



# DILUENT RECOVERY UNIT PROJECT SUPPLEMENTARY INFORMATION

December 3, 2019

# Opportunity Summary



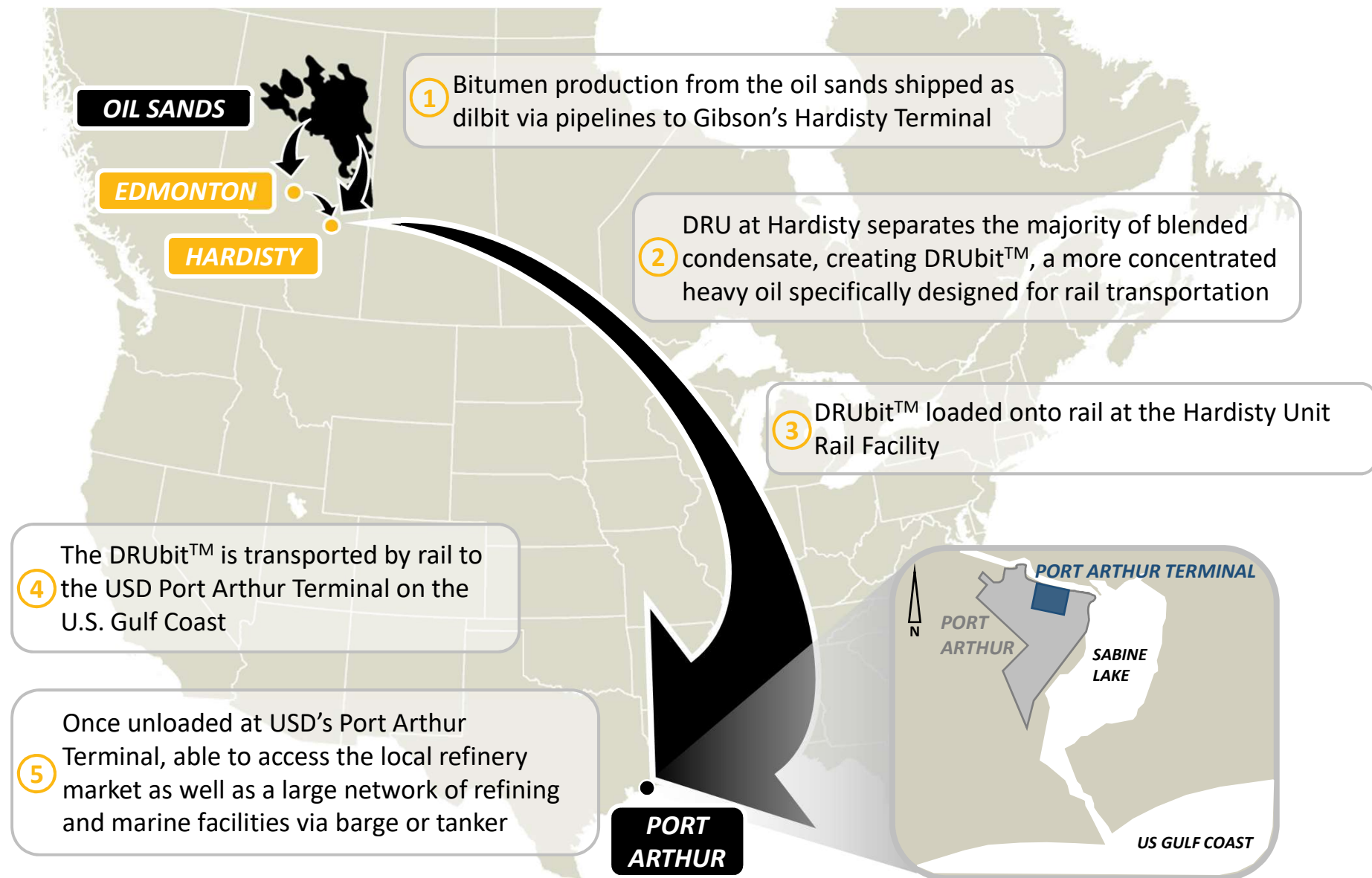
## Advancing construction of the first DRU in Western Canada

- Gibson and U.S. Development Group (“USD”) have formed a 50%/50% joint venture to advance the construction of a Diluent Recovery Unit (“DRU”) at the Hardisty Terminal
  - Leverages Gibson’s connectivity and access to existing tankage at Hardisty as well as the existing Hardisty Unit Train Facility, an existing joint venture between Gibson and USD
- Long-term, take-or-pay agreement in place with ConocoPhillips Canada for 50,000 bbl/d of inlet capacity
  - Extends the term of related agreements already in place for rail slots at the Hardisty Unit Rail Terminal
- Construction of the DRU remains subject to the advancement of several workstreams:
  - Economics of the DRU to be fully underpinned with long-term, take-or-pay agreements
  - Receipt of various permits and regulatory approvals, including from the Alberta Energy Regulator
- In discussions with other producers and refiners interested in DRU capacity
  - Value proposition as a long-term solution is compelling, with reduced freight and diluent costs more than offsetting the up-front cost of DRU infrastructure, as to approach pipeline costs
  - Believe many producers would prefer an industry solution rather than developing a separate facility

# Full Market Access Solution



High-quality infrastructure project leveraging and extending Hardisty position





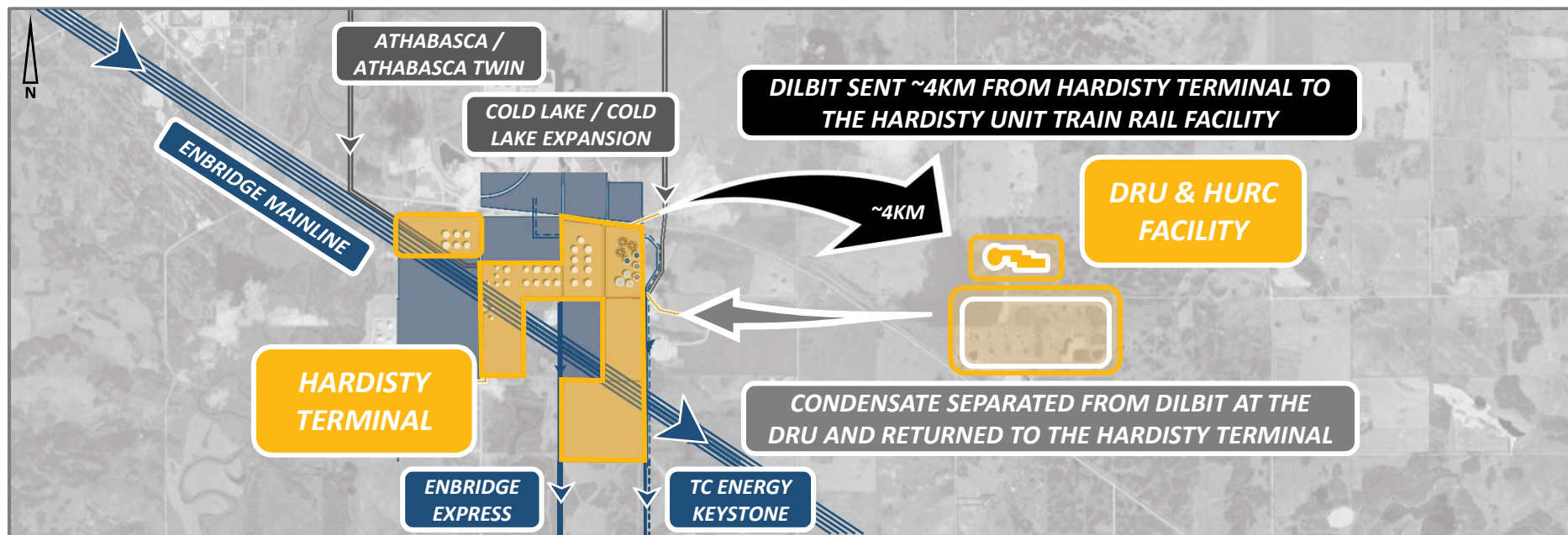
# DRU Location and Construction



Potential in-service in mid 2021 at a cost of \$200mm to \$250mm net to Gibson<sup>(1)</sup>

- Targeting in-service date as early as the second quarter of 2021
- Total capital cost of the initial phase, net to Gibson, estimated to be between \$200mm and \$250mm<sup>(1)</sup>
  - Currently envision roughly two-third of spend to be incurred in 2020, with the remainder in 2021
  - Intend to secure a lump sum contract with performance guarantees for DRU facility to mitigate risk
- Utilizes a standardized 50,000bbl/d inlet capacity DRU facility design to allow replication on future phases
  - Modularization where appropriate, allowing for fabrication where facilities and labor readily available

## Hardisty Terminal and HURC Overview



(1) Based on full Phase 1 inlet capacity of 100,000 bbl/d. Preliminary estimate of a single phase of 50,000 bbl/d would be roughly two-thirds the of total cost.

# Fully Aligned with Existing Strategy



## High-quality infrastructure project leveraging and extending Hardisty position

### On Strategy

- Infrastructure required to support the long-term egress of oil sands production
- Underpinned by a long-term, take-or-pay agreement with an investment grade customer
- Leverages existing platform to attain target 5x – 7x EBITDA build multiple
- Drives nearly a full year of targeted distributable cash flow per share growth

### Strengthens and Extends Hardisty Platform

- Further improves the Gibson Hardisty Terminal's best-in-class connectivity, becoming the sole access point for DRU egress out of Western Canada
- Customers at the DRU will require tankage at Gibson's Hardisty Terminal
- Extends contracted life at the Hardisty Unit Rail Facility

### Anticipate Future Expansions

- Believe that the first DRU to enter service will have a significant competitive advantage in securing potential future expansions and providing an industry solution
  - Able to sanction in 50,000bbl/d increments, a good fit with brownfield oil sands projects
- Provides additional confidence in the ability to continue to sanction growth at Hardisty given the potential for further delays on alternative egress

### Remain Fully-Funded

- Remain fully-funded for all sanctioned capital
- Estimated 2020 internal funding capacity of nearly \$400 million
  - Reflects the intention to reinvest Marketing outperformance into contracted infrastructure when attractive opportunities available

# Forward-Looking Statement Notice



Certain statements contained in this presentation constitute forward-looking information and statements (collectively, forward-looking statements) including, but not limited to, statements concerning the proposed construction and operations of the DRU, the anticipated benefits, opportunities and sustainability of the DRU and DRUbit™ for project participants, oil field and related business activities, market participants, local communities and governments, the methods of transportation of DRUbit™ and contribution of the DRU to the improvement of market access for oil producers, construction, ownership and operation of USD's Port Arthur terminal and the plans for such terminal, improved industry economics associated with the DRU and transportation of DRUbit™, the safety features of the transportation of DRUbit™, freight and diluent costs offsetting the up-front cost of DRU infrastructure, transportation plans and methods of transport, anticipated in-service date of the DRU, capital cost of the DRU and timing of associated capital spend, Gibson's intentions regarding additional lump sum turn-key contracts and target EBITDA build multiples, expectations regarding customers' requirement for tankage at Hardisty Terminal, expected extension of contracted life of Hardisty Unit Rail Facility, ability to sanction continued growth at Hardisty, expectations of further delays on alternative method of egress, estimates of 2020 internal funding capacity, contribution of DRU to distributable cash flow per share growth, expected related improvement to Hardisty's connectivity, anticipated competitive advantages relating to DRU and the DRU having first mover advantages and expectations with respect to the business and financial prospects and opportunities related to the DRU and DRUbit™ transportation.

These statements relate to future events or future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "aim", "target", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential" and "capable" and similar expressions are intended to identify forward-looking statements. The forward looking statements reflect the project participant's beliefs and assumptions with respect to, among other things, the ability to obtain necessary commercial support and regulatory approvals in connection with the DRU and Port Arthur terminal, the costs and timing of completion of the DRU and Port Arthur terminal, continued transportation constraints, that the DRU will have first mover competitive advantages, continued market demand, general economic trends, industry trends, commodity prices, capital markets, the governmental, regulatory and legal environment in the various jurisdictions in which they individually, or collectively, conduct and will conduct their respective business, ability to construct the DRU and obtain qualified personnel and equipment in a timely and cost-efficient manner, ability to generate sufficient cash to meet its current and future obligations, ability to obtain financing for capital programs and the DRU and Port Arthur terminal on acceptable terms, the successful and timely implementation of capital projects in a manner consistent with financial expectations and the other business activities of the participants, and other assumptions inherent in management's expectations of future operating and financial results and other forward-looking statements identified herein.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although the project participants believe these statements to be reasonable, no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this presentation should not be unduly relied upon. Actual results could differ materially from those anticipated in these forward looking statements as a result of, among other things, risks inherent in the businesses conducted by each of the project participants, ability for Gibson and USD to secure additional long-term, take-or-pay agreements, with other producer and refiner customers to fully underpin the economics of the project, to establish lump sum, performance guarantee agreements, the ability to satisfy the commercial conditions relating to ConocoPhillips' participation in the DRU project and other conditions associated with the DRU and its construction and operation, the ability of customers to discover and market reserves, construction costs in respect of the DRU and USD's Port Arthur terminal, regulatory decisions, actions of competitors and competitive factors in the industries in which the project participants operate, prevailing economic conditions, world-wide demand for crude oil and petroleum products, volatility of commodity prices, currency and interest rates fluctuations, product supply and demand (including demand for DRUbit™), changes in credit ratings applicable to any of the participants, operating costs and the accuracy of cost estimates, exposure to counterparties and partners, including ability and willingness of such parties to satisfy contractual obligations in a timely manner, future capital expenditures, ability to obtain necessary regulatory approvals for the DRU and USD's Port Arthur terminal, the availability, costs, terms and timing of or execution of, and competition for, required regulatory approvals, rail capacity and terminal access, the successful and timely implementation of construction on the DRU and Port Arthur terminal and/or stages thereof, changes to any of the project participants' business plans or strategy, ability to access various sources of funding, including debt and equity capital, generally, and on terms acceptable to the respective participant, changes in government policies, laws and regulations, including environmental and tax laws and regulations, competition for employees and other personnel, equipment, material and services related thereto, the availability and cost of employees and other personnel, equipment, materials and services, weather, including its impact on product demand, exploration, production and transportation, inherent risks associated with the exploration, development, production and transportation of bitumen, the timing and extent of changes in foreign currency exchange rates, interest rates, inflation rates, global and domestic financial market conditions and global and domestic general economic conditions, political developments around the world, including the areas in which the project participants individually, or collectively, operate, many of which are beyond the control of any of the project participants. Readers are cautioned that the foregoing lists are not exhaustive. For a full discussion of our material risk factors, see "Risk Factors" in the Company's Annual Information Form dated March 4, 2019 as filed on SEDAR and available on the Gibson website at [www.gibsonenergy.com](http://www.gibsonenergy.com).