GIBSON ENERGY

MANAGEMENT'S DISCUSSION & ANALYSIS

2024 FIRST QUARTER REPORT

TSX:GEI

Table of Contents

BUSINESS OVERVIEW	2
CONSOLIDATED FINANCIAL RESULTS	2
Q1 2024 REVIEW	3
RESULTS OF OPERATIONS AND TRENDS IMPACTING THE BUSINESS	4
EXPENSES	7
SUMMARY OF QUARTERLY RESULTS	8
LIQUIDITY AND CAPITAL RESOURCES	9
CAPITAL EXPENDITURES AND EQUITY INVESTMENTS	13
OFF-BALANCE SHEET ARRANGEMENTS	13
OUTSTANDING SHARE DATA	13
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	14
CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES	15
ACCOUNTING POLICIES	15
DISCLOSURE CONTROLS AND PROCEDURES	15
SPECIFIED FINANCIAL MEASURES	16
RISK FACTORS	20
FORWARD-LOOKING INFORMATION	21
TERMS AND ABBREVIATIONS	24

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 April 29, 2024, and should be read in conjunction with the unaudited condensed consolidated financial statements and related notes of the Company for the three months ended March 31, 2024 and 2023, and 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. The unaudited condensed consolidated financial statements do not include all the annual disclosures required by IFRS Accounting Standards and should be read in conjunction with the audited consolidated financial statements and related notes for the fiscal year ended December 31, 2023. Additional information about Gibson, including the AIF, is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.gibsonenergy.com. This MD&A contains forward-looking statements and specified financial measures and readers are cautioned that this MD&A should be read in conjunction with the Company's disclosures under "Forward-Looking Information" and "Specified Financial Measures". For a list of common terms or abbreviations used in this MD&A, refer to "Terms and Abbreviations".

Specified Financial Measures

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

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 (the "Gateway Terminal"). 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.

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 in Hardisty and Edmonton, Alberta, Ingleside, Texas, and a facility in Moose Jaw, Saskatchewan.

CONSOLIDATED FINANCIAL RESULTS

	Three months ended March 31,		
($ thousands, except where noted)	**2024**	**2023**	**Change**
Revenue	3,288,608	2,366,040	922,568
Segment profit [(1)]	165,044	178,402	(13,358)
Adjusted EBITDA [(2)]	170,106	154,839	15,267
Net income	40,489	88,251	(47,762)
Cash flow from operating activities	192,833	159,527	33,306
Distributable cash flow [(2)]	114,464	107,401	7,063
Growth capital and equity investments [(3)]	31,422	16,478	14,944
Basic income per share ($/share)	0.25	0.62	(0.37)
Diluted income per share ($/share)	0.25	0.61	(0.36)
Dividends declared	66,620	55,581	11,039
Dividends ($/share)	0.41	0.39	0.02

	Trailing twelve months ended March 31,		
	2024	**2023**	**Change**
Ratios			
Net debt to adjusted EBITDA ratio [(4)]	3.5	2.4	1.1
Debt to capitalization ratio	53%	50%	3%
Interest coverage ratio	5.9	11.2	(5.3)
Dividend payout ratio [(4)]	63%	56%	7%
Cash flow from operating activities per share ($/share) – basic	3.75	3.12	0.63
Distributable cash flow per share ($/share) – basic [(4)]	2.42	2.65	(0.23)

(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 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.

- Revenue of $3,288.6 million increased by $922.6 million for the three months ended March 31, 2024, compared to $2,366.0 million for the three months ended March 31, 2023. The increase was primarily due to higher sales volumes within the Marketing segment and revenue contribution from the Gateway Terminal.
- Segment profit of $165.0 million decreased by $13.4 million for the three months ended March 31, 2024, compared to $178.4 million for the three months ended March 31, 2023. The decrease was due to a decrease in Marketing segment profit of $52.5 million, partially offset by an increase in Infrastructure segment profit of $39.1 million.
- Adjusted EBITDA of $170.1 million increased by $15.3 million for the three months ended March 31, 2024, compared to $154.8 million, for the three months ended March 31, 2023, due to the impact of unrealized gains and losses on financial instruments recorded in both periods, partially offset by the decrease in segment profit as noted above and an increase in general and administrative expenses, net of executive transition costs.
- Net income of $40.5 million decreased by $47.8 million for the three months ended March 31, 2024, compared to $88.3 million for the three months ended March 31, 2023. The decrease was due to the impact of unrealized gains and losses on financial instruments and higher finance costs, depreciation and amortization expenses, partially offset by lower income tax expense and higher adjusted EBITDA as noted above.
- Cash flow from operating activities of $192.8 million increased by $33.3 million for the three months ended March 31, 2024, compared to $159.5 million for the three months ended March 31, 2023. The increase was primarily due to changes in working capital items and higher adjusted EBITDA as noted above.
- Distributable cash flow of $114.5 million increased by $7.1 million for the three months ended March 31, 2024, compared to $107.4 million for the three months ended March 31, 2023, primarily due to higher adjusted EBITDA and a reduction in current income tax due to lower taxable income, partially offset by higher finance costs.
- Net debt to adjusted EBITDA ratio of 3.5x for the twelve months ended March 31, 2024, compared to 2.4x for the twelve months ended March 31, 2023. The ratio is expressed on a twelve-month trailing basis, and as a result, reflects the full balance of the debt issued during the prior period, but only eight months of adjusted EBITDA for the Gateway Terminal. The Company expects 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.
- Growth capital was $31.4 million for the three months ended March 31, 2024, primarily due to the construction of two tanks at the Edmonton Terminal, and various optimization projects at the Hardisty Terminal and the Moose Jaw Facility.
- The Company declared a quarterly dividend of $0.41 per common share for the three months ended March 31, 2024, compared to $0.39 per common share for the three months ended March 31, 2023. Total dividends declared for the three months ended March 31, 2024, were $66.6 million, compared to $55.6 million for the three months ended March 31, 2023.
- On January 9, 2024, the Company announced the appointment of Craig V. Richardson to its Board, following the resignation of John Festival on January 5, 2024.
- 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.
- On February 20, 2024, the Company announced Steve Spaulding’s intention to retire as President and Chief Executive Officer. The Company’s Board has engaged 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.

SUBSEQUENT EVENTS

- On April 22, 2024, the Company amended its revolving credit facility and extended the maturity date from February 2028 to April 2029, amongst other amendments.
- On April 29, 2024, the Board declared a quarterly dividend on its outstanding common shares of $0.41 per common share, for the second quarter of 2024. The common share dividend is payable on July 17, 2024, to shareholders of record at the close of business on June 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 the 2023 year end MD&A and 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 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 ended March 31, 2024, and 2023:

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 ended March 31, 2024, and 2023:

	Three months ended March 31,		
($ thousands, except volumes)	**2024**	**2023**	**Change**
Volumes (in thousands of bbls)	185,063	118,745	66,318
Revenue	185,984	132,087	53,897
Operating expenses and other [(1)]	40,321	25,516	14,805
Segment profit	145,663	106,571	39,092
Adjusted EBITDA [(2)]	151,293	108,006	43,287

(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 ended March 31, 2024, compared to the three months ended March 31, 2023:

Infrastructure volumes increased by 66.3 million barrels or 55.8%, primarily driven by the contribution of the Gateway Terminal and increased throughput at the Hardisty Terminal.

Financial Performance

In the three months ended March 31, 2024, compared to the three months ended March 31, 2023:

Revenue increased by $53.9 million or 41%, primarily driven by the contribution from the Gateway Terminal and the contribution from the first Trans Mountain expansion tank at the Edmonton Terminal, as well as increased throughput at the Hardisty Terminal as noted above.

Operating expenses and other increased by $14.8 million or 58%, primarily driven by operating costs for the Gateway Terminal, partially offset by reduced utility costs.

Adjusted EBITDA and segment profit increased by $43.3 million or 40% and $39.1 million or 37%, as a result of the factors discussed above. Adjusted EBITDA was also impacted by unrealized gains or losses on financial instruments and non-cash adjustments related to the Company's share of profit from equity accounted investees. Unrealized gains or losses on financial instruments relate to foreign currency financial derivatives undertaken primarily in relation to the Gateway Terminal to mitigate the Company's exposure to changes in the US$ 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. Elevated 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. 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 year end 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.

	Three months ended March 31,		
($, except where noted)	**2024**	**2023**	**Change**
WTI average price ($USD/bbl)	76.96	75.99	0.97
WCS average differential ($USD/bbl)	19.33	24.76	(5.43)
Average foreign exchange rates ($CAD/$USD)	1.35	1.35	0.00

The following table sets forth operating results from the Company's Marketing segment for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,		
($ thousands, except volumes)	**2024**	**2023**	**Change**
Volumes (in thousands of bbls)	79,503	57,940	21,563
Revenue	3,186,827	2,313,227	873,600
Cost of sales and other expenses	3,167,446	2,241,396	926,050
Segment profit	19,381	71,831	(52,450)
Adjusted EBITDA [(1)]	33,598	58,750	(25,152)

(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 ended March 31, 2024, compared to the three months ended March 31, 2023:

Marketing volumes increased by 21.6 million barrels or 37.2%, primarily due to higher activity within the Crude Marketing business due to the availability and nature of location, quality and time-based opportunities.

Financial Performance

In the three months ended March 31, 2024, compared to the three months ended March 31, 2023:

Revenue increased by $873.6 million or 38% and cost of sales and other expenses increased by $926.1 million or 41%. The increases were largely due to higher volumes.

Adjusted EBITDA decreased by $25.2 million or 43%. The decrease was due to lower contributions from both Refined Products and Crude Marketing businesses largely driven by fewer available quality, location and time-based opportunities in the current period.

Segment profit decreased by $52.5 million or 73%, due to the effect of unrealized losses on financial instruments of $14.2 million compared to unrealized gain on financial instruments of $13.1 million, as well as decrease in adjusted EBITDA as described above.

EXPENSES

	Three months ended March 31,		
($ thousands)	**2024**	**2023**	**Change**
General and administrative	21,920	11,917	10,003
Acquisition and integration costs	1,305	—	1,305
Depreciation and impairment	29,228	19,547	9,681
Right-of-use depreciation and impairment	7,126	6,332	794
Amortization and impairment	7,077	2,276	4,801
Stock based compensation	5,064	4,146	918
Unrealized financial instrument loss	9,476	—	9,476
Foreign exchange (gain) loss	(4,499)	467	(4,966)
Finance costs, net	35,403	18,419	16,984
Income taxes	12,455	27,047	(14,592)

In the three months ended March 31, 2024, compared to the three months ended March 31, 2023:

General and administrative, excluding depreciation and amortization

General and administrative expenses increased by $10.0 million, primarily due to executive transition costs and higher spending on technology initiatives.

Acquisition and integration costs

Acquisition and integration costs increased by of $1.3 million, relating to integration activities for the Gateway Terminal.

Depreciation and impairment

Depreciation and impairment expense increased by $9.7 million, primarily due to the inclusion of the Gateway Terminal assets.

Right-of-use asset depreciation and impairment

Right-of-use asset depreciation and impairment expense increased by $0.8 million, primarily due to increased rates of renewed rail car leases.

Amortization and impairment

Amortization and impairment expense increased by $4.8 million, primarily due to the intangible assets acquired in connection with the Gateway Terminal.

Stock based compensation

Stock based compensation expense increased by $0.9 million, primarily due to the relative movement of the Company's share price in the comparable quarters, partially offset by a reduction in the number of units awarded.

Unrealized financial instrument loss not affecting segment profit

Unrealized financial instrument loss not affecting segment profit increased by $9.5 million, representing the revaluation of the Company's renewable power purchase agreement, primarily due to reduced electricity price forecasts.

Foreign exchange (gain)/loss not affecting segment profit

Foreign exchange (gain)/loss not affecting segment profit increased by $5.0 million, due to the net movements of the exchange rates during the respective periods.

Finance costs, net

Finance costs increased by $17.0 million, primarily due to increased indebtedness issued in the third quarter of 2023 in connection with Gateway Terminal acquisition.

Income taxes

Income tax expense decreased by $14.6 million, with deferred income tax expense of $5.1 million and current income tax expense of $7.3 million, compared to a deferred income tax expense of $11.5 million and current income tax expense of $15.5 million. The decrease in income taxes is driven by lower earnings. The effective tax rate was 23.52% and 23.47% for the three months ended March 31, 2024, and March 31, 2023.

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)	2024	2023				2022		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	3,288,608	2,809,533	3,225,787	2,613,334	2,366,040	2,499,372	2,651,883	3,195,704
Net income	40,489	53,301	20,633	52,026	88,251	63,891	71,465	35,919
Adjusted EBITDA [(1)]	170,106	169,681	149,600	115,708	154,839	137,334	149,413	113,572
Earnings per share								
Basic ($/share)	0.25	0.33	0.11	0.37	0.62	0.45	0.49	0.24
Diluted ($/share)	0.25	0.32	0.11	0.37	0.61	0.43	0.48	0.24

(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:

- The contribution from the first Trans Mountain pipeline expansion tank constructed at the Edmonton Terminal in the fourth quarter of 2023
- Acquisition of the Gateway Terminal in the third quarter of 2023
- An environmental provision recorded in the second quarter of 2023
- Revisions to estimated useful lives of certain assets during the fourth quarter of 2022, leading to reduced depreciation expense, which was partially offset by increased depreciation and amortization expense due to the Gateway Terminal
- The biofuels blending project at the Edmonton Terminal being placed into service during the second quarter of 2022
- 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 improved slightly. Geo-political risks remain elevated, resulting in increased commodity prices and revenue, and with the Trans Mountain pipeline nearing commercial operations certain differentials between liquids products have narrowed.

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:

- Higher finance costs starting in the third quarter of 2023, incurred primarily as a result of financing activity related to the Gateway Terminal acquisition and increased interest rates
- Acquisition and integration costs incurred primarily during the third quarter of 2023 in relation to the Gateway Terminal acquisition
- 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 Sources

($ thousands)	Coupon Rate	Maturity	March 31, 2024	December 31, 2023
Unsecured revolving credit facility	floating	2028	161,292	230,000
Senior unsecured notes	2.45 %	2025	325,000	325,000
Senior unsecured notes	5.80 %	2026	350,000	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	350,000
Senior unsecured notes	6.20 %	2053	200,000	200,000
Unsecured hybrid notes [(1)]	5.25 %	2080	250,000	250,000
Unsecured hybrid notes [(1)]	8.70 %	2083	200,000	200,000
Unamortized issue discount and debt issue costs			(17,828)	(18,457)
Total debt outstanding			2,643,464	2,711,543
Lease liability			58,480	62,005
Cash and cash equivalents			(108,858)	(143,758)
			2,593,086	2,629,790
Total share capital			2,360,791	2,341,267
Total capital			4,953,877	4,971,057

(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 elevated interest rates 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" in the Company's 2023 year end 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.

Under its current NCIB, the Company is permitted to repurchase up to 9,812,193 common shares (7.5% of the public float of common shares) at the time of the commencement of the NCIB, in accordance with the applicable rules and policies of the TSX and applicable securities laws. The NCIB has an expiry date of the earlier of September 14, 2024, and the date on which the maximum number of common shares acquired pursuant to the NCIB has been purchased. The Company did not repurchase any common shares under its NCIB for the three months ended March 31, 2024.

Unsecured revolving credit facility

The revolving credit facility is available to provide financing for working capital, fund capital expenditures and other general corporate purposes. On April 22, 2024, the Company extended the maturity date of the revolving credit facility from February 2028 to April 2029, amongst other amendments.

As at March 31, 2024, the Company had a cash balance of $108.9 million and had the ability to utilize borrowings under the revolving credit facility of $838.7 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 $36.7 million (March 31, 2023 - $37.7 million).

Cash Flow Summary

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

The following table summarizes the Company's sources and uses of funds for the three months ended March 31, 2024, and 2023:

Statement of cash flows	**Three months ended March 31,**		
($ thousands)	**2024**	**2023**	**Change**
Cash inflow (outflow)			
Operating activities	192,833	159,527	33,306
Investing activities	(37,016)	(21,092)	(15,924)
Financing activities	(191,430)	(181,122)	(10,308)
Net decrease in cash and cash equivalents	(35,613)	(42,687)	7,074

Cash Inflow from Operating Activities

Cash inflow from operating activities was $192.8 million for the three months ended March 31, 2024, compared to a cash inflow of $159.5 million for the three months ended March 31, 2023. The changes were primarily driven by the following:

- Cash inflow from changes in working capital of $33.9 million compared to cash inflow of $16.5 million, primarily driven by volatility in commodity prices and the timing of the related settlements;
- Cash inflow from operations before income taxes and working capital changes of $166.8 million, compared to $154.6 million, primarily due to higher adjusted EBITDA; and
- Taxes paid of $7.8 million compared to $11.6 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 $37.0 million for the three months ended March 31, 2024, compared to a cash outflow of $21.1 million for the three months ended March 31, 2023. The increase primarily relates to the construction of two tanks at the Edmonton Terminal, along with various optimization and replacement capital expenditures at the Hardisty Terminal and the Moose Jaw Facility, partially offset by proceeds from the sale of certain non-core assets. For a summary of capital expenditures, see the "Capital Expenditures and Equity Investments" discussion included in this MD&A.

Cash Outflow from Financing Activities

Cash outflow from financing activities was $191.4 million for the three months ended March 31, 2024, compared to a cash outflow of $181.1 million for the three months ended March 31, 2023. The cash outflow from financing activities resulted from higher finance costs of $56.8 million paid in the three months ended March 31, 2024, compared to $22.1 million paid in the prior period,

as well as higher dividends of $63.0 million in the three months ended March 31, 2024, compared to $52.9 million in the prior period. These changes were partially offset by absence of common shares repurchase under the NCIB in the three months ended March 31, 2024, compared to $26.8 million of common shares repurchase in the comparative period, and an increase in the proceeds from the exercise of stock options of $5.2 million for the three months ended March 31, 2024, compared to $0.3 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 March 31, 2024
Consolidated debt to capitalization ratio	No greater than 65%	53%
Consolidated interest coverage ratio	No less than 2.5 to 1.0	5.9 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 March 31, 2024, 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 three months ended March 31, 2024, the Board declared dividends of $0.41 per common share.

Contractual Obligations and Contingencies

The following table presents, as at March 31, 2024, the Company's obligations, and commitments to make future payments under contracts and contingent commitments:

		Payments due by period			
($ thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long-term debt	2,661,292	—	675,000	486,292	1,500,000
Interest payments on long-term debt	2,516,670	118,576	210,346	165,188	2,022,560
Lease and other commitments [1]	74,533	28,312	33,267	5,104	7,850
Total contractual obligations	5,252,495	146,888	918,613	656,584	3,530,410

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

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 AND EQUITY INVESTMENTS

($ thousands)	Three months ended March 31, 2024
Infrastructure	27,194
Marketing	3,806
Corporate and other projects	422
Growth capital [(1)]	31,422
Equity investments	—
Replacement capital [(1)]	4,372
Total capital expenditures and equity investments	35,794

(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, the Gateway Terminal, the Moose Jaw Facility and also looking for growth opportunities that align with the Company's strategy. Expansion and improvement of existing terminals and facilities 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 three months ended March 31, 2024:

- 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.

Marketing growth capital represents the capitalization of line fill and tank bottoms, for operational requirements of the business. 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.

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 March 31, 2024, there were 162.5 million common shares outstanding and no preferred shares outstanding. In addition, under the Company's equity incentive plan, there were an aggregate of 2.6 million restricted share units, performance share units, deferred share units and stock options outstanding as at March 31, 2024.

As at March 31, 2024, awards available to grant under the equity incentive plan were approximately 3.9 million.

As at April 26, 2024, 162.5 million common shares and an aggregate 2.6 million restricted share units, performance share units, deferred share units and 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 $38.0 million and $23.3 million as of March 31, 2024, and 2023. A 15% unfavorable change in crude oil and NGL prices would decrease the Company's net income by $38.0 million and $23.3 million as of March 31, 2024, and 2023. 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 $10.2 million as of March 31, 2024. A 15% decrease in the expected future price of electricity would decrease the Company's net income by $10.2 million as of March 31, 2024.

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 March 31, 2024, the Company had $161.3 million (March 31, 2023 – $185.0 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 $1.6 million (as at March 31, 2023 – $1.9 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. The Company has several derivative contracts intended to economically hedge its exposure to US$ generated by the Gateway Terminal 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 $10.7 million (March 31, 2023 – $7.9 million).

As at March 31, 2024, the Company had no U.S. dollar denominated debt as part of its draw on its revolving credit facility.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of condensed consolidated financial statements in conformity with IFRS 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 condensed consolidated financial statements or the Infrastructure or Marketing segments individually.

There have been no significant changes to critical accounting policies, judgements and estimates during the three months ended March 31, 2024, from those disclosed in the Company's 2023 year end consolidated financial statements and MD&A.

ACCOUNTING POLICIES

New and amended standards adopted by the Company:

The Company adopted the following amendment during the period in accordance with applicable transitional provisions:

- 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 was effective for the year beginning on January 1, 2024. There was no impact on the Company's consolidated financial statements at the adoption date.

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

- IFRS 18 – Presentation and Disclosure in Financial Statements ("IFRS 18"), has been issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, impacts the presentation of primary financial statements and notes, mainly the income statement where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the consolidated financial statement. The standard is effective for financial statements beginning on January 1, 2027, including interim financial statements and requires retrospective application. The Company is currently assessing the impact of this standard.

DISCLOSURE CONTROLS AND PROCEDURES

Based on the evaluation of the design and operating effectiveness of the Company's DC&P and ICFR the Chief Executive Officer and the Chief Financial Officer concluded that the Company's DC&P and ICFR were effective as at March 31, 2024. There have been no changes in ICFR that occurred during the period beginning January 1, 2024, and ending on March 31, 2024, 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, reorganization, executive transition 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. Executive transition costs are primarily comprised of compensation and recruitment costs that are not reflective of ongoing executive compensation charges and relate to the transition of executives, which does not occur frequently. The Company had no similar costs in the comparative period or previous periods, and as a result, executive transition costs were not previously included as an adjustment.

Noted below is the reconciliation to the most directly comparable GAAP measures of the Company’s segmented and consolidated adjusted EBITDA for the three months ended March 31, 2024, and 2023:

Three months ended March 31,	**Infrastructure**		**Marketing**		**Corporate and Adjustments**		**Total**	
($ thousands)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Segment profit	145,663	106,571	19,381	71,831	—	—	165,044	178,402
Unrealized loss (gain) on derivative financial instruments	4,149	—	14,217	(13,081)	—	—	18,366	(13,081)
General and administrative	—	—	—	—	(21,920)	(11,917)	(21,920)	(11,917)
Adjustments to share of profit from equity accounted investees	1,481	1,435	—	—	—	—	1,481	1,435
Executive transition costs	—	—	—	—	7,135	—	7,135	—
Adjusted EBITDA	151,293	108,006	33,598	58,750	(14,785)	(11,917)	170,106	154,839

($ thousands)	Three months ended March 31, 2024	2023
Net Income	40,489	88,251
Income tax expense	12,455	27,047
Depreciation, amortization, and impairment charges	43,431	28,155
Finance costs, net	35,403	18,419
Unrealized loss (gain) on derivative financial instruments	18,366	(13,081)
Corporate unrealized loss on derivative financial instruments [1]	9,476	—
Stock based compensation	5,064	4,146
Acquisition and integration costs	1,305	—
Adjustments to share of profit from equity accounted investees	1,481	1,435
Corporate foreign exchange (gain) loss and other	(4,499)	467
Executive transition costs	7,135	—
Adjusted EBITDA	170,106	154,839

(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 March 31, 2024	2023
Cash flow from operating activities	192,833	159,527
Adjustments:		
Changes in non-cash working capital and taxes paid	(26,078)	(4,879)
Replacement capital	(4,372)	(5,335)
Cash interest expense, including capitalized interest	(33,878)	(16,799)
Acquisition and integration costs [1]	1,305	—
Lease payments	(8,034)	(9,572)
Current income tax	(7,312)	(15,541)
Distributable cash flow	114,464	107,401

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

($ thousands)	Twelve months ended March 31, 2024	2023
Cash flow from operating activities	608,162	452,103
Adjustments:		
Changes in non-cash working capital and taxes paid	(28,633)	104,198
Replacement capital	(34,965)	(25,408)
Cash interest expense, including capitalized interest	(117,212)	(62,996)
Acquisition and integration costs [1]	23,347	—
Lease payments	(34,358)	(34,373)
Current income tax	(23,488)	(49,034)
Distributable cash flow	392,853	384,490

1) Acquisition and integration costs are added back 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.

	Twelve months ended March 31, 2024	2023
Distributable cash flow	392,853	384,490
Dividends declared	247,946	216,452
Dividend payout ratio	63%	56%

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.

	Twelve months ended March 31, 2024	2023
Long-term debt	2,643,464	1,577,069
Lease liabilities	58,480	67,910
Less: unsecured hybrid notes	(450,000)	(250,000)
Less: cash and cash equivalents	(108,858)	(40,586)
Net debt	2,143,086	1,354,393
Adjusted EBITDA	605,095	555,158
Net debt to adjusted EBITDA ratio	3.5	2.4

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.

	Twelve months ended March 31,	
	2024	**2023**
Cash flow from operating activities	608,162	452,103
Distributable cash flow	392,853	384,490
Weighted average common shares outstanding - basic (*thousands of shares*)	162,315	145,100
Cash flow from operating activities per share ($/share)	3.75	3.12
Distributable Cash Flow per share ($/share)	2.42	2.65

Supplementary Financial Measures

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

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

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 March 31, 2024	2023
Segment revenue		
Infrastructure	185,984	132,087
Marketing	3,186,827	2,313,227
Total segment revenue	3,372,811	2,445,314
Revenue – inter-segmental	(84,203)	(79,274)
Total revenue – external	3,288,608	2,366,040
Segment profit		
Infrastructure	145,663	106,571
Marketing	19,381	71,831
Total segment profit	165,044	178,402

($ thousands)	Three months ended March 31, 2024	2023
Gross profit	117,041	145,790
Share of profit from equity accounted investees	6,414	5,188
Depreciation, amortization and impairment	41,321	25,745
Loss on sale of assets	(1,166)	—
Other income	2,565	1,616
Foreign exchange (loss) gain	(1,131)	63
Total segment profit	165,044	178,402

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 detailed discussion of the risks and trends that could affect the financial performance of the Company, and the steps taken to mitigate those risks, see the Company's AIF and MD&A for the year ended December 31, 2023, available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.gibsonenergy.com.

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 composition of the Company's leadership team and Board;*
- *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;*
- *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 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, this MD&A and the MD&A for the year ended December 31, 2023, 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

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

Board: Gibson's Board of Directors

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

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

NCIB: normal course issuer bid

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

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

U.S.: United States of America

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

GIBSONENERGY.COM