



Parkland
FUEL CORPORATION

Burnaby Refinery CAP Q&A

————— May 16, 2018 —————



ARE THE REFINERY TEAM PROJECTING ANY ISSUES WITH SUPPLY DUE TO THE ALBERTA POLITICAL SITUATION?

What do we anticipate the restriction of oil shipments to BC will have on the refinery?

The refinery is reliant on the crude oil supplied through the TMPL. Without that primary source of feed stock, the refinery would be unable to maintain operations. In the absence of production, we would import products by marine to support our customers as demonstrated during our recent maintenance turnaround. If the Alberta government significantly restricts oil shipments to British Columbia, the overall market supply would be challenged near term.



REGIONAL PRODUCTS OVERVIEW

British Columbia's Competitive Supply Environment:

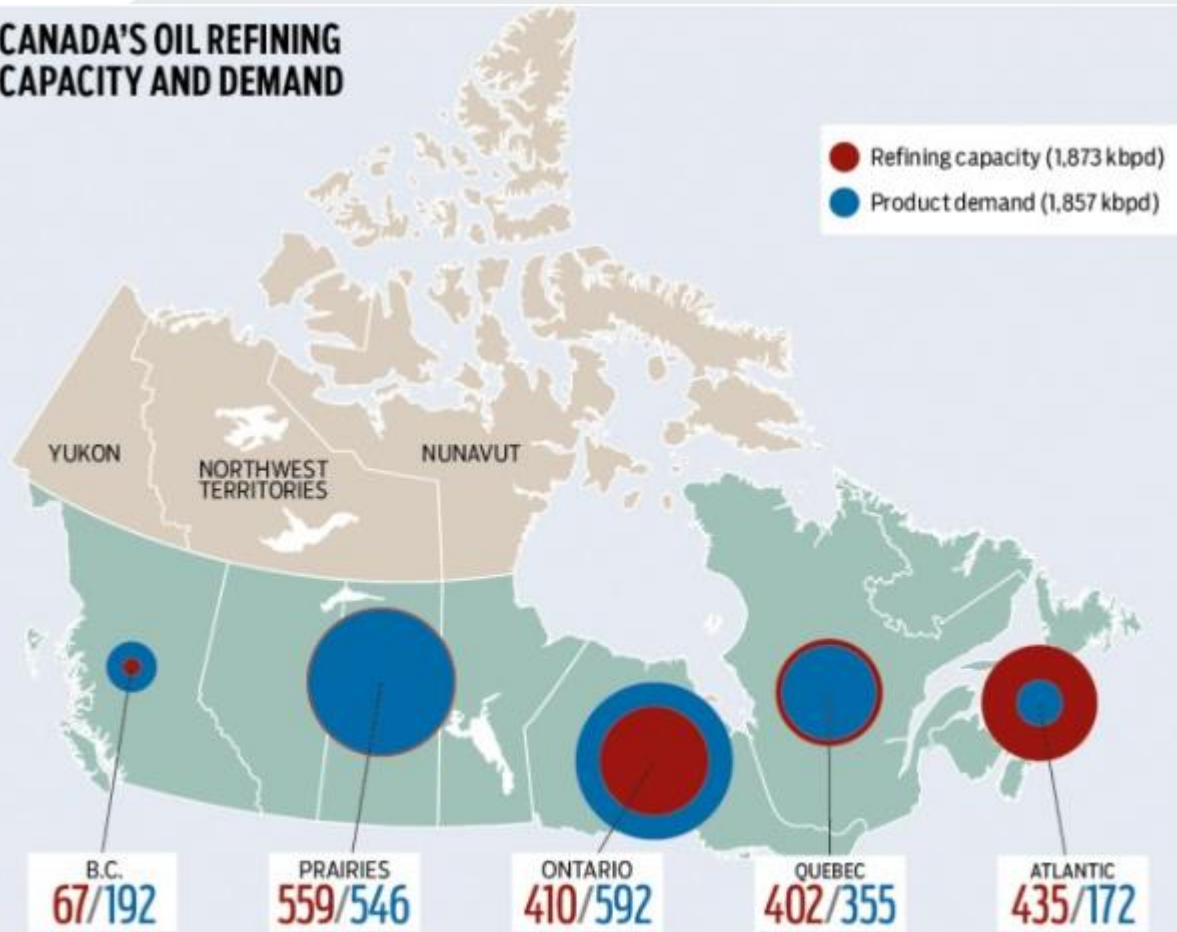
- B.C. is not self sufficient in the supply and production of finished petroleum products.
- 2/3rds of the finished petroleum products consumed in B.C. are imported from Alberta.
- In the 1980's there were 4 operating petroleum refineries on Burrard Inlet.
- 3 of those were decommissioned and are now terminals for Alberta-based production.

Burnaby Refinery:

- Burnaby Refinery has a capacity of approx. 55,000 barrels per day.
- Receives light sweet crude from Kinder Morgan Pipeline.
- Produces gasoline, diesel, jet fuel for local consumption:
 - 25% of transportation fuel in BC
 - 25-30% of YVR jet
 - 1/3 gasoline in the Greater Vancouver Area



CANADA'S OIL REFINING CAPACITY AND DEMAND



NOTE: KBPD = THOUSAND BARRELS PER DAY; ALL FIGURES IN KBPD

SOURCES: GOVERNMENT OF B.C., CANADIAN FUELS ASSOCIATION AND GASBUDDY

Source: BIV | May 8, 2018



ARE THE REFINERY TEAM PROJECTING ANY ISSUES WITH SUPPLY DUE TO THE ALBERTA POLITICAL SITUATION?

Can you operate the refinery without access to crude from the existing TMPL?

The Burnaby refinery is reliant on the TMPL as the primary source of crude oil. As such, the refinery would not be able to maintain operations without access to the TMPL. We would import product aiming to support the needs of our customers as demonstrated during our recent maintenance turnaround.



ARE THE REFINERY TEAM PROJECTING ANY ISSUES WITH SUPPLY DUE TO THE ALBERTA POLITICAL SITUATION?

Have you engaged the respective governments on this issue?

- Parkland has operational presence in both provinces.
- We have held discussions with both the Alberta and British Columbia governments about this issue and remain hopeful that it can be resolved in a way that is beneficial to Canada, and both provincial economies. Any measure that restricts the supply of oil or refined products to British Columbia, such as those tabled by the Alberta government, would be negative for the economies of both BC and Alberta.
- The Parkland Burnaby Refinery is an important asset in British Columbia, and is a key outlet for Alberta's oil products.



PIPELINES AND THE BURNABY REFINERY

Are there any discussions about re-using crude by rail given the current political environment and pipeline issues?

Crude by rail capacity is insufficient to sustain the refinery. Crude by rail capabilities were established in order to allow additional feedstock logistics. Rail remains an option but requires time to commission. We have not started planning for crude by rail and resources like rail cars as it is not our preference.

How would you cope with such a move as would be allowed under the legislation?

Parkland would seek to import alternative supply, predominantly via marine shipments and terminal product to meet the needs of our customers, as we did during our recent maintenance turnaround. If the Alberta government significantly restricts oil shipments to British Columbia, the overall market supply would be challenged near term.



PIPELINES AND THE BURNABY REFINERY

How many tanker ships currently come to the refinery each month? Is there a projected increase?

- Our marine vessel strategy has changed with the ownership change to Parkland. Previously, as Chevron, we would balance out product needs across the Chevron west coast refinery network. These products would move via tanker. Under Parkland, our product network is more local in nature and we do not have other refineries to balance out with.
- Finished product (gas/diesel/jet) is barged to Vancouver Island as needed.
- During our turnaround event tankers delivered product to meet the needs of our customers while we were shut down.
- Moving forward, the majority of marine vessel traffic will be barge with limited use of tankers.



PIPELINES AND THE BURNABY REFINERY

Does the refinery see the potential for expansion to increase capacity or to bump up capacity because of the expansion to the Trans Mountain Line 1?

- Our new ownership has a greater interest in investing in the facility and in British Columbia in general.
- The types of investments are being evaluated but include reliability, optimization, environmental and modernization such as co-processing for renewable fuels production.
- Parkland and the Burnaby Refinery retain the core values of safety, reliability and respect for the community as we have always had at this facility.



PIPELINES AND THE BURNABY REFINERY

Given the shifting landscape politically, pipeline issues, and with the new Parkland owners are there any changes in policy or direction that CAP should be aware of?

- Parkland is committed the same operational values as Chevron was which include operating safely and reliably.
- In terms of community and social investment, Parkland is committed to maintaining the same level of commitment to the programs that the facility has supported to date.
- There has been no shift in our strategy influenced by the recent political issues.



GAS PRICES

What makes up the cost of gas at the pump?

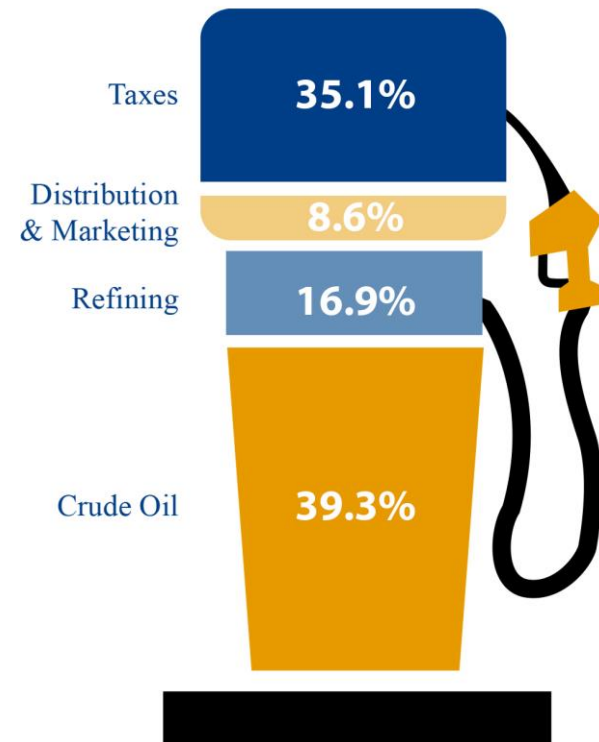
- Parkland refinery does not set the market price. The refinery contributes 25% of the British Columbian market with the other 75% being provided by our competitors.
- It's a mixture of inputs (like the cost of crude oil), refining margins (the cost to make oil into gas), taxes (federal, provincial and sometimes municipal) and marketing and distribution (getting the gas to the stations to sell to customers).
- Canadian Fuel Association is a great source of information:

<http://www.canadianfuels.ca/Blog/February-2017/What-makes-up-the-cost-of-gas-at-the-pump/>

May 16, 2018

CAP 2018 Q2

PUMP PRICE COMPONENTS



Source: The Kent Group
January 1 to 31, 2017, Regular Gasoline Canada
Volume Weighted Average



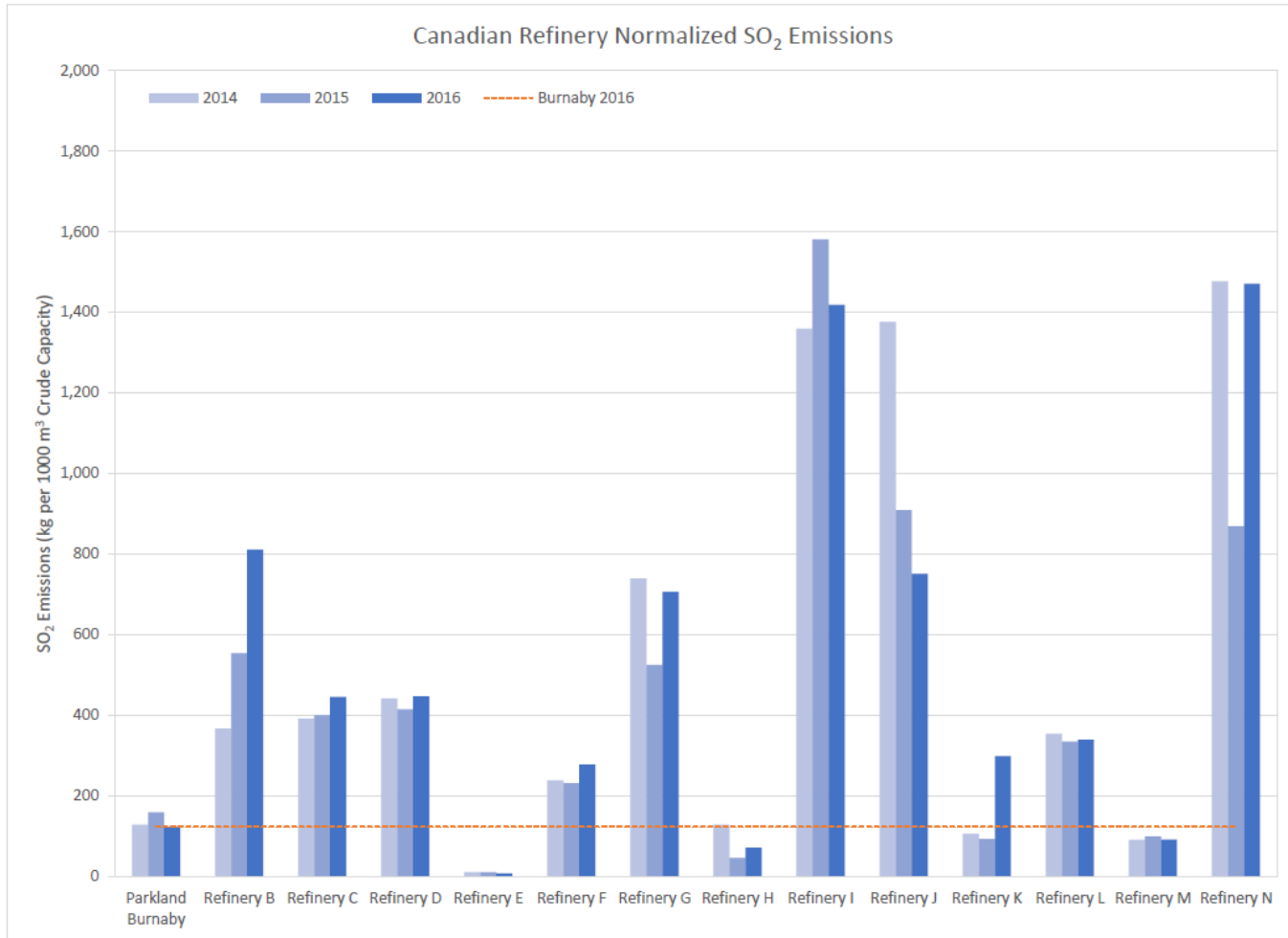
SO₂ EMISSIONS

Several media outlets published articles that compared Canadian refinery emissions performance to that of US refineries. Here is additional context for this information.

- Differences in ambient air quality in the U.S. and Canada and resulting regulations are major factors in the regulated emissions performance of refineries. In Canada, we don't have the same manufacturing density and resulting air quality issues.
- We are always seeking opportunities for continuous improvement and work closely with and are directed by our regulators to ensure we are meeting our environmental targets, as demonstrated through our new permit requirements.
- Our current operations meet SO₂ emission standards, are among the lowest in the country and we continue to improve our performance under the direction of our air regulator, Metro Vancouver. Metro Vancouver applies SO₂ regulations that are more stringent than federal and provincial requirements.
- The Canadian Fuels Association has provided additional context to the articles http://www.canadianfuels.ca/Blog/May-2018/Apples-to-apples-The-non-linear-comparison-of-Canada/Apples-to-apples-The-non-linear-comparison-of-Canada-U-S-refinery-emissions/?feed=Canadian-Fuels-Association&utm_source=dlvr.it&utm_medium=linkedincompanies

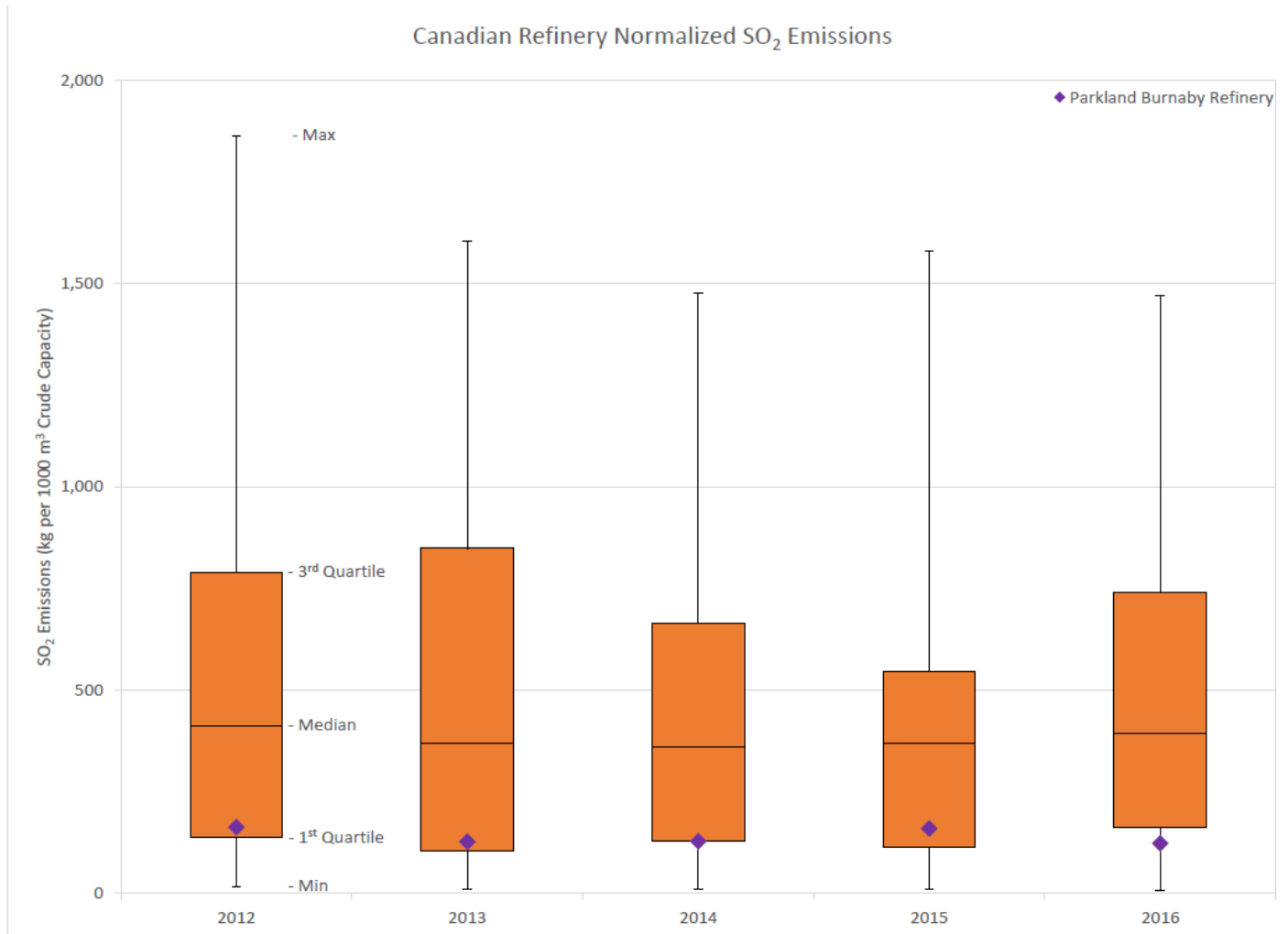


SO₂ EMISSIONS





SO₂ EMISSIONS





Questions?



Parkland
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KM PIPELINE + BURNABY REFINERY



