expenditure and allocation thereof;*
- *the addition or disposition of assets and changes in the services to be offered by the Company;*
- *the Company's projections relating to target segment profit, distributable cash flow, distributable cash flow per share, total cash flow;*
- *leverage ratio, dividend payout ratios and net debt to adjusted EBITDA ratio;*
- *the Company's investment in new equipment, technology, facilities and personnel;*
- *the Company's growth strategy to expand in existing and new markets including the anticipated benefits from the Company's basin strategy;*
- *long-term contracts and the terms, counterparties and impacts thereof;*
- *the evaluation of the Company's strategic plan and the key attributes of the Company's business strategy and strengths;*
- *the Company's ability to execute its current business strategy, related milestones and ability to meet its ESG targets and the associated impacts to the Company's reputation and ability to attract capital;*
- *the effect of the Company's credit rating and relative performance to certain ESG targets on its borrowing costs;*
- *the Company's ability to position itself as a ESG and sustainability leader and integrate the principles of ESG and sustainability into the evaluation and pursuit of the Company's business strategy and commercial opportunities;*
- *the Company's ESG targets, including its goal of achieving Net Zero GHG emissions by 2050 and expectations and plans related to its Net Zero by 2050 target pathway and its effectiveness;*
- *the role of sustainable development in future outcomes related to the economy, the Company's climate goals and value generation for stakeholders;*
- *the availability of sufficient capital and liquidity for planned growth;*
- *uncertainty and volatility relating to crude oil prices and price differentials between crude oil streams and blending agents, and the effect thereof on the Company's financial condition;*
- *the anticipated benefits and functionality of the DRU;*
- *the effect of competition in regions of North America, and its impact on downward pricing pressure and regional crude oil price differentials among crude oil grades and locations;*
- *the effect of market volatility on the Company's marketing revenue and activities;*
- *the Company's ability to service its debt and to pay down and retire indebtedness;*
- *the sufficiency and sources of funding to service the Company's debt, meet its operating obligations, fund capital expenditures and pay dividends;*
- *the appropriateness of the Company's approach to its capital structure;*
- *evaluations by credit rating agencies and the results and effects thereof;*
- *changes to the Company's capital structure, the reasons therefor and the results thereof;*
- *the adequacy of the Company's provisions for restoration, retirement and environmental costs and legal claims and the materiality thereof;*
- *the Company's plans for additional strategic acquisitions, capital expenditures or other similar transactions, including the costs, timing and completion thereof;*
- *the expected cost relative to budget and in-service dates for new storage capacity and new projects being constructed by the Company;*
- *the Company's planned hedging activities;*
- *the Company's projections of commodity purchase and sales activities;*

- *the Company's projections of currency and interest rate fluctuations;*
- *the Company's projections with respect to the adoption and implementation of new accounting standards and policies, and their impact on the Company's financial statements;*
- *the sources of the Company's cash flows;*
- *the Company's NCIB;*
- *the realization of anticipated benefits from the implementation of cost saving measures;*
- *the Company's projections of dividends; and*
- *the Company's dividend policy.*

With respect to forward-looking information contained in this MD&A, assumptions and estimates have been made regarding, among other things:

- *the impact of the COVID-19 (including its variants) pandemic, including government responses related thereto on demand for crude oil and petroleum products and the Company's operations generally;*
- *general economic and industry conditions;*
- *future growth in world-wide demand for crude oil and petroleum products;*
- *commodity prices;*
- *no material defaults by the counterparties to agreements with the Company;*
- *the Company's ability to obtain qualified and diverse personnel and equipment in a timely and cost-efficient manner or at all;*
- *the regulatory framework governing taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct its business;*
- *the energy transition that is underway as the world shifts towards a lower carbon economy and a maintained industry focus on ESG and the impact thereof on the Company;*
- *the development and performance of technology and new energy efficient products, services and programs including but not limited to the use of zero-emission and renewable fuels, carbon capture and storage, electrification of equipment powered by zero-emission energy sources and utilization and availability of carbon offsets and carbon price outlook;*
- *the Company's relationships with the communities in which we operate;*
- *climate-related estimates and scenarios and the accuracy thereof, including the cost of compliance with climate change legislation and the impact thereof on the Company;*
- *the impact of emerging regulations on the nature of oil and gas operations, expenditures in the oil and gas industry, and demand for our products and services;*
- *changes in credit ratings applicable to the Company;*
- *the Company's ability to achieve its Sustainability and ESG targets, the timing thereof and the impact thereof on the Company;*
- *the Company's future investments in new technologies and innovation and the return thereon;*
- *operating and borrowing costs, including those related to the Company's Sustainability and ESG programs;*
- *future capital expenditures to be made by the Company, including its ability to place assets into service as currently planned and scheduled;*
- *the Company's ability to obtain financing for its capital programs on acceptable terms;*
- *the Company's ability to maintain a strong balance sheet and financial position;*
- *the Company's future debt levels;*
- *inflation and changes to interest rates and their impact on the Company;*
- *the impact of increasing competition on the Company;*
- *the impact of changes in government policies on the Company;*
- *the ability of the Company and, as applicable, its partner(s), to construct and place assets into service and the associated costs of such projects;*
- *the Company's ability to generate sufficient cash flow to meet the Company's current and future obligations;*
- *the Company's dividend policy;*
- *product supply and demand;*
- *demand for the services offered by the Company;*
- *the Company's ability to re-negotiate contracts for its services on terms favorable to the Company;*
- *the impact of future changes in accounting policies on the Company's consolidated financial statements; and*
- *the Company's ability to successfully implement the plans and programs disclosed in the Company's strategy.*

In addition, this MD&A may contain forward-looking information attributed to third party industry sources. This forward-looking information speaks only as of the date of this MD&A and the Company does not undertake any obligations to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities laws. Actual results could differ materially from those anticipated in forward-looking information as a result of numerous risks and uncertainties including, but not limited to, the risks and uncertainties described in "Risk Factors" included in this MD&A. Readers should also refer to "Forward-Looking Information" and "Risk Factors" included in the Company's current AIF and to the risk factors described in other documents the Company files from time to time with Canadian securities regulatory authorities, available on SEDAR at www.sedar.com and on the Company's website at www.gibsonenergy.com. No assurance can be given that these expectations will prove to be correct. As such, forward-looking information included or referred to in this MD&A and the Company's other filings with Canadian securities regulatory authorities should not be unduly relied upon.

Information on, or connected to, the Company's website www.gibsonenergy.com does not form part of this MD&A.

The forward-looking information included or referred to in this MD&A are expressly qualified by this cautionary statement.

TERMS AND ABBREVIATIONS

AIF: Annual Information Form

barrel: One barrel of petroleum, each barrel representing 34.972 Imperial gallons or 42 U.S. gallons

the Board: Gibson's Board of Directors

COVID-19: Disease caused by the novel coronavirus that was first identified in December 2019

Canadian Crude Marketing: The Company's business which markets crude and various other products in Canada

Crude Marketing: The aggregated Canadian Crude Marketing and U.S. Crude Marketing business

DBRS Morningstar: DBRS Limited (DBRS Morningstar)

DC&P: disclosure controls and procedures as defined in *National instrument 52-109 Certification of disclosure in Issuers' Annual and Interim Filings*

DRU: Diluent Recovery Unit. A facility that separates diluent from heavier petroleum stock, owned and operated by the Company's equity accounted investee Hardisty Energy Terminal LP

ESG: Environmental, Social, Governance

Hardisty Unit Train Facility or HURC Facility: A unit train facility at Hardisty, Alberta, jointly developed with USD Group, that includes an exclusive five-kilometer pipeline connection from the Hardisty Terminal

ICFR: Internal Controls over Financial Reporting as defined in *National instrument 52-109 Certification of disclosure in Issuers' Annual and Interim Filings*

IFRS: International Financial Reporting Standards, also referred to as GAAP

L3R: Enbridge Line 3 Replacement Project

MD&A: Management Discussion and Analysis

Moose Jaw Facility: Gibson's heavy crude oil processing facility located at Moose Jaw, Saskatchewan, that produces asphaltic and lighter distillate products that are generally sold into specialized markets

NCIB: Gibson's normal course issuer bid

NGL: Natural Gas Liquids

NI 52-112: National instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure

Moose Jaw Refined Products: The Company's business which markets the outputs of the Moose Jaw Facility

Revolving Credit Facility: The Company's $750 million unsecured Revolving Credit Facility with a maturity date in April 2027

Shareholders: The holders of issued and outstanding common shares from time to time

TMX: Government of Canada's Trans Mountain Pipeline Expansion

TSX: Toronto Stock Exchange

U.S.: United States of America

U.S Crude Marketing: The Company's business which markets crude and various other products in the U.S.

USD Group: US Development Group, LLC.

WCSB: Western Canadian Sedimentary Basin

WTI: West Texas Intermediate, a type of crude oil used as a benchmark in crude oil pricing

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