



GIBSON ENERGY

MANAGEMENT'S DISCUSSION & ANALYSIS

2023 YEAR END REPORT

TSX:GEI



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Basis of Presentation

The following MD&A was approved by the Board of Gibson Energy Inc. ("we", "our", "us", "Gibson", "Gibson Energy" or the "Company") as of February 20, 2024, and should be read in conjunction with the audited consolidated financial statements and related notes of the Company for the years ended December 31, 2023, and 2022 prepared under IFRS Accounting Standards. Amounts are stated in thousands of Canadian dollars except volumes and per share data, unless otherwise noted. Additional information about Gibson, including the AIF, is available on SEDAR+ at www.sedarplus.ca and at www.gibsonenergy.com. This MD&A contains forward-looking statements and specified financial measures and readers are cautioned that this MD&A should be read in conjunction with the Company's disclosures under "Forward-Looking Information and Advisory Statement" and "Specified Financial Measures". For a list of common terms or abbreviations used in this MD&A, refer to "Terms and Abbreviations".

Specified Financial Measures

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

BUSINESS OVERVIEW

Gibson is a leading liquids infrastructure company with its principal businesses consisting of the storage, optimization, processing, and gathering of liquids and refined products. Headquartered in Calgary, Alberta, the Company's operations are located across North America, with core terminal assets located in Hardisty and Edmonton, Alberta, Ingleside, Texas, and including a facility in Moose Jaw, Saskatchewan.

Acquisition of the Gateway Terminal

On August 1, 2023, the Company, through its indirect subsidiary, completed the acquisition of South Texas Gateway Terminal LLC and, as a result, its South Texas Gateway Terminal ("Gateway Terminal"), for a total purchase price of US\$1,101.9 million or \$1,464.6 million. The Gateway Terminal is a purpose-built high-quality crude oil export facility, operating a deep-water, open-access marine terminal in Ingleside, Texas at the mouth of the Corpus Christi Bay.

The acquisition complements the Company's current liquids infrastructure strategy by expanding its footprint of high-quality terminal assets. The Company believes the acquisition provides an opportunity for it to expand its asset base with complementary high-quality crude storage and an export platform with strong commercial underpinnings and stable cash flows. The Gateway Terminal's advantageous location and operational efficiencies, combined with its pipeline connections, enable the connection of the Permian and Eagle Ford basins to global exports. The Gateway Terminal is the U.S.'s second largest crude oil export terminal by capacity, with two deep-water docks enabling the simultaneous loading of two very large crude carriers.

The acquisition was accounted for using the acquisition method pursuant to IFRS 3, "Business Combinations", where assets and liabilities were measured at the fair value on the date of acquisition. The total consideration was allocated to the tangible and intangible assets acquired and liabilities assumed. Comparative period operating and financial results in this MD&A include the Company's results prior to the closing of the acquisition and do not reflect any historical data of South Texas Gateway Terminal LLC.

On August 1, 2023, in connection with the acquisition of the Gateway Terminal, the Company entered into an O&M agreement with Buckeye, pursuant to which Buckeye agreed to operate and maintain the Gateway Terminal, and provide certain corporate and back-office services to the Company until August 31, 2024. Effective December 31, 2023, the O&M agreement was terminated and the Company now operates the asset.

CONSOLIDATED FINANCIAL RESULTS

(\$ thousands, except where noted)	Three months ended December 31,			Years ended December 31,		
	2023	2022	Change	2023	2022	Change
Revenue	2,809,533	2,499,372	310,161	11,014,694	11,035,411	(20,717)
Segment profit ⁽¹⁾	182,442	149,170	33,272	642,887	557,018	85,869
Adjusted EBITDA ⁽²⁾	169,681	137,334	32,347	589,828	520,979	68,849
Net income	53,301	63,891	(10,590)	214,211	223,245	(9,034)
Cash flow from operating activities	155,602	70,058	85,544	574,856	598,312	(23,456)
Distributable cash flow ⁽²⁾	102,945	88,460	14,485	385,790	356,208	29,582
Growth capital, acquisitions and equity investments ⁽³⁾	38,549	16,069	22,480	1,583,622	94,984	1,488,638
Basic income per share (\$/share)	0.33	0.44	(0.11)	1.43	1.53	(0.10)
Diluted income per share (\$/share)	0.32	0.43	(0.11)	1.41	1.50	(0.09)
Dividends declared	63,048	52,896	10,152	236,907	215,446	21,461
Dividends (\$/share)	0.39	0.37	0.02	1.56	1.48	0.08
Trailing twelve months - As at December 31,						
	2023	2022	Change			
Ratios						
Net debt to adjusted EBITDA ratio ⁽⁴⁾	3.7	2.7	1.0			
Debt to capitalization ratio	53%	50%	3%			
Interest coverage ratio	6.1	11.1	(5.0)			
Dividend payout ratio ⁽⁴⁾	61%	60%	1%			
Cash flow from operating activities per share (\$/share) – basic	3.83	4.09	(0.26)			
Distributable cash flow per share (\$/share) – basic ⁽⁴⁾	2.57	2.44	0.13			
Years ended December 31,						
(\$ thousands, except where noted)	2023	2022	2021			
Revenue	11,014,694	11,035,411	7,211,148			
Net income	214,211	223,245	145,053			
Basic income per share (\$/share)	1.43	1.53	0.99			
Diluted income per share (\$/share)	1.41	1.50	0.97			
Dividends (\$/share)	1.56	1.48	1.40			
As at December 31,						
	2023	2022	2021			
Total assets	4,946,875	3,194,998	3,431,760			
Total non-current liabilities	3,077,832	1,936,293	1,991,126			

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

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

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

(4) Net debt to adjusted EBITDA ratio, dividend payout ratio and distributable cash flow per share ratio are non-GAAP financial ratios. See the "Specified Financial Measures" section of this MD&A for more information on each non-GAAP financial ratio. With the acquisition of the Gateway Terminal, the Company's net debt increased due to related financing activities. The Company expects that the net debt to adjusted EBITDA ratio will be temporarily elevated until twelve-months of adjusted EBITDA from the Gateway Terminal is reflected in the Company's net debt to adjusted EBITDA ratio.

2023 REVIEW

- o Revenue of \$11,014.7 million decreased by \$20.7 million for the year ended December 31, 2023, compared to \$11,035.4 million for the year ended December 31, 2022. The decrease was primarily due to lower average commodity prices reducing revenue from the Marketing segment, offset by higher sales volumes and revenue from the Gateway Terminal acquisition.
- o Segment profit of \$642.9 million increased by \$85.9 million for the year ended December 31, 2023, compared to \$557.0 million for the year ended December 31, 2022. The increase was due to an increase in Infrastructure segment profit of \$59.5 million primarily due to the contribution from the Gateway Terminal, and an increase in Marketing segment profit of \$26.4 million.
- o Adjusted EBITDA of \$589.8 million increased by \$68.8 million for the year ended December 31, 2023, compared to \$521.0 million, for the year ended December 31, 2022, primarily due to the factors impacting segment profit as noted above, partially offset by higher general and administrative expenses in the current year as well as the impact of removing unrealized gains and losses on financial instruments recorded in both periods from adjusted EBITDA.
- o Net income of \$214.2 million decreased by \$9.0 million for the year ended December 31, 2023, compared to \$223.2 million for the year ended December 31, 2022. The decrease was due to acquisition and integration costs and higher finance costs relating to the Gateway Terminal acquisition, partially offset by higher segment profit earned, as noted above.
- o Cash flow from operating activities of \$574.9 million decreased by \$23.5 million for the year ended December 31, 2023, compared to \$598.3 million for the year ended December 31, 2022. The decrease was primarily due to changes in working capital items and the acquisition and integration costs incurred in connection with the acquisition of the Gateway Terminal, partially offset by an increase in segment profit as noted above.
- o Distributable cash flow of \$385.8 million increased by \$29.6 million for the year ended December 31, 2023, compared to \$356.2 million for the year ended December 31, 2022, primarily due to higher adjusted EBITDA, partially offset by higher finance costs.
- o Net debt to adjusted EBITDA ratio of 3.7x for the year ended December 31, 2023, compared to 2.7x for the year ended December 31, 2022. The ratio is expressed on a twelve-month trailing basis, and as a result, reflects the full balance of the debt issued during the current period, but only five months of adjusted EBITDA for the Gateway Terminal. The Company expects the net debt to adjusted EBITDA ratio to be temporarily elevated until twelve-months of adjusted EBITDA from the Gateway Terminal is reflected in the Company's net debt to Adjusted EBITDA ratio.
- o Growth capital including acquisitions and equity investments was \$1,583.6 million for the year ended December 31, 2023, primarily due to the acquisition of the Gateway Terminal, along with projects at the Edmonton Terminal, and various optimization projects at the Hardisty Terminal and the Moose Jaw Facility.
- o For the year ended December 31, 2023, the Company repurchased a total of 2.1 million common shares at an average price of \$22.91 for a total consideration of \$48.4 million.
- o The Company declared annual dividends of \$1.56 per common share for the year ended December 31, 2023, compared to \$1.48 per common share for the year ended December 31, 2022. Total dividends declared for the year ended December 31, 2023, were \$236.9 million, compared to \$215.4 million for the year ended December 31, 2022.
- o On February 10, 2023, the Company amended its revolving credit facility and extended the maturity date from April 2027 to February 2028, amongst other amendments.
- o On May 16, 2023, the Company announced the sanction of two new 435,000 barrel tanks at the Edmonton Terminal, under a long-term take-or-pay contract with Cenovus Energy Inc., to be placed into service in late 2024.
- o On June 14, 2023, the Company announced its acquisition of the Gateway Terminal and the subscription receipt bought deal offering, which closed on August 1, 2023. The Company subsequently entered into US\$192.0 million of US\$ derivative contracts for the next two years to mitigate cash flow and earnings volatility in the Gateway Terminal's financial results.
- o On July 12, 2023, the Company closed its offering of senior unsecured medium-term notes consisting of \$350.0 million of 5.80% notes with a maturity date of July 12, 2026, \$350.0 million of 5.75% notes with a maturity date of July 12, 2033, and \$200.0 million of 6.20% notes with a maturity date of July 12, 2053. In addition, on the same date, the Company closed its offering of \$200.0 million of 8.70% unsecured hybrid notes with a maturity date of July 12, 2083, callable in 5 years at par.
- o On August 1, 2023, concurrent with the closing of the acquisition of the Gateway Terminal, previously issued subscription receipts were exchanged for 20.0 million common shares of the Company and a dividend equivalent payment of \$7.8

million was issued, which was recorded as a finance cost. In addition, the Company's revolving credit facility was upsized to \$1,000.0 million.

- o On September 13, 2023, the Company renewed its NCIB for a one-year period. The NCIB enables the Company to purchase and cancel up to 9,812,193 common shares in accordance with the applicable rules and policies of the TSX and applicable securities laws. The NCIB expires on the earlier of September 15, 2024, and the date on which the maximum number of common shares acquired pursuant to the NCIB has been purchased. To date, no shares have been repurchased under the current NCIB.
- o On September 14, 2023, the Company released its sustainability update report and announced it had entered into a 15-year renewable energy power purchase agreement, with Capstone Infrastructure Corporation and Sawridge First Nation, demonstrating the Company's commitment to the low-carbon transition and achieving its emission reduction targets.
- o On December 4, 2023, the Company announced its growth capital expenditure target of \$150.0 million and replacement capital expenditure target of \$40.0 million to \$45.0 million, and the appointment of two new directors to its Board effective December 5, 2023: Maria Hooper, an internationally recognized energy executive and Khalid Muslih, a growth and transformation executive, both of whom have extensive experience with the U.S. and global energy markets and Gibson's newly acquired Gateway Terminal.

SUBSEQUENT EVENTS

- o On January 9, 2024, the Company announcement the appointment of Craig V. Richardson to its Board, following the resignation of John Festival on January 5, 2024 to focus on his increasing professional commitments.
- o On February 8, 2024, the Company announced that it has maintained and enhanced its position as an industry and sustainability leader, as identified by globally recognized ESG rating agencies, due to its continued ESG achievements.
- o On February 20, 2024, the Company announced Steve Spaulding's intention to retire as President and Chief Executive Officer. The Company's Board will engage a search firm to evaluate internal and external candidates. To ensure a smooth transition, Mr. Spaulding will continue to serve in his current role and remain on the Board until a successor has been identified and appointed.
- o On February 20, 2024, the Board declared a quarterly dividend on its outstanding common shares of \$0.41 per common share, an increase of \$0.02 per common share, for the first quarter of 2024. The common share dividend is payable on April 17, 2024, to shareholders of record at the close of business on March 28, 2024.

RESULTS OF OPERATIONS AND TRENDS IMPACTING THE BUSINESS

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

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

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

The following is a discussion of the Company's segmented results of operations for the three months and years ended December 31, 2023, and 2022:

INFRASTRUCTURE

The Infrastructure segment is comprised of a network of liquids infrastructure assets that include terminals, rail loading and unloading facilities, gathering pipelines, a crude oil processing facility and other small terminals. The primary facilities within this segment include the Hardisty and Edmonton Terminals, which are the principal hubs for aggregating and exporting crude oil and refined products out of the WCSB; the Gateway Terminal, a liquids export terminal connecting the Permian and Eagle Ford basins to global markets, located in Ingleside, Texas, in the U.S.; the DRU which is located adjacent to the Hardisty Terminal; the Moose Jaw Facility and gathering pipelines in Canada and the U.S. Select assets are impacted by maintenance turnarounds typically occurring within the spring every few years.

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

The following table sets forth the operating results from the Company's Infrastructure segment for the three months and years ended December 31, 2023, and 2022:

(\$ thousands, except volumes)	Three months ended December 31,			Years ended December 31,		
	2023	2022	Change	2023	2022	Change
Volumes (in thousands of bbls)	181,523	124,083	57,440	576,163	505,738	70,425
Revenue	184,704	129,001	55,703	616,686	525,810	90,876
Operating expenses and other ⁽¹⁾	26,736	20,146	6,590	122,235	90,812	31,423
Segment profit	157,968	108,855	49,113	494,451	434,998	59,453
Adjusted EBITDA ⁽²⁾	152,746	110,255	42,491	494,262	442,440	51,822

(1) Includes the Company's share of equity pick up from equity accounted investees.

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

Operational Performance

In the three months and year ended December 31, 2023, compared to the three months and year ended December 31, 2022:

Infrastructure volumes increased by 57.4 million barrels or 46% and 70.4 million barrels or 14%, respectively, due to the Gateway Terminal acquisition.

Financial Performance

In the three months and year ended December 31, 2023, compared to the three months and year ended December 31, 2022:

Revenue increased by \$55.7 million or 43% and \$90.9 million or 17%, respectively. The increase in both periods was primarily driven by the contribution from the Gateway Terminal acquisition and the contribution from the first Trans Mountain pipeline expansion tank at the Edmonton Terminal, partially offset by a reduction from the Hardisty Unit Train Facility.

Operating expenses and other increased by \$6.6 million or 33% for the three months, primarily driven by the Gateway Terminal acquisition. Operating expenses and other increased by \$31.4 million or 35% for the year, primarily driven by the impact of the \$16.7 million environmental remediation provision recognized during the three months ended June 30, 2023 as well as operating expenses incurred at the Gateway Terminal.

As a result of the factors discussed above, adjusted EBITDA increased by \$42.5 million and \$51.8 million, respectively, and segment profit increased by \$49.1 million and \$59.5 million, respectively. Adjusted EBITDA was also impacted by unrealized gains or losses on financial instruments and non-cash adjustments related to the Company's share of profit from equity accounted investees. Unrealized gains or losses on financial instruments relate to foreign currency financial derivatives undertaken primarily in relation to the Gateway Terminal to mitigate the Company's increased exposure to changes in the US\$ to CAD\$ exchange rates over time.

MARKETING

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

The Marketing segment is exposed to commodity price fluctuations arising between the time contracted volumes are purchased and the time they are sold, as well as being exposed to pricing differentials between different geographic markets and/or hydrocarbon qualities. These risks are managed by purchasing and selling products at prices based on the same or similar indices or benchmarks, and through physical and financial contracts that include energy-related forward contracts, swaps, futures, options and other hedging instruments. Fair values of these derivative contracts fluctuate depending on the commodity prices and can impact segment profit in the form of realized or unrealized gains and losses, often offset by physical inventories, that can change significantly period over period. Increased interest rates, geopolitical events, persistent but weakening inflation levels and other factors may still induce or exacerbate a period of declining economic activity in a number of countries and/or globally and have added uncertainty and volatility to commodity prices throughout and beyond 2023. For more information about the risks associated with the Company's use of financial instruments please refer to "Quantitative and Qualitative Disclosures about Market Risks" and "Risk Factors" within the MD&A.

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

(\$, except where noted)	Three months ended December 31,			Years ended December 31,		
	2023	2022	Change	2023	2022	Change
WTI average price (\$USD/bbl)	78.32	82.65	(4.33)	77.59	94.23	(16.64)
WCS average differential (\$USD/bbl)	21.89	25.66	(3.77)	17.37	18.21	(0.84)
Average foreign exchange rates (\$CAD/\$USD)	1.36	1.36	—	1.35	1.31	0.04

The following table sets forth operating results from the Company's Marketing segment for the three months and year ended December 31, 2023 and 2022:

(\$ thousands, except volumes)	Three months ended December 31,			Years ended December 31,		
	2023	2022	Change	2023	2022	Change
Volumes (in thousands of bbls)	68,188	54,479	13,709	256,925	224,444	32,481
Revenue	2,713,928	2,460,278	253,650	10,703,676	10,828,234	(124,558)
Cost of sales and other expenses	2,689,454	2,419,963	269,491	10,555,240	10,706,214	(150,974)
Segment profit	24,474	40,315	(15,841)	148,436	122,020	26,416
Adjusted EBITDA ⁽¹⁾	27,862	37,315	(9,453)	144,952	117,993	26,959

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

Operational Performance

In the three months and year ended December 31, 2023, compared to the three months and year ended December 31, 2022:

Marketing volumes increased by 13.7 million barrels or 25% and 32.5 million barrels or 14%, respectively. The increase in both periods was primarily due to higher activity within the Crude Marketing business due to the availability and nature of location and storage-based opportunities as well as higher refined product volumes due to both market optimization strategies and higher demand for certain products in the current periods.

Financial Performance

In the three months and year ended December 31, 2023, compared to the three months and year ended December 31, 2022:

Revenue increased by \$253.7 million or 10%, and cost of sales and other expenses increased by \$269.5 million or 11% in the three month period, largely due to higher volumes during the current periods as noted above, partially offset by lower average prices for crude oil, and refined and other products. Revenue decreased by \$124.6 million or 1% and cost of sales and other expenses decreased by \$151.0 million or 1% for the year, largely due to lower average prices for crude oil, refined and other products, partially offset by higher volumes in the current period.

Adjusted EBITDA decreased by \$9.5 million or 25% for the three months largely driven by lower refined product margins and fewer location and time-based opportunities for Crude Marketing. Adjusted EBITDA increased by \$27.0 million or 23% for the year primarily due to improved availability of location and storage-based opportunities for Crude Marketing in the first half of the current year.

Segment profit decreased by \$15.8 million or 39% and increased by \$26.4 million or 22% respectively, due to the same factors as adjusted EBITDA, as well as the effect of unrealized gains and losses on financial instruments in the respective periods.

EXPENSES

(\$ thousands)	Three months ended December 31,			Years ended December 31,		
	2023	2022	Change	2023	2022	Change
General and administrative	10,893	10,236	657	49,570	40,196	9,374
Acquisition and integration costs	2,083	—	2,083	22,042	—	22,042
Depreciation and impairment	31,781	18,436	13,345	95,993	107,353	(11,360)
Right-of-use depreciation and impairment	7,399	10,256	(2,857)	27,640	29,184	(1,544)
Amortization and impairment	8,510	2,142	6,368	18,845	7,942	10,903
Stock based compensation	5,600	5,116	484	20,944	20,543	401
Unrealized financial instrument loss	866	—	866	1,296	—	1,296
Foreign exchange loss (gain)	5,831	2,022	3,809	4,947	(3,274)	8,221
Finance costs, net	35,919	17,827	18,092	116,276	64,939	51,337
Income taxes	20,259	19,244	1,015	71,123	66,890	4,233

In the three months and year ended December 31, 2023, compared to the three months and year ended December 31, 2022:

General and administrative, excluding depreciation and amortization

General and administrative expenses increased by \$0.7 million and \$9.4 million, respectively. The increase in both periods was primarily due to higher spending on technology initiatives, certain one-time items recorded in the current periods and increases in employee related costs.

Acquisition and integration costs

Acquisition and integration costs relating to the acquisition of the Gateway Terminal were \$2.1 million and \$22.0 million, respectively, consisting primarily of advisory, legal and regulatory costs.

Depreciation and impairment

Depreciation and impairment expense increased by \$13.3 million for the three months primarily due to inclusion of the Gateway Terminal assets. Depreciation and impairment expense decreased by \$11.4 million for the year, primarily due to the revision in estimated useful lives of certain assets completed during the three months ended December 31, 2022, partially offset by depreciation expense from the Gateway Terminal assets.

Right-of-use asset depreciation and impairment

Right-of-use asset depreciation and impairment expense decreased by \$2.9 million and \$1.5 million, respectively. The decrease in both periods was primarily due to an impairment charge recognized in the comparative period on a sub-leased asset, partially offset by previously subleased assets resuming depreciation and increased rates on renewed rail car leases in the current periods.

Amortization and impairment

Amortization and impairment expense increased by \$6.4 million and \$10.9 million, respectively. The increase in both periods was primarily due to the intangible assets acquired in connection with the Gateway Terminal.

Stock-based compensation

Stock-based compensation expense was relatively consistent.

Unrealized financial instrument loss/(gain) not affecting segment profit

Unrealized financial instrument loss not affecting segment profit was \$0.9 million and \$1.3 million, respectively, representing the revaluation of the Company's renewable power purchase agreement, primarily due to changes in power price forecasts.

Foreign exchange loss/(gain) not affecting segment profit

Foreign exchange loss/(gain) not affecting segment profit increased by \$3.8 million and \$8.2 million, respectively, due to the movement in the US\$ to CAD\$ exchange rates during both periods.

Finance costs, net

Finance costs increased by \$18.1 million and \$51.3 million, respectively, due additional indebtedness incurred in the financing of the Gateway Terminal acquisition, higher average interest rates on the Company's revolving credit facility, and a \$7.8 million dividend equivalent payment for the subscription receipts issued in connection with the financing of the Gateway Terminal acquisition, as described in "Liquidity and Capital Resources".

Income taxes

Income tax expense increased by \$1.0 million for the three months, with deferred income tax expense of \$12.3 million and current income tax expense of \$7.9 million, compared to deferred income tax expense of \$5.8 million and current income tax expense of \$13.4 million, primarily due to differences in the availability of tax deductions. Income tax expense increased by \$4.2 million for the year, with deferred income tax expense of \$39.4 million and current income tax expense of \$31.7 million, compared to deferred income tax expense of \$23.8 million and current income tax expense of \$43.1 million, primarily due to the realized loss arising from the foreign currency forwards related to the acquisition of the Gateway Terminal.

The effective tax rate was 27.5% and 24.9% for the three months and year ended December 31, 2023, compared to 23.15% and 23.05% for the three months and year ended December 31, 2022.

SUMMARY OF QUARTERLY RESULTS

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

(\$ thousands, except per share amounts)	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	2,809,533	3,225,787	2,613,334	2,366,040	2,499,372	2,651,883	3,195,704	2,688,452
Net income	53,301	20,633	52,026	88,251	63,891	71,465	35,919	51,970
Adjusted EBITDA ⁽¹⁾	169,681	149,600	115,708	154,839	137,334	149,413	113,572	120,660
Earnings per share								
Basic (\$/share)	0.33	0.11	0.37	0.62	0.45	0.49	0.24	0.35
Diluted (\$/share)	0.32	0.11	0.37	0.61	0.43	0.48	0.24	0.35

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

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

Infrastructure – The Infrastructure segment has progressively commissioned or acquired new storage capacity and related infrastructure, typically underpinned by long-term, stable fee-based contracts.

Select significant drivers and/or select projects put into service over the past eight quarters include:

- o The contribution from the first Trans Mountain pipeline expansion tank constructed at the Edmonton Terminal
- o Acquisition of the Gateway Terminal in the third quarter of 2023
- o An environmental provision recorded in the second quarter of 2023
- o Revision to estimated useful lives of certain assets during the fourth quarter of 2022, leading to reduced depreciation expense, partially offset by increased depreciation and amortization expense due to the Gateway Terminal
- o The biofuels blending project at the Edmonton Terminal being placed into service during the second quarter of 2022
- o The Moose Jaw Facility fuel switching project being placed into service during the second quarter of 2022

Marketing – The Marketing segment's activities, including its location, quality and time-based strategies as well as the sale of refined products, are highly impacted by various factors that often fluctuate quarter over quarter. While certain of these variables, including exposure to the underlying commodity, are actively managed, the specific profit drivers for the Marketing segment generally vary from period to period. From the third quarter of 2022, through the second quarter of 2023, the opportunities available to Crude Marketing modestly improved while Moose Jaw Refined Products margins were slightly elevated.

Corporate – Corporate includes Company-wide general and administrative expenses, financing costs, foreign exchange fluctuation not affecting segment profit and other corporate expenses.

Over the past eight quarters, the following trends or events have affected the Company's net income and earnings per share:

- o Higher finance costs incurred in 2023 primarily as a result of financing activity related to the Gateway Terminal acquisition and increased interest rates
- o Acquisition and integration costs incurred primarily during the third quarter of 2023 in relation to the Gateway Terminal acquisition
- o The renewable power agreement, signed in the third quarter of 2023, measured at fair value including non-observable inputs. The value is primarily affected by the price of electricity over the term of the contract, and significant volatility from the electricity forward market will be reflected in the Company's net income

LIQUIDITY AND CAPITAL RESOURCES

Liquidity Sources

(\$ thousands)	Coupon Rate	Maturity	December 31, 2023	December 31, 2022
Unsecured revolving credit facility	floating	2028	230,000	255,000
Senior unsecured notes	2.45 %	2025	325,000	325,000
Senior unsecured notes	5.80 %	2026	350,000	—
Senior unsecured notes	2.85 %	2027	325,000	325,000
Senior unsecured notes	3.60 %	2029	500,000	500,000
Senior unsecured notes	5.75 %	2033	350,000	—
Senior unsecured notes	6.20 %	2053	200,000	—
Unsecured hybrid notes ⁽¹⁾	5.25 %	2080	250,000	250,000
Unsecured hybrid notes ⁽¹⁾	8.70 %	2083	200,000	—
Unamortized issue discount and debt issue costs			(18,457)	(8,228)
Total debt outstanding			2,711,543	1,646,772
Lease liability			62,005	71,700
Cash and cash equivalents			(143,758)	(83,596)
			2,629,790	1,634,876
Total share capital			2,341,267	1,964,515
Total capital			4,971,057	3,599,391

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

The Company's primary liquidity and capital resource needs are to fund ongoing capital expenditures, acquisitions, its working capital needs and its dividend. In addition, the Company must service its debt, including interest payments. The Company expects to source funds required to service its debt from cash and cash equivalents, cash flow from operations, its revolving credit facility and by accessing the capital markets. The Company currently anticipates its cash flow from operations, the majority of which is derived from long-term take-or-pay contracts, to be sufficient to meet its operating obligations, fund capital expenditures and pay its dividend. Where the Company generates cash flow in excess of its dividends and capital investment opportunities, and its financial position is deemed sufficiently strong by the Company, common share repurchases may occur to return cash to shareholders.

The Company remains confident in its ability to renew and extend its long-term debt expiring in the near term. However, due to changes in the macro environment, including inflationary pressure, interest rate increases, and continued volatility in global financial markets, the Company's ability to access financing in the capital markets at attractive terms in the future could be adversely impacted. Refer to "Risk Factors" within this MD&A and the AIF for more information. The Company continues to monitor the macro environment and remains satisfied that its disciplined approach employed with respect to its capital structure is appropriate given the characteristics and operations of the underlying asset base. The Company may also adjust its capital structure as a result of changes in current or expected economic and/or market conditions or its underlying business. Adjustments to the capital structure may result in refinancing or renegotiating its existing debt, issuance of new debt, issuance of equity or hybrid securities and the repurchase of common shares.

During the year ended December 31, 2023, the Company repurchased for cancellation 2.1 million common shares at an average price of \$22.91 per common share for total consideration of \$48.4 million. The Company's current NCIB has an expiry date of the earlier of September 15, 2024, and the date on which the maximum number of common shares acquired pursuant to the NCIB has been purchased, and allows for the repurchase of 7.5% of the public float of common shares or 9,812,193 common shares, in accordance with the applicable rules and policies of the TSX and applicable securities laws. The Company did not repurchase any common shares under its NCIB for the three months ended December 31, 2023.

Unsecured revolving credit facility

The revolving credit facility is available to provide financing for working capital, fund capital expenditures and other general corporate purposes. The revolving credit facility permits letters of credit, swingline 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 U.S. Secured Overnight Financing Rate or Canadian Bankers Acceptance Rate, as the case may be, 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 credit rating and relative performance to selected environmental, social and governance targets. The Company must pay standby fees on the unused portion of the revolving credit facility and customary letter of credit fees equal to the applicable margins determined in a manner similar to interest.

On February 10, 2023, the Company extended the maturity date of the revolving credit facility from April 2027 to February 2028, amongst other amendments. On August 1, 2023, the Company further amended its revolving credit facility, increasing the capacity from \$750.0 million to \$1,000.0 million.

As at December 31, 2023, the Company had a cash balance of \$143.8 million and had the ability to utilize borrowings under the revolving credit facility of \$770.0 million. The Company has two bilateral demand facilities, available for general corporate purposes or letters of credit, totaling \$150.0 million under which it had issued letters of credit totaling \$38.0 million (December 31, 2022 - \$37.5 million).

Senior unsecured notes

The following represents the senior unsecured notes as of December 31, 2023:

- o The senior unsecured notes carrying a fixed 2.45% per annum coupon rate have semi-annual interest payment dates of January and July 14 and a maturity date of July 14, 2025;
- o The senior unsecured notes carrying a fixed 5.80% per annum coupon rate have semi-annual interest payment dates of January and July 12 and a maturity date of July 12, 2026;
- o The senior unsecured notes carrying a fixed 2.85% per annum coupon rate have semi-annual interest payment dates of January and July 14 and a maturity date of July 14, 2027;
- o The senior unsecured notes carrying a fixed 3.60% per annum coupon rate have semi-annual interest payment dates of March and September 17 and a maturity date of September 17, 2029;
- o The senior unsecured notes carrying a fixed 5.75% per annum coupon rate have semi-annual interest payment dates of January and July 12 and a maturity date of July 12, 2033; and
- o The senior unsecured notes carrying a fixed 6.20% per annum coupon rate have semi-annual interest payment dates of January and July 12 and a maturity date of July 12, 2053.

The indenture(s) governing the terms of the Company's senior unsecured notes, as supplemented, contains certain redemption options whereby the Company can redeem all or part of the senior unsecured notes at such prices and on such dates as set forth therein. In addition, the holders of the notes have the right to require the Company to repurchase the notes at the purchase prices set forth in the applicable indenture in the event of a change of control triggering event, being both a change in control of the Company or ratings decline of the applicable notes to below an investment grade rating, as such terms are defined in the applicable indenture.

Unsecured hybrid notes

The unsecured hybrid notes currently carrying a 5.25% per annum coupon rate have a maturity date of December 22, 2080. Interest is payable semi-annually on June 22 and December 22 of each year the notes are outstanding from December 22, 2020 to, but excluding, December 22, 2030. From, and including, December 22, 2030, during each Interest Reset Period (as defined in the applicable indenture) during which the notes are outstanding, the interest rate on the unsecured hybrid notes will be reset at a fixed rate per annum equal to the 5-Year Government of Canada Yield on the business day prior to such Interest Reset Date (as defined in the applicable indenture) plus, (i) for the period from, and including, December 22, 2030 to, but not including, December 22, 2050, 4.715% and (ii) for the period from, and including, December 22, 2050 to, but not including, the maturity date, 5.465% in each case, to be reset by the Calculation Agent (as defined in the applicable indenture) on each Interest Reset Date and with the interest during such period payable in arrears, in equal semi-annual payments on June 22 and December 22 in each year.

On July 12, 2023, the Company closed its offering of \$200.0 million of unsecured hybrid notes, which carry an 8.70% per annum coupon rate and have a maturity date of July 12, 2083. Interest is payable semi-annually on January 12 and July 12 of each year the notes are outstanding from July 12, 2023, to, but excluding, July 12, 2028. From, and including, July 12, 2028, during each Interest Reset Period (as defined in the applicable indenture) during which the notes are outstanding, the interest rate on the unsecured hybrid notes will be reset at a fixed rate per annum equal to the 5-Year Government of Canada Yield on the business day prior to

such Interest Reset Date (as defined in the applicable indenture) plus, (i) for the period from, and including, July 12, 2028 to, but not including, July 12, 2033, 5.041% and (ii) for the period from, and including, July 12, 2033, to, but not including, July 12, 2048, 5.291% and (iii) for the period from, and including, July 12, 2048 to, but not including, the maturity date, 6.041% in each case, to be reset by the Calculation Agent (as defined in the applicable indenture) on each Interest Reset Date and with the interest during such period payable in arrears, in equal semi-annual payments on January 12 and July 12 in each year. The terms of the indentures for the unsecured hybrid notes contained special mandatory redemption clauses which expired on August 1, 2023, concurrent with the closing of the acquisition of the Gateway Terminal.

The indenture governing the terms of the unsecured hybrid notes, as supplemented, contains certain redemption options whereby the Company can redeem all or part of the unsecured hybrid notes at such prices and on such dates as set forth therein. In addition, the holders of the unsecured hybrid notes have the right to require the Company to repurchase the unsecured hybrid notes at the purchase prices set forth in the applicable indenture in the event of a change in control triggering event, being both a change of control of the Company or ratings decline of the applicable notes to below an investment grade rating, as such terms are defined in the applicable indenture.

The Company incurred aggregate debt issuance costs of \$12.0 million related to the senior unsecured notes and unsecured hybrid notes issued during the year.

The unsecured hybrid notes receive a 50% equity treatment by the Company's rating agencies, under certain conditions.

Subscription receipts

On June 22, 2023, the Company closed a bought deal offering of 20.0 million subscription receipts, including 2.6 million subscription receipts issued pursuant to the exercise in full by the underwriters of their over-allotment option. The subscription receipts were issued at \$20.15 per subscription receipt for total gross proceeds of \$403.2 million. Transaction costs related to the equity offering were \$17.3 million, resulting in net proceeds of \$385.9 million. On August 1, 2023, concurrent with the closing of the acquisition of the Gateway Terminal, each subscription receipt was exchanged for one common share of the Company. Dividend equivalent payments of \$0.39 per subscription receipt, as outlined in the offering, were made to holders of record at market close on July 31, 2023. The aggregate payment of \$7.8 million was recognized as finance costs in the consolidated statement of operations, as discussed in "Expenses" section of this MD&A.

Cash Flow Summary

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

The following table summarizes the Company's sources and uses of funds for the years ended December 31, 2023, and 2022:

Statement of cash flows (\$ thousands)	Years ended December 31,		
	2023	2022	Change
Cash inflow (outflow)			
Operating activities	574,856	598,312	(23,456)
Investing activities	(1,599,766)	(134,400)	(1,465,366)
Financing activities	1,071,999	(445,506)	1,517,505
Net increase in cash and cash equivalents	47,089	18,406	28,683

Cash Inflow from Operating Activities

Cash inflow from operating activities was \$574.9 million for the year ended December 31, 2023, compared to \$598.3 million for the year ended December 31, 2022. The changes were primarily driven by the following:

- o Cash inflow from changes in working capital of \$37.7 million compared to cash inflow of \$119.2 million, primarily driven by volatility in commodity prices and the timing of the related settlements, partially offset by increase in contract liabilities;
- o Cash inflow from operations before income taxes and working capital changes of \$567.4 million, compared to \$516.7 million, primarily due to higher segment profit, partially offset by acquisition and integration costs in the current period; and
- o Taxes paid of \$30.3 million compared to \$37.6 million, primarily due to reduced taxable income.

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

Cash Outflow from Investing Activities

Cash outflow from investing activities was \$1,599.8 million for the year ended December 31, 2023, compared to \$134.4 million for the year ended December 31, 2022. The increase in the current period primarily relates to the \$1,461.8 million net cash outflow for the acquisition of the Gateway Terminal. For a summary of capital expenditures, see the "Capital Expenditures, Acquisitions and Equity Investments" discussion included in this MD&A.

Cash Inflows (Outflow) from Financing Activities

Cash inflow from financing activities was \$1,072.0 million for the year ended December 31, 2023, compared to a cash outflow of \$445.5 million for the year ended December 31, 2022. The cash inflow from financing activities resulted from the Gateway Terminal acquisition related debt offerings totaling \$1,088.0 million, net of debt issuance costs, and net proceeds from the issuance of common shares of \$385.9 million as described in "Liquidity and Capital Resources" above. Additional changes relate to the decrease in repurchase of the Company's common shares under its NCIB of \$48.4 million in the year ended December 31, 2023, compared to \$146.1 million in the year ended December 31, 2022. These changes were partially offset by the reduction in the proceeds from the exercise of stock options, which were \$1.6 million for the year ended December 31, 2023, compared to \$24.1 million in the prior period.

Credit Risk

The Company actively monitors the financial strength of its customers and, in select cases, has tightened credit terms to minimize the risk of default on trade receivables. A significant portion of the Company's trade receivables are due from entities in the oil and gas industry. Concentration of credit risk is mitigated by having a broad customer base and by dealing with credit-worthy counterparties in accordance with established credit approval practices. The Company assesses all counterparties before entering into agreements, and actively monitors exposure and credit limits across the business. The Company establishes guidelines for customer credit limits and terms. The Company review includes financial statements and external ratings when available. The carrying amount of the Company's net trade and other receivables represents the maximum counterparty credit exposure, without taking into account any security held.

Credit Ratings and Covenants

The Company's ability to access debt in the capital markets depends, in part, on the credit ratings determined by rating agencies for the Company's debt. A downgrade could increase the interest rates applicable to borrowings under the revolving credit facility or increase the interest rate applicable on any new or restructured debt issuances. Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor.

There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgement, circumstances so warrant.

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

The Company is also required to meet certain specific and customary affirmative and negative financial covenants under its revolving credit facility, including the maintenance of certain financial ratios. The consolidated total debt to capitalization ratio represents the ratio of all debt obligations on the financial statements to total capitalization (total debt plus total shareholders' equity, including certain adjustments). The consolidated interest coverage ratio represents the ratio of Consolidated EBITDA (as defined by the revolving credit facility) to consolidated cash interest expense calculated in accordance with the revolving credit facility. The covenant tests exclude all of the unsecured hybrid notes, and the interest thereon, in the calculations. An event of default resulting from a breach of a financial covenant may result, at the option of the lenders holding a majority of the indebtedness, in an acceleration of the repayment of the principal and interest outstanding and a termination of the revolving credit facility. The following table outlines each covenant requirement and its current value:

	Covenant	As at December 31, 2023
Consolidated debt to capitalization ratio	No greater than 65%	53%
Consolidated interest coverage ratio	No less than 2.5 to 1.0	6.1 to 1.0

The senior unsecured notes, unsecured hybrid notes and revolving credit facility contain non-financial covenants that restrict, subject to certain thresholds, some of the Company's activities, including the Company's ability to dispose of assets, incur additional debt, pay dividends, create liens, make investments and engage in specified transactions with affiliates. They also contain customary events of default, including defaults based on bankruptcy and insolvency, non-payment of principal, interest and fees when due, breach of covenants, change in control and material inaccuracy of representations and warranties, subject to specified grace periods.

As at December 31, 2023, the Company was in compliance with all existing covenants under the senior unsecured notes, unsecured hybrid notes and revolving credit facility.

For additional information regarding these financial covenants, refer to the Company's various debt agreements available on SEDAR+ at www.sedarplus.ca.

Dividends

The Company is currently paying quarterly dividends to holders of common shares. The amount and timing of any future dividends payable by the Company will be at the discretion of the Board and established on the basis of, among other items, the Company's earnings, funding requirements for operations, the satisfaction of a solvency calculation, and the terms of the Company's debt agreements and indentures. In addition, in connection with Company's dividend policy, after each fiscal year end the Board will formally review the annual dividend amount. During the year ended December 31, 2023, the Board declared dividends of \$1.56 per common share.

Contractual Obligations and Contingencies

The following table presents, as at December 31, 2023, the Company's obligations, and commitments to make future payments under contracts and contingent commitments:

(\$ thousands)	Total	Payments due by period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt	2,730,000	—	675,000	555,000	1,500,000
Interest payments on long-term debt	2,546,314	118,576	217,412	167,503	2,042,823
Lease and other commitments ⁽¹⁾	82,378	32,245	36,101	6,010	8,022
Total contractual obligations	5,358,692	150,821	928,513	728,513	3,550,845

(1) Lease and other commitments relate to office leases, rail cars, vehicles, various equipment leases, terminal services and power purchase arrangements.

The Company had undiscounted provisions of \$492.8 million (December 31, 2022 — \$293.4 million) associated with site restoration on the retirement of assets and environmental costs, however the timing of such payments is uncertain due to the estimates used to calculate these amounts and the long-term nature of these balances. The Company also has commitments relating to its risk management contracts which are discussed further in "Quantitative and Qualitative Disclosures about Market Risks".

Contingencies

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

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

CAPITAL EXPENDITURES, ACQUISITIONS AND EQUITY INVESTMENTS

	Year ended December 31, 2023
(\$ thousands)	
Infrastructure	120,336
Corporate and other projects	755
Growth capital ⁽¹⁾	121,091
Acquisitions	1,461,766
Equity investments	765
Replacement capital ⁽¹⁾	35,928
Total capital expenditures, acquisitions and equity investments	1,619,550

(1) Growth capital and replacement capital are supplementary financial measures. See the "Specified Financial Measures" section of this MD&A for information on each supplementary financial measure.

The Company primarily invests capital in constructing or acquiring infrastructure for the storage, transportation and optimization of liquids. The strategy has been focused on expanding and augmenting existing terminals and associated infrastructure at the Hardisty Terminal, the Edmonton Terminal, Gateway Terminal, Moose Jaw Facility and also looking for growth opportunities that align with the Company's strategy. Expansion and improvement of existing terminals and facilities will continue, especially when underpinned by long-term take-or-pay contracts with investment grade counterparties.

Currently, several projects, including the construction of two tanks at the Edmonton Terminal, are being undertaken in order to support shippers on the Trans Mountain pipeline expansion. The following represents key activities with respect to major growth projects during the year ended December 31, 2023:

- o The Company completed construction on the previously announced 435,000-barrel tank at the Edmonton Terminal, under a long-term, take-or-pay contract with an investment grade customer. Construction of the tank was completed on time and on budget, and is awaiting commissioning contingent on the Trans Mountain pipeline expansion becoming operational; and
- o The Company continued construction on two 435,000-barrel tanks at the Edmonton Terminal, under a long-term, take-or-pay contract with Cenovus Energy Inc., expected to be placed in-service in late 2024. The project is currently expected to be completed on time and on budget.

Corporate and other projects represent spending on information technology initiatives at the corporate and business unit level.

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

2024 Planned Capital Expenditures

On December 4, 2023, the Company announced its 2024 growth capital expenditure target of \$150.0 million and replacement capital expenditure target of \$40.0 million to \$45.0 million. While the Company anticipates that these planned capital expenditures will occur, certain capital projects are subject to general economic, financial, competitive, legislative, regulatory and other factors, some of which are beyond the Company's control and could impact the Company's ability to complete such activities as planned.

OFF-BALANCE SHEET ARRANGEMENTS

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

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares and preferred shares issuable in series. The number of preferred shares, in the aggregate, which may be issued and outstanding at any time shall be limited to a number equal to but not more than twenty percent (20%) of the number of issued and outstanding common shares at the time of issuance of any preferred shares. As at December 31, 2023, there were 161.7 million common shares outstanding and no preferred shares outstanding. In addition, under the Company's equity incentive plan, there were an aggregate of 2.5 million restricted share units, performance share units and deferred share units outstanding and 0.4 million stock options outstanding as at December 31, 2023.

As at December 31, 2023, awards available to grant under the equity incentive plan were approximately 3.6 million.

As at February 16, 2024, 161.7 million common shares, 2.5 million restricted share units, performance share units and deferred share units and 0.4 million stock options were outstanding.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

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

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

The fair value of futures contracts is based on quoted market prices obtained from the Chicago Mercantile Exchange. For positions where independent quotations are not available, an estimate is provided, or the prevailing market price at which the positions could be liquidated is used. All derivative positions offset existing or anticipated physical exposures. Price-risk sensitivities were calculated by assuming 15% volatility in crude oil, differentials and NGL related prices, regardless of term or historical relationships between the contractual price of the instruments and the underlying commodity price. In the event of an increase or decrease in prices, the fair value of the Company's derivative portfolio would typically increase or decrease, offsetting changes in the Company's physical positions. A 15% favorable change in crude oil and NGL prices would increase the Company's net income by \$26.3 million and \$34.2 million as of December 31, 2023, and 2022. A 15% unfavorable change in crude oil and NGL prices would decrease the Company's net income by \$26.3 million and \$34.2 million as of December 31, 2023, and 2022. However, these changes may be offset by the use of one or more risk management strategies.

Power price risk. The Company has a renewable power purchase agreement, which requires the Company to purchase renewable electricity produced at a fixed rate over a 15-year period, resulting in a derivative financial instrument. Pursuant to the agreement, the Company will purchase power and receive environmental attributes. The contract's power component represents an embedded derivative, assessed at fair value, in accordance with the requirements of IFRS Accounting Standards. Valuing an embedded derivative, without observable inputs, involves judgement including the estimation of future power prices, and is subject to significant volatility as power price forecasts vary. Spot and forward prices for power vary over time, and as forward prices for the entire contract period are not actively traded, extrapolation is required. The value has been primarily based on the comparative contracted prices relative to both current and expected future pricing of electricity in the Province of Alberta. A 15% increase in the expected future price of power would increase the Company's net income by \$11.6 million as of December 31, 2023. A 15% decrease in the expected future price of electricity would decrease the Company's net income by \$11.6 million as of December 31, 2023.

Interest rate risk. The Company's long-term debt, excluding the revolving credit facility, accrues interest at fixed interest rates and accordingly, changes in market interest rates do not expose the Company to future interest cash outflow variability. At December 31, 2023, the Company had \$230.0 million (December 31, 2022 – \$255.0 million) drawn under the revolving credit facility which is subject to interest rate risk, as borrowings bear interest at a rate equal to, at the Company's option, either the Canadian Prime

Rate, U.S. Secured Overnight Financing Rate, U.S. Base Rate or Canadian Bankers' Acceptance Rate, plus an applicable margin based on the Company's total leverage ratio. A 1% increase or decrease in interest rates would, based on current rates and balances, decrease or increase the Company's net income by \$2.3 million (as at December 31, 2022 – \$2.6 million).

Currency exchange risks. The Company's monetary assets and liabilities in foreign currencies are translated at the period-end rate. Exchange differences arising from this translation are recorded in the Company's statement of operations. In addition, currency exposures can arise from revenue and purchase transactions denominated in foreign currencies. Generally, transactional currency exposures are naturally hedged for the Company's Canadian operations (i.e. revenue and expenses are approximately matched), but, where appropriate, are covered using forward exchange contracts or currency swaps. The foreign currency forward exchange contracts including currency swaps entered into by the Company, although effective hedges from an economic perspective, have not been designated as hedges for accounting purposes, and therefore any gains and losses on such forward exchange contracts impact the Company's earnings. Furthermore, with the acquisition of the Gateway Terminal, the Company has increased its exposure to US\$ primarily in relation to the Company's investment in and the financial performance of the Gateway Terminal, during the three months ended December 31, 2023 and going forward. As a result, the Company has entered into several derivative contracts intended to economically hedge its exposure over the next several years. A 5% increase or decrease in foreign exchange rates between \$US and \$CAD, based on current balances, would increase or decrease the Company's net income by \$14.2 million (December 31, 2022 – \$10.2 million).

As at December 31, 2023, the Company had no U.S. dollar denominated debt as part of its draw on its revolving credit facility.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions. Predicting future events is inherently an imprecise activity and, as such, requires the use of judgement especially in times of increased volatility and uncertainty. Actual results may vary from estimates in amounts that may be material. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the Company's consolidated financial statements or the Infrastructure or Marketing segments individually.

The Company's critical accounting judgements and estimates are as follows:

Fair value of assets and liabilities acquired in a business combination: The determination of fair value requires the Company to make assumptions, estimates and judgments regarding future events. This allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Company's reported assets and liabilities, as well as future net earnings due to the impact of fair value of assets on future depreciation, amortization expense and impairment tests. The fair value of property, plant and equipment and intangible assets are estimated using valuation techniques, including market prices, discounted cash flows or replacement costs. Property, plant and equipment was valued using a replacement cost approach, and customer relationships recognized as intangible assets were valued using an income approach. The Company makes significant judgements in the application of these techniques, including forecasting cash flows, estimating the probability of contract renewal, for intangible assets and replacement costs, depreciation and obsolescence factors, as well as inflation rates for property, plant and equipment.

Recoverability of asset carrying values: The Company tests annually whether goodwill of an operating segment has suffered any impairment, in accordance with the Company's accounting policy. The recoverable amounts of the operating segments are determined based on the higher of value in use and fair value less cost of disposal calculations that require the use of estimates. The Company also assesses whether there have been any events or changes in circumstances that indicate that property, plant and equipment and other intangible assets may be impaired and an impairment review is carried out whenever such an assessment indicates that the carrying amount may not be recoverable. Any impairment charges booked against the goodwill or other assets are recorded outside the segment profit measure and therefore do not impact either the Infrastructure segment profit or the Marketing segment profit.

In the impairment analysis of the Company's assets, some of the key assumptions used are budgeted adjusted EBITDA which involves estimating revenue growth rates, future commodity prices, expected margins, expected sales volumes, cost structures, multiples of comparable public companies of the operating segment, terminal value and discount rates.

These assumptions and estimates are uncertain and are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates or are reflected within other key assumptions.

Income tax: Income tax expense represents the sum of the income tax currently payable and deferred income tax. Interest and penalties relating to income tax are included in finance costs. Deferred income tax is provided for using the liability method of accounting. Deferred income tax assets and liabilities are determined based on differences between the financial reporting and

income tax basis of assets and liabilities. These differences are then measured using enacted or substantially enacted income tax rates and laws that will be in effect when these differences are expected to reverse. The effect of a change in income tax rates on deferred tax assets and liabilities is recognized in income in the period that the change occurs. Income tax expense does not impact either the Infrastructure segment profit or Marketing segment profit.

The computation of the Company's income tax expense involves the interpretation of applicable tax laws and regulations in many jurisdictions. The resolution of tax positions taken by the Company can take significant time to complete and, in some cases, it is difficult to predict the ultimate outcome. In addition, the Company has carry-forward tax losses in certain taxing jurisdictions that are available to offset against future taxable profit. However, deferred income tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the unused tax losses can be utilized. Management judgement is exercised in assessing whether this is the case. To the extent that actual outcomes differ from management's estimates, income tax charges or credits may arise in future periods.

Joint arrangements: The determination of joint control requires judgement about the influence the Company has over the financial and operating decisions of an arrangement and the extent of the benefits it obtains based on the facts and circumstances of the arrangement during the reporting period. Joint control exists when decisions about the relevant activities require the unanimous consent of the parties that control the arrangement collectively. Ownership percentage alone may not be a determinant of joint control. The Company's joint arrangements are primarily within the Infrastructure business, and therefore impacts the Infrastructure segment. Once joint control has been determined, the arrangement is classified as a joint venture or a joint operation, depending on the rights and obligations of the parties to the agreement.

Provisions and accrued liabilities: The Company uses estimates to record liabilities for obligations associated with site restoration upon the retirement of assets and environmental costs, taxes, potential legal claims and other accruals and liabilities. The Company's provisions primarily relates to the Infrastructure business, and therefore, impact the Infrastructure segment.

Liabilities for site restoration upon the retirement of assets are recognized when the Company has an obligation to restore the site and when a reliable estimate of that liability can be made. An obligation may also crystallize during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. The present value is determined by discounting the expenditures expected to be required to settle the obligation using a risk-free discount rate. Estimated future expenditure is based on all known facts at the time and current expected plans for decommissioning. Among the many uncertainties that may impact the estimates are changes in laws and regulations, public expectations, prices and changes in technology. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recorded. This is subsequently depreciated as part of the asset. Other than the unwinding discount on the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

Liabilities for environmental costs are recognized when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the completion of a feasibility study or a commitment to a formal plan of action. The amount recognized is the best estimate of the expenditure required. Where the liability will not be settled for several years, the amount recognized is the present value of the estimated future expenditure. Estimated future expenditure is based on all known facts at the time and an assessment of the ultimate outcome. Several factors affect the cost of environmental remediation, including the determination of the extent of contamination, the length of time remediation may require, the complexity of environmental regulations and the advancement of remediation technology.

Other provisions and accrued liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. A change in estimate of a recognized provision or accrued liability would result in a charge or credit to net income in the period in which the change occurs.

Financial instruments: In situations where the Company is required to mark financial instruments to market, the estimates of gains or losses at a particular period-end do not reflect the end results of particular transactions and will most likely not reflect the actual gain or loss at the conclusion of the underlying transactions. The Company reflects the fair value estimates for financial instruments based on valuation information from third parties. The calculation of the fair value of certain of these financial instruments is based on proprietary models and assumptions of third parties because such instruments are not quoted on an active market. Additionally, estimates of fair value for such financial instruments may vary among different models due to a difference in assumptions applied, such as the estimate of prevailing market prices, volatility, correlations and other factors, and may not be reflective of the price at which they can be settled due to the lack of a liquid market. Although the resolution of these uncertainties has not historically had a material impact on the Company's results of operations or financial condition, the actual amounts may vary significantly from estimated amounts.

Change in accounting estimates

During the fourth quarter of 2022, the Company performed an annual review of the useful lives estimates for the property, plant, and equipment assets. The review was based on the current conditions of the company's assets, operational history and economic environment where the Company operates, along with the results of asset integrity assessments conducted over the course of past several years. As a result of this review, effective October 1, 2022, the following changes were made to the Company's estimates of the useful lives for various asset groups:

	Previous estimated useful lives	New estimated useful lives
Buildings	10 – 20 years	10 – 20 Years
Pipelines and connections	8 – 30 years	8 – 50 Years
Storage	20 – 30 years	20 – 40 Years
Facilities	10 – 25 years	10 – 35 Years
Equipment	3 – 20 years	5 – 40 Years

The adjustment was treated as a change in accounting estimate and accounted for prospectively, resulting in a decrease in the pre-tax depreciation expense of \$11.2 million for the fourth quarter of 2022, with a similar quarterly impact for the 2023 year. No material adjustments to useful life assumptions were made during the year ended December 31, 2023.

ACCOUNTING POLICIES

Adoption of new accounting standards:

The Company adopted the following IAS 12 — Income Taxes ("IAS 12") related amendments during the period in accordance with applicable transitional provisions:

- o The amendment related to the recognition of deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, did not have a material impact on the Company's consolidated financial statements. The amendment is effective for periods beginning on or after January 1, 2023; and
- o On May 23, 2023, the International Accounting Standards Board published International Tax Reform — Pillar Two Model Rules, in response to the rules published by the Organisation for Economic Co-operation and Development and introduced targeted disclosure requirements for affected entities. This amendment provides a temporary exception from the requirement to recognize and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two Model. This amendment was effective immediately, however, the Company does not currently operate in jurisdictions where related legislation is enacted or substantially enacted. As and when the legislation becomes enacted in applicable jurisdictions, the Company will utilize this exception.

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

The Company has assessed the impact of the following amendment to the standards and interpretations applicable for future periods:

- o IAS 1 – Presentation of Financial Statements ("IAS 1"), has been amended to clarify how to classify debt and other liabilities as either current or non-current and how to determine that an entity has the right to defer settlement of a liability arising from a loan arrangement, which contains covenant(s), for at least twelve months after the reporting period. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2024. The Company does not expect this amendment to have a material impact on the Company's consolidated financial statements at the adoption date.

DISCLOSURE CONTROLS AND PROCEDURES

As part of the requirements mandated by the Canadian securities regulatory authorities under NI 52-109, the Company's Chief Executive Officer and Chief Financial Officer have evaluated the design and operation of the Company's DC&P, as such term is defined in NI 52-109, as at December 31, 2023. The Chief Executive Officer and Chief Financial Officer are also responsible for establishing and maintaining the Company's ICFR, as such term is defined in NI 52-109. In making its assessment, management used the Committee of Sponsoring Organizations of the Treadway Commission framework in Internal Control – Integrated Framework (2013) to evaluate the design and effectiveness of internal control over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and compliance with IFRS Accounting Standards. The Company's Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the design and operational effectiveness of such controls as at December 31, 2023.

In accordance with the provisions of NI 52-109, management, including the Chief Executive Officer and the Chief Financial Officer, have limited the scope of their design of the Company's DC&P and ICFR to exclude controls, policies, and procedures of South Texas Gateway Terminal LLC. Results for South Texas Gateway Terminal LLC, which was acquired on August 1, 2023, reflected in the consolidated financial statements and related notes of the Company for the years ended December 31, 2023, and 2022, include current assets of \$19.7 million, non-current assets of \$1,472.3 million, current liabilities of \$7.0 million and non-current liabilities of \$45.1 million, as of December 31, 2023, and net income before income taxes of \$51.5 million, for the period since the transaction closed. The scope limitation is primarily due to the time required for management to assess the Gateway Terminal's DC&P and ICFR in a manner consistent with the Company's current operations.

Based on the evaluation of the design and operating effectiveness of the Company's DC&P and ICFR, subject to the scope limitation described above, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's DC&P and ICFR were effective as at December 31, 2023. There have been no other changes in ICFR that occurred during the period beginning January 1, 2023, and ending on December 31, 2023, that has materially affected or is reasonably likely to materially affect the Company's ICFR.

SPECIFIED FINANCIAL MEASURES

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

NON-GAAP FINANCIAL MEASURES

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

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

a) Adjusted EBITDA

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

Noted below is the reconciliation to the most directly comparable GAAP measures of the Company's segmented and consolidated adjusted EBITDA for the three and twelve months ended December 31, 2023, and 2022:

Three months ended December 31, (\$ thousands)	Infrastructure		Marketing		Corporate & Adjustments		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Segment Profit	157,968	108,855	24,474	40,315	—	—	182,442	149,170
Unrealized (gain) loss on derivative financial instruments	(5,377)	—	3,388	(3,000)	—	—	(1,989)	(3,000)
General and administrative	—	—	—	—	(10,893)	(10,236)	(10,893)	(10,236)
Adjustments to share of profit from equity accounted investees	155	1,400	—	—	—	—	155	1,400
Other	—	—	—	—	(34)	—	(34)	—
Adjusted EBITDA	152,746	110,255	27,862	37,315	(10,927)	(10,236)	169,681	137,334

Years ended December 31, (\$ thousands)	Infrastructure		Marketing		Corporate and Adjustments		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Segment Profit	494,451	434,998	148,436	122,020	—	—	642,887	557,018
Unrealized gain on derivative financial instruments	(4,637)	—	(3,484)	(4,027)	—	—	(8,121)	(4,027)
General and administrative	—	—	—	—	(49,570)	(40,196)	(49,570)	(40,196)
Adjustments to share of profit from equity accounted investees	4,448	7,442	—	—	—	—	4,448	7,442
Other	—	—	—	—	184	742	184	742
Adjusted EBITDA	494,262	442,440	144,952	117,993	(49,386)	(39,454)	589,828	520,979

(\$ thousands)	Three months ended December 31,	
	2023	2022
Net Income	53,301	63,891
Income tax expense	20,259	19,244
Depreciation, amortization, and impairment charges	47,690	30,834
Finance costs, net	35,919	17,827
Unrealized gain on derivative financial instruments	(1,989)	(3,000)
Corporate unrealized loss on derivative financial instruments ⁽¹⁾	866	—
Stock based compensation	5,600	5,116
Acquisition and integration costs	2,083	—
Adjustments to share of profit from equity accounted investees	155	1,400
Corporate foreign exchange loss and other	5,797	2,022
Adjusted EBITDA	169,681	137,334

(1) Represents the change in the fair value of the Company's renewable power purchase agreement.

(\$ thousands)	Years ended December 31,	
	2023	2022
Net Income	214,211	223,245
Income tax expense	71,123	66,890
Depreciation, amortization, and impairment charges	142,478	144,479
Finance costs, net	116,276	64,939
Unrealized gain on derivative financial instruments	(8,121)	(4,027)
Corporate unrealized loss on derivative financial instruments ⁽¹⁾	1,296	—
Stock based compensation	20,944	20,543
Acquisition and integration costs	22,042	—
Adjustments to share of profit from equity accounted investees	4,448	7,442
Corporate foreign exchange loss (gain) and other	5,131	(2,532)
Adjusted EBITDA	589,828	520,979

(1) Represents the change in the fair value of the Company's renewable power purchase agreement.

b) Distributable Cash Flow

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

(\$ thousands)	Three months ended December 31,		Years ended December 31,	
	2023	2022	2023	2022
Cash flow from operating activities	155,602	70,058	574,856	598,312
Adjustments:				
Changes in non-cash working capital and taxes paid	7,487	62,733	(7,434)	(81,576)
Replacement capital	(10,226)	(6,857)	(35,928)	(22,241)
Cash interest expense, including capitalized interest ⁽¹⁾	(34,456)	(16,289)	(100,133)	(59,816)
Acquisition and integration costs ⁽²⁾	2,083	—	22,042	—
Lease payments	(9,628)	(7,767)	(35,896)	(35,397)
Current income tax	(7,917)	(13,418)	(31,717)	(43,074)
Distributable cash flow	102,945	88,460	385,790	356,208

(1) Excludes dividend equivalent payments of \$7.8 million related to the subscription receipt offering, as described in "Liquidity and Capital Resources", as the payments are non-recurring and non-operational.

(2) Acquisition and integration costs adjusted on an incurred basis.

NON-GAAP FINANCIAL RATIOS

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

a) Dividend Payout Ratio

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

	Years ended December 31,	
	2023	2022
Distributable cash flow	385,790	356,208
Dividends declared	236,907	215,446
Dividend payout ratio	61%	60%

b) Net Debt to Adjusted EBITDA Ratio

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

Net debt is total borrowings (including current and non-current borrowings and lease liabilities), less unsecured hybrid notes and cash and cash equivalents. Unsecured hybrid notes are considered by the Company as equity and therefore excluded.

	Years ended December 31,	
	2023	2022
Long-term debt	2,711,543	1,646,772
Lease liabilities	62,005	71,700
Less: unsecured hybrid notes	(450,000)	(250,000)
Less: cash and cash equivalents	(143,758)	(83,596)
Net debt	2,179,790	1,384,876
Adjusted EBITDA	589,828	520,979
Net debt to adjusted EBITDA ratio	3.7	2.7

c) Distributable Cash Flow per share Ratio

Distributable cash flow per share is a non-GAAP financial ratio, which is not a standardized financial measure under GAAP and may not be comparable with measures disclosed by other companies. Distributable cash flow per share is calculated by dividing distributable cash flow by the weighted average number of shares outstanding on a rolling 12-month basis. The Company believes that investment analysts, investors and other interested parties use distributable cash flow per share to evaluate the Company's ability to grow its distributable cash flow on a non-diluted basis.

	Years ended December 31,	
	2023	2022
Cash flow from operating activities	574,856	598,312
Distributable cash flow	385,790	356,208
Weighted average common shares outstanding - basic (<i>thousands of shares</i>)	150,243	146,221
Cash flow from operating activities per share (\$/share)	3.83	4.09
Distributable Cash Flow per share (\$/share)	2.57	2.44

Supplementary Financial Measures

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

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

Capital Management Measures

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

The composition, usefulness and quantitative reconciliation of capital management measures are presented in "Liquidity and Capital Resources" section of this MD&A and within note 24 of the consolidated financial statements.

Total of Segments Measures

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

The Company defines segment profit as revenue less cost of sales (excluding depreciation, amortization and impairment charges) and operating expenses. Segment profit also includes the Company's share of equity pick up from equity accounted investees. Segment profit excludes depreciation, amortization, accretion, impairment charges, stock-based compensation, and corporate expenses such as income taxes, interest and general and administrative expenses, as senior management looks at each period's earnings before corporate expenses and non-cash items, as one of the Company's important measures of segment performance. The exclusion of depreciation, amortization and impairment expense could be viewed as limiting the usefulness of segment profit as a performance measure because it does not take into account, in current periods, the implied reduction in value of the Company's capital assets (such as, tanks, pipelines and connections, and plant, equipment and other assets) caused by use, aging and wear and tear. Repair and maintenance expenditures that do not extend the useful life, improve the efficiency or expand the operating capacity of the Company's capital assets are charged to operating expense as incurred.

(\$ thousands)	Three months ended December 31,		Years ended December 31,	
	2023	2022	2023	2022
Segment revenue				
Infrastructure	184,704	129,001	616,686	525,810
Marketing	2,713,928	2,460,278	10,703,676	10,828,234
Total segment revenue	2,898,632	2,589,279	11,320,362	11,354,044
Revenue – inter-segmental	(89,099)	(89,907)	(305,668)	(318,633)
Total revenue – external	2,809,533	2,499,372	11,014,694	11,035,411

Segment profit				
Infrastructure	157,968	108,855	494,451	434,998
Marketing	24,474	40,315	148,436	122,020
Total segment profit	182,442	149,170	642,887	557,018

(\$ thousands)	Three months ended December 31,		Years ended December 31,	
	2023	2022	2023	2022
Gross profit	129,882	114,224	483,328	394,435
Share of profit from equity accounted investees	7,397	5,850	22,120	20,926
Depreciation, amortization and impairment	43,568	28,003	131,297	135,111
Loss (Gain) on sale of assets	5	1	(183)	5,406
Other income	909	817	5,847	1,847
Foreign exchange gain	681	275	478	(707)
Total segment profit	182,442	149,170	642,887	557,018

RISK FACTORS

Shareholders and prospective investors should carefully evaluate risk factors noted by the Company before investing in the Company's securities, as each of these risks may negatively affect the trading price of the Company's securities, the amount of dividends paid to shareholders and the ability of the Company to fund its debt obligations, including debt obligations under its outstanding notes and any other debt securities that the Company may issue from time to time. For a further discussion of the risks identified in this MD&A, other risks and trends that could affect the Company's performance and steps the Company takes to mitigate these risks, readers are referred to the AIF, which is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.gibsonenergy.com.

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 revenue. Factors that could lead to a decrease in market demand include:

- o lower demand 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;
- o overall domestic and global economic and market conditions, including inflation and interest rates;
- o 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;
- o provincial, state and federal legislation either already in place or that may be introduced in the future, 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;
- o 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;
- o the energy transition and global movement towards decarbonization;
- o ESG and climate-change related targets and initiatives;
- o the increasing desirability, affordability and accessibility of new, low-carbon energy sources;
- o local and international government incentives, initiatives, policies and regulations;
- o the impact of any pandemic, epidemic or disease outbreak or other international or global event, including any government responses thereto;
- o technological advances in the production and longevity of alternative energy sources and electric and battery-powered engines; and
- o 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.

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 (including flooding, hurricanes, earthquakes, wind and increased annual levels of rainfall as a result of climate change or otherwise), 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 when practicable to lock-in margins; however, the Company may have unbalanced 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 when practicable, 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 commodity prices, the Company's liquids marketing business is subject to volatility in price differentials. 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. The Company manages its exposure to such commodity prices 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. The Company's utilization of price risk management strategies may result in the Company forgoing some or all of 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.

Competition

The Company is subject to competition from other terminals, export facilities, pipelines, 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 export facilities, 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 their 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 and petroleum products. 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.

Pipeline Egress

There are currently pipeline projects at various stages of development and/or regulatory approval that have the potential to impact the Company over the medium to long-term. Over the long-term, the Company could benefit from incremental egress from the completion of work on various pipeline projects under construction, provided there is an increase to crude oil production in Canada. However, in the short-term, or in the long-term if there is no increase to crude oil production in Canada, the availability of additional pipeline egress may impact the Company by reducing the demand for storage if the needs of customers to balance short-term supply and demand fluctuations decrease, or if customers no longer require the same amount of storage due to increased access to pipeline capacity. In addition, certain pipelines currently in operation are facing challenges at various levels of government and the outcome of these challenges and the impact to the Company cannot be determined at this time. Any future pipeline projects are expected to be subject to similar review, the results of which may negatively impact the Company's business, financial condition, results of operations, reputation and cash flows. The nature and scope of these effects cannot be determined at this time.

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.

As these contracts expire, they must be extended and renegotiated or replaced. There is no guarantee that any of the contracts that the Company currently has in place will be renewed at the end of their term or replaced with other contracts. 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 extend, renegotiate or replace contracts. 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, must renew them on less favorable terms, or incurs substantial costs in modifying its terminals, the Company's profitability, cash flow and financial position from these arrangements could decline.

Cyber-Attacks or Security Breaches

The Company's business is dependent on digital technologies and information systems to control its facilities and operations. The Company is also dependent on third party service providers to help support and maintain its technology systems. Such systems are subject to a variety of cyber-related risks, including hacking, phishing, cyberattacks, cyber fraud and viruses. Further, the failure of a third party to provide the Company with adequate services may result in disruptions to the Company's technology systems. The Company collects and stores sensitive data while conducting its business, including personal information regarding its employees and confidential business information of its customers, suppliers, investors, and stakeholders, for which it is legally responsible. A security breach of the Company's network or systems, or those of third parties, could have a material adverse impact on any of the technology systems used by the Company and result in, among other things, the improper operation of assets, delays in the delivery or availability of customers' products, contamination or degradation of products, potential releases of hydrocarbon products or the deletion, corruption, disclosure or theft of some or all of the information under the Company's custody or control (including confidential information and trade secrets.) The Company may be held liable for any such outcome. The frequency and sophistication of cyber-attacks continue to increase year-over-year and the Company expects to continue to experience attempts to gain unauthorized access to its information systems. Further, the increased remote access to information technology systems may heighten the threat of a cyber-security breach. The Company has put in place appropriate security measures to prevent unauthorized third-party access but a successful cyber-attack on the Company or third party vendors could result in a materially adverse effect on the Company's reputation, business, operations or financial results.

As a result of the acquisition of the Gateway Terminal, the Company may be subject to heightened cyber-security risks. The U.S. government has issued public warnings indicating that pipelines and other infrastructure assets might be specific targets of terrorist organizations or "cyber sabotage" events. For example in May 2021, a ransomware attack on a major U.S. refined products pipeline forced the operator to temporarily shut down the pipeline, resulting in disruption of fuel supplies along the East Coast. Potential targets include the Company's terminals databases or operating systems. The occurrence of an attack could cause a substantial decrease in revenues and cash flows, increased costs to respond or other financial loss, significant reporting requirements, damage to Gibson's reputation, increased regulation or litigation or inaccurate information reported from the Company's operations. In the event of such an incident, Gibson may need to retain cybersecurity experts to assist us in stopping, diagnosing, and recovering from the attack. The potential for an attack may subject operations to increased risks and costs, and, depending on their ultimate magnitude, have a material adverse effect on the Corporation's business, results of operations, financial condition, cash flows, and/or business reputation.

Gibson's commitment to enhancing cybersecurity forms a crucial part of its responsibility to protect the organization's data and assets from potential risks. The Company's approach is multi-faceted, involving the use of advanced technology, proactive detection and threat hunting, in response to cyber-attacks. Gibson integrates security into its architecture and operational processes to align with the National Institute of Standards and Technology (NIST) Cybersecurity Framework. The Company's cybersecurity program includes annual assessments, vulnerability and penetration testing, patch management, and network segmentation. To reinforce this strategy, Gibson provides cyber training programs, encompassing both annual and quarterly training sessions, as well as specialized training for personnel with access to operational technology networks and other areas.

The Company has put in place appropriate security measures designed to prevent unauthorized third-party access but a successful cyber-attack on the Company or third-party vendors could result in a materially adverse effect on the Company's reputation, business, operations or financial results.

ESG Targets and Commitments

As a part of the Company's strategic priority to retain its position as a responsible leader in the energy industry, the Company has committed to various ESG targets, including its net zero by 2050 commitment. To achieve this goal, among others, and to respond to changing market demand, the Company may incur additional costs and invest in new technologies and innovation. It is possible that the return on these investments may be less than the Company expects, which may have an adverse effect on the Company's business, financial condition and reputation. Further, to support the Company's ESG goals, the Company transitioned its principal revolving credit facility into a sustainability-linked revolving credit facility in the second quarter of 2021. As a result, the Company's borrowing costs may increase depending on its ability to achieve certain ESG and sustainability targets.

Generally speaking, Gibson's ESG targets depend significantly on the Company's ability to execute its current business strategy, related milestones and schedules, each of which can be impacted by the numerous risks and uncertainties associated with Gibson's business and the industries in which it operates, as outlined in the other risk factors described in this MD&A.

The Company recognizes that its ability to adapt to and succeed in a lower-carbon economy will be compared against its peers. Investors and stakeholders increasingly compare companies based on ESG-related performance, including climate-related performance. Failure by the Company to achieve its ESG targets, or a perception among key stakeholders that ESG targets are insufficient, could adversely affect, among other things, the Company's reputation and ability to attract capital. The continued focus on climate change by investors may lead to higher costs of capital for Gibson as the pressure to reduce emissions increases. The

Company's ability to attract capital may also be adversely impacted if financial institutions and investors incorporate sustainability and ESG considerations as a part of their portfolios or adopt restrictive decarbonization policies.

There is also a risk that some or all of the expected benefits and opportunities of achieving the various ESG targets may fail to materialize, may cost more to achieve or may not occur within the anticipated time periods. In addition, there are risks that the actions taken by the Company in implementing targets and ambitions relating to ESG focus areas may have a negative impact on its existing business and operations and increase capital expenditures, which could have a negative impact on the Company's business, financial condition, results of operations and cash flows.

Inflation and Interest Rates

The general rate of inflation impacts the economies and business environments in which the Company operates. If the Company's capital, development, operation or labour costs become subject to significant inflationary pressures over an extended period of time, the Company may not be able to fully offset such higher costs through corresponding increases in commodity prices and the prices charged for services. Further, there can be no assurance that any governmental action to mitigate inflationary cycles will be taken or be effective. In response to sustained, elevated global inflationary pressures, central banks, such as the Bank of Canada and the U.S. Federal Reserve, have increased interest rates and it is uncertain what they may do in the future. Governmental action, such as the imposition of higher interest rates or wage controls, may negatively impact the Company's financial results. In particular, the indebtedness under the revolving credit facility is at variable rates of interest and the unsecured hybrid notes also include a variable rate of interest after an initial term 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. Continued inflation, any governmental response thereto, or the Company's inability to offset inflationary effects may have a material adverse effect on the Company's business, results of operations, financial condition or value of its share price.

International Conflict

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

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

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:

- o adverse weather or sea conditions or extreme events, explosions, fires and accidents, including road, rail and marine accidents;
- o damage to the Company's pipelines, storage tanks, terminals and related equipment;
- o ruptures, leaks or releases of crude oil or petroleum products into the environment, including spills at terminals and hubs; spills associated with loading and unloading harmful substances;
- o vessels capsizing, ground and navigation errors;
- o protests, demonstrations or blockades;
- o acts of terrorism or vandalism; and

- o other accidents 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 regulatory enforcement or curtailment or suspension of the related operations. The consequences of any operational incident at the Company's marine terminal may be exacerbated as a result of the complexities involved in addressing leaks and releases in the ocean or along coastlines. Mechanical malfunctions, faulty measurement or other errors may also result in significant costs or lost revenue.

Capital Project Delivery and Success

The Company has had and will have organic growth projects that require the expenditure of significant amounts of capital. Many of these projects involve numerous regulatory, environmental, commercial, short and long-term 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, including as a result of inflation or supply chain disruptions. 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 be lower than expected.

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 and environmental conditions at the time of decommissioning, abandonment and reclamation. The Company may, in the future, be required by applicable laws or regulations to post security or 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 may impact the Company's ability to execute its business plan and service its debt obligations. In addition, such security or 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. Alberta is currently working on establishing a new security framework which is anticipated to come into effect in 2024.

As of January 2022, there are annual spend requirements for decommissioning, abandonment and reclamation of inactive sites in Alberta which require an amount specified by the regulator to be spent on decommissioning, abandonment and reclamation. Similar requirements were enacted in Saskatchewan in 2023, and require the Company to ensure that inactive sites are actively being addressed and, based on the regulator's assessment of the liability associated with any inactive sites, result in mandatory annual spend requirements. These spend requirements are not currently material; however, any increases thereto, may impact the Company's ability to execute its business plan and service its debt obligations, which may adversely affect the Company's business, financial condition and reputation.

Climate Change - Physical Risks

The Company recognizes that potential climate-related impacts are complex and may impact the Company's entire enterprise, including having physical impacts on the Company's business as a result of an increased likelihood, severity and frequency of extreme weather events, such as drought, severe storms and flooding, caused by climate change. These severe weather events may cause acute and chronic physical impacts on the Company's operations, such as impacts to the safety and reliability of operations, mechanical malfunctions, faulty measurements, and the effects of soil erosion, earth movement and freezing and thawing on pipelines and other infrastructure. Specifically, certain of the Company's operations are subject to slope stability risks that may be exacerbated by accelerated soil erosion. In addition, climate related physical risks can damage the Company's assets, which could result in reduced revenue from reduced capacity or business interruption, or increased costs related to asset repair. Any of these physical climate-related impacts may have a material adverse effect on the Company's business, reputation, financial condition, results of operations, and cash flows. For more information relating to the physical risks as a result of climate change and the potential impact on the Company's business, see "*Hazards and Operational Risks*".

Climate Change-Transition Risks

The Company recognizes risks related to the transition to a lower-emissions economy as climate change concerns could increase the demand for lower-emissions and alternative energy sources. Changes in customer behavior related to reduced energy consumption could impact the Company's customers and in turn, the demand for the Company's services. Transition to a lower-emissions economy may pose a risk to the Company if it is unable to diversify its operations on pace with such transition. This could in turn, impact business plans, increase the cost of operations, and impact various stakeholder decisions about the Company or increase stakeholder opposition.

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 revenue, 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 Canada-United States-Mexico 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. The Government of Canada has committed to amending the Canadian Environmental Protection Act, including provisions to protect the right of every individual in Canada to a healthy environment and extend various regulatory provision related to toxic substances. If passed, the proposed changes may result in increased costs, operating and permitting requirements.

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 revenue, 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 or may migrate onto the Company's sites from neighboring 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 vessel, 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 Company 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 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 previously divested environmental services business, it has incurred 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 and financial condition. There is also risk that the Company could face litigation initiated by third parties relating to climate change or other environmental regulations.

Federal Review of Environmental and Regulatory Processes

The *Impact Assessment Act* came into force in August 2019 and replaced the *Canadian Environmental Assessment Act, 2012*. 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's expanded assessment considerations include the environment health, economic, social and gender impacts, as well as considerations related to sustainability and Canada's climate change commitments. The Impact Assessment Act also places greater emphasis on Indigenous knowledge and explicitly states that one of the purposes of the act is to ensure respect for the rights of the Indigenous peoples of Canada recognized and affirmed by section 35 of the Constitution Act, 1982, in the course of impact assessments and decision-making under the legislation. Increased environmental assessment obligations may create risk of increased costs and project delays and may limit the Company's ability to obtain or renew permits efficiently. 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.

On May 10, 2022, arising out of a reference from the Government of Alberta, the majority of the Alberta Court of Appeal declared the *Impact Assessment Act* unconstitutional. The decision was appealed to the Supreme Court of Canada, which, on October 13, 2023 in a five to two decision, issued an opinion that the Impact Assessment Act and its Physical Activities Regulations are largely unconstitutional. The majority ruled that sections 81 to 91 were constitutional, however, the balance of the scheme, namely the "designated projects" portion, is beyond the powers of Parliament and therefore unconstitutional. The Government of Canada is currently considering amendments. Increased environmental assessment obligations or uncertainty as to such obligations may create risk of increased costs and project delays and may limit the Company's ability to develop or expand proposed projects efficiently.

The *Fisheries Act* prohibits harmful alteration, disruption or destruction of fish habitat and the prohibition against causing the death of fish by means other than fishing. Compared to previous versions, the current Fisheries Act expands 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. These amendments came into force in August 2019.

The *Canadian Navigable Waters Act* applies to all navigable waters and creates greater oversight for navigable waters and, consistent with the *Fisheries Act*, expands 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.

Oil Pollution Act

The OPA of 1990, as amended imposes a variety of regulations on "responsible parties" related to the prevention of oil spills and liability for damages resulting from such spills in U.S. waters. A "responsible party" includes the owner or operator of a facility or vessel or the lessee or permittee of the area in which an offshore facility is located. The OPA assigns liability to each responsible party for oil removal costs and a variety of public and private damages including natural resource damages. Under the OPA, vessels and shore facilities handling, storing, or transporting oil are required to develop and implement oil spill response plans, and vessels greater than 300 tonnes in weight must provide to the U.S. Coast Guard evidence of financial responsibility to cover the costs of cleaning up oil spills from such vessels. The OPA also requires that all newly constructed tank barges engaged in oil transportation in the U.S. be double hulled effective January 1, 2016. In the aftermath of the Deepwater Horizon incident in 2010, Congress has from time to time considered oil spill related legislation that could have the effect of substantially increasing financial responsibility requirements and potential fines and damages for violations and discharges subject to the OPA, and similar legislation. Any such changes in law affecting areas where the Company conducts business could materially affect its operations and may result in increased costs for the Company.

Climate Change Legislation

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, which may, in turn, have an adverse effect on the Company's operations, margins, profitability, reputation and results.

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 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 and more stringent, 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.

In 2018, the Canadian federal government enacted the GGPPA which established a national carbon-pricing regime requiring each province to implement a price on carbon of \$10 per tonne of CO₂e in 2018, escalating by \$10 each year, to an ultimate carbon price of \$50 per tonne of CO₂e in 2022. This regime (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 GGOOA will apply in that jurisdiction to the extent of such deficiency (the "Federal Backstop"). As of January 2024, the Federal Backstop applies in full to Manitoba, Nunavut, and Yukon, while the Federal Backstop applies in part to Alberta, Ontario and Saskatchewan. These provincial programs are expected to continue to be deemed to meet the stringency requirement of the GGPPA.

In December 2020, the Canadian federal government released its plan to accelerate climate action in Canada, titled "A Healthy Environment and a Healthy Economy". The plan proposes an increasing cost on carbon to \$170 per tonne in 2030. To reach that level, the price imposed on carbon will increase from the 2022 rate of \$50 per tonne by \$15 per tonne each year. Accordingly, the federal carbon price in 2024 will be \$80 per tonne. In March 2022, the Canadian Government introduced Canada's 2030 Emissions Reduction Plan: Canada's Next Steps for Clean Air and a Strong Economy which calls for the reduction of oil and gas emissions by at least 75% by 2030 and developing an approach to cap emissions to achieve net-zero by 2050.

In line with Canada's Emissions Reduction Plan, on December 7, 2023, the Canadian federal government announced that it intends to implement a national emissions cap-and-trade-system through regulations to be made under the Canadian Environmental Protection Act. This system, to be phased in between 2026 and 2030, will enable the regulator to issue a quantity of emission allowances that set the emissions cap for regulated entities. It is currently proposed that the 2030 emissions cap will be set at 35% to 38% below 2019 emission levels. This system will also permit some compliance flexibilities that allow emissions to exceed the emissions cap up to a legal upper bound, proposed to be set at 20% to 23% below 2019 emission levels for 2030. Emissions allowances and other types of compliance instruments can be bought and sold on an emissions trading market. Specific activities that may be covered by the regulations include: (i) bitumen and crude oil production; (ii) surface mining of oil sands and extraction of bitumen; (iii) upgrading of bitumen or heavy oil; (iv) production and processing of natural gas and production of natural gas liquids; and (v) production of liquefied natural gas. The federal government will regularly review the emissions cap, emissions trading market, and flexibility with respect to compliance obligations to ensure the proposal aligns with the goal of achieving net-zero emissions in the oil and gas sector by 2050. If this proposal is made into law, it will likely have a significant impact on Canadian industry participants and the Company. Draft regulations are expected to be released in mid-2024.

If these proposals are made into law, it will have a significant impact on Canadian industry participants, consumers and the Company alike.

Alberta

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

In 2019, the Alberta UCP government made several legislative changes including repealing the Climate Leadership Regulation, thereby eliminating Alberta's carbon tax and replacing the Climate Leadership Regulation with the TIER System.

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 import more than 10,000 tonnes of hydrogen, or that are otherwise eligible to opt-in to the TIER regime) to reduce their emissions intensity to the lesser of: (i) 10% (incrementally increased by 1% annually) below such facility's historical production-weighted average emissions intensity; or (ii) any high performance benchmarks prescribed by TIER applicable to the production of such facility.

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 megatonne (Mt) or more CO₂e will have an additional requirement to file forecasts of anticipated emissions for the following year.

The Alberta government has raised the price of TIER fund credits for 2023 to \$65 per tonne of CO₂e in an effort to satisfy the stringent requirements of the Federal Backstop. It is expected that the price of the TIER fund credits will be \$80 per tonne of CO₂e in 2024. However, Alberta's repeal of the provincial carbon tax 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 fuel charge will be levied on fossil fuels imported into or otherwise consumed within Alberta, other than in respect of TIER-regulated facilities.

While none of the Company's operating facilities in Alberta 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 is required to reduce its emission intensity in respect of such aggregate facility in accordance with TIER, but in doing so, has avoided the application of the fuel charge pursuant to the Federal Backstop, in respect of fuels used by such aggregate facility.

Recent amendments to TIER that take effect for the 2023 compliance period (and all subsequent compliance periods) created two new instruments under the TIER regulation: sequestration credits and capture recognition tonnes. Sequestration credits are designed to be recognized under the federal government's Clean Fuel Regulations and expire five years after their creation. Capture recognition tonnes function similar to an on-site reduction and allow emitters to reduce sequestered emissions from total regulated emissions at carbon capture sites. Sequestration credits, if produced in 2023 or a subsequent year and the carbon dioxide that was sequestered for the associated emission offset was captured at the project site, can be irreversibly converted into a capture recognition tonne.

Saskatchewan

Like Alberta, Saskatchewan has implemented an output-based pricing system applicable to large emitters pursuant to The MRGGA and related regulations including the regulations enacted thereunder. Effective January 1, 2023, the federal government deemed this program to meet the stringency requirement set out in the GGPPA, and thus the Federal Backstop no longer applies in full in Saskatchewan.

Large emitters under the MRGGR are facilities in certain sectors that emit 25,000 or more tonnes of CO₂e per year, 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, persons 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 historically opposed implementation of a carbon tax and the output-based pricing system contemplated by the MRGGR does not apply to certain industrial sectors. However, since January 1, 2023, the Saskatchewan Output-Based Performance Standards program, applies in respect of electricity generating facilities and natural gas transmission pipelines.

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 has been required to reduce its emission intensity in respect of such facility in accordance with the MRGGR and, in doing so, has avoided the application of the fuel charge pursuant to the Federal Backstop in respect of fuels used by such facility.

U.S. Regulation

The United States Government has, over the past 20 years, introduced various forms of legislation, regulation and standards around evolving environmental issues and concerns, focused primarily on GHG emissions and efforts to reduce such emissions going forward. For instance, the U.S. Energy Independence and Security Act of 2007 precludes agencies of the U.S. federal government from procuring mobility-related fuels from non-conventional petroleum sources that have lifecycle GHG emissions greater than equivalent conventional fuel. This may have implications for the Company's marketing of some heavy oil and oil sands production in the U.S., but the impact cannot be determined at this time.

In November 2021, the Biden administration released "The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050," which establishes a roadmap to net zero emissions in the United States by 2050 through, among other things, improving energy efficiency; decarbonizing energy sources via electricity, hydrogen, and sustainable biofuels; and reducing non-carbon dioxide GHG emissions, such as methane and nitrous oxide. In connection with this strategy, on December 2, 2023, the USEPA published a final rule that endeavors to sharply reduce methane and other air pollution from both new and existing sources in the oil and natural gas industry. The final rule expands and strengthens emissions reduction requirements for new, modified, and reconstructed oil and natural gas sources, and would require states to reduce methane emissions from hundreds of thousands of existing sources nationwide for the first time and require additional reporting, inspection, and monitoring protocols for methane detection.

In addition, legislation such as the bipartisan Infrastructure Investment and Jobs Act, the Inflation Reduction Act and the Climate Leadership and Environmental Action for our Nation's Future Act, continue to layer on additional legal and regulatory requirements that the Company needs to consider and integrate into its operating model. For example, the Inflation Reduction Act, which was signed into law in August 2022, appropriates significant funding for renewable energy initiatives and imposes a fee on greenhouse gas emissions from certain facilities. The emissions fee and funding provisions of the law could increase operating costs within the oil and gas industry and accelerate transitions away from fossil fuels, which could adversely affect our business and results of operations. In January 2024, USEPA issued a proposed rule to implement the emissions charge with a proposed effective date in 2025 for reporting year 2024 emissions.

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 and more stringent, 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.

Current and Emerging Climate Change Regulations

Compliance with climate change legislation generally requires significant expenditures and could potentially impact the nature of oil and gas operations, including those of the Company's customers. The increased costs of compliance associated with emerging regulations may also have a direct material impact on the Company's business and financial position. As regulations, including the emerging regulations identified below, change, they may affect the future demand of oil and refined products and, as a result, the ultimate impact and lasting effects on the Company's business, operations and financial condition, and on the energy industry as a whole, are highly uncertain.

Reduction of Greenhouse Gas Emissions

On July 12, 2021, the federal government formally submitted Canada's enhanced NDC to the United Nations, committing Canada to cut its GHG emissions by 40-45 percent below 2005 levels by 2030. Canada's NDC submission outlines a series of investments, regulations and measures that the country is taking in pursuit of its ambitious target. It includes input from provincial, territorial and Indigenous partners.

Methane Regulations

One source of GHG emissions is methane. The federal government established methane reduction regulations in 2018 to achieve a reduction target of 40% to 45% below 2012 levels by 2025. Certain provinces, such as Saskatchewan, Alberta and British Columbia have implemented provincial methane regulations that are deemed to be equivalent with the federal requirements. Alberta reached the 45% reduction target of methane emissions in 2022.

In 2021, the federal government announced that it would seek to reduce methane emissions from the oil and gas sector by at least 75% below 2012 levels by 2030. This amendment was formally proposed in December 2023 through the Regulations amending the Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector)

The proposed regulatory amendments relate to venting, flaring, hydrocarbon gas destruction equipment and fugitive emissions, and would come into force between 2027 and 2030. Finalized amendments to the Methane Regulation are expected in late 2024.

Clean Fuel Regulations

The Clean Fuel Regulations, which came into force in June 2022. The aim of this regulation is: (i) to lower the GHG emissions from various liquid fossil fuels by requiring producers or importers of gasoline, diesel, kerosene, and light and heavy fuel oils ("primary suppliers") to lower the carbon intensity of such fuels; and (ii) provide a framework for primary suppliers and those who voluntarily participate in the compliance credit market to create and trade credits to the extent they avoid lifecycle emissions of such fuels. Notwithstanding that compliance requirements only apply to liquid fuels, the Clean Fuel Regulations provide a framework for credit creation applicable to gaseous fuels as well. The regulation sets a baseline carbon intensity for each type of liquid fossil fuel, against which the primary suppliers must make annual carbon intensity reductions. Starting in 2022, each primary supplier must reduce the carbon intensity by the prescribed amount. In 2024, that amount is 90.0 gCO₂e/MJ for gasoline fuels and 88.0 gCO₂e/MJ for diesel fuels.

Changes in Tax Legislation and Exposure to Additional Tax Liabilities

The Company is subject to taxes in Canada and the U.S. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change that could cause the Company's effective tax rate to increase. Tax laws may be amended (and/or their interpretation may change), retroactively or prospectively, resulting in tax consequences that materially differ from those currently contemplated by the Company in the jurisdictions in which the Company has operations or sales, which may create a risk of increased taxes.

The Company is subject to the examination of its tax returns and other tax matters by tax authorities. While the Company believes that its tax filing positions are appropriate and supportable, it is possible that tax authorities may successfully challenge the Company's interpretation of tax legislation which may result in non-compliance or re-assessment, or 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.

The Minister of Finance has released tax proposals (the "EIFEL Proposals") that are intended, where applicable, to limit the deductibility of interest and financing expenses of a Canadian resident corporation or trust to a fixed ratio of tax EBITDA (as calculated in accordance with the EIFEL Proposals). If the EIFEL Proposals are enacted as proposed and if such proposals apply to the Company and its subsidiaries, the amount of interest and other financing expenses otherwise deductible by the Company and its subsidiaries may be reduced and as a result additional taxes may become payable. The EIFEL Proposals are expected to apply to the Company and its subsidiaries for their taxation years commencing on January 1, 2024.

The Minister of Finance has also introduced a new tax on share buybacks by public corporations in Canada. Under the proposal, which would come into force on January 1, 2024, a two percent corporate-level tax would generally apply for each taxation year of the Company on the fair value of shares that are redeemed, acquired or cancelled in excess of permitted issuances of shares. The new tax may have an adverse impact on the Company on any future share buybacks.

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 ESG factors, could mean that the Company, along with other oil and gas entities, may face restricted access to capital and increased borrowing costs. Specifically, changing investor priorities and trends, including as a result of climate change, ESG initiatives, the adoption of decarbonization policies and the general stigmatization of the oil and gas industry may limit the Company's ability to attract and access capital. This could have an adverse effect on the Company, the cost of capital could increase and future capital expenditures may need to 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. See also "ESG Targets and Commitments".

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.

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.

With increasing public focus on climate change and GHG emissions, the reputation of oil and gas companies generally may become increasingly unfavorable. There are added social pressures which demand governments and companies work to mitigate the risks associated with climate change, decrease GHG emissions and move towards decarbonization. Specifically, there is a reputational risk in connection with the Company's ability to meet increasing climate reporting and emission reduction expectations from the Company's key stakeholders. While the Company's reputation may be generally negatively impacted in connection with the stigmatization of the energy industry, the Company has been actively preparing and adapting to manage and respond to investors' increasing expectations by proactively setting voluntary GHG and emissions reduction targets, investing in energy efficiency and emissions reduction projects, integrating ESG across the business and tying the Company's borrowing costs and employee compensation to the Company's ESG performance.

Negative impacts from a compromised reputation for any reason could include revenue loss, reduction in customer base and diminution of share price.

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. Further, should a joint owner become insolvent, the Company may be directed by regulators to assume the joint owner's obligations and may face operational challenges during any insolvency proceedings resulting in additional costs.

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.

Major Customers and Collection Risk

The Company relies upon certain key customers and suppliers in each of its business segments and upon agreements with key customers to underpin various capital projects. 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. Customers may seek relief from their contractual obligations or seek to restructure their current contracts. In such an event, the Company's revenue could be reduced or capital projects suspended. 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, cash flow and financial position.

Possible Failure to Realize the Anticipated Benefits of the Gateway Terminal Acquisition

The Company expects to realize certain benefits from the acquisition of the Gateway Terminal, however, there is a risk that some or all of the expected benefits may fail to materialize or may not occur within the time periods that the Company anticipated. Achieving the benefits of the Gateway Terminal acquisition depends on numerous factors, including the Company's ability to maximize potential growth opportunities and operational synergies. A variety of factors, including those risk factors set forth herein, may adversely affect the ability to achieve the anticipated benefits of the Gateway Terminal acquisition. There can be no assurance that the expected benefits of the Gateway Terminal acquisition will be realized.

Unexpected Liabilities Related to the Acquisition of the Gateway Terminal

In connection with the acquisition of the Gateway Terminal, there may be liabilities associated with such business that the Company failed to discover or was unable to quantify in the due diligence which it conducted in connection with the acquisition and the Company may not be indemnified for some or all of these liabilities.

Although the Company conducted what it believes to be a prudent and thorough level of investigation with respect to the acquisition of the Gateway Terminal, a certain degree of risk remains regarding the accuracy and completeness of information provided by the sellers during the course of the Company's evaluation of the acquisition or thereafter. While the Company has no reason to believe the information obtained from the sellers is misleading, untrue or incomplete, the Company cannot assure the

accuracy or completeness of such information, nor can the Company compel the sellers to disclose events which may have occurred or may affect the completeness or accuracy of such information, but which are unknown to the Company.

In connection with the acquisition of the Gateway Terminal, the Company obtained a representation and warranty insurance policy package with combined coverage limits of up to \$110.0 million. Such representation and warranty insurance policy is subject to certain exclusions and limitations. In addition, there may be circumstances for which the insurer may elect to limit such coverage or refuse to indemnify the Company or situations for which the coverage provided under the representation and warranty insurance policy may not be sufficient or applicable.

The discovery, existence or quantification of any such liabilities and the Company's inability to claim indemnification from the sellers or the provider of the representation and warranty insurance policy could have a material adverse effect on the Company's business, financial condition or future prospects.

Financial and Operational Forecasts and Projections

The Company's financial and operational forecasts, including in connection with the acquisition of the Gateway Terminal, are based on a number of assumptions, many of which are outside of Gibson's control, and, if the underlying assumptions prove to be inaccurate, the Company's actual financial and operational results may be different from the forecasts and such differences may be material. Such assumptions are further subject, to a significant degree, to future business decisions, some of which may change, and that could further cause Gibson's actual results to differ materially from those forecasted. Accordingly, Gibson's forecasts and projections are only an estimate of what Gibson's management believes to be realizable. Although Gibson considers the assumptions and estimates underlying the forecasts to be reasonable as of the date of thereof, those assumptions and estimates are inherently uncertain and subject to significant business, economic, financial, regulatory, technological and competitive risks and uncertainties, many of which are beyond the Company's control and if such assumptions prove to be inaccurate, actual results may differ materially from forecasts.

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 incidental 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. Insurance providers are adjusting to the risks that climate change poses and as a result, the Company's ability to secure necessary or prudent insurance coverage may also be adversely affected in the event that the Company's insurers adopt more restrictive ESG or decarbonization policies. As a result of these policies, premiums and deductibles for some or all of the Company's insurance policies could increase substantially. In some instances, coverage may be reduced or become unavailable. As a result, the Company may not be able to renew the Company's existing policies, or procure other desirable insurance coverage, either on commercially reasonable terms, or at all.

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.

Supply Chain Risk

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

Pandemic Risk

Pandemics, epidemics or disease outbreaks, such as the COVID-19 pandemic, may adversely affect local and global economies, as well as the Company's business, operations and financial results. There can be no certainty regarding the long-term efficacy of any vaccines and the effectiveness of government interventions against the spread of pandemics, epidemics or disease outbreaks in the future. Accordingly, any resurgence or emergence of new widespread diseases may have a negative impact on the Company's business or the broader economy.

Governments will continue to closely monitor the spread viruses, their variants and other diseases, which may lead to the reintroduction of restrictive measures to counter any such spread. Accordingly, the Company's financial and/or operating

performance could be materially adversely impacted by way of suspensions, delays or cancellations of the Company's projects, either by its customers or due to broader government directives, slowdowns or stoppages in the performance of projects due to labor shortages, union action and/or high levels of absenteeism, supply chain disruptions and corresponding shortages, increased collection risk from customers, volatility in capital markets, inflation and decreases in customer demand as a result of the impacts of government imposed restrictions, including reduced prices of and global demand for petroleum products caused by travel restrictions and other shut-downs. For a discussion of the risks associated with decreases in the prices of and demand for crude oil and petroleum products, see "Market and Commodity Price Risk" and "Demand for Crude Oil and Petroleum Products".

The partial or complete shut-down of workplaces, employees working remotely, and the implementation of enhanced health and safety measures in workplaces may reduce the efficiency and increase the costs of operations and may adversely affect the Company's margins, profitability and results. Further, the increased remote access to information technology systems may heighten the threat of a cyber-security breach. The Company may continue to experience materially adverse impacts to the Company's business as a result of the pandemic's global economic impact. The long-term impacts of pandemics, epidemics or disease outbreaks, including the COVID-19 pandemic, may also increase exposure to, and magnitude of, each of the risks identified in the "Risk Factors" section of this MD&A and the AIF and the risk factors described in other documents the Company files from time to time with Canadian securities regulatory authorities, available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.gibsonenergy.com.

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.

FORWARD-LOOKING INFORMATION

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

- the Company's plans and targets, and the achievement thereof, including but not limited to growth and replacement capital expenditure and the amount and allocation thereof;*
- the addition or disposition of assets and changes in the services to be offered by the Company;*
- fluctuations in the Company's net debt to adjusted EBITDA ratio, interest coverage ratio and other metrics, and the timing and drivers thereof;*
- the Company's commitment to low-carbon transition and achieving its emission reduction targets;*
- The Company's dividends payable and the amount and timing thereof;*
- the anticipated benefits of the Gateway Terminal acquisition and the timing thereof, including the opportunity to expand the Company's asset base;*
- the potential impact of exchange rate fluctuations on the Company's results and the Company's ability to minimize such impact through the use of financial derivatives;*
- the impact of macroeconomic conditions, increased interest rates, geopolitical events, inflation and other factors on economic activity, commodity prices and the Company, including its ability to access capital;*
- the Company's projections relating to target segment profit, distributable cash flow, distributable cash flow per share, total cash flow and the stability thereof;*
- the Company's investment in new equipment, technology, facilities and personnel;*
- the Company's continued capital investment and the expansion and augmentation of existing terminals and associated infrastructure and engagement in commercial discussions;*
- continued expansion and improvement of the Company's facilities;*
- the Company's growth strategy to expand in existing and new markets;*
- long-term contracts and the terms, counterparties and impacts thereof;*
- the Company's ability to execute its current business strategy, related milestones and ability to meet its ESG targets and the associated impacts to the Company;*
- the Company's response to the energy transition and the strategic opportunities available to the Company and potential changes to the services offered by the Company*
- the desirability of Canadian oil and gas and the impact on the demand for the Company's services;*
- the Company's ability to renew or renegotiate contracts and the effects thereof;*
- the Company's ability to extend its long-term debt expiring in the near term;*
- the Company's current projects supporting shippers on the Trans Mountain pipeline expansion;*
- the effect of the Company's credit rating and/or any changes to the Company's credit ratings and relative performance to certain ESG targets on its borrowing costs and ability to enter into arrangements with suppliers or counterparties and access private and public credit markets;*
- the anticipated benefits of the Company's renewable power purchase agreement, and the timing thereof;*
- the impact of pipeline projects on the Company's business;*
- the availability of sufficient capital and liquidity for planned growth;*
- uncertainty and volatility relating to crude oil prices and price differentials between crude oil streams and blending agents, and the effect thereof on the Company's financial condition;*
- the effect of market volatility on the Company's marketing revenue and activities;*
- the sufficiency and sources of funding to service the Company's debt and to pay down and retire indebtedness,*
- the Company's ability to meet its operating obligations, fund capital expenditures and pay dividends;*
- the appropriateness of the Company's approach to its capital structure, possible changes thereto, the reasons therefore and the effects thereof;*

- *evaluations by credit rating agencies and the results and effects thereof;*
- *the adequacy of the Company's provisions for restoration, retirement and environmental costs and legal claims or actions, the materiality and timing thereof and anticipated impact on the Company in the event of any such claims or actions were successful;*
- *the Company's plans for additional strategic acquisitions, capital expenditures or other similar transactions, including the costs, timing and completion thereof;*
- *the expected cost relative to budget and in-service dates for new storage capacity and new projects being constructed by the Company;*
- *the Company's planned hedging and risk management activities;*
- *the Company's projections of commodity purchase and sales activities;*
- *the continued safe and reliable operation of the Company's infrastructures and the uses of replacement capital expenditure;*
- *the Company's projections of commodity prices, inflation and currency and interest rate fluctuations and their impact on, among other things, the Company's business, results of operations, and ability to access financing on acceptable terms or at all;*
- *the Company's projections with respect to the adoption and implementation of new accounting standards and policies, and their impact on the Company's financial statements;*
- *the sources of the Company's cash flows;*
- *the Company's NCIB and share repurchases;*
- *the Company's projections of dividends; and*
- *the Company's dividend policy and the timing and payment of dividends thereunder.*

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

- *Gibson's ability to obtain the anticipated benefits from the acquisition of the Gateway Terminal and the renewable power purchase agreement;*
- *the accuracy of historical and forward-looking operational and financial information and estimates, including that provided by the sellers of the Gateway Terminal;*
- *Gibson's ability to integrate the Gateway Terminal and related assets into Gibson's operations;*
- *the accuracy of financial and operational projections of Gibson following completion of the acquisition of Gateway Terminal;*
- *the completion of Gateway Terminal's connection to the Cactus II Pipeline;*
- *general economic and industry conditions, including, without limitation, macroeconomic, societal, political and industry trends;*
- *the impact of geopolitical instability in certain regions of the world and concern regarding energy security or international or global events, including government responses related thereto on demand for crude oil and petroleum products and the Company's operations generally;*
- *future growth in world-wide demand for crude oil and petroleum products;*
- *commodity prices;*
- *no material defaults by the counterparties to agreements with the Company;*
- *the Company's ability to obtain qualified and diverse personnel and equipment in a timely and cost-efficient manner or at all;*
- *the regulatory framework governing taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct its business;*
- *the energy transition that is underway as the world shifts towards a lower carbon economy and a maintained industry focus on sustainability and the impact thereof on the Company;*
- *the development and performance of technology and new energy efficient products, services and programs including but not limited to the use of zero-emission and renewable fuels, carbon capture and storage, electrification of equipment powered by zero-emission energy sources and utilization and availability of carbon offsets and carbon price outlook;*
- *the Company's relationships with the communities in which we operate;*
- *climate-related estimates and scenarios and the accuracy thereof, including the cost of compliance with climate change legislation and the impact thereof on the Company;*

- the impact of emerging regulations on the nature of oil and gas operations, expenditures in the oil and gas industry, and demand for products and services;
- credit ratings applicable to the Company;
- the Company's ability to achieve its sustainability and ESG targets, the timing thereof and the impact thereof on the Company;
- the Company's future investments in new technologies and innovation and the return thereon;
- operating and borrowing costs, including those related to the Company's sustainability and ESG programs;
- future capital expenditures to be made by the Company, including its ability to place assets into service as currently planned and scheduled;
- the effectiveness of the Company's hedging and risk management activities;
- the Company's ability to obtain financing on acceptable terms;
- the Company's ability to maintain a strong balance sheet and financial position;
- the Company's future debt levels;
- the Company's decommissioning obligations and environmental remediation costs;
- inflation and changes to interest rates and their impact on the Company;
- the impact of increasing competition on the Company;
- the impact of changes in government policies on the Company;
- the ability of the Company and, as applicable, its partner(s), to construct and place assets into service and the associated costs of such projects;
- the Company's ability to generate sufficient cash flow to meet the Company's current and future obligations;
- the Company's dividend policy;
- product supply and demand;
- demand for the services offered by the Company;
- the likelihood of success of any claim or action against the Company and the impact thereof;
- the Company's ability to renegotiate contracts for its services on terms favorable to the Company;
- the impact of future changes in accounting policies on the Company's consolidated financial statements; and
- the Company's ability to successfully implement the plans and programs disclosed in the Company's strategy.

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

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

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

TERMS AND ABBREVIATIONS

AIF: the Company's Annual Information Form for the year ended December 31, 2023, or the Company's current AIF

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

Board: Gibson's Board of Directors

Buckeye: Buckeye Development & Logistics II LLC, previous operator of the Gateway Terminal

CERCLA: Comprehensive Environmental Response, Compensation and Liability Act

Crude Marketing: the aggregated Canadian and U.S. liquids marketing business

DBRS Morningstar: collectively the companies of DBRS Limited, DBRS Inc., DBRS Ratings Limited and DBRS Ratings GmbH

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

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

EBITDA: earnings before interest, taxes, depreciation and amortization less corporate expenses

ESG: Environmental, Social, Governance

GAAP or IFRS Accounting Standards: International Financial Reporting Standards as set out in the Handbook of the Canadian Institute of Chartered Professional Accountants and as issued by the International Accounting Standards Board, also referred to as IFRS Accounting Standards

GGPPA: Greenhouse Gas Pollution Pricing Act

GHG: Greenhouse gas emissions

Gateway Terminal: the Company's liquids export terminal, located in Ingleside, Texas, acquired on August 1, 2023

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

MD&A: Management Discussion and Analysis

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

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

MRGGR: Management and Reduction of Greenhouse Gases Act

NCIB: normal course issuer bid

NDC: nationally Determined Contribution

NGL: Natural Gas Liquids, comprised of ethane, propane, butane and natural gasoline.

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

NI 52-109: National instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings

OPA: The Oil Pollution Act of 1990

O&M agreement: operating and maintenance agreement between Gibson and Buckeye, terminated effective December 31, 2023

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

U.S.: United States of America

USEPA: The Environmental Protection Agency of the United States of America

VOC: Volatile organic compound emissions

WCS: Western Canadian Select, a type of heavy crude oil commonly produced in the WCSB

WCSB: Western Canadian Sedimentary Basin

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

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