



ANNUAL INFORMATION FORM

For the year ended December 31, 2019

February 24, 2020



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GLOSSARY OF TERMS AND DEFINED TERMS

In this Annual Information Form (“AIF”), references to “we”, “us”, “our”, “its”, “Gibson” or “the Company” mean Gibson Energy Inc., its subsidiaries, partnerships and joint venture investments unless the context otherwise requires.

In this AIF, unless otherwise indicated or the context otherwise requires, the following terms shall have the meanings set forth below.

2011 Equity Incentive Plan: The Company's long-term incentive plan.

2022 Notes: The Company's previously outstanding \$300 million aggregate principal amount 5.375% senior unsecured notes due July 15, 2022, redeemed in full on October 17, 2019.

2024 Notes: The Company's outstanding \$600 million aggregate principal amount 5.25% senior unsecured notes due July 15, 2024.

2029 Notes: The Company's outstanding \$500 million aggregate principal amount 3.60% senior unsecured notes due September 17, 2029.

ABCA: Business Corporations Act (Alberta).

API Gravity: American Petroleum Institute Gravity, a measure of the relative density of liquid petroleum products.

asphalt: Liquid asphalt cement is primarily produced by petroleum distillation. Liquid asphalt cement is a dark brown to black cementitious material and is primarily used in the road construction and maintenance industry as well as for shingle manufacturing and roofing purposes.

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

Board: The board of directors of Gibson Energy Inc.

butane: A common LPG that is colorless and flammable, C₄H₁₀. Butane has numerous commercial uses and is used industrially as a feedstock for gasoline and in petrochemical production.

Canwest: Canwest Propane ULC.

Common Shares: The common shares in the capital of the Company.

condensate: A petroleum mixture composed primarily of pentane and heavier hydrocarbons, usually produced with or extracted from natural gas, which is liquid at normal pressure and temperature. The component of NGLs that remains after the propane and butane have generally been removed, comprised of a pentane and higher hydrocarbon composition.

Continuing Operations: All of the Company's operations excluding the Discontinued Operations.

crude oil: Naturally occurring mixture of liquid hydrocarbons which occurs in many varieties, or grades, which are often categorized by properties such as density and sulphur content.

DBRS Morningstar: DBRS Limited (DBRS Morningstar).

Debentures: The Company's \$100 million aggregate principal amount 5.25% convertible debentures due July 15, 2021, of which approximately \$99.9 million principal amount remains outstanding.

diesel: Combustible petroleum distillate used as a fuel for diesel engines.

diluent: A petroleum stock which is used to reduce the viscosity and increase the API Gravity of a heavier petroleum stock by dilution, typically condensate or butane.

Discontinued Operations: Gibson's Truck Transportation Canada and U.S. Environmental Services businesses.

distillate: A liquid condensed from vapor in distillation, including diesel and jet fuel.

drilling mud/fluid: Drilling mud/fluid is used to lubricate well drills and transport cut material to the surface, among other uses.

DRIP: Gibson's dividend reinvestment program which was suspended in 2015.

DRU: Diluent Recovery Unit. A facility that separates Diluent from heavier petroleum stock.

DSU: A deferred share unit issuable pursuant to the 2011 Equity Incentive Plan.

Edmonton Terminal: Gibson's terminal located at Edmonton, Alberta, with crude oil and petroleum products storage capacity that has receipt and delivery connections to major pipelines in the area.

Environmental Services North: A Gibson business unit that provided waste management services that processed, recovered, treated, terminalled and disposed of industrial waste streams in Western Canada.

emulsion: A mixture of crude oil, water, and other liquids.

feedstock: A raw material required for an industrial process such as petrochemical processing or manufacturing.

frac fluids: A fluid, either water or hydrocarbon, used to transport proppant in a hydraulic fracture well completion.

gathering: Transportation of gases and liquids from the site of extraction to a storage facility or transmission line.

gasoline: Volatile, flammable liquid mixture of hydrocarbons obtained from petroleum.

GHG: Greenhouse Gas.

Hardisty DRU: On December 3, 2019, US Development Group and Gibson Energy Inc. announced a joint venture to construct and operate a DRU located near Hardisty, Alberta, Canada. The proposed unit was sanctioned in late 2019 and is expected to be placed into service in 2021.

Hardisty Terminal: Gibson's terminal located at Hardisty, Alberta, with crude oil storage capacity that has receipt and delivery connections to most major pipelines in the area and to the Hardisty Unit Train Facility.

Hardisty Unit Train Facility: A unit train facility at Hardisty, Alberta, jointly developed with U.S. Development Group LLC, that includes an exclusive five-kilometer pipeline connection from the Hardisty Terminal.

Industrial Propane: A Gibson business unit that was one of the largest retail propane suppliers in Canada with a diversified customer base which included a focus on oil and gas customers in Western Canada. This segment sold propane and related equipment to oil and gas, commercial and other end-user customers and was disposed by Gibson on September 27, 2017.

IPO: The initial public offering or the first sale of Common Shares by Gibson to the public which closed on June 15, 2011.

light ends: Petroleum products like propane and butane that rise to the top of distillation towers during the refining process.

LPG: Liquefied petroleum gas. Typically comprised of ethane, propane and butane.

midstream: The industry term for the components of the energy industry in between the production of oil and gas (upstream) and the refining and distribution of refined and finished products (downstream).

Moody's: Moody's Investors Service, Inc.

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.

NGLs: Natural gas liquids, comprised of ethane, propane, butane and natural gasoline.

Notes: Collectively, the 2024 Notes and 2029 Notes.

OMNI: Parent holding company of OMNI Energy Services Corp.

OPEC: Organization of Petroleum Exporting Countries

pentane: A common flammable hydrocarbon, C₅H₁₂. Commonly used as fuel, diluent and as a solvent. A major component of condensate.

PRDs: Processing, recovery and disposal facilities.

propane: A common LPG, C₃H₈, that is colorless and flammable. Used industrially in the petrochemical industry and commercially as a heating or engine fuel.

PSU: A performance share unit issuable pursuant to the 2011 Equity Incentive Plan.

Pyote East Pipeline: An oil gathering system located in the Permian Basin of West Texas.

Pyote West Pipeline: An oil gathering system located in the Permian Basin of West Texas.

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

Revolving Credit Facility: The Company's unsecured revolving credit facility, previously up to \$560.0 million (or U.S. \$ equivalent) with a term expiring on March 31, 2024, was upsized, amended and extended on February 14, 2020, to \$750 million (or US\$ equivalent) with an extended maturity date of February 14, 2025.

roofing flux: Processed asphaltic product used in the manufacturing of shingles and other roofing products.

RSU: A restricted share unit issuable pursuant to the 2011 Equity Incentive Plan.

SCADA: Supervisory control and data acquisition. Gibson's SCADA system is operated out of a central control room staffed with operators 24 hours per day, 7 days per week. Gibson's SCADA system allows the control room operators to govern the various equipment at each of the facilities including opening/closing valves, turning pumps on and off as well as, for example, selecting the speed of certain pumps, directing product to or from the appropriate tank and adjusting optimization ratios.

SDP: Gibson's stock dividend program which was suspended in 2015.

Shareholders: The holders of issued and outstanding Common Shares from time to time.

sour/sweet: Describes the quantity of sulfur content in a given crude oil. Sour refers to high sulfur, greater than 0.5% by weight, and sweet refers to low sulfur.

S&P: S&P Global Inc.

terminalling: The receipt of crude oil and petroleum products for storage into storage tanks and other related equipment, including pipelines, where the crude oil will be commingled with other products of similar quality; the storage of crude oil; and the delivery of the crude oil as directed by a distributor into a truck, vessel or pipeline.

throughput: The volume of product transported or passing through a pipeline, plant, terminal or other facility over a stated period of time.

tops: A bottomless light sour crude oil, a residual from the asphalt refining process, which is a feedstock for refiners.

Truck Transportation Canada: A Gibson business unit that provided transportation and related services, including hauling services for crude, condensate, propane, butane, asphalt, methanol, sulfur, petroleum coke, emulsion, waste water and drilling fluids for many of Canada's leading oil and gas producers, disposed on July 2, 2019.

TSX: Toronto Stock Exchange.

U.S.: United States of America.

U.S. Environmental Services: A Gibson business unit that engaged in trucking and transportation in the U.S. and included a network of midstream infrastructure assets such as PRDs, disposed on May 3, 2018.

USD Group: US Development Group, LLC.

USEPA: U.S. Environmental Protection Agency.

VGO: Vacuum Gas Oil. A feedstock for fluid catalytic crackers used to make gasoline, gasoil and many other by-products.

Viking Pipeline: An oil gathering system which transports oil from the Alberta Viking oil play into the Hardisty Terminal.

wellsite fluids: Includes oil-based drilling and frac fluids used in the drilling and completion of oil and natural gas wells.

WCSB: Western Canadian Sedimentary Basin.

Wholesale Propane: A Gibson business unit that purchased, sold and optimized NGLs and was disposed by Gibson on December 4, 2018.

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

FORWARD-LOOKING INFORMATION

Certain statements and information included or referred to in this AIF 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", "contemplate", "continue", "aim", "target", "must", "commit", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential" and "capable" and similar expressions expressing future outcomes or statements regarding an outlook are intended to identify forward-looking information. Forward-looking information, included or referred to in this AIF include, but are not limited to statements with respect to:

- realization of anticipated benefits from reorganization and headcount rationalization efforts;
- achieving the targets including but not limited to segment profits, payout ratio, leverage ratio and credit ratings, as discussed under the strategy section;
- 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, and total cash flow;
- the Company's projections relating to target leverage and payout ratios;
- 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;
- the availability of sufficient capital and liquidity for planned growth;
- new technology and drilling methodology being deployed towards conventional and unconventional production within the Company's operating areas;
- uncertainty and volatility relating to crude prices and price differentials between crude oil streams and blending agents;
- increased crude oil production and exploration activity on shore in North America, including from the Canadian oil sands;
- the expansion of midstream infrastructure in North America to handle increased production and expansion of capacity in the U.S. refining complex to handle heavier crude oil from the WCSB;
- the planned construction and in-service date of the Hardisty 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 revenues and activities;
- the Company's ability to pay down and retire indebtedness;
- the Company's plans for additional strategic acquisitions, capital expenditures or other similar transactions, including the costs thereof;
- 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;
- 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 AIF, assumptions have been made regarding, among other things:

- future growth in world-wide demand for crude oil and petroleum products;
- crude oil prices;
- no material defaults by the counterparties to agreements with the Company;
- the Company's ability to obtain qualified personnel, owner-operators, lease operators and equipment in a timely and cost-efficient manner;
- the regulatory framework governing taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct its business;
- changes in credit ratings applicable to the Company;
- operating costs;
- future capital expenditures to be made by the Company;
- the Company's ability to obtain financing for its capital programs on acceptable terms;
- the Company's future debt levels;
- the impact of increasing competition on the Company;
- the ability of the Company and its joint venture partner to construct the Hardisty DRU as currently planned and scheduled;
- 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 AIF may contain forward-looking information attributed to third party industry sources. The Company does not undertake any obligations to publicly update or revise any forward-looking information 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 "Forward-Looking Information" and "Risk Factors" included in this AIF. Readers should also refer to "Risk Factors" in the Company's current Management's Discussion and Analysis and to the risk factors described in other documents Gibson files from time to time with securities regulatory authorities, available on SEDAR at sedar.com and on the Company's website at 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 AIF and the Company's other filings with Canadian securities regulatory authorities should not be unduly relied upon. These statements speak only as of the date of this AIF.

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

The forward-looking information included or referred to in this AIF are expressly qualified by this cautionary statement and are made as of the date of this AIF. The Company does not undertake any obligation 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 securities laws.

GIBSON ENERGY INC.

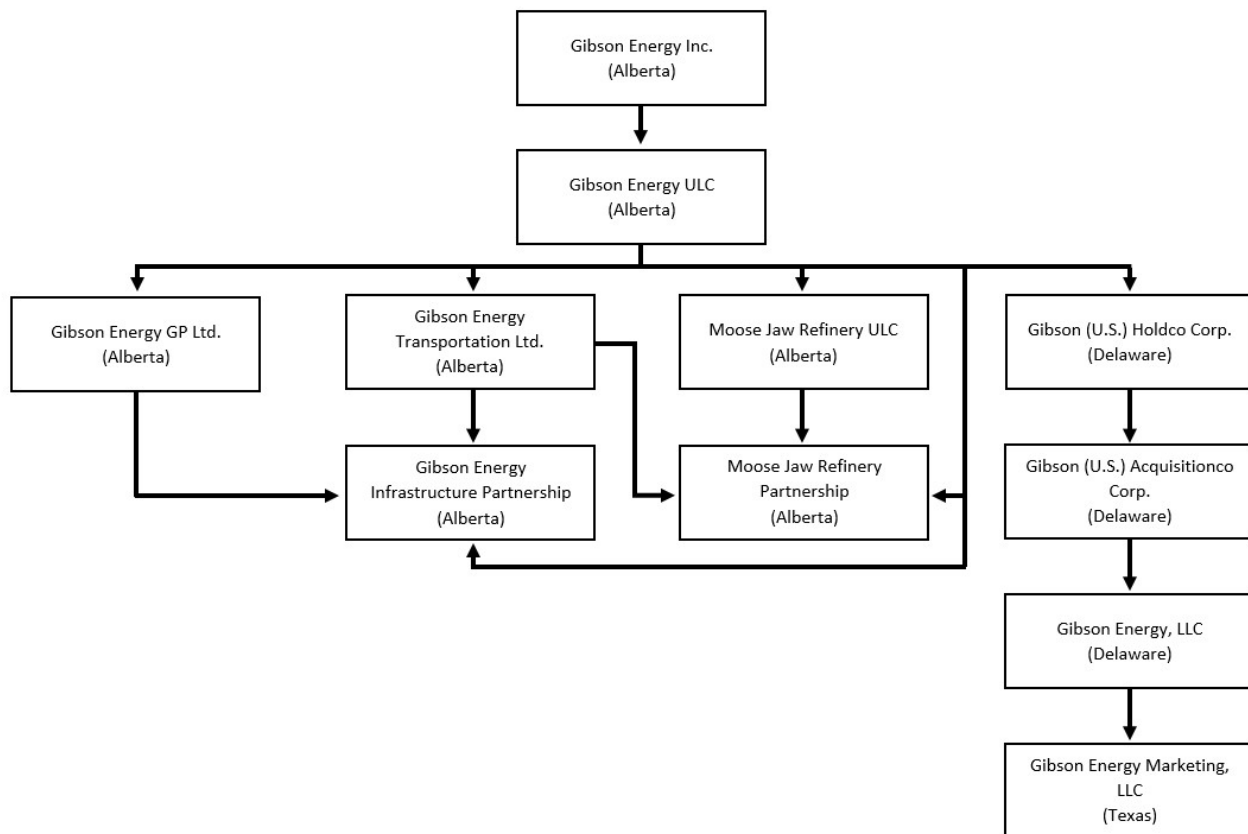
Incorporation and Organization

The Company was incorporated as “Gibson Energy Inc.” under the ABCA on April 21, 2011. On June 15, 2011, concurrent with the consummation of the IPO, Gibson Energy Inc., Gibson Energy Holding ULC and 1441682 Alberta Ltd. amalgamated into one entity, with the surviving entity being Gibson Energy Inc. (the “Reorganization”). The Reorganization was a common control transaction whereby Gibson Energy Inc. was accounted for using continuity of interest and, as such, Gibson Energy Inc. is considered a continuity of Gibson Energy Holding ULC.

The Company’s head office and registered office is located at 1700, 440-2nd Avenue, S.W., Calgary, Alberta, Canada T2P 5E9.

Corporate Structure

The following organizational chart illustrates the intercorporate relationship of the Company with the other material entities in which the Company has an interest. All entities listed are wholly owned, directly or indirectly, by the Company. Jurisdictions of incorporation or organization, as applicable, are indicated in parentheses.



History of the Business

The origins of the Company date back to 1950 with the incorporation of Gibson Petroleum Marketing Co. Ltd., which started marketing petroleum products in 1953. In 1954, Gibson entered the pipeline business with the creation of Gibson Crude Oil Purchasing Co. Ltd. and the construction of a pipeline gathering system in Alberta. In 1955, the Company began its oil trucking operations and subsequently expanded these operations throughout Western Canada and the U.S. through organic growth and various acquisitions. In 1957, the Company built its first oil terminal facility in Hardisty, Alberta, connected into the Interprovincial Pipeline, moving oil from Western Canada to the east. In 1988, the Company entered the propane business with the purchase of James Propane Calgary Ltd., followed by the purchase of Canwest in 1990, and subsequently expanded its propane operations throughout Western Canada, Manitoba and the Northwest Territories. In 2002, the Company entered the crude oil processing business with the purchase of a heavy crude oil processing facility in Moose Jaw, Saskatchewan.

From inception and through most of its years in operation, the Company was a subsidiary of Hunting PLC, a United Kingdom-based energy services company listed on the London Stock Exchange. However, on December 12, 2008, the Company was acquired by an indirect wholly owned subsidiary of R/C Guitar Cooperatief U.A., a Dutch Co-op owned by investment funds affiliated with Riverstone Holdings. In 2010, Gibson expanded its crude oil hauling and NGL businesses in the U.S. with the acquisition of Taylor Companies, LLC. On June 15, 2011, the Company completed an IPO on the TSX. Over the course of 2011 and early 2012, Riverstone Holdings liquidated its ownership of the Company. In 2012, Gibson acquired OMNI Energy Services Inc. to expand into environmental and production services businesses in the U.S. In 2014 the Company expanded its propane operations through the acquisitions of Stittco Energy Limited and Cal-Gas Inc. From 2010 through 2016, the company announced commitments to construct a total of 6.4 million barrels of storage at its Edmonton and Hardisty terminals.

Developments Since 2017

In the first quarter of 2017, the Company sold an option for the purchase of Industrial Propane for non-refundable cash consideration of \$435 million. The Company also sold \$350 million of aggregate principal amount of senior unsecured notes on an exempt private placement basis.

In the second quarter of 2017, Stewart Hanlon, the Company's former President and Chief Executive Officer, retired and Steve Spaulding was named the Company's new President and Chief Executive Officer and a member of the Board.

In the third quarter of 2017, the Company announced the sanction of the construction of 1.1 million barrels of new tankage at its Hardisty Terminal. In addition, the Company announced its intention to divest U.S. Environmental Services and closed the sale of Industrial Propane. The Company also issued \$250 million of aggregate principal amount of senior unsecured notes on an exempt private placement basis.

In the first quarter of 2018, the Company placed into service a total of 800,000 barrels of crude oil storage tank capacity and related pipeline connection infrastructure at the Edmonton Terminal. In addition, the Company announced its new corporate strategy and plans for the sale of its non-core businesses, including Wholesale Propane, Truck Transportation Canada, non-core Environmental Services North and U.S. Environmental Services. Gibson also announced the sanction of the Viking Pipeline, extending the reach of its existing Provost pipeline system around the Hardisty Terminal.

During the second quarter of 2018, the Company completed the sale of certain U.S. Environmental Services businesses.

In the third quarter of 2018, the Company announced the sanction of the construction of 1.0 million barrels of new tankage at its Hardisty Terminal, the sanction of an expansion of the Moose Jaw Facility (increasing throughput capacity with a reduction in CO2 intensity per barrel) and the acceleration of its U.S. strategy through the acquisition and development of a gathering pipeline network directly adjacent to its existing Pyote gathering system.

In the fourth quarter of 2018, the Company announced the sanction of the construction of 1.0 million barrels of new tankage at its Hardisty Terminal. Gibson also completed the sale of Wholesale Propane.

In the first quarter of 2019, Gibson announced the sanction of the construction of a 500,000 barrel storage capacity expansion at its Hardisty Terminal. Gibson also placed the Viking Pipeline into service and placed 1.1 million barrels of storage into service at its Hardisty Terminal. The Company also completed the sale of its non-core Environmental Services North assets.

In the second quarter of 2019, DBRS Morningstar initiated a rating of the Company, assigning an Issuer Rating of “BBB (Low)” with a “Stable” trend, which represented the first time in its history the Company had been assigned an Investment Grade credit rating. The Company also announced the sale of Truck Transportation Canada. In addition, Gibson completed the expansion of its Moose Jaw Facility, increasing throughput capacity to approximately 22,000 barrels per day from approximately 17,000 barrels per day.

In the third quarter of 2019, S&P raised its long-term issuer credit rating and senior unsecured debt ratings on the Company to “BBB–” with a “Stable” outlook, representing the Company’s second Investment Grade rating. DBRS Morningstar issued a “BBB (Low)” senior unsecured debt rating with a “Stable” trend. The Company issued the 2029 Notes and redeemed all of the 2022 Notes. The Company also closed the sale of Truck Transportation Canada.

In the fourth quarter of 2019, Gibson placed the Pyote East Pipeline into service, representing Gibson’s first gathering system entering service in the U.S., and placed 2.0 million barrels of new tankage into service at its Hardisty Terminal. The Company further announced a joint venture with US Development Group to construct and operate the Hardisty DRU. The Company also sanctioned the construction of two new tanks, representing an additional 1.0 million barrels of storage, at its Hardisty Terminal.

In the first quarter of 2020, Gibson upsized, amended and extended its unsecured Revolving Credit Facility to \$750 million from \$560 million, with an extended maturity date of February 14, 2025. Also in the first quarter of 2020, the Company announced that its Board approved a quarterly dividend of \$0.34 per common share, an increase of \$0.01 per common share or approximately three percent, which will be payable on April 17, 2020, to Shareholders of record at the close of business on March 31, 2020.

DESCRIPTION OF THE BUSINESS

Company Overview

Gibson is a Canadian-based oil infrastructure company with operations focused around its core terminal assets located at Hardisty and Edmonton, Alberta, as well as the Moose Jaw Facility and an infrastructure position in the U.S. The Company's Continuing Operations employ approximately 500 people and are engaged in the storage, optimization, processing, gathering and marketing of crude oil and refined products.

For over 65 years, the Company has delivered infrastructure and midstream solutions to customers in the oil and gas industry, safely and reliably. The Company has grown by focusing its service offerings around the core terminal assets at Hardisty and Edmonton, as well as expanding infrastructure service offerings to the oil sands and Viking basins in Canada and the Permian basin in the U.S.

Business Strategy and Strengths

The key attributes of the Company's strategy are:

- an oil infrastructure focus, with the Infrastructure segment targeting to comprise approximately 80% of segment profit and the terminals and pipelines representing approximately 75% of total segment profit;
- targeting 10% distributable cash flow per share growth; and
- offering a secure, growing dividend that is underpinned by long-term contracts with investment grade counterparties at its terminal assets, with total Company cash flows expected to be comprised of approximately 80% take-or-pay, stable fee-based structures, inclusive of internal take-or-pay.

In order to be successful in its strategy the Company will:

- leverage its competitive position at its terminals to continue to secure a significant proportion of new tankage business. Through offering the most connectivity to inbound and outbound pipelines at Hardisty, as well as exclusive access to the only unit train rail facility at Hardisty, the Company has built a position that provides us a competitive advantage to service its customers. The Company intends to harvest additional opportunities within its terminals to provide incremental connectivity and other services to existing terminal customers;
- seek to leverage its existing infrastructure platform in Canada and growing position in the U.S. in competing for DRU, rail loading, tankage, gathering pipeline and other related infrastructure opportunities, focusing primarily on the oil sands and Viking basins in Canada, and the Permian basin in the U.S.;
- pursue high quality cash flows to underpin its dividend and fund growth capital;
- maintain a strong balance sheet and financial position through targeting a leverage ratio of 3.0x – 3.5x and a payout ratio of 70% – 80% of distributable cash flow. The Company will fund its growth capital through internally generated cash flows and proceeds from non-core asset dispositions, and will subsequently seek to fund growth capital with a maximum of 50% - 60% debt. The Company aims to maintain an investment grade credit rating to access decreased funding costs with increased access to capital;

- remain highly skilled in building and operating infrastructure while aggressively managing costs to maintain and improve operating margins. The Company will be customer-focused and will foster long-term relationships with customers in order to better understand their infrastructure requirements and be more responsive in providing the best solutions for them; and
- continue its firm commitment to be a leader in environment, health, and safety. The Company's experienced leadership team has a proven history of successful operations and a strong industry reputation.

Economic Dependence

The Company is not a party to any contract for the purchase or sale of services or products or any other agreement upon which its business is substantially dependent. In addition, the Company is not a party to any contracts or subcontracts which terminate, or which are subject to renegotiation this current financial year, and which would reasonably be expected to materially affect the Company's business.

Segment Overview

The Company's Continuing Operations are comprised of two integrated segments:

- *Infrastructure* includes a network of infrastructure assets that includes oil terminals, rail loading and unloading facilities, gathering pipelines, the Hardisty DRU and a crude oil processing facility. The primary facilities within this segment include the Hardisty Terminal and the Edmonton Terminal, which are the principal hubs for aggregating and exporting oil and refined products out of the WCSB, gathering pipelines connected to the Hardisty Terminal, gathering pipelines located in the United States and a crude oil processing facility in Moose Jaw, Saskatchewan.
- *Marketing* 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 part of supplying and driving volumes through the Company's key infrastructure assets. The hydrocarbon products would include crude oil, NGLs, road asphalt, roofing flux, frac oils, light and heavy straight run distillates, VGO and an oil-based mud product. The Marketing segment's opportunities are typically location, quality or time-based. The Marketing segment sources the majority of its hydrocarbon products from Western Canada and markets those products throughout Canada and the U.S.

The Company's Discontinued Operations consisted of two disposed groups:

- *Truck Transportation Canada* provided transportation and related services, including hauling services for crude, condensate, propane, butane, asphalt, methanol, sulfur, petroleum coke, emulsion, waste water and drilling fluids for many of Canada's leading oil and gas producers.
- *U.S. Environmental Services* engaged in trucking and transportation in the U.S. and included a network of midstream infrastructure assets such as PRDs.

The following table shows the Company's revenues from its operations for the years ended December 31, 2019 and 2018.

<u>Revenue (\$ in thousands)</u>	2019	2018
<u>Continuing Operations</u>		
Infrastructure	\$ 413,441	\$ 391,627
Marketing.....	7,455,237	7,191,233
Total segment revenue	<u>7,868,678</u>	<u>7,582,860</u>
Revenue – inter-segmental.....	(532,356)	(736,271)
Total revenue – external.....	<u>7,336,322</u>	<u>6,846,589</u>
<u>Discontinued Operations</u>		
Truck Transportation Canada.....	\$ 98,815	\$ 217,427
U.S. Environmental Services	-	93,262

The Company's Continuing Operations

Infrastructure

Business Overview

The Company's Infrastructure segment is principally composed of its terminals at Hardisty and Edmonton, and other crude infrastructure assets including rail loading and unloading facilities, gathering pipelines and a crude oil processing facility.

The Hardisty Terminal and the Edmonton Terminal are the principal hubs for aggregating and exporting oil and refined products out of the WCSB, particularly the oil sands. The Hardisty Terminal comprises approximately 12 million barrels of storage, with an additional 1.5 million barrels of storage currently sanctioned and/or under construction. The Hardisty Terminal averaged approximately 1.0 million barrels per day of throughput in 2019. The Company also has a network of approximately 500 kilometers of crude oil pipelines surrounding the Hardisty Terminal with a combined throughput capacity of approximately 90,000 barrels per day. The Hardisty Terminal, as well as the Hardisty DRU, have exclusive access to the Hardisty Unit Train Facility (and connection thereto), which has the ability to load over three unit trains per day. The Edmonton Terminal comprises approximately 1.7 million barrels of storage and also has manifest rail loading capabilities. The Edmonton Terminal averaged approximately 130,000 barrels per day of throughput in 2019. Both terminals are well connected to major pipelines within their respective areas.

The Company has developed a gathering footprint around the emerging market hub in Wink, Texas, having placed the Pyote East Pipeline into service in late 2019. At the end of 2019, Gibson had approximately 250,000 acres dedicated to its gathering network. The Company continues to expand its gathering system

and increase its connectivity to third party infrastructure in the area to better position its Wink Terminal to secure agreements with third parties for tankage in the future.

The Infrastructure segment also includes a crude oil processing facility located in Moose Jaw, Saskatchewan with a current throughput capacity of up to 22,000 barrels per day, depending on crude feedstock. The facility generally runs a heavy crude feedstock, with the resulting light end products composed of tops, heavy distillate, light distillate and VGO, while heavy end products include roofing flux and road asphalt.

Description of Services

The Hardisty Terminal has storage, receipt and delivery connections to all major pipelines in the area, the Hardisty Unit Train Facility and the Hardisty DRU. The Hardisty Terminal also receives product from Gibson's Bellshell, Provost and Viking pipelines. The Edmonton Terminal has storage, receipt and delivery connections to major pipelines in the area, including pipeline connectivity with certain refining and upgrading facilities. In addition to pipeline receipts, crude oil and condensate are trucked into all of Gibson's terminals.

The Company's Pyote East Pipeline and Pyote West Pipeline are platforms for potential future business development and infrastructure growth in the Permian basin, and have delivery connections to major pipelines in the area.

The Infrastructure segment also operates the Moose Jaw Facility on behalf of the Refined Products portion of the Marketing segment, processing crude oil into refined products. The Marketing segment sources the crude oil used in the refining process and markets the refined products produced.

Customers and Contracts

The Company provides fee-based storage and terminal services and tariff-based pipeline services to a wide range of customers including producers, refiners, marketers and integrated companies. End users for the Company's Infrastructure segment services are primarily major exploration and production companies, marketers and refiners, with product reaching the end markets via major export pipelines and rail infrastructure to which the Company's assets are connected. The Company also contracts certain of its Infrastructure assets, such as the Moose Jaw Facility and crude oil storage tanks to its Marketing segment on a take-or-pay basis.

The Company's Infrastructure segment primarily conducts business using long term take-or-pay and stable fee-for-service contracts which comprised approximately 70% and 25% of segment revenues in 2019, respectively. Approximately 35% and 20% of total Infrastructure segment revenues were earned through intercompany arrangements and intercompany take-or-pay arrangements, respectively.

Competition

Certain major midstream companies have existing storage facilities, including some that are connected to their long-haul pipeline systems, that compete with the Company's storage facilities. Competition among terminals is based on location, connectivity of assets and the range of services provided. Competition among pipelines is based primarily on transportation charges, availability of service to producing areas and access to specific crude oil blend streams by the owners of the crude oil.

The Company believes that due to the commercial challenges in securing connection agreements with inbound and outbound egress pipelines required to develop the Company's strategic position at Hardisty and Edmonton, and the capital requirements to construct such connections, it is unlikely that new

competitors would seek to replicate the Company's asset base and service offerings in the foreseeable future.

Many of the Moose Jaw Facility's competitors are fully integrated national or multinational oil companies engaged in various segments of the petroleum business. However, most of the facility's competitors typically produce asphalt as a by-product of their gasoline production and do not focus on asphalt quality and consistency, which is a primary focus of the Moose Jaw Facility. With regards to wellsite fluids, the competitors range from multinational companies to independent producers of competing products, as well as purchasers and resellers from North American supply sources that compete in this market.

Marketing

Business Overview

The Company's Marketing segment markets the outputs of the Moose Jaw Facility through the Refined Products business and provides marketing services to drive volume-based business to the Company's Infrastructure segment by leveraging and optimizing Gibson's terminals and pipelines.

The Refined Products business leases the Moose Jaw Facility from the Infrastructure segment, and is responsible for sourcing the crude oil processed by the Moose Jaw Facility and marketing the refined products that are produced by the facility. The Moose Jaw Facility has approximately 1.0 million barrels of storage capacity onsite and in the U.S., and access to over 1,000 leased railcars. The Marketing segment seeks to generate margins within the Refined Products business by selling finished products into high value markets.

By using the Company's assets, including its producer services capabilities, to physically source the components, store or blend those components and/or market the resulting targeted crude oil grade and refined products, the Marketing segment creates increased liquidity for customers and drives volumes to the Company's Hardisty and Edmonton assets.

The Marketing segment's opportunities are typically location, quality or time-based. Location-based opportunities arise when value differentials between commodity prices at two locations are greater than the transportation cost between the two locations. In these circumstances, the Company can use its own or third party transportation assets to physically move the product and capture the value differential. Quality-based opportunities derive from situations where various grades of crude oil and diluent must be combined to meet a certain stream specification, this includes custom grades and pipeline specifications, often providing a solution for upstream and end-user customers. Time-based opportunities may arise when the forward price curve is in contango, meaning that forward month prices are greater than the current month's prices. In this market situation, physical commodities could potentially be stored and sold forward using physical or financial contracts at prices that are higher than the current value of the commodity.

The Marketing segment purchases, sells, stores and optimizes crude oil, NGLs and refined products, marketing an average of approximately 400,000 physical barrels per day in 2019.

Description of Services

The Marketing segment includes the purchasing, selling, storing and optimizing of hydrocarbon products, including crude oil, NGLs, road asphalt, roofing flux, frac oils, light and heavy straight run distillates, VGO, and an oil-based drilling mud feedstock. Gibson operates an extensive transportation network and

provides a critical link from the wellhead to the refinery gate, which leads to time, quality and location-based opportunities. Gibson's asset network allows the Company to provide increased assurance to producers that their production will not get shut-in due to logistical issues between the wellhead and injection into a main line pipeline system. The extent of the Company's asset network and producer relationships allow Gibson to source more barrels for its Marketing segment.

Gibson's Marketing segment continues to procure propane to fulfil its supply contract, which was part of the sale of Industrial Propane. In addition, the Company continues to source condensate and butane for operations at its terminals.

Customers and Contracts

The Company's Marketing segment buys and sells crude oil, NGLs and refined products. The largest component of its revenues is the sale of crude oil. In the Crude Oil business, the Company's customer base is diversified and includes major integrated oil companies, producers, refineries and an electronic trading platform. The Refined Products customer base includes road construction companies, governments, roofing shingle manufacturers, oilfield drilling contractors, refiners as well as oil and gas exploration and production companies.

The Company enters into purchase and sale agreements for crude oil, NGLs and refined products. These purchase and sale agreements are typically priced relative to market indices. The Company may also enter into longer-term supply arrangements and may make purchases on the spot market as well. In 2017, Gibson entered into a 5-year wholesale supply agreement, procuring propane volumes as part of the sale of Industrial Propane. 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 the segment profits in the form of realized or unrealized gains and losses, often offset by physical inventories, that can change significantly period over period.

Competition

The Company's competitors in the Marketing segment include other oil and gas infrastructure and midstream companies, major integrated oil companies, their marketing affiliates and independent gatherers, investment banks that have established a trading platform, brokers and marketers of widely varying sizes, financial resources and experience. There are large players in the refined product marketing business which include fully integrated national or multinational oil companies engaged in various segments of the petroleum business. However, most of these competitors produce asphalt as a by-product of their gasoline production and do not focus on asphalt quality and consistency, which is a primary focus for Gibson. Competition in the NGL marketing business is high; however, there are significant barriers to entry such as high capital requirements.

The Company's Discontinued Operations

Truck Transportation Canada

Business Overview

The Company's Truck Transportation Canada business provided transportation and related services, including hauling services for crude, condensate, propane, butane, asphalt, methanol, sulfur, petroleum coke, emulsion, waste water and drilling fluids for many of North America's leading oil and gas producers.

Description of Services

The Company's Truck Transportation Canada business connected crude, condensate, propane, butane, asphalt, methanol, sulfur, petroleum coke, emulsion, waste water and drilling fluids to either the Company's Infrastructure assets or to third party terminals for disposal, further processing or long-haul transportation to end markets.

Truck Transportation Canada's services were heavily relied upon by its customers to connect remote sources of production to end markets and to provide critical transportation services when pipeline disruptions occurred.

Customers and Contracts

The Truck Transportation Canada business line's customers included oil and gas exploration and production companies, refiners, oilfield drilling contractors, road construction companies and LPG and refined product marketing companies, as well as certain of Gibson's other businesses. Truck Transportation Canada conducted its business using a combination of long-term contracts, master service agreements, tenders that range between one and two-year periods and short-term evergreen contracts with a cancellation notice period, which were typically 30 days. Transportation rates varied based on receipt point, delivery point, length of haul and type of product hauled. Hauls were regularly scheduled under service agreements or hauled as spot movements.

Competition

Truck Transportation Canada faced competition which varies by both product and geography, and some of the business' competitors had the same service offering across the geographic areas Truck Transportation Canada services. Price competition increased in periods of lower activity across all products and all geographies and decreased when activity levels peaked. Any changes in the level of price and volume competition had the potential to impact net margins, which ultimately impacted overall segment profit.

U.S. Environmental Services

Business Overview

The Company's U.S. Environmental Services segment included a suite of logistical wellsite and transportation services. This business also included sales and logistics hubs, PRD facilities, disposal wells, landfills and seismic technology services located in several basins in the U.S.

Description of Services

U.S. Environmental Services provided waste management services that processed, recovered, treated, terminalled and disposed of industrial waste streams using trucks and PRDs. The business' seismic technology services included detonating explosives and registering the associated seismic waves.

Customers and Contracts

U.S. Environmental Services customers included major exploration and production companies. Services provided by these business lines were typically required on a non-deferrable basis with a frequency of service mandated by regulatory and operational requirements.

Competition

U.S. Environmental Services faced competition which varied by both product and geography, and some of the business' competitors had the same service offering across the geographic areas of service. Price competition increased in periods of lower activity across all products and all geographies and decreased when activity levels peaked.

ENVIRONMENT, SOCIAL AND GOVERNANCE

Code of Conduct and Ethics Policy

The Company's Code of Conduct and Ethics Policy (the "Code") outlines the employee qualities and cultural elements that the Company values, including integrity, innovation, teamwork, excellence, respect, accountability, compassion and transparency. The Code embodies the values to guide personnel in identifying and managing business situations, allowing the Company to conduct business in a responsible and ethical manner, and treating those with whom it deals with fairness and respect. The Code specifically addresses the Company's expectations for directors, officers, employees, contractors and consultants regarding compliance with laws, conflict of interest, confidentiality and disclosure, employment practices, environmental regulations, health and safety, use of company property and resources, retention of documents and records and reporting financial transactions. The Code also provides information on how directors, officers, employees, contractors and consultants can report non-compliance and how such reports will be managed. To ensure that the Code is effective, the Company requires its Board members and management personnel to confirm on an annual basis that they have read the Code and are in full compliance with its terms. A copy of the Code has been filed on the Company's SEDAR profile at www.sedar.com.

The Company is committed to maintaining a high standard of corporate governance and ethical practices, both within the corporate boardroom and throughout its operations. The Company's corporate governance practices are designed with a view to:

- ensure it operates in a safe, reliable and environmentally responsible manner;
- ensure it meets its obligations to all regulatory bodies, business partners, customers, stakeholders, employees and shareholders; and
- ensure its businesses are effectively managed in the best interests of all stakeholders.

Environmental, Health and Safety Policy

The environment, health and safety are top priorities in all of the Company's operations and business activities. The Company is committed to being an industry leader in conducting its business so that it meets or exceeds all applicable laws and regulations and it is committed to protecting the health and safety of its employees, contractors, agents and the public and safeguarding the environment affected by its activities. These areas are of paramount importance to management, employees and contractors at the Company. In 2019, the Company integrated the Environmental, Health and Safety Policy into its overall Operations Policy.

Respectful Workplace Policy

The Company is committed to providing a workplace that is pleasant, healthy, comfortable and free from intimidation, hostility or other offenses which might interfere with workplace performance. Employees are expected to treat each other with mutual respect, fairness and dignity. Discrimination or harassment of any sort is not tolerated. The purpose of this policy is to create a respectful workplace through the prevention and quick resolution of harassment and/or discrimination. In addition, the Company created and approved a Diversity & Inclusion policy in 2019 to encourage gender diversity and inclusion based on attributes such as ethnicity, race, disabilities, etc. The purpose of this policy is to provide better corporate governance and enhanced effectiveness through the contribution of different perspectives and experiences.

Whistleblower Policy

The Company is committed to high standards of professional and ethical conduct in all activities. The Company's reputation for honesty and integrity among its stakeholders is key to the success of the business. The transparency, honesty, integrity and accountability of the Company's financial, administrative and management practices is vital. These high standards guide the decisions of the Board and are relied upon by the Company's stakeholders and the financial markets. For these reasons, it is critical to maintain a workplace where concerns regarding questionable business practices can be raised without fear of any discrimination, retribution or harassment. This reporting mechanism invites employees, officers, directors and other stakeholders to act responsibly to uphold the reputation of the Company and maintain public confidence. Encouraging a culture of openness and ethical leadership from management will also help this process. This policy is intended to encourage and enable stakeholders to raise serious concerns within the Company rather than overlooking a problem or seeking a resolution of the problem outside the Company. A copy of the Whistleblower Policy is available on the Company's website.

Gibson's Code of Conduct and Ethics Policy, Operations Policy, Respectful Workplace Policy, Whistleblower Policy and other governance policies can be found on Gibson's website at www.gibsonenergy.com.

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The Company's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series (the "Preferred Shares"). As at December 31, 2019, there were 145,675,481 Common Shares issued and outstanding and no Preferred Shares were issued and outstanding.

Common Shares

Holders of Common Shares are entitled to one vote per Common Share at all meetings of Shareholders, to receive dividends if, as and when declared by the Company and to receive the remaining property and assets of the Company upon dissolution, subject to the prior rights and privileges attaching to any other class of shares of the Company.

In addition, the Company's Debentures are convertible at the holder's option into Common Shares at any time prior to the earlier of July 15, 2021 and the business day immediately preceding the date fixed for redemption by the Company at a conversion price of \$21.65 per share, being a ratio of approximately 46.1894 shares per \$1,000 principal amount of the Debentures.

Preferred Shares

The Preferred Shares are issuable in series and have such rights, restrictions, conditions and limitations as the Board may by resolution fix from time to time before the issue thereof. There are no Preferred Shares issued and outstanding.

Debt

Revolving Credit Facility

On April 3, 2019, the Company amended and restated its \$560 million (or US\$ equivalent) unsecured revolving credit facility with an extended maturity date of March 31, 2024. In addition, the Company has three bilateral demand letter of credit facilities totaling \$150 million.

Subsequent to the end of the year, on February 14, 2020, Gibson upsized, amended and extended its unsecured revolving credit facility to \$750 million (or US\$ equivalent) with an extended maturity date of February 14, 2025.

The Revolving Credit Facility is available to the Company to provide financing for working capital, fund capital expenditures and other general corporate purposes. provides sub-facilities for letters of credit, swing line loans and borrowings in Canadian dollars and U.S. dollars. Borrowings under the Revolving Credit Facility bear interest at a rate equal to Canadian Prime Rate or U.S. Base Rate or London Interbank Offered Rate or Canadian Bankers' Acceptance Rate plus an applicable margin. The applicable margin for borrowings under the Revolving Credit Facility is subject to step up and step down based on the Company's corporate credit ratings. In addition, the Company must pay a standby fee on the unused portion of the Revolving Credit Facility and customary letter of credit fees equal to the applicable margins based upon the Company's corporate credit ratings.

Long-term Debt

On September 17, 2019, the Company issued the 2029 Notes. The Company used the net proceeds of the 2029 Notes for the redemption of its outstanding 2022 Notes, to reduce outstanding indebtedness under its Revolving Credit Facility and for general corporate purposes. Interest is payable semi-annually on March 17 and September 17 of each year the 2029 Notes are outstanding. In addition, the Company currently has the 2024 Notes outstanding with interest thereon payable semi-annually on January 15 and July 15 of each year the 2024 Notes are outstanding.

The indentures governing the terms of the 2024 Notes and the 2029 Notes, including the supplemental indenture to the 2024 Notes, contain certain redemption options whereby the Company can redeem all or part of the 2024 Notes and 2029 Notes at prices set forth in the applicable indenture on the dates specified in the indentures. In addition, the holders of 2024 Notes and 2029 Notes have the right to require the Company to redeem the respective notes at the redemption prices set forth in the respective indenture in the event of a change in control.

Debentures

On June 2, 2016, the Company issued \$100 million aggregate principal amount 5.25% Debentures due July 15, 2021 at an issue price of par. Interest is payable semi-annually on January 15 and July 15 in each year and may be redeemed, in certain circumstances, on or after July 15, 2019. The Debentures will be convertible at the holder's option into Common Shares at any time prior to the earlier of the July 15, 2021 and the business day immediately preceding the date fixed for redemption by the Company at a conversion price of \$21.65 per share, being a ratio of approximately 46.1894 shares per \$1,000 principal amount of the Debentures.

DIVIDENDS

The Company is currently paying quarterly dividends to Shareholders. The Company's intention is to provide Shareholders with a secure and growing quarterly dividend, while retaining a portion of cash flow to fund ongoing growth projects. The payment of dividends is not guaranteed and the amount and timing of any dividends payable will be at the discretion of the Board and will be established on the basis of the Company's earnings, operations, financial requirements including funding its growth capital programs, the satisfaction of solvency tests and the compliance with the Company's debt agreements for the declaration and payment of dividends and the satisfaction of regulatory capital requirements. See "Risk Factors".

The Company suspended its DRIP and SDP until further notice in 2015 and did not issue any shares from treasury related to these plans in 2019. When enacted, the DRIP allows holders of the Common Shares to elect to reinvest all or any portion of their quarterly dividends paid on their Common Shares to purchase additional Common Shares at a discount to the prevailing market price without having to pay any commissions. The SDP is similar to the DRIP but allows holders of Common Shares to elect to receive their quarterly dividends in the form of common shares at a discount to the weighted-average price calculated five days before the dividend payment date. The Company pays all the fees associated with the DRIP and the SDP.

Dividend History

The following table sets forth the dividend history of the Company for each of the three most recently completed financial years:

Payment Date	Per Common Share Cash Dividends
April 17, 2017	\$0.33
July 17, 2017	\$0.33
October 17, 2017	\$0.33
January 17, 2018	\$0.33
April 17, 2018	\$0.33
July 17, 2018	\$0.33
October 17, 2018	\$0.33
January 17, 2019	\$0.33
April 17, 2019	\$0.33
July 17, 2019	\$0.33
October 17, 2019	\$0.33
January 17, 2020	\$0.33

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares trade on the TSX under the ticker symbol "GEI". The following table sets forth the monthly high and low sales prices per Common Share at the close of market and average daily trading volumes for the Common Shares on the TSX for the periods indicated.

Calendar Period	Monthly		
	High	Low	Volume
<i>2019</i>			
January	\$20.23	\$18.85	644,410
February	\$21.29	\$19.59	704,666
March	\$23.54	\$21.48	857,081
April	\$23.70	\$22.09	676,071
May	\$23.25	\$21.49	779,091
June	\$24.03	\$22.08	533,506
July	\$24.25	\$22.87	498,819
August	\$23.66	\$22.49	545,640
September	\$23.85	\$22.75	736,783
October	\$23.14	\$22.23	585,083
November	\$25.95	\$22.95	961,226
December	\$27.67	\$24.72	1,108,700

CREDIT RATINGS

The following information relating to the Company's credit ratings is provided as it relates to the Company's financing costs, liquidity and operations. Specifically, credit ratings can affect the Company's ability to obtain short term and long-term financing and the cost of such financing. Additionally, the ability of the Company to engage in certain collateralized business activities on a cost of effective basis depends, in part, upon the Company's credit ratings. Negative changes in credit ratings may affect the Company's ability to, and the associated costs of of; (i) entering into ordinary course derivative or hedging transactions and may require the Company to post additional collateral under certain of its contracts; and (ii) entering into and maintaining ordinary course contracts with customers and suppliers on acceptable terms; and could adversely affect the Company's cost of financing and its access to sources of liquidity and capital. Nevertheless, a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization

The following table outlines the credit ratings received by the Company:

	Solicited Ratings		Unsolicited Ratings
	S&P	DBRS Morningstar	Moody's
Issuer Corporate Credit Rating	BBB-	BBB (low)	Ba2
Long-Term Debt Credit Rating (senior unsecured notes)	BBB-	BBB (low)	Ba2

S&P

During the year, S&P raised the Company's issuer corporate credit ratings and long-term debt credit ratings to 'BBB-' from 'BB+' with a "stable" outlook to reflect the Company's credit-positive divestiture of non-core assets and decreasing business risk with growing its infrastructure segment. The stable outlook reflects S&P's view that the Company will continue to expand the more stable infrastructure business segment and increase stable take-or-pay and fee-based cash flow in the near term.

S&P's issuer corporate credit ratings are on a rating scale that ranges from AAA to D, which represents the range from highest to lowest quality. The ratings may be modified by the addition of a plus (+) or minus (-) sign to show the relative standing within a particular rating category. An issuer credit rating of 'BBB-' indicates the Company has adequate capacity to meet its financial commitments; however, adverse economic conditions or changing circumstances are more likely to weaken the Company's capacity to meet its financial commitments.

S&P's long-term debt credit ratings are on a rating scale that ranges from AAA to D, which represents the highest to lowest quality of such securities rated. The ratings may be modified by the addition of a plus

(+) or minus (-) sign to show the relative standing within a particular rating category. A long-term debt credit rating of BBB- by S&P is within the fourth highest of ten categories and indicates that the Company exhibits adequate protection parameters; however, adverse economic conditions or changing circumstances are more likely to weaken the Company's capacity to meet its financial commitments on the obligation.

DBRS Morningstar

During the year, DBRS Morningstar announced that it had assigned to the Company an Issuer Rating of "BBB (low)" with a "Stable" trend. DBRS also assigned the same rating and trend to the Company's Senior Unsecured Notes. According to DBRS Morningstar, the ratings are underpinned by high-quality contracted cash flows from the Company's (1) infrastructure assets, primarily comprising crude oil-storage terminals; (2) strong competitive position; and (3) improved business and financial risk profile following the disposal of its non-contracted assets in 2017–2018.

The DBRS Morningstar long-term debt rating scale provides an opinion on the risk of default, meaning the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims. All rating categories, other than AAA and D, contain subcategories "(high)" or "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category. An issuer rating of BBB (low) is the fourth highest of ten categories for long-term obligations and indicates the BBB rating has adequate credit quality. The capacity for the payment of financial obligations is considered acceptable, but the entity may be vulnerable to future events.

Moody's

During the year, Gibson notified Moody's Investors Service ("Moody's") that the Company had chosen to discontinue its credit rating relationship with Moody's, including for the rating of its Senior Unsecured Notes. Moody's subsequently notified the Company that it intended to continue to publish a credit rating on Gibson. Such credit rating is published on an unsolicited and non-participating basis. Gibson cautions investors that the Company is no longer providing access to management nor engaging with Moody's in any capacity regarding its credit rating.

RISK FACTORS

The following information is a summary of certain risk factors relating to the Company or an investment in the Company's securities. The risks have been categorized as risks relating to the Company's business and risks related to financial and other risks. Each of these risks could negatively impact the trading price of the Common Shares and investors could lose all or part of their investment in the Common Shares. There can be no assurance that risk management steps taken by the Company will prevent future loss due

to the occurrence of any of the events described in the risk factors below or other unforeseen events. Readers are cautioned that this summary of risks may not be exhaustive, as there may be risks that are unknown and other risks that may pose unexpected consequences. Additional risks and uncertainties not currently known to the Company, or that it currently views as immaterial, may also materially and adversely affect its business, financial condition and/or results of operations.

Risks Relating to the Company's Business

Market and Commodity Price Risk

The Company's business includes activities related to product storage, terminalling and hub services. These activities expose the Company to certain risks including that the Company may experience volatility in revenue and impairments related to the book value of stored product, due to the fluctuations in commodity prices. Primarily, the Company enters into contracts to purchase and sell crude oil, NGLs and refined products at floating market prices. The prices of the products that are marketed by the Company are subject to volatility as a result of factors such as seasonal demand changes, extreme weather conditions, market inventory levels, general economic conditions, changes in crude oil markets and other factors. The Company manages its risk exposure by balancing purchases and sales to lock-in margins; however, the Company may not be successful in balancing its purchases and sales. Also, in certain situations, a producer or supplier could fail to deliver contracted volumes or could deliver in excess of contracted volumes or a purchaser could purchase less than contracted volumes. Any of these actions could cause the Company's purchases and sales to be unbalanced. While the Company attempts to balance its purchases and sales, if its purchases and sales are unbalanced, the Company will face increased exposure to commodity price risks and could have increased volatility in its operating income and cash flow.

Notwithstanding the Company's management of price and quality risk, marketing margins for commodities can vary and have varied significantly from period to period. This variability could have an adverse effect on the results of the Company.

Since crude oil margins can be earned by capturing spreads between different qualities of crude oil, the Company's crude oil marketing business is subject to volatility in price differentials between crude oil streams and blending agents. Due to this volatility, the Company's margins and profitability can vary significantly. The Company expects that commodity prices will continue to fluctuate significantly in the future. The Company utilizes financial derivative instruments as part of its overall risk management strategy to assist in managing the exposure to commodity prices, as well as interest rates and foreign exchange risks. For example, as NGL and refined product prices are somewhat related to the price of crude oil, crude oil financial contracts are one of the more common price risk management strategies that the Company uses. Also, with respect to crude oil, the Company manages its exposure using WTI based futures, options and swaps. These strategies are subject to basis risk between the prices of crude oil streams, WTI, NGL and refined product values and, therefore, may not fully offset future price movements. Furthermore, there is no guarantee that these strategies and other efforts to manage marketing and inventory risks will generate profits or mitigate all the market and inventory risk associated with these activities. If the Company utilizes price risk management strategies, the Company may forego the benefits that may otherwise be experienced if commodity prices were to increase. In addition, any non-compliance with the Company's trading policies could result in significantly adverse financial effects. To the extent that the Company engages in these kinds of activities, the Company is also subject to credit

risks associated with counterparties with whom the Company has contracts. The Company does not trade financial instruments for speculative purposes.

Capital Expenditures by Oil and Gas Companies

Declines in capital expenditures to explore, develop and produce oil and natural gas by the Company's oil and gas customers, could result in project modifications, delays or cancellations resulting in production declines or delays in the basins where the Company operates, potentially reducing the Company's cash flow and revenues. Customers' expectations for lower commodity prices, as well as the availability of capital for operating and capital expenditures, may also cause customers to curtail spending, thereby reducing demand for the Company's services.

Industry conditions are influenced by numerous factors, over which the Company has no control, including:

- domestic and worldwide supplies of crude oil and petroleum products;
- changes in the level of consumer demand;
- the price and availability of alternative fuels;
- the availability, proximity and capacity of pipelines, other transportation facilities and processing facilities;
- the level and effect of trading in commodity futures markets, including by commodity price speculators and others;
- the price and level of foreign imports;
- the nature and extent of domestic and foreign governmental regulations and taxes;
- the ability of the members of the Organization of Petroleum Exporting Countries ("OPEC") to agree to and maintain oil price and production controls;
- political instability or armed conflict in oil and natural gas producing regions;
- potential production curtailments implemented by the Alberta or Canadian government;
- the potential for a regulatory body to implement a carbon cap on oil sands;
- the development and advancement of drilling technology, and the ability to use the technology; and
- overall domestic and global economic and market conditions.

The volatility of the oil and natural gas industry and the impact on exploration and production activity could adversely impact the level of drilling activity by customers in some of the regions in which the Company operates. Any reduction in activity may cause a decline in the demand for the Company's products and services or adversely affect the price of products and services provided and the financial results of operations, particularly if production levels decrease, which would reduce the need for oil infrastructure projects. In addition, reduced discovery rates of new oil and natural gas reserves in the Company's market areas also may have a negative long-term impact on the Company's business, even in an environment of stronger oil and natural gas prices, to the extent existing production is not replaced and the number of producing wells is not increased to service production declines.

Demand for Crude Oil and Petroleum Products

Any sustained decrease in demand for crude oil and petroleum products in the markets the Company serves could result in a significant reduction in the volume of products and services that the Company provides and thereby could significantly reduce cash flow and revenues. Factors that could lead to a decrease in market demand include:

- lower demand by consumers for refined products, including asphalt and wellsite fluids, as a result of recession or other adverse economic conditions or due to high prices caused by an increase in the market price of crude oil, which is subject to wide fluctuations in response to changes in global and regional supply over which the Company has no control;
- an increase in fuel economy, whether as a result of a shift by consumers to more fuel-efficient vehicles, technological advances by manufacturers, governmental or regulatory actions or otherwise;
- provincial, state and federal legislation either already in place or under development, including carbon taxes or equivalents or requiring the inclusion of ethanol and use of biodiesel which may negatively affect the overall demand for crude oil products;
- lower demand by the oil and gas drilling industry for products such as drilling mud additives and for wellsite fluids as a result of legislation regulating hydraulic fracturing currently being considered by the U.S. Congress, a number of U.S. states and the Province of Quebec;
- technological advances in the production and longevity of fuel cells and solar, electric and battery-powered engines; and
- fluctuations in demand for crude oil, such as those caused by refinery downtime or shutdowns.

The Company cannot predict and does not have control over the impact of future economic and political conditions on the energy and petrochemical industries, which, in turn, could affect the demand for crude oil and petroleum products. As a result of decreased demand, the Company may experience a decrease in the Company's margins and profitability.

Production of Crude Oil

Crude oil production may decline for a number of reasons, including natural declines due to depleting wells, a material decrease in the price of crude oil, a lack of takeaway capacity, or the inability of producers to obtain necessary drilling or other permits from applicable governmental authorities. Further, a sustained decrease in the price of oil and production levels may result in significant headcount reductions as producers try to remain profitable. There is no guarantee that these displaced workers will return to the oil and gas industry which may delay any anticipated production recoveries. If the Company is unable to replace volumes lost due to a temporary or permanent material decrease in production or a decrease in demand for oil, which would reduce the need for supporting infrastructure projects the Company's revenue and cash flow could decline. In addition, certain of the Company's field and pipeline operating costs and expenses are fixed and do not vary with the volumes the Company gathers and transports. These costs and expenses may not decrease ratably, or at all, should the Company experience a reduction in the Company's volumes gathered or transported by the Company's operations. As a result, the Company may experience declines in its margins and profitability if the volumes decrease.

Climate Control Legislation

Climate change legislation-related risks are considered by the Company as part of its ongoing risk management processes. The materiality of such risks varies among the business operations of the Company and the jurisdictions in which such operations are conducted. Despite the potential uncertainties and longer time horizon associated with any such risks, the Board and management considers the impacts of climate change legislation over the short-, medium- and long-terms.

In 2018, the Canadian federal government enacted the Greenhouse Gas Pollution Pricing Act (the "GGPPA" or "Federal Backstop") which established a national carbon-pricing regime requiring each province to implement a price on carbon of \$10/tonne of CO₂e in 2018, escalating each year another \$10, to an ultimate carbon price of \$50/tonne of CO₂e in 2022. The Federal Backstop allows provinces some

flexibility in structuring their carbon price regimes with cap and trade, carbon tax or output-based pricing systems, all being acceptable methods for implementing such carbon pricing.

To the extent each province implements a carbon pricing system that meets the stringency requirements of the GGPPA, the GGPPA will not apply. However, if such a provincial pricing system is not implemented, or does not meet the stringency requirements of the GGPPA, the Federal Backstop will apply to the extent of such deficiency.

Prior to 2020, the Federal Backstop did not apply in Alberta as Alberta's Carbon Competitiveness Incentive Regulation ("CCIR") applicable to large emitters, paired with the Climate Leadership Regulation ("CLR") which implemented a province-wide carbon tax, met the stringency requirements of the Federal Backstop.

In 2019, the newly elected Alberta UCP government made several legislative changes including repealing the CLR, thereby eliminating Alberta's carbon tax and replacing the CCIR with the Technology Innovation and Emission Reduction ("TIER") Regulation.

TIER became effective on January 1, 2020 and requires large emitters (facilities that emit 100,000 tonnes or more of CO₂e in 2016 or any subsequent year, or that are otherwise eligible to opt-in to the TIER regime) to reduce their emissions intensity by 10% relative to such facility's historical production-weighted average emission intensity. This reduction requirement "tightens" by an additional 1% annually, beginning in 2021.

Facilities regulated under TIER have a number of compliance options including physical abatement of emissions, use of emission performance credits, use of emission offsets, the purchase of TIER fund credits, or a combination of the foregoing. Persons responsible for such regulated facilities must file annual compliance reports with the government demonstrating their compliance with TIER's emission intensity reduction requirements and such facilities emitting 1 MT or more CO₂e will have an additional requirement to file forecasts of anticipated emission for the following year.

The Canadian federal government has acknowledged that the TIER satisfies the stringency requirements of the Federal Backstop insofar as it applies to large emitters, at least in respect of 2020. It remains to be seen if TIER's carbon pricing (currently calibrated at \$30/tonne of CO₂e) will be increased to align with the Federal Backstop's pricing escalation in 2021 and 2022. However, Alberta's repeal of the CLR has resulted in the province's overall carbon pricing regime not meeting the stringency requirements of the Federal Backstop. This resulted in Alberta being added as a "listed province" under the GGPPA such that the federal carbon tax contemplated by the Federal Backstop will be levied in 2020 and thereafter on fossil fuels imported into or otherwise consumed within Alberta, other than in respect of TIER-regulated facilities.

While none of the Company's Alberta facilities are considered large emitters under TIER, the Company has voluntarily submitted to TIER regulation in respect of several of its facilities via an "aggregate facility" designation available under TIER. Certain conventional oil and gas facilities which do not satisfy the large emitter criteria under TIER can be aggregated together and be treated as if they were a single aggregate facility. Accordingly, the Company will be required to reduce its emission intensity in respect of such aggregate facility in accordance with TIER, but in doing so, will avoid the application of the carbon tax pursuant to the Federal Backstop, in respect of fuels used by such aggregate facility.

Like Alberta, Saskatchewan has implemented an output-based pricing system applicable to large emitters pursuant to its Management and Reduction of Greenhouse Gases Act ("MRGGA") and related regulations including the Management and Reduction of Greenhouse Gases (Reporting and General) Regulations (the

“MRGGR”). Large emitters under the MRGGR are facilities in certain sectors that emit 25,000 or more tonnes of CO₂e, and those that emit 10,000 tonnes of CO₂e per year and who opt-in to the MRGGR. Annual emission intensity reduction requirements are specific to the product produced by the applicable regulated facility and increase in stringency over time in prescribed increments. Like Alberta’s TIER, person’s responsible for such regulated facilities must file annual compliance reports demonstrating their compliance. Compliance options include physical abatement of emissions, using emission offsets, using emission performance credits, purchasing technology fund credits, or a combination of the foregoing.

Saskatchewan has consistently opposed implementation of a carbon tax and the output-based pricing system contemplated by the MRGGR does not apply to certain industrial sectors. Accordingly, as of January 2019, the Federal Backstop applies in Saskatchewan in respect of: (i) electricity generating facilities and natural gas transmission pipelines, in the form of its own output-based pricing system applicable to such facilities that emit 50,000 tonnes or more of CO₂e in a year (with the ability for such facilities that emit 10,000 tonnes of CO₂e or more in an year to opt-in); and (ii) a carbon tax applied to fossil fuels imported into or otherwise consumed within Saskatchewan, in the same manner as how the Federal Backstop’s carbon tax is applied in Alberta.

While none of the Company’s Saskatchewan facilities are considered large emitters under the MRGGR, it has elected to “opt-in” to the MRGGR in respect of its Moose Jaw Facility. Accordingly, the Company will be required to reduce its emission intensity in respect of such facility in accordance with the MRGGR but will avoid the application of the carbon tax pursuant to the Federal Backstop in respect of fuels used by such facility.

Saskatchewan lost their challenge at the Saskatchewan Court of Appeal of the constitutionality of the Federal Backstop being imposed and is appealing the loss to the Supreme Court of Canada (“SCC”). Arguments are expected to be heard in spring of 2020. Alberta vowed in June 2019 to apply for intervener status in Saskatchewan’s appeal. Notably, Ontario similarly challenged the tax and lost at the Ontario Court of Appeal and is appealing to the SCC.

The Alberta Court of Appeal has yet to release its decision after arguments were heard in December 2019 on the constitutionality of the carbon tax. The UCP government has vowed to appeal the case to the SCC if the ruling is not in their favour. In the interim, the Federal Backstop applies to all provinces who do not meet the federal threshold, which as of January 2020 includes Alberta, Manitoba, New Brunswick, Ontario, and Saskatchewan.

Legislative and regulatory issues related to climate change are also attracting significant political attention in the United States. It is expected that such initiatives will continue at international, national, regional and state levels of government in an effort to monitor and limit emissions of GHGs. Carbon taxes, cap-and-trade programs, GHG reporting and tracking programs, and regulations that directly limit GHG emissions from sources have, among other programs, been considered. While there is no comprehensive Federal climate change legislation to date, the USEPA has implemented the Clean Air Act that, among other things, establishes Potential for Significant Deterioration (“PSD”) construction and Title V operating permit reviews for GHG emissions from certain large stationary sources that are also potential major sources of certain principal, or criteria, pollutant emissions, which reviews could require securing PSD permits at covered facilities emitting GHGs and meeting “best available control technology” standards for those GHG emissions. The USEPA further requires monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources in the United States, which includes, among others, onshore processing, transmission, storage and distribution facilities. The USEPA also amended and expanded the GHG reporting requirements to all segments of the oil and natural gas industry in October 2015.

Congress passed the climate Action Now Act in May 2019 which aims to keep the U.S. in the Paris Agreement; the Act is with the Senate being read the second time. The USEPA is working on regulations to limit greenhouse gas emissions within its existing statutory authority under the Clean Air Act. In addition, more than one-third of the states already have begun implementing legal measures to reduce emissions of greenhouse gases.

On January 28, 2020, House Energy and Commerce Committee members released draft text of the Climate Leadership and Environmental Action for our Nation's (CLEAN) Future Act, proposing a new climate plan to ensure the United States achieves net-zero greenhouse gas pollution no later than 2050. The CLEAN Future Act proposes sector-specific and economy-wide solutions to address the "climate crisis." Feedback and recommendations from all stakeholders has been requested CLEAN Future Act is refined. The Committee intends to hold hearings and stakeholder meetings throughout 2020.

A number of U.S. states have formed regional partnerships to regulate emissions of GHGs such as the Transportation and Climate Initiative (TCI) enacted on December 17, 2019 and involving thirteen jurisdictions in the Northwest and Mid-Atlantic United States. In general, climate change legislation imposes, among other things, costs, restrictions, liabilities and obligations in connection with the handling, use, storage and transportation of crude oil and petroleum products. The complexities of changes in environmental regulations make it difficult to predict the potential future impact to the Company. However, compliance with climate change legislation requires significant expenditures and it is likely that such legislation will materially impact the nature of oil and gas operations, including those carried out by the Company and its customers. In addition, changes to such legislation or future legislation may apply to more facilities over time and result in further regulatory requirements that could affect the Company's business, or the business of its customers. At present, it is not possible to predict the impact such legislation will, or new legislation or regulatory programs could, have on the Company's business, operations and/or finances. Future capital expenditures and operating expenses could continue to increase as a result of, among other things, developments in the Company's business, operations, plans and objectives and changes to existing, or implementation of new, climate change legislation. Regulatory focus on other air emissions criteria such as VOC emissions, particulate matter and ground level ozone may also impact the oil and gas sector, particularly the midstream component. Failure to comply with climate change legislation may result in, among other things, the imposition of fines, penalties, environmental protection orders, suspension of operations, and could adversely affect the Company's reputation. The costs of complying with climate change legislation are not presently expected to have a material adverse effect on the Company's operations or financial condition, however, the implementation of new climate change legislation, the modification of existing climate change legislation, changes in climate change policy that seek to promote adaptation to climate change which affect the energy industry generally could reduce demand for crude oil and petroleum products and materially impact the Company's current or future business (including, without limitation, increasing costs of compliance) and could have an adverse effect on the Company's operations, margins, profitability and results.

The extent and magnitude of any adverse impacts of current or additional programs or regulations beyond reasonably foreseeable requirements cannot be reliably or accurately estimated at this time, in part because certain specific legislative and regulatory requirements have not been finalized and uncertainty exists with respect to the additional measures being considered and the time frames for compliance. Consequently, no assurances can be given that the effect of future climate change legislation will not be significant to the Company. There is also risk that the Company could face claims initiated by third parties relating to climate change or climate change legislation. These claims could, among other things, result in litigation targeted against the Company and the oil and gas industry generally, and should any such litigation claims arise, they may have a material adverse effect on the Company's business.

Decommissioning, Abandonment and Reclamation Costs

The Company is responsible for compliance with all applicable laws and regulations regarding the decommissioning, abandonment and reclamation of the Company's facilities and pipelines at the end of their economic life, the costs of which may be substantial. It is not possible to predict these costs with certainty since they will be a function of regulatory requirements at the time of decommissioning, abandonment and reclamation. The Company may, in the future, be required by applicable laws or regulations to establish and fund one or more decommissioning, abandonment and reclamation reserve funds to provide for payment of future decommissioning, abandonment and reclamation costs, which among other things to execute its business plan and service its debt obligations. In addition, such reserves, if established, may not be sufficient to satisfy such future decommissioning, abandonment and reclamation costs and the Company will be responsible for the payment of the balance of such costs.

Legislative and Regulatory Changes

The Company's industry is highly regulated. There can be no guarantee that laws and other government programs relating to the oil and gas industry, the energy services industry and the transportation industry will not be changed in a manner which directly and adversely affects the Company's business. There can also be no assurance that the laws, regulations or rules governing the Company's customers will not be changed in a manner which adversely affects the Company's customers and, therefore, the Company's business.

In addition, the Company's pipelines and facilities are potentially subject to common carrier and common processor applications and to rate setting by regulatory authorities in the event agreement on fees or tariffs cannot be reached with producers. To the extent that producers believe processing fees or tariffs with respect to pipelines and facilities are too high, they may seek rate relief through regulatory means. If regulations were passed lowering or capping the Company's rates and tariffs, the Company's results of operations and cash flows could be adversely affected.

Petroleum products that the Company stores and transports are sold by the Company's customers for consumption into the public market. Various federal, provincial, state and local agencies have the authority to prescribe specific product quality specifications for commodities sold into the public market. Changes in product quality specifications or blending requirements could reduce the Company's throughput volume, require the Company to incur additional handling costs or require capital expenditures. For instance, different product specifications for different markets impact the fungibility of the products in the Company's system and could require the construction of additional storage. If the Company is unable to recover these costs through increased revenues, the Company's cash flows could be adversely affected. In addition, changes in the quality of the products the Company receives on its petroleum products pipeline system could reduce or eliminate the Company's ability to blend products.

The Company's cross-border activities are subject to additional regulation, including import and export licenses, tariffs, Canadian and U.S. customs and tax issues and toxic substance certifications. Such regulations include the Short Supply Controls of the Export Administration Act, the United States-Mexico-Canada Agreement, the Toxic Substances Control Act and the Canadian Environmental Protection Act, 1999. Violations of these licensing, tariff and tax reporting requirements could result in the imposition of significant administrative, civil and criminal penalties.

In addition, local, consumption and income tax laws relating to the Company may be changed in a manner which adversely affects the Company.

Environmental and Health and Safety Regulations

Each of the Company's segments are subject to the risk of incurring substantial costs and liabilities under environmental and health and safety laws and regulations. These costs and liabilities arise under increasingly stringent environmental and health and safety laws, including regulations and governmental enforcement policies and legislation, and as a result of third-party claims for damages to property or persons arising from the Company's operations. Environmental laws and regulations impose, among other things, restrictions, liabilities and obligations in connection with the generation, handling, storage, transportation, treatment and disposal of hazardous substances and waste and in connection with spills, releases and emissions of various substances into the environment. Environmental laws and regulations also require that pipelines, facilities and other properties associated with the Company's operations be constructed, operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Health and safety laws and regulations impose, among other things, requirements designed to ensure the protection of workers and to limit the exposure of persons to certain hazardous substances. In addition, certain types of projects may be required to submit and obtain approval of environmental impact assessments, to obtain and maintain environmental permits and approvals and to implement mitigative measures prior to the implementation of such projects.

Failure to comply with environmental and health and safety laws and regulations, including related permits and approvals, may result in assessment of administrative, civil and criminal penalties, the issuance of regulatory or judicial orders, the imposition of remedial obligations such as clean-up and site restoration requirements, the payment of deposits, liens, the amendment, suspension or revocation of permits and approvals and the potential issuance of injunctions to limit or cease operations. If the Company were unable to recover these costs through increased revenues, the Company's ability to meet its financial obligations could be adversely affected.

Some of the Company's facilities have been used for many years to transport, distribute or store petroleum products. Over time the Company's operations, or operations by the Company's predecessors or third parties not under the Company's control, may have resulted in the disposal or release of hydrocarbons or wastes at or from these properties upon which the facilities are situated along or over pipeline rights-of-way. In addition, some of the Company's facilities are located on or near current or former refining and terminal sites, and there is a risk that contamination is present on those sites. The Company may be subject to strict joint and several liability under a number of these environmental laws and regulations for such disposal and releases of hydrocarbons or wastes or the existence of contamination, even in circumstances where such activities or conditions were caused by third parties not under the Company's control or were otherwise lawful at the time they occurred.

Further, the transportation of hazardous materials and/or other substances in the Company's pipelines or by truck or rail may result in environmental damage, including accidental releases that may cause death or injuries to humans, damage to third parties and natural resources, and/or result in federal and/or provincial and state civil and/or criminal penalties that could be material to the Company's results of operations and cash flow.

The Company engages in operations which handle hazardous materials. As a result of these and other activities, the segment is subject to a variety of federal, provincial, state, local and foreign laws and regulations relating to the generation, transport, use handling, storage, treatment and exposure to and disposal of these materials, including record keeping, reporting and registration requirements. The Company has incurred and expects to continue to incur expenditures to maintain compliance with environmental laws and regulations. Moreover, some or all of the environmental laws and regulations to which the Company is subject could become more stringent or be more stringently enforced in the future.

Failure to comply with applicable environmental laws and regulations and permit requirements could result in civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures or remedial actions.

Certain environmental laws, including the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) and comparable state laws in the U.S., impose joint and several liability, without regard to fault or legality of the operations, on certain categories of persons, including current and prior owners or operators of a facility where there is a release or threatened release of hazardous substances, transporters of hazardous substances and entities that arranged for disposal of the hazardous substances at the site. Under CERCLA, these “responsible persons” may be held jointly and severally liable for the costs of cleaning up the hazardous substances, as well as for damages to natural resources and for the costs of certain health studies, relocation expenses and other response costs.

CERCLA generally exempts “petroleum” from the definition of hazardous substance; however, in the course of the Company’s operations, the Company has accepted, handled, transported and/or generated materials that are considered “hazardous substances.” Further, hazardous substances or hazardous wastes may have been released at properties owned or leased by the Company now or in the past, or at other locations where these substances or wastes were taken for treatment or disposal. Given the nature of the Company’s environmental services business, it has incurred, and will in the future periodically incur, liabilities under CERCLA or other environmental cleanup laws, at its current or former facilities, adjacent or nearby third-party facilities, or offsite disposal locations. There can be no assurance that the costs associated with future cleanup activities that the Company may be required to conduct or finance will not be material. Additionally, the Company may become liable to third parties for damages, including personal injury and property damage, resulting from the disposal or release of hazardous substances into the environment.

Failure to comply with environmental regulations could have an adverse impact on the Company’s reputation. There is also risk that the Company could face litigation initiated by third parties relating to climate change or other environmental regulations.

Federal Air Quality Management System

The Multi-sector Air Pollutants Regulations (“MAPR”), issued under the Canadian Environmental Protection Act, 1999, seek to protect the environment and health of Canadians by setting mandatory, nationally consistent air pollutant emission standards. The MAPR are aimed at equipment-specific Base-Level Industrial Emissions Requirements (“BLIERs”). Nitrogen oxide BLIERs from the Company’s non-utility boilers, heaters and reciprocating engines are regulated in accordance with specified performance standards. The Company does not anticipate a material impact to existing or future operations as a result of the MAPR.

Federal Review of Environmental and Regulatory Processes

In 2016, the Government of Canada commenced a review of federal environmental and regulatory processes under various acts and in February 2018, the Government of Canada proposed the enactment of the Impact Assessment Act and the Canadian Energy Regulator Act and certain amendments to the Fisheries Act and the Navigation Protection Act.

The Impact Assessment Act came into force in August 2019 and replaced the Canadian Environmental Assessment Act, 2012. It established the Impact Assessment Agency of Canada, which will lead and coordinate impact assessments for all designated projects, including those previously administered by the National Energy Board. The Impact Assessment Act applies to designated projects listed in the Physical

Activities Regulations and physical activities designated by the Minister of Environment and Climate Change Canada on an ad hoc basis. The legislation expands the assessment considerations beyond the environment to expressly include health, economic, social and gender impacts, as well as considerations related to sustainability and Canada's climate change commitments. The Canadian Energy Regulator Act also came into force in August 2019 and replaced the National Energy Board with the Canada Energy Regulator and modified the regulator's role in federal impact assessments.

The amendments to the Fisheries Act restore the previous prohibition against harmful alteration, disruption or destruction of fish habitat and the prohibition against causing the death of fish by means other than fishing. The amendments also introduce several new requirements to expand the scope of protection and role of Indigenous groups and interests. The prohibitions against the death of fish, and the harmful alteration, disruption or destruction of fish habitat may result in increased permitting requirements where the Company's operations potentially impact fish or fish habitat. The amendments came into force in August 2019.

The changes to the Navigation Protection Act, including its renaming to the Canadian Navigable Waters Act, expand its scope to all navigable waters, create greater oversight for navigable waters and, consistent with the Fisheries Act, introduce requirements to expand the scope of protection and the role of Indigenous groups and interests. The broader application of the Canadian Navigable Waters Act may result in increased permitting requirements where the Company's operations potentially impact navigable waters. These amendments came into force in August 2019.

The extent and magnitude of any adverse impacts of the above changes to the legislation or programs on project development and operations cannot be reliably or accurately estimated at this time as uncertainty exists with respect to their implementation and accompanying regulations. Increased environmental assessment obligations may create risk of increased costs and project development delays.

Foreign Operations Risk

The Company is actively involved in operations in the U.S. The Company's reliance on these markets means that it is subject to downturns in the U.S. economy, weather patterns in the U.S., U.S. regulatory changes, protectionist actions by the U.S. government and other political developments, all of which could have an adverse impact on the Company's results.

Major Customers and Collection Risk

There can be no assurance that the Company's current customers will continue their relationships with the Company, or that the Company has adequately assessed their creditworthiness, or that there will not be an unanticipated deterioration in their creditworthiness. The loss of one or more major customers or any material nonpayment or nonperformance by such customer, or any significant decrease in services provided to a customer, prices paid, or any other changes to the terms of service with customers, could have a material adverse effect on the Company's profitability.

Contract Renegotiation

Some of the Company's contract-based revenues are generated under contracts with terms which allow the customer to reduce or suspend performance under the contract in specified circumstances, such as the occurrence of a catastrophic event to the Company or the customer's operations. The occurrence of an event which results in a material reduction or suspension of the Company's customer's performance could reduce the Company's profitability.

Some of the Company's contracts with third party customers for services have terms of one year or less. As these contracts expire, they must be extended and renegotiated or replaced. The Company may not be able to extend, renegotiate or replace these contracts when they expire, and the terms of any renegotiated contracts may not be as favorable as the contracts they replace. The Company faces intense competition in its gathering, transportation, terminalling and storage activities. Other providers of crude oil gathering, transportation, terminalling and storage services that are able to supply the Company's customers with those services at a lower price could reduce the Company's ability to compete in this industry. Additionally, the Company may incur substantial costs if modifications to the Company's terminals are required in order to attract substitute customers or provide alternative services. If the Company cannot successfully renew significant contracts, or if the Company must renew them on less favorable terms, or if the Company incurs substantial costs in modifying its terminals, the Company's revenues from these arrangements could decline.

Competition

The Company is subject to competition from other terminals, pipelines, trucking, refining and marketing operations that operate in the same markets as the Company. The Company's competitors include major integrated oil and gas companies and numerous other independent oil and gas companies, individual producers and operators, some of which are substantially larger than the Company, have greater financial resources and control substantially greater storage capacity than the Company does. The Company also faces competition from other means of transporting, storing and distributing crude oil and petroleum products, including from other pipeline systems, terminal operators and integrated refining and marketing companies that own their own terminal facilities and that may be able to supply the Company's customers with the same or comparable services on a more competitive basis, and with other industries in supplying energy, fuel and related products to customers. The Company's customers demand delivery of products on tight time schedules and in a number of geographic markets, if the Company's quality of service declines or it cannot meet the demands of its customers, they may utilize the services of the Company's competitors.

Competitive forces may result in a shortage of development opportunities for infrastructure to produce and transport production. It may also result in an oversupply of crude oil, natural gas, petroleum products and chemicals. Each of these factors could have a negative impact on costs and prices and, therefore, the Company's financial results. If the Company is unable to compete with services offered by other midstream enterprises, the Company's cash flow and revenues may be adversely affected.

Capital Project Delivery and Success

The Company has a number of organic growth projects that require the expenditure of significant amounts of capital. Many of these projects involve numerous regulatory, environmental, commercial, weather-related, political and legal uncertainties that will be beyond the Company's control. As these projects are undertaken, required regulatory and other approvals may not be obtained, may be delayed or may be obtained with conditions that materially alter the expected return associated with the underlying projects. Moreover, the Company will incur financing costs during the planning and construction phases of its growth projects, but the operating cash flow the Company expects these projects to generate will not materialize until after the projects are completed. These projects may be completed behind schedule or in excess of budgeted cost. For example, the Company must compete with other companies for the materials and construction services required to complete these projects, and competition for these materials or services could result in significant delays and/or cost overruns. Any such cost overruns, or unanticipated delays in the completion or commercial development of these projects, could reduce the Company's liquidity. The Company may construct facilities or other assets in

anticipation of market demand that dissipates during the intervening period between project conception and delivery to market or never materializes. As a result of these uncertainties, the anticipated benefits associated with the Company's capital projects may not be lower than expected.

Technology

The Company is dependent on technology for certain of its operations. Notwithstanding back-up and redundancy procedures/plans, if, for example, the Company were to lose functionality of its SCADA (due to loss of back-up power, servers, communication links or control interfaces) because of a cyber-attack, natural disaster, or otherwise, terminal and pipeline operations would cease due to loss of leak detection capability and the Company would no longer have the ability to receive, deliver, transfer or blend petroleum due to being unable to control valves and pumps and monitor flow rates and tank levels. The impact of short-term disruptions would typically be minimal due to the ability to re-schedule the planned activities and use spare capacity. Disruptions of a longer duration in the primary systems and the complete back-up control room located off site would likely result in a loss of revenue.

The Company relies heavily on information technology, such as computer hardware and software systems, to properly operate its business. In the event the Company is unable to regularly deploy software and hardware, effectively upgrade systems and network infrastructure and take other steps to maintain or improve the efficiency and efficacy of systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data. In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical and/or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property and confidential and proprietary information, and on the Company's business, financial condition, results of operations and cash flow.

In the ordinary course of business, the Company collects, uses and stores sensitive data, including intellectual property, proprietary business information and personal information of the Company's employees and third parties. Despite the Company's security measures, the Company's information systems, technology and infrastructure may be vulnerable to attacks by hackers and/or cyberterrorists or breaches due to employee error, malfeasance or other disruptions. Any such breach could compromise information used or stored on the Company's systems and/or networks and, as a result, the information could be accessed, publicly disclosed, lost, stolen, or used to commit financial fraud against the Company or its stakeholders. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences, including disruption to the Company's operations and damage to the Company's reputation, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Dependence on Key Personnel

The Company's success depends, to a significant extent, on the continued services of the Company's core senior management team and other key personnel. If one or more of these individuals were unable or unwilling to continue in their present positions, the Company's business could be disrupted, and the Company might not be able to find replacements on a timely basis or with the same level of skill and experience. Finding and hiring any such replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact the Company's financial results. The ability to execute the Company's business plan and expand its services

will be dependent upon the Company's ability to attract and retain qualified employees, which is constrained in times of strong industry activity. Failure to attract and retain critical talent with the necessary leadership, professional and technical competencies could have a material adverse effect on Gibson's results of operations, pace of growth and financial condition.

Reputation

The Company relies on its reputation to build and maintain positive relationships with its stakeholders, to recruit and retain staff, and to be a credible, trusted company. Reputational risk is the potential for negative impacts that could result from the deterioration of the Company's reputation with key stakeholders. The potential for harming the Company's corporate reputation exists in every business decision and public interaction, which in turn can negatively impact the Company's business and its securities. Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, liquidity, regulatory, environmental and legal risks must all be managed effectively to safeguard the Company's reputation. Negative impacts from a compromised reputation could include revenue loss, reduction in customer base and diminution of share price.

Seasonality and Adverse Weather Conditions

Certain businesses are impacted by seasonality. Generally, the Company's wellsite fluids businesses in Canada are impacted in the second quarter due to road bans and other restrictions which impact overall activity levels in the WCSB. Additionally, certain oil and gas producing areas are only accessible in the winter months because the ground surrounding the drilling sites in these areas consists of swampy terrain. Harsh weather conditions are particularly challenging and can impede the movement of goods and increase the operating costs for the materials that can be transported, which can have a material adverse effect on the Company's profitability.

The Company's Marketing segment is impacted by seasonality because the road asphalt industry in Canada is affected by the impact that weather conditions have on road construction schedules. Refineries produce liquid asphalt year-round, but road asphalt demand peaks during the summer months when most of the road construction activity in Canada takes place. Demand for wellsite fluids is dependent on overall well drilling activity, with drilling activity normally the busiest in the winter months. As a result, the Company's Marketing refined product sales of road asphalt peak in the summer and sales of wellsite fluids peak in the winter.

Acquisition and Integration Risk

The Company has previously expanded its business through acquisitions and may seek to further expand its business through acquisitions. The Company intends to consider and evaluate opportunities for acquisitions; however, there can be no assurance that the Company will find attractive acquisition candidates in the future, or that the Company will be able to acquire such candidates on economically acceptable terms. Acquisitions may require substantial capital and negotiations of potential acquisitions and the integration of acquired business operations could disrupt the Company's business by diverting management's attention away from day-to-day operations. The difficulties of integration may be increased by the necessity of coordinating geographically diverse organizations, integrating personnel with disparate business backgrounds and combining different corporate cultures. At times, acquisition candidates may have liabilities or adverse operating issues that the Company fails to discover through due diligence prior to the acquisition.

Acquisitions or investments may require the Company to expend significant amounts of cash, resulting in the Company's inability to use these funds for other business purposes. Any potential impairment of

tangible assets, goodwill and other intangible assets related to any such acquisition would reduce the Company's overall earnings, which in turn could negatively affect the Company's capitalization and results of operations.

To effectively integrate the acquisitions into its current operations, the Company must establish appropriate operational, administrative, finance and management systems and controls and marketing functions relating to the acquisitions. These efforts, together with the ongoing integration following the acquisition, will require substantial attention from the Company's management. This diversion of management attention, as well as any other difficulties which the Company may encounter in completing the acquisitions and integration process, could have an adverse effect on the Company's business, financial condition, results of operations and cash flow. There can be no assurance that the Company will be successful in integrating the acquired operations or that the expected benefits of the acquisitions will be realized. If the Company consummates any future acquisitions, the capitalization and results of operations may change significantly.

Dependence on Third Parties

The Company's terminals, pipelines, rail activities, and acreage dedications are dependent upon their interconnections with other terminals, pipelines and rail networks and facilities owned and operated by third parties to reach end markets and as a significant source of supply for the Company's facilities. Outages at these facilities, or reduced or interrupted throughput on these pipelines or networks because of weather-related or other natural causes, testing, line repair, damage, reduced operating pressures or other causes, could result in the Company being unable to deliver products to its customers from the Company's terminals, or to receive products for storage at its terminals, or to receive products for processing at its facility in Moose Jaw, Saskatchewan. Changes in product quality specifications, blending requirements and, for example, the change in the nomination process on major long-haul pipelines could impact the Company's ability to deliver products to its facility in Moose Jaw, batch sizes or the number of streams allowable on pipelines or networks, which could reduce the Company's throughput volume, require the Company to incur additional handling costs, or require capital expenditures and could adversely affect the Company's cash flow and revenues.

Although the Company has reduced its fleet from its peak size, the Company has expanded the number of rail cars that it leases over the years. Rail activities may be impacted by service delays, inclement weather or derailment which could adversely impact sales volumes, the price received for products and profit margins. The product on railcars may be involved in a derailment or incident that results in reputational and environmental harm. In addition, when petroleum products are loaded, the Company may be considered the consignor in which case it has specific responsibilities under applicable laws. If additional new regulations are introduced, including but not limited to the potential amendment of the safety standards for rail tank cars used to transport crude oil and other hazardous materials, it could adversely affect the Company's or the customers' ability to move crude oil and other hazardous materials by rail or the economics associated with rail transportation. Further, the Company's profitability may be adversely affected if it is unable to fulfill long term rail commitments due to declining crude-by-rail demand.

Dependence on Certain Key Suppliers

The Company's ability to compete and expand will be dependent on having access, at a reasonable cost, to equipment, parts and components, which are at least technologically equivalent to those utilized by the Company's competitors, and on the development and acquisition of new and competitive technologies. Although the Company has individual distribution agreements with various key suppliers,

there can be no assurance that those sources of equipment, parts or components or relationships with key suppliers will be maintained. If these sources are not maintained, the Company's ability to compete may be impaired. The Company is able to access certain distributors and secure discounts on parts and components that would not be available if it were not for the Company's relationship with certain key suppliers. Should the relationships with these key suppliers cease, the availability and cost of securing certain equipment and parts may be adversely affected.

Hazards and Operational Risks

The Company's operations are subject to the many hazards inherent in the transportation, storage, processing, treating and distribution of crude oil, NGLs and petroleum products, including:

- explosions, fires and accidents, including road and rail accidents;
- damage to the Company's tanker trucks, pipelines, storage tanks, terminals and related equipment;
- ruptures, leaks or releases of crude oil or petroleum products into the environment;
- acts of terrorism or vandalism; and
- other accident or hazards that may occur at or during transport to, or from, commercial or industrial sites.

If any of these events were to occur, the Company could suffer substantial losses because of the resulting impact on the Company's reputation, personal injury or loss of life, severe damage to and destruction of property, equipment, information technology systems, related data and control systems, environmental damage, which may include polluting water, land or air, resulting in curtailment or suspension of the related operations. Mechanical malfunctions, faulty measurement or other errors may also result in significant costs or lost revenues.

Regulatory Approvals

The Company's operations require it to obtain approvals from various regulatory authorities and there are no guarantees that it will be able to obtain all necessary licenses, permits and other approvals that may be required to conduct its business. In addition, obtaining certain approvals from regulatory authorities can involve, among other things, stakeholder and Indigenous consultation, environmental impact assessments and public hearings. Regulatory approvals obtained may be subject to the satisfaction of certain conditions, including, but not limited to: security deposit obligations; ongoing regulatory oversight of projects; mitigating or avoiding project impacts; habitat assessments; and other commitments or obligations. Failure to obtain applicable regulatory approvals or satisfy any of the conditions thereto on a timely basis on satisfactory terms could result in delays, abandonment or restructuring of projects and increased costs.

Labour Relations

The largest components of the Company's overall operating expenses are salary, wages, benefits and costs of contractors. Any significant increase in these expenses could impact the Company's financial results. In addition, the Company is at risk if there are any labour disruptions. The Company's processing facility located at Moose Jaw, Saskatchewan, is subject to a collective agreement with its employees and Unifor, Local 595, which was ratified on October 7, 2019 and expires January 31, 2023, and certain employees of its subsidiary, Gibson Energy Infrastructure Partnership (operators and lab technicians at the Edmonton Terminal and the Hardisty Terminal), are subject to an agreement with the Gibsons Employees Association (which expires on March 31, 2020). Labour disruptions could restrict the ability of the Moose Jaw Facility to process crude oil or the terminal and pipeline operations to operate and, therefore, affect the

Company's financial results. The Company attempts to enter into union negotiations on a timely basis in light of the length of the collective agreements. However, the Company cannot guarantee that it will be able to successfully negotiate collective agreements prior to their expiration. Any work stoppages or unbudgeted or unexpected increases in compensation could have a material adverse effect on the Company's profitability.

Jointly Owned Facilities

Certain of the Company's facilities are jointly owned with third parties. Approvals must be obtained from such joint owners for proposals to make capital expenditures regarding such facilities. These approvals typically require that a capital expenditure proposal be approved by the owners holding a specified percentage of the ownership interests in the relevant facility. It may not be possible for the Company to obtain the required levels of approval from co-owners of facilities for future proposals for capital expenditures to expand or improve its jointly owned facilities. In addition, agreements for joint ownership often contain restrictions on transfer of an interest in a facility. The most frequent restrictions require a transferor who is proposing to transfer an interest to offer such interest to the other holders of interests in the facility prior to completing the transfer. Such provisions may restrict the Company's ability to transfer its interests in facilities or to acquire partners' interests in facilities and may also restrict the Company's ability to maximize the value of a sale of its interest.

As part of the Company's effort to minimize these risks, the Company maintains communication with its co-owners through participation in operating committees and formal decision-making processes. The Company also utilizes its knowledge of industry activity and relationships with other owners to mitigate the risk of uncooperative behavior. However, there is no guarantee that the Company will be able to proceed with its plans for any facilities which are jointly owned.

Expansion/Contraction of Operations

The Company's operations and expertise are currently focused on midstream oil and gas activities; however, in the future it is possible that the Company could engage in other activities. Expansion/contraction of the Company's business into new/from current areas may present new risks or significantly increase the exposure to one or more of the existing risks, any of which may adversely affect future operational and financial conditions.

Litigation Risk

From time to time, the Company may be the subject of litigation arising out of its operations, including litigation relating to the sale of Gibson's non-core businesses, including Wholesale Propane, Truck Transportation Canada, non-core Environmental Services North, and U.S. Environmental Services. The Company is not a party to any material litigation. However, if any legitimate cause of action arose which was successfully prosecuted against the Company, the operations or results of operations could be adversely affected.

Claims under such litigation may be material or may be indeterminate. Various types of claims may be made including, without limitation, environmental damages, breach of contract, negligence, product liability, antitrust, bribery and other forms of corruption, tax, patent infringement and employment matters. The outcome of such litigation is uncertain and may materially impact the Company's reputation, financial condition or results of operations. Moreover, unfavorable outcomes or settlements of litigation could encourage the commencement of additional litigation. The Company may also be subject to adverse publicity associated with such matters, regardless of whether the Company is ultimately found

responsible. The Company may be required to incur significant expenses or devote significant resources in defense against any such litigation.

Financial and Other Risks

Commodity Prices

The Company's financial performance may be impacted by the prevailing prices of crude oil, and refined products. Crude oil prices are impacted by a number of factors including, but not limited to: the supply of and demand for crude oil; economic conditions; the actions of OPEC including, without limitation, compliance or non-compliance with quotas agreed upon by OPEC members and decisions by OPEC not to impose production quotas on its members; government regulation; political stability; market access constraints and transportation interruptions (pipeline, marine or rail); the availability of alternate fuel sources; and weather conditions. Natural gas prices are impacted by a number of factors including, but not limited to: North American supply and demand; developments related to the market for liquefied natural gas; weather conditions; and prices of alternate sources of energy. Refined product prices are impacted by a number of factors including, but not limited to: global supply and demand for refined products; market competitiveness; levels of refined product inventories; refinery availability; planned and unplanned refinery maintenance; and weather. All of these factors are beyond the Company's control and can result in a high degree of price volatility. Fluctuations in currency exchange rates further compound this volatility when the commodity prices, which are generally set in U.S. dollars, are stated in Canadian dollars.

Fluctuations in the price of commodities, associated price differentials and refining margins may impact the value of the Company's assets, the Company's ability to maintain its business and to fund growth projects. Prolonged periods of commodity price volatility may also negatively impact the Company's ability to meet guidance targets and meet all its financial obligations as they come due.

Capital Markets and Availability of Future Financing

The future development of the Company's business may be dependent on its ability to obtain additional capital including, but not limited to, debt and equity financing. Disruptions in international credit markets and other financial systems and a deterioration of global economic conditions, may cause significant volatility in commodity prices and interest rates at which the Company is able to borrow funds for capital programs. Uncertainty in the global economic situation, including environment, social and governance factors, could mean that the Company, along with other oil and gas entities, may face restricted access to capital and increased borrowing costs. This could have an adverse effect on the Company, as future capital expenditures will be financed out of cash generated from operations and borrowings, and the Company's ability to borrow is dependent on, among other factors, the overall state of the capital markets and investor appetite for investments in the energy industry generally and the Company's securities. The Company's ability to obtain additional capital is dependent on, among other things, investor interest in investments in the energy industry in general and investor interest in its securities.

To the extent that external sources of capital become limited or unavailable, or available on onerous terms, the Company's ability to make capital investments and maintain existing properties may be impaired, and the business, its financial condition, results of operations and cash flow may be materially adversely affected as a result.

Credit Ratings

The credit rating agencies regularly evaluate the Company and its long-term and short-term debt, and their ratings are based on the Company's financial strength and a number of factors not entirely within the Company's control, including conditions affecting the oil and gas industry generally and the state of the economy. There can be no assurance that one or more of the Company's credit ratings will not be downgraded. A reduction in any of the Company's current credit ratings could adversely affect the cost and availability of borrowing and access to sources of liquidity and capital.

Counterparties and suppliers are often interested in the Company's credit ratings when establishing and maintaining contractual business arrangements. The Company may be obligated to post collateral in the form of cash, letters of credit or other financial instruments in order to establish or maintain business arrangements, if one or more of its credit ratings falls below certain ratings floors. Additional collateral may be required due to further downgrades below certain ratings floors. Failure to provide adequate risk assurance to counterparties and suppliers may result in the Company foregoing or having contractual business arrangements terminated.

Indebtedness

The Company has, and will continue to have, a significant amount of indebtedness. As of December 31, 2019, the Company had Notes and Debentures outstanding. The Company has access to a Revolving Credit Facility, as well as three bilateral demand letters of credit facilities. The Notes and the Revolving Credit Facility are senior unsecured obligations and the Debentures are subordinate unsecured obligations. The Company also has operating lease commitments with respect to office leases, rail cars, vehicles, field buildings and various equipment that expire with initial or remaining terms in excess of one year.

The Company's indebtedness could have important consequences. For example, it could:

- make it more difficult for the Company to satisfy its obligations under its indebtedness;
- require the Company to further dedicate a substantial portion of its cash flow from operations to payments of principal and interest on its indebtedness, thereby reducing the availability of its cash flow to fund acquisitions, working capital, capital expenditures, research and development efforts and other general corporate purposes;
- require the Company and key personnel to spend more time acquiring access to capital, limiting management's ability to focus on the operations of the business;
- increase the Company's vulnerability to and limit its flexibility in planning for, or reacting to, downturns or changes in its business and the industry in which it operates; restrict the Company from making strategic acquisitions or cause it to make non-strategic divestitures;
- expose the Company to the risk of increased interest rates as the borrowings under the Revolving Credit Facility are subject to variable rates of interest;
- place the Company at a competitive disadvantage compared to its competitors that have less debt; and
- limit the Company's ability to borrow additional funds.

Debt Service and Refinancing

The Company's ability to make cash payments on its indebtedness and to fund planned capital expenditures will depend on its ability to generate significant operating cash flow in the future. This, to a significant extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond the Company's control.

The Company cannot make assurances that its business will generate sufficient cash flow from operations or that future borrowings will be available to it under its Revolving Credit Facility in an amount sufficient to enable it to pay its indebtedness or to fund its other liquidity needs. In such circumstances, the Company may need to refinance all or a portion of its indebtedness on or before maturity. The Company cannot make assurances that it will be able to refinance any of its indebtedness on commercially reasonable terms or at all. If the Company cannot service its indebtedness, it may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances or reducing/eliminating its dividend. The Company cannot make assurances that any such actions, if necessary, could be affected on commercially reasonable terms or at all.

If the Company is unable to generate sufficient cash flow or is otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on its indebtedness, or if the Company otherwise fails to comply with the various covenants in the instruments governing its indebtedness, the Company could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest. The lenders under the Revolving Credit Facility could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against the Company's assets, and the Company could be forced into bankruptcy or liquidation.

If the Company's operating performance declines, it may in the future need to obtain waivers from the required lenders under the Revolving Credit Facility, Notes and Debentures to avoid being in default. If the Company, or any of its subsidiaries, breaches the covenants under the Revolving Credit Facility, Notes and Debentures and seeks a waiver, the Company may not be able to obtain a waiver from the required lenders. If this occurs, the Company would be in default under the Revolving Credit Facility, Notes and Debentures, the lenders could exercise their rights, as described above, and the Company could be forced into bankruptcy or liquidation.

Additional Indebtedness

The Company and its subsidiaries may be able to incur additional indebtedness in the future because the Revolving Credit Facility, Notes and Debentures do not fully prohibit the Company or its subsidiaries from doing so, subject to certain conditions. If new debt is added to the Company's current debt levels the related risks that the Company faces could intensify.

Issuance of Additional Securities

The Board may issue an unlimited number of Common Shares, as well as debt that is convertible to equity, without any vote or action by the Company's Shareholders, subject to the rules of any stock exchange on which the Company's securities may be listed from time to time. The Company may make future acquisitions or enter financings or other transactions involving the issuance of securities. In addition, pursuant to the Company's 2011 Equity Incentive Plan, the Company may issue securities exercisable to acquire, together with Common Shares issuable pursuant to any other security-based compensation arrangements of the Company, up to 6% of the Company's currently issued and outstanding Common Shares. If the Company issues any additional equity, the percentage ownership of existing Shareholders may be reduced and diluted, and the market price of the Common Shares may be adversely impacted.

Market Price

The market price of the Common Shares may fluctuate due to a variety of factors relating to the Company's business, including announcements of new developments, fluctuations in the Company's operating results, sales of Common Shares or the issuance of Preferred Shares in the marketplace, failure to meet analysts' expectations, general market conditions or the worldwide economy. In the past, the Common Shares and stock markets in Canada and the U.S. have experienced significant price fluctuations, which may have been unrelated to the operating performance of the Company or the other affected companies. There can be no assurance that the market price of the Common Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Company's performance. For these reasons, past trends in the price of Common Shares should not be relied upon to predict the future price of Common Shares of the Company.

Changes in Tax Legislation

Tax laws may be amended (and/or their interpretation may change), retroactively or prospectively, resulting in tax consequences that materially differ from those contemplated by the Company in the jurisdictions in which the Company has operations or sales, which may create a risk of non-compliance and re-assessment. While the Company believes that its tax filing positions are appropriate and supportable, it is possible that tax authorities may amend tax legislation (or its interpretation may change), or successfully challenge the Company's interpretation of tax legislation which may affect the Company's estimate of current and future income taxes and, have an adverse effect on the financial condition and prospects of the Company and the distributable cash flow available to pay dividends to the Company's Shareholders.

Payment of Dividends

The payment of dividends is not guaranteed and may fluctuate with the performance of the Company. The Board has the discretion to determine the number and amount of dividends to be declared and paid to Shareholders. The Company may alter its position on dividends at any time and the payment of dividends will depend on, among other things, results of operations, financial condition, current and expected future levels of earnings, operating cash flow, liquidity requirements, market opportunities, income taxes, maintenance capital, growth capital expenditures, debt repayments, debt covenants, commodity prices, legal, regulatory and contractual constraints, working capital requirements, tax laws and other relevant factors (including the risk factors set forth in this AIF). The Company's indebtedness may prohibit the Company from paying dividends at any time at which a default or event of default would exist under such debt, or if a default or event of default would exist as a result of paying the dividend.

Over time, the Company's capital and other cash needs may change significantly from its current needs, which could affect whether the Company pays dividends and the amount of any dividends it may pay in the future. If the Company continues to pay dividends at the current level, it may not retain a sufficient amount of cash to finance growth opportunities, meet any large unanticipated liquidity requirements, or fund its operations in the event of a significant business downturn. The Board, subject to the requirements of the Company's bylaws and other governance documents, may amend, revoke or suspend the Company's dividend at any time. A decline in the market price or liquidity, or both, of the Common Shares could result if the Board establishes large reserves that reduce the number of quarterly dividends paid or if the Company reduces or eliminates the payment of dividends, which could result in losses to Shareholders.

The Company has adopted a DRIP and SDP but the extent to which Shareholders will be eligible to participate and continue to participate in the DRIP and SDP in the future is unknown. The Company suspended the DRIP and SDP on August 6, 2015 and may amend, terminate or reinstate them at any time.

Hedging

The Company monitors its exposure to variations in commodity prices, interest rates, foreign exchange rates and share price. In response, the Company may enter into financial instruments to reduce exposure to unfavorable movements in commodity prices, interest rates, foreign exchange rates and share price. The use of such hedging activities exposes the Company to risks which may cause significant loss. These risks include but are not limited to: changes in the valuation of the hedge instrument being not well correlated to the change in the valuation of the underlying exposures being hedged; deficiency in the Company's systems or controls; human error; and the unenforceability of the Company's contracts. The terms of these contracts or instruments may limit the benefit of favorable changes in commodity prices, interest rates, currency values and share price and may result in financial opportunity loss.

Exposure to Counterparties

In the normal course of business, the Company enters contractual relationships with suppliers, partners and other counterparties in the energy industry and other industries for the provision and sale of goods and services. If such counterparties do not fulfill their contractual obligations, the Company may suffer financial losses, may have to delay its development plans or may have to forego other opportunities which may materially impact its financial condition or operational results.

Foreign Exchange Risk

The Company's results are affected by movements in the exchange rate between the Canadian and U.S. dollar. An increase in the value of the Canadian dollar relative to the U.S. dollar will decrease the Canadian dollar equivalent of revenues the Company receives from its U.S. activities and U.S. dollar denominated activities. Correspondingly, a decrease in the value of the Canadian dollar relative to the U.S. dollar will increase the Canadian dollar equivalent of revenues received from the Company's U.S. activities and U.S. dollar denominated activities.

Interest Rate Risk

The indebtedness under the Revolving Credit Facility is at variable rates of interest and exposes the Company to interest rate risk. If interest rates increase, the Company's debt service obligations on the variable rate indebtedness would increase, even though the amount borrowed remained the same, and the Company's net income and cash flows would decrease.

Access to Credit

The Company's significant debt levels could restrict its ability to access open credit from the Company's suppliers, who may require increased performance assurances. If the Company is unable to access open credit from its suppliers or provide performance assurance, the Company's ability to purchase product could decrease and the Company's financial condition and results of operations could be negatively impacted.

Insurance

The Company currently maintains customary insurance of the types and amounts consistent with prudent industry practice. However, the Company is not fully insured against all risks incident to the Company's business. The Company is not obliged to maintain any such insurance if it is not available on commercially

reasonable terms. There can be no guarantee that such insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates or that the amounts for which the Company is insured, or the proceeds of such insurance, will compensate the Company fully for the Company's losses. In addition, the insurance coverage obtained with respect to the Company's business and facilities will be subject to limits and exclusions or limitations on coverage that are considered by management to be reasonable, given the cost of procuring insurance and current operating conditions. There can be no assurance that the insurance proceeds received by the Company in respect of a claim will be sufficient in any particular situation to fully compensate the Company for losses and liabilities suffered. If a significant accident or event occurs that is not fully insured, it could adversely affect the Company's results of operations, financial position or cash flows.

Effective Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company undertakes a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under applicable Canadian securities laws, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could impact the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company discovers a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and reduce the trading price of the Common Shares.

At the operational level, the Company relies on electronic systems for recording sales and accumulating financial data. A major breakdown of the Company's computer systems would disrupt the flow of information and could cause a loss of records. The conversion and upgrade of electronic systems could result in lost or corrupt data which could impact the accuracy of financial reporting and management information.

Based on their inherent limitations, disclosure controls and procedures and internal controls over financial reporting may not prevent or detect misstatements, and even those controls determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Failure to adequately prevent, detect and correct misstatements could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Hardisty DRU Related Risks

Gibson's involvement in the Hardisty DRU project exposes it to various risks as they relate to the development and execution of the project, commissioning and start-up and ongoing operations. Specifically, at the development and execution stage, the Hardisty DRU the primary risks include: failure to obtain, or delays in obtaining any necessary licenses and approvals, and failure to build the project in the approved time, in accordance with design, and at the agreed costs. Upon commissioning and start up, the primary risks relate to failure of the Hardisty DRU to meet agreed performance targets, including operating costs, maintained costs, efficiency and yield.

The Hardisty DRU will also continue to have a number of ongoing risks throughout its lifecycle, which could impact production, operations and output. Such risks include, a disruption in third party provider's services or limitations on their availability, or a disruption or reduction to a supplier's production, which can dramatically impact the operations and growth plans.

As Gibson is in a joint venture with USD Group, the success of the Hardisty DRU project is also dependent upon a number of joint venture factors that are outside of the Gibson's control, including, among others, the timing and amount of capital expenditures, the timing and amount of operational and maintenance expenditure, the operator's experience, financial resources and risk management practices and the required approval of other participants. The USD Group may have different objectives and interests that do not coincide with and may conflict with Gibson's interests. No assurance can be provided that the future demands or expectations of the joint venture parties will be met in a satisfactory or timely manner, which may impact the Company's ability to commence or continue operation of the Hardisty DRU, obtain or maintain necessary licenses or approvals, or affect the timing for undertaking such activities. Additionally, disputes may arise regarding the timing, funding or capital commitments, which could materially adversely affect the development of such projects and Gibson's business and operations.

The occurrence of any of the foregoing could have a material adverse effect on Gibson's business, financial condition and operation results.

DIRECTORS AND EXECUTIVE OFFICERS

The following are the directors and executive officers of the Company as at December 31, 2019:

Name, Province/State and Country of Residence	Position	Director Since	Principal Occupation During the Past Five Years
Steve Spaulding ⁽¹⁾ Alberta, Canada	Director, President and Chief Executive Officer	Jun 19, 2017	Director, President and Chief Executive Officer of the Company since June 2017, prior thereto, an Executive Vice President, Natural Gas Liquids of Lone Star NGL LLC, a subsidiary of Energy Transfer Partners.
Sean M. Brown Alberta, Canada	Senior Vice President and Chief Financial Officer	N/A	Senior Vice President since October 10, 2017 and Chief Financial Officer of the Company since March 2, 2016, prior thereto, a Managing Director of BMO Capital Markets, BMO Nesbitt Burns Inc.
Sean M. Wilson Alberta, Canada	Senior Vice President, Chief Administrative Officer and Corporate Secretary	N/A	Senior Vice President and Chief Administrative Officer of the Company since October 10, 2017 and Corporate Secretary of the Company since May 8, 2017, prior thereto, Vice President, Commercial Development of the Company since March 1, 2015 and Vice President, Legal and General Counsel of the Company since November 1, 2012.

Michael Lindsay Alberta, Canada	Senior Vice President, Operations & Engineering	N/A	Senior Vice President, Operations & Engineering of the Company since October 10, 2017, prior thereto, Vice President, Refining and Capital Projects of the Company since May 5, 2017, Vice President, Engineering and Construction of the Company since July 20, 2015, prior thereto General Manager, Project Management & Services for Suncor Energy.
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Name, Province/State and Country of Residence	Position	Director Since	Principal Occupation During the Past Five Years
James M. Estey ⁽²⁾⁽³⁾ Alberta, Canada	Director	Jun 15, 2011	Investment banker, Chair of PrairieSky Royalty Ltd., formerly the Chair of UBS Securities Canada Inc. and, prior thereto, President and Chief Executive Officer of UBS Securities Canada.
Douglas P. Bloom ⁽¹⁾⁽³⁾ British Columbia, Canada	Director	May 4, 2016	Corporate director, formerly served as the President of Spectra Energy's (now Enbridge) Canadian LNG business and, prior thereto, the President of Spectra Energy's Western Canada business and, prior thereto, executive of Duke Energy and Westcoast Energy Inc.
James J. Cleary ⁽¹⁾⁽³⁾⁽⁴⁾ Colorado, U.S.	Director	Apr 4, 2013	A Managing Director of Global Infrastructure Partners since May 2012 and, prior thereto, President of El Paso Corporation's Western Pipeline Group.

John L. Festival ⁽¹⁾⁽³⁾ Alberta, Canada	Director	May 9, 2018	President and CEO of Broadview Energy Ltd., formerly served as President and Chief Executive Officer of BlackPearl Resources Inc. and, prior thereto, President of BlackCore Resources Inc. and, prior thereto, President of BlackRock Ventures Inc.
Susan C. Jones ⁽¹⁾⁽⁴⁾⁽⁵⁾ Saskatchewan, Canada	Director	Dec 1, 2018	Corporate director, formerly served as Executive Vice President and President & Chief Executive Officer of Potash and Executive Advisor to the CEO at Nutrien Ltd. and, prior thereto, Executive Vice President and President of Phosphate at Nutrien Ltd. and, prior thereto, Senior Vice President and Chief Legal Officer at Agrium Inc. and, prior thereto, Vice President of Marketing and Distribution at Agrium Inc. and, prior thereto, Managing Director of Agrium Europe at Agrium Inc.
Marshall L. McRae ⁽⁴⁾ Alberta, Canada	Director	Jun 15, 2011	Independent financial and management consultant since August 2009, formerly served as Interim Executive Vice President and Interim CFO of Black Diamond Group Limited, prior thereto, Chief Financial Officer of CCS Inc.
Mary Ellen Peters ⁽¹⁾ Florida, U.S.	Director	Feb 3, 2014	Oil and gas executive, formerly served as Senior Vice President of Transportation and Logistics and Senior Vice President of Marketing with Marathon Petroleum Company LP.

(1) Member of the Environmental, Social, Governance/Health and Safety Committee.

(2) Chair of the Board.

(3) Member of the Corporate Governance, Compensation and Nomination Committee.

(4) Member of the Audit Committee.

(5) Subsequent to December 31, 2019, Susan Jones stepped down from the Board effective February 24, 2020.

Shareholders elect the directors of the Company at each annual meeting of the Shareholders. The directors of the Company serve until the next annual meeting of the Shareholders or until their successors are duly elected or appointed. As of the date hereof, all of the Company's directors are "independent" within the meaning of National Instrument 58-101 (Disclosure of Corporate Governance Practices), adopted by the Canadian Securities Administrators, with the exception of Mr. Spaulding, who is the President and Chief Executive Officer of the Company.

The Board has three committees, being the Audit Committee, the Corporate Governance, Compensation and Nomination Committee and the Environmental, Health and Safety Committee. Additional information regarding the responsibilities of these committees will be contained in the Company's information circular for its annual meeting of Shareholders to be held on May 7, 2019.

As of the date of this AIF, the directors and executive officers of the Company beneficially own, or control or direct, directly or indirectly, 611,614 Common Shares, representing less than one percent of the issued and outstanding Common Shares (not including any Common Shares issuable pursuant to the exercise of the issued and outstanding stock options, DSUs, PSUs or RSUs).

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Audit Committee Charter is set forth in Appendix "A" to this AIF.

Audit Committee Structure and Responsibilities

The Audit Committee has been structured to comply with the requirements of National Instrument 52-110 Audit Committees ("NI 52-110"). The Company has determined that each of the members of the Audit Committee possesses: (i) an understanding of the accounting principles used by the Company to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting. The Audit Committee meets at least once each financial quarter to fulfill its mandate.

The Audit Committee's primary role is to assist the Board in fulfilling its oversight responsibilities regarding the Company's internal controls, financial reporting and risk management processes.

The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services, including the resolution of disagreements between the external auditor and management. The external auditor reports directly to the Audit Committee. The Audit Committee is also responsible for reviewing and approving the Company's hiring policies regarding current and former partners and employees of the

external auditor. In addition, the Audit Committee pre-approves all non-audit services undertaken by the external auditor.

The Audit Committee is responsible for establishing and maintaining satisfactory procedures for the receipt, retention and treatment of complaints and for the confidential, anonymous submission by employees of the Company regarding any questionable accounting or auditing matters. The Audit Committee is accountable to the Board and will provide a report to the Board at each regularly scheduled Board meeting outlining the results of the Audit Committee's activities and any reviews it has undertaken.

Composition of the Audit Committee

For the fiscal year ended December 31, 2019 through to February 24, 2020, the Company's Audit Committee was comprised of Marshall L. McRae, as Chair, James J. Cleary and Susan C. Jones, each of whom is financially literate and independent within the meaning of NI 52-110. Set forth below are additional details regarding each member of the Audit Committee during such period.

Marshall L. McRae Mr. McRae has been an independent financial and management consultant since August 2009. Prior thereto, Mr. McRae was Chief Financial Officer of CCS Inc., administrator of CCS Income Trust and its successor corporation, CCS Corporation since August 2002. Mr. McRae has over 30 years of experience in senior operating and financial management positions with a number of publicly traded and private companies, including CCS Inc., Versacold Corporation and Mark's Work Wearhouse Limited. Mr. McRae served as interim Executive Vice President and CFO of Black Diamond Group Limited from October 16, 2013 to August 8, 2014 and as its Executive Vice President to December 31, 2014. This experience, combined with a Bachelor of Commerce degree, with Distinction, from the University of Calgary in 1979, and a Chartered Accountant designation from the Institute of Chartered Accountants of Alberta in 1981, provide Mr. McRae with the skill set and financial literacy required to carry out his duties as a member of the Audit Committee.

James J. Cleary has been a managing director of Global Infrastructure Partners since May of 2012. Prior to joining Global Infrastructure Partners, Mr. Cleary was the President of El Paso Corporation's Western Pipeline Group and previously served as the President of ANR Pipeline Company. Prior to 2001, Mr. Cleary was the Executive Vice President and General Counsel of Southern Natural Gas Company and prior to 2015, Mr. Cleary was a director of Access Midstream Partners GP, LLC, the general partner of Access Midstream Partners L.P. Mr. Cleary received his Bachelor of Arts from the College of William & Mary in 1976 and a Juris Doctorate from Boston College Law School in 1979. This business experience provides Mr. Cleary with the skill set and financial literacy to carry out his duties as a member of the Audit Committee.

Susan C. Jones has been the Executive Vice President and President & Chief Executive Officer of Potash and Executive Advisor to the CEO at Nutrien Ltd. She encompasses a wealth of experience from previous roles including Business Development and Strategy; Managing Director of the European Distribution Business; Vice President of Wholesale Sales, Marketing and Logistics; Chief Legal Officer; and Executive Vice President and President of Phosphate. Ms. Jones holds a degree in Law from the University of Ottawa as well as a Bachelor of Arts in Political Science and Hispanic Studies from University of Victoria. Ms. Jones has been admitted to the Bar in British Columbia and Alberta and has served on the agricultural sub-section of the Canadian Bar Association. This business experience provides Ms. Jones with the skill set and

financial literacy to carry out her duties as a member of the Audit Committee. Ms. Jones stepped down from the Board effective on February 24, 2020.

On February 24, 2020, James M. Estey was appointed as a member of the Audit Committee. Mr. Estey is the former Chair of the board of UBS Securities Canada Inc. and has more than 30 years of experience in the financial markets. Mr. Estey is currently the Chair of PrairieSky Royalty Ltd., and prior thereto, President and Chief Executive Officer of UBS Securities Canada. This business experience provides Mr. Estey with the skill set and financial literacy to carry out his duties as a member of the Audit Committee.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets out the fees of the external auditor during the prior two years for services provided to Gibson Energy Inc. (in thousands):

	2019	2018
Audit fees.....	\$1,050,000	\$1,152,000
Audit-related fees.....	381,000	61,000
Tax fees.....	120,000	-
All other fees	407,000	42,000
Total fees.....	<u>\$1,958,000</u>	<u>\$1,255,000</u>

Audit fees include fees for the audit of the Company's consolidated financial statements, review of its quarterly reports, special audit engagements and assistance with the certification for internal controls over financial reporting.

Audit-related fees include fees for services that are related to the review of prospectus filings and French translation services, advisory services related to information technology system implementation and transaction costs for acquisitions and major expansion projects.

Tax fees include fees for assistance in the preparation of income tax returns and advice on certain tax-related matters.

All other fees include fees for annual subscription to accounting research software, advisory services relating to sustainability reporting and other advisory services.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Cease Trade Orders

To the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons) is, as of the date of this AIF, or was within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an “Order”), and that was issued while the director or executive officer was acting in the capacity as director, executive officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (a) is, as of the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain of the directors and officers of the Company are engaged in, and may continue to be engaged in, other activities in the industries in which the Company operates from time to time. As a result of these and other activities, certain directors and officers of the Company may become subject to conflicts of interest from time to time. The ABCA provides that in the event that a director or officer is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction, such director or

officer shall disclose the nature and extent of his or her interest and shall refrain from voting to approve such contract or transaction, unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

As of the date hereof the Company is not aware of any existing or potential material conflict of interest between the Company (or a subsidiary of the Company) and any director or officer of the Company (or a subsidiary of the Company).

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings that the Company is or was a party to, or that any of the Company's property is or was the subject of, since January 1, 2019, that were or are material to the Company, and there are no such material legal proceedings that the Company knows to be contemplated. For the purposes of the foregoing, a legal proceeding is not considered to be "material" by the Company if it involves a claim for damages and the amount involved, exclusive of interest and costs, does not exceed 10% of the Company's current assets, provided that if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the Company has included the amount involved in the other proceedings in computing the percentage. See "Risk Factors".

There were no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2019; (ii) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority, during the financial year ended December 31, 2019.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of any director or executive officer of the Company, any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any associate or affiliate of any of such persons or companies, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent, registrar and dividend distribution agent for the Common Shares and the Debentures is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta and Toronto, Ontario.

MATERIAL CONTRACTS

The only material contracts entered into by Gibson during the most recently completed financial year, or before the most recently completed financial year and still in effect, other than in the ordinary course of business, are the amended Revolving Credit Facility and the Notes indentures. See "Description of Capital Structure – Debt" for a description of the contracts.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP has issued an audit opinion on the consolidated financial statements as at Dec 31, 2019 and 2018 and for the years then ended. PricewaterhouseCoopers LLP has advised that they are independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to the Company is available via SEDAR at www.sedar.com.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's information circular dated March 28, 2019 for its most recent annual general meeting of Shareholders that involved the election of directors. Additional financial information is provided in the Company's audited consolidated financial statements and Management's Discussion and Analysis for the year ended December 31, 2019.

APPENDIX “A” AUDIT COMMITTEE CHARTER

A. POLICY STATEMENT

It is the policy of Gibson Energy Inc. (the “**Company**”) to establish and maintain an audit committee (the “**Committee**”) to assist the Board of Directors (the “**Board**”) in carrying out its oversight responsibility regarding the Company’s internal controls, financial reporting and risk management processes. The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If determined necessary by the Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

B. REPORTING AND ACCOUNTABILITY

1. The Committee is accountable to the Board. The Committee shall, after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
2. All information reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board.
3. The Committee shall review and assess the adequacy of this Charter on an annual basis and, where necessary, will recommend changes to the Board for its approval.
4. Each year the Committee and each member thereof shall review and evaluate its performance and submit itself to a review and assessment by the Board.

C. COMPOSITION OF THE COMMITTEE

1. The Committee will consist of at least three Directors appointed annually by the Board. Where a vacancy occurs at any time in the membership of the Committee, such vacancy may be filled by the appointment of the Board. The Board may seek advice as considered necessary, including from management of the Company and any committee of the Board, including the Corporate Governance, Compensation and Nomination Committee, in identifying qualified candidates. Each year the Board will designate one member as a chairman of the Committee (the “**Chair**”).
2. Each director appointed to the Committee by the Board shall be independent (as defined by National Instrument 52-110 — Audit Committees (or any successor instrument) of the Canadian Securities Administrators (“**NI 52-110**”) except to the extent permitted by NI 52-110.
3. Each member of the Committee shall be “financially literate” as defined in NI 52-110. In order to be financially literate, a director must be, at a minimum, able to read and understand basic financial

statements, and at least one member shall have “accounting or related financial management expertise”, meaning the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles recognized by the Chartered Professional Accountants of Canada from time to time and applicable to publicly accountable enterprises (“GAAP”).

4. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

D. MEETINGS OF THE COMMITTEE

1. The Committee shall meet as often as it determines necessary, but not less frequently than quarterly at such times and places as may be designated by the Chair of the Committee and whenever a meeting is requested by the Board, a member of the Committee or a senior officer of the Company.
2. Notice of each meeting of the Committee shall be given by the Chair to each member of the Committee and to the external auditors of the Company, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee.
3. Notice of a meeting of the Committee shall:
 - (a) be in writing;
 - (b) state the nature of the business to be transacted at the meeting in reasonable detail, in the form of an agenda;
 - (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
 - (d) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Committee may permit.
4. A quorum for a meeting of the Committee shall consist of a simple majority of the members of the Committee. However, it shall be the practice of the Committee to require review, and, if necessary, approval of certain important matters by all members of the Committee. The presence in person or by telephone of a majority of the Committee’s members constitutes a quorum for any meeting.
5. The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee at which a majority of the members constituting a quorum are present is necessary for the adoption of any resolution.
6. A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.

7. In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to be Chair of the meeting. In addition, the Chair of the Committee shall choose one of the persons present to be the Secretary of the meeting.
8. The Chairman of the Board, directors of the Company who are not members of the Committee, senior management of the Company and other parties invited by the Committee may attend meetings of the Committee on a non-voting basis; however the Committee (a) shall meet with the external auditors independent of management, as necessary, in the sole discretion of the Committee, but in any event, not less than quarterly; and (b) may meet separately with management. The Committee may request any officer or employee of the Company or the Company's legal counsel to attend all or parts of a Committee meeting, or to meet with any members of, or consultants to, the Committee.
9. Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and the Secretary of the meeting. A report in respect of each meeting of the Committee shall be provided to the Board.

E. DUTIES AND RESPONSIBILITIES

1. Committee's Authority

The Committee shall have the authority to:

- (a) inspect any and all of the books and records of the Company, its subsidiaries and affiliates;
- (b) discuss with the management of the Company, its subsidiaries and affiliates and senior staff of the Company, any affected party and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate;
- (c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (d) set and pay the compensation for any advisors employed by the Committee.

2. Oversight in Respect of Risk Management

The Committee shall:

- (a) identify and monitor the principal risks that could affect the financial reporting of the Company;
- (b) review and assess the adequacy of the Company's risk management policies, hedging policies, systems, controls and procedures with respect to the Company's principal business risks, and report regularly to the Board;
- (c) monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;

- (d) deal directly with the external auditors to approve external audit plans, other services (if any) and the external auditors' fees;
- (e) directly oversee the external audit process and results (in addition to items described in Section 5 below);
- (f) review the amount and terms of any insurance to be obtained or maintained by the Company with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities; and
- (g) provide an avenue of communication among the external auditors, management and the Board.

3. Oversight in Respect of Internal Controls

The Committee shall:

- (a) monitor the quality and integrity of the Company's system of internal controls, disclosure controls and management information systems through discussions with management and the external auditors;
- (b) oversee the system of internal controls by: (i) consulting with the external auditors regarding the effectiveness of the Company's internal controls; (ii) monitoring policies and procedures for internal accounting, financial controls and management information, electronic data controls and computer security; (iii) obtaining from management adequate assurances that all statutory payments and withholdings have been made; and (iv) taking other actions as considered necessary;
- (c) review management's processes in place to prevent and detect fraud and illegality and oversee any investigations of alleged fraud and illegality relating to the Company's finances and any resulting actions;
- (d) be responsible for establishing, maintaining and reviewing on a periodic basis, procedures for: (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (e) review and discuss with the Chief Executive Officer and Chief Financial Officer of the Company the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual and/or quarterly filings with applicable securities regulatory authorities;
- (f) review disclosures made by the Chief Executive Officer and Chief Financial Officer to the Company during their certification process for annual and/or quarterly financial statements with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees of the Company who have a significant role in the Company's internal controls; and

- (g) review or satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted from the Company's financial statements and periodically assess the adequacy of those procedures.

4. Oversight in Respect of the External Auditors

The Committee shall:

- (a) receive confirmation from the external auditors as to their standing as a "participating audit firm" and their compliance with any restrictions or sanctions imposed by the Canadian Public Accountability Board as those concepts are set forth in National Instrument 52-108 – Auditor Oversight (or any successor instrument) of the Canadian Securities Administrators;
- (b) be directly responsible for overseeing the work of the external auditors (including the resolution of any disagreements between management and the external auditors regarding financial reporting), monitor the independence and performance of the external auditors, annually assess the quality of services provided by the external auditor and annually recommend to the Board the appointment and compensation of the external auditors or the discharge of the external auditors when circumstances are warranted;
- (c) consider the recommendations of management in respect of the appointment of the external auditors;
- (d) pre-approve all non-audit services to be provided to the Company by the external auditors, or the external auditors of the Company's subsidiaries;
- (e) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors;
- (f) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditor and documentation required pursuant to National Instrument 51-102 —Continuous Disclosure Obligations (or any successor instrument) of the Canadian Securities Administrators and the planned steps for an orderly transition period;
- (g) as applicable, review any material issues raised by a quality control review of the external auditor and any issues raised by a government authority or professional authority investigation of the external auditor; and
- (h) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

5. Oversight in Respect of the Annual Audit, Financial Disclosure and Accounting Practices

The Committee shall:

- (a) review the Company's audit plan with the external auditors and management;
- (b) discuss with management and the external auditors any proposed changes in major accounting policies, standards or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
- (c) review with management and the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
- (d) review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- (e) confirm through discussions with management and the external auditors that GAAP and all applicable laws or regulations related to financial reporting and disclosure have been complied with;
- (f) review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on the Company's financial statements, and the disclosure of such in the financial statements;
- (g) meet with management and the external auditors to review, and to recommend to the Board for approval prior to public disclosure, the audited annual financial statements and unaudited quarterly financial statements, including reviewing the report of the external auditors, the specific disclosures in the management's discussion and analysis, and the quarterly interim reports;
- (h) meet with management and the external auditors to review and discuss, and to recommend to the Board for approval prior to public disclosure:
 - (i) the annual information form;
 - (ii) the portions of the management proxy circular, for any annual or special meeting of shareholders, containing significant information within the Committee's mandate;
 - (iii) the portions of the sustainability report containing significant information within the Committee's mandate;
 - (iv) all audited and unaudited financial statements included in prospectuses or other offering documents;
 - (v) all prospectuses and all documents which may be incorporated by reference in a prospectus, other than any pricing supplement issued pursuant to a shelf prospectus;
 - (vi) any significant financial information respecting the Company contained in a material change report;
 - (vii) any unaudited interim financial statements, other than quarterly statements;

- (viii) any audited financial statements, other than annual statements, required to be prepared regarding the Company or its subsidiaries or benefit plans if required to be made publicly available or filed with a regulatory agency;
 - (ix) each press release that contains significant financial information respecting the Company or contains estimates or information regarding the Company's future financial performance or prospects (such as annual and interim earnings press releases);
 - (x) the type and presentation of information to be included in such press releases (in particular, the use of "pro forma" or "adjusted" non-GAAP information); and
 - (xi) financial information and any earnings guidance proposed to be provided to analysts and rating agencies;
- (i) upon request and as applicable, review the external auditor's management comment letter and management's responses thereto and inquire as to any disagreements between management and external auditors; and
 - (j) discuss with management the effect of any off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses.

6. Oversight in Respect of Other Items

The Committee shall:

- (a) review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process;
- (b) enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters which are directed to the Committee by any member of the Board, a shareholder of the Company, the external auditors or management;
- (c) periodically review with management the responsibilities, performance and effectiveness of the internal audit function of the Company;
- (d) review the Company's accounting and reporting of environmental costs, liabilities and contingencies;
- (e) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors;
- (f) be responsible for meeting separately, on a periodic basis, with the internal auditors (or other personnel responsible for the internal audit function);
- (g) review legal and regulatory matters, including correspondence with, and reports received from, regulators and government agencies, that may have a material impact on the Company's financial statements, financial reporting and related corporate compliance and programs;

- (h) review with management at least annually the material tax planning initiatives of the Company; and
- (i) conduct other investigations or assignments as assigned by the Board or deemed necessary by the Committee to fulfill its mandate.

7. Approval of Audit and Permitted Non-Audit Services Provided by the External Auditors

- (a) Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Committee pre-approvals of proposed audit and permitted non-audit services as they arise.
- (b) Any proposed audit and permitted non-audit services to be provided by the external auditors to the Company or its subsidiaries must receive prior approval from the Committee. The Chief Financial Officer of the Company shall act as the primary contact to receive and assess any proposed engagements from the external auditors.
- (c) The Committee is also authorized to approve non-audit services that may be provided by a party that is not the external auditors. Examples may be a quarterly review or consulting advice relating to the quarterly financial statements (which the Committee may approve without committing the Company to have a quarterly review of the financial statements on an ongoing basis), tax advice and tax consulting services, or any other consulting services that the Committee determines that it will obtain from any party that is not the external auditors.
- (d) Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Committee for review and confirmation that a proposed engagement is permitted.
- (e) In the majority of such instances, proposals may be received and considered by the Chair (or such other member of the Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Committee. The Chair will then inform the Committee of any approvals granted at the next scheduled meeting.

8. Limitations on Oversight Function

Notwithstanding the foregoing oversight responsibilities of the Board:

- (a) management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements as well as the Company's financial reporting process, accounting policies, internal audit function, internal controls over financial reporting and disclosure controls and procedures;
- (b) the external auditors are responsible for performing an audit of the Company's annual financial statements, expressing an opinion as to the conformity of such annual financial statements with GAAP, and reviewing the Company's quarterly financial statements;

- (c) it is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosure are complete and accurate or that they were prepared in accordance with GAAP or any other applicable laws, rules and regulations;
- (d) each member of the Committee shall be entitled to rely on the integrity of those persons within the Company and the integrity of the professionals and experts (including the Company's internal auditor (or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services), if any, and the Company's external auditors) from which the Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts; and auditing literature discusses the objectives of a "review", including a particular set of required procedures to be undertaken by external auditors. The members of the Committee are not independent auditors, and the term "review" as used in this Charter is not intended to have that meaning and should not be interpreted to suggest that the Committee members can or should follow the procedures required of auditors performing reviews of financial statements.